

PUBLIC DISCLOSURE

March 10, 1997

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

The Peoples Savings Bank
06010580

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 prepared by the Federal Reserve Bank of Atlanta, the institution's supervisory agency, as of March 10, 1997. 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 Outstanding.

The average loan-to-deposit ratio is reasonable given the bank's size and financial condition. During the examination, a sample of consumer loans was reviewed. A substantial majority of the loans in the sample are in the bank's assessment area. The distribution of loans by census tract reflects excellent dispersion throughout the assessment area. The distribution of borrowers reflects excellent loan penetration among individuals of different income levels. Qualifying investments and financial services benefiting the assessment area are considered highly responsive to the community's credit needs. No complaints have been received concerning the bank's performance in meeting the credit needs of the assessment area.

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 operates its main office and two branches in the city of Clanton, Alabama. The bank has no plans to open additional branches in the near future. According to the December 31, 1996 Consolidated Report of Condition and Income (Call Report), the bank had total assets of \$113.4 million. No legal, financial, or regulatory impediments exist that would hinder the bank's ability to help meet the credit needs of its assessment area.

The bank offers a wide variety of credit products including fixed-rate, single-family dwelling loans; home improvement loans; agricultural loans; commercial loans to small businesses; consumer loans; community development loans; and church loans. The composition of the loan portfolio according to the December 31, 1996 Call Report is as follows:

LOAN TYPE	PERCENTAGE
Construction and development	5.1%
Secured by one- to four-family dwellings	23.0%
Other real estate:	
Farmland	1.1%
Nonfarm nonresidential	13.9%
Commercial and industrial	24.5%
Loans to individuals	31.1%
All other	1.3%
TOTAL	100.0%

As illustrated, a large percentage of the bank's loan portfolio consists of consumer loans. According to management, the bank is most active in originating secured and unsecured consumer loans.

DESCRIPTION OF ASSESSMENT AREA: CHILTON COUNTY

Clanton, Alabama, is approximately 45 miles south of Birmingham and 40 miles north of Montgomery, the state capital. The bank has defined Chilton County in its entirety as its assessment area. Chilton County is composed of nine census tracts, all of which are middle-income tracts.

According to the 1990 Census, the population of the assessment area totaled 32,458. Economic market data showed that 70.9 percent of the housing units were owner-occupied, 16.4 percent were rental units, and 12.7 percent were vacant units. The median housing value was \$42,456. The median family income for the assessment area was \$26,205.

The 1993 U.S. Census employment data for Chilton County business patterns showed a total of 643 businesses in the assessment area. The retail trade and service industries dominate the employment arena. Of the 643 establishments, 624 are small businesses with fewer than 50 employees. According to the Bureau of Labor Statistics, the 1996 annual average unemployment rate for the bank's assessment area was 4.8 percent, which was lower than the 5.1 percent unemployment rate for the state of Alabama during the same period.

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA

Loan-to-Deposit Ratio Analysis

The Peoples Savings Bank's average loan-to-deposit ratio for the four quarters since the previous examination is 47.2 percent. The ratio was compared to the ratios of two other financial institutions of similar asset size operating in the assessment area. The four-quarter average loan-to-deposit ratios for these two institutions were 49.0 percent and 50.4 percent. Management stated that competition for loans in the assessment area has been strong because of the recent and aggressive entry of several regional banks into the local market. The loan-to-deposit ratio is considered reasonable given the bank's size, competitive factors, financial condition, and credit needs of the assessment area.

Lending in the Assessment Area

The bank is most active in secured and unsecured consumer lending, and management identified consumer lending as its major product line. Accordingly, a sample of 183 consumer loans originated during the past six months was reviewed to determine how many loans were made in the assessment area. The review showed that 151 (83 percent) of the loans were made in the assessment area. This level represents a significant majority of lending activity in the assessment area and exceeds the standards for satisfactory performance.

