

# **PUBLIC DISCLOSURE**

**January 21, 2003**

## **COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION**

**Premier Bank of Brentwood  
Brentwood, Tennessee**

**RSSD ID Number: 2607225**

**FEDERAL RESERVE BANK OF ATLANTA  
1000 Peachtree Street, N.E.  
Atlanta, Georgia 30309-4470**

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 of opinion of the federal financial supervisory agency concerning the safety and soundness of this financial institution.

<b>TABLE OF CONTENTS</b>
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	<b>PAGE</b>
GENERAL INFORMATION	1
INSTITUTION'S CRA RATING	1
DESCRIPTION OF INSTITUTION	2
DESCRIPTION OF ASSESSMENT AREA:	4
CONCLUSIONS WITH RESPECT TO PREFORMANCE CRITERIA	9
Loan-to-Deposit Ratio Analysis	9
Assessment Area Concentration	9
Scope of Examination	10
Lending to Borrowers of Different Incomes and Businesses of Different Sizes	10
Geographic Distribution of Loans	13
Complaints	15
Compliance With Antidiscrimination Laws	15

<b>TABLES</b>
---------------

	<b>PAGE</b>
COMPOSITION OF THE LOAN PORTFOLIO	3
BANK ASSESSMENT AREA DEMOGRAPHICS	5
ANALYSIS OF LENDING IN THE ASSESSMENT AREA	10
DISTRIBUTION OF HMDA LOANS BY BORROWER INCOME LEVEL	10
DISTRIBUTION OF MOTOR VEHICLE LOANS BY BORROWER INCOME LEVEL	12
SMALL BUSINESS LOAN ORIGINATIONS BY BUSINESS REVENUE AND LOAN SIZE	12
GEOGRAPHIC DISTRIBUTION OF HMDA LOANS	14
GEOGRAPHIC DISTRIBUTION OF MOTOR VEHICLE LOANS	14
GEOGRAPHIC DISTRIBUTION OF LOANS - SMALL BUSINESS LOANS	15

<b>DEFINITIONS</b>
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**Income Definitions**

Throughout this evaluation, the following definitions are used for the various income levels. These levels are defined in the CRA.

*Low-Income* - An individual income, or median family income for geographies, that is less than 50 percent of the area median income.

*Moderate-Income* - An individual income, or median family income for geographies, that is at least 50 percent but less than 80 percent of the area median income.

*Middle-Income* - An individual income, or median family income for geographies, that is at least 80 percent but less than 120 percent of the area median income.

*Upper-Income* - An individual income, or median family income for geographies, that is 120 percent or more of the area median income.

**Other Definitions**

ATM - Automated Teller Machine  
HMDA - Home Mortgage Disclosure Act  
HUD - Department of Housing and Urban Development  
MSA - Metropolitan Statistical Area  
REIS - Regional Economic Information System

<b>ROUNDING CONVENTION</b>
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Because the percentages presented in tables were rounded to the nearest whole number in most cases, some columns may not total exactly 100 percent.

<b>GENERAL INFORMATION</b>
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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 CRA performance of Premier Bank of Brentwood prepared by the Federal Reserve Bank of Atlanta, the institution's supervisory agency, as of January 21, 2003. 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 for the fifteen quarters ending September 30, 2002 is **REASONABLE** given the institution's years of operation, asset size, financial condition, branch distribution and competition in its assessment area. A **MAJORITY** of the bank's loans were extended to individuals and small businesses inside its assessment area. The bank's lending reflects **REASONABLE** penetration among individuals of different incomes and businesses of different sizes. The geographic distribution of HMDA reportable, motor vehicle, and small business loans reflects a **REASONABLE** dispersion throughout the assessment area. The bank has received no CRA-related complaints since the previous examination. In addition, the bank is in compliance with the substantive provisions of the antidiscrimination laws and regulations.

<b>DESCRIPTION OF INSTITUTION</b>
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Premier Bank of Brentwood is a small traditional community bank with two offices, both of which are located in Brentwood, Tennessee (Williamson County), which is approximately 16 miles south of the city limits of Nashville, Tennessee. The bank is relatively new in that it opened in September 1997. Both offices are full-service banking facilities with drive-up services and ATMS. In addition, the bank operates two free standing ATM locations. Since the previous examination, the bank opened its only branch office and the two freestanding ATMs.

