



SMALL BANK

Comptroller of the Currency
Administrator of National Banks

Washington, DC 20219

PUBLIC DISCLOSURE

June 15, 2009

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

The Farmers National Bank
Charter Number 12456

5290 Scottsville Road
Bowling Green, KY 42103-0000

Office of the Comptroller of the Currency

NASHVILLE Field Office
5200 Maryland Way Suite 104
Brentwood, TN. 37027-5018

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 Farmers National Bank (FNB) has a satisfactory record of meeting community credit needs. This is based on the following:

- The bank's quarterly average loan-to-deposit ratio is reasonable and meets the standard for satisfactory performance given the bank's size, financial condition, and Assessment Area (AA) credit needs. **FNB's** quarterly loan-to-deposit ratio averaged 70.23% during the evaluation period. **FNB's** loan-to-deposit ratio ranged from a low of 61.11% March 2008 to a high of 77.84% September 2005.
- A substantial majority of **FNB's** loans and other lending-related activities are in the bank's AAs. Approximately 89% of the number and 94% of the dollar volume of loans were to borrowers within the AAs.
- **FNB's** record of lending to borrowers of different incomes (including low-and moderate-income) and to businesses of different sizes reflects reasonable penetration.
- **FNB's** record of geographic distribution of residential real estate loans in Warren County Bowling Green MSA (Warrant County) AA in low- and moderate-income census tracts reflects reasonable dispersion. **FNB's** record of geographic distribution of loans to businesses and farms in low- and moderate-income census tracts reflects poor dispersion.

SCOPE OF EXAMINATION

This Performance Evaluation is based on the period January 1, 2007 through June 15, 2009. Results were consolidated for comparative and analysis purposes and evaluated using 2000 Census Demographic information.

Conclusions regarding the Lending Test are based on residential loans including home purchases, home improvements, and home refinances. Residential loans considered in the Lending Test originated from January 1, 2007 through March 31, 2009. Small business loans originated from January 1, 2007 through June 15, 2009 were also considered in the Lending Test. **FNB** is a Home Mortgage Disclosure Act (HMDA) reporter. A sample of small business loans was selected based on internal bank reports. The evaluation covers the period January 1, 2007 through June 15, 2009. There has been no data integrity reviews conducted prior to this evaluation.

FNB has two AAs. The Warren County, KY Bowling Green MSA (Warren County) AA includes part of the Bowling Green MSA 14540. The Allen County, KY (Allen County) AA includes all of rural Allen County. The Warren County AA is adjacent to the Allen County AA. For analytical purposes, a full-scope review was performed on the Warren County and the Allen County Non MSA AA. The bank's main office and two branches are located in Warren County. There are an additional two offices located in Allen County. The bank's overall rating is based on a review of both AAs.

DESCRIPTION OF INSTITUTION

FNB is an independent community bank with offices located in Warren County and Allen County, Kentucky. There have been no significant changes to **FNB's** corporate structure, including merger and acquisition activities, since the last Community Reinvestment Act (CRA) examination dated January 3, 2005 when the bank received a **satisfactory** rating. **FNB** has no wholly-owned subsidiaries, but has controlling interest in an operating subsidiary, H. E. Morehead Insurance Company. **FNB** is a wholly-owned subsidiary of FNB Financial Corporation, a one-bank holding company, which reported total assets of \$213 million as of December 31, 2008. The bank's primary focus has not changed and continues to be commercial and industrial loans, residential real estate loans, and construction and land development loans.

There are no legal or financial impediments that hinder **FNB's** ability to meet the credit needs in its AAs. The bank offers a full-range of loan and deposit services.

FNB's main office is located in Bowling Green, Kentucky. The bank has two branches each in Bowling Green (Warren County) and Scottsville (Allen County), Kentucky. Since the previous CRA examination, the bank has not opened, closed, or relocated any branch office.

As of March 31, 2009, **FNB** had total assets of \$214 million, of which net loans comprised 59.22%. The following table reflects the composition of **FNB's** loan portfolio based on the March 31, 2009 Report of Condition.

