



LARGE BANK

Comptroller of the Currency
Administrator of National Banks

Washington, DC 20219

PUBLIC DISCLOSURE

October 22, 2007

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

The First National Bank of Shelby
Charter Number: 6776

106 South Lafayette Street
Shelby, NC 28150

Office of the Comptroller of the Currency

Carolinas Field Office
6100 Fairview Road Suite 1154
Charlotte, NC 28210

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 **The First National Bank of Shelby (FNB)** with respect to the Lending, Investment, and Service Tests:

Performance Levels	The First National Bank of Shelby Performance Tests		
	Lending Test*	Investment Test	Service Test
Outstanding			
High Satisfactory	X		X
Low Satisfactory		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:

- FNB demonstrated an excellent level of lending, good distribution among borrowers of different income levels, and good distribution among geographies of different income levels. The bank’s level of community development lending had a neutral impact on the lending test conclusion.
- FNB’s level of community development and regional investments is adequate based on the limited investment opportunities in the assessment areas.
- FNB’s delivery systems are reasonably accessible to geographies and individuals of different income levels in its assessment areas. The bank’s record of opening and closing branches has not adversely affected the accessibility of its delivery systems, particularly to low- and moderate-income individuals and geographies.

INVESTMENT TEST

Conclusions for Areas Receiving Full-Scope Reviews

The bank's performance under the investment test is rated "Low Satisfactory". Based on the full-scope review, the bank's performance in Cleveland County is adequate. Performance in the limited scope assessment areas did not negatively impact the bank's overall performance under the investment test.

Refer to Table 14 in Appendix C for the facts and data used to evaluate the bank's level of qualified investments.

Cleveland County

FNB made an adequate level of investments under the investment test in Cleveland County. During the evaluation period, the bank made twenty-one qualified community development investments, including grants and donations, totaling \$1.7 million. A significant investment included \$1 million invested with the Senior Housing Crime Prevention Foundation to support two nursing homes in the AA. These nursing homes primarily serve low- to moderate-income persons. The majority of the remaining investments were grants to organizations supporting affordable housing, community services, job creation, educational opportunities for low- and moderate-income individuals, and revitalization objectives in the assessment area. The investments are not considered innovative or complex in nature, but are responsive to identified needs in the community.

Our analysis of Cleveland County took into account a statewide regional investment. The statewide regional investment supports affordable housing development throughout the North Carolina region, which includes the bank's assessment area.

Conclusions for Area Receiving Limited-Scope Reviews

Based on limited-scope reviews, the bank's performance in Gaston and Rutherford Counties is weaker than the overall performance under the investment test. The weaker performance is due to a lower level of community development investments in the assessment areas.

Refer to Table 14 in Appendix C for the facts and data that support these conclusions.

SERVICE TEST

Conclusions for Areas Receiving Full-Scope Reviews

The bank's performance under the Service Test is rated "High Satisfactory". Based on full-scope reviews, the bank's performance in Cleveland County is adequate. FNB's delivery systems are accessible to geographies and individuals of different income levels throughout the full-scope assessment areas. FNB's record of opening and closing branches did not have an