



SMALL BANK

Comptroller of the Currency
Administrator of National Banks

PUBLIC DISCLOSURE

July 29, 2003

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

**The First National Bank Of Barnesville
Charter Number 6243**

**315 Thomaston Street
Barnesville, GA 30204**

**Comptroller of the Currency
Georgia Field Office
1117 Perimeter Center West Suite W401
Atlanta, GA 30338**

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.

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INSTITUTION'S CRA RATING

This institution is rated *Satisfactory*.

FNB's performance rating is supported by the following factors:

- The loan-to-deposit ratio is reasonable;
- A substantial majority of loans are in the assessment area; and,
- Lending to borrowers of different incomes and business of various sizes is adequate.

DESCRIPTION OF INSTITUTION

First National Bank of Barnesville is a full-service bank located in Barnesville, Lamar County, Georgia. The bank has two office locations with the main office located in Barnesville and a branch in Zebulon, Pike County, Georgia.

As of June 30, 2003, the bank had total assets of \$98 million with a loan portfolio approximating \$72 million. The percentage of net loans to total assets is 71%. Lending activity is centered in residential real estate loans (33%), non-farm and non-residential loans (32%), construction and land development loans (16%), commercial and industrial loans (8%), and consumer loans/other (6%). Total deposits in the bank are \$85 million with capital accounts aggregating \$9 million.

The bank offers a variety of traditional deposit and loan products with small business and home refinance related loans being its primary credit products. The bank also has three automated teller machines with one being located at each branch for customer convenience and one in Milner, Lamar County, GA. There are no financial conditions, legal constraints, or other factors that hinder the bank's ability to help meet the credit needs of its assessment area. During this evaluation period, there have been no changes in the bank's corporate structure.

The previous CRA evaluation dated April 13, 1998 rated the bank's performance as satisfactory.

DESCRIPTION OF FNB'S ASSESSMENT AREA

FNB's Assessment Area (AA) meets the technical requirements of the Act and does not arbitrarily exclude low-or moderate-income census tracts. The AA is defined as all of Lamar and Pike Counties, which are not in a Metropolitan Statistical Area [non-MSA]. The combined assessment area is comprised of seven census tracts. Lamar County has one moderate- and two middle-income census tracts and Pike County has two middle- and two upper-income census tracts.

Lamar County AA

According to the 1990 United States Census, the population of the Lamar County AA (non-MSA) is approximately 13,038. The census median family income for the assessment area is \$26,690. The Department of Housing and Urban Development's (HUD) *updated* median family income estimate for this AA is \$42,200 for 2002. Owner occupied housing in the county is moderate at 64% with the median housing value at \$48,198. Households living below poverty level are 17% with unemployment at 3%. Since the last census, however, the population grew 22% to 15,912 in 2000.

Despite some losses in employment in recent years, manufacturing remains the county's leading industry employer. Other industries that primarily support the local economy are: service, retail, government and farming. Major employers in the Lamar County AA are Aldora Mills/General Tire and IEA, Incorporated of Kenosa.

Pike County AA

According to the 1990 United States Census, the population of the Pike County AA (non-MSA) is approximately 10,224. The census median family income for the assessment area is \$26,690. The Department of Housing and Urban Development's (HUD) *updated* median family income estimate for this AA is \$42,200 for 2002. Owner occupied housing in the county is high at 74% with the median housing value at \$50,941. Households living below poverty level are 14% with unemployment at 2%. Since the last census, total population in Pike County grew 34% to 13,688 in 2000.

In addition to FNB, competition to provide financial services and products in the bank's AA is strong. FNB is the only community bank with a main location in Barnesville, GA. Other financial institutions in Barnesville include three finance companies. United Bank has a branch in Barnesville with their main branch located in Zebulon, Pike County, GA. The only other community bank is the Bank of Pike County located in Molena, Pike County, GA.

As part of our examination, we obtained information from community leaders regarding local economic conditions and community credit needs. Based on information provided by the Lamar County Development Authority, the primary credit needs in the community are retail loans and loans for small businesses.

The following table highlights the demographic composition of the bank's assessment area.

