



**SMALL BANK**

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Comptroller of the Currency  
Administrator of National Banks

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Washington, DC 20219

## **PUBLIC DISCLOSURE**

**February 23, 2009**

### **COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION**

The First National Bank of Williamson  
Charter Number 6830

68 E. Second Avenue  
Williamson, WV 25661

Office of the Comptroller of the Currency

VIRGINIA FIELD OFFICE  
3800 Electric Road Suite 204  
Roanoke, VA 24018-0503

**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 major factors supporting the institution's rating include:

- The bank's quarterly average net loan-to-deposit ratio is reasonable based on the bank's size, financial condition, area credit needs, and relevant competitive factors;
- A substantial majority of the loans were made in the bank's assessment area (AA);
- The distribution of loans reflects reasonable penetration among borrowers of different incomes and businesses of different sizes; and
- The geographic distribution of loans reflects reasonable dispersion throughout census tracts of different income levels.

**SCOPE OF EXAMINATION**

First National Bank of Williamson (FNB Williamson) was evaluated under the small bank Community Reinvestment Act (CRA) examination procedures. Our review covered the bank's CRA performance from January 1, 2006 through December 31, 2008, as this is representative of its lending strategy since the last CRA examination. Residential mortgage loans and business loans were determined to be the bank's primary loan products and were reviewed as part of this examination. In order to assess the bank's lending activity, we sampled 20 residential mortgage loans and 20 business loans that were originated from January 1, 2006 through December 31, 2008 for each assessment area.

**DESCRIPTION OF INSTITUTION**

FNB Williamson is an independent, interstate community bank headquartered in Williamson, West Virginia. In addition to operating in Williamson, West Virginia, the bank operates in the neighboring Pikeville, Kentucky. As of December 31, 2008, FNB Williamson had total assets of \$95 million and Tier One Capital of \$11 million. FNB Williamson has one subsidiary, FNB Agency, LLC. FNB Agency, LLC is an insurance agency, and the subsidiary activities were not considered and had no impact on FNB Williamson's CRA performance.

As of December 31, 2008, the bank has three branches, two "drive-thru" locations, and two Automated Teller Machines (ATMs). The bank's main branch is located at 68 E. Second Avenue, Williamson, WV. This branch offers regular business hours Monday through Friday. The second branch, which opened in October, 2004, is located at 4<sup>th</sup> Avenue Extension, Williamson, WV. This branch offers business hours Monday through Friday and Saturday mornings. There is also a drive-thru located at 4<sup>th</sup> Avenue and Logan Street, Williamson, WV that is open Monday through Friday and Saturday mornings. These two branches and the drive-thru are located in distressed middle-

income census tracts (as designated by the federal banking agencies) in Williamson, West Virginia. The third branch and the second drive-thru were opened in February, 2005, and they are located at 109 Prater Place, Pikeville, Kentucky. The branch and the drive-thru are open Monday through Friday and Saturday mornings, and the drive-thru offers extended morning and evening hours Monday through Friday. The branches offer full-service banking, while the drive-thru locations offer limited banking, which consists of loan payments, deposits, withdrawals, and cashier's checks. The main branch and the Pikeville branch also have ATMs. No branches were closed during the evaluation period.

FNB Williamson offers a variety of deposit and loan products to meet consumer and commercial banking needs. The bank's Internet website, [www.fnbwilliamson.com](http://www.fnbwilliamson.com), provides detailed information on products and services for both consumers and businesses. Banking services are standard, with the addition of on-line banking with free bill pay. FNB Williamson also offers a 24-hour account access service.

As of December 31, 2008, FNB Williamson reported \$58 million in net loans and \$77 million in total deposits. Net loans represented 60% of average assets. The bank's loan portfolio consists of residential real estate loans (36%), commercial, commercial real estate loans, and construction and development loans (47%), and consumer loans (17%).

Competition for loans and deposits comes from local community banks and larger regional institutions. Some of FNB Williamson's primary competitors are: Branch Banking and Trust Company, Bank of Mingo, Community Trust Bank, and US Bank, NA.

