



Small Bank Performance Evaluation

PUBLIC DISCLOSURE

November 1, 1999

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

**First Citizens Bank, N.A.
Charter Number 9580**

**409 East Battle Street
P.O. Box 976
Talladega, Alabama 35161**

by

**Office of the Comptroller of the Currency
100 Concourse Parkway, Suite 240
Birmingham, Alabama 35244-1870**

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 **First Citizens Bank, N.A.** prepared by the Office of the Comptroller of the Currency, the institution's supervisory agency, **as of November 1, 1999.** 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.**”

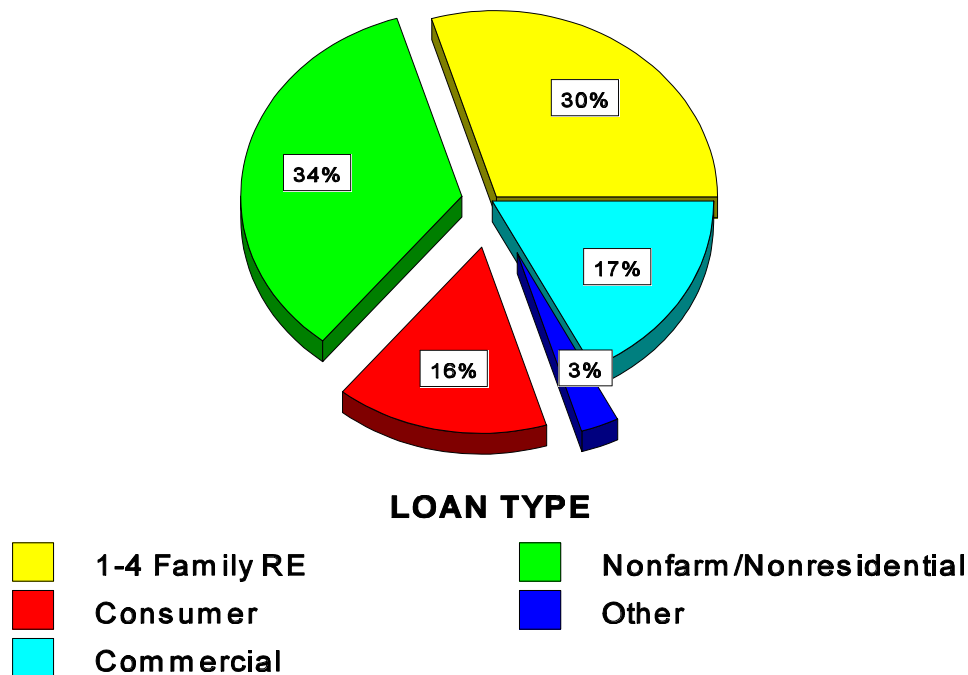
The rating is based on the following:

- # A substantial majority of the loan originations were made to borrowers within the bank's assessment area (AA).
- # The geographic distribution of loans reflects satisfactory penetration throughout the AA.
- # Lending patterns indicate satisfactory distribution of loans among borrowers of different income levels and small businesses and farms.
- # The loan-to-deposit ratios are reasonable considering the bank's size, national peer groups, loan demand, local competitors, and market-share.
- # Our fair lending review did not reveal any evidence of disparate treatment. Also, the bank has not received any CRA related complaints since our prior examination.

DESCRIPTION OF INSTITUTION

First Citizens Bank, N.A. (FCB) is an \$89 million community bank located in Talladega, Alabama. Talladega is located approximately 70 miles east of Birmingham, Alabama. FCB is 99% owned by Alabama National BanCorporation, a ten-bank holding company. The bank operates its main office in Talladega, Alabama and a branch in Ashland, Alabama. Ashland, located in adjacent Clay County, is approximately 28 miles southeast of Talladega. The bank has three ATM locations. Two ATMs are located within the City of Talladega and the other is in Ashland, Alabama. FCB is a full-service oriented bank offering such products as real estate, consumer, and commercial loans and various deposit accounts. As illustrated in the pie chart below, 1-4 family real estate loans (\$12,158,000) and nonfarm nonresidential real estate loans (\$13,960,000) are the major loan products followed by commercial (\$7,077,000) and consumer (\$6,000,000) loans as of the 9/30/99 Call Report.

