



**SMALL BANK**

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Comptroller of the Currency  
Administrator of National Banks  
Washington, DC 20219

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## **PUBLIC DISCLOSURE**

**March 29, 2005**

### **COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION**

**First National Bank of Rosedale  
Charter Number 15851**

**600 Main Street  
P.O. Box 848  
Rosedale, MS 38769**

**Comptroller of the Currency  
ADC-New Orleans  
3838 North Causeway Boulevard, Ste 2890  
Metairie, LA 70002**

**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 CRA RATING

**This institution is rated “Outstanding”.**

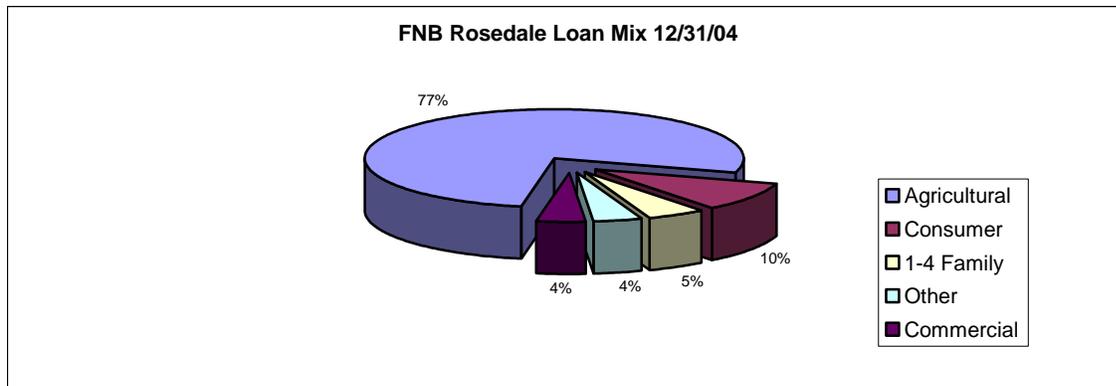
The major factors, which support this rating, include:

- The level of the bank’s loan-to-deposit (LTD) ratio is more than reasonable and the trend is positive.
- A substantial majority of loans are made within the bank’s assessment area (AA) or in contiguous areas.
- The bank’s loan portfolio is heavily weighted toward farm loans, which have been identified as a primary lending need in the AA.
- First National Bank of Rosedale’s (FNBR’s) volume of lending to small farms and to low- and moderate- income individuals is strong.

Additional factors considered include the bank’s provision of deposit services to a rural market with limited banking services, its record of providing Farm Service Agency guaranteed loans to farmers, and ongoing commitment to community service in the town of Rosedale.

## DESCRIPTION OF INSTITUTION

FNBR is a \$42 million bank located in Rosedale, MS (Bolivar County). The main office is the only office, and FNBR has no ATM’s. FNBR is 98% owned by Rosedale First National Corporation, a one-bank holding company. The bank provides basic products and services including agricultural loans, personal and residential loans, a variety of deposit accounts, and funds transfer services. The bank’s loan mix as of December 31, 2004 is as follows:



FNBR 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 “Outstanding” as of November 30, 1998. The evaluation period for this performance report is December 1, 1998 through March 29, 2005. Conclusions for this public evaluation are based on analysis of the bank’s primary loan products, which include agricultural and consumer loans. We reviewed the bank’s performance by selecting a random sample of 20 farm and 20 consumer loans

originated from April 2002 through January 2005.

## **DESCRIPTION OF ASSESSMENT AREA**

The bank's assessment area (AA) includes census tract (CT) 9502 located in Bolivar County. The AA has a total population of 4,296 and includes the city of Rosedale (population 2,414) and nearby towns Gunnison (population 633), Beulah (population 473), and Pace (population 364).

The median family income for CT 9502 is \$20,939 compared to the HUD adjusted median family income for 2004 of \$35,400. CT 9502 is categorized as moderate income, but there are significant pockets of low-income residents, with 39 percent of CT residents receiving Social Security and/or other public assistance. A significant 40 percent of AA households have incomes below the poverty level.

Rosedale is an isolated farm community. Cleveland is located 18 miles to the east, and the Mississippi River binds the town to the west. The area has a slow and declining economy with high unemployment. Major employers include JanTran Port of Rosedale (195 employees), the school district (195 employees), and Civas Steel Fabrication (125 employees). Rosedale Fabricators, a former major employer, closed in January of 2003. The number of local businesses has declined slightly from 182 to 174 based on census data over the past 10 years.

We discussed the community's lending needs with a local farmer who farms approximately 285 acres. He identified farm loans, deposit services, and consumer loans as the most pressing banking needs in the community. He indicated that FNBR is well respected and does an excellent job of meeting the banking needs of local farmers.

