



PUBLIC DISCLOSURE

November 6, 2018

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

The First National Bank of Manchester Charter Number 5528

The First National Bank of Manchester
100 W. High Street
Manchester, Tennessee 37355

Office of the Comptroller of the Currency
Nashville Field Office
320 Seven Springs Way, Suite 310
Brentwood, TN 37027

NOTE: This document is an evaluation of this institution's record of meeting the credit needs of its entire community, including low- and moderate-income neighborhoods, consistent with safe and sound operation of the institution. This evaluation is not, 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: This institution is rated: Satisfactory

The Lending Test is rated: Satisfactory.

- The bank's loan-to-deposit (LTD) ratio is reasonable.
- A substantial majority of loans originated from 2015 through 2017 were inside the bank's assessment areas (AAs).
- The overall geographic distribution of loans reflects reasonable distribution in low- and moderate-income (LMI) census tracts (CTs).
- The overall borrower distribution of loans to individuals of different income levels, including LMI individuals, reflects reasonable distribution.

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 generally have a population between 1,200 and 8,000 people, with an optimal size of 4,000 people. 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 Small Business Administration Development Company or Small Business Investment Company programs size eligibility standards or have gross annual revenues of \$1 million or less; activities that revitalize or stabilize low- or moderate-income geographies, distressed or underserved nonmetropolitan middle-income geographies, or designated disaster areas; or loans, investments, and services that support, enable or facilitate projects or activities under HUD Neighborhood Stabilization Program criteria that benefit low-, moderate-, and middle-income individuals and geographies in the bank's assessment area(s) or outside the assessment area(s) provided the bank has adequately addressed the community development needs of its assessment area(s).

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 conduct business or have banking offices in a metropolitan statistical area to file annual summary reports of their mortgage lending activity. The reports include such data as the race, gender, and the income of applicants, the amount of loan requested, the disposition of the application (e.g., approved, denied, and withdrawn), 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 five years and used to determine the income level category of geographies. Also, the median income determined by the Federal Financial Institutions Examination Council (FFIEC) 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 (MD): As defined by Office of Management and Budget, a county or group of counties within a Core Based Statistical Area that contains an urbanized population of at least 2.5 million. A Metropolitan Division consists of one or more main/secondary counties that represent an employment center or centers, plus adjacent counties associated with the main/secondary county or counties through commuting ties.

Metropolitan Statistical Area (MSA): An area, defined by the Office of Management and Budget, as a core based statistical area associated with at least one urbanized area that has a population of at least 50,000. The Metropolitan Statistical Area comprises the Central County or counties containing the core, plus adjacent outlying counties having a high degree of social and economic integration with the central county or counties 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) 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 at least 120 percent of the area median income, or a median family income that is at least 120 percent, in the case of a geography.

Description of Institution

The First National Bank of Manchester, Tennessee (FNB or bank) is a wholly-owned subsidiary of FCB Corporation, a bank holding company. FCB Corporation is headquartered in Manchester, Tennessee and also owns 51 percent of a smaller state bank, Bank of Waynesboro. FNB has two operating subsidiaries, First National Mortgage Services, LLC (FNMS) and FCB Reinsurance Company.

As of September 30, 2018, FNB reported total assets of \$280.7 million, net loans and leases of \$194.8 million or 69.4 percent of total assets, and total deposits of \$242.9 million. FNB's tier one capital, an important measure of the bank's financial strength, totaled \$35.8 million, resulting in a tier 1 leverage capital ratio of 12.9 percent. FNB is a single state institution only doing business in the state of Tennessee. There was no merger or acquisition activity that affected the scope of the bank's operations during this evaluation period.

FNB has designated two AAs in Tennessee; one AA (Non-MSA AA) includes portions of Coffee County and the other AA (MSA AA) is all of Cannon and Rutherford Counties. Cannon and Rutherford Counties are contiguous and make up part of the Nashville-Davidson-Murfreesboro-Franklin, Tennessee Metropolitan Statistical Area/Metropolitan Division. The Coffee County Non-MSA AA includes all whole CTs within the county with the exception of CTs 9708.01, 9709, and 9710 which are primarily included in the city of Tullahoma. The exclusion of these CTs is reasonable as the city of Tullahoma is served by several financial institutions including a large credit union. The Coffee County Non-MSA AA does not have any low- or moderate- income CTs. The Rutherford and Cannon County MSA AA is comprised of two low-income CTs, 15 moderate-income CTs, 25 middle-income CTs, nine upper-income CTs, and one not assigned CT. This delineation does not knowingly or willfully exclude any known contiguous low-income neighborhoods.

