

PUBLIC DISCLOSURE

April 29, 1996

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

Citizens Bank of Talladega
06011901

Talladega, 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 Citizens Bank of Talladega prepared by the Federal Reserve Bank of Atlanta, the institution's supervisory agency, as of April 29, 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 is 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. Furthermore, a sample analysis indicated excellent penetration of loans among borrowers of different incomes. The geographic distribution of loans reflects a reasonable dispersion throughout the bank's assessment area. 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 Citizens Bank of Talladega with respect to each of the five performance criteria.

SMALL INSTITUTION ASSESSMENT CRITERIA	CITIZENS BANK OF TALLADEGA		
	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 have been received since the bank became a state member bank.		

DESCRIPTION OF INSTITUTION

Citizens Bank of Talladega is a subsidiary of Alabama National BanCorporation, Shoal Creek, Alabama. Citizens Bank of Talladega has two offices, one of which was acquired through the purchase of Talladega Federal Savings and Loan in 1995. This branch is a drive-through facility and also houses the real estate loans along with the functions related to real estate lending. The purchase increased the bank's asset size from \$28 million as of September 30, 1995, to \$64 million as of December 31, 1995, according to the Consolidated Reports of Condition. The September 25, 1995 safety and soundness examination conducted by the State of Alabama Department of Banking identified no legal or financial impediments that would hinder the bank's ability to help meet the credit needs of the community.

Citizens Bank of Talladega offers a variety of credit products to meet the community's credit needs. The types of credit products offered by the bank, as listed in the bank's public file, include all-purpose consumer loans, real estate loans, loans participated in or made jointly with other lending institutions, loans to governmental entities, agricultural loans, and loans to businesses of all sizes.

The composition of the loan portfolio according to the December 31, 1995 Consolidated Reports of Condition and Income is as follows:

LOAN TYPE	\$(000)s	PERCENTAGE OF GROSS LOANS
Construction and land development	2,530	7.0
Secured by one- to four-family residential properties	21,253	58.5
Secured by farmland	276	.8
Secured by multifamily residential properties	356	1.0
Secured by nonfarm non-residential properties	4,336	11.9
Agricultural production	213	.6
Commercial and industrial	2,778	7.6
Loans to individuals	4,588	12.6
Gross loans and leases	36,330	100.0

DESCRIPTION OF INSTITUTION (CONTINUED)

As illustrated by the table above, a large portion of the loan portfolio is made up of loans secured by one- to four-family residential properties followed by loans to individuals. The high concentration of real estate loans in the bank's portfolio is the result of the large number of real estate loans acquired through the purchase of Talladega Federal Savings and Loan. Citizens Bank of Talladega has recently begun offering real estate loans. According to management, the major credit types originated by the bank are business and consumer loans. These products were reviewed for this analysis.

DESCRIPTION OF ASSESSMENT AREA: TALLADEGA COUNTY

Citizens Bank of Talladega's assessment area is Talladega County. The assessment area consists of 21 census tracts, including one low-income census tract with no population. There are no moderate-income census tracts, but moderate-income families can be found scattered throughout the community. The racial composition of the residents in the bank's assessment area is 68.4 percent nonminority and 31.6 percent minority.

Talladega County characteristics based on the 1990 Census are summarized in the following table.

DESCRIPTION OF ASSESSMENT AREA (CONTINUED): TALLADEGA COUNTY

ASSESSMENT AREA CHARACTERISTICS	
Tract Summary	
Total number of tracts	21
Number of low-income tracts	2
Number of moderate-income tracts	0
Number of middle-income tracts	15
Number of upper-income tracts	4
Population Summary	
Total population (1994)	75,964
1990 population	74,107
Percent increase	2.5
Income Summary	
Median family income	\$25,225
Total number of families	20,438
Percent low-income families	21.2
Percent moderate-income families	16.0
Percent middle-income families	20.7
Percent upper-income families	42.1
Percentage of families below poverty level	16.3

The condition of the economy in Talladega County has remained stable. The economy is diverse with agriculture and industry providing a mix that ensures general economic stability. The major agricultural products are poultry, cattle and calves, dairy products, soybeans, and forestry products. Three of the major manufacturers in the county are Wehadlee Yarn Mills, Georgia Pacific Corporation, and Crown Textile Company. A. L. Institute for the Deaf and Blind is the largest employer in the county. The six major types of industries in Talladega County are as follows:

DESCRIPTION OF ASSESSMENT AREA (CONTINUED): TALLADEGA COUNTY

TYPE OF INDUSTRY	NUMBER OF EMPLOYEES	NUMBER OF ESTABLISHMENTS
Manufacturing	7,410	94
Retail trade	3,933	411
Services and other	3,642	401
Transportation and public utilities	824	45
Finance, insurance, and real estate	708	92
Construction	686	82

The 1992 U.S. Census employment data for county business patterns show a total of 1,208 businesses in the bank's assessment area. Of the 1,208 businesses, 1,147 (95 percent) are small businesses with fewer than 50 employees. According to the February 1996 Bureau of Labor Statistics report, the unemployment rate for the bank's assessment area is 8.1 percent, which is significantly higher than the 5.3 percent unemployment rate for the State of Alabama and the national unemployment rate of 5.5 percent. According to discussions with representatives from community development corporations, new industries have moved into the Talladega community and have created new job opportunities. Approximately 280 to 450 new jobs have recently been created that resulted in a decrease in the unemployment rate.