Local competition is limited to a branch office of State Bank and Trust in Rosedale, and the Bank of Benoit, which is located about 10 miles away. Bank of Benoit (total assets of approximately \$13 million) is not located within the AA but is within close proximity. FNBR carries most of the Rosedale market, with \$40 million of total deposits (83% market share) as of December 31, 2003 compared to \$8 million (17% market share) for State Bank and Trust. There are no other similarly situated institutions in the AA.

## **CONCLUSIONS ABOUT PERFORMANCE CRITERIA**

### **Loan-to-Deposit Ratio**

- FNBR's loan-to-deposit (LTD) ratio is more than reasonable given the bank's size, competition, and local economic conditions.

The bank's quarterly loan-to-deposit ratio was analyzed for each quarter from December 31, 1998 (73 percent) to December 31, 2004 (93 percent). The bank's ratio steadily increased throughout the period under examination. The average loan-to-deposit ratio since the previous examination is 87 percent. The bank's ratio tends to peak during June, which is consistent with the seasonal needs of the bank's agricultural lending base.

## Lending in the Assessment Area

- A majority of loans are made within the bank’s assessment area (AA.)

FNBR’s AA only includes the census tract in which the main office is located. However, many of the bank’s agricultural loans are made to farms that are located beyond the boundaries of this tract. This is a function of geography and market demand rather than an attempt to make loans outside the assessment area. For this reason, our analysis considered all farm loans in Bolivar County as inside the assessment area.

Approximately, 64% of the number and 57% of the dollar amount of farm loans were made within Bolivar County. Further analysis of loans originated outside Bolivar County revealed that substantially all were located in the contiguous counties of Sunflower, Coahoma, Washington, and Leflore.

For all other loans, 71% of the number and 65% of the dollar amount were originated within the bank’s AA (CT 9502).

Loan Type	Number of Loans					Dollars of Loans (000’s)				
	Inside		Outside		Total	Inside		Outside		Total
	#	%	#	%		\$	%	\$	%	
Farm Loans	129	64%	72	36%	201	\$10,522	57%	\$7,807	43%	\$18,329
All Other Loans	453	71%	183	29%	636	\$6,606	65%	\$3,608	35%	\$10,214
Totals	582	70%	255	30%	837	\$17,128	60%	\$11,145	40%	\$28,543

*Source: Analysis of the entire loan portfolio outstanding as of 02/28/05; US Census data. A very significant portion of these loans was originated during the current CRA evaluation period.*

## Lending to Small Farms and to Low- and Moderate-Income Borrowers

- FNBR’s volume of lending to small farms and to low- and moderate-income individuals is outstanding.

The bank makes most of its farm loans to small operators. Our random sample indicates that FNBR originates 80% of its loans to farms with revenues less than \$1 million. This percentage of originations substantially meets the percentage of farms with revenues less than \$1 million that operate within Bolivar County. The dollar volume of loans to farms with revenues under \$1 million, at 86% is also reasonable and supports that a large percentage of loans are made to smaller farm operations. FNBR is the dominant lender in this region for agricultural loans. These numbers show they readily make credit available to all farmers regardless of revenue size.

**Table 2A - Borrower Distribution of Loans to Farms in Bolivar County**

Business Revenues (or Sales)	≤\$1,000,000	>\$1,000,000	Unavailable/ Unknown	Total
% of AA Farms	87%	10%	3%	100%
% of Bank Loans in AA by #	80%	20%	0.00%	100%
% of Bank Loans in AA by \$	86%	14%	0.00%	100%

Source: Random sample of 20 farm loans, using the entire portfolio outstanding as of 02/28/05; US Census data.

Table 2B below shows that a substantial proportion of consumer loans were made to low- and moderate-income borrowers. The percentage of loans made to low- and moderate-income borrowers exceeds the percentage of low- and moderate-income households residing within the AA, respectively.

Table 2B - Borrower Income Distribution - Consumer Loans								
Borrower Income Level	Low		Moderate		Middle		Upper	
Loan Type	% of AA HH's	% of Loans	% of AA HH's	% of Loans	% of AA HH's	% of Loans	% of AA HH's	% of Loans
Consumer Loans #	39%	45%	15%	30%	18%	20%	27%	5%
Consumer Loans \$'s	39%	44%	15%	31%	18%	23%	27%	2%

Source: Random sample of 20 consumer loans, using the entire portfolio outstanding as of 02/28/05; U.S. Census Data.

### Geographic Distribution of Loans

The entire AA only includes one moderate-income census tract; therefore, an analysis of the geographic distribution of loans would not provide meaningful insight for purposes of this evaluation.

### Responses to Complaints

FNBR has not received any CRA related complaints from the public since the prior CRA examination.

### Fair Lending or Other Illegal Credit Practices Review

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