The bank's main office is located in Manchester, Tennessee. The bank has a branch location in Manchester as well as Woodbury and Murfreesboro. All branch offices provide full banking services and include deposit taking automated teller machines (ATMs) and drive-thru services. The bank has four ATM leases at different locations; the leased ATMs do not accept deposits.

FNB remains consumer and small business oriented in product lines for both deposits and loans. The bank plans to continue to expand secondary mortgage financing to customers via the bank's mortgage subsidiary, FNMS.

The Federal Deposit Insurance Corporation (FDIC) Deposit Market Share Report ranks FNB third in Coffee County with 12.80 percent of market share. In Rutherford and Cannon Counties, FNB ranks 10th with 2.23 percent of market share. Competition in Rutherford and Cannon Counties is strong. There are 21 financial institutions within this MSA AA, and the majority of them are large regional banks, large local financial institutions, and credit unions.

The prior CRA Performance Evaluation, dated April 21, 2014, concluded that the bank’s performance was satisfactory. There are no legal, financial, or other factors impeding the bank’s ability to help meet the credit needs in its AAs.

Scope of the Evaluation

Evaluation Period/Products Evaluated

The Office of the Comptroller of the Currency (OCC) evaluated FNB’s CRA performance using interagency small bank procedures, consistent with provisions set forth in 12 CFR 25, Appendix A.” The scope of the evaluation contains a lending test, which evaluates the bank’s record of meeting the credit needs of its AAs through its lending activities. The evaluation period of the lending test is January 1, 2015, through December 31, 2017. We evaluated data using two separate analysis periods due to changes in census data pursuant to the American Community Survey (ACS), which occurred in 2015. We analyzed loans originated in 2015 and 2016 combined based on 2010 U. S. Census data. We analyzed loans originated in 2017 based on the 2015 ACS data.

As of September 30, 2018, FNB held loans totaling \$194.75 million, representing 69 percent of total assets. Home mortgage lending and commercial lending are the largest segments, comprising more than half of the dollar volume of the loan portfolio.

The loan portfolio composition is as follows:

Loan Portfolio composition as of September 31, 2018		
Loan Type	Volume (\$000)	% of Total Loans
Home Mortgage Loans	\$154,867	79%
Business Loans	\$23,283	11%
Individual Loans	\$15,465	8%
Agricultural Loans	\$2,385	1%
Other Loans	\$1,035	1%
Total Loans	\$194,754	100%

Source: Call Report

Primary products reviewed include home mortgage loans and business loans.

Data Integrity

Prior to this evaluation, in October 2018, we performed a data integrity review of the bank’s 2015, 2016, and 2017 business loan information and HMDA data. We found the data to be reliable. During this review, we noted that the bank does not collect gross

annual revenues on businesses. This was discussed with bank management, and they plan to collect this information going forward.

Selection of Areas for Full-Scope Review

We performed a full scope review of both of FNB's two AAs, the Cannon and Rutherford County MSA AA and the Coffee County Non-MSA AA. The AAs consists only of whole CTs and do not reflect illegal discrimination or arbitrarily exclude any LMI geographies. Both AAs received a full scope review. There were no limited-scope reviews. Please refer to Appendix A and Appendix B for additional details regarding the AAs.

Ratings

The bank's overall rating is based primarily on those areas that received a full-scope review.

FNB does not collect business revenues, so the information collected during our sample would not be a meaningful measure related to the distribution of loans to small businesses by gross annual revenues. For business lending, more weight is given to geographic distribution.

Discriminatory or Other Illegal Credit Practices Review

Pursuant to 12 CFR 25.28(c) or 195.28(c), respectively, in determining a national bank's or federal savings association's (collectively, bank) CRA rating, the OCC considers evidence of discriminatory or other illegal credit practices in any geography by the bank, or in any assessment area by an affiliate whose loans have been considered as part of the bank's lending performance. As part of this evaluation process, the OCC consults with other federal agencies with responsibility for compliance with the relevant laws and regulations, including the U.S. Department of Justice, the U.S. Department of Housing and Urban Development, and the Consumer Financial Protection Bureau, as applicable.

The OCC has not identified that this institution [or any affiliate whose loans have been considered as part of the institution's lending performance] has engaged in discriminatory or other illegal credit practices that require consideration in this evaluation.

The OCC will consider any information that this institution engaged in discriminatory or other illegal credit practices, identified by or provided to the OCC before the end of the institution's next performance evaluation in that subsequent evaluation, even if the information concerns activities that occurred during the evaluation period addressed in this performance evaluation.

