

Small Bank Performance Evaluation

PUBLIC DISCLOSURE

August 20, 1997

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

**First National Bank of Greenville
Charter # 5572**

**P.O. Box 508, 100 West Commerce Street
Greenville, Alabama 36037**

Office of the Comptroller of the Currency

**Southeast District
Marquis One Tower, Suite 600
245 Peachtree Center Avenue, N.E.
Atlanta, Georgia 30303**

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 **First National Bank of Greenville** prepared by **Office of the Comptroller of the Currency**, the institution's supervisory agency, as of August 20, 1997. 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**.

First National Bank demonstrates satisfactory CRA performance based on the bank's reasonable, average loan to deposit ratio; good level of lending within the bank's assessment area; and reasonable distribution of loans to borrowers of different income levels.

The following table indicates the performance level of First National Bank of Greenville with respect to each of the five performance criteria.

SMALL INSTITUTION ASSESSMENT CRITERIA	FIRST NATIONAL BANK 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.	No complaints were received since the prior examination.	No complaints were received since the prior examination.

DESCRIPTION OF INSTITUTION

First National Bank of Greenville (FNB) is located in Greenville, Alabama, approximately 40 miles south of Montgomery, Alabama. FNB had total assets of \$116,626,000 as of 3/31/97 and is 100% owned by First National Bancorp, a one bank holding company. FNB operates three (3) full service offices in Butler County: a main office and a branch in Greenville and a branch in Georgiana, AL. The bank has one (1) ATM located at the Greenville branch. FNB's loan mix consists primarily of consumer, residential real estate, and small business/small farm loans, which together represent approximately 87% of the loan portfolio.

FNB is the only locally owned bank in the county. Competition is heavy, provided by branches of three other banks (which includes a state-wide holding company branch), three credit unions, and four finance companies. However, FNB enjoys approximately 50% market share of deposits in the assessment area according to the Alabama Data Exchange.

DESCRIPTION OF THE BUTLER COUNTY ASSESSMENT AREA

First National Bank's assessment area is all of Butler County, Alabama. Butler county consists of the towns of Greenville, Georgiana, McKenzie and other small communities. According to 1990 census information, the population of Butler county is 21,892 and the number of families total 5,848. Butler county contains nine (9) Block Numbering Areas (BNAs). BNAs are simply sections of the county by which information is kept about occupants' income levels, race, gender, and other information. Of these 9 BNAs, five (5) are designated moderate income, three (3) middle income, and one (1) upper income. The 1997 statewide non-metropolitan median family income for Alabama is \$31,500. The median family income in Butler county is \$21,499 according to 1990 Census data.

Butler county is relatively poor. Thirty-one percent of the households in the county live below the poverty level. Fifty-six (56%) of the population of Butler county live in moderate income BNAs. Fifty-four (54%) percent of Butler county households depend on Public Assistance and Social Security payments for their livelihood. Unemployment is fairly high at 8.3% compared to the state rate of 4.6%. Primary employers in the county include the light manufacturing and timber related industries. Recently, the service industry (restaurants, hotels, etc.) has begun providing a growing number of jobs.

Information received from a community contact indicated that the two primary banks, which includes First National, are very involved in the community and are meeting the credit needs of the assessment area.

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA

- ▶ First National Bank is rated satisfactory based on its volume of lending within the assessment area, a reasonable average loan to deposit ratio, and a satisfactory record of lending to borrowers of different income levels.

This performance assessment was based on information obtained from the March 31, 1997 Uniform Bank Performance Report, bank prepared geographical analysis reports, and 1990 census data for Butler County. In addition, other information was obtained from bank reports, a community contact, and discussions with bank management.

LOAN TO DEPOSIT RATIO ANALYSIS

- ▶ First National Bank’s average loan to deposit ratio is reasonable and meets the standards for satisfactory CRA performance.

FNB’s quarterly average loan to deposit ratio for the period from the last examination (Dated 7/94) to March 31,1997 was 38.9%. This ratio is gradually improving. Since 1996, the ratio has averaged 39.8%. This level is reasonable given the economic conditions in Butler county and the heavy competition for lending. Since FNB is the only bank headquartered in Butler county and has no offices outside the county, comparisons to competing banks’ loan to deposit ratios are not appropriate. First National Bank does make a large number of small loans. The loan to deposit ratio does not reflect loan size. For the period of 1/1/97 to 7/31/97, FNB made 566 consumer loans of \$5000 or less with an average loan size of \$1,776. At 6/30/97, the average loan balance of all loans outstanding was \$11,875.

COMPARISON OF CREDIT EXTENDED INSIDE AND OUTSIDE THE ASSESSMENT AREA

- ▶ The majority of the bank’s loans are made to borrowers within the Butler County assessment area.

The level of lending activity within the assessment area is good.

LOANS OUTSTANDING JUNE 30, 1997				
LOCATION OF LOANS	# OF LOANS	% OF TOTAL LOANS	\$ OF LOANS	% OF TOTAL \$ VOLUME
BUTLER COUNTY	2,805	85%	\$34,423,766	86%
LOANS MADE OUTSIDE A/A	498	15%	\$ 5,705,101	14%
TOTALS	3,303	100%	\$40,128,867	100%

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

- ▶ First National Bank's record of lending to borrowers of different income levels, including low- and moderate- income individuals and small businesses reflects good dispersion of lending activity among all income levels.

A sample of 44 consumer purpose (non-real estate) loans made during the period of January 1997 through July 1997 showed that fifty-five percent (55%) of these loans were to low- to moderate-income borrowers while forty-five (45%) were to middle and upper income borrowers. This sample reflected good penetration of all income levels, particularly low to moderate, within consumer purpose loans.

Loan size was also used as a proxy to determine the bank's willingness to lend to all income levels. First National Bank has exhibited a strong commitment to make small consumer purpose loans. From January 1997 to July 1997, FNB made 566 of these type loans of \$5000 or less with an average size of \$1,776. The average size of all outstanding loans as of 8/6/97 was \$11,875.

The table below demonstrates the strong orientation of First National Bank's entire loan portfolio to residential real estate, small consumer purpose, and small business/farm lending.

LOANS OUTSTANDING AUGUST 6, 1997					
TYPES OF LOANS MADE	# OF LOANS	% OF TOTAL LOANS	\$ AMOUNT OF LOANS	% OF TOTAL \$ VOLUME	AVERAGE LOAN SIZE
CONSUMER PURPOSE	2,184	63%	\$ 8,942,824	22%	\$ 4,095
RESIDENTIAL REAL ESTATE	735	21%	\$19,771,375	48%	\$26,900
SMALL BUSINESS / SMALL FARM	323	9.3%	\$ 7,303,138	17.6%	\$22,610
TOTAL ALL LOANS	3,480		\$41,325,151		\$11,875

GEOGRAPHIC DISTRIBUTION OF LOANS

- ▶ The geographic distribution of loans reflects reasonable dispersion throughout the assessment area.

FNB does a good job of lending throughout the Butler county assessment area. As of 6/30/97, forty-seven (47%) of all loans outstanding were to borrowers residing in moderate income areas; thirty-eight (38%) to middle income areas; and fifteen (15%) to borrowers in upper income areas. This is consistent with the distribution of the total population within the county.

REVIEW OF COMPLAINTS

- ▶ The bank has not received any written complaints regarding its performance under CRA.

RESULTS OF FAIR LENDING REVIEW

- ▶ Our fair lending review did not identify any violations of the antidiscrimination laws and regulations. The bank has policies and procedures in place which provide satisfactory guidance on fair lending requirements.