There are no legal or financial impediments to the bank's ability to help meet the credit needs of its AAs. The bank was rated "Satisfactory" at its last CRA examination, which was dated June 26, 2003.

## **Selection of Areas for Full-Scope Review**

In each state where the bank has an office, a sample of AAs within that state are selected for full-scope reviews. The Mingo County AA in West Virginia and the Pike County AA in Kentucky were selected for full-scope reviews. Refer to the "Scope" section under each State Rating for details regarding how the areas were selected.

## **Ratings**

The bank's overall rating is a blend of state ratings. Full-scope reviews were performed for the Mingo County AA in West Virginia and the Pike County AA in Kentucky. More weight was placed on the West Virginia state rating because a majority of the bank's lending and deposits are located in West Virginia. Additionally, more weight was placed on the business loan performance in each assessment area because the bank's loan portfolio reflects slightly more business lending than residential real estate lending. Refer to the "Scope" section under each state rating for details regarding how the areas

were weighted in arriving at the overall state rating.

## **Conclusions with Respect to Performance Criteria**

FNB Williamson's performance under the Lending Test is considered "Satisfactory". FNB Williamson's loan-to-deposit ratio is reasonable, and a substantial majority of loans were originated inside its AA. FNB Williamson's geographic distribution reflects reasonable dispersion throughout census tracts of different income levels, and FNB Williamson's borrower distribution reflects reasonable penetration among borrowers of different incomes and businesses of different sizes.

### **Loan-to-Deposit Ratio**

FNB Williamson's quarterly average net loan-to-deposit (LTD) ratio is reasonable given the bank's size, financial condition, and credit needs, and it meets the standard for satisfactory performance. The bank's quarterly average net loan-to-deposit ratio for the twenty-two quarters since the last CRA examination is 66%. Other financial institutions of similar size in West Virginia and Kentucky had similar ratios.

### **Lending in Assessment Area**

FNB Williamson originated a substantial majority of loans inside its AA. Based on the residential mortgage loans and the small business loans sampled during the evaluation period, 89% of the residential real estate and the business loans were made within the bank's combined AA. By product type, 85% of the business loans sampled were originated within the combined AA, and 93% of the residential real estate loans sampled were originated within the bank's combined AA.

### **Lending Gap Analysis**

Our review of the geographic distribution of loans did not detect any conspicuous or unexplained gaps in the bank's lending patterns.

## **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 needs.

## STATE RATING

### STATE OF WEST VIRGINIA

#### CRA Rating for West Virginia: Satisfactory

- The distribution of loans reflects reasonable penetration among borrowers of different incomes and businesses of different sizes; and
- The geographic distribution of loans reflects reasonable dispersion throughout census tracts of different income levels.

### DESCRIPTION OF INSTITUTION’S OPERATIONS IN WEST VIRGINIA

The bank’s primary market is in the state of West Virginia, and the bank has one assessment area, Mingo County AA, in the state of West Virginia. The bank operates two branches and an ATM in this area. Mingo County is located in the southwestern portion of the state, approximately 80 miles southwest of the state capital, Charleston. Mingo County borders Pike County, Kentucky and the two are separated by the Tug Fork River.

Demographic Information for Full Scope Area: Mingo County						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts/BNAs)	7	0.00	57.14	42.86	0.00	0.00
Population by Geography	28,253	0.00	59.01	40.99	0.00	0.00
Owner-Occupied Housing by Geography	8,792	0.00	60.21	39.79	0.00	0.00
Business by Geography	1,470	0.00	61.84	38.16	0.00	0.00
Farms by Geography	11	0.00	54.55	45.45	0.00	0.00
Family Distribution by Income Level	8,285	31.38	17.32	18.14	33.16	0.00
Distribution of Low and Moderate Income Families throughout AA Geographies	4,035	0.00	64.76	35.24	0.00	0.00
Median Family Income		32,500	Median Housing Value		50,919	
HUD Adjusted Median Family Income for 2008		40,300	Unemployment Rate (2000 US Census)		3.45%	
Households Below Poverty Level		29.79%				

