

PUBLIC DISCLOSURE

February 9, 1999

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

**First National Bank of Baldwin County
Charter # 21873**

**2501 North Columbia Street
Milledgeville, Georgia 31061**

**Office of the Comptroller of the Currency
Georgia Field Office
1117 Perimeter Center West, Suite W-401
Atlanta, Georgia 30338-5417**

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.

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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 performance of **First National Bank of Baldwin County** prepared by the **Office of the Comptroller of the Currency**, the institution's supervisory agency, as of **February 9, 1999**. 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**.

Major factors contributing to the bank's rating were its satisfactory loan-to-deposit ratio, volume of lending within the assessment area, and distribution of lending to borrowers of different income levels and businesses of different sizes.

The following table indicates the performance level of **First National Bank of Baldwin County** with respect to each of the five performance criteria. These rating are based on the bank's performance since the last CRA examination conducted in April 1996.

SMALL INSTITUTION ASSESSMENT CRITERIA	First National Bank of Baldwin County 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	Not evaluated since there were no significant geographic distinctions.		
Response to Complaints	No complaints have been received by First National Bank of Baldwin County since their last CRA examination in April, 1996.		

DESCRIPTION OF INSTITUTION

First National Bank (FNB) is a \$66 million full service institution owned by Baldwin Bancshares, Inc., a one-bank holding company. The bank operates out of two locations with the main office being located in Milledgeville, Georgia. The second office is a loan production office (LPO) located in Putnam County and provides mortgage services to the Lake Oconee area. FNB opened in July 1989 and is the only locally chartered national bank in the community. Primary competition within the assessment area consists of three larger state-chartered financial institutions. The bank offers traditional financial services such as commercial, residential mortgage, consumer installment, and credit card lending.

As of December 31, 1998, the bank's \$43 million loan portfolio represented 65% of total assets. The loan portfolio is made up of 58% commercial loans, 29% residential real estate, and 13% consumer loans. The bank's primary focus continues to be on real estate lending as evidenced by the 72% of loans secured by commercial or residential properties. No known legal impediments exist that would restrain FNB from meeting the credit needs of its assessment area.

DESCRIPTION OF ASSESSMENT AREA

First National Bank's assessment area is Baldwin County. This county is not part of a Metropolitan Statistical Area (MSA) but is subdivided into standard U.S. Census Bureau Block Numbering Areas (BNA). There are no low or moderate income BNAs in the assessment area. The Georgia Statewide Non-Metropolitan median Family Income for 1998 of \$34,600 was used in the geographic and income analyses.

Baldwin County has a 1998 estimated population of 42,633 with 19,544 residing in the city of Milledgeville. The southern most portion of Milledgeville is identified as the Hardwick community. The Central State Hospital, Department of Corrections, War Veterans Home, and two privately owned nursing homes surrounds this community. The county is composed of five middle income and three upper income BNAs.

Government employment accounts for the majority of jobs in Baldwin County. The State of Georgia is the largest employer in Baldwin County employing over 6,000 people at state-owned institutions such as Central State Hospital, Georgia College, and several prison facilities. County and city government accounts for another 1,500 jobs in the area. The area has a diversified manufacturing base that produces goods such as aerospace products, heat pumps, carpet yarn, and worsted wool. Other major employers include Rheem Manufacturing, Oconee Medical Center, Northrup-Grumman Aerospace, Concord Fabrics, and Shaw Industries. The 1998 unemployment rate in Baldwin County is 3.7%.

During our examination, we interviewed two community contacts to discuss credit needs within the

community. Both contacts emphasized that the community's credit needs are being adequately served. The opportunities identified through these interviews and discussions with bank management consist of commercial and residential growth around Lake Oconee and speculative construction in the newly expanded industrial park. Sufficient housing exists in the county.

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA:

We drew conclusions for each performance criteria by evaluating a sample of real estate related, consumer, and commercial loans originated during 1998. Additional information was obtained from the U.S. Census Bureau and bank financials.

Loan-to-Deposit Ratio

FNB's average loan-to-deposit ratio, dating back to June 1996, is good at 73%. This ratio compares favorably to FNB's peer group average of 58% over the same time period. Further, the individual peer bank's average loan-to-deposit ratio for the past ten quarters ranged from 51% to 69%. The bank's peer group consists of three larger commercial banks, located in the City of Milledgeville, with total assets ranging from \$100 million to \$150 million.

Lending in the Assessment Area

A majority of FNB's lending occurs within the assessment area. We sampled thirty-five residential real estate and auto loans originated in 1998. Of these loans 83% of the number and 90% of the dollar volume were made within Baldwin County. We also sampled thirty-two commercial loans and found the bank's commercial lending practices to be satisfactory based on 78% of the number sampled and 72% of the dollar volume being to borrowers inside the assessment area.

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

Lending to borrowers of different incomes is reasonable. From our sample of residential real estate and consumer loans we determined that 12% of the consumer loans and no real estate loans were made to low income borrowers. An additional 22% of consumer loans and 6% of real estate loans were made to moderate income borrowers. The consumer sample is comparable to the low and moderate income population of the county at 19% and 14%, respectively. The low volume of real estate lending to low and moderate income borrowers is a result of higher cost housing in close proximity of the main office, increasing number of multi-family units (apartments), and availability of subsidized housing. The bank's location is also a factor. The main office is the northern most

banking office in the county. Borrowers in rural parts of the county would have to bypass eleven other bank offices/branches in order to bank at FNB.

FNB's lending to businesses of different sizes is good. Based on our review of business credits, 75% of the loans made inside the assessment area were to small businesses. Small Businesses are defined as companies with less than \$1 million in annual revenues.

Geographic Distribution of Loans

There were too few geographic distinctions within the bank's assessment area to perform a meaningful analysis. There are no low or moderate income BNAs in the bank's assessment area. Additionally, an analysis of demographic data shows only a slight variance in the percentage of low income and minority families within each BNA.

Response to Consumer Complaints

FNB has not received any CRA-related complaints since the last CRA examination performed in April 1996.

Record of Compliance with Anti-discrimination Laws.

We conducted a concurrent compliance and fair lending examination. We did not identify any discriminatory lending practices or violations of the substantive provisions of federal anti-discrimination laws and regulations, including the Equal Credit Opportunity Act, Fair Housing Act, and the Fair Housing Home Loan Data System Regulation. The bank has instituted appropriate fair lending policies, procedures, and training programs.

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