

PUBLIC DISCLOSURE

May 31, 2005

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

**First Bank
Certificate Number: 8663**

**200 North Main Street
Lexington, Tennessee 38351**

**Federal Deposit Insurance Corporation
Division of Supervision and Consumer Protection
Dallas Region—Memphis Area Office
5100 Poplar Avenue, Suite 1900
Memphis, Tennessee 38137**

NOTE: 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.

LENDING, INVESTMENT, AND SERVICE TEST TABLE

The following table indicates the performance level of First Bank, Lexington, Tennessee, with respect to the *Lending, Investment, and Service Tests*.

PERFORMANCE LEVELS	First Bank		
	PERFORMANCE TESTS		
	Lending Test*	Investment Test*	Service Test*
Outstanding		X	X
High Satisfactory	X		
Low Satisfactory			
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.*

PERFORMANCE CONTEXT

An institution’s performance under the regulatory assessment criteria is evaluated in the context of information about the institution, its community, and its competitors. Examiners reviewed demographic and economic conditions, the institution’s major business products and strategies, financial condition, capacity, and ability to lend or invest in its communities.

Community Contact

In an effort to assist in establishing the performance context for this evaluation, examiners contacted a community leader who administers a local government organization that provides public services for Henderson County. The contact stated that the banks in the area were meeting the credit needs of the community, and they offer a wide range of products and services. However, despite the availability of credit, there is a need for affordable housing since most of the builders in the area were targeting the construction of more expensive homes. He said that all the banks were involved in the community with many of them partnering with schools to provide financial assistance and manpower. All the local banks are active in providing support for community development projects. The contact said First Bank was a leader in the community.

Ayers Foundation Scholars Program – During the review period, The Ayers Foundation provided 204 scholarships totaling \$322,484 for students of families with low- and moderate-incomes to attend college or technical school. This affiliate of the bank was formed by Chairman of the Board, James W. Ayers, as a means to provide financial support to schools, community development agencies, and numerous charitable organizations. The Ayers Foundation established the Scholars Program, which provides up to \$4,000 per year to every graduating senior of Decatur County Riverside High School and Scotts Hill High School that is accepted at an accredited college or technical school. The Foundation also provides 3 career counselors and a financial aid officer to assist students in planning their future beyond high school. During the review period, The Ayers Foundation provided 504 scholarships totaling \$1,538,316 to all qualified students. The Ayers Scholars Program has increased student attendance in post high school education from 30 percent to 90 percent in these rural schools. (Lexington Assessment Area)

Smyrna Affordable Housing Bond – During the review period, the bank purchased a \$250,000 Smyrna, Tennessee industrial development revenue bond. Proceeds of the bond were used to develop a multi-family housing structure for low-income elderly residents within the City of Smyrna, Tennessee. (Murfreesboro Assessment Area)

Southeast Community Capital, Inc. (SCC) – During the review period, the bank purchased an Unsecured Subordinated Promissory Note from this Community Development Financial Institution (CDFI) totaling \$250,000. According to the note, the loan is intended to be a qualified equity investment, and the borrower warrants that the proceeds will be used for community development purposes. SCC provides credit to businesses located in underserved markets such as low- and moderate-income areas and to businesses owned by minorities or women. The geographic focus of SCC is the southeastern United States, with four offices in Tennessee: Oak Ridge, Nashville, Memphis, and Chattanooga. (All Areas)

Affordable Housing Resources, Inc. – During the review period, the bank purchased an Unsecured Subordinated Promissory Note from this Community Development Financial Institution (CDFI) totaling \$250,000. According to the note, the loan is intended to be a qualified equity investment, and the borrower warrants that the proceeds will be used for community development purposes. Affordable Housing Resources develops affordable housing projects in Nashville, Tennessee. (Nashville Assessment Area)

Senior Housing Crime Prevention Foundation Investment Corporation– The Bank invested \$153,000 in this program during the evaluation period. The investment helps fund senior crime-stoppers programs, which provides reward money for tips that help solve crimes. The nursing home sponsored by this investment is located in a low-income census tract (CT 162.00) in Nashville, Tennessee. (Nashville Assessment Area)