



## **PUBLIC DISCLOSURE**

September 13, 2015

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

Thomas County FS & LA (Thomas County Federal)  
Charter Number 703293

131 S Dawson St  
Thomasville, GA 31792-5506

Office of the Comptroller of the Currency

Three Ravinia Drive  
Suite 550  
Atlanta, GA 30346

**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 following factors support Thomas County Federal's CRA performance rating:

- a more than reasonable loan-to-deposit (LTD) ratio given the bank's size, financial condition, and assessment area credit needs;
- a majority of home mortgage and small business loans originating in the assessment area; and,
- a reasonable percentage of home mortgage and an excellent percentage of small business loans among borrowers of different income levels and businesses of different sizes.

**SCOPE OF EXAMINATION**

This CRA Performance Evaluation is an assessment of Thomas County Federal's ability to meet the credit needs of its community. We conducted a review of the bank's assessment area, which is only Thomas County. The CRA performance was evaluated by utilizing the Small Bank Interagency CRA examination procedures. This evaluation covered the period from January 1, 2013 to June 30, 2015, and was based on the bank's home mortgage and small business lending activities.

Home mortgages and business loans accounted for approximately 45 percent and 37 percent, respectively, of the loans made during the assessment period. The bank is not subject to the Home Mortgage Disclosure Act, and as a result, is not required to gather and report its mortgage activity. Therefore, at this evaluation, we selected a sample of home mortgages and small business loans to review. Our sample consisted of 30 home mortgages and 20 small business loans originated during the evaluation period.

**DESCRIPTION OF INSTITUTION**

Thomas County Federal is a federally chartered mutual savings association headquartered in Thomasville, Georgia having only one location. As of June 30, 2015, total assets were \$248 million and net loans totaled \$197 million with Tier 1 Capital of \$33 million. Established in 1934, Thomas County Federal is a traditional community thrift institution that accepts local retail deposits and primarily originates single-family residential mortgage loans, but also supports the local community with business loans. The bank offers a variety of fixed-rate residential mortgage loan products, with longer-term loans typically sold in the secondary market and short-term loans featuring balloon payments held in the bank's portfolio.

The bank offers a drive-up automated teller machine at its office for customers to inquire and access their account balances, make deposits, and withdraw funds. Telephone banking is also available 24 hours, seven days per week where customers can make account balance inquiries, determine whether checks have cleared, deposits were credited, and place stop- payments on checks. Additionally, Thomas County Federal offers on-line banking and mobile banking services for both deposit and loan transactions via its website: [www.thomascountyfederal.com](http://www.thomascountyfederal.com).

The table below provides details relative to the composition of the bank's loan portfolio.

**Loan Mix as of December 30, 2014 – Percent of Total Loan Portfolio**

<b>Loan Types</b>	<b>%</b>
Construction & Land Development	10.79
Secured by Farmland	0
<b>1-4 Family Residential</b>	<b>45.38</b>
Loans for Agricultural Production	0.00
Secured by Multifamily Dwellings	5.86
<b>Secured by Non-farm / Nonresidential</b>	<b>35.48</b>
<b>Commercial and Industrial Loans</b>	<b>1.63</b>
<b>Loans to Individuals</b>	<b>0.86</b>
<b>Total Loans</b>	<b>100.00</b>

Source: Consolidated Report of Condition and Income and bank records

The bank supports development, economic revitalization, and growth within its assessment area, consistent with its size, financial capacity, and local economic conditions. There were no legal or regulatory impediments adversely affecting Thomas County Federal's ability to meet community credit needs during the review period.

## **DESCRIPTION OF ASSESSMENT AREA(S)**

Thomas County Federal has designated Thomas County, Georgia as its assessment area. The assessment area meets the requirements of the CRA regulation and does not arbitrarily exclude low-or moderate-income census tracts. Thomas County is located in a Non- Metropolitan Statistical Area (Non-MSA). According to 2010 Census data, the assessment area includes one low-income, eight middle-income, and two upper-income census tracts.

