

PUBLIC DISCLOSURE

January 24, 1997

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

**First National Bank of Bolivar County
Charter # 15124**

**308 East Sunflower Road
Cleveland, Mississippi 38732**

**Comptroller of the Currency
800 Woodlands Parkway, Suite 111
Ridgeland, Mississippi 39157**

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 Bolivar County prepared by the Office of the Comptroller of the Currency, the institution's supervisory agency, as of January 24, 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 of Bolivar County (FNB) serves the credit needs of its community effectively. The bank maintains an adequate loan to deposit ratio which is in line with the competition in the bank's trade area. The bank's loan portfolio is distributed fairly among different income categories. FNB has shown a willingness to extend credit in low to moderate income categories.

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

SMALL INSTITUTION ASSESSMENT CRITERIA	<u>First National Bank of Bolivar County</u> 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	N/A**	N/A**	N/A**
Response to Complaints	N/A***	N/A***	N/A***

** - The geographic distribution of loans was not assessed because there is no obvious delineation between moderate and upper income areas. The Block Numbering Areas within Cleveland are almost evenly mixed by income categories.

***-The bank has not received any complaints pertaining to the Community Reinvestment Act.

DESCRIPTION OF INSTITUTION

First National Bank of Bolivar County is a 39 million dollar community bank located in Cleveland, Mississippi. The bank is 99% owned by a one bank holding company, First Bolivar Capital Corporation. FNB operates only one office which is located in downtown Cleveland. The bank is primarily a commercial and consumer lender with very few agricultural loans. FNB is considered in sound financial condition with no significant impediments to prevent it from meeting the credit needs of its community

DESCRIPTION OF ASSESSMENT AREA

The bank defines its assessment area as Bolivar county. FNB's lending is concentrated in block numbering areas (BNA) 9506 and 9507. These BNA's cover the entire city of Cleveland. The population of the area is 17,285. Cleveland is the largest city in Bolivar county. FNB is one of several financial institutions headquartered in this area.

The local economy can best be described as stagnant. It is centered in education at a local university and light manufacturing. While the university has experienced growth, the light manufacturing base has experienced moderate layoffs and recent closures. The median family and per capita incomes equal \$25,496 and \$9,505 respectively. The housing stock is old with a median age of 22 years and a median value of \$47,400.

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA :

A. Loan to Deposit Ratio:

The bank's loan to deposit ratio reflects a willingness to lend to the community. Their loan to deposit ratio for 9/30/96 equaled 55.67% compared to a national peer group loan to deposit ratio of 63.06%. The average loan to deposit ratio for the prior seven quarters (from 3/95 to 9/96) equaled 53.78%. FNB competes with six other financial institutions in the assessment area with an average loan to deposit ratio of 62.51% for the quarter ended 9/30/96. This ratio includes the branch of regional banking company. FNB's loan to deposit ratio is in line with other institutions in the assessment area. The bank has identified a 125 million dollar locally owned bank as its primary competition. This institution's loan to deposit ratio for the same prior seven quarters equaled 40.87%.

B. Lending in the Assessment Area:

The analysis of lending in the assessment area concluded that a substantial majority of the FNB's loans are within its assessment area. The analysis determined the following:

	Inside Assessment Area (# of loans)	Outside Assessment Area (# of loans)	Total
Instalment	167	14	181
Mortgage	59	2	61
Commercial	186	27	213
Total	412	43	455
% of Portfolio	90.55%	9.45%	100.00%

FNB effectively lends within its assessment area. The analysis was based on active loans on the bank's general ledger.

C. Lending to Borrowers of Different Incomes and to Businesses of Different Sizes:

FNB's loan portfolio reflects adequate dispersion of lending to different income categories. An income analysis concluded there are only two income tracts within the city of Cleveland. These tracts are defined as moderate and upper income tracts. The analysis revealed that 55.45% of the population of Cleveland was designated as moderate income.

The bank performs an analysis of its instalment loans excluding mortgage loans to determine the bank's lending effectiveness across income categories. The analysis reveals that during 1995 and 1996 the bank extended 339 consumer instalment loans. Of these loans, 22.67% or 77 loans were extended to individuals included in the moderate income category by definition. The analysis is not invalidated by the exclusion of mortgage loans, because the bank does not originate a significant amount of mortgage loans. This analysis is also based on the bank's general ledger accounting system.

FNB's loan portfolio reflects adequate dispersion among different income categories. The percentage of loans extended to moderate income borrowers equals 22.67% compared to a population comprised of 53% moderate income households. Competition in the area also affects the level of moderate income borrowers in the bank's loan portfolio. Competition is comprised of seven financial institutions.

The bank has participated in loans to develop low-to-moderate income housing in Bolivar County. The bank's involvement totaled \$1.1 million. Fifteen thousand dollars of the total represents a no interest loan to Habitat for Humanity for twenty years.

FNB does not extend a significant amount of agricultural loans.

D. Geographic Distribution of Loans:

A substantial majority of the bank's loans are located within the two block numbering areas (BNAs) that comprise the city of Cleveland. A demographic analysis revealed no obvious delineation along income categories for these BNAs. These areas are almost evenly mixed between moderate and upper income households. A geographic analysis of the bank's loans would not provide meaningful conclusions as to the concentrations of loans in the income tracts. Therefore, the bank's performance in this area was not assessed.

E. Response to Complaints:

The bank has received no complaints from the public pertaining to the Community Reinvestment Act.

No evidence of discrimination was identified in the bank's lending practices.