



Comptroller of the Currency
Administrator of National Banks

PUBLIC DISCLOSURE

September 29, 1997

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

**Citizens National Bank of Nashville
Charter No. 17945**

**420 South Main Street
Nashville, Arkansas 71852**

**Office of the Comptroller of the Currency
Southwestern District
1600 Lincoln Plaza, 500 North Akard
Dallas, TX 75201**

NOTE: 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.

GENERAL INFORMATION

The Community Reinvestment Act (CRA) requires each federal financial supervisory agency to use its authority when examining financial institutions subject to its supervision, to assess the 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. Upon conclusion of such examination, the agency must prepare a written evaluation of the institution's record of meeting the credit needs of its community.

*This document is an evaluation of the Community Reinvestment Act (CRA) performance of **Citizens National Bank of Nashville** prepared by **The Office of the Comptroller of the Currency**, the institution's supervisory agency, as of September 29, 1997. The agency rates the CRA performance of an institution consistent with the provisions set forth in Appendix A to 12 CFR Part 25.*

INSTITUTION'S CRA RATING: This institution is rated SATISFACTORY.

- Reasonable loan to deposit ratio of 59% given the bank's size, financial condition, and in comparison with local financial institutions.
- A substantial majority of the bank's lending is within its assessment area.
- The bank's lending performance reflects a reasonable penetration among individuals of different income levels, and among small businesses and farms.

The following table indicates the performance level of **Citizens National Bank of Nashville** with respect to each of the five performance criteria.

SMALL INSTITUTION ASSESSMENT CRITERIA	<u>Citizens National Bank of Nashville</u> PERFORMANCE LEVELS		
	Exceeds Standards for Satisfactory Performance	Meets Standards for Satisfactory Performance	Does not meet Standards for Satisfactory Performance
Loan to Deposit Ratio		X	
Lending in Assessment Area	X		
Lending to Borrowers of Different Incomes and to businesses of Different sizes		X	
Geographic Distribution of Loans	Not meaningful for analysis purposes.		
Response to Complaints	No complaints were received since the prior examination.		

DESCRIPTION OF INSTITUTION

Citizens National Bank of Nashville has a main office and branch located in Nashville, Arkansas. Both locations have drive-up facilities. There are no automated teller machines (ATMs). Lending services are provided only at the main office. As of June 30, 1997, the bank reported total assets of \$42 million with \$21 million in total loans. Loans secured by real estate represent 61% of the portfolio. The remainder of the portfolio is comprised of 18% consumer, 13% commercial, and 8% agriculture.

The bank is 100% owned by First National Security Company, a multi-bank holding company headquartered in DeQueen, Arkansas. This Office performed the last CRA examination as of February 1995, and the bank was rated Satisfactory. There are no financial impediments that would limit the bank's ability to meet the credit needs in its assessment area.

DESCRIPTION OF THE ASSESSMENT AREA

The bank's assessment area is comprised of the following four block numbering areas (BNAs): 9502 and 9503 of Howard County; and 9801 and 9802 of Hempstead County. This assessment meets the requirements of the regulation and does not exclude low- or moderate-income geographies.

According to 1990 Census Data, the population of the assessment area is 17,409. In 1990, the median family income for non-metropolitan statistical areas (MSA) in Arkansas was \$22,420. The Department of Housing and Urban Development estimates the median family income (MFI) for 1996 and 1997 at \$27,300 and \$29,500, respectively. According to 1990 Census Data, all BNAs except for one upper-income area are designated as middle-income. The following is the family income characteristics of the population within the assessment area: 19% low-income families, 18% moderate-income families, 22% middle-income families, and 41% upper-income families. Income levels are defined as follows: low-income = less than 50% of MFI; moderate-income = 50% to 79% of MFI, middle-income = 80% to 119% of MFI; and upper-income = more than 120% of MFI.

The economy is stable. Primary industries are forestry, timber, and agriculture (poultry and livestock). Financial competition is primarily a national bank and a state-chartered bank, both twice the asset size of Citizens.

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA :

LOAN TO DEPOSIT RATIO

The bank's loan to deposit ratio is reasonable given the bank's size, financial condition, and in comparison with local financial institutions. The average loan to deposit ratio since the February 1995 CRA examination is 59%. During the past nine quarters, the bank's loan to deposit ratio ranges from 56% to 66%. The local competitors' loan to deposit ratios range from 67% to 78% during the same evaluation period.

LENDING IN ASSESSMENT AREA

A substantial majority of the bank's lending is within its assessment area. An analysis of agriculture/commercial loans, home purchase, and other consumer loans originated in 1996 and 1997 revealed 94% of the number, and 97% of the dollar volume of loans were within the assessment area.

LENDING TO BORROWERS OF DIFFERENT INCOMES AND BUSINESSES OF DIFFERENT SIZES

A sample analysis of home and other consumer loans originated in 1996 and 1997 revealed a reasonable penetration among individuals of different income levels. Approximately 30% of the sample loans were made to low-income individuals, 18% to moderate-income individuals, 11% and 41% to middle- and upper-income individuals, respectively.

Management stated a majority of the bank's commercial lending is to small businesses or farms (defined as businesses or farms with gross revenues less than \$1 million). A sample analysis of agriculture and commercial loans originated in 1996 and 1997 revealed 100% of the agriculture loans, and 69% of the commercial loans were to small farms and businesses, respectively.

GEOGRAPHIC DISTRIBUTION OF LOANS

This Office did not perform a geographic distribution analysis of the bank's lending performance during this evaluation period. The analysis would not be meaningful since all BNAs in the assessment area are designated as either middle- or upper-income.

DISCRIMINATION OR OTHER ILLEGAL CREDIT PRACTICES

The Fair Lending review performed during this evaluation period disclosed no violations of the substantive provisions of the antidiscrimination laws and regulations.