According to the 2010 US Census data, the population of the assessment area is 44,702 with 11,528 families. Approximately 23 percent of the families in the assessment area are low-income, 15 percent are moderate- income, 18 percent middle-income, and 42 percent upper-income. Approximately 22.63 percent of households earn less than the poverty level.

Thomas County, Georgia is located in southwest Georgia bordering the State of Florida. Thomas County is a thinly populated, largely rural area. Thomasville, Georgia, the county seat and largest municipality, is located approximately 25 miles north of Tallahassee, Florida, and 40 miles west of Valdosta, Georgia. Other incorporated areas in the county include Boston, Barwick, Coolidge, Meigs, Ochlocknee, and Pavo. The Georgia Department of Labor states that as of July 2015, the unemployment rate in Thomas County was 8.3 percent. The unemployment rate for the state of Georgia is lower at 5.1 percent. Thomasville is home to several Fortune 500 companies such as Caterpillar and Flowers Food, and its largest employer, John D. Archibold Memorial Hospital, was named one of the top 50 hospitals in the nation by US News & World Report magazine.

Thomas County Federal's competition is from other financial institutions and mortgage loan providers within its assessment area. Besides Thomas County Federal, seven FDIC-insured financial institutions have ten branch locations throughout Thomas County. As of June 30, 2014,

the top three banks based on total deposits in Thomas County were Thomasville National Bank (\$496 million), Synovus Bank (\$277 million), and Thomas County Federal (\$214 million). Overall, Thomas County Federal ranks third in total deposits out of the FDIC-insured financial institutions operating in the assessment area.

### **Community Contact**

During the examination, contact was made with a local non-profit organization that serves the housing needs of Thomas County. The purpose of the contact was to get a better understanding of factors affecting the local economy and how the availability of affordable housing is influenced. No specific unmet credit needs were brought to the attention of the examiner during the discussion and the contact indicated that area banks readily meet the credit needs of the community.

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

### **Loan-to-Deposit Ratio (LTD)**

Thomas County Federal's average LTD ratio of 96.48 percent, is more than reasonable, and demonstrates the bank's commitment to lend within its assessment area.

The average LTD ratio was calculated by averaging the bank's LTD ratios over the past ten business quarters ended June 30, 2015. The bank's quarterly LTD ratio ranged from a high of 99.85 percent as of December 31, 2014, to a low of 94.15 percent as of December 31, 2015. There are seven competitor banks in the bank's assessment area, with a combined ten branch offices. Among the competitor banks, four are much larger than Thomas County Federal with respect to branch networks, total deposits, and asset size. There are three similarly situated banks in the assessment area. The similarly situated banks have a combined average LTD ratio of 79.19 percent for the ten business quarters ended June 30, 2015, which is significantly lower than Thomas County Federal's average LTD ratio for the same period.

Thomas County Federal's LTD ratio exceeds the standards for satisfactory performance.

### **Lending in Assessment Area**

Thomas County Federal is not subject to Home Mortgage Disclosure Act (HMDA) reporting requirements as the bank resides in a non- metropolitan statistical area. Consequently, the institution does not maintain a Loan/Application Register. We evaluated the bank's record of lending by reviewing internal records for home mortgages and small business loans originated for the period of January 1, 2013 through June 30, 2015. The following table reflects the home mortgage and small business loans originated inside and outside the assessment area by number and dollar amount. For the period reviewed, 63 percent by number, and 54 percent by dollar volume of home mortgages and small business loans were originated within the assessment area.

<b>Lending in Thomas County</b>										
Loan Type	Number of Loans					Dollars of Loans (000's)				
	Inside		Outside		Total	Inside		Outside		Total
	#	%	#	%		\$	%	\$	%	
Home Mortgage	176	67%	86	33%	262	\$28,926	64%	\$16,581	36%	\$45,507
Small Business	95	57%	73	43%	168	\$36,543	33%	\$38,954	67%	\$75,497
Totals	271	63%	159	37%	430	\$65,469	54%	\$55,535	46%	\$121,004

Source: Bank Internal Loan Registers

The bank’s record of lending inside its assessment area meets the standards for satisfactory performance.