(\*) The NA category consists of geographies that have not been assigned an income classification. Source: 2000 US Census and 2008 HUD updated MFI

There are seven census tracts (CTs) in the Mingo County AA. Four CTs (57.14%) are moderate-income and three CTs (42.86%) are middle-income. All three middle-income geographies have been designated as distressed by the federal banking agencies based on the rates of poverty and population loss. There are no low-income or upper-

income tracts in the AA. This AA meets regulatory requirements and does not arbitrarily exclude low- or moderate-income geographies.

The 2000 U.S. Census reported the total population in the AA at 28,253. Within the AA, there are 8,285 families and 11,331 households. Approximately 31% of the families are categorized as low-income, 17% as moderate-income, 18% as middle-income, and 33% as upper-income. The percentage of households below the poverty level is 30%. The 2000 median family income was \$32,500, and the 2008 HUD updated median family income is \$40,300. There are 12,898 housing units, of which 68% are owner-occupied, 20% are rental-occupied, and 12% are vacant housing units. The median cost of housing in the AA is \$50,919.

According to the 2008 business demographics, there are a total of 1,470 businesses in the AA. Approximately 54% of the businesses reporting have revenues less than \$1 million, approximately 5% have revenues greater than \$1 million, and the revenue was not reported for approximately 41% of the businesses. Approximately 62% of businesses are located in moderate-income geographies and 38% are located in middle-income geographies.

The overall economic outlook for the AA will decline throughout the year, but the AA will experience a milder recession than nationally. Mining employment and production will experience a decline due to dismal sales in the auto industry, tightening of credit in the banks, and declining consumer expenditures. Employment in the AA includes retail trade with 30%, services, public administration, and non-classifiable establishments at 24% each, and transportation/communication at 15%. While this is typically a coal mining area, mining represents less than 3%. According to the Bureau of Labor Statistics, the December 2008 unemployment rate for Mingo County was 3.4%. This rate is lower than the state unemployment rate of 4.4% and the national unemployment rate of 7.2%.

According to the June 30, 2008 FDIC Summary of Deposits Market Share Report, FNB Williamson was ranked third out of four institutions in the Mingo County AA with 14.57% of deposits. Branch Banking & Trust Company is ranked first with 4 offices in the county and 50.97% of the deposits. The other financial institutions include Bank of Mingo with six offices and 21.76% of the deposits and Community Trust Bank with one office and 12.70% of the deposits.

## **SCOPE OF EVALUATION IN WEST VIRGINIA**

The Mingo County AA received a full-scope review. The West Virginia state rating is based on the results of the Mingo County AA's full-scope review.

More weight was placed on FNB Williamson's performance in its Mingo County AA than its performance in its Pike County AA since this is the county in which FNB Williamson operates the larger number of its branch offices and derives the larger number of its deposits and loans.

## **CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA**

FNB Williamson's performance under the lending test in the Mingo County AA is rated "Satisfactory". FNB Williamson's geographic distribution reflects reasonable dispersion throughout census tracts of different income levels, and FNB Williamson's borrower distribution reflects reasonable penetration among borrowers of different incomes and businesses of different sizes.

### **LENDING TO BORROWERS OF DIFFERENT INCOMES AND TO BUSINESSES OF DIFFERENT SIZES**

Overall, the borrower distribution of home mortgage and business loans reflects reasonable penetration and meets the standard for satisfactory performance. FNB Williamson's poor distribution of home mortgage loans was offset by its excellent distribution of business loans.

#### **Home Mortgage Loans**

The distribution of home mortgage loans reflects poor penetration among borrowers of different income levels. FNB Williamson's record of home mortgage lending to borrowers of different incomes does not meet the standard for satisfactory performance.

