



Small Bank Performance Evaluation

PUBLIC DISCLOSURE

January 18, 1999

**COMMUNITY REINVESTMENT ACT
PERFORMANCE EVALUATION**

**First National Bank of Central Alabama
Charter Number 15535**

**25 Third Avenue
Aliceville, AL 35442**

Office of the Comptroller of the Currency

**Southeast District
Marquis One Tower, Suite 600
245 Peachtree Center Avenue, N.E.
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 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 National Bank of Central Alabama prepared by the Office of the Comptroller of the Currency, the institution's supervisory agency, as of January 18, 1999. 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”.

The rating is based on the following:

- ! A substantial majority of the loans were made in the bank’s assessment area.
- ! Bank maintains a high level of loans to deposit. Of similar sized community banks in the state, First National Bank of Central Alabama ranked 1st (out of 10).
- ! Lending patterns indicate reasonable distribution of loans among borrowers of different income levels (low/moderate and small businesses).
- ! The geographic distribution of loans reflect reasonable penetration throughout the assessment area.

This institution’s CRA rating was based on a focused review of the Pickens county assessment area.

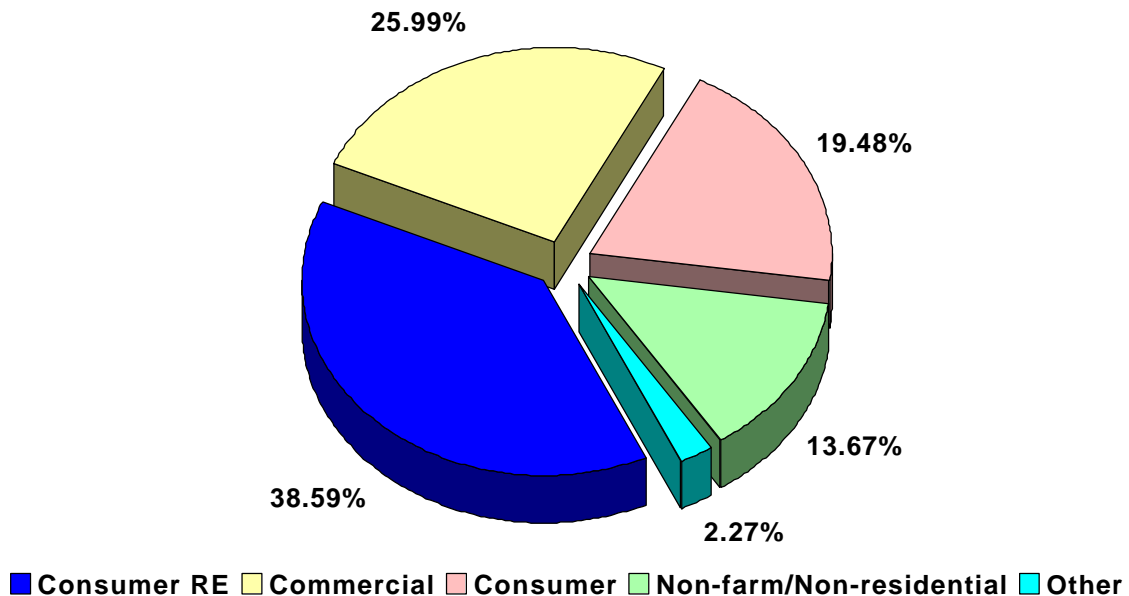
The following table indicates the performance level of The First National Bank of Central Alabama with respect to each of the five performance criteria.

SMALL INSTITUTION ASSESSMENT CRITERIA	First National Bank of Central Alabama 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 prior examination.		

DESCRIPTION OF INSTITUTION

First National Bank of Central Alabama (FNBCA) is a \$108 million community bank located in Aliceville, Alabama. In addition to the main office, the bank operates three branches (Reform, Carrollton, and Gordo) in Pickens County and one in Tuscaloosa (Northport-opened in '95). There is one ATM located at the Northport branch with future sites expected at all of their other branches by year end. FNBCA is part of a one bank holding company owned by First National Bancshares of West Alabama. FNBCA is a full-service oriented bank offering such products as real estate, consumer, and commercial loans and various deposit accounts. The loan mix based on 9/30/98 Call Report is as follows:

Loan Portfolio Mix



There are no legal or other impediments which would prevent FNBCA from meeting the credit needs of the community. The bank's previous CRA rating was "Satisfactory" (2/9/96).

