



SMALL BANK

Comptroller of the Currency
Administrator of National Banks

Washington, DC 20219

PUBLIC DISCLOSURE

November 07, 2011

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

The First National Bank of Pikeville
Charter Number 10470

441 Spring Street
Pikeville, TN 37367-0000

Office of the Comptroller of the Currency

ADC-NASHVILLE Field Office
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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, nor should it be construed as, an assessment of the financial condition of this institution. The rating assigned to this institution does not represent an analysis, conclusion, or opinion of the federal financial supervisory agency concerning the safety and soundness of this financial institution.

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

The First National Bank of Pikeville's (FNB) performance under the Community Reinvestment Act is considered Satisfactory given the bank's size, financial condition, and credit needs in its assessment area (AA).

The major factors supporting the institution's rating include:

- The bank's quarterly loan-to-deposit ratio is reasonable and averaged 68.21% during the evaluation period. FNB's quarterly loan-to-deposit ratio ranged from a low of 60.18% September 2011 to a high of 76.23% December 2009.
- A substantial majority of FNB's loans are within the bank's AA. Approximately 90% by number and volume were to borrowers within the bank's AA.
- FNB's record of lending to borrowers of different incomes (including low- and moderate-income families) reflects reasonable penetration. FNB's overall record of lending to businesses of different sizes is excellent.
- FNB's geographic distribution of residential real estate loans and loans to businesses in low- and moderate-income census tracts reflects excellent dispersion throughout the AA.
- FNB supported the community through community development lending by originating a \$500,000 industrial development loan.

SCOPE OF EXAMINATION

This Performance Evaluation is based on the evaluation period January 24, 2006 through September 30, 2011. Results were consolidated for comparative and analysis purposes and evaluated using 2000 Census Demographic information. The FNB's has no wholly-owned subsidiaries.

Conclusions regarding the Lending Test are based on residential loans including home purchases, home improvements, and home refinances. Residential loans considered in the Lending Test originated between January 1, 2006 and September 30, 2011. Additionally, small business loans originated during 2009, 2010, and through September 30, 2011 were also considered in the Lending Test. A sample of business loans generated during this time period was selected based on internal bank reports. FNB is a Home Mortgage Disclosure Act (HMDA) reporter. A data integrity review of the HMDA data was performed at the June 2010 full scope examination and was determined to be accurate and reliable.

FNB has two AAs. One is located outside of any Metropolitan Statistical Area (MSA). This AA is comprised of Bledsoe (#007) and Cumberland County (#035), TN. The other AA is located within the Chattanooga, TN-GA (#16860) MSA AA of Sequatchie County (#153). The census

tracts within each AA are contiguous. All census tracts in rural Bledsoe, Cumberland, and Sequatchie County are included. The Sequatchie County AA is adjacent to Bledsoe County. Bledsoe County is adjacent to Cumberland County. For analytical purposes, full-scope reviews were conducted for both AAs. Bank loans, deposits, and offices are located in these counties. The bank’s overall rating is based on the full-scope review of these AAs.

DESCRIPTION OF INSTITUTION

FNB is an independent, intrastate bank which opened for business in 1914. Effective January 1983, the bank became wholly-owned by First Pikeville Bancshares, Inc., a one-bank holding company. Both the holding company and bank are located in Pikeville, Tennessee. There have been no significant changes to the bank’s corporate structure, including merger and acquisition activities, since the last Community Reinvestment Act (CRA) examination dated January 23, 2006 when the bank received a satisfactory rating. Also, there have been no significant changes in either senior management or the bank’s board of directors since the last CRA examination. There are no legal or financial impediments to FNB’s ability to meet the credit needs in its AAs. The bank offers a full-range of loan and deposit services. FNB’s primary business focus is commercial and industrial loans, including commercial real estate loans, and mortgage loans. As of September 30, 2011, FNB had total assets of \$104 million. Net loans comprised 53.97% of total assets. As of December 31, 2010, total assets for the holding company were \$97 million. The following table reflects the composition of FNB’s loan portfolio based on the September 30, 2011 Report of Condition.

