

PUBLIC DISCLOSURE

March 4, 1996

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

Bank of Adairsville
06130030

Adairsville, Georgia

Federal Reserve Bank of Atlanta
104 Marietta Street, N.W.
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 the 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 Bank of Adairsville prepared by the Federal Reserve Bank of Atlanta, the institution's supervisory agency, as of March 4, 1996. The agency rates the CRA performance of an institution consistent with the provisions set forth in Appendix A to 12 CFR Part 228.

INSTITUTION'S CRA RATING: This institution is rated Satisfactory.

The bank's satisfactory rating is supported by a reasonable average loan-to-deposit ratio of 65.4 percent. Additionally, 84 percent of a sample of the bank's loans were extended to individuals in the bank's assessment area. The credits extended were reasonably distributed throughout the assessment area. No evidence of discrimination or other illegal credit practices was noted during the examination.

GENERAL INFORMATION (CONTINUED)

The following table indicates the performance level of Bank of Adairsville with respect to each of the five performance criteria.

SMALL INSTITUTION ASSESSMENT CRITERIA	BANK OF ADAIRSVILLE		
	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 previous examination.		

DESCRIPTION OF INSTITUTION

Bank of Adairsville operates one full-service office and a remote drive-in facility, both of which are located in Adairsville, Georgia. According to the December 31, 1995 Consolidated Reports of Condition and Income, the bank had total assets of \$29.0 million. According to the CRA Statement, the bank offers real estate loans, commercial loans, small business loans, home improvement loans, automobile loans, and personal consumer loans. The bank has extended each type of loan listed in its CRA Statement. The composition of Bank of Adairsville's loan portfolio, according to the December 31, 1995 Consolidated Reports of Condition and Income, is as follows:

LOAN TYPE	PERCENT OF TOTAL PORTFOLIO
Loans to Individuals	14.7
Loans Secured by 1 - 4 Family Properties	53.1
Construction and Land Development	9.1
Commercial and Industrial Loans	3.4
Agricultural Loans	2.1
Other Loans	17.6
Total	100.0

The April 18, 1995 State of Georgia safety and soundness examination report identified no legal impediments that would hinder the bank from meeting the credit needs of its assessment area.

DESCRIPTION OF BANK OF ADAIRSVILLE'S ASSESSMENT AREA

Bank of Adairsville is located in Adairsville, Georgia. It is situated in the northwest portion of the state and is approximately 55 miles northwest of Atlanta, Georgia, and 45 miles southeast of Chattanooga, Tennessee. Management has defined the bank's assessment area as the northern part of Bartow County, the southern portion of Gordon County, and the northeast part of Floyd County. The area includes eight block numbering areas (BNAs) in Bartow and Gordon Counties and four census tracts in Floyd County. The table below lists the assessment area's census tracts and BNAs by income level. Because one census tract in Floyd County has no population, it is not included in the sample.

CENSUS TRACT/BNA	QUANTITY
Moderate-income	4
Middle-income	3
Upper-income	4

Bartow County is the only county in the bank's assessment area that is part of the Atlanta Metropolitan Statistical Area (MSA). The assessment area does not seem to arbitrarily exclude any low- or moderate-income areas. According to the 1990 Census, the assessment area's population was 47,801. The population consists of 93.8 percent white, 5.1 percent black, and 1.1 percent other races or national origins. The Census data show that 18,354 housing units are in the assessment area. 71.1 percent of the housing units are owner-occupied, 21.9 percent are rental units, and 7.0 percent are vacant.

Employment opportunities in the bank's assessment area are limited to a few carpet manufacturers, two floor care companies, and a Budweiser brewery. Most of the area's residents commute to Cartersville, Rome, or Atlanta, Georgia, for employment.

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA

Bank of Adairsville's average loan-to-deposit ratio for the four quarters ended December 31, 1995, is 65.4 percent. The loan-to-deposit ratios of six other similarly situated financial institutions were compared with the loan-to-deposit ratio of Bank of Adairsville. The bank's loan-to-deposit ratio is comparable to those of the other institutions in the assessment area and seems reasonable given the bank's capacity to lend, demographic and economic factors, and the lending opportunities available.

A sample of 121 consumer purpose loans and 53 consumer real estate loans was geocoded and analyzed to determine the percentage of loans the bank has extended in the assessment area. The analysis revealed that 146 (84 percent) of the loans were extended to individuals in the bank's assessment area. The analysis also revealed that \$2.4 million (82.4 percent) of the total dollars were loaned to individuals residing in the bank's assessment area. Of the 11 populated geographies in the assessment area, 36.5 percent are moderate-income, 27 percent are middle-income, and 36.5 percent are upper-income. Although only 36.5 percent of the geographies in the assessment area are classified as moderate-income, the high number of loans extended in moderate-income areas is reasonable since the bank and the city of Adairsville are located in a moderate-income BNA.