Sources of data which were relied upon for this CRA evaluation are: FNBCA's Home Mortgage Disclosure Log Activity Register (HMDALAR) and loan trial balance, 1990 Census Data, and the CRA Disclosure Report.

DESCRIPTION OF ASSESSMENT AREA

FNBCA considers both Pickens County and the City of Tuscaloosa, Alabama as their assessment areas. Approximately 88% of all loans (by number) made in FNBCA’s consumer mortgage and installment loan portfolio originated out of the Pickens county assessment area. Therefore, a focused emphasis was placed on this county during our CRA evaluation.

A general review of lending activities in Tuscaloosa was performed. The lending patterns to borrowers of different income levels and the geographic distribution of loans were lower in comparison with the demographics of this area. The weak loan penetration is attributed to a combination of having only one branch located in Tuscaloosa’s 29 census tracts and the highly competitive market. The census tract in which the branch operates is classified as an upper income level tract.

Pickens County

The assessment area (AA) of FNBCA includes six block numbering areas (BNAs) located in Pickens County. FNBCA’s AA meets all legal requirements set forth by the CRA regulation and does not arbitrarily exclude any low or moderate income areas. Low income is less than 50% of the median family income (less than \$16,300), moderate income is between 50% and less than 80% (\$16,300 to less than \$26,080), middle income is 80% to less than 120% (\$26,080 to less than \$39,120), and high income is considered anything over 120% (greater than \$39,120). Table 1 below identifies income level by BNA.

Assessment Area Demographics - Table 1		
BNA NUMBER	INCOME TRACT	County
9876	MIDDLE	PICKENS
9877	MIDDLE	PICKENS
9878	MIDDLE	PICKENS
9879	MODERATE	PICKENS
9880	MIDDLE	PICKENS
9881	MODERATE	PICKENS

The estimated population for Pickens county is approximately 20,699 composed of 5,791 families. Public Assistance and Social Security payments are received by 16% and 35% of the total households in the Pickens’ AA, respectively. The median family income in Pickens county is \$22,326. Unemployment rate for this county is 9.3% which is more than twice the state’s rate of 4.2%.

Local employment is centered primarily in the lumber industry. Major employers in the area are: Fruit of the Loom (200), Buchanon Lumber (150), Magee Lumber (100), and Louis Lumber (100). The

county seat is located in Carrollton.

- ! Information received from the community contact, president of the local Chamber of Commerce, indicated the need for employment for county residents. The contact did not report any specific community credit needs and was complimentary of both financial institutions operating in the local community.

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA:

Loan-to-Deposit Ratio (LTD)

- ! FNBCA’s loan to deposit ratio (LTD) is rated ”exceeds satisfactory” based on peer group comparison of similarly sized banks in the state.

The bank’s eight quarterly LTD ratios between 12/31/96 thru 9/30/98 averaged 78.66%. During this time frame, the bank had a low of 74.54% (3/97) and a high of 81.99% (12/97). As of 9/30/98, FNBCA’s ratio of 81.47% ranks nationally at the 70th percentile. In the state of Alabama, the bank currently ranks 1st (as of 9/30/98) out of a total of 10 community banks with assets between \$80MM and \$120MM. Locally, FNBCA’s ratio is approximately 2% lower than their only competitor in Pickens county. This competitor although operating in the same AA has more than double the level of assets (\$220 million).

Comparison of Credit Extended Inside and Outside of the Bank’s Assessment Area

- ! A substantial majority of the loans are made to borrowers within the bank’s assessment area.

Table 2 below delineates 1-4 family real estate (RE) loans originated during 1998. Percentages of consumer real estate loans in and out of the assessment area were further substantiated through a review of all consumer loans made in the same year (Table 3).

Consumer RE Loans - Table 2				
Location	# of Loans	% of Loans (by #)	\$ Volume of Loans	% of Loans (by \$)
<i>Inside AA</i>	426	93.42%	\$13,886,112	93.86%
<i>Outside AA</i>	30	6.58%	\$908,566	6.14%
Total	456	100%	\$14,794,678	100%

Consumer Loans - Table 3				
Location	# of Loans	% of Loans (by #)	\$ Volume of Loans	% of Loans (by \$)
Inside AA	2,995	88.93%	\$15,748,078	86.95%
Outside AA	373	11.07%	\$2,363,987	13.05%
Total	3,368	100%	\$18,112,065	100%

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

! The distribution of loans made to different borrower income levels and to different business sizes is satisfactory. This was concluded through a comparison of the “ % of Families by Income” to the actual performance of the loans made to each income category (% of Total (by #)) .

