

# **Small Bank Performance Evaluation**

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## **PUBLIC DISCLOSURE**

November 8, 1999

## **COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION**

**First National Bank of South Georgia  
Charter Number 22042**

**2627 Dawson Road  
Albany, Georgia 31707**

**Office of the Comptroller of the Currency**

**North Florida Field Office  
8382 Baymeadows Road, Suite 1  
Jacksonville, Florida 32256**

**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 National Bank of South Georgia** prepared by the **Office of the Comptroller of the Currency**, the institution's supervisory agency, as of November 8, 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 following major factors provide support for the First National Bank of South Georgia rating:

- The loan-to-deposit ratio is satisfactory given the bank's size, financial condition, and assessment area credit needs.
- A majority of loans and other lending related activities are in the bank's assessment area.
- The distribution of loans reflects reasonable dispersion among individuals of different income levels and businesses of different sizes throughout all sections of the assessment area.
- There have been no adverse complaints against the bank regarding its performance in meeting the credit needs of the local community.

## **DESCRIPTION OF INSTITUTION**

First National Bank of South Georgia (FNBSG) is a nationally-chartered financial institution located in Albany, Georgia. The bank is 100% owned by ABC Bancorp located in Moultrie, Georgia. The holding company owns nine banks and has consolidated assets of \$721 million. As of September 30, 1999, FNBSG had total assets of \$59 million and operated from two locations. The main office is located in the city of Albany with a branch located approximately 7 miles North in Leesburg, Georgia. Net loans represents 74% of total assets. The bank's primary business focus is in commercial real estate and consumer loans. The loan portfolio mix is as follows: commercial (18%) commercial real estate (31%), 1-4 family real estate (18%), construction (5%), consumer (25%), and all other (3%).

FNBSG offers a wide variety of consumer, business and real estate lending products. Banking hours are tailored to meet the needs of the customers. Additionally, there are 24 hour automated teller machines (ATMs) and drive-up facilities at both locations. Currently, there are no legal impediments that would prevent the bank from meeting any credit or banking service needs of the community. The bank's prior CRA rating, dated October 24, 1996, was "Satisfactory Record of Meeting Community Credit Needs."

## **DESCRIPTION OF ASSESSMENT AREA**

First National Bank of South Georgia's assessment area consists of Dougherty and Lee Counties. The assessment area meets the requirements of the regulation and does not arbitrarily exclude low- or moderate- income geographies. Dougherty and Lee counties comprise the Albany, Georgia Metropolitan Statistical Area (MSA). Based on the 1990 Census Bureau information, the MSA has 34 census tracts including 7 low-income, 7 moderate-income, 12 middle-income, and 8 upper-income.

The city of Albany is the largest incorporated area within the MSA. Manufacturing, retail trade, and service related companies are the largest sectors that drive the local economy. The largest employers in the area are United States Marines Corp Logistic Base, Phoebe Putney Memorial Hospital, Dougherty County Board of Education, City of Albany, Procter & Gamble, and Cooper Tire and Rubber Co. The unemployment rate as of June, 1999 was 7.6%.

The 1990 Census median family income was \$29,345 and the MSA population was 112,561. Updated 1999 median family income information obtained from the Department of Housing and Urban Development (HUD) estimates the median family income for the Albany, Georgia MSA at \$41,600. Chamber of Commerce information estimates the 1999 population of the Albany, Georgia metro area at 125,000.

FNBSG has strong local competition from branches or affiliates of 4 regional banks, and numerous community banks, credit unions and other financial service providers. During an interview with a local Chamber of Commerce official, it was noted that the involvement of financial institutions are generally positively perceived within the local community. The contact

further stated that the only complaints he is hearing is from small business owners who say that it is hard for them to obtain loans from local institutions. However, the Chamber official feels that the problem is the lack of providing appropriate documentation to the banks rather than the institutions' lack of willingness to lend.

### **CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA:**

The loan-to-deposit ratio is satisfactory given the bank's size, financial condition, competition and assessment area credit needs. The average net loan-to-deposit ratio using quarter-end information from September 30, 1996 to September 30, 1999 is 83%. This ratio compares favorably with another local community bank and other banks of similar size on a national level.

This community bank's main office is located in Albany, Georgia and serves the same area as FNBSG. For the thirteen quarters since the last CRA examination, the local community bank had an average net loan-to-deposit ratio of 83% while the national bank peer's ratio was 68%. Despite stiff pricing competition from branches of regional banks and local credit unions, management strives to meet all reasonable credit needs of the community within the safe and sound operation of the bank.

Data required under the Home Mortgage Disclosure Act (HMDA) was the primary information used to assess FNBSG's performance in the areas of lending in the assessment area (AA), lending to borrowers of different income levels, and the geographic distribution of loans. However, because of the limited amount of HMDA activity, a sample of installment and business loans was also used in the assessment.

