



SMALL BANK

Comptroller of the Currency
Administrator of National Banks

PUBLIC DISCLOSURE

December 1, 2003

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

**The First National Bank Of Centerville
Charter Number 3288**

**314 North Public Square
Centerville, TN 37033**

**Comptroller of the Currency
ADC-Nashville
5200 Maryland Way Suite 104
Brentwood, TN 37027**

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 Community Reinvestment Act (CRA) RATING

This institution is rated Satisfactory.

We assigned the rating based on the following information:

- The bank's loan-to-deposit ratio is reasonable.
- A majority of the bank's loans were originated within their assessment area (AA).
- Analysis reflects reasonable penetration among individuals of different income levels and businesses of different sizes.
- No public complaints related to CRA have been filed since the last CRA examination.

DESCRIPTION OF INSTITUTION

First National Bank of Centerville (FNB) is independently owned and headquartered in Centerville, Tennessee. There have been no changes in the bank's corporate structure since the previous CRA performance evaluation dated September 14, 1998.

FNB serves the communities within Hickman County, Tennessee. The bank has two offices, the main office located in the town of Centerville and a branch office located on Highway 100 in the upper most eastern quadrant of Hickman County. There is an automated teller machine (ATM) located at each office location. There have been no branch closings since the previous performance evaluation. As of June 30, 2003, average assets were \$97 million with deposits of \$82 million and net loans of \$53 million.

The bank's two primary loan types are residential mortgage loans and consumer loans. The bank is not a Home Mortgage Disclosure Act (HMDA) reporter. FNB also provides commercial loans. The bank received a satisfactory CRA rating at the last CRA performance evaluation dated September 14, 1998. There are no financial or legal impediments restricting the lending activities of the bank.

Product Category	Gross Loans as of June 30, 2003*	
	Dollar (\$000's)	Percent (%)
Commercial & Industrial Including Commercial Real Estate	1,138	2.21
Residential Mortgage Loans	42,723	82.88
Individuals	7,050	13.67
Construction & Land Development	475	0.92
All Other	79	0.15
Farmland and Agriculture	90	0.17
<i>Total</i>	<i>51,555</i>	<i>100.00</i>

* Data obtained from Call report

DESCRIPTION OF HICKMAN COUNTY

The bank's assessment area is designated as Hickman County. The bank's AA meets the legal requirements of the regulation and does not arbitrarily exclude any low- or moderate-income areas. The AA contains five census tracts (9501, 9502, 9503, 9504, and 9505.) Based on 1990 census information, all tracts in the AA are classified middle income. There are no low- or moderate-income census tracts within the banks assessment area.

Centerville is located approximately 60 miles southwest of Nashville, Tennessee. The total population for Hickman County is approximately 16,754 as of the 1990 Census. The major employers within Hickman County are Hickman County School System with 375 employees, and Universal Fasteners, Inc., a producer of metal fasteners with approximately 164 employees. Unemployment for the combined area is approximately three percent.

The following table includes general demographic data describing the AA.

Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #
Geographies (Census Tracts/BNAs)	5			100%	
Population by Geography	16,754			100%	
Owner-Occupied Housing by Geography	4,826			100%	
Businesses by Geography	762			94.31%	
Farms by Geography	46			5.69%	
Family Distribution by Income Level	4,608			100%	
Distribution of Low- and Moderate-Income Families throughout AA Geographies	5,928	19.97%	16.17%	25.61%	38.26%
Median Family Income	\$25,678	Median Housing Value		\$42,700	
HUD Adjusted Median Family Income for 2003	\$42,600	Unemployment Rate 2001		3%	
Households Below the Poverty Level	18%				

Source: 1990 U.S. Census, and 2002 HUD updated MFI.

Community Contact

We conducted one community contact during this examination with the Hickman County Mayors Office in the bank's AA. They stated that the banking industry is more than adequately serving the credit need of the community and local businesses. They did not identify any unmet credit needs in the bank's AA.

CONCLUSIONS ABOUT PERFORMANCE CRITERIA

Loan-to-Deposit Ratio

First National Bank of Centerville's loan to deposit ratio is reasonable as lending opportunities are limited. The average loan to deposit ratio for the period from September 30, 1998 to June 30, 2003 was 58.59%. This is an increase from 50.66% as of September 14, 1998.

A review of the banks data reveals that there are no banks similarly situated to compare loan to deposit ratios. Branches of other banks located within Hickman County are part of larger institutions whose AA are larger than First National Bank of Centerville.

Lending in Assessment Area

The analysis of lending in the bank's assessment areas included samples of two primary loan types, Home Mortgage Loans and Commercial Real Estate. For both home mortgage loans and Commercial real estate loans, 100% of the number and 100% of the dollar amount were within the assessment area. The table that follows provides details on the loan samples used in our analysis.

Sampled Loans Inside the Assessment Area

Assessment Area:	Total Home Mortgage Loans				Total Small Loans to Businesses			
	#	% of Total	\$ (000's)	% of Total	#	% of Total	\$ (000's)	% of Total
Hickman County	20	100%	\$754	100%	15	100%	\$2,353	100%

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

The distribution of loans, given the demographics of the AA reflects good penetration among borrowers of different income levels (including low- and moderate-income) and businesses of different sizes. The analysis of lending to borrowers of different income levels and businesses of different sizes was completed using all files inside the AA from the lending in the AA sample, excluding loans for which income information was not available.

The following tables reflect the results for each primary loan type.

Borrower Distribution of Home Mortgage Loans

Assessment Area:	Low-Income Families			Moderate-Income Families			Middle-Income Families			Upper-Income Families		
	% Families	%BANK # Loans	%BANK \$ Loans	% Families	%BANK # Loans	%BANK \$ Loans	% Families	%BANK # Loans	%BANK \$ Loans	% Families	%BANK # Loans	%BANK \$ Loans
Hickman County	19.97	15%	9%	16.17	40%	26%	25.61	15%	11%	38.26	30%	54%

The table above illustrates the findings from our sample of the distribution of home mortgage loans within the income levels compared to the percentage of families in each income level. The distribution of home mortgage loans to both low- and moderate-income borrowers is reasonable compared to demographics.

Borrower Distribution of Small Loans to Businesses

Assessment Area:	Businesses With Revenues of \$1 million or less			Loans by Original Amount Regardless of Business Size					
	% Of Businesses	% # BANK Loans	% \$ Bank Loans (000's)	\$100,000 or less		>\$100,000 to \$250,000		>\$250,000 to \$1,000,000	
				#	\$ (000's)	#	\$ (000's)	#	\$ (000's)
Hickman County	78.08	100% 15 loans	100% \$2,428	5	\$251	7	\$1,004	3	\$1,173

The table above illustrates the findings from our sample of the number and dollar volume of loans by size and the percentage of small loans to businesses compared to the percentage of businesses that are small. Our limited testing revealed that a majority of the loans made to businesses were to small business with annual revenues of less than \$1million. The bank does not track this information at origination. The distribution of loans to small businesses (businesses with \$1 million or less in gross annual revenues) compared to demographics is reasonable.

Geographic Distribution of Loans

There is no low- or moderate-income census tracts within the banks assessment area therefore we did not perform an analysis of geographic distribution of loans since the findings from the analysis would be meaningless.

Responses to Complaints

First National Bank has not received any CRA-related complaints since the previous CRA examination.

Fair Lending Review

We found no evidence of illegal discrimination or other illegal credit practices.