The bank is a wholly owned subsidiary of Premier Bancshares, a one-bank holding company. Based on information from the Consolidated Reports of Condition and Income, the bank's total assets have grown from \$49.9 million as of December 31, 1998 to \$106.6 million as of September 30, 2002 (113 percent). During the same time period, loans outstanding increased from \$28.8 million to \$80.8 million (180 percent); and total deposits increased from \$41.3 million to \$92.1 million (123 percent).

Premier Bank of Brentwood offers a wide variety of credit products to meet the community's credit needs. The bank's business strategy encourages residential, consumer, and small business lending. Credit products offered include consumer loans, residential real estate loans, home equity lines of credit, commercial loans, and commercial real estate loans. A review of the loan portfolio revealed that the bank extends all types of credit offered to the public. The bank makes all conventional, residential purchase and refinance loans through third party investors. The credit decisions are made by the investors and the loans are closed in the investors' name. As a result, the bank is not a large originator of HMDA loans.

**DESCRIPTION OF INSTITUTION (Continued)**

The composition of the loan portfolio according to the September 30, 2002 Consolidated Reports of Condition and Income (Call Report) is as follows:

COMPOSITION OF LOAN PORTFOLIO								
Loan Type	12/31/1999		12/31/2000		12/31/2001		6/30/2002	
	\$ (000s)	%	\$ (000s)	%	\$ (000s)	%	\$ (000s)	%
Construction and Development	\$8,662	18.9%	\$9,386	15.9%	\$15,765	22.0%	\$13,851	17.5%
Secured by One- to Four- Family Dwellings	\$10,629	23.2%	\$14,548	24.7%	\$14,643	20.4%	\$21,074	26.6%
Other Real Estate: Farmland	\$0	0.0%	\$0	0.0%	\$0	0.0%	\$286	0.4%
Multifamily	\$0	0.0%	\$219	0.4%	\$218	0.3%	\$314	0.4%
Nonfarm Nonresidential	\$7,044	15.4%	\$10,174	17.2%	\$12,119	16.9%	\$18,506	23.4%
Commercial and Industrial	\$16,935	37.0%	\$20,730	35.1%	\$26,009	36.2%	\$22,449	28.4%
Loans to Individuals	\$2,469	5.4%	\$3,953	6.7%	\$3,005	4.2%	\$2,644	3.3%
Agricultural Loans	\$0	0.0%	\$0	0.0%	\$0	0.0%	\$0	0.0%
<b>Total</b>	<b>\$45,739</b>	<b>100.0%</b>	<b>\$59,010</b>	<b>100.0%</b>	<b>\$71,759</b>	<b>100.0%</b>	<b>\$79,124</b>	<b>100.0%</b>

\* This table does not include the entire loan portfolio. Specifically, it excludes loans to depository institutions, bankers acceptances, lease financing receivables, obligations of state and political subdivisions, and other loans that do not meet any o

The bank's loan portfolio as of June 30, 2002, is primarily comprised of commercial and industrial loans (28.4 percent), real estate loans secured by one- to four-family dwellings (26.6 percent), and nonfarm nonresidential real estate loans (23.4 percent). The table reveals that the most significant loan growth by dollar amount was in nonfarm nonresidential real estate loans, which grew by \$11.4 million (162.0 percent). Also, loans secured by one-to-four family dwellings grew by \$10.4 million (98.2 percent). None of the loan types experienced a decrease in loan growth.

Premier Bank of Brentwood generally complies with the CRA. No known legal or other impediments exist that would restrain the bank from meeting the credit needs of its assessment area. The bank received a satisfactory CRA rating at its previous evaluation conducted by the Federal Reserve Bank of Atlanta dated January 4, 1999.