	Product Category	
	Dollar (000's)	Percent
Residential Mortgage Loans	50,727	39.50
Commercial & Industrial Including Commercial Real Estate	59,633	46.50
Construction & Land Development	11,102	8.60
Individuals	6,943	5.40
TOTAL	128,405	100.00

Source: March 31, 2009 Report of Condition.

FNB provides a wide-range of traditional deposit and loan products. The main office and branches are located in areas accessible to persons from different areas of the community. Lobby hours and drive-up hours also help to meet customer needs during the week. **FNB** has an ATM at each office location. There are no free standing ATMs.

Customers have 24-hour access to their accounts through telephone banking and through the internet (<http://www.fnbankky.com/>). Internet and phone banking services include transfers between FNB accounts, review of account balances and transactions, access to loan account information, and the payment of loans. Internet banking customers also have bill-paying capability. The bank offers Visa credit cards that provide customers with additional access to their accounts at point-of-sale or ATM locations. Additionally, Warren County commercial customers have access to Bank on Wheels services. This service involves the pickup of commercial deposits by a bank employee at the customers' place of business for account

processing and deposit. The bank currently provides Bank on Wheels services to 25 commercial customers.

The bank’s two AAs include 25 census tracts. Four of the census tracts (16%) are moderate-income census tracts, 15 of the census tracts (60%) are middle-income, and six of the tracts (24%) are upper-income. Six of the census tracts (24%) are located in rural, Allen County, Kentucky. The other 19 census tracts (76%) are located in Warren County, Kentucky which is part of the Bowling Green MSA. The bank’s branches, including the main office and ATMs closely mirror the makeup of the census tracts in both AAs. Twenty percent of the bank’s branches and ATMs are located in moderate-income census tracts; 60% of the bank’s branches and ATMs are located in middle-income census tracts; and, 20% of the banks branches and ATMs are located in upper-income census tracts.

Distribution of Bank Offices and ATMs by Census Tract						
Census Tract Income Level	Tracts		Full-Service Branches		Automated Teller Machines *	
	#	%	#	%	#	%
Low	0	0	0	0	0	0
Moderate	4	16.00	1	20.00	1	20.00
Middle	15	60.00	3	60.00	3	60.00
Upper	6	24.00	1	20.00	1	20.00
NA	0	0	0	0	0	0
TOTAL	25	100.00%	5	100.00%	5	100.00%

Contiguous ATM machines are located at each bank office. All ATM machines accept deposits and dispense cash. There are no free-standing ATM machines.

FNB’s business strategy includes continued marketing of commercial credit to small businesses through its products, staff, and location to AA businesses. The bank offers a variety of small business loans including loans for new business startups and to expand existing businesses. Commercial and residential construction and development loans are also offered. **FNB** also offers farm loans guaranteed under the Farm Services Agency (FSA), formerly the Federal Home Mortgage Association (FmHA) program for agriculture purposes. The bank made seven loans under this program aggregating \$1.205 million. FSA guarantee ranges from 85% (1 loan) to 90% (6 loans). The original loan amounts ranged from \$25 to \$524 thousand. During this evaluation period, **FNB** also made a \$420,000 loan to Scottsville Allen County Industrial Development Authority, Inc., a 501C non-profit corporation. The corporation’s purpose is to acquire, develop, and promote sites for industrial and commercial purposes in Scottsville and Allen County, KY. This loan purchased land and a commercial building which will be leased to J.M. Smuckers Co. Smuckers plans a \$3 million investment in the project which will bring an additional 45 jobs to the existing facility. A typical worker will initially earn less than \$500 per week, or approximately \$23,000 annually. This expansion will provide long-term employment to low-and moderate-income individuals.

