

# **PUBLIC DISCLOSURE**

September 30, 1996

## **COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION**

First Bank of Boaz  
#06010360

Boaz, 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 First Bank of Boaz prepared by the Federal Reserve Bank of Atlanta, the institution's supervisory agency, as of September 30, 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 has a satisfactory record of helping to meet the credit needs of its entire assessment area. The loan-to-deposit ratio and the geographic distribution of loans are reasonable given the institution's size, financial condition, and assessment area credit needs. In addition, a substantial majority of loans are within the institution's assessment area. Because the bank does not obtain income information for non-real estate loans, insufficient information was available to determine whether the bank extends loans to borrowers of different incomes. This performance criterion was not rated. 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 First Bank of Boaz with respect to each of the five performance criteria.

SMALL INSTITUTION ASSESSMENT CRITERIA	FIRST BANK OF BOAZ		
	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	Unable to determine		
Geographic distribution of loans		X	
Response to complaints	No complaints have been received since the previous examination.		

## **DESCRIPTION OF INSTITUTION**

First Bank of Boaz is a wholly owned subsidiary of First Boaz Bancorporation, a shell holding company located in Boaz, Alabama. The bank operates one office in Boaz and currently has no plans to open additional branch offices. According to the June 30, 1996 Consolidated Reports of Condition and Income, the bank had total assets of \$69.3 million. No legal or financial impediments exist that would hinder the bank from meeting the credit needs of its assessment area.

The bank offers a wide variety of credit products to meet community credit needs, focusing primarily on consumer and small business credit products. Although the bank's lending efforts are concentrated in these two areas, the bank does not discourage other types of lending, including residential mortgage financing. The composition of the loan portfolio according to the June 30, 1996 Consolidated Reports of Condition and Income is as follows:

<b>LOAN TYPE</b>	<b>PERCENTAGE</b>
Construction and development	4.9%
Secured by one- to four-family dwellings	21.6%
Other real estate:	
Farmland	0.5%
Nonfarm nonresidential	19.6%
Agricultural production and other loans to farmers	1.0%
Commercial and industrial	27.0%
Loans to individuals	25.4%
All other	1.1%
Total	100.0%

As illustrated by the table above, a large portion (51.3 percent) of the bank's loan portfolio is made up of loans to individuals and commercial loans. According to management, the bank is most active in originating secured and unsecured consumer loans.

## **DESCRIPTION OF ASSESSMENT AREA: PORTIONS OF MARSHALL, ETOWAH, DEKALB, AND BLOUNT COUNTIES**

The bank's assessment area consists of 15 census tracts and 2 block numbering areas (BNAs) surrounding the city of Boaz. This area is one that the bank can reasonably serve based on factors such as competition, distance, and population concentrations. The 17 census tracts and BNAs include no low-income tracts, 1 moderate-income census tract, 13 middle-income tracts and BNAs, and 3 upper-income census tracts. All census tracts are within a ten-mile radius of Boaz or are contiguous to a tract that is located within the ten-mile radius. The assessment area includes portions of Marshall, Etowah, Dekalb, and Blount counties. The entire counties were not included in the assessment area; the bank could not reasonably serve the outlying areas because of the distance from the bank's office (over 30 miles), the availability of nearby competitor branch locations, and population concentrations around the farthest borders of certain census tracts.

The bank's only office is located nearly halfway between Huntsville, 60 miles to the northwest, and Birmingham, 70 miles to the southwest. The median family income for the assessment area according to 1990 census information was \$26,115. The assessment area does not seem to arbitrarily exclude any low-or moderate-income geographies.

Based on the 1990 Census, the population of the assessment area was 81,062. There were 33,460 housing units in the assessment area, of which 71.7 percent were owner-occupied, 21.8 percent were rental units, and 6.5 percent were vacant. The median age of the housing stock was 16 years, and the median housing value was \$44,661.

The 1994 Regional Employment and Income Series data for Marshall County shows that manufacturing and retail trade services are the largest employers in the county. Boaz has a large number (in excess of 100) of retail factory outlet stores that provide a consumer center of economic activity for the city. The jobs and tax revenues created by these outlet stores have a major impact on the local economy. Local mobile home manufacturers, poultry processors, and factory clothiers provide additional diversification to the city's economy. According to the 1990 Census data, the unemployment rate of 6.8 percent for the bank's assessment area was the same as the unemployment rate for the state of Alabama.