**DESCRIPTION OF ASSESSMENT AREA:  
WILLIAMSON AND PORTIONS OF DAVIDSON COUNTIES**

**Overview**

Premier Bank's assessment area consists of the southern portion of Davidson County and all of Williamson County, Tennessee. The assessment area is comprised of 72 census tracts, 7 of which are low-income (9.7 percent), 14 are moderate-income (19.4 percent), 26 are middle-income (36.1 percent), and 23 are upper-income (31.9 percent). 2 tracts are not classified by income (2.8 percent). All of the low-income and most of the moderate-income census tracts are located in Nashville (Davidson County) where the bank does not have any banking facilities or ATM locations. Both offices are located in upper-income census tracts in Williamson County. Premier Bank of Brentwood has not arbitrarily excluded any low- or moderate-income census tracts from its assessment area.



**DESCRIPTION OF ASSESSMENT AREA:  
 WILLIAMSON AND PORTIONS OF DAVIDSON COUNTIES (Continued)**

**Demographic Data by Census Tract**

The following table provides demographic information that was used in analyzing the bank's CRA performance. Certain components of the data in the table are discussed in the report as they apply to particular parts of the analysis.

PREMIER BANK ASSESSMENT AREA								
DEMOGRAPHICS								
2002 HUD Median Family Income (MSA): <b>\$61,600</b> <b>Income Categories</b>	Tract Distribution		Families					
	#	%	Families by Tract		Families <Poverty as a % of Families by Tract		Families by Family Income	
			#	%	#	%	#	%
Low	7	9.7%	3,218	3.3%	1,707	53.0%	15,429	15.9%
Moderate	14	19.4%	11,169	11.5%	1,509	13.5%	15,036	15.5%
Middle	26	36.1%	41,336	42.5%	2,312	5.6%	21,332	22.0%
Upper	23	31.9%	41,460	42.7%	949	2.3%	45,386	46.7%
NA	2	2.8%	0	0.0%	0	0.0%	-	-
<b>Total</b>	<b>72</b>	<b>100.0%</b>	<b>97,183</b>	<b>100.0%</b>	<b>6,477</b>	<b>6.7%</b>	<b>97,183</b>	<b>100.0%</b>
Housing Units by Tract								
	Total Units	Owner Occupied			Rental Occupied		Vacant	
	#	#	%	%	#	%	#	%
Low	6,389	1,129	1.3%	17.7%	4,449	69.6%	811	12.7%
Moderate	21,356	7,508	8.8%	35.2%	11,780	55.2%	2,068	9.7%
Middle	76,999	32,932	38.8%	42.8%	35,872	46.6%	8,195	10.6%
Upper	62,297	43,312	51.0%	69.5%	14,506	23.3%	4,479	7.2%
NA	0	0	0.0%	0.0%	0	0.0%	0	0.0%
<b>Total</b>	<b>167,041</b>	<b>84,881</b>	<b>100.0%</b>	<b>50.8%</b>	<b>66,607</b>	<b>39.9%</b>	<b>15,553</b>	<b>9.3%</b>
Total Businesses by Tract			Businesses by Tract and Revenue Size					
	#	%	Under \$1 Million		Over \$1 Million		Revenue not Reported	
			#	%	#	%	#	%
Low	2,026	5.1%	1,328	5.0%	230	8.2%	468	4.6%
Moderate	7,736	19.6%	5,321	20.0%	731	26.2%	1,684	16.7%
Middle	13,227	33.5%	9,222	34.6%	795	28.5%	3,210	31.8%
Upper	16,178	41.0%	10,544	39.6%	974	34.9%	4,660	46.2%
NA	337	0.9%	213	0.8%	60	2.2%	64	0.6%
<b>Total</b>	<b>39,504</b>	<b>100.0%</b>	<b>26,628</b>	<b>100.0%</b>	<b>2,790</b>	<b>100.0%</b>	<b>10,086</b>	<b>100.0%</b>
<b>Percentage of Total Businesses:</b>			<b>67.4%</b>		<b>7.1%</b>		<b>25.5%</b>	

Sources: 1990 Census Data, 2001 Dun & Bradstreet business demographic data.  
 NA Tracts are tracts without household or family income.