DESCRIPTION OF ASSESSMENT AREA(S)

FNB is located in south central Kentucky. The bank's main office is located in Bowling Green, KY which is approximately 66-miles north of Nashville, TN and 114 miles southwest of Louisville, KY. Bowling Green is located on I-65, a major north-south interstate highway, which also passes through Nashville and Louisville. Scottsville is located on U.S. Route 231 some 20 miles southeast of Bowling Green. Bowling Green and Scottsville are the respective county seats of Warren and Allen County. Other towns located in Warren County include the cities of Oakland, Plum Springs, and Woodburn. Other towns located in Allen County include the unincorporated towns of Adolphus and Holland. Allen County's southern border is the Tennessee State line.

The bank's AA includes all 19 census tracts in Warren County, Kentucky which is part of the Bowling Green MSA and all six census tracts in Allen County, Kentucky. There are no low-income census tracts in either the Warren County or Allen County AAs. There are four moderate-income census tracts in the Warren County AA but none in the Allen County AA. There are 11 middle-income census tracts in the Warren County AA and four middle-income census tracts in Allen County AA. There are also four upper-income census tracts in the Warren County AA and two in the Allen County AA. The AAs meet the requirements of the regulation and do not arbitrarily exclude any low- or moderate-income areas. There are no natural boundaries within the AAs that hinder accessibility.

Bowling Green's high income and job growth combined with a low cost of doing business led the city to be named to Forbes Magazine's list of the "Best Small Places for Business." Of 179 cities across the nation, Forbes ranked Bowling Green 14th in which to do business, 11th nationwide for the lowest cost-of-living, and 36th for highest job growth.

Bowling Green serves as the county seat of Warren County. The population for Warren County at the 2000 census was 92,522. Bowling Green is shifting to a more knowledge-based, technology-driven economy. The local employment base is diversified with principal industries being manufacturing, education, and health care. Major employers are: Western Kentucky University (public university) 3,197 employees; Commonwealth Health Corporation (healthcare) 2,500 employees; Warren County Board of Education (public schools) 2,500 employees; General Motors Manufacturing Plant (Corvette automobile assembly plant) 1,100 employees; Bowling Green Metal Forming (automotive parts) 1,000 employees; Huish Detergents, Inc. (detergent) 881 employees; Fruit of the Loom (headquarters and distribution center) 443 employees; Eagle Industries (oak and birch/poplar furniture) 420 employees; and Trace Die Cast (aluminum die casting and secondary specialty machining) 420 employees. Mean annual household income in 2008 was \$46,061. The chief agricultural products are corn, tobacco, wheat, hay, and soybean. Natural resources include limestone and hardwood timber.

Demographic Information for Assessment Area						
Warren County, Kentucky						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts/BNAs)	19	0	21.05	57.89	21.05	0
Population by Geography	92,522	0	18.05	54.35	27.60	0
Owner-Occupied Housing by Geography	38,350	0	9.66	54.60	35.74	0
Businesses by Geography	9,275	0	21.17	52.56	25.27	0
Farms by Geography	330	0	0.18	56.97	34.85	0
Family Distribution by Income Level	23,726	19.59	16.71	20.88	42.83	10.79
Distribution of Low- and Moderate-Income Families throughout AA Geographies	8,611	53.97	40.03	-	-	0
Median Family Income (MFI)	= \$45,967	Median Housing Value		= \$95,965		
HUD Adjusted Median Family Income (MFI) for 2007	= \$53,900	Unemployment Rates		= 9.0%		
Households Below the Poverty Level	= 5,654					

(*) The NA category consists of geographies that have not been assigned an income classification.
 Source: 2000 U.S. Census and 2007 HUD updated MFI. Unemployment rate is as of April 2009.

There are no low-income census tracts within **FNB’s** Warren County AA. There are, however, four moderate-income census tracts. Of the 23,726 families residing in the Warren County AA, 4,647 (19.59%) and 3,964 (16.71%), respectively, are low- and moderate-income families based on family distribution by income levels. As of April 30, 2009, the unemployment rate for the State of Kentucky at 7.6% and the national average at 8.9% were better than the unemployment rate in Warren County at 9.0%.

