

# **PUBLIC DISCLOSURE**

December 16, 1996

## **COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION**

The Bank of Nashville  
06472050

Nashville, Tennessee

Federal Reserve Bank of Atlanta  
104 Marietta Street, N.W.  
Atlanta, Georgia 30303

NOTE: This evaluation is not, nor should it be construed as, an assessment of the financial condition of this institution. The rating assigned to the 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 The Bank of Nashville prepared by the Federal Reserve Bank of Atlanta, the institution's supervisory agency, as of December 16, 1996. The agency rates the CRA performance of an institution consistent with the provisions set forth in Appendix A to 12 CFR Part 228.

**INSTITUTION'S CRA RATING:** This institution is rated Satisfactory.

The bank's average loan-to-deposit ratio is reasonable given the bank's size and assessment area credit needs. A substantial majority of the loans sampled are within the institution's assessment area. In addition, the sample analysis indicated a reasonable penetration of loans among businesses of different sizes. The geographic distribution of loans reflects an adequate dispersion throughout the bank's assessment area. No complaints relating to CRA were received since the previous examination. A review of the bank's loan policy and procedures found the bank to be in compliance with the substantive provisions of antidiscrimination laws and regulations.

**GENERAL INFORMATION (CONTINUED)**

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

SMALL INSTITUTION ASSESSMENT CRITERIA	THE BANK OF NASHVILLE		
	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		X	
Response to complaints	No complaints were received since the previous examination.		

## **DESCRIPTION OF INSTITUTION**

The Bank of Nashville operates one office in Nashville, Tennessee, and owns four ATM facilities. According to the September 30, 1996 Consolidated Reports of Condition and Income, the bank had total assets of \$160.1 million. No legal or financial impediments that would hinder the bank's ability to help meet the credit needs of its assessment area were noted.

The Bank of Nashville offers a variety of credit products to meet community credit needs with its primary focus on credit products and services for businesses. Although the bank's lending efforts are concentrated on business clientele, the bank does not discourage other types of lending, including consumer and residential real estate financing. However, because of the small volume of Home Mortgage Disclosure Act (HMDA) reportable loans originated by the bank, a meaningful HMDA analysis could not be performed. The composition of the loan portfolio according to the September 30, 1996 Consolidated Reports of Condition and Income is as follows:

<b>LOAN TYPE</b>	<b>PERCENTAGE</b>
Construction and development	8.8%
Secured by one- to four-family dwellings	15.6%
Other real estate: Multifamily	1.9%
Nonfarm nonresidential	35.8%
Commercial and industrial	31.7%
Loans to individuals	3.5%
All other	2.7%
<b>TOTAL</b>	<b>100.0%</b>

As illustrated by the table above, a large portion of the bank's loan portfolio is made up of commercial real estate loans (35.8 percent) and commercial and industrial loans (31.7 percent). This portfolio composition supports the bank's commitment to serving the credit needs of local businesses.

**DESCRIPTION OF ASSESSMENT AREA: DAVIDSON AND WILLIAMSON COUNTIES, TENNESSEE**

The bank's assessment area consists of the counties of Davidson and Williamson, Tennessee, which are included in the Nashville Metropolitan Statistical Area (MSA). The two counties contain 123 census tracts (CTs) with 18 CTs defined as low-income, 29 CTs defined as moderate-income, 51 CTs defined as middle-income, and 25 CTs defined as upper-income. The assessment area does not arbitrarily exclude any low- or moderate-income geographies.

According to the 1990 Census, the assessment area's population was 591,805. The assessment area contained 258,939 housing units, of which 51.7 percent were owner occupied, 39.2 percent were rental units, and 9.1 percent were vacant. The median housing age was 16 years, and the median housing value was \$80,912. The median family income for the assessment area was \$36,491.

The following table shows family income levels in the bank's assessment area according to the 1990 Census:

<b>FAMILY INCOME</b>	<b>NUMBER OF FAMILIES</b>	<b>PERCENTAGE IN ASSESSMENT</b>
Low-income	31,299	20.1%
Moderate-income	26,544	17.1%
Middle-income	35,072	22.5%
Upper-income	62,689	40.3%
<b>TOTAL</b>	<b>155,604</b>	<b>100.0%</b>
Below Poverty	14,244	9.2%

The area's economy is diversified and growing in the manufacturing, retail, and services industries. The largest employers in the area include the printing industry, university system, and government.

The 1993 U.S. Census employment data for county business patterns show a total of 20,461 businesses in the bank's assessment area. 19,097 (93 percent) of the businesses have fewer than 50 employees. According to the U.S. Department of Labor, the 1995 unemployment rate for Davidson County was 3.2 percent and for Williamson County was 2.1 percent compared with 3.4 percent for the Nashville MSA and 5.2 percent for the state of Tennessee. As of November 1996, those rates had declined to 3.2 percent and 4.9 percent, respectively.