	Product Category	
	Dollar (000’s)	Percent
Commercial & Industrial Including Commercial Real Estate	26,228	46.14
Residential Mortgage Loans	19,142	33.68
Individuals	5,188	9.13
Construction & Land Development	4,029	7.09
Miscellaneous	2,254	3.96
TOTAL	56,841	100.00

Source: September 30, 2011 Report of Condition.

FNB provides a wide-range of traditional deposit and loan products. The main office is located in an area that is accessible to persons from different areas of the community. Lobby hours and drive-up hours also help to meet customer needs during the week. FNB has an ATM at all office locations and one at Fall Creek Falls State Park which is located near Pikeville, Tennessee.

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

their accounts at point-of-sale or ATM locations. Customers may also apply for a Visa credit card.

FNB’s main office is located in Pikeville (Bledsoe County), Tennessee. The bank has branches in Crossville (Cumberland County) and Dunlap (Sequatchie County), Tennessee. The bank also has a cash dispensing ATM at Falls Creek Falls State Park, Pikeville, Tennessee. Since the previous CRA examination, the bank has not closed or relocated a branch. In September 2006, the bank opened the Crossville Branch Office.

The bank’s AAs include thirteen census tracts. There is one moderate and one middle-income census tract located in Sequatchie County, Tennessee, three middle-income census tracts located in Bledsoe County, Tennessee, and eight middle-income census tracts located in Cumberland County, Tennessee. Two of the bank’s branch offices, including the main office, and off-site ATM are located in middle-income census tracts. The other branch office is located in a moderate-income census tract.

Distribution of Bank Offices and ATMs by Census Tract						
Census Tract Income Level	Tracts		Full-Service Branches		Automated Teller Machines *	
	#	%	#	%	#	%
Low	0	0	0	0	0	0
Moderate	1	7.69	1	33.33	1	25.00
Middle	12	92.31	2	66.67	3	75.00
Upper	0	0	0	0	0	0
NA	0	0	0	0	0	0
TOTAL	13	100.00%	3	100.00%	4	100.00%

There are 3 branch offices with contiguous ATMs. All of the ATM machines at the branch offices dispense cash only. There is also 1 free-standing ATM which dispenses cash only.

FNB’s business strategy includes continued marketing of commercial credit to small businesses through its products, staff, and location. The bank offers loans for new business startups and to expand an existing business.

The economic downturn has impacted the bank’s AAs and resulted in manufacturing plant closures and layoffs as local industries adjust to declining sales and lower demand. Business and retail loan demand have declined significantly as borrowers defer business expansion, development, residential and retail purchases. The housing downturn also significantly impacted employment in the bank’s AAs. Weaknesses in the housing market have severely curtailed independent contractors and other trades livelihood.

DESCRIPTION OF ASSESSMENT AREA(S)

The bank’s AA includes the three census tracts in Bledsoe County, the eight census tracts in

Cumberland County, and the two census tracts in Sequatchie County, Tennessee. All of the eleven census tracts in Bledsoe and Cumberland County are in middle-income census tracts. There is one moderate-income and one middle-income census tract in Sequatchie County, Tennessee. There are no low-income census tracts in the AAs. The AA meets the requirements of the regulation and does not arbitrarily exclude any low- or moderate-income areas. There are no natural boundaries within the AAs that hinder accessibility.

All three census tracts in Bledsoe County, eight census tracts in Cumberland County, and two census tracts in Sequatchie County, Tennessee are contiguous. All thirteen census tracts are contiguous to each other.

Demographic Information for Non-MSA Assessment Area						
Bledsoe (#007) & Cumberland (#035) County, Tennessee						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts/BNAs)	11	0	0	100.00	0	0
Population by Geography	59,169	0	0	100.00	0	0
Owner-Occupied Housing by Geography	27,584	0	0	100.00	0	0
Businesses by Geography	6,491	0	0	100.00	0	0
Farms by Geography	343	0	0	100.00	0	0
Family Distribution by Income Level	17,891	20.42	18.94	23.89	36.75	0
Distribution of Low- and Moderate-Income Families throughout AA Geographies	7,042	51.89	48.11	-	-	0
Median Family Income (MFI)	= \$35,603			Median Housing Value	= \$80,361	
HUD Adjusted Median Family Income (MFI) for 2011	= \$45,400			Unemployment Rates	= 11.3% Bledsoe = 10.5% Cumberland	
Households Below the Poverty Level	= 3,781					