Based on 33 HMDA loans originated through October 31, 1999, 70% were made to borrowers who reside in the assessment area. Subsequent samples of 22 installment and 16 business loans disclosed that 55% and 88%, respectively, were extended to residents and businesses in the AA.

The First National Bank of South Georgia's record of lending to borrowers of different income levels and business of different sizes is satisfactory. The following charts illustrates the bank's lending to borrowers of different income levels based on HMDA data and a sample of consumer loans reviewed during the most recent compliance examination.

### **HOME MORTGAGE DISCLOSURE ACT LOANS (Originated Within the Assessment Area)**

<b>Income Levels</b>	<b># of Loans</b>	<b>% of # Loans</b>	<b>Loan \$ (000's)</b>	<b>% of \$ Loans</b>	<b>Assessment Area Family Income</b>
<i>Low Income</i>	1	4%	1	0%	26%
<i>Moderate Income</i>	3	13%	12	2%	15%
<i>Middle Income</i>	6	26%	173	25%	19%
<i>Upper Income</i>	13	57%	514	73%	40%

#### INSTALLMENT LOANS

<b>Income Levels</b>	<b># of Loans</b>	<b>% of # Loans</b>	<b>Loan \$ (000's)</b>	<b>% of \$ Loans</b>	<b>Assessment Area Family Income</b>
<i>Low Income</i>	1	5%	2	1%	26%
<i>Moderate Income</i>	8	36%	80	26%	15%
<i>Middle Income</i>	9	41%	164	55%	19%
<i>Upper Income</i>	4	18%	54	18%	40%

To enhance their presence in the low- and moderate-income community, the bank participates in the Albany Flood Recovery Financial Assistance Program for Housing Rehabilitation and Home Ownership. This organization provides financing for the purchase and rehabilitation of low to moderate income homes. As of 10/29/99, the bank had outstanding 13 loans totaling \$396 thousand of a \$500 thousand dollar commitment. In addition, the bank referred 62 HMDA related applications totaling \$5,580 thousand to Premier and Crescent Mortgage Companies for 1999. The applications were for long term mortgages and were received from borrowers of different income levels.

A sample of sixteen business loans reflects the bank's commitment to lend to businesses of different sizes. Loans were granted to businesses with revenues ranging from \$126 thousand to \$5 million as illustrated below.

#### **Distribution by Business Gross Revenue**

	<b>Under \$100M</b>		<b>\$100M-\$250M</b>		<b>\$250M-\$500M</b>		<b>\$500M-\$1MM</b>		<b>Over \$1MM</b>	
<b>#</b>	<b>0</b>	<b>0%</b>	<b>2</b>	<b>13%</b>	<b>5</b>	<b>31%</b>	<b>4</b>	<b>25%</b>	<b>5</b>	<b>31%</b>

Information derived from First National Bank of South Georgia’s Consolidated Reports of Condition and Income disclosed that 17% of all loans secured by nonfarm nonresidential properties (NFNR) and 38% of Commercial and Industrial loans (C&I) had original balances of \$100 thousand or less. Typically, these loans would be extended to businesses with revenues of less than \$100 thousand. Approximately 86% of all NFNR and C&I loans had original balances of less than \$1 million dollars.

The geographic distribution of loans reflect a reasonable dispersion throughout the assessment area. A review of HMDA data disclosed the following census tract lending:

<b>Distribution of Home Mortgage Disclosure Act Loan Originations in 1999 Within Assessment Area By Income Level of Census Tracts</b>								
	<b>Low-Income</b>		<b>Moderate-Income</b>		<b>Middle-Income</b>		<b>Upper-Income</b>	
<b>Assessment Area Data</b>	<b>#</b>	<b>%</b>	<b>#</b>	<b>%</b>	<b>#</b>	<b>%</b>	<b>#</b>	<b>%</b>
Census Tracts	7	21%	7	21%	12	35%	8	23%
Sample of Loans	0	0%	3	13%	3	13%	17	74%

No penetration of HMDA related loans in low-income tracts can be partially attributed to the distance of the bank’s two locations from these tracts and the bank’s participation in the aforementioned Albany Flood Recovery Financial Assistance Program for Housing Rehabilitation and Home Ownership. A sample of 9 installment loans made during 1999 is more comparable to the income levels of census tracts. This sample showed that 45% were made in low-census tracts, 22% were made in middle-income tracts and 33% were made in upper-income tracts.

There were no CRA related complaints received by the bank during the period of review.

The bank has satisfactory policies, procedures, training programs, and other practices in place to prevent discriminatory or other illegal credit practices. A review of FNBSG’s consumer lending practices was performed to determine if any discriminatory practices exist based on the gender of the applicant. No violations of the substantive provisions of the antidiscrimination legislation were identified. We performed a comparative analysis of denied females versus approved males for automobile loans. Based on our sample, we determined that First National Bank of South Georgia does not discriminate against loan customers.