The percentage of home mortgage loans made to low-income borrowers is significantly lower than the percentage of low-income families in the AA. Based on our loan sample, there were no home mortgage loans made to moderate-income borrowers.

In our analysis, we took into consideration the lack of affordability for low- and moderate-income individuals to purchase a home. The average median housing value in this AA was \$50,919. According to the 2008 HUD updated median family income, low-income individuals earn less than \$20,150 and moderate-income individuals earn between \$20,150 and \$32,240. Additionally, 30% of households in the AA are below the poverty level. The lack of affordability limits the opportunities for home purchase, home improvement, and home refinance lending to low- and moderate-income individuals. However, even when taking into account the lack of affordability and the poverty rate, the bank's level of lending to low- and moderate-income borrowers is significantly below the demographic comparator.

The following, Table 2, shows the distribution of home loan products among borrowers of different income levels for the period of January 1, 2006 through December 31, 2008 as compared to the percent of families in each income category.

<b>Table 2 - Borrower Distribution of Residential Real Estate Loans in Mingo County</b>								
Borrower Income Level	Low		Moderate		Middle		Upper	
Loan Type	% 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
Residential Real Estate Mortgages	31.38	5.00	17.32	0.00	18.14	30.00	33.16	65.00

Source: 2006-2008 loan sample; 2000 U.S. Census Data

**Business Loans**

The distribution of loans to businesses of different sizes reflects excellent penetration among businesses of different sizes, and FNB Williamson’s record of lending to businesses of different sizes exceeds the standard for satisfactory performance.

The percentage of loans FNB Williamson made to businesses with gross annual revenues less than or equal to \$1 million exceeds the percentage of AA businesses with gross annual revenues less than or equal to \$1 million in terms of the number of loans originated.

The following, Table 2A, details the bank’s performance in lending to businesses of different sizes for the period of January 1, 2006 through December 31, 2008.

<b>Table 2A - Borrower Distribution of Loans to Businesses in Mingo County AA</b>				
Business Revenues (or Sales)	≤\$1,000,000	>\$1,000,000	Unavailable/Unknown	Total
% of AA Businesses	54.22%	4.69%	41.09%	100%
% of Bank Loans in AA by #	85.00%	15.00%	0%	100%
% of Bank Loans in AA by \$	25.00%	75.00%	0%	100%

Source: 2006-2008 loan sample; 2008 Dun and Bradstreet data

**GEOGRAPHIC DISTRIBUTION OF LOANS**

The geographic distribution of home mortgage loans and business loans reflects reasonable dispersion throughout census tracts of different income levels, and FNB Williamson’s performance meets the standard for satisfactory performance. There were no conspicuous gaps identified within the bank’s Mingo County AA.

There are no low-income geographies in the AA. There are four moderate-income geographies in the AA and three middle-income geographies that have been designated as distressed non-metropolitan middle-income geographies.



## Home Mortgage Loans

The geographic distribution of home mortgage loans reflects reasonable dispersion throughout census tracts of different income levels, and FNB Williamson’s performance meets the standard for satisfactory performance.

The percentage of home mortgage loans made in moderate-income geographies is significantly lower than the percentage of owner-occupied housing units in these geographies. Since all three middle-income geographies in this AA were designated as distressed non-metropolitan middle-income geographies for the duration of the evaluation period, the bank received consideration for lending to the middle-income geographies. This mitigates the bank’s level of lending in moderate-income geographies.

The following, Table 3, details the bank’s performance as compared to the percentage of owner-occupied housing units in each census tract income level for the period of January 1, 2006 through December 31, 2008.

<b>Table 3 - Geographic Distribution of Residential Real Estate Loans in Mingo County AA</b>								
Census Tract Income Level	Low		Moderate		Middle		Upper	
Loan type	% 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
Residential Real Estate Loans	0.00	0.00	60.21	20.00	39.79	80.00	0.00	0.00

*Source: 2006-2008 loan sample; 2000 U.S. Census Data.*

## Business Loans

The geographic distribution of business loans reflects reasonable dispersion throughout census tracts of different income levels, and FNB Williamson’s performance meets the standard for satisfactory performance.