The 19 census tracts in Warren County AA are contiguous to each other and contiguous to the six census tracts in the Allen County AA.

Demographic Information for Assessment Area						
Allen County, Kentucky						

Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts/BNAs)	6	0	0	66.67	33.33	0
Population by Geography	17,800	0	0	71.43	28.57	0
Owner-Occupied Housing by Geography	8,057	0	0	70.11	29.89	0
Businesses by Geography	1,319	0	0	74.60	25.40	0
Farms by Geography	97	0	0	52.58	47.42	0
Family Distribution by Income Level	5,145	18.06	15.00	20.86	46.08	0
Distribution of Low- and Moderate-Income Families throughout AA Geographies	1,701	54.61	45.39	-	-	0
Median Family Income (MFI)	= \$36,924	Median Housing Value		= \$64,683		
HUD Adjusted Median Family Income (MFI) for 2007	= \$41,000					
Households Below the Poverty Level	= 1,241					

(*) The NA category consists of geographies that have not been assigned an income classification. Source: 2000 U.S. Census and 2007 HUD updated MFI. Unemployment rate is as of April 2009.

There are no low- and moderate-income census tracts within **FNB’s** Allen County AA. Of the 5,145 families residing in the Allen County AA, 929 (18.06%) and 772 (15.0%), respectively, are low- and moderate-income families based on the family distribution by income levels. As of April 30, 2009, the unemployment rate for the State of Kentucky at 7.6% and the national average at 8.9%, were better than the unemployment rate in Allen County at 14.5%.

Scottsville serves as the county seat of Allen County. The population for Allen County at the 2000 census was 17,800. Allen County’s economic base is diverse. Principal industries include manufacturing and agriculture. Some of the major employers in the county include: Dollar General Corporation (storage warehouse and distribution center) 650 employees; Medical Center of Scottsville (medical services) 300 employees; J.M. Smuckers Co. (food products) 288 employees expanding to 333; and Halton Company, Inc. (commercial kitchen ventilation systems) 120 employees. An additional 238 workers are employed by five other area firms. These include a livestock and food supplier, roofing contractor, clothing manufacturer, swine production, and log buyer. In the process of closing, Sumitomo Electric Wiring Systems plant (ECU and fuse boxes) employees 540 workers. Median annual household income in 2008 was \$38,376. The chief agricultural products are tobacco and livestock. Natural resources include the Barren River Reservoir and hardwood timber.

No business opportunities were identified by **FNB** through outreach activities or through bank surveys during this evaluation period. A local, non-profit organization that develops affordable housing was interviewed for a community contact. The organization works with state and local government agencies. Funding is provided by HUD, the City of Bowling Green, and Kentucky Housing Association. The organization does not receive direct funding from local banks. Banks do, however, provide affordable housing financing. The community contact made the following

suggestions for more bank involvement: 1) banks could provide construction and permanent loan financing for housing development projects, 2) banks could make equity investments in housing projects, 3) banks could provide grant funding, 4) banks could provide financial expertise to the organizations board of directors or one of its committees, and 5) banks could assist with the Home Buyer Education Training.

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA

The bank's performance under the Lending Test is rated "satisfactory." Based on a full-scope review, the bank performance in its AAs is satisfactory.

