

PUBLIC DISCLOSURE

May 2, 1997

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

**First American National Bank
Charter Number 15386**

**114 Pearl Street
Iuka, Mississippi 38852**

**Office of the Comptroller of the Currency
80 Monroe Avenue, Suite 505
Memphis, TN 38103**

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 **First American National Bank, Iuka, Mississippi**, prepared by the Office of the Comptroller of the Currency, the institution's supervisory agency, as of May 2, 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**.

First American National Bank of Iuka meets the standards for satisfactory performance with regards to each of the performance criteria. The bank's average loan-to-deposit ratio was approximately 58% over the past seven quarters. A majority of the bank's loans are within the assessment area. The bank has reasonably penetrated all income segments within their assessment area. The bank has not received any complaints about its community development efforts and compliance with fair lending regulations was deemed satisfactory.

The following table indicates the performance level of First American National Bank Iuka, MS with respect to each of the five performance criteria.

SMALL INSTITUTION ASSESSMENT CRITERIA	<u>(First American National Bank)</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		Geographical analysis not meaningful to perform.	
Response to Complaints		No written complaints have been received relating to CRA.	

DESCRIPTION OF INSTITUTION

First American National Bank Iuka (FANB) had total assets of \$114.6 million as of 12/31/96 . The bank's loan portfolio totaled approximately \$60.6 million with 77% of this portfolio concentrated in consumer loans and 23% of the portfolio in commercial loans. The main office is in Iuka with eight other branches located throughout the bank's assessment area. Light industry provides the major economic emphasis within the bank's community.

There are no legal or financial impediments which would limit the bank from fulfilling its obligations in meeting the credit needs of all of its assessment area.

DESCRIPTION OF FANB'S ASSESSMENT AREA

The bank's assessment area consists of all of Tishomingo County as well as the surrounding cities of Rienzi, Glen, Booneville, Saltillo, Tupelo, and Corinth, Mississippi. The 1990 census indicates the population of Tishomingo County was 17,683 with median family income of \$26,000. Tishomingo County consists of four block numbering areas (BNA's) which are all defined as middle income according to 1990 census data. Middle income is considered to be between 80% and 99% of the statewide nonmetropolitan median family income. Statewide nonmetropolitan median family income for 1996 was \$28,300. In February 1997, the unemployment rate in Tishomingo County was 8.8%, slightly higher than the 5.7% calculated for the entire State. Of the 82 counties in Mississippi, Tishomingo ranked 58th in unemployment.

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA:

LOAN-TO-DEPOSIT RATIO:

FANB's average loan-to-deposit ratio of 58% is reasonable. This ratio was calculated using the quarter-ending financial information from February 1995 to December 1996, which is the time period since the last consumer compliance examination.

The loan-to-deposit ratio has not varied much throughout the past two years, from a low of 56% on June 30, 1995 to a high of 61% on December 31, 1996.

LENDING IN THE ASSESSMENT AREA:

A majority of the loans originated by FANB were within the bank's assessment area. The bank gathered information by zip code on all loans originated within its assessment area for 1995 and 1996. In 1995, the bank originated 4,901 loans totaling \$42 million with 86% being within their assessment area. In 1996, the bank originated 4,209 loans totaling \$46 million and again had 86% of these loans within their assessment area.

LENDING TO BORROWERS OF DIFFERENT INCOMES AND TO BUSINESSES OF DIFFERENT SIZES:

FANB's assessment area consists entirely of middle income census tracts. In 1996, the bank started tracking loan originations by the income level of the applicant (s). Results of these efforts are shown in the following tables:

LOAN ORIGINATIONS IN 1996

INDIVIDUAL APPLICANT INCOME LEVEL	NUMBER OF ORIGINATIONS	\$ VOLUME ORIGINATED
UNDER \$6,000	90	138,000
\$6,001 TO \$12,000	326	905,522
\$12,001 TO \$20,000	792	3,020,206
\$20,001 TO \$30,000	776	5,351,082
GREATER THAN \$30,001	882	12,372,835
NOT RATED	574	9,608,494

JOINT APPLICANT INCOME LEVEL	NUMBER OF ORIGINATIONS	\$ VOLUME ORIGINATED
UNDER \$12,000	12	53,193
\$12,001 TO \$20,000	69	532,963
\$20,001 TO \$30,000	181	1,964,866
\$30,001 TO \$40,000	177	3,625,964
GREATER THAN \$40,001	330	8,682,301

Based on the information in these tables, the bank made approximately 10% of these loans to low

income borrowers, 20% to moderate income borrowers, 23% to middle income borrowers, and 47% of these loans to upper income borrowers.

Nearly all the bank's business loans are made to small businesses. In 1995, the bank originated 269 small business loans totaling \$3.1 million and in 1996 the bank originated 186 of these type loans totaling \$2.7 million.

GEOGRAPHIC DISTRIBUTION OF LOANS:

We determined that the number and income distribution of geographies in FANB's assessment areas are not sufficient for a meaningful analysis of the geographic distribution of the bank's loans. The bank's assessment area consisted of four Block Numbering Areas (BNA's) which were all defined as middle income census tracts, therefore it was not necessary to identify groups of geographies by income categories where the bank had little or no penetration.

RESPONSE TO COMPLAINTS:

FANB has not received any complaints from members of the community regarding its CRA performance. FANB is in compliance with the substantive provisions of the antidiscrimination laws such as Equal Credit Opportunity Act and Fair Housing Act. Our examination did not disclose any violations of law or other weaknesses regarding fair lending policies, procedures, or training programs.