



**SMALL BANK**

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Comptroller of the Currency  
Administrator of National Banks

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Washington, DC 20219

## **PUBLIC DISCLOSURE**

March 12, 2012

### **COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION**

Family Bank  
Charter Number 703330

134 Hand Ave., West  
Pelham, GA 31779

Office of the Comptroller of the Currency

1475 Peachtree Street  
9th Floor  
Atlanta, GA 30309

**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**.

The bank's performance rating is supported by the following:

- The average loan-to-deposit ratio is more than reasonable given the bank's size, financial condition, and assessment area (AA) credit needs.
- The majority of the bank's loans are inside its AA.
- The distribution of loans to borrowers of different incomes and businesses of different sizes is reasonable.
- The geographic distribution of loans reflects reasonable dispersion throughout the AA.
- The bank demonstrates adequate responsiveness to community development needs in its AA.
- The bank has not received any CRA-related complaints during the evaluation period.

## **SCOPE OF EXAMINATION**

This performance evaluation is an assessment of Family Bank's (FB) ability to meet the credit needs of the communities in which it operates. Examiners conducted a full-scope review of the bank's AA. CRA performance was determined by analyzing the bank's primary lending activities. The evaluation period for this assessment was June 2007 to February 2012.

Although the bank is not required to report home loan activity in accordance with the Home Mortgage Disclosure Act (HMDA), home loans and consumer loans represented the bank's primary loan products. Of the loans originated during the evaluation period, home loans and consumer loans accounted for approximately 49 percent and 25 percent, respectively. A sample of 20 home loans and 20 consumer loans originated from January 2010 to March 2012 was selected to evaluate the bank's performance under the lending test. Community development activities were also considered in this assessment.

## **DESCRIPTION OF INSTITUTION**

FB is a federally chartered, mutual savings association organized in 1935, which operates three full-service locations within the bank's AA. The main office at 134 Hand Avenue in Pelham, Georgia is located in a moderate-income census tract. Branch offices in Camilla and Bainbridge, Georgia are located in distressed middle-income census tracts. FB offers drive-thru service and automated teller machines at each branch location. No branches were opened or closed during the review period.

As of December 31, 2011, the bank had total assets of \$87 million, total loans of \$67 million, and total deposits of \$79 million. The bank offers a variety of traditional deposit and loan products. The current business plan reflects a continued commitment to offer residential mortgage products. There are no financial conditions, legal constraints, or other factors that hinder the bank's ability to help meet the credit needs of its AA. There was no merger, acquisition, or expansion activity since the prior CRA evaluation. The previous CRA evaluation dated May 29, 2007 rated the bank's performance as "Satisfactory".

## DESCRIPTION OF ASSESSMENT AREA

FB's AA is defined as Mitchell and Decatur Counties which are located in extreme southwest Georgia, north of the Florida border. The AA is not part of a Metropolitan Statistical Area (MSA). The AA is comprised of twelve census tracts, of which five are moderate-income and seven are middle-income. All seven middle-income census tracts are designated as distressed geographies due to the AA's poverty level exceeding 20 percent. These identified areas are considered the most in need of revitalization or stabilization, which gives lending institutions greater opportunities to provide community development lending. The AA meets the technical requirements of the Act and does not arbitrarily exclude low-or moderate-income census tracts. The table below summarizes certain demographics for the AA:

<b>Demographic and Economic Characteristics of Mitchell and Decatur Counties, Georgia</b>	
<b>Population</b>	
Total Population	52,172
Number of Families	13,595
Number of Households	18,449
<b>Geographies</b>	
Number of Census Tracts	12
% Low-Income Census Tracts	0.00%
% Moderate-Income Census Tracts	41.67%
% Middle-Income Census Tracts	58.33%
% Upper-Income Census Tracts	0.00%
<b>Median Family Income (MFI)</b>	
2000 MFI for AA	\$32,414
2011 HUD-Adjusted MFI for non-MSA Georgia	\$44,600
<b>Economic Indicators</b>	
2010 Unemployment Rate	13.8% Decatur / 10.7% Mitchell
2010 Median Housing Value	\$59,789
% Households Below Poverty Level	22.95%

*Source: Updated 2000 census and HUD data. All of these county figures are based on published demographic information.*

Data obtained from the county government website indicates the leading industry in the AA is retail trade. Other industries that primarily support the local economy are: educational services, health care, and farming. Major employers are Bainbridge College, Keystone Foods, Mitchell County School System, and Bainbridge Manor.

FB is the only savings association in the AA and meets a high degree of competition from ten other banks operating fourteen branch locations in the AA. Two of which are large regional, state banks with headquarters in other states. As of June 30, 2011, the bank had \$78 million in deposits with the fourth highest deposit market share at 12 percent. The highest deposit market share in the AA belonged to First Port City Bank with \$108 million in deposits and a 16 percent market share.

A regional community group was contacted in conjunction with this evaluation. This organization provides a variety of services to localities throughout the AA with a focus on economical development. The contact stated that banks in the area are focused on meeting the needs of the community.

## CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA

FB’s performance under the small bank test is satisfactory. This conclusion is based on the following: a more than reasonable loan to deposit ratio; a majority of loans in the AA; a satisfactory penetration of loans among borrowers of different incomes and businesses of different sizes; and a satisfactory penetration of loans to borrowers in different geographies. Details regarding these findings are addressed below.

