

PUBLIC DISCLOSURE

February 12, 1996

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

Mobile County Bank
06-01-1032

Grand Bay, 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 Mobile County Bank, Grand Bay, Alabama, prepared by the Federal Reserve Bank of Atlanta, the institution's supervisory agency, as of February 12, 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.

Mobile County Bank has a reasonable loan-to-deposit ratio, and the majority of the loans extended by the bank were to individuals residing within the bank's assessment area. In addition, the credits extended within the bank's assessment area were reasonably distributed. 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 Mobile County Bank with respect to each of the five performance criteria.

SMALL INSTITUTION ASSESSMENT CRITERIA	MOBILE COUNTY BANK		
	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

Mobile County Bank operates one office and is the only financial institution in the Grand Bay area. According to the December 31, 1995 Consolidated Reports of Condition and Income, the bank had total assets of \$20.9 million. Mobile County Bank is a full-service bank that offers a wide variety of banking products and services. The bank offers new and used automobile loans, first and second mortgage loans, personal consumer loans, home improvement loans, agricultural purpose loans, commercial loans, and small business loans. The composition of Mobile County Bank's loan portfolio, according to the December 31, 1995 Consolidated Reports of Condition and Income, is as follows:

LOAN TYPE	PERCENT OF TOTAL PORTFOLIO
Loans to Individuals	34.8
Loans Secured by 1-4 Family Properties	41.6
Commercial and Industrial Loans	14.6
Agricultural Loans	2.1
Other Loans	6.9
Total	100.0

As indicated in the above table, the bank has extended each type of loan listed in its CRA Statement.

The January 30, 1995 State of Alabama safety and soundness examination report identified no legal impediments that would hinder the bank from meeting the credit needs of the assessment area.

DESCRIPTION OF MOBILE COUNTY BANK'S ASSESSMENT AREA

Mobile County Bank is located in Grand Bay, Alabama, approximately 20 miles southwest of Mobile, Alabama. Management has defined the bank's assessment area as the entire Grand Bay area. The assessment area extends north approximately six miles, five miles south to the bay, six miles west to the Mississippi state line, and seven miles east to Theodore, Alabama. The area includes nine whole census tracts, one of which is defined as being moderate-income. The assessment area does not seem to arbitrarily exclude any low- and moderate-income areas. According to the 1990 Census, the assessment area's population was 47,252. The population consists of 88 percent whites, 10 percent blacks, and 2 percent other. The median family income of the nine census tract area is \$28,121 with 21 percent of the families having an income of less than 50 percent of the median family income. 18 percent of the families have an income between the 50 to 80 percent range of the median income. 23 percent of the families' income is between 80 to 120 percent and 38 percent are in the upper income level of greater than 120 percent of the median family income. The assessment area contains 17,369 housing units. 73 percent are owner-occupied, 19 percent are rental units, and 8 percent are vacant.

Because the area is unincorporated and lacks some public services, it has been difficult to attract new businesses. The majority of Grand Bay's residents travel to the surrounding areas for employment. Pascagoula, Mississippi, to the west and Theodore, Alabama, to the east both have large industrial businesses. These businesses include DeGussa Chemical Plant, Ingal's Shipyard, and a Chevron oil refinery. Mobil, Arco, and Shell oil companies also have offshore oil drilling sites and field offices in the area, which provide employment to area residents. Many of Grand Bay's residents are also employed in the city of Mobile. Outside contacts indicated that area residents have to obtain long-term mortgage financing in the city of Mobile. They stated that it would be beneficial if long-term mortgage financing was available in the Grand Bay area. The contacts generally stated that other credit needs are being met by Mobile County Bank.

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA

Mobile County Bank's average loan-to-deposit ratio for the six quarters ended December 31, 1995, is 60.2 percent. Mobile County Bank is the only financial institution in Grand Bay. The bank's loan-to-deposit ratio seems reasonable given its capacity to lend, the demographic and economic factors present, and the lending opportunities available in the assessment area.

The bank's predominant type of credit is loans to individuals. During the examination, a sample of 134 loans to individuals was geocoded and analyzed to determine the percentage of loans the bank is extending within the assessment area. The analysis revealed that 88 (66 percent) of the loans were extended to individuals that reside within the bank's assessment area. The analysis also revealed that \$351,506 (55 percent) of the total dollar volume was extended to individuals residing in the bank's assessment area. Most of the loans outside of the assessment area were to individuals living north of the city of Mobile. Management attributed the large volume of loans extended outside the assessment area to the bank's vice president and loan officer who was formerly employed at a financial institution in that area; many of his customers followed him to Mobile County Bank. Overall, the bank's performance in this category is satisfactory.

The distribution of loans by the income level of the census tracts and the income level of the borrowers was also analyzed. This analysis revealed that of the 88 sampled loans to individuals, only one was extended to a person residing in the moderate-income tract in the assessment area and 87 loans were extended to persons in middle-income tracts. Although the sample contained only one loan in the moderate-income tract, the analysis revealed that 36 (41 percent) of the sampled loans were to individuals with low incomes, 25 (28 percent) were to moderate-income individuals, 16 (18 percent) were to middle-income individuals, and 11 (13 percent) were to upper-income individuals. According to economic data on the community, 21 percent of all families are classified as low-income, 18 percent are moderate-income, 23 percent are middle-income, and 38 percent are upper-income. The comparison of the number and percentage of low- and moderate-income families with the number and percentage of loans extended to low- and moderate-income individuals revealed that the bank has more than adequately extended credit to persons earning less than 80 percent of the median family income.

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA (CONTINUED)

No complaints relating to CRA performance have been filed against the bank since the previous examination. According to the guidelines of the CRA, the bank has fulfilled the requirements of the performance criteria.

No credit practices inconsistent with the substantive provisions of the antidiscrimination laws and regulations were identified during the examination although procedural violations of technical aspects of the Home Mortgage Disclosure Act were noted. The bank's loan policies and procedures and a sample of accepted and rejected loan applications were reviewed during the examination. The sample included applications for consumer real estate loans, other types of consumer purpose loans, and business loans. The analysis revealed no evidence of discrimination or other illegal credit practices. Management has provided fair lending training to all loan personnel and has implemented a second review procedure for all denied applications since the previous examination.

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 FEBRUARY 12, 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)

MOBILE COUNTY BANK

(Name of Bank)

GRAND BAY, ALABAMA

(Location)

FEDERAL RESERVE BANK OF ATLANTA

Cynthia C. Goodwin
ASSISTANT VICE PRESIDENT

Board of Directors
Mobile County Bank
10225 Grand Bay-Wilmer Road
Post Office Box 327
Grand Bay, Alabama 36541

Dear Board Members:

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

PUBLIC DISCLOSURE

**COMMUNITY REINVESTMENT ACT
PERFORMANCE EVALUATION**

Name of Bank: MOBILE COUNTY BANK

City and State: GRAND BAY, ALABAMA

Date of Examination: FEBRUARY 12, 1996