



**Comptroller of the Currency
Administrator of National Banks**

Small Bank Procedures

Nashville Field Office
5200 Maryland Way, Suite 104
Brentwood, Tennessee 37027

(615) 377-6062

PUBLIC DISCLOSURE

September 14, 1998

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

The First National Bank of Centerville
Charter #3288
P.O. Box 9
Centerville, Tennessee 37033

**Office of the Comptroller of the Currency
Nashville Field Office
5200 Maryland Way, Suite 104
Brentwood, Tennessee 37027**

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.

GENERAL INFORMATION

The Community Reinvestment Act (CRA) requires each federal financial supervisory agency to use its authority when examining financial institutions subject to its supervision, to assess the 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. Upon conclusion of such examination, the agency must prepare a written evaluation of the institution's record of meeting the credit needs of its community.

*This document is an evaluation of the Community Reinvestment Act (CRA) performance of **The First National Bank of Centerville (FNB), Centerville, Tennessee**, prepared by the Office of the Comptroller of the Currency, the institution's supervisory agency, as of September 14, 1998. The agency rates the CRA performance of an institution consistent with the provisions set forth in Appendix A to 12 CFR Part 25.*

INSTITUTION'S CRA RATING: This institution is rated “**Satisfactory.**”

- ' FNB's average loan-to-deposit ratio is reasonable given the population and economic condition of the assessment area.
- ' A substantial majority of FNB's loans are within the bank's assessment area.
- ' FNB is lending throughout its assessment area with satisfactory lending to borrowers in all areas.
- ' We found no evidence of discrimination or other illegal credit practices during our review.

The following table indicates the performance level of **The First National Bank of Centerville, Centerville, Tennessee** with respect to each of the five performance criteria.

SMALL INSTITUTION ASSESSMENT CRITERIA	First National Bank of Centerville PERFORMANCE LEVELS		
	Exceeds Standards for Satisfactory Performance	Meets Standards for Satisfactory Performance	Does not meet Standards for Satisfactory Performance
Loan to Deposit Ratio		X	
Lending in Assessment Area	X		
Lending to Borrowers of Different Incomes and to Businesses of Different Sizes		X	
Geographic Distribution of Loans		X	
Response to Complaints	No complaints were received since the prior examination.		

DESCRIPTION OF INSTITUTION

The First National Bank of Centerville (FNB) is a \$97 million institution with a main office and one branch. The bank is based in Centerville, Tennessee, which is the county seat for Hickman County. The branch is located on Highway 100 in the uppermost eastern quadrant of Hickman County. Centerville is located approximately 60 miles southwest of Nashville, Tennessee. The bank's primary business is residential mortgage and consumer lending. As of June 30, 1998, FNB's loan portfolio consisted of 52% residential real estate loans, 20% consumer installment loans, 20% commercial and commercial real estate loans, and 8% other loans. There are no financial or legal impediments that would impair the bank's performance under the Community Reinvestment Act.

DESCRIPTION OF ASSESSMENT AREA

FNB's assessment area includes all five of the block numbering areas (BNAs) in Hickman County. The assessment area meets the requirements of the regulation. There are no low- or moderate-income areas located within the assessment area.

The 1990 census reported Hickman County's population at 16,754. The 1998 statewide non-metropolitan median family income is \$34,500. At year-end 1997, Hickman County's unemployment rate was 6.1%, which exceeded the state and national levels of 5.4% and 4.9%, respectively. The unemployment rate has increased due to the recent loss of the largest employer in the area, Levi Strauss & Company. Other large employers include: Hickman County School System, Hickman County Health Services, Clark Container, and Universal Fasteners, Incorporated.

The bank experiences intense competition from a branch of an area independent bank and a branch of an independent Federal savings bank.

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA:

Loan-to-Deposit Analysis

- ' **The loan-to-deposit ratio is reasonable given FNB's size, financial condition, and assessment area credit needs.**

The average loan-to-deposit ratio since the previous CRA examination (January 30, 1995) is satisfactory at 50%. The ratio has ranged between a low of 49.36% and a high of 50.66%. There are no banks similarly situated to compare loan-to-deposit ratios. Branches of other banks located within Hickman County have higher loan-to-deposit ratios (approximately 70%). However, these branches are part of larger institutions whose assessment areas are larger than FNB's.

Comparison of Credit Extended Inside and Outside the Bank's Assessment Area

- ' **A substantial majority of loans made are in FNB's assessment area.**

As of September 14, 1998, FNB had 3,128 loans on their books. Of these loans, 88.7% were made to borrowers within the assessment area.

Distribution of Credit Based on Borrower Income and Business Revenue

- ' **The distribution of credit reflects good penetration among individuals of different income levels and businesses of different sizes.**

Our limited testing revealed the percentage of loans made to individuals of different income levels are proportionate to the income levels of the families in the assessment area. Additionally, a majority of the loans made to businesses and farms were to small businesses and small farms (annual revenues of less than \$1,000,000). The bank does not track this information at origination.

Distribution of Credit Within the Assessment Area

- ' **FNB is lending throughout its assessment area with satisfactory lending to borrowers in all areas.**

The geographical distribution of loans originated by FNB shows satisfactory penetration throughout all portions of the assessment area. For every loan it originates, FNB details the number of the BNA the borrower resides in. All five of the BNAs in Hickman County are designated middle income areas. The geographical distribution of the First National Bank's loans is detailed in the table below.

Geographical Distribution		
BNA	Loan percentage	population
9501	8.4%	3,166
9502	28.4%	3,874
9503	41.9%	6,356
9504	7.2%	1,786
9505	2.8%	1,572
9900	11.3%	out of area loans

The low loan percentages compared to population in areas 9501 and 9505 have reasonable explanations. The 9501 area is in the northeastern corner of Hickman County and many of those residents actually work in and commute frequently to Nashville or Dickson. The bank feels that much of that commuting population use financial institutions in Nashville or Dickson rather than Hickman County. The low loan percentage in area 9505 is a result of the large prison population in that area.

Response to Complaints

- ' **The bank has not received any complaints related to CRA.**

Institution's Record of Complying with the Anti-discrimination Laws

- ' **We found no evidence of discrimination or other illegal credit practices. No violations of the substantive provisions of the anti-discrimination laws and regulations were identified.**

The bank is in compliance with the substantive provisions of anti-discrimination laws and regulations including the Equal Credit Opportunity Act and the Fair Housing Act. During our examination, we tested residential real estate loans to determine if similarly situated borrowers received comparable terms. This testing disclosed no evidence of disparate treatment on a prohibited basis.