



**Small Bank Performance Evaluation**

---

**PUBLIC DISCLOSURE**

**August 20, 1999**

**COMMUNITY REINVESTMENT ACT  
PERFORMANCE EVALUATION**

**Town-Country National Bank  
Charter Number 16708**

**118 Broad Street  
Camden, AL 36726**

**Office of the Comptroller of the Currency**

**Southeastern 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 Town-Country National Bank prepared by the Office of the Comptroller of the Currency, the institution's supervisory agency, as of August 20, 1999. The agency rates the CRA performance of an institution consistent with the provisions set forth in Appendix A to 12 CFR Part 25.*

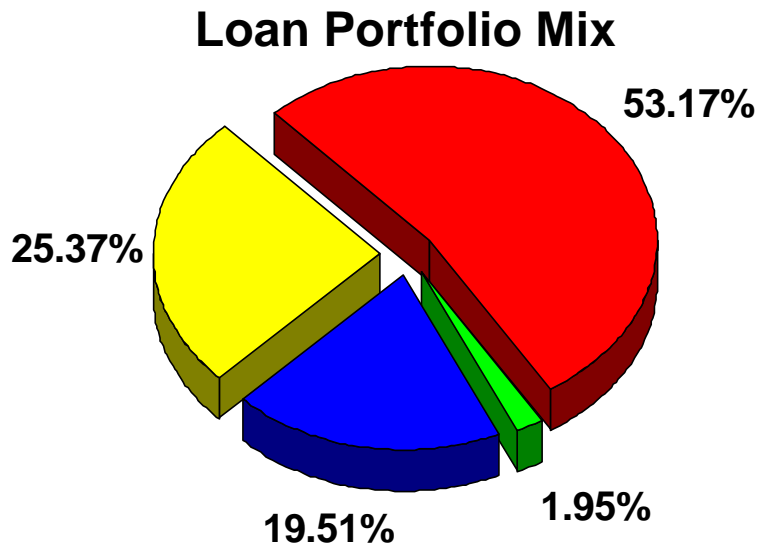
**INSTITUTION'S CRA RATING:** This institution is rated “Satisfactory”.

The rating is based on the following:

- ! A substantial majority (86%) of the number of loans were made in the bank’s assessment area.
- ! Bank maintains a good quarterly average ratio of loans to deposit. As of 3/31/99, the bank’s ratio was 72.05%, which is 7.99% higher than their national peer group’s average of 64.06%, and ranks in the 67 percentile.
- ! Lending patterns indicate reasonable distribution of loans among borrowers of different income levels (low/moderate and small businesses/farms).
- ! The geographic distribution of loans reflects reasonable penetration throughout the assessment area.
- ! The Fair Lending review revealed no evidence of disparate treatment and the bank has not received any CRA related complaints.

## DESCRIPTION OF INSTITUTION

Town-Country National Bank (TCNB) is a \$52 million community bank located in Camden, Alabama, a rural town located in Wilcox County. TCNB operates one full service office located in downtown Camden, as well as one stand alone ATM located on the Camden Bypass. TCNB is the second largest bank in the county. Competitors include the slightly larger Camden National Bank (\$58 million as of 12/31/98), as well as McMillan Bloedel Credit Union, and to a lesser extent some larger bank holding companies. TCNB offers a variety of products, including real estate, consumer, and commercial loans, and various deposit accounts. The loan mix based on the 3-31-99 Call Report is as follows:



**■ Consumer RE   ■ Commercial   ■ Consumer   ■ Agriculture**

TCNB is in sound financial condition with no legal impediments which would prevent it from meeting the credit needs of the community. The bank's previous CRA rating was "Satisfactory" (8/5/96).

## DESCRIPTION OF ASSESSMENT AREA

TCNB's assessment area (AA) is Wilcox County, Alabama. Wilcox County includes 5 block numbering areas (BNA's), with 2 designated as low income areas (40%) and the remaining 3 as moderate income areas (60%). TCNB's assessment area meets all requirements set forth by the CRA. Table 1 below identifies income level by BNA.