Demographic and Economic Characteristics of Assessment Area (1990 US Census Data)		
Population	Lamar County AA	Pike County AA
Number of Families	3,567	2,838
% Low Income Families	21%	13%
% Moderate Income Families	17%	16%
% Middle Income Families	22%	20%
% Upper Income Families	39%	51%
Geographies		
Number of Census Tracts	3	4
% Low Income Census Tracts	0%	0%
% Moderate Income Census Tracts	0%	33%
% Middle Income Census Tracts	50%	67%
% Upper Income Census Tracts	50%	0%
Median Family Income (MFI)		
1990 MFI for AA	\$26,690	\$26,690
2002 HUD Adjusted MFI	\$42,200	\$42,200
Economic Indicators		
Unemployment Rate	3%	2%
1990 Median Housing Value	\$48,198	\$50,941
% of Households Below Poverty Level	17%	14

CONCLUSIONS ABOUT PERFORMANCE CRITERIA

Evaluation Period/Products Evaluated

The evaluation period for this CRA examination is April 14, 1998 through June 30, 2003. We reviewed and evaluated a sample of home refinance and small business loans because these were the primary lending products during this timeframe. For analytical purposes, our Lending in the Assessment Area Test included a sample of twenty loans for each product. Additionally, a sample of twenty loans in the AA was used for the Lending to Borrowers of Different Incomes and Businesses of Different Sizes Test.

Data Integrity

Since FNB's AA is not in an MSA, the bank is not required to publicly file information on home mortgages.

Loan-to-Deposit Ratio

FNB's loan-to-deposit ratio is reasonable in view of the community's credit needs, demand for

credit, and keen competition among area financial institutions. The bank's average loan-to-deposit ratio since the prior CRA examination is approximately eighty five percent. During these quarters, the loan-to-deposit ratio ranged from a low of seventy six percent in June 2002 to a high of ninety eight percent in June 2000. At June 30, 2003, the bank's loan-to-deposit ratio was eighty seven percent. When compared to other banks in Lamar and Pike counties, this bank's loan-to-deposit ratio is slightly above their ratios. For the most part, this ratio remains stable.

Lending in Assessment Area

A substantial majority of home mortgage loans (refinances) and loans to small businesses were granted in the bank's AA during this evaluation period. We obtained a sample of twenty loans for each loan type. Ninety five percent of the home refinance loans and eighty percent of the small business loans were inside the AA. Overall, lending levels reflect a good responsiveness to community credit needs.

Table 1

Assessment Area Lending – Lamar and Pike Counties (Evaluation Period – April 14, 1998 through June 30, 2003)								
Loan Type	In Assessment Area				Out of Assessment Area			
	#	%	\$000's	%	#	%	\$000's	%
Home Refinance	19	95%	758	98%	1	5%	27	3%
Small Business	16	80%	2,572	83%	4	20%	522	17%
Total	35	89%	3,330	86%	5	13%	577	15%

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

With respect to the bank's primary product line, home refinance loans and loans to small businesses were reviewed for analytical purposes. Overall, the distribution of loans to borrowers of different income levels reflects a good penetration among individuals of different income (including low- and moderate-income) levels.

Home Mortgage Loans

The following table shows the percentage of home refinance loans in the assessment area as compared to the percentage of families by income level that reside in the area. Within low-income families, sixteen percent of the families in the AA live below the poverty level. Fifty percent of the home refinance loans were made to low-income families.

Table 2

Distribution to Borrowers of Different Incomes in Lamar and Pike Counties Assessment Area (Evaluation Period – April 15, 1998 through June 30, 2003)	
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Borrower Income Level	Low		Moderate		Middle		Upper	
	% 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	% of AA Families
Home Refinance	50%	18%	15%	17%	15%	21%	20%	44%

Small Business Loans

Overall, small business lending is good. As the table 2A indicates, seventy five percent of the business loans in our sample were to small businesses (those with revenues less than \$1 million). Sixty two percent of the businesses in the AA are considered small businesses.

Table 2A

Borrower Distribution of Loans to Businesses in Lamar and Pike Counties		
Business Revenues (or Sales)	≤\$1,000,000	>\$1,000,000
% of Bank Loans in AA by #	75%	25%
% of Bank Loans in AA by \$ (000's)	\$1,717	\$1,397

Geographic Distribution of Loans

An analysis of the geographic distribution of loans was not performed because it would not be meaningful. Lamar and Pike counties, which are not in a MSA, have one moderate-, four middle – and two upper-income census tracts. There are no low-income tracts.

Responses to Complaints

FNB has not received any consumer complaints since our prior CRA examination.

Fair Lending Review

An analysis of public comments and consumer complaint information from 1998 through June 2003 was performed according to the OCC's risk based fair lending approach. Based on its analysis of the information, the OCC decided that a comprehensive fair lending examination would not need to be conducted in connection with the CRA evaluation this year. The latest comprehensive fair lending examination was performed in April 1998.