Conclusions with Respect to Performance Tests

LENDING TEST: Satisfactory

FNB's performance under the lending test is satisfactory. The bank's LTD ratio is reasonable. A substantial majority of loans originated from 2015 through 2017 were inside the bank's AAs. The overall geographic distribution of loans reflects reasonable distribution in LMI CTs. The overall borrower distribution of loans to individuals of different income levels, including LMI individuals, reflects reasonable distribution.

The level of lending within the AAs reflects good responsiveness to credit needs in its AAs taking into account the 594 home mortgage and small business loans and the total loan amount of \$56.14 million in lending within the assessment area.

Loan-to-Deposit Ratio

FNB's LTD ratio is reasonable given the bank's size, financial condition, and credit needs within its AAs. The LTD ratio is calculated on a bank-wide basis. The bank's quarterly LTD ratio averaged 70.45 percent for the seventeen quarters ending June 30, 2018. For the period, FNB's LTD ratio ranged from a low of 67.13 percent at September 30, 2015, to a high of 77.57 percent at September 30, 2016. We compared FNB's LTD ratio to competitor banks within the AAs ranging in asset size from \$99.76 million to \$500.83 million. The following table reflects the average quarterly LTD ratio for the seventeen quarters ending June 30, 2018, for FNB and the competitor banks:

Loan-to-Deposit Ratios		
Institution	Total Assets (\$000s)	Average Quarterly LTD Ratio
First National Bank of Middle, TN, McMinnville, TN	\$500,826	72.28%
First National Bank Manchester, TN	\$273,501	70.45%
First Vision Bank of TN, Tullahoma, TN	\$213,315	86.93%
Coffee County Bank, Manchester, TN	\$189,994	92.75%
Peoples Bank & Trust Company, Manchester, TN	\$99,761	65.83%

Source: Call Report Data for June 30, 2014 – June 30, 2018

Lending in Assessment Area

FNB's record of lending in its AAs is outstanding. The proportion of lending inside versus outside the bank's AAs is calculated on a bank-wide basis. During the evaluation period, FNB originated a substantial majority (83 percent by number of loans and 69.5 percent by dollar amount) inside its AAs. The following table details the bank's lending inside and outside of the AAs by number of loans and total dollar amount:

Loan Category	Number of Loans				Total #	Dollar Amount of Loans \$(000s)				Total \$(000s)
	Inside		Outside			Inside		Outside		
	#	%	#	%		\$	%	\$	%	
Home Mortgage										
2015	125	85.6	21	14.4	146	17,194	80.0	4,289	20.0	21,483
2016	121	84.0	23	16.0	144	9,941	79.2	2,605	20.8	12,546
2017	159	82.0	35	18.0	194	13,178	59.3	9,062	40.7	22,240
Business Loans										
2015	34	81.0	8	19.0	42	2,557	59.9	1,710	40.1	4,267
2016	56	80.0	14	20.0	70	5,271	57.1	3,967	42.9	9,238
2017	99	82.5	21	17.5	120	7,986	73.0	2,959	27.0	10,945
Total	594	83.0	122	17.0	716	56,127	69.5	24,592	30.5	80,719
<i>Source: Evaluation Period: 1/1/2015 - 12/31/2017 Bank Data Due to rounding, totals may not equal 100.0</i>										

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

The bank's lending to borrowers of different incomes reflects reasonable distribution. Our analysis of home mortgage loan activity considered that FNB originates and sells loans on the secondary market through its mortgage company, FNMS. Since these secondary market loans are funded by a third party, they are not included as part of the bank's loans. In 2015, FNMS originated and sold 365 mortgage loans totaling \$53.35 million. In 2016, FNMS originated and sold 358 mortgage loans totaling \$57.02 million. Because the bank does not collect gross revenue for small business loans, meaningful analysis was not possible. We considered only the geographic distribution of business loans in the overall conclusion. *Refer to Tables P (Home Mortgage) and R (Business) in Appendix C for the facts and data used to evaluate the borrower distribution of the bank's loan originations and purchases.*

Cannon and Rutherford County MSA AA

Lending to borrowers of different incomes in the Cannon and Rutherford County MSA AA reflects reasonable distribution.

2015 - 2016

Home Mortgage Lending

The overall distribution of home mortgage loans to LMI borrowers in the Cannon and Rutherford County MSA AA for 2015 and 2016 is reasonable. FNB's lending to low-income borrowers exceeded both the aggregate lending data of other financial institutions for the time period and the percentage of low-income families. FNB's lending to moderate-income borrowers was below but reasonable compared to the aggregate lending data of other financial institutions as well as the percentage of moderate-income families.