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

Source: 2000 U.S. Census and 2011 HUD updated MFI. Unemployment rate is as of September 2011

There are no low- and moderate-income census tracts within FNB’s Bledsoe and Cumberland County AA. Of the 17,891 families residing in the Bledsoe and Cumberland County AA, 3,654 (20.42%) and 3,388 (18.94%), respectively, are low- and moderate-income families based on the family distribution by income levels. As of September 30, 2011, the unemployment rate for the State of Tennessee and the national average was 9.80% and 9.1%, respectively, which is less than the unemployment rate for Bledsoe (11.3%) and Cumberland County (10.5%). All three census tracts in Bledsoe County have been designated as distressed. A distressed community often has an unemployment rate at least one-and-one-half times greater than the national average.

FNB is located in east Tennessee. Pikeville serves as the county seat of Bledsoe County and is located on U. S. Highway 127. Located approximately 30 miles south of Interstate I-40, a major east-west interstate, and 50 miles east of Interstate I-24, a diagonal north-south interstate

connector which runs from Marion, Illinois through Chattanooga, Tennessee, Pikeville is located in the somewhat isolated but picturesque Cumberland Plateau. One of Tennessee's most visited state parks, Falls Creek Falls State Resort Park, is located approximately ten miles from Pikeville. Sprawled across the eastern top of the rugged Cumberland Plateau, Fall Creek Falls offers more than 20,000 acres of scenic and outdoor recreation including cascades, gorges, waterfalls, streams, and lush stands of virgin hardwood timber. Bledsoe County and Pikeville have been heavily impacted by the recent economic downturn. With the decline in the automotive sector, Pikeville's largest employer, Dura Automotive Systems, closed its doors several years ago. Attempts to attract new industry have not been successful. Largest employers in the county are: State of Tennessee Correctional Facility (prison) 324 employees; Taft Correctional Facility (juvenile facility) 300 employees; Hubbard Farms (breeder chicken hatchery 99 employees; and Bledsoe Telephone Co-op (telecommunications) 50 employees. Additionally, there are seven smaller firms which employ from 7 up to 21 employees. Pikeville is a bedroom community with many local residents commuting to Chattanooga and Crossville, TN for employment. Bledsoe County's natural resources include coal, limestone, oak, and yellow pine. Agricultural products include corn, pumpkins, small grain, tomatoes, and soybeans. Breeder chicks are the county's primary livestock product.

Crossville serves as the county seat of Cumberland County and is located on the major east-west Interstate I-40. Located approximately 130 miles east of Nashville and 70 miles west of Knoxville, the community has experienced good residential and industrial growth. Crossville is located on the Cumberland Plateau and is home to the Fairfield Glade retirement community. Fairfield Glade is located 6 miles off I-40 and a short drive from three metropolitan cities – Knoxville, Nashville, and Chattanooga, TN. It too has been impacted by the economic downturn, but to a lesser degree than Pikeville/Bledsoe County. Major employers in the area include: Flowers Bakery, LLC (cakes and rolls) 480 employees; CoLinks (warehouse and distribution) 477 employees; FICOSA North America (bus and truck mirrors) 423 employees; Avigen North America (agri-business) 180 employees; Durable Products, Inc. (bonding rubber on coasters) 176 employees; Crossville Porcelain and Stone (ceramic tile) 173 employees; Dana Corporation (warehouse and distribution) 153 employees; and Tap Publishing (publishing trade journals) 145 employees. Additionally, there is 17 other businesses which employ from 8 to 105 employees. Cumberland County's natural resources include sandstone, coal, oak, pine, gum, and poplar. Agricultural products include beans, corn, tobacco, pimento, and peppers.