<b>Assessment Area Demographics - Table 1</b>		
<b>BNA NUMBER</b>	<b>INCOME TRACT</b>	<b>County</b>
<b>9947</b>	<b>Low</b>	<b>Wilcox</b>
<b>9948</b>	<b>Moderate</b>	<b>Wilcox</b>
<b>9949</b>	<b>Moderate</b>	<b>Wilcox</b>
<b>9950</b>	<b>Low</b>	<b>Wilcox</b>
<b>9951</b>	<b>Moderate</b>	<b>Wilcox</b>

Source: CRA Wiz Demographic Data (from 1990 Census Report)

Based on demographic data from the 1990 census, the county population is approximately 13,568, composed of 3,287 families. The economic base is centered in timber. The major employer is McMillan Bloedel, Inc.(1200), a manufacturer of lumber, plywood, liner board, and medium, and is Alabama's largest paper recycler. Other major employers are International Knife and Saw (50) and Southern Progress (35). Social Security and Public Assistance payments are received by 65% of the total households in TCNB's assessment area. The data also revealed that 42% of the families in the county are below the poverty level. The county unemployment rate of 14.3% (as of 2/99) far exceeds the state unemployment rate of 3.9%.

The weighted average of MSA/non-MSA's updated median family income is \$32,600. Low income is less than 50% of the median family income (less than \$16,300), moderate income is between 50% and less than 80% (\$16,300 to less than \$26,080), middle income is 80% to 120% (\$26,080 to \$39,120), and high income is considered anything over 120% (greater than \$39,120).

## CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA:

The evaluation of the bank's loan penetration is based upon a sample review of loans made during 1998 and 1999, including consumer (real estate and installment) and commercial (business).

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

“Geographic Distribution” our sample consisted of 20 commercial loans totaling \$4,681,800 in outstanding balances, 20 consumer real estate loans totaling \$958,957 , and 46 consumer non-real estate loans totaling \$142,143.

Information received from the community contact did identify affordable housing as a community need. The contact was quite complimentary of both Town-Country National Bank and its local competitor Camden National Bank in regards to their efforts in meeting the credit needs of the community.

### **Loan-to-Deposit Ratio (LTD)**

! TCNB’s quarterly average loan to deposit ratio (LTD) exceeds the standards for satisfactory performance.

The bank’s 11 quarter LTD ratios between 09/30/96 thru 3/31/99 averaged 69.71%. During this time frame, the bank had a low of 67.50% (3/97) and a high of 72.16% (12/98). As of 3/31/99, TCNB’s ratio of 72.05% is 7.99% higher than the peer average of 64.06% and ranks nationally at the 67th percentile. Locally, TCNB’s average ratio is 8.21% higher than that of their local competitor Camden National Bank. This competitor had an average 11 quarter LTD ratio of 61.50%.

### **Comparison of Credit Extended Inside and Outside of the Bank’s Assessment Area**

! A substantial majority of both dollar amount and number of loans are made to borrowers within the bank’s assessment area.

A review of the bank’s total loans outstanding as of 6-7-99 revealed that 86% of the loans were made within TCNB’s assessment area, which equates to 83.54% in dollar amount. These figures are depicted in Table 2 below.

A sample review of 66 consumer loans (including real estate and installment) originated or renewed during 1998 and 1999 revealed that 92% (61 loans) of the loans were made within TCNB’s assessment area, which equates to 95% in dollar amount. These figures are depicted in Table 3 below.

**All loans outstanding as of 6-7-99**

<b>Total Loan Distribution by BNA - Table 2</b>				
<b>Location</b>	<b># of Loans</b>	<b>% of Loans (by #)</b>	<b>\$ Volume of Loans</b>	<b>% of Loans (by \$)</b>
<i>Wilcox County</i>	<b>4,089</b>	<b>86%</b>	<b>\$30,681,510</b>	<b>83.54%</b>
<i>Contiguous</i>	<b>353</b>	<b>7%</b>	<b>\$3,160,813</b>	<b>8.0%</b>
<i>Outside AA</i>	<b>327</b>	<b>7%</b>	<b>\$3,111,040</b>	<b>8.47%</b>
<b>Total</b>	<b>4,769</b>	<b>100%</b>	<b>\$36,953,363</b>	<b>100%</b>

Source: Internal Loan Reports

**Sample of 66 consumer loans made during 1998 and 1999**

<b>Consumer Loan Distribution by BNA - Table 3</b>				
<b>Location</b>	<b># of Loans</b>	<b>% of Loans (by #)</b>	<b>\$ Volume of Loans</b>	<b>% of Loans (by \$)</b>
<i>Wilcox County</i>	<b>61</b>	<b>92%</b>	<b>\$1,028,507</b>	<b>93%</b>
<i>Contiguous</i>	<b>4</b>	<b>6%</b>	<b>\$52,297</b>	<b>5%</b>
<i>Outside AA</i>	<b>1</b>	<b>2%</b>	<b>\$20,296</b>	<b>2%</b>
<b>Total</b>	<b>66</b>	<b>100%</b>	<b>\$1,101,100</b>	<b>100%</b>

Source: Sampled Loans

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

! The distribution of loans to businesses of different sizes and lending to borrowers of different income levels meets the standards for satisfactory performance.

