

PUBLIC DISCLOSURE

August 19, 1996

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

Community Bank of Mississippi
06280600

Forest, Mississippi

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 Community Bank of Mississippi prepared by the Federal Reserve Bank of Atlanta, the institution's supervisory agency, as of August 19, 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.

Community Bank of Mississippi has a reasonable average loan-to-deposit ratio, and the majority of the loans sampled during the examination were made to individuals residing in the bank's assessment area. The sampled loans are reasonably distributed throughout the bank's assessment area and to borrowers of different income levels. 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 Community Bank of Mississippi with respect to each of the five performance criteria.

SMALL INSTITUTION ASSESSMENT CRITERIA	COMMUNITY BANK OF MISSISSIPPI		
	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 previous examination.		

DESCRIPTION OF INSTITUTION

Community Bank of Mississippi is headquartered in Forest, Mississippi. The bank operates four branch offices; three are located in the eastern portion of the Jackson Metropolitan Statistical Area (MSA), and the fourth is located in Raleigh, Mississippi. According to the March 31, 1996 Consolidated Reports of Condition and Income, the bank had total assets of \$189.6 million. The bank offers a variety of credit products. The types of credit, as listed in the bank's public file, include secured and unsecured consumer loans; home purchase, home refinance, and home construction loans; commercial real estate and land development loans; business and agricultural loans; and loans to government entities.

The composition of the loan portfolio according to the March 31, 1996 Uniform Bank Performance Report is as follows:

LOAN TYPE	PERCENTAGE
Construction and development	4.4
Secured by one- to four-family dwellings	19.5
Other real estate:	
Farmland	21.4
Multifamily	.8
Nonfarm nonresidential	20.9
Commercial and industrial	12.2
Loans to individuals	13.8
All other	7.0
Total	100.0

There are no legal or financial impediments that would prevent the bank from meeting the credit needs of its assessment area.

DESCRIPTION OF COMMUNITY BANK OF MISSISSIPPI'S ASSESSMENT AREA

Community Bank of Mississippi's main office is located in Forest, Mississippi, which is approximately 45 miles northeast of Jackson, Mississippi. As previously mentioned, the bank has four branch offices, with three located in the eastern portion of the Jackson MSA and the fourth located in Raleigh, Mississippi, in rural Smith County. The bank's assessment area consists of 29 census tracts and block numbering areas (BNAs) located in the counties of Scott, Smith, Rankin, Hinds, and Madison. Of the 29 census tracts and BNAs, none are defined as low-income, one is defined as moderate-income, 16 are considered middle-income, and 12 are defined as upper-income. The assessment area does not seem to arbitrarily exclude any low- or moderate-income geographies.

According to the 1990 Census, the assessment area's population was 149,992. The assessment area contained 59,068 housing units, of which 68.5 percent were owner occupied, 24.2 percent were rental units, and 7.3 percent were vacant. The median family income for the assessment area was \$35,966.

The following table identifies family income levels in the bank's assessment area according to the 1990 Census:

FAMILY INCOME	NUMBER OF FAMILIES	PERCENTAGE IN ASSESSMENT AREA
Low-income	6,144	15.0
Moderate-income	5,353	13.0
Middle-income	8,196	20.0
Upper-income	21,312	52.0
Total	41,005	100.0
Below poverty	3,990	9.7

The area's economy is diversified in the manufacturing, retail, services, and agriculture industries. Poultry farming is one of the main sources of employment in rural Scott and Smith counties. According to the 1990 Census, the unemployment rate for the assessment area was 4 percent, compared with 8.3 percent for the State of Mississippi and 9 percent for the nonmetropolitan areas of the state.

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA

Community Bank of Mississippi's average loan-to-deposit ratio for the 14 quarters since the previous examination is 67 percent. The bank's loan-to-deposit ratio has been steadily increasing over the previous six quarters. The most recent six-quarter average loan-to-deposit ratio is 71.5 percent. The loan-to-deposit ratios of other similarly situated financial institutions in the area were compared with the loan-to-deposit ratio of Community Bank of Mississippi. The bank's ratio compares favorably with the other institutions and is considered reasonable given the bank's capacity to lend, local demographic and economic factors, and the lending opportunities available.