Demographic Information for Chattanooga, TN-GA (#16076) MSA Assessment Area						
Sequatchie (#153) County, Tennessee						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts/BNAs)	2	0	50.00	50.00	0	0
Population by Geography	11,370	0	72.62	27.38	0	0
Owner-Occupied Housing by Geography	4,916	0	69.58	30.42	0	0
Businesses by Geography	1,155	0	76.62	23.38	0	0
Farms by Geography	52	0	67.13	32.69	0	0
Family Distribution by Income Level	3,410	28.68	20.00	24.02	27.30	0
Distribution of Low- and Moderate-Income Families throughout AA Geographies	1,660	58.92	41.08	-	-	0
Median Family Income (MFI)	= \$36,456	Median Housing Value		= \$75,628		
HUD Adjusted Median Family Income (MFI) for 2011	= \$57,400	Unemployment Rates		= 9.3%		
Households Below the Poverty Level	= 777					

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

Source: 2000 U.S. Census and 2007 HUD updated MFI. Unemployment rate is as of September 2011

There are no low-income census tracts within FNB’s Sequatchie County AA. There is one moderate-income census tract within FNB’s Sequatchie County AA. Of the 3,410 families residing in the Sequatchie County AA, 978 (28.68%) and 682 (20.00%), respectively, are low- and moderate-income families based on the family distribution by income levels. As of September 30, 2011, Sequatchie County’s unemployment rate of 9.3% was less than the State unemployment rate of 9.8%, but slightly over the national average of 9.1%.

The bank’s presence in the Chattanooga, TN-GA MSA AA is limited to Sequatchie County, Tennessee only. With a population of 11,370, Sequatchie County is located approximately 30 miles north of Chattanooga, TN. Dunlap serves as the county seat of Sequatchie County and is some 28 miles east of Interstate I-24. Sequatchie County and Dunlap are located within the picturesque but somewhat isolated Sequatchie Valley. The Sequatchie Valley is a relatively long and narrow valley in Tennessee, which is generally considered part of the Cumberland Plateau region of the Appalachian Mountains. Major employers in Sequatchie County are: Tecumseh Products, Co. (internal combustion engines) 600 employees; C&D Technologies, Inc. (industrial battery charges and stand-by power systems) 175 employees; Seymour Tubing (automotive tubing) 120 employees; and Dunlap Industries (zippers) 80 employees. Additionally, there are some twelve industries which employ from 9 up to 27 employees. Dunlap is a bedroom community with many local residents commuting to Chattanooga, TN for livelihood. Sequatchie County’s natural resources include coal, limestone, sand, mountain stone, various hardwoods, and pine.

No business opportunities were identified by FNB during this evaluation period. A local organization was interviewed for a community contact. The organization had not had any contact with FNB and was unaware that the bank provided banking services and loans to the local community. The organization provides affordable housing to low- and moderate-income individuals. Operating funds, assistance with fundraising activities, and credit counseling for clients were needs that the organization identified. The community contact made no negative comments about FNB.

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA

Lending Test

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

Loan-to-Deposit Ratio

FNB's loan-to-deposit ratio is reasonable when compared to similarly situated banks. FNB's competition consists of several, independent community banks: Citizens Tri-County Bank, Dunlap, TN; Mountain Valley Bank, Dunlap, TN; Cumberland County Bank, Crossville, TN; First National Bank of Tennessee, Livingston, TN; and Highland Federal Savings Bank, Crossville, TN. For the twenty-four quarters from December 31, 2005 to September 30, 2011, FNB's quarterly average loan-to-deposit ratio was 68.21%. During the same period, Citizens Tri-County Bank, Dunlap, TN, Mountain Valley Bank, Dunlap, TN, Cumberland County Bank, Crossville, TN, FNB of TN, Livingston, TN, and Highland Federal Savings Bank, Crossville, TN quarterly average loan-to-deposit ratios were 70.81%, 82.74%, 62.69%, 88.46%, and 83.07%, respectively.

During the twenty-four quarter period from December 31, 2005, FNB's highest quarterly loan-to-deposit ratio was 76.23% as of December 31, 2009 and the lowest was 60.18% as of September 30, 2011. FNB's loan-to-deposit ratio was reasonably consistent during the quarters reviewed.

