

Small Bank Performance Evaluation

PUBLIC DISCLOSURE

July 7, 1997

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

**The First National Bank of Ashford
Charter # 10102**

**P. O. Drawer B, 520 Broadway Street
Ashford, Alabama 36312**

Office of The Comptroller of the Currency

**Southeast District
Marquis One Tower, Suite 600
245 Peachtree Center Avenue, NE
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 this 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 First National Bank of Ashford** prepared by the Office of the Comptroller of the Currency, as of July 7, 1997. The agency rates the CRA performance of an institution consistent with the provisions set forth in Appendix A to 12 CFR Part 25.*

INSTITUTION'S CRA RATING: This institution is rated Satisfactory.

This rating is based on First National Bank's adequate level of lending within the bank's assessment area and the size of loans originated by the bank. This rating is also supported by the reasonable loan-to-deposit ratio.

The following table indicates the performance level of The First National Bank of Ashford with respect to each of the five performance criteria. [Indicate the performance level under each criteria by marking an "X" in the appropriate column. If the institution received no complaints since the prior examination, do not "X" a column, instead type over all three boxes "No complaints were received since the prior examination."]

SMALL INSTITUTION ASSESSMENT CRITERIA	FIRST NATIONAL 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 prior examination.	No complaints were received since the prior examination.	No complaints were received since the prior examination.

DESCRIPTION OF INSTITUTION

First National Bank of Ashford (FNBA) is 100% owned by Wiregrass Bancorporation, a two bank holding company. The affiliate bank, Barbour County Bank is located in Eufaula, Alabama. FNBA has total assets of \$54,000,000 and is located in rural southeast Alabama, roughly 15 miles from Dothan, AL. The bank operates in only one Metropolitan Statistical Area (MSA) assessment area. Information provided by bank management shows that the bank has less than four percent of the market area deposits.

The bank operates two full service branches, the main office which is located in Ashford, Alabama and one branch, which is located in Dothan, Alabama. First National Bank operates primarily as a commercial financial institution. The bank's lending products include consumer, real estate, agricultural, commercial, home equity, and overdraft protection. The bank's loan mix consists 27% one-to-four family residential, 40% commercial and industrial, and 15% consumer. First National Bank's business philosophy is to be receptive to and meet community credit needs, stimulate development and growth in the community, and take a proactive part in the community while making a profit. As of December 31, 1996, there were no legal or regulatory impediments that would impact the bank's lending capacity or ability to help meet the needs of residents within the assessment area.

DESCRIPTION OF THE ASHFORD, ALABAMA ASSESSMENT AREA

First National Bank of Ashford's assessment area consists of five census tracts within Houston County, including c/t 419, which is all of the town of Ashford. The other four tracts, located in Dothan are 402, 403, 404, and 405. There are no low-and moderate- income c/t's in the bank's assessment area. The 1990 census data indicates the population of the assessment area totals over 28,242 and the number of families equals 8,171. Based on information provided by the Dothan Chamber of Commerce, the median family income for Houston County is \$36,900.

Local competition is strong and includes four banks from the state's largest holding companies, several independent banks, 2 S&L's, and one credit union. FNBA holds less than four percent of the county's market share in deposits. Two banks operate in the city of Ashford, FNBA with 70% of the market share and Peoples Community Bank with the remaining 30%.

Houston County has a population of 84,000, with over 56,000 residing in Dothan,

which is the county seat. Ashford's population is 2,000. The local economy is dependent upon agriculture and timber. Major employers of area residents are Georgia Pacific Paper Mill and Farley Nuclear Plant which employs approximately 1,500 and 900 workers, respectively. Based on data provided by the Alabama Department of Industrial Relations, the unemployment rate for Houston County was 4.3% at February 1997. This level was below the state average.

The bank's assessment area meets the requirements of the Community Reinvestment Act and does not arbitrarily exclude low and moderate income neighborhoods. While there are no low-to-moderate income c/t's in the bank's assessment area, management is aware of pockets within the community where low and moderate income residents reside.

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA :

The First National Bank of Ashford is rated Satisfactory based on the results of this CRA assessment. The primary factors influencing this rating are the adequate level of lending within the bank's assessment area and the reasonable loan-to-deposit ratio.

The information utilized to conduct this analysis included the bank's geo-analysis report dated December 31, 1996, and the December 31, 1996 Comparison of Local Banks. Other information reviewed during this analysis were internally generated management reports, information obtained from community contacts, and discussions with bank management. We also utilized the Office of the Comptroller of the Currency's December 31, 1996 Uniform Bank Performance Report.

LOAN-TO-DEPOSIT ANALYSIS

First National Bank's loan-to-deposit ratio is reasonable.

The quarterly average loan to deposit ratio since the last examination is 65%. At the last examination, the loan to deposit ratio was less than 50%. The bank has experienced an upward trend over the past couple of years. As a result, the bank's current loan to deposit is 79%.

Two other competing financial institutions are similarly situated (in asset size and non-regional affiliation) to the bank. Based on information provided by management, these institutions' current loan-to-deposit ratios are 85% and 56%,

respectively. This shows that FNBA reinvests funds nearly as much or better than financial institutions of similar characteristics in the bank's competitive environment. Management compares FNBA to nine other banks within the bank's trade area. Comparisons are based on earnings performance, loan-to-deposit ratio, and other key financial indicators.

COMPARISON OF CREDIT EXTENDED INSIDE AND OUTSIDE THE ASSESSMENT AREA

The bank's lending activity within its assessment area is satisfactory. Nearly 57% of the loans originated in 1996 were to borrowers within the bank's assessment area.

LENDING TO BORROWERS OF DIFFERENT INCOMES AND TO BUSINESSES OF DIFFERENT SIZES

First National Bank's level of lending to borrowers of different incomes is reasonable.

FNBA originated 71 residential mortgage loans in 1996. Of the total, 39 were made to borrowers within the bank's assessment area. Twelve or 31% of the 39 loans were made to borrowers with income at or below the median family income for Houston County. In addition, two loans were to borrowers with income less than 50% of the median income. This demonstrates that the bank make loans to individuals within the assessment area regardless of income. A review of the bank's records indicate that 48% of all loans made in 1996 were less than \$5,000.

The bank did not have any information to analyze loans to business of different sizes. However, based on the size of loans made to commercial and farm customers, it would indicate the bank makes loans to businesses of different sizes.

DISTRIBUTION OF CREDIT WITHIN THE ASSESSMENT AREA

The bank's distribution of credit within the assessment area is reasonable.

The geo-analysis report prepared by bank personnel shows the income make-up of the assessment area primarily consists of middle income and upper income c/t's. There are a total of five c/t's in the bank's assessment area; two middle income and three upper income. A total of 827 loans were made in the bank's assessment area

during 1996. The bank originated loans in each of the c/t's within the assessment area. Management stated many loans outside the bank's assessment area are to rural customers who travel to Ashford since FNBA is the closest financial institution to them.

REVIEW OF COMPLAINTS

The bank does not have any written complaints in the public file regarding its performance under CRA.

RESULTS OF FAIR LENDING REVIEW

Based on the sample selected during the Fair Lending Analysis at this examination, we found no evidence of illegal discrimination or apparent disparate treatment. Also, our review did not identify any violations of the substantive provisions of the anti-discrimination laws and regulations. The bank has policies, procedures, and training in place which provide guidance on Fair Lending requirements. Management recently implemented a second review process for all denied applications to ensure loan officer make appropriate credit decisions.