9/30/99 LOAN MIX



Although 1-4 Family Real Estate loans represent 34% of the loan mix, the bank's primary loan products have been consumer and small business loans since its merger with First National Bank of Ashland on December 13, 1997.

FCB is in sound financial condition with no legal impediments which would prevent it from meeting the credit needs of the community. The bank received a CRA rating of "satisfactory" at our 4/8/96 consumer compliance/CRA examination.

DESCRIPTION OF ASSESSMENT AREA (AA)

FCB considers Talladega County, (except for the towns of Childersburg and Sylacauga) and Clay County as their AA. The AA consists of 17 Block Numbering Areas (BNA). The income level and percentages of the BNAs are: one low BNA (6% of AA), no moderate BNA, 13 middle BNAs (76% of AA), two upper BNAs (12% of AA), and one non-applicable (NA) BNA (6% of AA). FCB's AA meets all legal requirements set forth by the CRA regulation and does not arbitrarily exclude any low or moderate income areas.

The AA estimated population of approximately 87,359 includes 24,193 families. The population of the low income BNA is 3,487 which represents 3.99% of the total population of the AA. Public Assistance and Social Security payments are received by 3,391 (10.77%) and 9,964 (31.65%) of the total households, respectively. Approximately 6,601 (20.97%) households are below the poverty level. The weighted average median housing cost is \$42,979. Only 37.66% of the housing in the low income BNA is owner occupied with a median value of \$28,100.

The Weighted Average of Metropolitan Statistical Area(MSA)/non-MSA's Updated Median Family Income for the state is \$35,100. Low income is less than 50% of the median family income (less than \$17,550), moderate income is between 50% and less than 80% (\$17,550 to less than \$27,730), middle income is 80% to less than 120% (\$27,730 to less than \$41,770), and upper income is considered more than 120% (greater than \$41,770). The percentage of families by income level within the AA are: low income families at 21.45%, moderate income families at 16.28%, middle income families at 20.85%, and upper income families at 41.42%.

In Talladega County, the bank faces strong competition from another national bank, a branch of one of the largest state-chartered banks, a credit union, and a branch of a federal savings bank. In Ashland, a state chartered bank provides moderate competition.

The local Talladega economy is centered in service related industries along with some light manufacturing. The Alabama Institute for the Deaf and Blind is the county's largest employer. Recently, a couple of new industries have located within the AA. These industries have provided jobs to numerous individuals displaced due to the closing of several major textile manufacturing plants. Honda just announced plans to build a new automobile production facility in Lincoln, Alabama which is 15 miles from Talladega. The plant production is expected to start in the Spring of 2002 and employ approximately 1,500 people.

The Clay County economy is centered in manufacturing, forestry, agriculture, and poultry production and processing. Tyson Foods, a poultry processor, is the county's largest employer with 1,090 employees. Welborn Cabinets, a manufacturer of kitchen cabinets, is the county's second largest employer with 1,050 employees. Other major employers in the county are Clay County Hospital, Russell Corporation, and Ace Products.

As of September 1999, Talladega County and Clay County unemployment rates of 6.2% and 5.3%, respectively, are higher than the state's rate of 4.6%.

According to two local community contacts, local financial institutions can better serve the low and moderate-income families by initiating efforts to reach out to understand the credit needs of these families and the low-income community and providing educational seminars that address credit counseling, first-time home purchasing, and prospective small business ownership. Additionally, the contacts do not believe there is any financial institution that attempts to take the lead in assessing the needs of the low income BNA or low and moderate income families in general. The contacts identified 1-4 family real estate loans as the primary loan product need for low and moderate-income families. One of the community contacts emphasized the need for special small business development programs for the low-income community.