Loan-to-Deposit Ratio

FNB's loan-to-deposit ratio is reasonable and meets the standard for satisfactory performance given the bank's size, financial condition, and AA credit needs. The quarterly average loan-to-deposit ratio for **FNB** was **70.23%** for the eighteen quarters ending March 31, 2009. **FNB's** quarterly average loan-to-deposit ratio compared favorably to other competitor banks in the AAs for the same period. Of the eleven independent banks doing business in the AAs, **FNB** had the tenth highest quarterly average loan-to-deposit ratio for the period. The highest average loan-to-deposit ratio for the period was held by Franklin Bank and Trust, Franklin, KY at 108.51%, the second highest ratio was Independence Bank of Kentucky, Owensboro, KY 101.59%, followed by South Central Bank of Bowling Green, Bowling Green, KY 101.16%, American Bank & Trust, Bowling Green, KY 96.27%, Citizens First Bank, Bowling Green, KY 96.00%, Bank of Edmonson County, Brownsville, KY 91.21%, Edmonton State Bank, Glasgow, KY 84.63%, South Central Bank of Monroe County, Tomkinsville, KY 83.43%, Monticello Banking Co., Monticello, KY 79.16%, **The Farmers National Bank, Bowling Green, KY 70.23%**, and Hancock Bank and Trust, Hawesville, KY 61.51%. Other competitors are large holding company and federal savings banks headquartered elsewhere. These institutions had a quarterly average loan-to-deposit ratio ranging from 124.37% to 64.59% for the period. **FNB's** highest loan-to-deposit ratio was 77.84% as of September 2005 and the lowest was 61.11% as of March 2008.

As of June 30, 2008, eighteen financial institutions with 55 offices within the Warren County Bowling Green MSA controlled \$1.671 billion in deposits. At \$53 million, **FNB** controlled the 9th largest share of the local market. Of the eleven independent banks in the AA, **FNB** controlled the 6th largest market share. At \$389 million, Branch Banking & Trust Co. (BB&T), a large regional bank headquartered in Winston-Salem, NC, controlled the largest share of the deposit market at 23.28%, followed by National City Bank, another large regional bank headquartered in Cleveland, OH, \$207 million (12.41%) in deposits, US Bank, NA, also a large regional bank headquartered in Cincinnati, OH, \$204 million (12.22%) in deposits. Of the twelve independent banks, Citizens First Bank, headquartered in Bowling Green, controlled \$176 million (10.52%) in deposits. The remaining fourteen institutions controlled from 9.96% (\$166 million) to 0.01% (\$107 thousand) of the deposit market in the Warren County AA.

As of June 30, 2008, four financial institutions with 6 offices within the Allen County AA controlled \$173 million in deposits. At \$113 million (65.46%), **FNB** controlled the largest share

of the local deposit market, followed by US Bank, NA, a large regional bank headquartered in Cincinnati, OH, \$30 million (17.67%), then Edmonton State Bank, Glasgow, KY \$24 million (13.75%), and South Central Bank of Monroe County, Tompkinsville, KY \$5 million (3.12%). All three of the competitor banks in the Allen County AA also have offices in the Warren County AA.

Loan-To-Deposit Ratios		
Institution	Assets as of 03/31/09(*)	Average LTD Ratio % (**)
The Farmers National Bank, Bowling Green, KY	\$214	70.23
US Bank NA, Cincinnati, OH	\$258,227	105.23
Edmonton State Bank, Glasgow, KY	\$397	84.63
South Central Bank of Monroe County, Tompkinsville, KY	\$119	83.43
Branch Banking and Trust, Winston-Salem, NC	\$139,275	103.37
National City Bank, Cleveland, OH	\$146,013	84.63
American Bank & Trust, Bowling Green, KY	\$207	96.27
Citizens First Bank, Bowling Green, KY	\$365	96.00
South Central Bank of Bowling Green, Bowling Green, KY	\$226	101.16
Integra Bank, NA, Evansville, IN	\$3,547	93.10
Independence Bank of KY, Owensboro, KY	\$803	101.59
Republic Bank and Trust, Louisville, KY	\$3,253	124.37
Franklin Bank and Trust, Franklin, KY	\$296	108.51
Monticello Banking Co., Monticello, KY	\$543	79.16
PBI Bank, Louisville, KY	\$1,734	98.53
Bank of Edmonson County, Brownsville, KY	\$197	91.21
JP Morgan Chase, Columbus, OH	\$1,688,164	65.67
Hancock Bank and Trust, Hawesville, KY	\$300	61.51
Woodforest Bank, Refugio, TX	\$81	64.59

*Asset sizes of institutions are in millions (000,000's)

The quarterly average LTD ratio for **The Farmers National Bank and the 18 comparable banks is for the period December 31, 2004 through March 31, 2009.

