



## **PUBLIC DISCLOSURE**

July 25, 2016

### **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  
Birmingham Field Office  
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**

Town County National Bank (TCNB 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 majority of the Bank's loans are inside its AA.
- Our loan analysis reflects reasonable penetration among borrowers of different incomes and businesses of different sizes within the AA.
- The Bank did not receive any CRA- related complaints during this evaluation period.

**SCOPE OF EXAMINATION**

This performance evaluation is an assessment of TCNB's ability to meet the credit needs of the communities in which it operates. We evaluated TCNB's performance using the Small Bank performance criteria, which consists of a lending test. The lending test evaluates the Bank's record of meeting the credit needs of its assessment area (AA) through its lending activities. The evaluation period for this assessment is August 24, 2010 through July 25, 2016. However, we utilized loan data from January 1, 2014 through June 30, 2016 for the lending analysis, as this period is indicative of the Bank's lending practices throughout the evaluation period.

We identified TCNB's primary products, residential mortgage and commercial loans, based on the number and dollar volume of loans originated during the evaluation period. We reviewed a random sample of residential and commercial loans, originated between January 1, 2014 and June 30, 2016, and based our conclusions regarding lending performance utilizing 2010 US Census data. Furthermore, we contacted a member of the community to better assess community needs and determine opportunities for financial institutions to lend and provide services to the area.

**DESCRIPTION OF INSTITUTION**

TCNB is a national bank with total assets of \$102 million at March 31, 2016. TCNB is located in Camden, Alabama, a rural community located in Wilcox County. TCNB operates one full service office located in downtown Camden. TCNB has two automated teller machines (ATMs), both also located in Camden, Alabama. The Bank's previous CRA rating, dated August 23, 2010, was "Satisfactory."

TCNB is a community bank that engages in residential real estate and commercial lending. The Bank offers 1-4 family mortgage loans to residential borrowers for home construction, purchase, refinance, and improvement. The Bank also offers commercial and industrial loan products to manufacturers, wholesalers, retailers, service industries, construction companies, agriculture companies, local government, and small businesses. TCNB offers various deposit products, including personal checking, savings, money market, business checking accounts, certificates of deposits, and individual retirement account services. 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**

TCNB has designated Wilcox County as its CRA assessment area (AA). Wilcox County consists of five census tracts (CTs) with a total population of 23,340. Four CTs are designated as moderate-income and one CT is designated as middle-income. The middle-income CT is designated as Distressed or Under-served. TCNB's AA meets regulatory requirements and does not arbitrarily exclude any low-or moderate-income geographies. Per the Bureau of Labor Statistics, as of June 2016, Wilcox County had the highest unemployment rate in the state of Alabama at 15.10 percent. During this same time-period, the state of Alabama and the U.S. had unemployment rates of 6.00 percent and 4.90 percent, respectively. In addition, based on 2010 US Census data, 34.51 percent of Wilcox County households live below the poverty level.

Economic activity in the area primarily consists of timber, agriculture, and manufacturing. Since the previous CRA evaluation in 2010, Golden Dragon Copper has established in the area, creating approximately 300 jobs. Other major employers in the area consist of International Paper, John Pal Jones Hospital, and the local public school system.

Competition from other financial institutions is moderate. The Bank's competitors include other local community banks and a credit union.

The primary needs of the community, identified by a community contact, are residential mortgage loans for home purchase, refinance, and improvement. The community contact also identified the need for educational assistance, financial literacy training, and small business lending to assist with job creation. The community contact stated that TCNB, as well as other financial institutions in the area, have shown a commitment to helping to meet the community's needs.

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

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

TCNB's loan-to-deposit (LTD) ratio is reasonable given the institution's size, financial condition, and AA credit needs. The LTD ratio averaged 68.15 percent over the 23 quarters since the last CRA examination, with a quarterly high of 74.25 percent at September 30, 2010 and a quarterly low of 60.99 percent at December 31, 2013.

TCNB's LTD ratio compares reasonably to other community institutions of similar size, location, and product offerings. TCNB ranks fifth among eight similarly situated institutions serving its AA. Seven other banks had a combined average LTD ratio of 62.36 percent over the CRA review period.

