



## **PUBLIC DISCLOSURE**

January 03, 2017

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

The First National Bank of Dozier  
Charter Number 9681

7825 South Main Street  
Dozier, AL 36028

Office of the Comptroller of the Currency

3595 Grandview Parkway  
Suite 655  
Birmingham, AL 35243

**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.**

The First National Bank of Dozier (FNBD or Bank) has a **satisfactory** record of meeting community credit needs. We based this assessment on the following:

- The level and trend of the loan-to-deposit ratio is reasonable given the Bank's size, financial condition, economic environment, and assessment area (AA) credit needs.
- The Bank originated a substantial majority of loans inside its AA.
- The Bank has reasonable penetration among borrowers of different incomes within its AA.
- The Bank has a reasonable dispersion of consumer loans throughout its AA.
- The Bank did not receive any CRA-related complaints during this evaluation period.

**SCOPE OF EXAMINATION**

This performance evaluation is an assessment of FNBD's ability to meet the credit needs of its community. We evaluated the Bank's performance using the Small Bank performance criteria, which consists of a Lending Test. The Lending Test evaluates a Bank's record of meeting its AA's credit needs through its lending activities. The evaluation period for this assessment is May 17, 2011 through January 3, 2017. We utilized loan data from January 1, 2014 through September 30, 2016, as this period is indicative of the Bank's lending practices throughout the evaluation period.

During the period January 1, 2014 through September 30, 2016, the Bank primarily originated consumer loans, which represented 46 percent of the dollar volume of originations, and 84 percent of number of originations. We sampled 40 consumer loans originated during the review period and utilized 2010 US Census data to form the basis of our Lending Test conclusions. Additionally, we contacted a member of the community to better assess the community needs and determine the opportunities for financial institutions to lend and provide services to the area.

FNBB is not a Home Mortgage Disclosure Act (HMDA) reporting institution. Therefore, we selected a random sample of primary loan products to evaluate CRA lending performance.

**DESCRIPTION OF INSTITUTION**

FNBD is a national bank with total assets of \$38 million at September 30, 2016. The Bank is wholly owned by First Dozier Bancshares, Inc., a one-bank holding company located in Dozier, AL. No affiliate activities were considered in this evaluation. The Bank operates its only location in Dozier, AL, in a middle-income census tract designated as "Distressed." The Bank has no automated teller machines (ATMs). The Bank's previous CRA rating, dated May 16, 2011, was "Satisfactory."

FNBD's lending focus is on consumer lending, specifically, installment loans to individuals. The Bank offers various deposit products, including personal checking, savings, money market, certificates of deposit, Individual Retirement Accounts, and business checking accounts. The Bank also offers online banking to its customers. We found no legal or financial impediments adversely affecting the Bank's ability to help meet community credit needs.

## **DESCRIPTION OF ASSESSMENT AREA**

FNBD serves one AA, which consists of two census tracts in Crenshaw County, AL and one census tract in Covington County, AL. The census tracts are contiguous and are not located within a metropolitan statistical area (MSA). According to the 2010 United States Census, the AA has a combined population of 7,222. The AA has no low-income, no moderate-income, 1 middle-income, and 2 upper-income census tracts. The AA's one middle-income census tract is designated as "Distressed" due to elevated poverty, as 31.47 percent of households in the "Distressed" census tract live below the poverty level. The AA meets the regulation's requirements, and does not arbitrarily exclude low- and moderate-income geographies.

Economic activity in the area primarily consists of manufacturing. Local employers include Shaw Industries (carpet manufacturer), Smart of Alabama, LLC (automotive frames manufacturer), and SITEL (call center). Local hospitals and school systems are also major employers in the AA.

Competition in the AA is strong given the presence of several large institutions, including Regions Bank and Wells Fargo Bank. FNBD holds 3 percent of the AA's deposit share. The AA is impacted by elevated poverty levels. According to 2010 U.S. Census Bureau data, 17.88 percent of all AA households live below the poverty level. The 2016 weighted average of median family income for the AA is \$53,168.

We discussed the AA lending needs with a community contact who has been extensively involved in local and state government. The contact identified a need for lending to low- and moderate-income individuals in the community, and stated that FNBD has a good reputation of serving its community.