Lending to Borrowers of Different Incomes

An analysis of the sample of consumer loans shows that 21 percent of the bank's loans were made to low-income borrowers, 29 percent were made to moderate-income borrowers, 24 percent were made to middle-income borrowers, and 26 percent were made to upper-income borrowers. As a percentage of the total number of families in the assessment area, 19.1 percent are low-income, 15.9 percent are moderate-income, 21.1 percent are middle-income, and 43.9 percent are upper-income. 13.1 percent of the families in the assessment area are below the poverty level. Given the demographics of the assessment area, the bank's record of lending to borrowers of different income levels, particularly low- and moderate-income borrowers, reflects an excellent penetration.

Geographic Distribution of Loans

A review of an internal report that mapped the locations of the bank's loans revealed no arbitrary exclusion of any particular geography in the assessment area. All nine census tracts in the assessment area are middle-income and, as previously stated, 83 percent of the loans sampled were inside the assessment area. Further

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA (CONTINUED)

Geographic Distribution of Loans (Continued)

analysis of the loans made outside the assessment area (32 loans) shows that 69 percent of those loans were in moderate-income census tracts. The bank had loan originations in all census tracts in the assessment area. Accordingly, the geographic distribution of loans throughout the assessment area reflects excellent dispersion.

Investments

Since the preceding examination, the bank purchased \$965,000 in various municipal bonds issued by the City of Clanton, Alabama, or Chilton County, Alabama. The purchases increased the bank's total investment in municipal bonds issued by municipalities in its assessment area to \$1,165,893. The bonds were used primarily to fund water and sewer improvements and to provide capital for schools. Given that all nine census tracts in Chilton County are middle-income tracts, it would not be reasonable to expect the proceeds of the municipal bonds to specifically target a low- or moderate-income area. The investments are considered a benefit to the entire assessment area.

The bank also increased its investment in the Guilford Alabama Affordable Housing Fund VII, Ltd., to \$250,000 as of December 31, 1996. The bank is a limited partner and receives low-income housing tax credits on its investment. The fund invests in affordable housing apartment projects, which are located in markets that need affordable housing as identified by the Alabama Housing Finance Authority. The bank made an initial investment of \$100,000 in May 1994. Additional investments totaling \$87,500 were made in 1994 and 1995, and \$62,500 was invested in the fund during 1996. The investment is considered highly innovative and complex for a bank of this size. The fund is also highly responsive to affordable housing needs in Alabama and in areas benefiting the bank's assessment area.

Services

In addition to the typical bank services offered, The Peoples Savings Bank provides a significant financial service to its assessment area by assisting both the City of Clanton and Chilton County in securing community development block grants (CDBGs). The bank assists the municipalities through its participation with the L. P. Campbell Company. The company gathers information on state, federal, and private funding sources to meet identified needs and assists in the preparation and submission of all CDBG programs. During 1996, L. P.

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA (CONTINUED)

Services (Continued)

Campbell Company assisted the City of Clanton in obtaining \$778,731 in various grants. The two most significant grants were a \$500,000 CDBG for sewer improvements and a \$250,000 CDBG for the construction of a community facility building to house the Clanton Senior Center and the Chilton County Emergency Assistance Center. Chilton County also received local law enforcement grants totaling \$102,561 and a \$50,000 grant for road construction. The bank pays approximately 65 percent of the annual cost of the company's fee for services provided to the city and approximately 83 percent of the annual cost for services provided by the county. The remaining balance is paid by each municipality. The bank's total contribution in 1996 was \$15,000.

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.

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

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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 MARCH 10, 1997, 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 Katherine L. Clayton 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

FEDERAL RESERVE BANK OF ATLANTA

Cynthia C. Goodwin
ASSISTANT VICE PRESIDENT

May 2, 1997

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 for The Peoples Savings Bank, Clanton, Alabama, as of March 10, 1997.

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

May 2, 1997

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 for The Peoples Savings Bank, Clanton, Alabama, as of March 10, 1997.

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

May 2, 1997

Mr. Jimmy Loyless
Regional Director
Federal Deposit Insurance Corporation
One Atlantic Center, Suite 1600
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 for The Peoples Savings Bank, Clanton, Alabama, as of March 10, 1997.

A copy of our letter of transmittal to the bank's board of directors is also enclosed.

Very truly yours,

Cynthia C. Goodwin

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PUBLIC DISCLOSURE

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

Name of Bank: The Peoples Savings Bank

City and State: Clanton, Alabama

Date of Examination: March 10, 1997