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

### Loan-to-Deposit Ratio Analysis

The Bank of Nashville's average loan-to-deposit ratio for the five quarters since the previous examination is 73.7 percent. Of the 17 other financial institutions in the bank's assessment area, four are comparable in size. The range of loan-to-deposit ratios for the comparable banks during the same time period was 62.6 percent to 89.0 percent. The bank's loan-to-deposit ratio falls within the range of its competitors and is considered reasonable. The bank meets the standards for satisfactory performance in this category.

### Lending in Assessment Area

The bank is primarily a business lender. During the examination, 71 business loans were geocoded to determine the percentage of loans originated in the assessment area. 65 (92 percent) of the business loans sampled were extended in the assessment area during this period compared with 70 percent at the previous examination. Additionally, \$5.5 million (97 percent) of the total dollar volume of business loans was extended in the bank's assessment area. The extent of the bank's lending in its assessment area exceeds the standards for satisfactory performance.

### Lending to Businesses of Different Sizes

Loan size was used as a proxy to analyze the bank's distribution of credit to businesses of different sizes. Of the 65 business loans made within the assessment area, 49 (75 percent) were for loan amounts less than \$100,000. At the last examination, none of the bank's commercial and industrial loans were for amounts of less than \$100,000, although 17 non-farm, non-residential loans in that range were extended. 11 (17 percent) of the remaining 16 loans were for amounts between \$100,000 and \$250,000, and 5 (8 percent) of the business loans were for amounts greater than \$250,000. Overall, the sample analysis indicated a downward shift in the amount borrowed or a greater emphasis on smaller businesses. The loan distribution indicated by the sample represents a reasonable penetration of loans among businesses of different sizes.

### Geographic Distribution of Loans

The table below summarizes the bank's lending in terms of the community's population distribution and census tract characteristics. The percentage of small business originations in low-, moderate-, middle-, and upper-income census tracts reflects the proportion of population in the census tract groupings.

**CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA (CONTINUED)**

Geographic Distribution of Loans (Continued)

CENSUS TRACT TYPE	SMALL BUSINESS LOANS		PERCENTAGE OF POPULATION IN EACH CENSUS TRACT GROUP	PERCENTAGE OF TOTAL CENSUS TRACTS
	#	%		
Low-income	7	11	7	15
Moderate-income	22	34	19	24
Middle-income	20	31	48	41
Upper-income	16	24	26	20
Total	65	100	100	100

The bank has extended small business loans to entities operating throughout the assessment area despite its limited delivery system and central location. Loan originations in low- and moderate-income tracts represented 45 percent of the bank's small business loans extended even though these tracts serve only 26 percent of the assessment area residents and comprise 39 percent of total assessment area tracts. The percentage of loans in middle- and upper-income tracts were slightly less than the population proportions. The bank's geographic distribution based on census tract characteristics meets standards for satisfactory performance.

Complaints

No complaints relating to CRA have been filed since the previous examination.

Compliance with Antidiscrimination Laws

The bank is in compliance with the substantive provisions of the antidiscrimination laws and regulations. No evidence of discrimination or the use of illegal credit practices was noted during the review of bank policies and procedures. No practices have the intent or the effect of discouraging applicants.

TO THE INSTITUTION EXAMINED:

THIS COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION WAS PREPARED BY THE FEDERAL RESERVE BANK OF ATLANTA. THE FOLLOWING ACTIONS MUST BE TAKEN TO FULFILL THE CRA'S REQUIREMENTS.

- C AT A MINIMUM, PLACE THE EVALUATION IN YOUR CRA PUBLIC FILE LOCATED AT YOUR HEAD OFFICE NO LATER THAN 30 BUSINESS DAYS AFTER RECEIVING THE EVALUATION.
- C PROVIDE A COPY OF THE EVALUATION TO THE PUBLIC UPON REQUEST (YOU ARE PERMITTED TO CHARGE A FEE NOT TO EXCEED THE COST OF REPRODUCTION AND MAILING IF APPLICABLE) NO LATER THAN 30 BUSINESS DAYS AFTER RECEIVING THIS LETTER.

**FEDERAL RESERVE BANK OF ATLANTA**

ASSISTANT VICE PRESIDENT

\_\_\_\_\_  
(Date)

\_\_\_\_\_  
CYNTHIA C. GOODWIN

\_\_\_\_\_  
(Title)

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COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

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TO THE FEDERAL RESERVE BANK OF ATLANTA

A COPY OF THE COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION PREPARED AS OF THE CLOSE OF BUSINESS DECEMBER 16, 1996, BY AN EXAMINER FOR THE FEDERAL RESERVE BANK OF ATLANTA HAS BEEN RECEIVED AND WILL BE MADE AVAILABLE TO THE PUBLIC IN THE MANNER STATED IN THE LETTER WHICH ACCOMPANIED THE EVALUATION.