Business loans account for 25.37% of TCNB's total loan portfolio. The distribution of loans to small businesses (gross revenues less than \$1 million) is satisfactory. Of the 20 business loans sampled 14 or 70% were made to small businesses. The number of small business loans made compares reasonably against the business demographics of TCNB's assessment area, which indicates that 88% of all businesses are classified as small. The dollar amount of small business loans sampled is also satisfactory, at 55%.

**Business loans made during 1998 and 1999**

<b>Business Loan Distribution - Table 4</b>					
<b>Source</b>	<b># Bus. Loans</b>	<b># Small Bus. Lns.</b>	<b>% Small Bus. Lns.</b>	<b>\$ Amount Small Bus. Lns.</b>	<b>% of \$ Amt. Small Bus. Lns.</b>
<b>1990 Census Report</b>	<b>231</b>	<b>180</b>	<b>88%</b>	<b>NA</b>	<b>NA</b>
<b>Sample Bank Loans</b>	<b>20</b>	<b>14</b>	<b>70%</b>	<b>\$2,595,831</b>	<b>55%</b>

Source: CRA WIZ Business Demographic Data (from 1990 Census Report) and Sampled Loans

Information regarding the bank's distribution of consumer real estate and consumer non-real estate loans by borrower's income level based on internal loan reports for loans made during 1998 and 1999 are detailed below in Tables 5 and 6. Income levels are categorized based on the Department of Housing and Urban Development's (HUD) estimates of median income for TCNB's assessment area, which is \$32,600.

#### Consumer RE loans made during 1998 and 1999

<b>Consumer RE Loan Distribution by Income Level - Table 5</b>					
<b>Origination</b>	<b>% of Families by Income</b>	<b># of Loans in AA</b>	<b>% of Total (by #)</b>	<b>\$ of Loans in AA</b>	<b>% of Total (by \$)</b>
<b>Low-Income</b>	<b>42.90%</b>	<b>3</b>	<b>18%</b>	<b>\$51,558</b>	<b>6%</b>
<b>Moderate-Income</b>	<b>16.70%</b>	<b>5</b>	<b>29%</b>	<b>\$134,153</b>	<b>15%</b>
<b>Middle-Income</b>	<b>15.03%</b>	<b>1</b>	<b>6%</b>	<b>\$25,220</b>	<b>3%</b>
<b>Upper-Income</b>	<b>25.37%</b>	<b>8</b>	<b>47%</b>	<b>\$681,243</b>	<b>76%</b>
<b>Total</b>	<b>100%</b>	<b>17</b>	<b>100%</b>	<b>\$892,174</b>	<b>100%</b>

Source: CRA Wiz Demographic Data (from 1990 Census Data Report) and Sample Loans

Based on a sample of loans made, as shown in the above table, the bank's percentage of consumer lending for real estate loans (both # and \$) is less representative in lending to low-income borrowers in comparison to the demographics of the assessment area. However, the bank's percentage of lending for real estate loans (both # and \$) is above average in lending to moderate-income borrowers in comparison to the demographics of the assessment area.

**Consumer non-RE loans made during 1998 and 1999**

<b>Consumer Non-RE Loan Distribution by Income Level - Table 6</b>					
<b>Origination</b>	<b>% of Families by Income</b>	<b># of Loans in AA</b>	<b>% of Total (by #)</b>	<b>\$of Loans in AA</b>	<b>% of Total (by \$)</b>
<b>Low-Income</b>	<b>42.90%</b>	<b>25</b>	<b>58%</b>	<b>\$60,314</b>	<b>44%</b>
<b>Moderate-Income</b>	<b>16.70%</b>	<b>14</b>	<b>33%</b>	<b>\$45,109</b>	<b>33%</b>
<b>Middle-Income</b>	<b>15.03%</b>	<b>1</b>	<b>2%</b>	<b>\$2,215</b>	<b>2%</b>
<b>Upper-Income</b>	<b>25.37%</b>	<b>3</b>	<b>7%</b>	<b>\$28,695</b>	<b>21%</b>
<b>Total</b>	<b>100%</b>	<b>43</b>	<b>100%</b>	<b>\$138,789</b>	<b>100%</b>

Source: CRA Wiz Demographic Data (from 1990 Census Data Report) and Sample Loans

Based on a sample of loans made, as shown in the above table, the bank's percentage of consumer lending for non-real estate loans (both # and \$) exceeds lending to both low- and moderate-income borrowers in comparison to the demographics of the assessment area.

