

# **PUBLIC DISCLOSURE**

November 4, 1996

## **COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION**

Bank of York  
06012160

York, Alabama

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 Bank of York prepared by the Federal Reserve Bank of Atlanta, the institution's supervisory agency, as of November 4, 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 average loan-to-deposit ratio for Bank of York seems reasonable given the bank's size and the economic conditions of the community. The majority of the bank's loans are extended to individuals residing within the assessment area, and the credits are reasonably distributed across different geographies. Because the bank does not take applications or collect income information from customers with previous relationships, a review of loans by borrower income was not conducted. No evidence of discrimination or other illegal credit practices was noted during the examination.

**GENERAL INFORMATION (CONTINUED)**

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

SMALL INSTITUTION ASSESSMENT CRITERIA	BANK OF YORK		
	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	This category was not rated because income information was not available.		
Geographic distribution of loans		X	
Response to complaints	No complaints have been received since the previous examination.		

## DESCRIPTION OF INSTITUTION

Bank of York operates one office in York, Alabama. According to the June 30, 1996 Consolidated Reports of Condition and Income, the bank had total assets of \$49.2 million. The March 31, 1996 safety and soundness examination conducted by the Federal Reserve Bank of Atlanta identified no legal or financial impediments that would prevent the bank from meeting the credit needs of its assessment area.

Bank of York is a full-service bank that offers a variety of banking products and services to meet community credit needs. The composition of the loan portfolio according to the June 30, 1996 Consolidated Reports of Condition and Income is as follows:

LOAN TYPE	PERCENTAGE
Construction and development	0.2%
Secured by one- to four-family dwellings	6.2%
Other real estate:	
Farmland	2.3%
Multifamily	0.3%
Nonfarm nonresidential	9.7%
Loans to finance agricultural production and other loans to farmers	16.7%
Commercial and industrial	27.2%
Loans to individuals	37.0%
All other	0.4%
Total	100.0%

As illustrated by the table above, the bank is most active in loans to individuals and small business loans.

## **DESCRIPTION OF ASSESSMENT AREA: SOUTH SUMTER COUNTY, ALABAMA**

Bank of York's assessment area is located in the southern portion of Sumter County, Alabama, approximately 30 miles east of Meridian, Mississippi, and 134 miles southwest of Birmingham, Alabama. According to the Industrial Development Authority of Sumter County, the area is economically distressed and was recently designated a Federal Enterprise Community. The bank's assessment area includes two block numbering areas (BNAs), 9915 and 9916. BNA 9915 is included in the Enterprise Community, which extends over portions of Sumter and Greene counties.

The assessment area is rural and has a total population of 7,123. According to the 1990 Census, 71 percent of the population was black, 28 percent was white, and 1 percent of the population was Hispanic. The median family income for the bank's assessment area was \$15,823, which was considerably lower than the median family income of \$24,500 for all nonmetropolitan areas of Alabama. 35 percent of the families in the assessment area live below the poverty level. Data collected by the Industrial Development Authority of Sumter County reveal that 45 percent of individuals over the age of 25 did not attain a high school education.

According to the 1990 Census, the unemployment rate for the bank's assessment area was 14.1 percent, which was nearly double the nonmetropolitan Alabama rate of 7.6 percent. Contacts in the community stated that the number of jobs in the area has been declining and is expected to continue to decline with a plant closing in the next six months. Major employers in the area include a sewing factory, a toxic waste storage site, and various timber-related industries.

The total number of housing units in the assessment area is 2,931, of which 67.2 percent are owner-occupied, 19.4 percent are rental, and 13.4 percent are vacant. The 1990 Census shows the median housing value at \$31,872, compared with \$41,673 for nonmetropolitan Alabama.

## CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA

### Loan-to-Deposit Ratio Analysis

Bank of York's average loan-to-deposit ratio for the six quarters ended June 30, 1996, is 24.2 percent. No comparable financial institutions are located in the area for comparison. The other banks in the assessment area are two branches of the statewide First Alabama Bank, Birmingham, Alabama, and a branch of West Alabama Bank & Trust Company, Reform, Alabama. Poor economic conditions in the area generate a need for small, unsecured loans, which are the bank's main credit product. In the past six months, the bank made approximately 626 unsecured consumer loans. Of the 153 loans sampled, 109 (71 percent) were for amounts less than \$2,000. Given the bank's lending concentration and the distressed economic conditions in the area, the loan-to-deposit ratio meets standards for satisfactory performance.

### Lending in Assessment Area

During the examination, 153 unsecured consumer loans were geocoded and analyzed to determine the percentage of loans originated in the assessment area. Of the loans sampled, 112 (74 percent) were extended in the assessment area. Additionally, 71 percent of the total dollar volume of the consumer loans was extended to individuals residing in the bank's assessment area. The bank meets standards for satisfactory performance in this category.

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

The bank does not collect income information from most of its loan applicants. Therefore, an analysis to determine the distribution of loans by borrower income was not conducted.

### Geographic Distribution of Loans

The geographic distribution of loans reflects a reasonable dispersion throughout the assessment area. Two BNAs make up the assessment area; 81 percent of the area's residents live in BNA 9915, a moderate-income BNA, and 19 percent live in BNA 9916, a middle-income BNA. Bank of York extended credit throughout the two BNAs that constitute its assessment area. 63 percent of the loans sampled were extended in the moderate-income BNA, and 37 percent were extended in the middle-income BNA.

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

### Complaints

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

### Compliance with Antidiscrimination Laws

The bank's compliance with the substantive provisions of the antidiscrimination laws and regulations was assessed. No evidence of discrimination or other illegal credit practices was identified.

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)

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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 NOVEMBER 4, 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)

BANK OF YORK  
\_\_\_\_\_  
(Name of Bank)

YORK, ALABAMA  
\_\_\_\_\_  
(Location)

# FEDERAL RESERVE BANK OF ATLANTA

**Cynthia C. Goodwin**  
ASSISTANT VICE PRESIDENT

Board of Directors  
Bank of York  
Post Office Box 96  
York, Alabama 36925-0096

Dear Board Members:

Enclosed is the bank's Community Reinvestment Act Performance Evaluation prepared by Federal Reserve Examiner Kimberly Sims 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

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## **COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION**

Name of Bank: BANK OF YORK

City and State: YORK, ALABAMA

Date of Examination: NOVEMBER 4, 1996