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA:

This performance assessment was based on information obtained from Uniform Bank Performance Reports (6/30/96 to 9/30/99), in-house reports, Alabama Department of Industrial Relations, Talladega Chamber of Commerce, and 1990 US Census data for Talladega and Clay Counties. In addition, other information was obtained from management reports, community contacts, and discussions with bank management. Information obtained from bank-prepared reports was reviewed and tested for accuracy.

Loan-to-Deposit Ratio (LTD) Analysis

First Citizen's quarterly average loan-to-deposit ratio meets the standards for satisfactory performance.

Based on information obtained from Uniform Bank Performance Reports, the quarterly average loan-to-deposit (LTD) ratio for the period (June 30, 1996 - September 30, 1999) is 58.54%. As of 9/30/99, the bank's LTD of 50.48% is lower than the national peer average of 68.01%. There are no similarly situated banks within the AA. However, another local national bank with \$153 million in average assets shows a LTD of 60.55% at 9/30/99 and an average LTD, from June 30, 1996 to September 30, 1999, of 59.75%. Therefore, the bank's quarterly average LTD and current ratios appear reasonable in consideration of its size, competition, economic condition, and loan demand in the local market.

Comparison of Credit Extended Inside and Outside of the Bank's Assessment Area

A substantial majority of the number and dollar amount of loans are made in the assessment area and exceeds the criteria for satisfactory performance.

Our conclusion is based upon the percentage of the total number and dollar amount of loan originations inside and outside of the AA. The following tables (1, 2, and 3) illustrate the percentage of loan originations, for the period from 1-1-99 to 10-31-99, by number and dollar amount inside and outside of the bank's assessment area. In regards to consumer loans (Table 1), 93% of the total number and 88% of the total dollar amount of loans originated within the bank's assessment area. Table 2 illustrates 98% of the total number and 85% of the total dollar amount of business and farm loan originations within the bank's assessment area. Table 3 shows 89% of the total number and total dollar amount of 1-4 family real estate loans originations within the assessment area.

| Consumer Installment Loan Originations Inside/Outside AA - Table 1 | | | | |
|---------------------------------------------------------------------------|-------------------|------------------------------|-------------------------------|-------------------------------|
| Location | # of Loans | % of Loans (by #) | \$ Volume of Loans | % of Loans (by \$) |
| <i>Inside AA</i> | 1,024 | 93% | 5,034,371 | 88% |
| <i>Outside AA</i> | 74 | 7% | 692,188 | 12% |
| Total In/Out | 1,098 | 100% | 5,726,559 | 100% |

Source: Bank Reports

| Commercial/Farm Loan Originations Inside/Outside AA - Table 2 | | | | |
|----------------------------------------------------------------------|-------------------|------------------------------|-------------------------------|-------------------------------|
| Location | # of Loans | % of Loans (by #) | \$ Volume of Loans | % of Loans (by \$) |
| <i>Inside AA</i> | 208 | 98% | 5,774,000 | 85% |
| <i>Outside AA</i> | 4 | 2% | 1,038,000 | 15% |
| Total In/Out | 212 | 100% | 6,812,000 | 100% |

Source: Bank Reports

| 1-4 Family RE Loan Originations Inside/Outside AA- Table 3 | | | | |
|-------------------------------------------------------------------|-------------------|------------------------------|-------------------------------|-------------------------------|
| Location | # of Loans | % of Loans (by #) | \$ Volume of Loans | % of Loans (by \$) |
| <i>Inside AA</i> | 81 | 89% | 3,197,581 | 89% |

| 1-4 Family RE Loan Originations Inside/Outside AA- Table 3 | | | | |
|-------------------------------------------------------------------|----|-------------|-----------|-------------|
| <i>Outside AA</i> | 10 | 11% | 390,911 | 11% |
| Total In/Out | 91 | 100% | 3,588,492 | 100% |

Source: Bank Reports

Distribution of Credit Within the AA to Borrowers of Different Incomes and to Businesses of Different Sizes