**DESCRIPTION OF ASSESSMENT AREA:  
WILLIAMSON AND PORTIONS OF DAVIDSON COUNTIES (Continued)**

**Population**

According to the 1990 U.S. Census, the population of the bank's assessment area was 371,470 persons, which represented 37.7 percent of the Nashville MSA's population (985,026 persons) and 7.62 percent of the state of Tennessee's population (4,877,185 persons). Davidson and Williamson Counties' populations have increased significantly since the 1990 U.S. Census. Between the 1990 and 2000 U.S. Census, Williamson County's population increased from 81,021 persons to 126,638 persons (56.3 percent); and Davidson County's population increased from 510,781 persons to 569,891 persons (11.6 percent).

**Income Characteristics**

At the time of the 1990 Census, there were 97,183 families in the assessment area. Of total families, 15.9 percent were low-income, 15.5 percent were moderate-income, 22.0 percent were middle-income, and 46.7 percent were upper-income. A high level of poverty exists in the low-income census tract, where 53.0 percent of the families have incomes below the poverty level. Typically, families with incomes below the poverty level have difficulty qualifying for loans, particularly residential mortgage loans, without flexible or innovative loan underwriting standards. According to HUD, the 1999, 2000, 2001, and 2002 median family incomes for the Nashville MSA were \$53,700, \$58,800, \$60,700, and \$61,600, respectively. Overall, the Nashville MSA experienced a 14.7 percent increase in the median family income between 1999 and 2002, with the most significant increase occurring between 1999 and 2000.

**Housing Data**

According to the 1990 Census, the majority (50.8 percent) of the housing units in the bank's assessment area were owner-occupied. Housing in the assessment area was primarily comprised of one-to-four family dwellings (65.7 percent) and the median age of the housing stock was 19 years. According to the U.S. Census, the median housing value for owner-occupied units for Davidson County between 1990 and 2000 increased from \$76,000 to \$115,000. For the same time period, the median housing values in Williamson County increased from \$131,100 to \$208,400. According to the National Association of Realtors, the median sales price of existing homes for the Nashville MSA, which includes Davidson and Williamson Counties, ranged from \$116,700 in 1999 to \$130,000 in 2001. The Middle Tennessee Regional Multiple Listing Service reports the average home sale listing price for the city of Brentwood was \$406,684 in 2000 and \$523,477 in 2002, which is extremely unaffordable to most low- and moderate-income families.

**DESCRIPTION OF ASSESSMENT AREA:  
WILLIAMSON AND PORTIONS OF DAVIDSON COUNTIES (Continued)**

**Employment Statistics**

According to REIS data, from 1990 to 1995, Williamson, and Davidson Counties experienced a 19.04 percent increase in total full- and part-time employment. A review of the 1995 Economic Census Data indicates that the construction, retail trade, and service sectors had the greatest employment increases for these counties. Several major national and international corporations are headquartered in Brentwood, Tennessee. While major corporations closed stores in the assessment area (Service Merchandise, Albertson's, and K-mart), the economy of the bank's assessment area is very diverse and not dependent on a particular industry for its economic strength.

The U.S. Bureau of Labor Statistics data indicates that the annualized unemployment rates (not seasonally adjusted) in Davidson County increased from 2.9 percent in 1999 to 3.1 percent for 2001. The annualized unemployment rate for Williamson County ranged from 1.9 percent in 1999 to 2.2 percent in 2001. From January to November 2002, the unemployment rates have ranged from a high of 3.2 in January to a low of 2.4 percent in November for Williamson County and a high of 3.9 percent in January to a low of 3.4 percent in November in Davidson County.

**Business Size Characteristics**

The demographic table provided earlier in this report provides key demographic business data by census tract income level within Premier Bank of Brentwood's assessment area. The Dun and Bradstreet information for 2002 illustrates that 67.4 percent of the businesses in the bank's assessment area had total revenues less than \$1 million and are, therefore, considered to be small businesses.