The bank is most active in the areas of consumer lending and small farm lending. During the examination, 149 unsecured consumer loans and 110 small farm loans were geocoded and analyzed to determine the percentage of loans originated in the assessment area. Of the loans sampled, 79 percent of the consumer loans and 73 percent of the small farm loans were extended to individuals residing in the assessment area. The bank's performance in this category is satisfactory.

The distribution of loans to borrowers of different income levels was also analyzed. The comparison of 1990 Census income information to the percentages of unsecured consumer loans made to individuals of different income levels shows a reasonable distribution. The following table details the distribution of the sampled unsecured consumer loans by borrower income:

INCOME LEVEL	PERCENTAGE OF MEDIAN FAMILY INCOME	PERCENTAGE OF FAMILIES WITHIN INCOME LEVEL	PERCENTAGE OF CONSUMER LOANS SAMPLED
Low	Less than 50	15	23.5
Moderate	50 - 79	13	38.0
Middle	80 - 119	20	15.0
Upper	120 and above	52	23.5
Total		100	100.0

As indicated above, the percentage of unsecured consumer loans made to low- or moderate-income individuals exceeds the distribution of families in those categories.

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA (CONTINUED)

The bank did not collect income information on the majority of the small farm loans included in the sample. Therefore, an analysis was performed using the loan size to evaluate the bank's distribution of credit. This analysis is based on the assumption that those farmers receiving small dollar loans are likely to have lower incomes. The results of the analysis revealed that of the 110 small farm loans sampled, the loan sizes ranged from \$720 to \$420,800. 92.7 percent of the loans were for less than \$100,000. The bank's distribution of small farm loans by the income of the borrower is reasonable and meets the standards for satisfactory performance.

The distribution of loans by the income level of the census tracts and BNAs was also analyzed. The following table details the results of the analysis:

INCOME LEVEL	PERCENTAGE OF POPULATION BY TRACT/BNA INCOME LEVEL	CONSUMER LAONS		SMALL FARM LOANS	
		Number	% of Total	Number	% of Total
Moderate	3	0.00	0	0.00	0
Middle	56	107	97	74	96
Upper	41	3	3	3	4
Total	100	110	100	77	100

As the table indicates, a significant majority of the loans were made to borrowers living in middle-income geographies. None were extended to borrowers residing in the one moderate-income BNA in the assessment area; however, less than 3 percent of the assessment area population resides in this BNA. Management stated that it believes the reason for the low number of consumer loans in the upper-income geographies is that the majority of the unsecured consumer loans are small in amount, and upper-income individuals usually do not have the need to borrow small amounts of money. A review of the unsecured consumer loans in the sample indicated that 110 (73.8 percent) were for \$2,000 or less. With respect to the small farm loans, all of the upper-income geographies are located in the metropolitan Jackson area, which has very few farms; therefore, the low number of farm loans in these geographies is reasonable. The bank meets the standards for satisfactory performance in this category.

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA (CONTINUED)

No complaints relating to CRA have been filed against the bank since the previous examination.

The bank's compliance with the substantive provisions of antidiscrimination laws and regulations was assessed. No evidence of discrimination or other illegal credit practices was identified; however, a procedural violation of a technical aspect of Regulation B - Equal Credit Opportunity Act was noted.

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 AUGUST 19, 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)

COMMUNITY BANK OF MISSISSIPPI

(Name of Bank)

FOREST, MISSISSIPPI

(Location)

FEDERAL RESERVE BANK OF ATLANTA

Cynthia C. Goodwin
ASSISTANT VICE PRESIDENT

Board of Directors
Community Bank of Mississippi
Post Office Box 59
Forest, Mississippi 39074

Dear Board Members:

Enclosed is the bank's Community Reinvestment Act Performance Evaluation prepared by Federal Reserve Examiner Nancy Lee 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
Community Bank of Mississippi
Post Office Box 59
Forest, Mississippi 39074

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: COMMUNITY BANK OF MISSISSIPPI

City and State: FOREST, MISSISSIPPI

Date of Examination: AUGUST19, 1996