\_\_\_\_\_  
(Signature of Authorized Officer)

\_\_\_\_\_  
(Title)

THE BANK OF NASHVILLE

\_\_\_\_\_  
(Name of Bank)

NASHVILLE, TENNESSEE

\_\_\_\_\_  
(Location)

# FEDERAL RESERVE BANK OF ATLANTA

**Cynthia C. Goodwin**  
ASSISTANT VICE PRESIDENT

Board of Directors  
The Bank of Nashville  
Post Office Box 198986  
401 Church Street  
Nashville, Tennessee 37219

Dear Board Members:

Enclosed is the bank's Community Reinvestment Act Performance Evaluation prepared by Federal Reserve Examiner M. Clarissa Mercer using the guidelines established by the Federal Financial Institutions Examination Council. This evaluation was prepared in accordance with the Community Reinvestment Act (CRA), as amended by the Financial Institutions Reform, Recovery, and Enforcement Act of 1989, and must be made available to the public. The following actions must be taken to fulfill the CRA's requirements.

- C At a minimum, place the evaluation in your CRA public file located at your head office no later than 30 business days after receiving this letter.
- C Provide a copy of the evaluation to the public upon request (you are permitted to charge a fee not to exceed the cost of reproduction and mailing if applicable) no later than 30 business days after receiving this letter.

Please acknowledge receipt of this evaluation by signing and returning the attached blue form. The format and content of the evaluation should not be altered or abridged in any manner. You may wish to comment on this information detailing actions the bank has taken since the examination to meet its obligations under the CRA. Any written comments concerning the evaluation placed in the public file should also be forwarded to this office. If you believe any of the information included in the public evaluation is proprietary, please contact this Reserve Bank so that the appropriate action can be taken.

Our Community Affairs staff is available to assist you in determining and responding to community credit needs. Please feel free to contact Mr. Courtney Dufries at (404) 589-7226. If you have any questions concerning this report or any other compliance matter, contact Ms. Gale Williams at (404) 589-7223.

Very truly yours,

Cynthia C. Goodwin

Enclosures

# FEDERAL RESERVE BANK OF ATLANTA

**Cynthia C. Goodwin**  
ASSISTANT VICE PRESIDENT

Ms. Patricia Hartje  
Regional Compliance Manager  
Office of the Comptroller of the Currency  
Marquis One Tower, Suite 600  
245 Peachtree Center Avenue, N.E.  
Atlanta, Georgia 30303

Dear Ms. Hartje:

Enclosed for your information is a copy of the Community Reinvestment Act Performance Evaluation for The Bank of Nashville, Nashville, Tennessee, as of December 16, 1996.

A copy of our letter of transmittal to the bank's board of directors is also enclosed.

Very truly yours,

Cynthia C. Goodwin

Enclosures

# FEDERAL RESERVE BANK OF ATLANTA

**Cynthia C. Goodwin**  
ASSISTANT VICE PRESIDENT

Mr. Joel Palmer  
Assistant Director II  
Regional Operations - Compliance  
Office of Thrift Supervision  
1475 Peachtree Street, N.E.  
Atlanta, Georgia 30309

Dear Mr. Palmer:

Enclosed for your information is a copy of the Community Reinvestment Act Performance Evaluation for The Bank of Nashville, Nashville, Tennessee, as of December 16, 1996.

A copy of our letter of transmittal to the bank's board of directors is also enclosed.

Very truly yours,

Cynthia C. Goodwin

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# FEDERAL RESERVE BANK OF ATLANTA

**Cynthia C. Goodwin**  
ASSISTANT VICE PRESIDENT

Mr. Jimmy Loyless  
Regional Director  
Federal Deposit Insurance Corporation  
One Atlantic Center, Suite 1600  
1201 West Peachtree Street, N.E.  
Atlanta, Georgia 30309-3449

Dear Mr. Loyless:

Enclosed for your information is a copy of the Community Reinvestment Act Performance Evaluation for The Bank of Nashville, Nashville, Tennessee, as of December 16, 1996.

A copy of our letter of transmittal to the bank's board of directors is also enclosed.

Very truly yours,

Cynthia C. Goodwin

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## **PUBLIC DISCLOSURE**

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

**Name of Bank:** The Bank of Nashville

**City and State:** Nashville, Tennessee

**Date of Examination:** December 16, 1996