**Competition**

The assessment area is a highly competitive banking market due to the significant presence of banks in this market. As of June 30, 1999, there were 21 financial institutions operating 219 offices in Williamson and Davidson Counties. As of June 30, 2002, there are 25 financial institutions operating 217 offices in Davidson and Williamson Counties including the city of Brentwood. Many of the financial institutions are statewide, multi-regional, or nationally represented institutions. Some of the financial institutions represented in the

<p style="text-align: center;"><b>DESCRIPTION OF ASSESSMENT AREA: WILLIAMSON AND PORTIONS OF DAVIDSON COUNTIES (Continued)</b></p>
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bank's assessment area are as follows: AmSouth Bank, Bank of America, N.A., Bank of Nashville, First Tennessee Bank, N.A., National Bank of Commerce, Regions Bank, and Union Planters Bank, N.A. According to the FDIC Market Share Report, Premier Bank of Brentwood's market deposit share has ranged from 0.4 percent as of June 30, 1999 to 0.65 percent as of June 30, 2002. Local competition does not seem to have adversely affected the bank's ability to serve the credit needs of its assessment area.

**Community Contacts**

As a part of the CRA examination, information was obtained from community leaders regarding local economic conditions and community credit needs. The contacts stated that, although assistance from financial institutions is good, ongoing support from local and regional banks is critical in maintaining existing business initiatives.

<b>CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA</b>
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**Loan-to-Deposit Ratio Analysis**

Premier Bank of Brentwood's LTD ratio is **REASONABLE** given the bank's newness of operation, asset size, financial condition, and competition in the assessment area. Based on the information from the bank's Consolidated Reports of Condition and Income, the bank's average loan-to-deposit (LTD) ratio for the fifteen quarters ending September 30, 2002, was 86.2 percent. The LTD ratio has fluctuated for the past fifteen quarters from 70.3 percent as of March 31, 1999 to 86.7 percent as of September 30, 2002. Premier Bank's highest LTD ratio of 94.2 percent occurred during the quarter ending December 31, 2000. The bank's average LTD ratio was compared with the average LTD ratios of six financial institutions of similar asset size within the bank's assessment area. The average LTD ratios for these six banks ranged from 47.3 percent to 96.1 percent.

**Assessment Area Concentration**

Sixty-three residential real estate loans representing the bank's HMDA reportable lending from January 1, 1999 through September 30, 2002, and a sample of 164 motor vehicle loans and 318 small business loans originated between January 1, 1998 and December 31, 2002 were analyzed to determine the extent of the bank's lending inside the assessment area. As illustrated in the table on the following page, a **MAJORITY** of Premier Bank of Brentwood's HMDA, motor vehicle and small business loans in terms of numbers and dollar amounts are originated in the assessment area.

The following table provides assessment area lending information that was used in analyzing the bank's CRA performance.

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

<b>LENDING INSIDE AND OUTSIDE ASSESSMENT AREA</b>				
<b>Loan Type</b>	<b>IN</b>			
	<b>#</b>	<b>%</b>	<b>\$ (000s)</b>	<b>%</b>
Small Business	242	76.1%	\$36,310	78.4%
HMDA	46	73.0%	\$5,214	74.8%
Motor Vehicle	139	84.8%	\$7,443	85.1%
<i>Total In</i>	<i>427</i>	<i>78.3%</i>	<i>\$48,967</i>	<i>79.0%</i>
	<b>OUT</b>			
	<b>#</b>	<b>%</b>	<b>\$ (000s)</b>	<b>%</b>
Small Business	76	23.9%	\$10,001	21.6%
HMDA	17	27.0%	\$1,754	25.2%
Motor Vehicle	25	15.2%	\$1,299	14.9%
<i>Total Out</i>	<i>118</i>	<i>21.7%</i>	<i>\$13,054</i>	<i>21.0%</i>

**Scope of Examination**

Because of the relatively high volume of business lending in relation to the low level of HMDA and motor vehicle lending, small business lending was weighted more heavily in the analysis.

**Lending to Borrowers of Different Incomes and Businesses of Different Sizes**

Premier Bank of Brentwood's distribution of lending to income levels of borrowers for HMDA, consumer motor vehicle, and small business loans was analyzed. For this analysis, the distribution of HMDA and consumer motor vehicle lending by borrower income levels and small business lending by revenue size was compared with available demographic information. The bank refers HMDA loans (home purchase and first mortgage refinance) to outside investor groups. This arrangement accounts for the bank's small number of HMDA loans.