Overall, lending to borrowers of different income levels and small business/farms is satisfactory. The bank's loan portfolio mix, as of 9/30/99, consists of the following: 1-4 family real estate loans (\$12,158,000), nonfarm nonresidential real estate loans (\$13,960,000), commercial (\$7,077,000), and consumer (\$6,000,000). Although 1-4 Family Real Estate loans represent 34% of the loan portfolio, the bank's primary loan products have been consumer and small business loans since its merger with First National Bank of Ashland. Therefore, our conclusion emphasizes the distribution of consumer and small business loan originations. This performance context is based upon a comparison of the percentage of the total number and dollar amount of 1-4 family real estate and consumer loan originations (January 1, 1999 to October 30, 1999) to the percentage of families by income level within the AA. We also compared the percentage of the total number of small business and small farm loan originations for the same period to the percentage of small businesses and small farms within the AA, as reported by the U. S. Census Bureau.

The bank does not record consumer loans by income level and geocodes. Therefore, our conclusion for the distribution of consumer loans is based upon information from a random sample of twenty-five consumer loan files. Our sample indicates a good distribution of consumer loans. As illustrated in Table 4, 28% of the total number and 8% of the total dollar amount of consumer loan originations were made to low income families representing 21.45% of the AA. In addition, moderate income families, representing 16.28% of the AA, received 28% of the total number and 15% of the total dollar amount of consumer loan originations.

Tables 5, 5a, 6, and 6a illustrate a good distribution of loans to small business and small farms. As shown in table 5, the bank's small business loan originations of 75% of the total number compares satisfactorily to the fact that 94.75% of the business within the AA are small business. Additionally, Table 5a shows 94% of the total number of small business loan origination are less than \$100,000. Table 6 shows that 100% of farm loan originations are to small farms, comparing very well to the fact that 93.22% of farms within the AA are small farms. Table 6a also illustrates 100% of the total number of small farm loan originations are less than \$100,000.

The distribution of 1-4 family real estate loans is satisfactory but less representative to low income families. As shown in Table 7, 8% of the total number and 2% of the total dollar amount of loans were

made to low income families which represent 21.45% of the families in the AA. Additionally, 16% of the total number and 15% of the total dollar amount of 1-4 family real estate loan originations were made to moderate income families which represent 16.28% of the AA. The low percentage of loan originations to low income families appears to be the result of the fact that the income of less than \$17,500 may not adequately support the Weighted Average Median Housing cost of \$42,979. In addition, 6,601 or 20.97% of the households are below the poverty level.

| Distribution of Consumer Loan Originations Within AA - Table 4 | | | | | |
|-----------------------------------------------------------------------|--------------------------------|---------------------------------|---------------------------------|----------------------------------|----------------------------------|
| INCOME LEVEL | % of Families by Income | # of Loans in the sample | % of Total sample (by #) | \$ of Loans in the sample | % of Total sample (by \$) |
| Low-Income | 21.45% | 7 | 28% | 14,959 | 8% |
| Moderate-Income | 16.28% | 7 | 28% | 25,584 | 15% |
| Middle-Income | 20.85% | 7 | 28% | 100,995 | 57% |
| Upper-Income | 41.42% | 3 | 12% | 35,582 | 19% |
| UNNOWN | NA | 1 | 4% | 100 | 1% |
| Total Within | 100% | 25 | 100% | 177,220 | 100% |

Source: CRA WIZ Demographic Data (1990 Census Report) and Bank Reports

| Business Loan Originations Within AA - Table 5 | | | | | |
|-------------------------------------------------------|-------------------------|-----------------------|------------------------|-----------------------------|--------------------------|
| Data Source | # Small Bus. Lns | # of Bus. Lns. | % of Small Bus. | \$ Amt. Of Small Bus | % of \$ Small bus |
| 1990 Census Report | 1,985 | 2,716 | 94.75% | NA | NA |
| 1999 Bank Originations Within | 145 | 193 | 75% | 4,696,000 | 74% |