The following table reflects TCNB's, and similarly situated institutions', LTD ratios over the review period of September 30, 2010, through March 31, 2016:

<b>Loan-To-Deposit Ratios</b>		
<b>Institution</b>	<b>Total Assets (in 000s) as of 6/30/15</b>	<b>Average Loan-to- Deposit Ratio</b>
Sweet Water State Bank	\$97,908	82.64%
First Cahawba Bank	\$94,669	77.72%
Community Neighbor Bank	\$107,917	69.61%
Peoples Exchange Bank of Monroe County	\$63,112	69.14%
<b>Town Country National Bank</b>	\$102,700	68.15%
First National Bank and Trust	\$131,556	61.26%
First Bank of Linden	\$79,176	51.50%
Bank of Pine Hill	\$24,488	24.63%

Source: Institution Reports of Condition for the 25-quarter period from September 30, 2010 to March 31, 2016.

### Lending in Assessment Area

During the review period, TCNB originated a majority of residential and commercial loans inside the AA. The Bank originated 73.49 percent of the total number of loans, and 69.21 percent of the total dollar amount of loans inside the AA.

The following table 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
	#	%	#	%		\$	%	\$	%	
Home Purchase	17	68.00	8	32.00	25	948,403	53.82	813,926	46.18	1,762,329
Home Improvement	10	71.43	4	28.57	14	269,356	63.94	151,903	36.06	421,259
Refinance	17	70.83	7	29.17	24	1,240,467	68.03	582,927	31.97	1,823,394
Commercial	17	85.00	3	15.00	20	1,391,556	89.48	163,621	10.52	1,555,177
Totals	61	73.49	22	26.51	83	3,49,781	69.21	1,712,378	30.79	5,562,159

Source: Loan sample – 63 residential loans and 20 commercial loans

### Lending to Borrowers of Different Incomes

Overall, TCNB's lending to borrowers of different incomes and businesses of different sizes reflects reasonable penetration and meets the standard for satisfactory performance.

Residential Lending

TCNB’s residential lending to borrowers of different income levels reflects excellent penetration. Poverty levels in the AA are elevated, as 34.51 percent of AA households live below the poverty level. In addition, Wilcox County has maintained the highest unemployment rate in the state of Alabama. These factors were considered in our analysis of the Bank’s home mortgage borrower distribution performance.

The Bank’s borrower distribution of home purchase loans was excellent. The percentage of home purchase loans to low-income borrowers, at 35.29 percent, was near the percentage of low-income families of 41.09 percent. The percentage of home purchase loans made to moderate-income borrowers, at 23.53 percent, exceeded the percentage of moderate-income families of 17.28 percent.

The Bank’s borrower distribution of home improvement loans was reasonable. The percentage of home improvement loans to low-income borrowers, at 10 percent, was well below the percentage of low-income families of 41.09 percent. However, the percentage of home improvement loans made to moderate-income borrowers, at 20 percent, exceeded the percentage of moderate-income families of 17.28 percent.

The Bank’s borrower distribution of home refinance loans was excellent. The percentage of home refinance loans to low-income borrowers, at 35.29 percent, was near the percentage of low-income families of 41.09 percent. The percentage of home refinance loans made to moderate-income borrowers, at 17.65 percent, exceeded the percentage of moderate-income families of 17.28 percent.

Table 2 depicts the distribution of residential loans among borrowers of different incomes within the Wilcox County AA.

<b>Table 2 - Borrower Distribution of Residential Real Estate Loans in Wilcox County AA</b>								
Borrower Income Level	Low		Moderate		Middle		Upper	
	% 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 Purchase	41.09	35.29	17.28	23.53	12.31	17.65	29.32	23.53
Home Improvement	41.09	10.00	17.28	20.00	12.31	30.00	29.32	40.00
Refinance	41.09	35.29	17.28	17.65	12.31	11.77	29.32	35.29

*Source: Loan sample; U.S. Census data*

Commercial Lending

TCNB’s commercial lending to businesses of different sizes reflects reasonable penetration. Demographic information reflects that 70.20 percent of AA businesses are considered small business, with annual revenues of less than \$1 million. Based on our sampling, TCNB originated 85.00 percent by number, and 42.25 percent by dollar volume, of commercial loans to small businesses.

Table 2A depicts the distribution of commercial loans among businesses of different revenue sizes within the Wilcox County AA.

<b>Table 2A - Borrower Distribution of Loans to Businesses in AA</b>				
Business Revenues (or Sales)	≤\$1,000,000	>\$1,000,000	Unavailable/ Unknown	Total
% of AA Businesses	70.20	6.20	23.60	100%
% of Bank Loans in AA by #	85.00	15.00	0.00	100%
% of Bank Loans in AA by \$	42.25	57.75	0.00	100%

*Source: Loan sample; U.S. Census data*

### **Geographic Distribution of Loans**

An analysis of the geographic distribution of the Bank's lending was not performed as part of this evaluation. The analysis would not be meaningful, as there are very little demographically distinct geographies within the AA.

### **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.