After an initial review of the data below, it appeared that FNBCA’s loan penetration performance was weak (Table 4). However, a mitigating factor for the lower percentage is a result of the recent residential growth in Gordo. This area, which is in close proximity to Tuscaloosa, has been attracting dual income families from the Tuscaloosa housing market. As relates to consumer lending, FNBCA’s distribution performance adequately reflected Pickens county demographics as shown in Table 5.

Consumer RE Loan Distribution - Table 4					
Origination	% of Families by Income	# of Loans in A A	% of Total (by #)	\$ of Loans in AA (000's)	% of Total (by \$)
Low-Income	29.36%	58	15.43%	\$979,510	8.38%
Moderate-Income	15.54%	34	9.04%	\$620,507	5.31%
Middle-Income	17.44%	53	24.10%	\$1,795,925	15.37%
Upper-Income	37.66%	231	61.44%	\$8,288,180	70.94%
Total	100%	376	100%	\$11,684,122	100%

Consumer Loan Distribution - Table 5					
Origination	% of Families by Income	# of Loans in the AA	% of Total (by #)	\$ of Loans in AA	% of Total (by \$)
Low-Income	29.36%	617	23.41%	\$1,762,365	13.30%
Moderate-Income	15.54%	479	18.17%	\$2,025,890	15.29%
Middle-Income	17.44%	479	18.17%	\$2,142,705	16.18%
Upper-Income	37.66%	1,061	40.25%	\$7,314,947	55.22%
Total	100%	2,636	100%	\$13,245,907	100%

Due to the absence of gross revenue data on business borrowers, loan distribution could not be performed. However, an analysis utilizing loan size as a proxy for gross revenue was performed. As shown in the chart below, FNBCA has good loan penetration to small businesses as 61.95% of all loans made were in the amount of \$25,000 or less.

Business Loan Distribution by Loan Size - Table 6				
Business Loan Size	# Loans	% Loans (#)	\$ Loans	% Loans (\$)
greater than \$100,000	19	9.27%	\$4,327,731	49.77%
\$75,000 - \$100,000	12	5.85%	\$959,488	11.03%
\$50,000 - \$74,999	13	6.34%	\$865,397	9.95%
\$25,000 - \$49,999	34	16.59%	\$1,168,066	13.43%
less than \$25,000	127	61.95%	\$1,374,537	15.81%
Total Loans	205	100%	\$8,695,219	100%

Geographic Distribution of Loans

- ! The geographic distribution of consumer RE (Table 7) and consumer loans (Table 8) reflect adequate penetration throughout all of FNBCA's AA. This was concluded through a comparison of the percentage of families residing in each BNA income tract of the AA (1990 Census information) to the percentage of FNBCA's loans made in each of these tracts.

Geographic Distribution of Consumer RE Loans - Table 7					
Income Level of BNA	Total Loans (#)	Total Loans (\$)	Percentage of Loans (#)	Percentage of Loans (\$)	Percentage Families
Low (0)	0	\$0	0%	0%	0%
Moderate (2)	171	\$6,015,906	45.48%	45.42%	44.21%
Middle (4)	205	\$7,230,001	54.52%	54.58%	55.79%
Upper (0)	0	\$0	0%	0%	0%
Total	376	\$13,245,907	100%	100%	100%

Geographic Distribution of Consumer Loans - Table 8					
Income Level of BNA	Total Loans (#)	Total Loans (\$)	Percentage of Loans (#)	Percentage of Loans (\$)	Percentage Families
Low (0)	0	\$0	0%	0%	0%
Moderate (2)	1,427	\$5,287,585	54.14%	45.25%	44.21%
Middle (4)	1,209	\$6,396,537	45.86%	54.75%	55.79%
Upper (0)	0	\$0	0%	0%	0%
Total	2,636	\$11,684,122	100%	100%	100%

Response to Complaints

! No complaints were received from the public since the prior examination.

Results of Fair Lending Review

! Our fair lending review did not identify any violations of the antidiscrimination laws and regulations. The bank maintains policies and procedures which provide satisfactory guidance on fair lending requirements.