Source: CRA WIZ Business Demographic Data (1990 Census Report) and Bank Reports

| Distribution of Small Business Loan Originations Within AA by Size - Table 5a | | | | |
|--------------------------------------------------------------------------------------|----------|---------------|-----------|----------------|
| Loan Category | # | % of # | \$ | % of \$ |

| Distribution of Small Business Loan Originations Within AA by Size - Table 5a | | | | |
|--------------------------------------------------------------------------------------|-----|------------|-------------|------------|
| < \$100,001 | 137 | 94% | \$2,805,000 | 60% |
| \$100,001 - \$250,000 | 7 | 5% | \$990,000 | 21% |
| \$250,001 - \$500,000 | 0 | 0% | 0 | 0% |
| \$500,001 - \$1,000,000 | 1 | 1% | \$901,000 | 19% |
| Total Within | 145 | 100% | \$4,696,000 | 100% |

Source: Bank Reports

| Farm Loan Originations Within the AA - Table 6 | | | | | |
|-------------------------------------------------------|--------------------------|-----------------------|------------------------|------------------|-----------------------|
| Data Source | # Small Farm Lns. | # of Farm Lns. | % of Small Farm | \$ AMOUNT | % OF \$ AMOUNT |
| 1990 Census Report | 110 | 118 | 93.22% | NA | NA |
| 1999 Bank Originations Within | 19 | 19 | 100% | 437,000 | 100% |

Source: CRA WIZ Business Demographic Data (1990 Census Report) and Bank Reports

| Distribution of Small Farm Loan Originations Within AA by Size - Table 6a | | | | |
|----------------------------------------------------------------------------------|----------|---------------|-----------|----------------|
| Loan Category | # | % of # | \$ | % of \$ |
| < \$100,001 | 19 | 100% | \$437,000 | 100% |
| \$100,001 - \$250,000 | 0 | 0% | 0 | 0% |
| \$250,001 - \$500,000 | 0 | 0% | 0 | 0% |
| Total Within | 19 | 100% | \$437,000 | 00% |

Source: Bank Reports

| Distribution of 1-4 Family RE Loan Originations Within AA- Table 7 | | | | | |
|---------------------------------------------------------------------------|--------------------------------|-------------------------|--------------------------|--------------------------|---------------------------|
| INCOME LEVEL | % of Families by Income | # of Loans in AA | % of Total (by #) | \$ of Loans in AA | % of Total (by \$) |
| Low-Income | 21.45% | 4 | 8% | 50,000 | 2% |
| Moderate-Income | 16.28% | 8 | 16% | 293,000 | 15% |
| Middle-Income | 20.85% | 13 | 27% | 468,000 | 23% |
| Upper-Income | 41.42% | 23 | 47% | 1,146,000 | 57% |
| UNKNOWN | NA | 1 | 2% | 56,000 | 3% |
| Total Within | 100% | 49 | 100% | 2,013,000 | 100% |

Source: CRA WIZ Demographic Data (1990 Census Report) and Bank's HMDA-LAR(1999)

Distribution of Credit Within the AA by Geography

Overall, the distribution of credit within the AA is satisfactory.

Our conclusion for this performance criterion is based upon a comparison of the percentage of the total number and dollar amount of 1-4 family real estate and consumer loan originations, from January 1, 1999 to October 30, 1999, to the percentage of each BNA income category within the AA.

The distribution of consumer loan originations is satisfactory. As shown in Table 8, the percentage of the total number (3%) and total dollar amount (3%) of consumer loans originations within the low income BNA compares reasonably to the percentage of the population (3.99%) in the low-income BNA.

Table-9 illustrates good distribution of business loans. There are no farm in the low-or moderate income BNA. The bank's percentage of business loan originations (3%) in the low-income BNA is higher than the percentage (2%) of the total number of businesses in the low-income BNA as reported by the U.S. Census Bureau.

