



LARGE BANK

Comptroller of the Currency
Administrator of National Banks

Washington, DC 20219

PUBLIC DISCLOSURE

May 05, 2008

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

First Citizens National Bank
Charter Number: 5263

200 West Court Street
Dyersburg, TN 38024

Office of the Comptroller of the Currency

Little Rock Field Office
10201 West Markham, Suite 105
Little Rock, AR 72205

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.

Overall CRA Rating

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

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

[Indicate the performance level under each criterion by marking an “X” in the appropriate row.]

Performance Levels	First Citizens National Bank 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 an overall rating.

The major factors that support this rating include:

- ◆ FCNB’s lending activity reflects good responsiveness to the credit needs in both assessment areas.
- ◆ FCNB’s overall distribution of home mortgage loans, small loans to businesses, and small loans to farms by income level of geographies is poor. However, the geographic distribution of loans was performed only for the MSA area since there are **no** low- to moderate-income areas in the Non-MSA. In addition, only 18% of FCNB’s HMDA and CRA loans were in the MSA area.
- ◆ FCNB’s distribution of home mortgage loans by borrower income level is excellent for the MSA area and good for the Non-MSA area.
- ◆ FCNB’s distribution of small businesses by borrower income level is excellent in both assessment areas.
- ◆ FCNB’s distribution of small farms by borrower income level is good in the MSA and excellent in the Non-MSA.
- ◆ FCNB’s distribution of consumer loans by borrower income level is excellent in both assessment areas.

revitalization in distressed and undeserved areas. During the evaluation period, FCNB made 14 community development loans totaling \$7,417,883 and 254 flexible and innovative loan products totaling \$29,997,698. These loans represent about 51% of Tier 1 Capital. Since the prior evaluation the bank originated the following community development loans.

Non-MSA

- ◆ Dyer County Industrial Development Board: First Citizens originated 3 loans totaling \$5,063,478 to the Board to complete construction of a building leased to a new automotive plant in Dyersburg. The company plans to hire up to 133 employees during the first 2 years of operation and expand to a workforce of 400 within 5 years. These loans help facilitate jobs to low-to moderate individuals in the county. Approximately 61% of the current employees are considered to be low- and moderate-income individuals.
- ◆ First Citizens originated a loan for \$1,199,109 to construct a landfill in Obion County which borders Lake County. The loan helped create jobs for low- to moderate-income employees. The company is located in Lake County that is one of the poorest counties in the country and designated as a distressed and under served area.
- ◆ The bank originated three additional community development loans totaling \$309,527 to other agencies in the Non-MSA that provided affordable housing and services for low- to moderate-income individuals.

MSA

- ◆ First Citizens originated a \$413,600 loan for a real estate company to purchase 36 acres and develop a subdivision targeted to low- to moderate income individuals.
- ◆ Memphis Academy of Science and Engineering: The bank originated a loan for \$149,404 to the state chartered school for renovation. The school focuses on students from low-income areas of Memphis.
- ◆ Senior Housing Crime Prevention Foundation: The bank originated a \$100,000 loan to provide funding for crime prevention programs to low- to moderate-income residences in HUD multi-family complexes.
- ◆ Restorers United 501-3C program: First Citizens originated 4 loans totaling \$182,765 to construct 3 homes for low- to moderate-income families. These homes are located in a moderate income census tract number within the bank's AA.
- ◆ The bank originated two additional community development loans totaling \$40,223 to other agencies in the MSA that provided services to low- to moderate-income individuals.

Flexible and Innovative Loan Products

First Citizens performance for providing flexible and innovative loan products is excellent. Products include various government sponsored loan programs and other specialty designed loan products that help meet the needs of low- to moderate-income individuals and small

backed securities, \$100 thousand for other bonds, and \$161 thousand total CRA-related grants and donations. Investments and grants/donations represent almost 2% of bank capital.

Refer to Table 13 in Appendix C for the facts and data used to evaluate the bank's level of qualified investments.

Qualifying investments are investments, deposits, membership shares, or grants that have as their primary purpose community development, as defined in the CRA regulation. FCNB's qualifying CD investments are centered in investments and grants/donations with the primary purpose of providing primarily low- and moderate-income individuals with continuing education and other qualifying social services.

Non-MSA

FCNB has an adequate level of investments in the Non-MA given the investment opportunities noted in Appendix B. Qualified investments consist of one investment and 12 grants/donations totaling \$129 thousand and represent 0.2% of bank capital. These investments are responsive to the identified needs in this market and help provide a variety of services to low- and moderate-income individuals such as affordable housing, continuing education, and other qualifying social services.

- ◆ Senior Housing Crime Prevention Foundation, Memphis, TN. Since 2001, FCNB has invested in a \$100 thousand bond program. The bond was renewed January 15, 2008 for three-year at 4.25%. The bank and the foundation share equally in the yield on these bonds. The foundation provides funding for local HUD projects, which in turn, provide security services for valuables and personal items of local nursing home residents. The fund also helps maintain a tips hot line for reporting crimes and/or abuses of nursing home residents.
- ◆ FCNB made 12 various grants and donations totaling \$29 thousand to non-profit organizations that serve low- and moderate-income individuals and families.

MSA

FCNB has an adequate level of investments in the Non-MA given the investment opportunities noted in Appendix B. Qualified investments consist of one investment and six grants/donations totaling \$1,186,000 and represent 1.6% of bank deposits.

- ◆ Mortgage Backed Securities. FCNB purchased a pool of eight loans totaling \$1,057,450 on July 5, 2007. All borrowers are low- or moderate-income borrowers within the Memphis MSA with five of the borrowers living inside the bank's MSA AA. The loan amount ranges from a low of \$60,700 to a high of \$192,000 with an average of about \$132,000. The borrowers' income ranges from 40% - 77% of the Memphis MSA Median Family Income for 2007.
- ◆ FCNB made six various donations and grants totaling \$32 thousand to non-profit organizations that serve low- and moderate-income individuals and families.