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

**Home Mortgages**

The following table illustrates the distribution of home mortgage loan originations to borrowers of different income levels within Thomas County. For purposes of this analysis, family income levels were stratified as a percentage of the updated median family income (MFI) levels for the non-metropolitan areas of the state of Georgia. The updated MFI figures were \$45,600 for 2013, \$47,400 for 2014, and \$47,800 for 2015.

As reflected in the above table, Thomas County Federal’s percentage of lending to low-income borrowers is low in relation to the demographics for the assessment area. However, due to the number of households living below the poverty level, the volume of lending to low-income borrowers is reasonable. The table further indicates that the level of loan originations to moderate-income borrowers is also reasonable when compared to the demographics of the assessment area.

<b>Borrower Distribution of Residential Real Estate Loans in Thomas County</b>								
Borrower Income Level	Low		Moderate		Middle		Upper	
Loan Type	% of AA Families	% of # of Loans	% of AA Families	% of # of Loans	% of AA Families	% of # of Loans	% of AA Families	% of # of Loans
Home Mortgages	23.29	5.00	15.22	13.33	18.47	3.33	43.02	78.34

Data Source: 2010 US Census Data. Sample of 2013, 2014, and 2015 (through June 30) Home Mortgage Loans.

Overall, the bank’s distribution of home mortgages among low-and moderate-income borrowers meets the standards for satisfactory performance.

**Small Business Loans**

The table below illustrates the distribution of small business loans based on gross annual revenues of the business. Information in the table reflects that 75 percent of the small business

loans by number were made to businesses with gross annual revenues of less than \$1million. In addition, 51.56 percent by dollar amount were made to businesses with gross annual revenues less than \$1 million. By percentage of number, the bank’s lending to businesses with gross annual revenues less than \$1 million exceeds the percentage of businesses in the assessment area that reported gross annual revenues of \$1 million or less at 71.47 percent.

<b>Borrower Distribution of Loans to Businesses/Farms in Thomas County</b>				
<b>Business Revenues (or Sales)</b>	<b>&lt;\$1,000,000</b>	<b>&gt;\$1,000,000</b>	<b>Unavailable/Unknown</b>	<b>Total</b>
% of AA Businesses	71.47%	5.18%	23.36%	100%
% of Bank Loans in AA by #	75.00%	25.00%	0	100%
% of Bank Loans in AA by \$	51.56%	48.44%	0	100%

*Source: Loan sample of 2013, 2014, and 2015 (through June 30) Small Business Loans; Dunn and Bradstreet data.*

The sampled business loans reflect an excellent distribution to businesses of different sizes and borrowers of different income levels and exceed standards for satisfactory performance.

**Geographic Distribution of Loans**

A meaningful analysis of the geographic distribution of mortgage loans and small business loans could not be performed because the bank did not originate any loans in the low-income census tract. Opportunities to lend in the low-income census tract is very limited as families residing in the low-income tract are less than 3 percent of the assessment area’s population with 23 percent living below the poverty level. In addition, small businesses in this low-income tract account for only 1.73 percent of all businesses in the assessment area. There are no moderate-income census tracts in the assessment area.

**Responses to Complaints**

The bank has not received any CRA-related complaints since the previous performance evaluation.

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

Pursuant to 12 CFR 25.28(c), or 12 CFR 195.28(c), in determining a national bank’s (bank) or Federal savings association’s (FSA) CRA rating, respectively, the OCC considers evidence of discriminatory or other illegal credit practices in any geography by the bank or FSA, or in any assessment area by an affiliate whose loans have been considered as part of the bank’s or FSA’s lending performance.

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