The percentage of FNB Williamson’s loans made to businesses located in moderate-income geographies is significantly lower than the percentage of businesses that are located in these geographies. Since all three middle-income geographies were designated as distressed non-metropolitan middle-income geographies, the bank received consideration for lending to businesses that are located in middle-income geographies.

The following, Table 3A, details the bank’s performance as compared to the percentage of businesses in each census tract income level for the period of January 1, 2006 through December 31, 2008.

Table 3A – Geographic Distribution of Loans to Businesses: Mingo County AA								
Census Tract Income Level	Low		Moderate		Middle		Upper	
Loan Type	% 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
Small Business	0.00	0.00	61.84	25.00	38.16	75.00	0.00	0.00

Source: 2006-2008 loan sample; 2008 Dun & Bradstreet data

### Responses to Complaints

FNB Williamson did not receive any complaints about its performance in helping to meet credit needs in the assessment area during this evaluation period.

## STATE RATING

### STATE OF KENTUCKY

#### CRA Rating for Kentucky: Satisfactory

- The distribution of loans reflects reasonable penetration among borrowers of different incomes and businesses of different sizes; and
- The geographic distribution of loans reflects reasonable dispersion throughout census tracts of different income levels.

### DESCRIPTION OF INSTITUTION’S OPERATIONS IN KENTUCKY

The bank’s second market is in the state of Kentucky. In February 2005, FNB Williamson identified all of Pike County as an assessment area because the bank opened one branch and one ATM in Pikeville, Kentucky. Pike County, Kentucky borders Mingo County, West Virginia; however, the two counties are separated by the Tug Fork River.

Demographic Information for Full Scope Area: Pike County						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts/BNAs)	19	0.00	36.84	52.63	10.53	0.00
Population by Geography	68,736	0.00	36.46	50.54	13.00	0.00
Owner-Occupied Housing by Geography	21,739	0.00	35.11	52.26	12.64	0.00
Business by Geography	4,839	0.00	36.16	40.42	23.41	0.00
Farms by Geography	47	0.00	34.04	48.94	17.02	0.00
Family Distribution by Income Level	20,459	27.39	18.13	18.13	36.36	0.00
Distribution of Low and Moderate Income Families throughout AA Geographies	9,312	0.00	41.87	49.75	8.38	0.00
Median Family Income		32,884	Median Housing Value		52,195	
HUD Adjusted Median Family Income for 2008		39,100	Unemployment Rate (2000 US Census)		3.18%	
Households Below Poverty Level		24.35%				

(\*) The NA category consists of geographies that have not been assigned an income classification. Source: 2000 US Census and 2008 HUD updated MFI

There are nineteen census tracts (CTs) in Pike County. Seven CTs (36.84%) are moderate-income, ten CTs (52.63%) are middle-income, and 2 CTs are upper-income (10.53%). All ten middle-income geographies have been designated as distressed and underserved by the federal banking agencies because of the rate of poverty and the remote rural location of the geographies. There are no low-income tracts in the AA.

This AA meets regulatory requirements and does not arbitrarily exclude low- or moderate-income geographies.

The 2000 U.S. Census reported the total population in the AA at 68,736. Within the AA, there are 20,459 families and 27,660 households. Approximately 27% of the families are categorized as low-income, 18% as moderate-income, 18% as middle-income, and 36% as upper-income. The percentage of households below the poverty level is 24%. The 2000 median family income was \$32,884, and the 2008 HUD updated median family income is \$39,100. There are 30,923 housing units, of which, 70% are owner-occupied, 19% are rental-occupied, and 11% are vacant housing units. The median cost of housing in the AA is \$52,195.

According to the 2008 business demographics, there are a total of 4,839 businesses in the AA. Approximately 62% of the businesses reporting have revenues less than \$1 million, approximately 4% have revenues greater than \$1 million, and the revenue was not reported for approximately 34% of the businesses. Approximately 36% of businesses are located in moderate-income geographies, 40% are located in middle-income geographies, and 23% are located in upper-income geographies.