During 2015 and 2016, the percentage of families below the poverty level was 8.8 percent in the Cannon and Rutherford County MSA AA. Additionally, the median housing value for the period was \$152,835, almost three times the median annual income of low-income families in the AA. The aforementioned factors demonstrate a homeownership affordability issue for many low-income families, limiting mortgage demand among these families. Residents of limited income may face difficulty meeting credit-underwriting standards. Generally, home ownership is not a viable option for these families and affordable home purchase opportunities are limited.

2017

Home Mortgage Lending

The overall distribution of home mortgage loans to LMI borrowers in the Cannon and Rutherford County MSA AA for 2017 is reasonable. FNB's lending to low-income borrowers exceeded aggregate lending data of other financial institutions but was below the percentage of low-income families. FNB's lending to moderate-income borrowers exceeded both aggregate lending data of other financial institutions and the percentage of moderate-income families.

In 2017, the percentage of families below the poverty level was 8.5 percent in the Cannon and Rutherford County MSA AA. Additionally, the median housing value in this MSA AA for the period was five times the median annual income of low-income families in the AA.

Coffee County Non-MSA AA

Lending to borrowers of different incomes in the Coffee County Non-MSA AA reflects reasonable distribution.

2015 - 2016

Home Mortgage Lending

The overall distribution of home mortgage loans to LMI borrowers in the Coffee County Non-MSA AA for 2015 and 2016 is reasonable. Our conclusion takes into account the impact of home ownership affordability of low-income borrowers in the Coffee County Non-MSA AA. FNB's lending to low-income borrowers exceeded aggregate lending data of other financial institutions but was lower than the percentage of low-income borrowers. FNB's lending to moderate-income borrowers was reasonable but below the aggregate lending data of other financial institutions and the percentage of moderate-income families.

During 2015 and 2016, the percentage of families below the poverty level was 13.8 percent in the Coffee County MSA AA. Additionally, the median housing value for the period was \$122,089, almost three times the median annual income of low-income families in the AA. The aforementioned factors demonstrate a homeownership affordability issue for many low-income families, limiting mortgage demand among these families. Residents of limited income may face difficulty meeting credit-underwriting standards. Generally, home ownership is not a viable option for these families and affordable home purchase opportunities are limited.

2017

Home Mortgage Lending

The overall distribution of home mortgage loans to LMI borrowers within the Coffee County Non-MSA AA for 2017 is reasonable. FNB's lending to low-income borrowers exceeded aggregate lending data of other financial institutions but was below the percentage of low-income families. FNB's lending to moderate-income borrowers was below the aggregate lending data of other financial institutions and percentage of moderate-income families.

Geographic Distribution of Loans

FNB's lending across geographies of different income levels is reasonable. Home mortgage lending and business lending patterns reflect a willingness to lend in LMI areas. FNB's opportunities for lending in LMI areas within its AAs is limited. Over the three year period, the AAs had a combined 62 CTs with two designated low-income and 15 designated moderate-income. There were no low- or moderate-income CTs in the Coffee County Non-MSA AA during the review period. *Refer to Table O (Home Mortgage) and Q (Business) in Appendix C for the facts and data used to evaluate the geographic distribution of the bank's loan originations and purchases.*

Cannon and Rutherford County MSA AA

FNB's lending in LMI geographies within Cannon and Rutherford County MSA AA reflects reasonable distribution. Home mortgage lending in the AA demonstrates reasonable distribution among LMI geographies. The bank's record of lending to businesses reflects reasonable distribution in LMI CTs.

2015 - 2016

Home Mortgage Lending

The geographic distribution of home mortgage loans in the Cannon and Rutherford County MSA AA for 2015 and 2016 is reasonable. The portion of home mortgage loans in low-income tracts is below but reasonable both to the proportion of owner-occupied housing units and the aggregate distribution of loans originated by other banks in those geographies. The portion of home mortgage loans in moderate-income tracts is excellent both to the proportion of owner-occupied housing units and the aggregate distribution of loans originated by other banks in those geographies.

Business Lending

The geographic distribution of loans to businesses in the Cannon and Rutherford County MSA AA for 2015 and 2016 is excellent. FNB did not originate any loans to businesses in low-income tracts in the Cannon and Rutherford County MSA AA compared to the 6.8 percent of businesses located in these tracts. However, FNB's lending to businesses in moderate-income tracts significantly exceeded the proportion of businesses in those geographies.