Loan-To-Deposit Ratios		
Institution	Total Assets in Millions (As of 09/30/11*)	Average Loan-to-Deposit Ratio(**)
<i>Bledsoe County Tennessee:</i>		
FNB, Pikeville, TN	\$104	68.21%
<i>Cumberland County Tennessee:</i>		
FNB of TN, Livingston, TN	\$624	88.47%
Highland Federal Savings Bank, Crossville, TN	\$67	83.07%
Cumberland County Bank, Crossville, TN	\$286	62.69%
<i>Sequatchie County Tennessee:</i>		
Mountain Valley Bank, Dunlap, TN	\$95	82.74%
Citizens Tri-County Bank, Dunlap, TN	\$568	70.81%

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

**Source: Institution Reports of Condition for 24 quarter period from December 31, 2005 through September 30, 2011.

As of June 30, 2011, ten financial institutions with twenty one offices controlled \$1.025 billion in deposits within the Bledsoe and Cumberland Counties market. FNB ranked sixth and controlled \$82 million, or 8.03%, of the market. Cumberland County Bank controlled the most deposits (\$226 million) with 24.94% market share. Two regional banks controlled \$228 million (22.21%) & \$164 million (15.97%) of the market. Six other banks controlled from 9% down to 0.05% of the deposit market in the two counties. FNB operates two full-service offices in this market.

As of June 30, 2011, four financial institutions with seven offices controlled \$152 million in deposits within the Sequatchie County market. FNB ranked third and controlled \$8.4 million, or 5.50%, of the market. Citizens Tri-County Bank controlled the most deposits (\$81.3 million) with 53.46% of the market. Mountain Valley Bank controlled the next largest share of the deposit market at \$60.9 million, or 40.04%. One smaller bank controlled \$1.5 million in deposits which represented 1% of the deposit market. FNB operates one full-service office in this market.

Lending in Assessment Area

A substantial majority of FNB's lending is inside its AA. The number of residential and business loans inside the bank's AAs was 90.31% and 89.61%, respectively. Similarly, the dollar amount of residential and business loans inside the bank's AAs was 88.63% and 91.32%, respectively. Collectively, 90.16% and 89.65% of the number and dollar amount of residential and business loans were inside the bank's AAs. Conclusions are based on all HMDA reportable loans and a sample of business loans originated during 2009, 2010, and through September 30, 2011.

**Table 1 - Lending in FNB AAs
Bledsoe (#007) and Cumberland County (#035)/Non MSA and Sequatchie County
(#153)/Part of Chattanooga, TN-GA MSA (#16860), Tennessee**

Loan Type	Number of Loans					Dollars of Loans				
	Inside		Outside		Total	Inside		Outside		Total
	#	%	#	%		\$	%	\$	%	
Home Purchase	154	89.02	19	10.98	173	10,601	84.69	1,916	15.31	12,517
Home Improvement	29	87.88	4	12.12	33	3,793	93.77	252	6.23	4,045
Home Refinance	78	93.98	5	6.02	83	7,171	92.30	598	7.70	7,769
Total HMDA Residential Loans	261	90.31	28	9.69	289	21,565	88.63	2,766	11.37	24,331
Business Loans	69	89.61	8	10.39	77	13,485	91.32	1,281	8.68	14,766
Total	330	90.16	36	9.84	366	35,050	89.65	4,047	10.35	39,097

Source: All HMDA reportable residential loans originated during 2009, 2010, and through September 30, 2011 are included. Residential loans include home purchase, home improvement, and home refinances loans. Business loans represent a sample of loans which originated during 2009, 2010, and through September 30, 2011; 2000 U.S. Census Data.

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

FNB's record of lending to borrowers of different incomes (including low- and moderate-income families) reflects reasonable penetration. FNB's overall record of lending to businesses of different sizes is excellent.

