



SMALL BANK

Comptroller of the Currency
Administrator of National Banks
Washington, DC 20219

PUBLIC DISCLOSURE

June 11, 2007

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

**United National Bank
Charter Number 23981**

**114 1st Street North East
Cairo, GA 31728**

**Comptroller of the Currency
North Florida (Jacksonville)
8375 Dix Ellis Trail, Suite 403
Jacksonville, FL 32256**

NOTE: This document is an evaluation of this 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. 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.

INSTITUTION'S CRA RATING:

This institution is rated Satisfactory.

United National Bank's performance rating is supported by the following:

- The loan-to-deposit ratio exceeds satisfactory standards.
- The majority of loans are in the bank's assessment area.
- The distribution of borrowers reflects a reasonable penetration among individuals of different income levels and businesses/farms of different sizes.
- The geographic distribution of loans reflects a reasonable penetration throughout the assessment area.

DESCRIPTION OF INSTITUTION

As of March 31, 2007, United National Bank (UNB) was a \$127 million retail banking institution headquartered in Grady County, Georgia. The bank serves the credit and deposit needs of its customers from a single facility located at 114 1st Street, NE in the city of Cairo. This facility offers full service banking including an automated teller machine and drive-up services. In July 2007, the bank plans to move the main office to 722 North Broad Street in the city of Cairo and sell the old office to the county. UNB's primary lending focus is real estate, agricultural and commercial lending. There are no financial or legal impediments that should hinder the bank from meeting the credit needs of its assessment area.

UNB offers a wide variety of financial products including commercial loans, agricultural loans, residential mortgage loans, consumer loans and deposit accounts. As of March 31, 2007, net loans of \$115 million comprised 90% of total assets. The composition of the loan portfolio is 47% commercial/commercial real estate, 28% agricultural, 18% residential real estate and 7% consumer.

The last CRA examination of UNB commenced on April 16, 2002 and used financial information through April 2002. The bank received a Satisfactory rating at that time. This evaluation covered the period from May 2002 to May 2007.

DESCRIPTION OF ASSESSMENT AREA

UNB designates the geographic boundaries of Grady County, Georgia as its assessment area. Grady County includes the cities of Cairo, Whigham, and a number of small rural communities. The assessment area meets the requirements of the regulation and does not arbitrarily exclude low- or moderate-income geographies.

According to the U.S. Census Bureau of 2000, there are one moderate-income and five middle-income census tracts in the bank's assessment area. Grady County is located in a non-metropolitan statistical area (NMSA). The 2006 Housing and Urban Development estimate of the NMSA median family income for Georgia was \$43,400. In the county, 26% of families are low-income, 18% are moderate-income, 21% are considered middle-income, and 35% are considered upper-income families.

Grady County is a rural community located in the southwest corner of Georgia, approximately 35 miles north of Tallahassee, Florida, and 75 miles east of Dothan, Alabama. The 2000 census estimated the population for the county to be at 23,659. The median housing value was \$62,773 and 65% of the housing units are owner-occupied. In 2006, the unemployment rate was 4.0% compared to the state of Georgia average of 4.6%.

The three major industries in the area are agriculture, manufacturing and retail trade related. The five largest private sector employers in Grady County include Wight Nurseries, Wal-Mart, Memorial Hospital, The Torrington Company and Gevity HR VII LP.

Financial institution competition within the assessment area consists of one other community bank headquartered in the assessment area and six branches of three community banks. Citizens Bank, with total assets of \$57 million, is headquartered in Cairo with one office in the assessment area. Additionally, Cairo Banking Company has two branches, Capital City Bank has three branches and Park Avenue Bank has one branch within the assessment area. As part of our examination, we spoke with a representative from the community regarding local economic conditions and community credit needs. No unmet credit needs were identified.

CONCLUSIONS ABOUT PERFORMANCE CRITERIA

Loan-to-Deposit Ratio – Exceeds the Standard for Satisfactory Performance

The bank's loan-to-deposit (LTD) ratio is outstanding based on its size and assessment area credit needs. The average net LTD ratio using quarter-end information from March 31, 2002 to March 31, 2007 was nearly 93%. This compares favorably to the only other bank headquartered within the assessment area, Citizens Bank, which has a 73% LTD ratio during the same time period. Additionally, the bank's LTD ratio compares favorably to a peer group of all commercial banks headquartered in the state of Georgia with total assets between \$100 million to \$150 million. This peer group's LTD ratio was 83% over the same time frame date range.

Lending in Assessment Area – Meets the Standard for Satisfactory Performance

A majority of the bank's lending is within its defined assessment area. An analysis was performed utilizing the information contained in the bank's loan trial. The bank obtains and inputs census tract information in their loan trial. We obtained a May 8, 2007 loan trial and sorted the loan portfolio for loans that originated from May 1, 2002 to May 8, 2007. During this time period, the bank originated 1,966 loans for \$142.2 million. The following table shows the number and dollar amount of loans originated within and outside the assessment area.

| Lending in Grady County, Georgia | | | | | | | | | | |
|----------------------------------|-----------------|-----|---------|-----|----------------------------|----------|-----|----------|-----|-----------|
| Loan Type | Number of Loans | | | | Dollars of Loans (In 000s) | | | | | |
| | Inside | | Outside | | Total | Inside | | Outside | | Total |
| | # | % | # | % | | \$ | % | \$ | % | |
| All loans | 1,423 | 72% | 543 | 28% | 1,966 | \$79,745 | 56% | \$62,489 | 44% | \$142,234 |

Source: United NB's loan trial for loans originated from May 1, 2002 to May 8, 2007.