Lending in Assessment Area

FNB's record of lending in its AA is outstanding. A substantial majority of **FNB** loans and other lending-related activities are in the bank's AAs. The number of residential and business loans inside the bank's AAs was 89.46% and 87.36%, respectively. Similarly, the dollar amount of residential and business loans inside the bank's AAs was 93.24% and 96.12%, respectively. Collectively, the number and dollar amount of loans was 89.22% and 93.91%, respectively. Conclusions are based on all HMDA reportable loans and a sample of business loans originated during 2007, 2008, and through March 31 and June 15, 2009, respectively.

Lending in Allen County KY Non-MSA AA and Warren County, KY Bowling Green MSA AA										
Loan Type	Number of Loans					Dollars of Loans				
	Inside		Outside		Total	Inside		Outside		Total
	#	%	#	%		\$	%	\$	%	
Home Purchase	144	91.72	13	8.28	157	\$14,175	91.78	\$1,269	8.22	\$14,344
Home Improvement	161	79.31	42	20.69	203	\$3,761	92.43	\$308	7.57	\$4,069
Home Refinance	306	94.74	17	5.26	323	\$28,628	94.08	\$1,802	5.92	\$30,430
Sub-total	611	89.46	72	10.54	683	\$46,564	93.24	\$3,379	6.76	\$49,943
Business Loans	76	87.36	11	12.64	87	\$14,787	96.12	\$597	3.88	\$15,384
Total	687	89.22	83	10.78	770	\$61,351	93.91	\$3,976	6.09	\$65,327

Source: All HMDA reportable residential loans originated during 2007, 2008, and through March 31, 2009 are included. Residential loans include home purchase, home improvement, and home refinances loans. Business loans include sample of loans which originated during 2007, 2008, and through June 15, 2009; 2000 U.S. Census Data.

Lending to Borrowers of Different Incomes and to Businesses of Different Sizes

Given the demographics of the AAs, FNB’s record of lending to borrowers of different incomes and to businesses of different sizes reflects reasonable penetration among individuals of different income levels (including low-and moderate-income) and businesses of different sizes.

At 6.67%, 4.17%, and 5.56%, the number of HMDA reportable residential loans (home purchase, home improvement, refinance) to low-income families is less than the 19.59% of low-income families within the Warren County AA. At 16.67%, 16.67%, and 12.50%, the number of HMDA reportable residential loans to moderate-income families compares satisfactorily with the 16.71% of moderate-income families in the Warren County AA. At 4.84%, 9.33%, and 4.17%, the number of HMDA reportable residential loans to low-income families is less than the 18.06% of low-income families within the Allen County AA. At 20.97%, 22.67%, and 17.19%, the number of HMDA reportable residential loans to moderate-income families exceeds the 15.00% of moderate-income families within the Allen County AA.

FNB’s record of lending to businesses of different sizes is excellent. Business revenues within the Warren County AA and the Allen County AA reflect that 55.54% and 49.58%, respectfully, have annual sales less than \$1 million. Comparatively, both the number and dollar amount of loans to businesses of different sizes is satisfactory in Warren County AA and excellent in Allen County AA. The bank does a good job in obtaining business revenue information on its business loan customers as reflected by the percentage of unavailable information.

Borrower Distribution of Residential Real Estate Loans in Warren County, Bowling Green KY - MSA AA								
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

Home Purchase	19.59	6.67	16.71	16.67	20.88	30.00	42.83	40.00
Home Improvement	19.59	4.17	16.71	16.67	20.88	39.58	42.83	39.58
Refinance	19.59	5.56	16.71	12.50	20.88	19.44	42.83	29.17

Source: Indicate source, i.e., loan sample or data reported under HMDA; U.S. Census data.

Borrower Distribution of Residential Real Estate Loans in Allen County, KY - Non MSA AA								
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
Home Purchase	18.06	4.84	15.00	20.97	20.86	22.58	46.08	46.77
Home Improvement	18.06	9.33	15.00	22.67	20.86	24.00	46.08	38.67
Refinance	18.06	4.17	15.00	17.19	20.86	30.21	46.08	44.27

Source: Indicate source, i.e., loan sample or data reported under HMDA; U.S. Census data.