**Geographic Distribution of Loans**

! The geographic distribution of consumer RE loans (Table 7) and consumer non-real estate loans (Table 8) reflect adequate penetration throughout all of TCNB's assessment area.

**Sample of 20 real estate loans**

<b>Geographic Distribution of Consumer RE Loans - Table 7</b>					
<b>Income Level of BNA</b>	<b>% of Total Census Tracts</b>	<b># Loans in Census Tracts</b>	<b>% of Total (by #)</b>	<b>\$ of Loans in AA</b>	<b>% of Total (by \$)</b>
<b>Low (2)</b>	<b>40%</b>	<b>3</b>	<b>18%</b>	<b>\$39,881</b>	<b>4%</b>
<b>Moderate (3)</b>	<b>60%</b>	<b>14</b>	<b>82%</b>	<b>\$851,293</b>	<b>96%</b>
<b>Middle (0)</b>	<b>0%</b>	<b>0</b>	<b>0%</b>	<b>\$0</b>	<b>0%</b>
<b>Upper (0)</b>	<b>0%</b>	<b>0</b>	<b>0%</b>	<b>\$0</b>	<b>0%</b>



<b>Geographic Distribution of Consumer RE Loans - Table 7</b>					
<b>Total</b>	<b>100%</b>	<b>17</b>	<b>100%</b>	<b>\$891,174</b>	<b>100%</b>

Source: CRA Wiz Data Demographics (from 1990 Census Data Report) and Sampled Loans

#### Sample of 46 non-real estate loans

<b>Geographic Distribution of Consumer Non-RE Loans - Table 8</b>					
<b>Income Level of BNA</b>	<b>% of Total Census Tracts</b>	<b># Loans in Census Tracts</b>	<b>% of Total (by #)</b>	<b>\$ of Loans in AA</b>	<b>% of Total (by \$)</b>
<i>Low (2)</i>	<i>40%</i>	<i>12</i>	<i>28%</i>	<i>\$74,326</i>	<i>55%</i>
<i>Moderate (3)</i>	<i>60%</i>	<i>31</i>	<i>72%</i>	<i>\$62,007</i>	<i>45%</i>
<b>Middle (0)</b>	<b>0%</b>	<b>0</b>	<b>0%</b>	<b>0</b>	<b>0%</b>
<b>Upper (0)</b>	<b>0%</b>	<b>0</b>	<b>0%</b>	<b>0</b>	<b>0%</b>
<b>Total</b>	<b>100%</b>	<b>43</b>	<b>100%</b>	<b>\$136,333</b>	<b>100%</b>

Source: CRA Wiz Data Demographics (from 1990 Census Data Report) and Sampled Loans

The distribution of consumer real estate loans in low-income tracts is substantially less than the percentage of low-income tracts in the assessment area. However, the distribution of consumer real estate loans in moderate-income tracts exceeds the percentage of moderate-income tracts in the assessment area.

The distribution of consumer non-real estate loans in low-income tracts (by #) is less than the percentage of low-income tracts in the assessment area; however, the distribution of consumer non-real estate loans in low-income tracts (by \$) is higher than the percentage of low-income tracts in the assessment area. The distribution of consumer non-real estate loans in moderate-income tracts (by #) is greater than the percentage of moderate-income tracts in the assessment area; however, the distribution of consumer non-real estate loans in moderate-income tracts (by \$) is less than the percentage of low-income tracts in the assessment area.

The higher percentage of loans made in moderate-income BNAs is reflective of the fact that the bank's office is located in a moderate-income area.

### Response to Complaints

! No complaints were received from the public since the prior examination.

### **Results of Fair Lending Review**

#### **Scope/Objective:**

Our Fair Lending sample consisted of a comparison of loan terms offered on 26 mobile home loans made within the last year. The primary objective was to ascertain whether rates and terms were comparable among all prohibited basis groups.

#### **Conclusion:**

We found no evidence of nondiscriminatory practices during the review. Additionally, the bank is in substantial compliance with anti-discriminatory laws and regulations. Adequate policies and procedures are in place to govern day to day operations.