The distribution of 1-4 family real estate loan originations is acceptable. Table 10 shows a low distribution of 1% of the total number and 0.03% of the total dollar amount of 1-4 family loan originations in low income areas. However, the level of lending in low income areas is not surprising

considering that only 2.26% of owner occupied housing in the AA is located in low income BNAs. This low level of owner occupancy creates very little lending opportunity. U.S. Census data tends to support this. It shows that the low income BNA contains 10.05% of the AA's renter occupied units.

| Consumer Loans Originated in 1999 within the AA - Table 8 | | | | | |
|------------------------------------------------------------------|------------------------------|--------------------------|---------------------------|---------------------------|--------------------------------|
| BNA IN AA | % OF TOTAL POPULATION | # OF LOANS IN BNA | % OF TOTAL # LOANS | \$ AMOUNT OF LOANS | % OF TOTAL \$ AMT LOANS |
| LOW | 3.99% | 26 | 3% | \$126,250 | 3% |
| MOD | 0% | NA | NA | NA | NA |
| MIDS | 79.05% | 903 | 88% | \$4,183,838 | 83% |
| UPS | 16.96% | 95 | 9% | \$724,283 | 14% |
| NA | 0% | 0 | 0% | \$0 | 0% |
| TOTAL | 100% | 1024 | 100% | \$5,034,371 | 100% |

Source: CRA WIZ Business Demographic Data (1990 Census Report) and Bank Reports

| Distribution of Business/Farm Origination in 1999 within the AA - Table 9 | | | | | | | |
|----------------------------------------------------------------------------------|-----------------------|-----------------------|---------------------------------|----------------------------|----------------------------|-------------------------|------------------------|
| # OF BNAs IN AA | # FARMS IN BNA | % FARMS IN BNA | # FARM LOANS IN BNA BANK | # BUS IN BNA CENSUS | % BUS IN BNA CENSUS | # BANK BUS LOANS | % BANK BUS LOAN |
| LOW(1) | 0 | 0% | 0 | 65 | 2% | 4 | 3% |
| MOD(0) | NA | NA | NA | NA | NA | NA | NA |
| MIDS(13) | 103 | 87% | 19 | 2034 | 75% | 127 | 88% |
| UPS(2) | 15 | 13% | 0 | 617 | 23% | 14 | 9% |
| NA(1) | 0 | 0% | 0 | 0 | 0% | 0 | 0% |
| TOTAL (17) | 118 | 100% | 19 | 2716 | 100% | 145 | 100% |

Source: CRA WIZ Business Demographic Data (1990 Census Report) and Bank Reports

| 1-4 Real Estate Loans Originated in 1999 within the AA - Table 10 | | | | | |
|--------------------------------------------------------------------------|---------------------------------|--------------------------|---------------------------|---------------------------|--------------------------------|
| BNA | % OWNER OCCUPIED HOUSING | # OF LOANS IN BNA | % OF TOTAL # LOANS | \$ AMOUNT OF LOANS | % OF TOTAL \$ AMT LOANS |
| LOW | 2.26% | 1 | 1% | \$11,200 | 0.03% |
| MOD | 0% | NA | NA | NA | NA |
| MIDS | 79.68% | 65 | 80% | \$2,477,345 | 77% |
| UPS | 18.06% | 15 | 19% | \$709,036 | 22.97% |
| NA | 0% | 0 | 0% | \$0 | 0% |
| TOTAL | 100% | 81 | 100% | \$3,197,581 | 100% |

Source: CRA WIZ Business Demographic Data (1990 Census Report) and Bank Reports

Response to Complaints

! No CRA-related complaints were received from the public since our prior examination.

Results of Fair Lending Review

Our fair lending review utilized the **Loan Terms** approach to determine if any disparities existed in interest rates, closing costs, etc. between black applicants and white applicants. Our review consisted of a sample of approved mortgage refinances during the period from December 1, 1998 to October 26, 1999. We found no evidence of discrimination or disparate treatment during this review. In addition, no violations of the substantive provisions of the antidiscrimination laws and regulations were identified.