



SMALL BANK

Comptroller of the Currency
Administrator of National Banks

Washington, DC 20219

PUBLIC DISCLOSURE

May 16, 2011

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

First National Bank of Dozier
Charter Number: 9681

7825 S. Main Street
Dozier, AL 36028

Office of the Comptroller of the Currency

Birmingham Field Office
100 Concourse Parkway, Suite 240
Birmingham, AL 35244

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 Satisfactory.

The major factors that support this rating include:

- The loan-to-deposit ratio is reasonable given the institution's size, financial condition, and assessment area credit needs.
- The majority of loans are originated within the assessment area.
- The distribution of borrowers reflects, given the demographics of the assessment area(s), reasonable penetration among individuals of different income levels and businesses of different sizes.
- The geographic distribution of loans reflects excellent dispersion throughout the assessment area(s).

Scope of Examination

The First National Bank of Dozier (FNB) was evaluated under the Small Bank examination procedures, which includes a lending test. The lending test evaluates the bank's record of meeting the credit needs of its assessment areas (AAs) through its lending activities.

This CRA evaluation for FNB covers its performance from October 25, 2005 through May 16, 2011. FNB's primary loan products are residential, consumer, and commercial loans. To evaluate the bank's residential, consumer and commercial lending performance, we selected a sample of twenty residential, twenty consumer, and twenty commercial loans made from January 2006 through March 2011. This sample is representative of the bank's business strategy since the prior CRA examination.

Description of Institution

The First National Bank of Dozier (FNB) is an intrastate community bank wholly owned by First Dozier Bancshares, Inc. FNB is headquartered in Dozier, Alabama, approximately eighty miles from Montgomery. The main office is located in downtown Dozier and does not have any branch offices or ATMs. FNB is the only bank in Dozier with approximately \$35.4 million in total assets as of March 31, 2011. Local competition is Brantley Bank & Trust located in Brantley, AL approximately eight miles away, First Citizens Bank and BB&T located in Luverne, AL, approximately 17 miles away, and Peoples Bank of Red Level in Red Level, AL approximately 15 miles away. In addition, there is also a wide variety of banks in Andalusia, AL, Opp, AL, and Greenville, AL, which are approximately twenty to twenty-five miles away from Dozier.

At March 31, 2011 the loan portfolio composition was as follows:

Loan Portfolio Summary by Loan Product March 31, 2011	
Loan Category	% by Dollar of Loans
Real Estate Loans	57%
Commercial Loans	22%
Farm Loans	2%
Consumer Loans	12%
Other Loans	7%

No legal or financial factors impede FNB from meeting the credit needs of the community. The bank's previous CRA evaluation was as of October 25, 2005, and cra performance was rated "Satisfactory".

DESCRIPTION OF ASSESSMENT AREA

<i>DEMOGRAPHIC AND ECONOMIC CHARACTERISTICS OF AA</i>	
Population	
Number of Families	2,102
Number of Households	3,008
Geographies	
Number of Census Tracts/BNA	3
% Low-Income Census Tracts/BNA	0.00%
% Moderate-Income Census Tracts/BNA	66.67%
% Middle-Income Census Tracts/BNA	33.33%
% Upper-Income Census Tracts/BNA	0.00%
Median Family Income (MFI)	
2000 MFI for AA	\$32,658
2000 Census MFI	\$36,638
2010 HUD-Adjusted MFI	\$47,600
Economic Indicators	
Unemployment Rate	3.10%
2010 Median Housing Value	\$50,915
% of Households Below Poverty Level	19.18%

The bank's assessment area (AA) includes two census tracts in Crenshaw County and one in Covington County. These counties are contiguous and are located in a non-MSA designated area. The bank's assessment area in Crenshaw County includes the towns of Dozier and Brantley in the southern part of the County, and Covington County includes the town of Gantt in the northern part of the County. The two census tracts in Crenshaw County are both moderate-income tracts. The census tract in Covington County is designated as middle-income. There are no low income census tracts within the AA. FNB's AA meets the technical requirements of the Act and does not arbitrarily exclude any low- or moderate-income areas.

Based on demographic information from the 2010 United States Census, there is a population of 7,215 in the AA consisting of 3,008 households and 2,102 families. The 2000 census median family income for the AA is \$36,638. The Department of Housing and Urban Development's (HUD) 2010 median family income is \$47,600 for the AA. Owner-occupied housing in the AA is 63 percent of households. The local economy is depressed as approximately 19 percent of AA households are below the poverty level and 37 percent receive social security or public assistance.¹

Crenshaw County is located in the south-central part of Alabama, in the coastal plain area. Communities within the county are Brantley, Dozier, Glenwood, Luverne (county seat), Petrey, and Rutledge. According to the 2000 US Census, the population of Crenshaw is approximately 13,665.

Covington County, borders the southern side of Crenshaw County and is north of the Florida state line. Nine communities are located in the county with Andalusia being the county seat. According to the 2000 US Census, the population of Covington County is approximately 37,631.

Community Contact

As part of our examination, we completed a community contact interview with the former Public Service Commissioner. This individual stated that the financial institutions in the local area are satisfactorily meeting the credit needs of the community. She stated that the credit needs in the community are to moderate-income individuals and small businesses.

Conclusions with Respect to Performance Tests

LENDING TEST

FNB meets the standards for satisfactory performance under the lending test. The bank has a reasonable loan-to-deposit ratio and originates a majority of loans within its assessment area. There is a reasonable penetration of loans among borrowers of different income levels and businesses of different sizes. The geographic distribution of loans reflects excellent dispersion throughout the assessment area.

Criteria of the lending test are documented below:

¹ 2010 U.S. Census Data.