2017

Home Mortgage Lending

The geographic distribution of loans to businesses in the Cannon and Rutherford County MSA AA for 2017 is excellent. The portion of home mortgage loans in low-income tracts is excellent and in line with the proportion of owner-occupied housing units and above the aggregate distribution of loans originated by other financial institutions in those geographies. The portion of home mortgage loans in moderate-income tracts is excellent and exceeds both the proportion of the owner-occupied housing units and the aggregate distribution of loans originated by other financial institutions in those geographies.

Business Lending

The geographic distribution of loans to businesses in the Cannon and Rutherford County MSA AA for 2017 is excellent. FNB did not originate any loans to businesses in low-income tracts of the Cannon and Rutherford County MSA AA compared to the 7.2

percent of businesses located in these tracts in 2017. However, FNB's lending to businesses in moderate-income tracts significantly exceeded the proportion of businesses in those geographies as well as the aggregate distribution of loans originated by other banks in those geographies.

Coffee County Non-MSA AA

An analysis of the geographic distribution of the loans in the Coffee County Non-MSA AA is not meaningful. There were no low- or moderate-income CTs in the Coffee County Non-MSA AA for the three years reviewed.

Responses to Complaints

FNB did not receive any consumer complaints related to CRA performance during this evaluation period.

Appendix A: Scope of Examination

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

Time Period Reviewed	Lending Test (excludes CD loans): 1/1/2015 to 12/31/2017.	
Financial Institution		Products Reviewed
First National Bank of Manchester (FNB) Manchester, TN		Residential Mortgages Business loans.
Affiliate(s)	Affiliate Relationship	Products Reviewed
Not Applicable	Not Applicable	Not Applicable
List of Assessment Areas and Type of Examination		
Assessment Area	Type of Exam	Other Information
1. Cannon and Rutherford County MSA AA (part of the Nashville-Davidson-Murfreesboro-Franklin MSA)	Full Scope	AA includes 52 census tracts within Rutherford and Cannon Counties. 3.8 percent are low-income and 29 percent are moderate income.
2. Coffee County Non MSA	Full Scope	AA includes 9 census tracts none of CT's are low- or moderate-income tracts

Appendix B: Community Profiles for Full-Scope Areas

Table A – Demographic Information of the Assessment Area						
Assessment Area: Cannon and Rutherford Count MSA AA (part of the Nashville-Davidson-Murfreesboro-Franklin TN MSA						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	52	3.8	28.8	48.1	17.3	1.9
Population by Geography	296,345	2.9	26.9	50.7	18.5	1.0
Housing Units by Geography	113,508	3.2	29.9	50.0	16.9	0.0
Owner-Occupied Units by Geography	70,752	1.1	20.4	55.7	22.8	0.0
Occupied Rental Units by Geography	35,297	7.2	46.8	40.1	5.8	0.0
Vacant Units by Geography	7,459	4.3	40.2	42.5	13.0	0.0
Businesses by Geography	15,249	7.2	30.7	47.4	14.5	0.2
Farms by Geography	454	3.5	23.1	55.9	17.4	0.0
Family Distribution by Income Level	73,872	18.2	19.4	23.1	39.4	0.0
Household Distribution by Income Level	106,049	20.5	17.0	20.1	42.4	0.0
Median Family Income Non-MSAs - TN		\$66,404	Median Housing Value			\$165,057
			Median Gross Rent			\$888
			Families Below Poverty Level			8.5%
<i>Source: 2015 ACS Census and 2017 D&B Data</i> <i>Due to rounding, totals may not equal 100.0</i> <i>(*) The NA category consists of geographies that have not been assigned an income classification.</i>						

The bank's Cannon and Rutherford County MSA AA is comprised of the contiguous counties of Rutherford and Cannon located inside the Nashville-Davidson-Murfreesboro-Franklin MSA of Tennessee. Of the 52 CTs within Rutherford and Cannon Counties, 3.8 percent are low-income tracts and 28.8 percent are moderate-income tracts. FNB does not include Nashville, Davidson County, or Franklin (Williamson County) as part of their AA. FNB has a branch location in both Rutherford and Cannon counties. FNB excluding Nashville, Davidson County, and Franklin (Williamson County) from the AA is reasonable based on distance as well as the strong competition with local regional and midsize banks. There are 21 institutions within Rutherford and Cannon Counties. Of the 21 financial institutions within Rutherford and Cannon Counties, FNB ranks ninth in the FDIC Deposit Market Share Report as of June 30, 2018.

Rutherford County is the fifth most populous county in Tennessee and has the second lowest unemployment rate in Tennessee at 2.2 percent as of April 2018 according to the Tennessee Department of Labor.