The distribution of loans by the income level of census tracts or BNAs was reviewed. The analysis revealed that 126 (86 percent) of the sampled loans in the assessment area were extended to individuals residing in moderate-income geographies, 10 percent were in middle-income geographies, and 4 percent were in upper-income geographies. Based on the sample, the geographic distribution of the bank's loans meets the standards for satisfactory performance.

The distribution of the sampled loans in the assessment area by the income level of the borrower was also analyzed. The analysis revealed that the bank extended 74 loans (52 percent) to low-income individuals, 32 loans (23 percent) to moderate-income individuals, 24 loans (17 percent) to middle-income individuals, and 12 loans (8 percent) to upper-income individuals. According to 1990 Census data, 28 percent of the families in the assessment area are classified as low-income, 25 percent are moderate-income, 26 percent are middle-income, and 21 percent are upper-income. Based on the sample, the bank is adequately addressing the credit needs of borrowers of different income levels, including low- and moderate-income individuals.

No CRA-related complaints have been filed against the bank since the previous examination.

The bank's compliance with the substantive provisions of the antidiscrimination laws and regulations was assessed. No evidence of discrimination or other illegal credit practices was found.

TO THE INSTITUTION EXAMINED:

THIS COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION WAS PREPARED BY THE FEDERAL RESERVE BANK OF ATLANTA. THE FOLLOWING ACTIONS MUST BE TAKEN TO FULFILL THE CRA'S REQUIREMENTS.

- C AT A MINIMUM, PLACE THE EVALUATION IN YOUR CRA PUBLIC FILE LOCATED AT YOUR HEAD OFFICE NO LATER THAN 30 BUSINESS DAYS AFTER RECEIVING THE EVALUATION.
- C PROVIDE A COPY OF THE EVALUATION TO THE PUBLIC UPON REQUEST (YOU ARE PERMITTED TO CHARGE A FEE NOT TO EXCEED THE COST OF REPRODUCTION AND MAILING IF APPLICABLE) NO LATER THAN 30 BUSINESS DAYS AFTER RECEIVING THIS LETTER.

FEDERAL RESERVE BANK OF ATLANTA

ASSISTANT VICE PRESIDENT

(Date)

CYNTHIA C. GOODWIN

(Title)

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COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

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TO THE FEDERAL RESERVE BANK OF ATLANTA

A COPY OF THE COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION PREPARED AS OF THE CLOSE OF BUSINESS MARCH 4, 1996, BY AN EXAMINER FOR THE FEDERAL RESERVE BANK OF ATLANTA HAS BEEN RECEIVED AND WILL BE MADE AVAILABLE TO THE PUBLIC IN THE MANNER STATED IN THE LETTER WHICH ACCOMPANIED THE EVALUATION.

(Signature of Authorized Officer)

(Title)

BANK OF ADAIRSVILLE

(Name of Bank)

ADAIRSVILLE, GEORGIA

(Location)

FEDERAL RESERVE BANK OF ATLANTA

Cynthia C. Goodwin
ASSISTANT VICE PRESIDENT

Board of Directors
Bank of Adairsville
Post Office Box 405
Adairsville, Georgia 30103

Dear Board Members:

Enclosed is the bank's Community Reinvestment Act Performance Evaluation prepared by Federal Reserve Examiner Michael Broadston using the guidelines established by the Federal Financial Institutions Examination Council. This evaluation was prepared in accordance with the Community Reinvestment Act (CRA), as amended by the Financial Institutions Reform, Recovery, and Enforcement Act of 1989, and must be made available to the public. The following actions must be taken to fulfill the CRA's requirements.

- C At a minimum, place the evaluation in your CRA public file located at your head office no later than 30 business days after receiving this letter.
- C Provide a copy of the evaluation to the public upon request (you are permitted to charge a fee not to exceed the cost of reproduction and mailing if applicable) no later than 30 business days after receiving this letter.

Please acknowledge receipt of this evaluation by signing and returning the attached blue form. The format and content of the evaluation should not be altered or abridged in any manner. You may wish to comment on this information detailing actions the bank has taken since the examination to meet its obligations under the CRA. Any written comments concerning the evaluation placed in the public file should also be forwarded to this office. If you believe any of the information included in the public evaluation is proprietary, please contact this Reserve Bank so that the appropriate action can be taken.

Our Community Affairs staff is available to assist you in determining and responding to community credit needs. Please feel free to contact Mr. Courtney Dufries at (404) 589-7226. If you have any questions concerning this report or any other compliance matter, contact Ms. Gale Williams at (404) 589-7223.

Very truly yours,

Cynthia C. Goodwin

Enclosures

PUBLIC DISCLOSURE

**COMMUNITY REINVESTMENT ACT
PERFORMANCE EVALUATION**

Name of Bank: BANK OF ADAIRSVILLE

City and State: ADAIRSVILLE, GEORGIA

Date of Examination: MARCH 4, 1996