



PUBLIC DISCLOSURE

September 6, 1996

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

**First National Bank
Charter Number 21709**

**2509 Osborne Road
Saint Marys, Georgia 31558**

Office of the Comptroller of the Currency

**Southeastern District
Marquis One Tower, Suite 600
245 Peachtree Center Avenue, N.E.
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 **First National Bank** prepared by the **Office of the Comptroller of the Currency**, the institution's supervisory agency, as of September 6, 1996. 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 First National Bank's rating:

- ▶ The loan-to-deposit ratio is reasonable 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 reflect reasonable dispersion among individuals of different income levels and throughout all sections of the assessment area.

The following table indicates the performance level of First National Bank 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	<u>FIRST NATIONAL BANK</u> 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.		

DESCRIPTION OF INSTITUTION

As of June 30, 1996, First National Bank (FNB) is a \$44 million independent bank headquartered in Saint Marys, Georgia. In March 1995, the bank opened a full service branch in Kingsland, Georgia. In April 1996, the bank opened a nonproprietary automated teller machine (ATM) in the historic district of Saint Marys. Net loans represent 64% of total assets. The loan portfolio mix is as follows: residential real estate loans (45%), commercial\commercial real estate loans (43%), consumer loans (11%), and other loans (1%).

The bank offers a variety of credit products to consumers, businesses, real estate lending, and government entities. Also, FNB offers additional banking services, including checking and savings accounts, to meet the needs of its consumer and commercial customers. Currently, no legal impediments would prevent the bank from meeting any credit or banking service needs of the community.

DESCRIPTION OF CAMDEN COUNTY, GEORGIA

The bank does not consider the entire county as its assessment area because management believes they cannot adequately service that large of an area. FNB has defined its assessment area as the contiguous area surrounded by the Saint Marys River to the east and south, Interstate 95 to the west and Colerain - Saint Marys Road (Exit #3 off I-95) to the north. The county is not in a Metropolitan Statistical Area (MSA) nor does it consist of Block Number Areas (BNA). Based on the 1990 Census Bureau information, Camden County had a total population of 30,167. From 1980 to 1990, the total population of the county increased by 126%. The 1990 average per capita personal income for Camden County was \$11,875. The county's average unemployment rate ranges from 3.7% to 4.4% and is usually below the state unemployment rate. The employment base is considered stable. FNB has strong local competition from branches of one regional bank, three community banks, and one credit union.

As of May 1996, the county's top five largest employers were Kings Bay Naval Submarine Base (9,871 employees), Gilman Paper Company (1,200), Camden County Schools (1,112), Johnson Controls World Services (686), and Lockheed Missiles & Space (579). As the ninth largest county in the state of Georgia, Camden County covers an area of approximately 659 square miles.

During a contact with a community organization, the community leader perceives the six financial institutions as strong institutions that meet the community general banking and credit needs. The community leader states there are very few programs that the financial institutions have an opportunity to participate in within the community.

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA :

The loan-to-deposit ratio is reasonable given the bank's size, financial condition, and assessment area credit needs. The average net loan to deposit ratio, using quarter-end information from June 30, 1994 to June 30, 1996, is 72.53%. All of FNB's loan growth comes from the origination of loans and not due to the purchasing of loans from other financial institutions. The bank's ratio compares favorably to other institutions of similar size and structure.

The bank records the number of loans originated and applications denied by a month to month basis. Management records the number of loans made within and outside the assessment area. The bank does not compile these monthly reports. During the examination, we compiled the bank's monthly reports for the period June 1995 to July 1996. During this time, the bank originated 909 loans, with 71% made within the assessment area. Our sample of 25 consumer loans made between May 1996 and July 1996 verified the accuracy of the bank's analysis. Of the 25 loans, 88% were made within the assessment area. Based on these facts, FNB has a majority of loans within the bank's assessment area.

Based on our sample of 25 loans, 11 or 46% were made to low income borrowers, 1 or 4% was made to moderate income borrowers, 4 or 17% were made to middle income borrowers, and 8 or 33% were made to upper income borrowers. One loan file did not contain any income information. This was based on using the 1995 median family income for Georgia in a nonmetropolitan area, which is \$30,500. The distribution of borrowers reflects reasonable penetration among individuals of different income levels.

Additionally, FNB has made three development loans, totaling \$45,000, with Coastal Area District Development Authority (CADD), a Camden County Enterprise Program. As of June 30, 1996, FNB has 213 small business loans totaling \$8.2 million. Small business loans make up 28% of the loan portfolio. Loans for \$1 million or less to businesses were considered small business loans.

The county does not have any BNAs. Therefore, communities within the county cannot be identified by income levels. Many communities in the county have a mixture of all four income levels. The bank does plot their loans and denials on a map of the county. The bank does not perform a formal analysis of this information. By reviewing the information on the map, the bank appears to be lending to all areas of its assessment area. The geographic distribution of loans reflects reasonable dispersion throughout the assessment area.

The bank has satisfactory policies, procedures, training programs, and other practices in place to prevent discriminatory or other illegal credit practices. We performed a review of FNB's instalment lending practices to determine if any discriminatory practices exist based on the gender, marital status, or age of the applicant. No violations of the substantive provisions of the antidiscrimination legislation were identified. We performed a comparative analysis of loan terms. Factors used to make the comparison included the interest rate, maturity, finance charge, and income. Based on our instalment loan sample, we determined that First National Bank does not discriminate against loan customers.

Additionally, the bank has purchased a Camden County Georgia School District Revenue Bond for \$100,000 and two Saint Marys Georgia Water & Sewer Revenue Bonds totaling \$55,000.