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

### Loan-to-Deposit Ratio Analysis

First Bank of Boaz's average loan-to-deposit ratio for the six quarters since the previous examination is 51.0 percent. The bank's loan-to-deposit ratio ranged from a high of 54.2 percent on March 31, 1995, to a low of 48.7 percent on September 30, 1995. First Bank of Boaz was compared with four other financial institutions of similar asset size operating within the assessment area. The average six-quarter loan-to-deposit ratio for these institutions ranged from 58.6 percent to 74.4 percent. The bank's average loan-to-deposit ratio is below the lowest average of the local financial institutions; however, the bank's loan-to-deposit ratio has been slowly increasing since September 1995. Strong competition is the primary cause of the low loan-to-deposit ratio as over 21 banks, including three that are members of large holding companies, are located in the area. Accordingly, the loan-to-deposit ratio is considered reasonable and meets the standards for satisfactory performance.

### Lending in Assessment Area

The bank's lending activities focus on consumer loans and small business loans. During the examination, 126 consumer loans (motor vehicle loans) were sampled to determine the number of loans originated within the bank's assessment area. Based on the sample, 94 percent of the loans originated were in the bank's assessment area. Therefore, the bank's record of lending in its assessment exceeds the standards for satisfactory performance.

### Lending to Borrowers of Different Income Levels

The bank does not collect income information on consumer loans that are not secured by real estate. Of the 126 loans reviewed in the assessment area only 48 loan files (38 percent) included income information, and in many cases the income information was dated. Because there was insufficient data to determine whether the bank extended loans to borrowers of different incomes, this performance criterion was not rated.

### Geographic Distribution of Loans

The geographic distribution of loans reflects a reasonable dispersion throughout the assessment area. The assessment area (17 census tracts and BNAs) includes no low-income tracts, 1 moderate-income census tract, 13 middle-income census tracts and BNAs, and 3 upper-income census tracts.

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

The table below shows the percentage of the sampled consumer loans made in each census tract income category.

<b>INCOME LEVEL OF CENSUS TRACT</b>	<b>PERCENTAGE OF FAMILIES IN CENSUS TRACT INCOME LEVEL</b>	<b>PERCENTAGE OF CONSUMER LOANS BY INCOME LEVEL OF CENSUS TRACT</b>
Moderate	4.9%	0.0%
Middle	80.7%	73.1%
Upper	14.4%	26.9%
Total	100.0%	100.0%

Accordingly, the bank's lending activity reflects a proportionate penetration among geographies of different income levels and meets the standard 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. The bank solicits credit applications from all segments of the assessment area. Additionally, the bank has implemented a second review process for all applications recommended for denial. The second review program is used to determine whether alternative financing is available and to ensure that applications are denied based on economic factors.

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 SEPTEMBER 30, 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)

FIRST BANK OF BOAZ

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

BOAZ, ALABAMA

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

# FEDERAL RESERVE BANK OF ATLANTA

**Cynthia C. Goodwin**  
ASSISTANT VICE PRESIDENT

Board of Directors  
First Bank of Boaz  
Post Office Box 757  
Boaz, Alabama 35957-0757

Dear Board Members:

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

November 20, 1996

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 of First Bank of Boaz, Boaz, Alabama, as of September 30, 1996.

Very truly yours,

Cynthia C. Goodwin

Enclosures

# FEDERAL RESERVE BANK OF ATLANTA

**Cynthia C. Goodwin**  
ASSISTANT VICE PRESIDENT

November 20, 1996

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 of First Bank of Boaz, Boaz, Alabama, as of September 30, 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

November 20, 1996

Mr. Jimmy Loyless  
Regional Director  
Federal Deposit Insurance Corporation  
Suite 1600, One Atlantic Center  
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 of First Bank of Boaz, Boaz, Alabama, as of September 30, 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

# **PUBLIC DISCLOSURE**

## **COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION**

Name of Bank: FIRST BANK OF BOAZ

City and State: BOAZ, ALABAMA

Date of Examination: SEPTEMBER 30, 1996