Table A – Demographic Information of the Assessment Area						
Assessment Area: Coffee County, Tennessee						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	9	0.0	0.0	66.7	22.2	11.1
Population by Geography	38,818	0.0	0.0	73.0	27.0	0.0
Housing Units by Geography	16,552	0.0	0.0	71.8	28.1	0.0
Owner-Occupied Units by Geography	10,987	0.0	0.0	71.6	28.4	0.0
Occupied Rental Units by Geography	3,910	0.0	0.0	71.4	28.6	0.0
Vacant Units by Geography	1,654	0.0	0.0	74.2	25.5	0.2
Businesses by Geography	1,751	0.0	0.0	61.2	38.1	0.7
Farms by Geography	121	0.0	0.0	81.0	19.0	0.0
Family Distribution by Income Level	10,728	17.2	14.6	19.9	48.3	0.0
Household Distribution by Income Level	14,897	19.0	12.7	17.6	50.8	0.0
Median Family Income Non-MSAs - TN		\$46,254	Median Housing Value			\$120,098
			Median Gross Rent			\$700
			Families Below Poverty Level			13.1%
<i>Source: 2015 ACS Census and 2017 D&B Data Due to rounding, totals may not equal 100.0 (*) The NA category consists of geographies that have not been assigned an income classification.</i>						

The Coffee County Non-MSA AA is located in the southern part of Tennessee. The Coffee County Non-MSA AA includes all CTs within the county with the exception of CTs 9708.01, 9709, and 9710 which are primarily included in the city of Tullahoma. The city of Tullahoma is served by several financial institutions including a large credit union. The Coffee County Non-MSA AA does not have any LMI CTs. Manchester is the county seat and part of the Tullahoma-Manchester Tennessee Micro Statistical Area. There are 10 financial institutions within Coffee County. FNB ranks third of the 10 financial institutions in market share of deposits according to the FDIC Deposit Market Share report as of June 30, 2018 with 12.8 percent of market share.

The unemployment rate of 2.9 percent as of April 2018 is just below the state unemployment rate of 3.5 percent.

As part of this evaluation, the OCC assessed the credit needs and opportunities in the bank's AA by reviewing community contacts that were recently completed by another government agency. We reviewed community contacts which were performed in Cannon, Rutherford, and Coffee counties. We noted that the community contacts state there is a lack of lending in the area to small businesses, specifically a reluctance to participate in the SBA 504 lending program. Community contacts included a director of a government housing agency in Rutherford County whose efforts are focused on benefitting LMI people; a senior analyst at a development agency in Cannon County which provides assistance to local government to improve the quality of life to all the citizens within the area; and an economic development loan officer at a community-based development district which assists local governments in obtaining and promoting federal funding to develop jobs, upgrade the labor force and help raise the per capita income of the regions citizens.

Appendix C: Tables of Performance Data

Content of Standardized Tables

A separate set of tables is provided for each state. All multistate metropolitan areas 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 Examination). For purposes of reviewing the lending test tables, the following are applicable: (1) purchased loans are treated as originations/purchases; (2) “aggregate” is the percentage of the aggregate number of reportable loans originated and purchased by all lenders in the MA/assessment area. Deposit data is compiled by the FDIC and is available as of June 30th of each year. Tables without data are not included in this PE. Tables are identified by both letters and numbers, which results from how they are generated in supervisory analytical systems.

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

Table O. Assessment Area Distribution of Home Mortgage Loans by Income Category of the Geography – 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 aggregate peer data for the years the data is available.

Table P. Assessment Area Distribution of Home Mortgage Loans by Income Category of the Borrower – 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 aggregate peer data for the years the data is available.

Table Q. Assessment Area Distribution of Loans to Small Businesses by Income Category of the Geography – 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. Because small business data is not available for geographic areas smaller than counties, it may be necessary to compare bank loan data to aggregate data from geographic areas larger than the bank’s assessment area.

Table R. Assessment Area Distribution of Loans to Small Businesses by Gross Annual Revenues – 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. The table also presents aggregate peer data for the years the data is available.

Table O: Assessment Area Distribution of Home Mortgage Loans by Income Category of the Geography																			2015-2016
Assessment Area:	Total Home Mortgage Loans				Low-Income Tracts			Moderate-Income Tracts			Middle-Income Tracts			Upper-Income Tracts			Not Available-Income Tracts		
	#	\$	% of Total	Overall Market	% of Owner-Occupied Housing Units	% Bank Loans	Aggregate	% of Owner-Occupied Housing Units	% Bank Loans	Aggregate	% of Owner-Occupied Housing Units	% Bank Loans	Aggregate	% of Owner-Occupied Housing Units	% Bank Loans	Aggregate	% of Owner-Occupied Housing Units	% Bank Loans	Aggregate
Cannon-Rutherford Co. AA	132	20,550	53.7	15,813	1.3	0.8	1.0	14.7	75.8	8.7	59.2	18.2	61.2	24.8	5.3	29.2	0.0	0.0	0.0
Coffee Co. AA	114	6,585	46.3	1,240	0.0	0.0	0.0	0.0	0.0	0.0	49.5	51.8	48.1	50.5	48.2	51.8	0.0	0.0	0.2
Total	246	27,135	100.0	17,053	1.1	0.4	0.9	12.5	40.7	8.0	57.8	33.7	60.2	28.6	25.2	30.8	0.0	0.0	0.0