Competition in this area comes from community banks as well as larger regional financial institutions. According to the June 30, 2008 FDIC Summary of Deposits Market Share Report, FNB Williamson was ranked fifth out of seven institutions in the Pike County AA with a 1.20% deposit market share. Community Trust Bank, Inc. ranked first with 56.93% deposit market share, Branch Banking and Trust Co. ranked second with a 21.30% deposit market share, U.S. Bank, NA ranked third with a 12.85% deposit market share, and Citizens National Bank of Paintsville ranked fourth with a 6.43% deposit market share.

According to the Bureau of Labor Statistics, the December 2008 unemployment rate for Pike County was 5.5%. The unemployment rate for the state of Kentucky, as of December 2008, was 7.6%. Employment in the AA includes retail trade with 34%, services, public administration, and non-classifiable establishments each at 20%, and transportation/communication at 16%. While this is typically a coal mining area, it represents less than 3%.

During this examination we contacted a local government representative. The mission of the organization is to provide traditional state-mandated duties, which includes assessment of property, record keeping, maintenance of rural roads, administration of election and judicial functions, and poor relief. Today, the county government has been undertaking programs relating to child welfare, consumer protection, economic development, employment/training, planning and zoning, and water quality. The representative stated that due to the recent decline in natural gas and coal prices, the economy is beginning to feel the effects of the national economic crisis. One of the major products produced in the area is a mineralized coal, which is used to make steel to produce automobiles. Due to the dismal sales in the auto industry, this has affected coal production. There are a few plants closing, and unemployment is beginning to rise. The representative stated that credit is beginning to tighten in the banks and that consumer expenditures are declining. At this point, there is no pronounced need in the

county, as all efforts are primarily geared towards insulating the county as much as possible from the current market situation.

## **SCOPE OF EVALUATION IN KENTUCKY**

The Pike County AA received a full-scope review. The Kentucky state rating is based on the results of the Pike County AA full-scope review.

Less weight was placed on FNB Williamson's performance in its Pike County AA than its performance in its Mingo County AA because FNB Williamson operates a larger number of its branch offices and derives a larger number of its deposits and loans in its Mingo County AA.

## **CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA**

FNB Williamson's performance under the lending test in the Pike County AA is rated "Satisfactory". FNB Williamson's geographic distribution reflects reasonable dispersion throughout census tracts of different income levels, and FNB Williamson's borrower distribution reflects reasonable penetration among borrowers of different incomes and businesses of different sizes.

### **LENDING TO BORROWERS OF DIFFERENT INCOMES AND TO BUSINESSES OF DIFFERENT SIZES**

Overall, the borrower distribution of home mortgage and business loans reflects reasonable penetration and meets the standard for satisfactory performance.

#### **Home Mortgage Loans**

The distribution of home mortgage loans reflects reasonable penetration among borrowers of different income levels. FNB Williamson's record of lending to borrowers of different incomes meets the standard for satisfactory performance.

In our analysis, we took into consideration the lack of affordability for low-income individuals to purchase a home. The average median housing value in this AA was \$52,195. According to the 2008 HUD updated median family income, low-income individuals earn less than \$19,550. Additionally, 24% of households in the AA are below the poverty level. The lack of affordability limits the opportunities for home purchase, home improvement, and home refinance lending to low-income individuals.

Based on our loan sample, there were no home mortgage loans made to low-income borrowers. The percentage of home mortgage loans made to moderate-income borrowers is lower than the percentage of moderate-income families in the AA.

However, when considering the affordability of housing in the AA, this performance is reasonable.

The following, Table 2, shows the distribution of home loan products among borrowers of different income levels for the period of January 1, 2006 through December 31, 2008 as compared to the percent of families in each income category.