Lending to Borrowers of Different Incomes and to Businesses/Farms of Different Sizes – Meets the Standard for Satisfactory Performance

The dispersion of loans to borrowers of different income levels and businesses and farms of different sizes is reasonable. For this analysis, we sampled loans from the bank's three primary loan types – residential real estate, commercial and agricultural. We sampled 20 loans from each of these loan types that were originated from May 1, 2002 to May 8, 2007.

As the following table indicates, UNB's lending to borrowers of low- and moderate-income levels is satisfactory in relation to the demographics of the assessment area. Based on our residential real estate loan sample, 35% of the number of loans was granted to low- and moderate-income borrowers. Distribution at other income levels is considered reasonable.

| Borrower Distribution of Residential Real Estate Loans in Grady County, Georgia | | | | | | | | |
|---|------------------|----------------------|------------------|----------------------|------------------|----------------------|------------------|----------------------|
| Borrower Income Level | Low | | Moderate | | Middle | | Upper | |
| Loan Type | % of AA Families | % of Number of Loans | % of AA Families | % of Number of Loans | % of AA Families | % of Number of Loans | % of AA Families | % of Number of Loans |
| Residential Real Estate | 26% | 15% | 18% | 20% | 21% | 20% | 35% | 45% |

Source: Sample of loans and U.S. Census data.

The bank's lending volume regarding loans to small businesses and farms is satisfactory. Based on our business loan sample, 85% of the number and dollar amount of loans were originated to businesses with annual sales revenue less than \$1 million. Based on our farm loan sample, 95% of the number of loans and 83% of the dollar amount of loans were originated to farms with annual sales revenue less than \$1 million.

| Borrower Distribution of Loans to Businesses in Grady County, Georgia | | | | |
|---|--------------|--------------|----------------------|-------|
| Business Revenues (or Sales) | ≤\$1,000,000 | >\$1,000,000 | Unavailable/ Unknown | Total |
| % of AA Businesses | 54% | 3% | 43% | 100% |
| % of Bank Loans in AA by # | 85% | 15% | NA | 100% |
| % of Bank Loans in AA by \$ | 85% | 15% | NA | 100% |

Source: Sample of loans and U.S. Census data.

| Borrower Distribution of Loans to Farms in Grady County, Georgia | | | | |
|---|--------------|--------------|-------------------------|-------|
| Business Revenues (or Sales) | ≤\$1,000,000 | >\$1,000,000 | Unavailable/ Unknown | Total |
| % of AA Businesses | 94% | 4% | 2% | 100% |
| % of Bank Loans in AA by # | 95% | 5% | NA | 100% |
| % of Bank Loans in AA by \$ | 83% | 17% | NA | 100% |

Source: Sample of loans and U.S. Census data.

Geographic Distribution of Loans – Meets the Standard for Satisfactory Performance

The geographic distribution of the number of loans reflects a reasonable penetration throughout the assessment area. An analysis was performed utilizing the information contained in the bank's loan trial. The bank obtains and inputs census tract information in their loan trial. We obtained a May 8, 2007 loan trial and reviewed loans that originated within the assessment area from May 1, 2002 to May 8, 2007. The following tables reflect the distribution of residential real estate, business, farm and consumer loans within the bank's assessment area by the census tracts' income level. This analysis did not identify any gaps or areas of low penetration in the bank's lending patterns.

| Geographic Distribution of Residential Real Estate Loans in Grady County, Georgia | | | | | | | | |
|--|--------------------------------|----------------------|--------------------------------|----------------------|--------------------------------|----------------------|--------------------------------|----------------------|
| Census Tract Income Level | Low | | Moderate | | Middle | | Upper | |
| Loan type | % of AA Owner Occupied Housing | % of Number of Loans | % of AA Owner Occupied Housing | % of Number of Loans | % of AA Owner Occupied Housing | % of Number of Loans | % of AA Owner Occupied Housing | % of Number of Loans |
| Residential Real Estate | NA | NA | 17% | 15% | 83% | 85% | NA | NA |

Source: United NB's loan trial for loans originated from May 1, 2002 to May 8, 2007 and U.S. Census data.

| Geographic Distribution of Loans to Businesses/Farms in Grady County, Georgia | | | | | | | | |
|--|---------------------------|----------------------|---------------------------|----------------------|---------------------------|----------------------|---------------------------|----------------------|
| Census Tract Income Level | Low | | Moderate | | Middle | | Upper | |
| Loan Type | % of AA Businesses /Farms | % of Number of Loans | % of AA Businesses/ Farms | % of Number of Loans | % of AA Businesses /Farms | % of Number of Loans | % of AA Businesses /Farms | % of Number of Loans |
| Business Loans | NA | NA | 17% | 14% | 83% | 86% | NA | NA |
| Farm Loans | NA | NA | 5% | 7% | 95% | 93% | NA | NA |

Source: United NB's loan trial for loans originated from May 1, 2002 to May 8, 2007 and U.S. Census data.

| Geographic Distribution of Consumer Loans in Grady County, Georgia | | | | | | | | |
|--|-----------------------|----------------------------|-----------------------|-------------------------------|-----------------------|----------------------------|-----------------------|----------------------------|
| Census Tract Income Level | Low | | Moderate | | Middle | | Upper | |
| | % of AA Households | % of Number of Loans | % of AA Households | % of Number of Loans | % of AA Households | % of Number of Loans | % of AA Households | % of Number of Loans |
| Consumer | NA | NA | 19% | 13% | 81% | 87% | NA | NA |

Source: United NB's loan trial for loans originated from May 1, 2002 to May 8, 2007 and U.S. Census data.

Response to Consumer Complaints

From May 2002 to May 2007, UNB has not received any written complaints concerning its performance in helping to meet the credit needs within its assessment area.

Fair Lending

We found no evidence of discriminatory or other illegal credit practices inconsistent with helping to meet community credit needs.