*HMDA Reportable Loans*

The following table shows the distribution of HMDA loans to borrowers of different income levels.

<b>HMDA LOANS by Borrower Income</b>		
<b>Borrower Income Level</b>	<b>#</b>	<b>%</b>
Low-Income	2	4.3%
Moderate-Income	5	10.9%
Middle-Income	5	10.9%
Upper-Income	33	71.7%
Income Not Available	1	2.2%
<i>Total</i>	<i>46</i>	<i>100.0%</i>

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

To assess Premier Bank of Brentwood's performance relative to this criterion, the 46 HMDA loans that were originated inside the assessment area were analyzed. As shown in the demographic table included in this report, 15.9 percent of the families in the assessment area are considered low-income, 15.5 percent are moderate-income, 22.0 percent are middle-income, and 46.7 percent are upper-income. 4.3 percent of the HMDA loans originated by the bank were granted to low-income borrowers. 10.9 percent of the HMDA loans originated by the bank were granted to moderate-income borrowers. These lending percentages are below the percentages of low- and moderate-income families in the assessment area. A possible reason for the lack of HMDA lending to low- and moderate-income families is the branch locations in relation to where most of these families reside. Most of the low- and moderate-income families resided in low, moderate, and middle-income census tracts. However, the bank offices are located in upper-income census tracts in Williamson County and are surrounded by upper-income census tracts. All of the low- and moderate-income census tracts in the bank's assessment area, except for one tract, are in central Davidson County (downtown Nashville) where there is an abundance of financial institutions and mortgage lenders. Additionally, most of the middle-income census tracts are in Davidson County. Another possible reason for the lending disparity is the cost of housing in the assessment area, as indicated earlier under in this report under the "Description of Assessment Area." Finally, the lending disparity may be attributed to the fact that 6,477 families (6.7 percent) have incomes below the poverty level. Assuming these families are also low-income, there are 8,952 non-poverty low-income families in the assessment area, representing 9.9 percent of total families. While these families are not ineligible for credit, it is recognized that they have a lower capacity for debt repayment and therefore, may not qualify for HMDA loans.

*Motor Vehicle Loans*

The following table shows the distribution of motor vehicle loans to borrowers of different income levels.

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

<b>MOTOR VEHICLE LOANS by Borrower Income</b>		
<b>Borrower Income Level</b>	<b>#</b>	<b>%</b>
Low-Income	21	15.1%
Moderate-Income	22	15.8%
Middle-Income	29	20.9%
Upper-Income	67	48.2%
Income Not Available	0	0.0%
<i>Total</i>	<i>139</i>	<i>100.0%</i>

To assess Premier Bank of Brentwood's performance relative to this criterion, the 139 motor vehicle loans that were originated inside the assessment area were analyzed. 15.1 percent of the motor vehicle loans originated by the bank were to low-income borrowers, 15.8 percent were to moderate-income borrowers, 20.9 percent were to middle-income borrower, and 48.2 percent were to upper-income borrowers. As shown in the demographic table included in this report, 15.9 percent of the families in the assessment area are considered low-income, and 15.5 percent are considered moderate-income. The percentage of automobile secured loans originated to low- and moderate-income families in the assessment area is comparable to the percentage of low- and moderate-income families in the assessment area.

*Small Business Loans*

The following table shows the distribution of loans to businesses of different sizes.

<b>SMALL BUSINESS LOANS by Business Revenue and Loan Size</b>				
<b>Business Revenue:</b>	<b>#</b>	<b>%</b>	<b>\$(000)s</b>	<b>%</b>
\$1 Million or Less	135	55.8%	\$20,905	57.6%
Over \$1 Million	107	44.2%	\$15,405	42.4%
Not Available	0	0.0%	\$0	0.0%
<b>Loan Size:</b>	<b>#</b>	<b>%</b>	<b>\$(000)s</b>	<b>%</b>
\$100,000 or Less	142	58.7%	\$5,835	16.1%
\$100,001 - \$250,000	56	23.1%	\$9,324	25.7%
\$250,001 - \$1 Million	44	18.2%	\$21,151	58.3%
<i>Total</i>	<i>242</i>	<i>100.0%</i>	<i>\$36,310</i>	<i>100.0%</i>



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

Of the 318 business loans originated in the assessment area, 135 loans (55.8 percent) were extended to businesses with gross annual revenues of \$1 million or less. According to the 2002 Dun and Bradstreet data, 67.4 percent of the businesses in the bank's assessment area have revenues below \$1 million and are considered to be small businesses. In addition, 142 (58.7 percent) of the small business loans were made in amounts of \$100,000 or less.