Source: 2010 U.S Census; 01/01/2015 - 12/31/2016 Bank Data, 2016 HMDA Aggregate Data, "--" data not available.
Due to rounding, totals may not equal 100.0

Table O: Assessment Area Distribution of Home Mortgage Loans by Income Category of the Geography																			2017
Assessment Area:	Total Home Mortgage Loans				Low-Income Tracts			Moderate-Income Tracts			Middle-Income Tracts			Upper-Income Tracts			Not Available-Income Tracts		
	#	\$	% of Total	Overall Market	% of Owner-Occupied Housing Units	% Bank Loans	Aggregate	% of Owner-Occupied Housing Units	% Bank Loans	Aggregate	% of Owner-Occupied Housing Units	% Bank Loans	Aggregate	% of Owner-Occupied Housing Units	% Bank Loans	Aggregate	% of Owner-Occupied Housing Units	% Bank Loans	Aggregate
Cannon-Rutherford Co. AA	91	8,601	57.2	15,154	1.1	1.1	0.7	20.4	60.4	15.0	55.7	34.1	62.3	22.8	4.4	22.0	0.0	0.0	0.0
Coffee Co. AA	68	4,577	42.8	1,281	0.0	0.0	0.0	0.0	0.0	0.0	71.6	80.9	72.0	28.4	19.1	28.0	0.0	0.0	0.0
Total	159	13,178	100.0	16,435	1.0	0.6	0.6	17.6	34.6	13.8	57.8	54.1	63.1	23.5	10.7	22.5	0.0	0.0	0.0

Source: 2015 ACS Census; 01/01/2017 - 12/31/2017 Bank Data, 2017 HMDA Aggregate Data, "--" data not available.
Due to rounding, totals may not equal 100.0

Table P: Assessment Area Distribution of Home Mortgage Loans by Income Category of the Borrower																			2015-2016
Assessment Area:	Total Home Mortgage Loans				Low-Income Borrowers			Moderate-Income Borrowers			Middle-Income Borrowers			Upper-Income Borrowers			Not Available-Income Borrowers		
	#	\$	% of Total	Overall Market	% Families	% Bank Loans	Aggregate	% Families	% Bank Loans	Aggregate	% Families	% Bank Loans	Aggregate	% Families	% Bank Loans	Aggregate	% Families	% Bank Loans	Aggregate
Cannon-Rutherford Co. AA	132	20,550	53.7	15,813	18.5	23.5	6.9	19.3	18.2	19.5	23.2	19.7	20.8	38.9	28.8	29.2	0.0	9.8	23.5
Coffee Co. AA	114	6,585	46.3	1,240	17.9	7.9	2.4	14.1	11.4	13.5	19.6	29.8	20.3	48.4	49.1	39.8	0.0	1.8	24.0
Total	246	27,135	100.0	17,053	18.5	16.3	6.6	18.6	15.0	19.1	22.7	24.4	20.7	40.2	38.2	30.0	0.0	6.1	23.6

Source: 2010 U.S Census; 01/01/2015 - 12/31/2016 Bank Data, 2016 HMDA Aggregate Data, "--" data not available.
Due to rounding, totals may not equal 100.0

Table P: Assessment Area Distribution of Home Mortgage Loans by Income Category of the Borrower																			2017
Assessment Area:	Total Home Mortgage Loans				Low-Income Borrowers			Moderate-Income Borrowers			Middle-Income Borrowers			Upper-Income Borrowers			Not Available-Income Borrowers		
	#	\$	% of Total	Overall Market	% Families	% Bank Loans	Aggregate	% Families	% Bank Loans	Aggregate	% Families	% Bank Loans	Aggregate	% Families	% Bank Loans	Aggregate	% Families	% Bank Loans	Aggregate
Cannon-Rutherford Co. AA	91	8,601	57.2	15,154	18.2	13.2	5.8	19.4	24.2	19.9	23.1	20.9	24.0	39.4	33.0	30.4	0.0	8.8	19.9
Coffee Co. AA	68	4,577	42.8	1,281	17.2	5.9	2.3	14.6	7.4	11.6	19.9	20.6	19.8	48.3	63.2	40.7	0.0	2.9	25.6
Total	159	13,178	100.0	16,435	18.0	10.1	5.5	18.8	17.0	19.2	22.7	20.8	23.7	40.5	45.9	31.2	0.0	6.3	20.4