According to the 1990 Census data, 67 percent of the 29,861 housing units in the bank's assessment area are owner-occupied, and 22 percent are renter-occupied. 74 percent of the dwellings are one- to four-family dwellings, and approximately 21 percent are mobile homes. The median housing age is 33 years. The median housing value is \$44,079.

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA

Loan-to-Deposit Ratio Analysis

Based on the information from the bank's Consolidated Reports of Condition and Income, the bank's average loan-to-deposit ratio for the four quarters ended December 31, 1995, is 65.4 percent. Of the seven other financial institutions in Talladega County, four are most comparable in size. The range of loan-to-deposit ratios for the comparable banks during the same time period was 51.1 percent to 69 percent. The bank's loan-to-deposit ratio is considered reasonable.

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA (CONTINUED)

Lending in Assessment Area

During the examination, 79 consumer instalment loans and 33 business loans were reviewed. The analysis provided information on the percentage of loans in the bank's assessment area. Of the loans sampled, 75 (95 percent) of the consumer loans and 29 (88 percent) of the business loans were extended in the bank's assessment area. The extent of the bank's lending in its assessment area exceeds the standards for satisfactory performance.

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

The results of the analysis indicate that the bank extends consumer instalment loans to individuals of all income levels in the assessment area. The business loans were not included in the analysis because there was insufficient data to determine whether the bank made loans to businesses of different sizes. Of the 75 consumer instalment loans made within the bank's assessment area, 69 included income information. The analysis indicated excellent penetration for each income category. Income levels were penetrated in a manner consistent with the mix of income levels in the population of the assessment area except the upper income segment. 17 percent of the loans were to upper-income individuals. According to management, most upper-income applicants are more likely to apply for home equity loans than for instalment loans. For consumer instalment loans, the distribution of borrowers by income level as it compares to population representation is as follows:

BORROWER INCOME LEVEL (PERCENTAGE OF MEDIAN FAMILY INCOME)	PERCENTAGE OF FAMILIES IN ASSESSMENT AREA	CONSUMER LOANS # OF LOANS (PERCENTAGE OF TOTAL)
Low (Less than 50)	21.2	19 (28%)
Moderate (50 - 79)	16.0	22 (32%)
Middle (80 - 119)	20.7	16 (23%)
Upper (120 and above)	42.1	12 (17%)
Total	100.0	69 (100)

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA (CONTINUED)

Geographic Distribution of Loans

The geographic distribution of loans reflects reasonable dispersion throughout the assessment area. No moderate-income census tracts exist in the bank's assessment area. Of the 20 populated tracts, 5 percent are low-income and 20 percent are upper-income. 75 percent of the bank's assessment area consists of middle-income census tracts. Thus, a majority of the bank's lending would be expected to be in the middle-income census tracts. The analysis of consumer instalment and business loans showed the following geographic distribution:

PERCENTAGE OF CENSUS TRACTS IN ASSESSMENT AREA	PERCENTAGE OF TOTAL INSTALLMENT LOANS IN ASSESSMENT AREA	PERCENTAGE OF TOTAL BUSINESS LOANS IN ASSESSMENT AREA
LOW - 5%	10%	3%
MIDDLE - 75%	69%	83%
UPPER - 20%	21%	14%

Complaints

No CRA-related complaints have been received since Citizens Bank of Talladega became a state member bank.

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.
- C ADD THE FOLLOWING LANGUAGE TO YOUR CRA PUBLIC NOTICE THAT IS POSTED IN EACH OF YOUR OFFICES, NO LATER THAN 30 BUSINESS DAYS AFTER RECEIVING THE EVALUATION:

"YOU MAY OBTAIN THE PUBLIC SECTION OF OUR MOST RECENT CRA PERFORMANCE EVALUATION, WHICH WAS PREPARED BY THE FEDERAL RESERVE BANK OF ATLANTA, AT (YOUR MAIN OFFICE ADDRESS)."

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 APRIL 29, 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)

CITIZENS BANK OF TALLADEGA

(Name of Bank)

TALLADEGA, ALABAMA

(Location)

FEDERAL RESERVE BANK OF ATLANTA

Cynthia C. Goodwin
ASSISTANT VICE PRESIDENT

Board of Directors
Citizens Bank of Talladega
409 East Battle Street
Talladega, Alabama 35160

Dear Board Members:

Enclosed is the bank's Community Reinvestment Act Performance Evaluation prepared by Federal Reserve Examiner Jeff Bragg 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.
- C Add the following language to your CRA public notice that is posted in each of your offices, no later than 30 business days after receiving the evaluation:

"You may obtain the public section of our most recent CRA Performance Evaluation, which was prepared by the Federal Reserve Bank of Atlanta, at (your main office address)."

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.

Board of Directors
Citizens Bank of Talladega
Talladega, Alabama

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: CITIZENS BANK OF TALLADEGA

CITY AND STATE: TALLADEGA, ALABAMA

DATE OF EXAMINATION: APRIL 29, 1996

FEDERAL RESERVE BANK OF ATLANTA