### Loan-to-Deposit Ratio

FB’s loan-to-deposit (LTD) ratio is more than reasonable compared to similarly situated competitors in the AA. The bank's quarterly LTD ratio averaged 89 percent since the last CRA evaluation. This ratio exceeds those of four similarly situated banks that serve a portion of the AA. The LTD for similarly situated banks averaged 67 percent. FB’s AA is larger than that of these four banks as it encompasses both Mitchell and Decatur Counties. Each of these banks delineated either Mitchell or Decatur County as its AA, with one bank including a contiguous census tract in Grady County along with Mitchell County.

### Lending in Assessment Area

A majority of FB’s loans were originated inside the AA. The following table reflects the loan sampling of 20 home loans and 20 consumer loans.

Lending in Family Bank AA										
Loan Type	Number of Loans					Dollars of Loans				
	Inside		Outside		Total	Inside		Outside		Total
	#	%	#	%		\$	%	\$	%	
Home loans	14	70.00	6	30.00	20	728,525	78.20	203,101	21.80	931,626
Consumer	15	75.00	5	25.00	20	143,602	77.77	41,055	22.23	184,657
Totals	29	72.50	11	27.50	40	872,127	78.13	244,156	21.87	1,116,283

Source: Loan sample.

### Lending to Borrowers of Different Incomes and Businesses of Different Sizes

The bank's distribution of loans in the AA by borrower income reflects reasonable penetration. The following table shows the percentage of home loans the bank originated to borrowers in the AA compared to the percentage of families by income level that reside in the area. Twenty percent of the home loans were to low-income borrowers. This is low considering 28 percent of families in the bank’s AA live in low-income geographies. Similarly, 10 percent of home loans

were made to moderate-income families while 18 percent of families meet the moderate-income criteria. These low lending levels are mitigated by the fact that only 64 percent of all housing units in the AA are owner occupied. Performance is also impacted by high unemployment and 23 percent of the households in the AA being below the poverty level.

<b>Borrower Distribution of Residential Real Estate Loans in Family Bank AA</b>								
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
Home Loans	28.59	20.00	17.87	10.00	18.31	20.00	35.23	50.00

Source: Loan sample and U. S. Census data.

The percentage of consumer loans made to low- and moderate-income borrowers is more than reasonable. As reflected in the table below, 47 percent of households are in low- or moderate-income geographies while 50 percent of the bank’s consumer loans were originated to low- or moderate-income individuals.

<b>Borrower Distribution of Consumer Loans in Family Bank AA</b>								
Borrower Income Level	Low		Moderate		Middle		Upper	
Loan Type	% 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	30.53	25.00	16.71	25.00	17.39	15.00	35.37	35.00

Source: Loan sample and U. S. Census data.

Lending to businesses of different sizes is reasonable and meets the standards for satisfactory performance. According to U.S. census data, 71 percent of businesses within the AA report have annual revenues of less than \$1 million. A sample of 20 commercial loans was selected to determine the bank’s lending volume to small businesses. Eighty percent of the sampled loans were originated to businesses with annual revenues less than \$1 million. Lending to businesses by dollar volume is also reasonable and meets the standards for satisfactory performance.

<b>Borrower Distribution of Loans to Businesses in Family Bank AA</b>				
Business Revenues (or Sales)	≤\$1,000,000	>\$1,000,000	Unavailable/ Unknown	Total
% of AA Businesses	71.09	1.99	26.92	100%
% of Bank Loans in AA by #	80.00	20.00	0.00	100%
% of Bank Loans in AA by \$	64.65	35.35	0.00	100%

Source: Loan sample; Dunn and Bradstreet data.

## Geographic Distribution of Loans

The geographic distribution of loans reflects reasonable dispersion. The bank’s record of originating home loans in moderate-income census tracts within the AA exceeds the AA demographics. According to U.S. census data, 42 percent of households in the AA are located in moderate-income census tracts. Based on the sample, 55 percent of home loans were originated in AA moderate-income census tracts.

Geographic Distribution of Residential Real Estate Loans in Family Bank AA								
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
Home Loans	0.00	0.00	42.43	55.00	57.57	45.00	0.00	0.00

Source: Loan sample; U. S. Census data.

The bank’s record of originating consumer loans in moderate-income geographies is reasonable. Although U.S. census data indicates 57 percent of households in moderate-income census tracts live below the poverty level, FB originated 40 percent of loans in the moderate-income census tracts. This performance is in line with 45 percent of AA moderate-income households.

Geographic Distribution of Consumer Loans in Family Bank AA								
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 Loans	0.00	000	45.29	40.00	54.71	60.00	0.00	0.00

Source: Loan sample; U. S. Census data.

## Optional Community Development Activity

Community Development (CD) loans and services originated during the evaluation period were given consideration for this assessment. FB showed adequate responsiveness to community development needs in the AA through these community development activities.

### Community Development Loans

During the evaluation period, FB made three community development (CD) loans totaling \$1.2 million. One loan provided new business development in Bainbridge and Decatur County. Another loan supported revitalization of Pelham’s downtown area comprised of moderate-

income and distressed nonmetropolitan middle-income census tracts. FNB also originated a loan to an organization that, while not located in the AA, specifically targets low- and moderate-income individuals and benefits the regional area (Southwest GA Region) that includes the bank's AA.

We considered these loans as CD loans because they promote new business development in moderate- and distressed middle-income CTs.

### ***Community Development Services***

During the evaluation period, two bank officers provided technical services and support to three community organizations that provide services to low- and moderate-income families. One of the bank officers conducted a class in which he shared his financial expertise to low- and moderate-income students.

### **Responses to Complaints**

There were no CRA-related complaints received by the bank or the OCC during the evaluation period.

### **Fair Lending or Other Illegal Credit Practices Review**

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