Source: 2015 ACS Census; 01/01/2017 - 12/31/2017 Bank Data, 2017 HMDA Aggregate Data, "--" data not available.
Due to rounding, totals may not equal 100.0

Table Q: Assessment Area Distribution of Loans to Small Businesses by Income Category of the Geography														2015/2016	
Assessment Area:	Total Loans to Small Businesses			Low-Income Tracts		Moderate-Income Tracts		Middle-Income Tracts		Upper-Income Tracts		Not Available-Income Tracts			
	#	\$	% of Total	% Businesses	% Bank Loans	% Businesses	% Bank Loans	% Businesses	% Bank Loans	% Businesses	% Bank Loans	% Businesses	% Bank Loans		
Cannon- Rutherford Co. AA	47	3,474	--	6.8	0	17.3	72.3	56.2	17.0	19.5	10.6	0.3	0		
Coffee Co. AA	43	4,354	--	0.0	0	0.0	0	45.7	60.5	53.7	39.5	0.6	0		

Source: 2015 D&B Data; 01/01/2015 - 12/31/2015 Bank Data; "--" data not available.
Due to rounding, totals may not equal 100.0

Table Q: Assessment Area Distribution of Loans to Small Businesses by Income Category of the Geography																				2017	
Assessment Area:	Total Loans to Small Businesses				Low-Income Tracts			Moderate-Income Tracts			Middle-Income Tracts			Upper-Income Tracts			Not Available-Income Tracts				
	#	\$	% of Total	Overall Market	% Businesses	% Bank Loans	Aggregate	% Businesses	% Bank Loans	Aggregate	% Businesses	% Bank Loans	Aggregate	% Businesses	% Bank Loans	Aggregate	% Businesses	% Bank Loans	Aggregate		
Cannon-Rutherford AA	44	4,112	--	3,899	7.2	0	9.1	30.8	54.5	27.3	47.4	43.2	47.9	14.5	0	15.7	0.2	--	0.1		
Coffee Co AA	55	3,874	--	353	0.0	0	0.0	0.0	0	0.0	61.2	69.0	63.2	38.1	31	36.8	0.7	--	0.0		

Source: 2017 D&B Data; 01/01/2017 - 12/31/2017 Bank Data; 2017 CRA Aggregate Data; "--" data not available.
Due to rounding, totals may not equal 100.0

Table R: Assessment Area Distribution of Loans to Small Businesses by Gross Annual Revenues											2015-2016
Assessment Area:	Total Loans to Small Businesses				Businesses with Revenues <= 1MM			Businesses with Revenues > 1MM		Businesses with Revenues Not Available	
	#	\$	% of Total	Overall Market	% Businesses	% Bank Loans	Aggregate	% Businesses	% Bank Loans	% Businesses	% Bank Loans
FNB Manchester AA Cannon-Rutherford	47	3,474	--	--	83.7	--	--	4.5	--	11.7	--
FNB Manchester Revised AA-Coffee	43	4,354	--	--	81.3	--	--	4.5	--	14.2	--
Total	90	7,828	--	--	83.5	--	--	4.5	--	12.0	--

Source: 2016 D&B Data; 01/01/2015 - 12/31/2016 Bank Data; "--" data not available.
Due to rounding, totals may not equal 100.0

Table R: Assessment Area Distribution of Loans to Small Businesses by Gross Annual Revenues											2017
Assessment Area:	Total Loans to Small Businesses				Businesses with Revenues <= 1MM			Businesses with Revenues > 1MM		Businesses with Revenues Not Available	
	#	\$	% of Total	Overall Market	% Businesses	% Bank Loans	Aggregate	% Businesses	% Bank Loans	% Businesses	% Bank Loans
Cannon-Rutherford Co. AA	44	4,112	--	3,899	83.9	--	52.3	4.6	--	11.5	--
Coffee Co AA	55	3,874	--	353	81.5	--	41.9	4.7	--	13.8	--
Total	99	7,986	--	4,252	83.6	--	51.5	4.6	--	11.8	--

Source: 2017 D&B Data; 01/01/2017 - 12/31/2017 Bank Data; 2017 CRA Aggregate Data, "--" data not available.
Due to rounding, totals may not equal 100.0