Loan-to-Deposit Ratio

FNB's loan-to-deposit ratio is reasonable given the bank's size, financial condition, and assessment area credit needs. The bank's loan-to-deposit ratio averaged 36.47% over the past twenty-one quarters since the last CRA examination. This ratio ranged from a quarterly low of 31.88% to a quarterly high of 42.7% during the time period.

The bank's loan-to-deposit ratio was compared with other financial institutions of similar asset size, location and product offerings. FNB ranks second among a total of three similarly situated banks. The average loan-to-deposit ratios for the other two banks over the same twenty-one quarters ranged from 30.46% to 50.92%.

Lending in Assessment Area

FNB originates the majority of its loans inside the assessment area. The following chart breaks out commercial, consumer, and home loans originated from January 1, 2006 to March 31, 2011.

Table 2 - Lending in Assessment Area: Crenshaw & Convington Counties										
Loan Type	Number of Loans					Dollars of Loans				
	Inside		Outside		Total	Inside		Outside		Total
	#	%	#	%		\$(000)	%	\$	%	
Commercial Loans	28	67%	14	33%	42	\$1,733	41%	\$2,460	59%	\$4,193
Consumer Loans	347	85%	62	15%	409	\$1,980	76%	\$574	22%	\$2,554
Home Loans	41	76%	13	24%	54	\$3,125	69%	\$1,390	31%	\$4,515
Total Loans	416	82%	89	18%	505	\$6,838	61%	\$4,424	39%	\$11,262

Source: Internal Report: Loan Originations January 1, 2006 to March 31, 2011

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

Home lending reflects reasonable penetration among individuals of different income levels. The percentage of loans made to low-and moderate-income borrowers is below the percentage of low- and moderate-income families living within the AA. However, 37% of assessment area families receive some type of public assistance and 19% have incomes below the poverty level which makes it difficult for families to afford a home. Performance is reasonable after considering these performance context issues.

Table 3 - Borrower Distribution of Residential Real Estate Loans in FNB Dozier's AA				
Borrower Income Level	Low	Moderate	Middle	Upper

Loan Type	% of AA Families	% of Number of Loans	% of AA Families	% of Number of Loans	% of AA Families	% of Number of Loans	% of AA Families	% of Number of Loans
Home Loans	23.74%	15%	24.36%	15%	17.46%	15%	34.44%	55%

Source: 2010 CRA Wiz Data.

Consumer lending reflects excellent penetration among individuals of different income levels. The percentage of loans made to low- and moderate-income borrowers exceeds the percentage of low- and moderate-income households living within the AA, respectively.

Table 3A - Borrower Distribution of Consumer Loans in FNB Dozier's AA								
Borrower Income Level	Low		Moderate		Middle		Upper	
	% of AA Households	% of Number of Loans	% of AA Households	% of Number of Loans	% of AA Households	% of Number of Loans	% of AA Households	% of Number of Loans
Consumer Loans	27.43%	45%	17.59%	25%	19.75%	15%	35.24%	15%

Source: CRA Wiz 2010.

In a sample of 20 business loans originated between 2006 and 2011, 17 or 85% of loans were made to small businesses with annual revenues of less than \$1 million. This performance is excellent considering 77% of FNB's assessment area businesses report annual revenues of less than \$1 million.²

Geographic Distribution of Loans

The geographic distribution of loans reflects excellent dispersion throughout the bank's AA. Residential lending in moderate-income tracts exceeds the percentage of owner-occupied housing in these tracts. There are no tracts designated as low-income within the AA.

Table 4 - Geographic Distribution of Residential Real Estate Loans in FNB Dozier's AA								
Census Tract Income Level	Low		Moderate		Middle		Upper	
	% of AA Owner Occupied Housing	% of Number of Loans	% of AA Owner Occupied Housing	% of Number of Loans	% of AA Owner Occupied Housing	% of Number of Loans	% of AA Owner Occupied Housing	% of Number of Loans
Home Loans	0%	0	44.17%	65%	55.83%	35%	0%	0%

The geographic distribution of consumer loans reflects excellent dispersion throughout the bank's AA. Consumer lending in moderate-income tracts exceeds the percentage of AA households living in these tracts. There are no

² Source: Dun and Bradstreet demographic data.

tracts designated as low-income within the AA.

Table 4A - Geographic Distribution of Consumer Loans in FNB Dozier's AA								
Census Tract Income Level	Low		Moderate		Middle		Upper	
Loan Type	% of AA Households	% of Number of Loans	% of AA Households	% of Number of Loans	% of AA Households	% of Number of Loans	% of AA Households	% of Number of Loans
Consumer Loans	0%	0%	46.04%	100%	53.96%	0%	0%	0%

The geographic distribution of business loans reflects excellent dispersion throughout the bank's AA. Business loans originated in moderate-income tracts exceed the percentage of AA businesses within these tracts. There are no tracts designated as low-income within the AA.

Table 4B - Geographic Distribution of Loans to Businesses in FNB Dozier's AA								
Census Tract Income Level	Low		Moderate		Middle		Upper	
Loan Type	% of AA Businesses	% of Number of Loans	% of AA Businesses	% of Number of Loans	% of AA Businesses	% of Number of Loans	% of AA Businesses	% of Number of Loans
Business	0%	0%	81.08%	90%	18.92%	10%	0%	0%

Responses to Complaints

The bank did not receive any complaints related to CRA performance since the last examination. This has a neutral impact on the CRA rating.

Fair Lending or Other Illegal Credit Practices Review

We found no evidence of illegal discriminatory or other illegal credit practices inconsistent with helping to meet community credit needs.