<b>Table 2 - Borrower Distribution of Residential Real Estate Loans in Pike County AA</b>								
Borrower Income Level	Low		Moderate		Middle		Upper	
Loan Type	% 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
Residential Real Estate Mortgages	27.39	0.00	18.13	10.00	18.13	45.00	36.36	45.00

Source: 2006-2008 loan sample; 2000 U.S. Census Data.

### Business Loans

The distribution of loans to businesses of different sizes reflects excellent penetration among businesses of different sizes, and FNB Williamson’s record of lending to businesses of different sizes exceeds the standard for satisfactory performance.

The percentage of loans FNB Williamson made to businesses with gross annual revenues less than or equal to \$1 million exceeds the percentage of AA businesses with gross annual revenues less than or equal to \$1 million in terms of the number of loans originated.

The following, Table 2A, details the bank’s performance in lending to businesses of different sizes for the period of January 1, 2006 through December 31, 2008.

<b>Table 2A - Borrower Distribution of Loans to Businesses in Pike County AA</b>				
Business Revenues (or Sales)	≤\$1,000,000	>\$1,000,000	Unavailable/Unknown	Total
% of AA Businesses	61.50%	3.64%	34.86%	100%
% of Bank Loans in AA by #	70.00%	30.00%	0%	100%
% of Bank Loans in AA by \$	70.00%	30.00%	0%	100%

Source: 2006-2008 loan sample; 2008 Dun and Bradstreet data

### GEOGRAPHIC DISTRIBUTION OF LOANS

The geographic distribution of home mortgage loans and business loans reflects reasonable dispersion throughout census tracts of different income levels, and FNB Williamson’s performance meets the standard for satisfactory performance. There were no conspicuous gaps identified within the bank’s Pike County AA.

There are no low-income geographies in the AA, there are seven moderate-income geographies in the AA, and there are ten middle-income geographies in the AA that have been designated as distressed and underserved geographies.

**Home Mortgage Loans**

The geographic distribution of home mortgage loans reflects reasonable dispersion throughout census tracts of different income levels, and FNB Williamson’s performance meets the standard for satisfactory performance.

The percentage of home mortgage loans made in moderate-income geographies meets the percentage of owner-occupied housing units in these geographies. Since all ten middle-income geographies were designated as distressed and underserved non-metropolitan middle-income geographies for the duration of the evaluation period, the bank received consideration for lending to the middle-income geographies.

The following, Table 3, details the bank’s performance as compared to the percentage of owner-occupied housing units in each census tract income level for the period of January 1, 2006 through December 31, 2008.

<b>Table 3 - Geographic Distribution of Residential Real Estate Loans in Pike County AA</b>								
Census Tract Income Level	Low		Moderate		Middle		Upper	
Loan type	% 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
Residential Real Estate Loans	0.00	0.00	35.11	35.00	52.26	50.00	12.64	15.00

*Source: 2006-2008 loan sample; 2000 U.S. Census Data.*

**Business Loans**

The geographic distribution of business loans reflects reasonable dispersion throughout census tracts of different income levels, and FNB Williamson’s performance meets the standard for satisfactory performance.

The percentage of FNB Williamson’s loans made to businesses located in moderate-income geographies is near to the percentage of businesses that are located in these geographies. Since all ten middle-income geographies were designated as distressed and underserved non-metropolitan middle-income geographies, the bank received consideration for lending to businesses that are located in middle-income geographies.

The following, Table 3A, details the bank's performance as compared to the percentage of businesses in each census tract income level for the period of January 1, 2006 through December 31, 2008.

<b>Table 3A – Geographic Distribution of Loans to Businesses: Pike County AA</b>								
Census Tract Income Level	Low		Moderate		Middle		Upper	
Loan Type	% 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
Small Business								
Business	0.00	0.00	36.16	35.00	40.42	45.00	23.41	20.00

*Source: 2006-2008 loan sample; 2008 Dun & Bradstreet data*

## Responses to Complaints

FNB Williamson did not receive any complaints about its performance in helping to meet credit needs in the assessment area during this evaluation period.