

PUBLIC DISCLOSURE

March 17, 2003

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

**Cavalry Banking
Murfreesboro, Tennessee
RSSD ID Number: 461870**

**FEDERAL RESERVE BANK OF ATLANTA
1000 Peachtree Street, N.E.
Atlanta, Georgia 30309-4470**

<p>Note: This evaluation is not, nor should it be construed as, an assessment of the financial condition of this institution. The rating assigned to the institution does not represent an analysis, conclusion of opinion of the federal financial supervisory agency concerning the safety and soundness of this financial institution.</p>
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INSTITUTION (Continued)

The following table indicates the performance level of Cavalry Banking with respect to the lending, investment, and service tests.

PERFORMANCE LEVELS	<u>Cavalry Banking</u>		
	PERFORMANCE TESTS		
	Lending Test*	Investment Test	Service Test
Outstanding	X		
High Satisfactory			X
Low Satisfactory		X	
Needs to Improve			
Substantial Noncompliance			

*Note: The lending test is weighted more heavily than the investment and service tests when arriving at an overall rating.

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS – Whole Bank

INVESTMENT TEST

Cavalry Banking's performance in the assessment area is **LOW SATISFACTORY**.

Investment and Grant Activity

Considering the limited level of opportunity and significantly competition in the assessment area, the volume of qualified community development investments exhibits an **ADEQUATE** level of qualified community development investments and goals, **RARELY** in a leadership position, particularly those not routinely provided by private investors.

Qualified investments made during the review period totaled \$327,500. These investments consisted of the purchase of a U.S. Treasury investment from which one-half of the effective yield goes to the Senior Housing Crime Prevention Foundation Investment Corporation (SHCPF). The SHCPF benefits the residents of nursing homes, assisted living facilities, and HUD housing venues designated as low- to moderate-income for a total of 350 nursing homes serving 39,484 Tennessee residents. Cavalry Banking's pro-rata share of the project, based on their investment, is 178 residents/beds, of which 89 percent are Medicare recipients. In addition, Cavalry Banking made grants and contributions totaling \$60,000. According to bank management, few opportunities to purchase qualified investments and competition have somewhat hampered the bank's ability to participate in qualified investments in the bank's assessment area.

Responsiveness to Credit and Community Development Needs

Based on an evaluation of the performance context, area demographics the bank's investment activity exhibits **ADEQUATE** responsiveness to credit and community development needs.

Use of Innovative or Complex Investments

Based on the investment related to the SHCPF, the bank **OCCASIONALLY USES** complex or innovative investments to support community development initiatives.

SERVICE TEST

Cavalry Banking's performance in the assessment area is **HIGH SATISFACTORY**.