

PUBLIC DISCLOSURE

January 16, 1996

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

The Peoples Savings Bank
06-01-0580

Clanton, 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 **The Peoples Savings Bank, Clanton, Alabama**, prepared by the **Federal Reserve Bank of Atlanta**, the institution's supervisory agency, as of **January 16, 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 reasonable loan-to-deposit ratio, and a high percentage of the bank's loan originations are within its assessment area. Management has defined the bank's assessment area as Chilton County, which includes only middle-income census tracts. The bank is primarily a consumer lender, and based on available resources, lending activities reflect a reasonable penetration of all segments of the assessment area. Examination results indicate that 82 percent of the bank's consumer loan originations are in the assessment area. The bank is in substantial compliance with all provisions of the antidiscrimination laws and regulations, including fair lending and fair housing laws.

GENERAL INFORMATION (CONTINUED)

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

SMALL INSTITUTION ASSESSMENT CRITERIA	THE PEOPLES SAVINGS 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

The Peoples Savings Bank continues to operate its main office and two branches within the city limits of Clanton, Alabama. Currently, there are no plans to open additional branch offices. According to the September 30, 1995 Consolidated Reports of Condition and Income, the bank's total assets were \$99.3 million. The September 25, 1995 safety and soundness examination conducted by the Federal Reserve Bank of Atlanta identified no legal or financial impediments that would hinder the bank from meeting the credit needs of its assessment area.

The Peoples Savings Bank offers a wide variety of credit products to meet community credit needs, focusing primarily on consumer credit products and services. Although the bank's lending efforts are concentrated in consumer lending, the bank does not discourage other types of lending, including commercial lending and real estate financing. Management reviews the bank's credit products annually to determine their effectiveness in addressing the financial needs of the community. The bank offers the following types of credit:

- C Residential real estate, short-term construction, loans to individuals
- C Consumer loans
- C Commercial loans to small and large businesses
- C Home improvement loans
- C Farm loans
- C Community development loans.

A review of the loan portfolio revealed that the bank generally offers and extends all types of credit listed.

DESCRIPTION OF INSTITUTION (CONTINUED)

According to the September 30, 1995 Consolidated Reports of Condition and Income, the composition of the bank's loan portfolio was as follows:

LOAN PORTFOLIO MIX	DOLLAR AMOUNT (THOUSANDS)	PERCENT OF PORTFOLIO
NONFARM NONRESIDENTIAL	\$4,948	11%
COMMERCIAL & INDUSTRIAL	\$9,928	22%
1- TO 4-FAMILY RESIDENTIAL	\$11,396	25%
CONSTRUCTION AND DEVELOPMENT	\$1,600	4%
LOANS TO INDIVIDUALS	\$16,177	35%
OTHER FARM LOANS	\$1,526	3%
GROSS LOANS & LEASES	\$45,575	100%

As illustrated by the table above, a large percentage of the bank's loan portfolio consisted of consumer loans. Although consumer lending is the bank's major product line, commercial and residential loans also constitute a large percentage of the bank's loan portfolio.

DESCRIPTION OF CHILTON COUNTY

The Peoples Savings Bank is located in Clanton, Alabama. The city is approximately 45 miles south of Birmingham and 38 miles northeast of Montgomery, the state capital. The bank has defined its assessment area as Chilton County.

The bank's assessment area contains nine census tracts, all of which are middle-income tracts. Middle-income tracts are defined as tracts having a median family income between 80 and 120 percent of the median income of the county. As of the 1990 Census, the family median income of Chilton County was \$26,205. Therefore, the median family incomes in these census tracts could range from \$20,964 to \$31,446.

According to 1990 Census data, the bank's assessment area population was 32,458. The following table shows the population by race.

POPULATION SEGMENT	NUMBER	PERCENTAGE
White	28,650	88.3
African-American	3,658	11.3
Hispanic	76	0.2
American Indian	56	0.2

Employment data based on 1992 county business patterns from the U.S. Census show 621 business establishments in Chilton County. The service industry and the retail trade industry dominate the employment arena, representing 31 percent and 26 percent of total establishments, respectively. Of the 621 establishments, 601 (97 percent) are establishments with fewer than 50 employees.

According to economic market data, 13,883 housing units are in the bank's assessment area. 71 percent are owner-occupied, 16 percent are renter-occupied, and 13 percent are vacant units.

During the CRA examination, two community contacts were made with local citizens. One contact was made with a member of a local church, and the other contact was made with a local real estate developer. Both contacts stated that the city of Clanton is currently in a growth period. According to the contacts, all of the local financial institutions are willing to provide financial support for the growth and the development of the community. The contacts also stated that the credit products and services offered by the local banks meet the credit needs of the community.

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA

The Peoples Savings Bank has identified consumer lending as its major product line, followed by residential and commercial loans. During the examination, 189 consumer loans originated within the past six months were sampled to determine how many of these loans were in the bank's assessment area. Based on the sample, 82 percent of the loans originated were in the bank's assessment area, which is made up only of middle-income tracts. The geographic distribution of the bank's lending indicates no arbitrary exclusion of any particular geography in its assessment area. The review showed that 59 percent of the number and 47 percent of the dollar amount of consumer loans were to low- and moderate-income borrowers. Low- and moderate-income households constitute 36 percent of total households in the assessment area. The bank has done an excellent job of extending credit to borrowers of different income levels. Since the previous examination, the bank has not received any consumer complaints.

The bank's average loan-to-deposit ratio for the six quarters since the previous examination of June 6, 1994, is 52.1 percent. Given the bank's size, resources, and current office facilities, the loan-to-deposit ratio meets the standards for satisfactory performance. Although other financial institutions provide competition within the city of Clanton, The Peoples Savings Bank has found its niche in consumer lending.

Currently, the bank has no community development loans or qualified investments. However, bank management has reviewed various redevelopment projects and has committed to provide financial assistance, whenever feasible. Many of the bank's officers and loan personnel are actively involved in the community and provide community services to various entities.

Bank management has developed and implemented loan policies and procedures for the types of credit the bank offers. The examination revealed no evidence of any practices intended to discourage individuals from applying for the types of credit the bank offers. A judgmentally selected sample of loan application files was reviewed to determine the level of compliance with the requirements of the Equal Credit Opportunity Act and the Fair Housing Act. The review indicated that credit decisions are based on objective, economic, and nondiscriminatory criteria. No violations of the substantive provisions of the antidiscrimination laws and regulations were 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 (AND A DESIGNATED OFFICE IN EACH OF YOUR LOCAL COMMUNITIES) 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

19

TO THE FEDERAL RESERVE BANK OF ATLANTA

A COPY OF THE COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION PREPARED AS OF THE CLOSE OF BUSINESS JANUARY 16, 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)

THE PEOPLES SAVINGS BANK

(Name of Bank)

CLANTON, ALABAMA

(Location)

FEDERAL RESERVE BANK OF ATLANTA

Cynthia C. Goodwin
ASSISTANT VICE PRESIDENT

Board of Directors
The Peoples Savings Bank
Post Office Box 269
Clanton, Alabama 35045

Dear Board Members:

Enclosed is the bank's Community Reinvestment Act Performance Evaluation prepared by Federal Reserve Examiner Gayle R. Askew 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 (and a designated office in each of your local communities) 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: THE PEOPLES SAVINGS BANK

City and State: CLANTON, ALABAMA

Date of Examination: JANUARY 16, 1996