Considering competition in the market, and Premier Bank's number of banking facilities in relation to total banking facilities in its assessment area, Premier Bank of Brentwood's record of lending reflects **REASONABLE** penetration among individuals of different income levels, and business of different revenue sizes.

**Geographic Distribution of Loans**

The 46 HMDA reportable loans, 139 motor vehicle loans, and 242 small business loans originated in the bank's assessment area were used to analyze the geographic distribution of lending activity. For this analysis, the geographic distribution of HMDA, small business, and motor vehicle loans was compared with available demographic information.

*HMDA Reportable Loans*

As illustrated in the following table, the bank originated 4.3 percent of its HMDA loans in low-income census tracts, which contain only 1.3 percent of the total owner-occupied units in the assessment area. This also compares favorably to the percentage of families in low-income tracts at 3.3 percent. Also, the bank originated 6.5 percent of its HMDA loans in moderate-income census tracts. In comparison, 8.8 percent of the total owner-occupied units, and 11.5 percent of total families in the assessment area are in moderate-income tracts. A large percentage of the bank's HMDA lending in the assessment area occurred in middle-income (30.4 percent) and upper-income (58.7 percent) census tracts. This level of lending was expected because a substantial majority (89.8 percent) of the owner-occupied units are in these tracts.

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

<b>GEOGRAPHIC DISTRIBUTION</b>		
<b>Tract Income Level</b>	<b>HMDA</b>	
	<b>#</b>	<b>%</b>
Low-Income	2	4.3%
Moderate-Income	3	6.5%
Middle-Income	14	30.4%
Upper-Income	27	58.7%
<i>Total Assessment Area</i>	46	100.0%

*Motor Vehicle Loans*

As illustrated in the following table, the bank originated 2.2 percent of its motor vehicle loans in low-income census tracts and 12.2 percent in the moderate-income census tracts. The percentage of motor vehicle loans originated in low-income tracts is below the percentage of families residing in low-income tracts (3.3 percent). This lower level of lending is attributed to the significant percentage of families residing in low-income tracts that are below the poverty level, at 53 percent. The percentage of motor vehicle loans originated in moderate-income tracts is higher than the percentage of families in moderate-income tracts (11.5 percent).

<b>GEOGRAPHIC DISTRIBUTION</b>		
<b>Tract Income Level</b>	<b>Motor Vehicle</b>	
	<b>#</b>	<b>%</b>
Low-Income	3	2.2%
Moderate-Income	17	12.2%
Middle-Income	29	20.9%
Upper-Income	90	64.7%
<i>Total Assessment Area</i>	139	100.0%

*Small Business Loans*

As illustrated in the table below, the bank originated 8.3 percent of its small business loans in the low-income census tracts. In comparison, 5.0 percent of total small businesses in the assessment area are located in the low-income tracts. The bank originated 19.4 percent of its small business loans in moderate-income tracts, which contains 20.0 percent of the total small businesses in the assessment area.

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

<b>GEOGRAPHIC DISTRIBUTION</b>		
<b>Tract Income Level</b>	<b>Small Business</b>	
	<b>#</b>	<b>%</b>
Low-Income	20	8.3%
Moderate-Income	47	19.4%
Middle-Income	37	15.3%
Upper-Income	138	57.0%
<i>Total Assessment Area</i>	242	100.0%

Considering demographic data, location of banking facilities, and competition in the market, the geographic distribution of HMDA reportable, motor vehicle loans, and small business reflects **REASONABLE** dispersion throughout the assessment area.

**Complaints**

No CRA-related complaints have been received since the bank opened for business.

**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 for credit.