## **CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA**

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

FNBD's LTD ratio is reasonable given low loan demand, strong competition, and AA credit needs, and meets the standard for satisfactory performance. The LTD ratio averaged 24.31 percent over the 22 quarters since the previous CRA examination, with a quarterly high of 31.92 percent and a quarterly low of 19.52 percent.

FNBD's LTD ratio compares reasonably to three other community institutions of similar size, location and product offerings. FNBD ranks fourth among five similarly situated institutions serving its AA. Three other banks had a combined average LTD ratio of 33.84 percent over the CRA review period.

<b>Loan-To-Deposit Ratios</b>		
<b>Institution</b>	<b>Total Assets (in 000s) as of 9/30/16</b>	<b>Average Loan-to-Deposit Ratio</b>
The Peoples Bank of Red Level	16,080	41.55%
First Progressive Bank	31,085	35.76%
<b><i>FNB Dozier</i></b>	<b><i>37,634</i></b>	<b><i>24.31%</i></b>
Bank of Pine Hill	23,429	24.22%

### **Lending in Assessment Area**

During the review period, FNBD originated a substantial majority of consumer loans inside the AA, which meets the standard for outstanding performance. From January 1, 2014 to September 30, 2016, the Bank originated approximately 85 percent of the number, and 78 percent of the dollar volume of consumer loans, to borrowers inside the Bank's AA.

Table 1 details lending within the AA by number and dollar amount during the evaluation period.

<b>Table 1 - Lending in AA</b>										
Loan Type	Number of Loans					Dollars of Loans				
	Inside		Outside		Total	Inside		Outside		Total
	#	%	#	%		\$	%	\$	%	
Consumer Loans	263	84.84	47	15.16	310	3,060,352	77.63	881,917	22.37	3,942,269
Totals	263	84.84	47	15.16	310	3,060,352	77.63	881,917	22.37	3,942,269

*Source: Internal Report: Loan Originations January 1, 2014 to September 30, 2016*

### **Lending to Borrowers of Different Incomes**

The Bank's lending to borrowers of different incomes reflects reasonable penetration and meets the standard for satisfactory performance.

#### *Consumer Loans*

The Bank's borrower distribution of consumer loans was reasonable. The percentage of consumer loans to low-income households, at 22.50 percent, is near the percentage of low income households of 24.12 percent. The percentage of consumer loans made to moderate-income borrowers, at 22.50 percent, exceeds the percentage of moderate-income households of 11.06 percent.

Table 2 shows the distribution of consumer loans among borrowers of different income levels in the AA.

Table 2 - Borrower Distribution of Consumer Loans in 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	24.12	22.50	11.06	22.50	18.33	20.00	46.49	30.00

Source: Loan Sample; 2010 U.S. Census data; Income NA for 5% of consumer loans.

### Geographic Distribution of Loans

The geographic distribution of loans in the AA reflects reasonable dispersion throughout census tracts of different income levels, meeting the standard for satisfactory performance. Although the AA contains no low- or moderate-income census tracts, the one middle-income census tract is designated as “Distressed.” Therefore, we based our geographic distribution analysis on lending to households within the middle-income census tract.

#### Consumer Loans

The Bank’s geographic distribution of consumer loans within the AA reflects reasonable dispersion. Of all AA households, 29.57 percent are located within the middle-income census tract. The Bank originated 27.50 percent of loans sampled within the middle-income census tract, near the demographic comparator.

Table 3 shows the geographic distribution of consumer loans within the AA.

Table 3 - Geographic Distribution of Consumer Loans in AA								
Census Tract 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	0.00	0.00	0.00	0.00	29.57	27.50	70.43	72.50

Source: Loan Sample; 2010 U.S. Census data.

### Responses to Complaints

The Bank has not received any CRA-related complaints during the evaluation period.

### Fair Lending or Other Illegal Credit Practices Review

Pursuant to 12 CFR 25.28(c), or 12 CFR 195.28(c) in determining a National Bank’s (Bank) or Federal Savings Association’s (FSA) CRA rating, respectively, the OCC considers evidence of discriminatory or other illegal credit practices in any geography by the Bank or FSA, or in any assessment area by an affiliate whose loans have been considered as part of the Bank’s or FSA’s lending performance.

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