Demographics show that low-and moderate-income families makeup 20.42% and 18.94%, respectively, of the families in the bank's Non-MSA AA of Bledsoe and Cumberland Counties. Of the HMDA loans reported during 2009, 2010, and through September 30, 2011, 4.44%, 5.26%, and 8.11% of the number of home purchase, home improvement, and home refinance loans were to low-income families. During the same period, another 16.67%, 0.00%, and 21.62% of the number of home purchase, home improvement, and home refinance loans were to moderate-income families. Disregarding residential loan type, aggregate residential real estate loans to low-income families of 17.81% compares favorably to the 20.42% of low-income families in the bank's Non-MSA AA. Similarly, aggregate residential real estate loans to moderate-income families of 38.29% exceeded the 18.94% of moderate-income families in the bank's AA.

Demographics show that low- and moderate-income families makeup 28.68% and 20.00%, respectively, of the percentage of low- and moderate-income families in the bank's MSA AA of Sequatchie County. Of the HMDA loans reported during 2009, and through September 30, 2011, 18.52%, 0.00%, and 22.22% of the number of home purchase, home improvement, and home refinance loans were to low-income families. During the same period, 18.52%, 28.57%, and 5.56% of the number of home purchase, home improvement, and home refinance loans were to moderate-income families. Disregarding residential loan type, aggregate residential real estate

loans to low-income families of 40.74% exceeds the 28.68% of low-income families in the bank’s AA. Similarly, aggregate residential real estate loans to moderate-income families of 52.65% exceeded the 20.00% of moderate-income families in the bank’s AA.

Table 2 - Borrower Distribution of Residential Real Estate Loans in FNB’s Tennessee Non-MSA AA Bledsoe County (#007) and Cumberland County (#035)								
Borrower Income Level	Low		Moderate		Middle		Upper	
	% of AA Families	% of Number of Loans	% of AA Families	% of Number of Loans	% of AA Families	% of Number of Loans	% of AA Families	% of Number of Loans
Home Purchase	20.42	4.44	18.94	16.67	23.89	17.78	36.75	55.56
Home Improvement	20.42	5.26	18.94	0.00	23.89	10.53	36.75	63.16
Refinance	20.42	8.11	18.94	21.62	23.89	18.92	36.75	37.84

Source: Data reported under 2009, 2010, and through September 30, 2011 HMDA; U.S. Census data.

Table 2 - Borrower Distribution of Residential Real Estate Loans in FNB’s Tennessee Chattanooga, TN-GA MSA AA Sequatchie County (#153)								
Borrower Income Level	Low		Moderate		Middle		Upper	
	% of AA Families	% of Number of Loans	% of AA Families	% of Number of Loans	% of AA Families	% of Number of Loans	% of AA Families	% of Number of Loans
Home Purchase	28.68	18.52	20.00	18.52	24.02	33.33	27.30	29.63
Home Improvement	28.68	0.00	20.00	28.57	24.02	71.43	27.30	0.00
Refinance	28.68	22.22	20.00	5.56	24.02	27.78	27.30	44.44

Source: Data reported under 2009, 2010, and through September 30, 2011 HMDA; U.S. Census data.

FNB’s overall record of lending to businesses of different sizes is excellent. Business revenues within the Non-MSA AA (Bledsoe and Cumberland Counties) reflect that 69.31% have annual sales less than \$1 million, 1.76% exceeded \$1 million, and 28.93% of business sales are unavailable. Based on the number and dollar amount of loans sampled for Bledsoe and Cumberland County businesses, the bank’s overall record is excellent. Business revenues within the Non-MSA AA reflect that 94.60% of the number have annual sales less than \$1 million. The bank also does a good job in obtaining business revenue information on its business loans as reflected by the 2.70% of unavailable information in the Non-MSA AA.

Business revenues within the MSA AA (Sequatchie County) reflect that 71.60% have annual

sales less than \$1 million, 1.99% exceeded \$1 million, and 26.41% of business sales are unavailable. Based on the number and dollar amount of loans sampled for Sequatchie business, the bank’s overall record is excellent. Business revenues within the MSA AA reflect that 90.62% of the number have annual sales less than \$1 million. The bank does a good job in obtaining business revenue information on its business loans as reflected by the 0% of unavailable information in the MSA AA.

