

Small Bank Performance Evaluation

PUBLIC DISCLOSURE

July 27, 1998

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

**The First National Bank of Alma
Charter Number 16258**

**423 W. 12th Street
Alma, Georgia 31510-2028**

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 **The First National Bank of Alma** prepared by **The Office of the Comptroller of the Currency**, the institution's supervisory agency, as of July 27, 1998. 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 Alma's rating:

- ▶ The loan-to-deposit ratio exceeds satisfactory performance given the bank's size, financial condition, and the credit needs within the community.
- ▶ A reasonable amount of loans and other lending related activities are within the bank's assessment area.
- ▶ The distribution of loans reflects reasonable penetration among individuals of different income levels and businesses of different sizes.

The following table indicates the performance level of The First National Bank of Alma 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 OF ALMA</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 CRA examination		

DESCRIPTION OF INSTITUTION

As of June 30, 1998, The First National Bank of Alma (FNB Alma) is a \$136 million institution headquartered in Alma, Georgia with one branch in Baxley, Georgia. The bank is 100% owned by First Bankshares of the Southeast. They have two automated teller machines, one located on the bank premises in Alma and another on branch premises in Baxley. Net loans represent 83.56% of assets. The loan portfolio is as follows: commercial/commercial real estate loans (53.22%), residential real estate loans (21.87%), agriculture loans (12.31%) and consumer loans (12.63%) .

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

DESCRIPTION OF BACON AND APPLING COUNTIES, GEORGIA

The institution's assessment area is Bacon and Appling counties. This area meets the requirements of the regulation and does not arbitrarily exclude low or moderate income geographies. Bacon County's 1990 Census population was 9,566 while Appling County's 1990 Census population was 15,744. Based on the 1990 Census, Bacon County has two Block Numbering Areas (BNA's), both designated middle income. Appling County has five BNA's, all designated middle income. The 1998 Housing & Urban Development estimated state-wide non-MSA median family income for Georgia of \$34,600

Bacon County's estimated 1998 population is 9,847. The population has experienced a .3% annual growth rate since 1990. The city of Alma is the county's only incorporated municipality. The unemployment rate is approximately 7.2%. These figures were based on published demographic information and the Alma- Bacon Chamber of Commerce. Major employees in the area include Fleetwood Homes, Milliken, D. L. Lee, Lee Meats, and Georgia Power.

The Appling County Chamber of Commerce estimates Appling County's 1998 population to be 16,670. The population has experienced a .7% growth rate since 1990. The county has three municipalities, Baxley, Graham and Surrency. Approximately 50% of the county's population lives outside the municipalities. The unemployment rate is approximately 10.9%. Major employees include Georgia Power Plant Hatch, the Appling County School System and Rayonier.

Competition in the two counties is provided by a savings and loan association, a regional bank and two state banks. Contacts made with local community leaders indicated that the involvement of financial institutions is positively perceived within the local community. The community leaders stated the local population's banking needs are being adequately met with the volume and business strategies of all financial institutions.

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA:

Loan-to-Deposit Ratio

The loan-to-deposit ratio exceeds satisfactory levels given the bank's size, financial condition, and assessment of area credit needs. The average net loan to deposit ratio, using quarter end information from December 31, 1995 to March 31, 1998, is 84.23%. This is considered stable and is higher than their local peer banks average ratio of 81.51% for the same time period. The bank's peer group consists of all national and state chartered institutions in the assessment area.

In addition, the FNB Alma was compared to a national peer group of banks with total assets between \$100 million to \$250 million and located in a non-metropolitan area (MSA). Over the last five quarters, FNB Alma's average loan to deposit ratio is 87.96%. This ratio was considerably higher than the national peer group average ratio of 65.93%.

Lending In Assessment Area

A reasonable number of the bank's loans are within their assessment area. A sample of 40 loans consisting of 7 residential real estate, 29 consumer and 4 Commercial/ agriculture loans were reviewed. All loans in this sample were made in the assessment area. This is consistent with the bank's internal reports of loans made in the first quarter of 1998 which showed 70% of the 117 loans made within the assessment area.

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

The dispersion of loans to borrowers of different income levels and businesses of different sizes is reasonable. Of the sample of 36 residential real estate and consumer loans, all 36 or 100% were made within the assessment area. Borrowers were categorized as low-, moderate-, or upper- income based on the 1998 non-MSA median family income for Georgia of \$34,600. The following table shows the results of this analysis.

	Low income	Moderate income	Middle income	Upper income
Percentage of households	29%	15%	17%	39%
Percentage of loans in sample	25%	28%	19%	28%

As of June 30, 1998, FNB Alma has 895 small business loans totaling \$55.5 million and 285 small farm loans totaling \$13 million. Small business and small farm make up 64.98% of the loan portfolio. Loans for \$1 million or less to businesses were considered small business loans.

In addition, FNB Alma makes Small Business Administration (SBA) loans . From January 1997 to June 1998, the bank originated eight SBA loans totaling \$2.6 million.

Geographic Distribution of Loans

Based on our sample, there appears to be reasonable distribution of lending within the assessment area. The bank does not perform this type of geographic analysis internally.

Response to Complaints

There were no complaints received by the bank or our office during the period of review. During this examination we performed a fair lending review of FNB Alma's instalment lending to determine any discriminatory practices based on gender, age, or co-applicant requirement. No violations of the substantive provisions of anti-discrimination laws were identified.