Borrower Distribution of Loans to Businesses in Warren County, KY Bowling Green MSA AA				
Business Revenues (or Sales)	≤\$1,000,000	>\$1,000,000	Unavailable/Unknown	Total
Full Review: Warren County, KY Bowling Green MSA AA				
% of AA Businesses & Farms	55.54	3.90	40.56	100%
% of Bank Loans in AA by #	63.89	11.11	25.00	100%
% of Bank Loans in AA by \$	71.24	8.16	20.60	100%

Source: 2007 Business Geodemographic data compared to 2007, 2008, and through June 15, 2009 loan sample.

Borrower Distribution of Loans to Businesses in Allen County, KY Non MSA AA				
Business Revenues (or Sales)	≤\$1,000,000	>\$1,000,000	Unavailable/Unknown	Total
Full Review: Allen County Non MSA AA				
% of AA Businesses & Farms	49.58	1.29	49.13	100%
% of Bank Loans in AA by #	92.86	3.57	3.57	100%
% of Bank Loans in AA by \$	84.23	10.64	5.13	100%

Source: 2007 Business Geodemographic data compared to 2007, 2008, and through June 15, 2009 loan sample.

Geographic Distribution of Loans

FNB’s geographic distribution of residential real estate loans in Warren County AA in low- and moderate-income census tracts reflects reasonable dispersion throughout the AAs. FNB’s record of geographic distribution of loans to businesses and farms in low- and moderate-income census tracts reflects poor dispersion throughout the AAs.

There are no low- and moderate-income census tracts in the Allen County AA. A geographic comparison of the distribution of residential real estate loans and loans to businesses and farms is not meaningful.

Residential loans recorded on **FNB’s** HMDA-LAR reports for 2007, 2008, and through March 31, 2009 include home purchases, home improvements, and home refinances. As noted, there are no low-and moderate-income census tracts in the Allen County AA and there are no low-income census tracts in the Warren County AA. There are, however, four moderate-income census tracts in the Warren County AA. At 3.33% and 0.00% (home purchase, home improvement), the bank’s record of lending in moderate-income census tracts is less than the 9.66% of owner occupied housing. However, at 20.83% home refinance loans exceeded the percentage of owner occupied housing within moderate-income census tracts of 9.66%.

Based on our business and farm loan sample for the period 2007, 2008, and through June 19, 2009, 3.85% of the number of loans made to businesses and farms located in moderate-income census tracts is less than the 21.69% of businesses and farms within the census tracts.

Geographic Distribution of Residential Real Estate Loans in Warren County, Bowling Green KY - MSA AA & Allen County AA								
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
Home Purchase	0.00	0.00	9.66	3.33	54.60	56.67	35.74	40.00
Home Improvement	0.00	0.00	9.66	0.00	54.60	35.42	35.74	64.58
Refinance	0.00	0.00	9.66	20.83	54.60	38.89	35.74	40.28

Source: Indicate source, i.e., data reported under 2007, 2008, through March 31, 2009 HMDA; U.S. Census data.

2006 -2008 Geographic Distribution of Loans to Businesses & Farms Warren County, KY Bowling Green MSA AA								
Census Tract Income Level	Low		Moderate		Middle		Upper	
Loan Type	% of AA Businesses /Farms	% of Number of Loans	% of AA Businesses/ Farms	% of Number of Loans	% of AA Businesses /Farms	% of Number of Loans	% of AA Businesses /Farms	% of Number of Loans
Businesses/Farms	0.00	0.00	21.69	3.85	52.71	26.81	25.60	69.34

Source: Loan sample for 2007, 2008, and through June 15, 2009.

Responses to Complaints

There have been no consumer complaints relating to the bank's community reinvestment Act performance during this evaluation period, therefore this criterion is not applicable.

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.