Table 2A - Borrower Distribution of Loans to Businesses in FNB’s Tennessee Non-MSA AA of Bledsoe County/(#007) and Cumberland County (#035)				
Business Revenues (or Sales)	≤\$1,000,000	>\$1,000,000	Unavailable/ Unknown	Total
% of AA Businesses	69.31	1.76	28.93	100%
% of Bank Loans in AA by #	94.60	2.70	2.70	100%
% of Bank Loans in AA by \$	98.13	1.23	0.64	100%

Source: Small business loans generated during 2009, 2010, and through September 30, 2011; Dunn and Bradstreet data.

Table 2A - Borrower Distribution of Loans to Businesses in FNB’s Tennessee Chattanooga, TN-GA MSA AA (#16860) Sequatchie County/(#153)				
Business Revenues (or Sales)	≤\$1,000,000	>\$1,000,000	Unavailable/ Unknown	Total
% of AA Businesses	71.60	1.99	26.41	100%
% of Bank Loans in AA by #	90.62	9.38	0.00	100%
% of Bank Loans in AA by \$	70.00	30.00	0.00	100%

Source: Small business loans generated during 2009, 2010, and through September 30, 2011; Dunn and Bradstreet data.

Geographic Distribution of Loans

FNB’s geographic distribution of residential real estate loans and loans to businesses in low- and moderate-income census tracts reflects excellent dispersion throughout the AA. As noted by the Bledsoe County and Cumberland County Demographic AA table, there are no low- and moderate-income census tracts so a comparison is not meaningful. As noted by the Sequatchie County Demographic AA table, there are no low-income census tracts but there is one moderate-income census tract. The moderate-income census tracts comprise 50.00% of the total census tracts in Sequatchie County. Demographics reflect that 69.58% of residential real estate loans and 76.62% of businesses are located in the moderate-income census tract. Based on HMDA data, residential loans located in the moderate-income census tract were: home purchases 96.30%; home improvement loans 71.43%; and refinance home loans 94.44%. Similarly, the business loan sample for Sequatchie County reflected that 100.00% of the numbers of loans made were to businesses located in moderate-income census tract in Sequatchie County. FNB is lending in all tracts in Sequatchie County.

Table 3 - Geographic Distribution of Residential Real Estate Loans in Chattanooga, TN-GA MSA AA (#16860)/Sequatchie County (#153)

Census Tract Income Level	Low		Moderate		Middle		Upper	
	% of AA Owner Occupied Housing	% of Number of Loans	% of AA Owner Occupied Housing	% of Number of Loans	% of AA Owner Occupied Housing	% of Number of Loans	% of AA Owner Occupied Housing	% of Number of Loans
Home Purchase	0.00	0.00	69.58	96.30	30.42	3.70	0.00	0.00
Home Improvement	0.00	0.00	69.58	71.43	30.42	28.57	0.00	0.00
Refinance	0.00	0.00	69.58	94.44	30.42	5.56	0.00	0.00

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

Table 3A - Geographic Distribution of Loans to Businesses in Chattanooga, TN-GA MSA AA (#16860)/Sequatchie County (#153)

Census Tract Income Level	Low		Moderate		Middle		Upper	
	% of AA Businesses	% of Number of Loans	% of AA Businesses	% of Number of Loans	% of AA Businesses	% of Number of Loans	% of AA Businesses	% of Number of Loans
Businesses	0.00	0.00	76.62	100.00	23.38	0.00	0.00	0.00

Source: Data collected by bank; D & B data

Responses to Complaints

There have been no consumer complaints relating to the bank’s Community Reinvestment Act performance during this evaluation period.

COMMUNITY DEVELOPMENT LENDING

Community Development Loan

Qualifying community development loans are loans that meet the definition of community development, as defined in the CRA regulation. During the evaluation period, FNB originated a community development loan aggregating \$500,000.

Loan to Purchase a Closed Manufacturing Building for Purpose of Attracting New Industry and Creating Needed Jobs

- In 2009, FNB originated a loan aggregating \$500,000 to the City of Pikeville for the purchase of a closed manufacturing facility. The purpose of this loan was to benefit the

community through providing for a future industrial development opportunity and provide needed jobs for the area.

Fair Lending or Other Illegal Credit Practices Review

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