

# **PUBLIC DISCLOSURE**

March 11, 1996

## **COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION**

Southwest Georgia Bank  
06132360

Moultrie, 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 Southwest Georgia Bank prepared by the Federal Reserve Bank of Atlanta, the institution's supervisory agency, as of March 11, 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 Outstanding.

Southwest Georgia Bank, Moultrie, Georgia, has a reasonable loan-to-deposit ratio. The bank is primarily a mortgage and consumer loan lender with a substantial majority of loans originated in its assessment area. Additionally, the bank has extended loans to borrowers of different income levels. Southwest Georgia Bank is extremely active and is a leader in the community with various investments in major housing and economic development projects in Colquitt County. A review of the bank's loan policy and procedures found the bank to be in compliance with the substantive provisions of antidiscrimination laws and regulations.

**GENERAL INFORMATION (CONTINUED)**

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

SMALL INSTITUTION ASSESSMENT CRITERIA	SOUTHWEST GEORGIA BANK		
	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 have been received since the bank became a state-chartered bank.		

## **DESCRIPTION OF INSTITUTION**

Southwest Georgia Bank is a wholly owned subsidiary of Southwest Georgia Financial Corporation. Southwest Georgia Bank has three offices, including the main office and a branch in Moultrie, Georgia (Colquitt County) and a branch in Newton, Georgia (Baker County). The bank acquired the Newton branch in December 1994. The acquisition resulted in a \$15 million increase of the bank's deposit base. As of the December 31, 1995 Consolidated Reports of Condition and Income, the bank's assets totaled \$207.3 million. The June 25, 1995 safety and soundness examination conducted by the State of Georgia Department of Banking and Finance identified no legal or financial impediments that would hinder the bank's ability to help meet the credit needs of the community.

Southwest Georgia Bank offers a variety of credit products to meet the community's credit needs. The bank offers the following types of credit:

- C Commercial loans to businesses
- C Farm loans
- C Consumer loans, including loans under the Georgia Industrial Loan Act
- C Home equity loans
- C Home improvement loans
- C Loans to contractors and individuals for residential construction of 1- to 4-family dwelling units
- C Loans to contractors for residential construction for 5-dwelling units and over
- C Residential real estate mortgage loans (up to 20 years)
- C Manufactured housing loans
- C Commercial real estate construction loans to businesses and individuals
- C Loans to county and municipal government agencies
- C Community development loans
- C Loans guaranteed by the Small Business Administration
- C Credit card loans

**DESCRIPTION OF INSTITUTION (CONTINUED)**

The composition of the loan portfolio according to the December 31, 1995 Consolidated Reports of Condition and Income is as follows:

LOAN TYPE	\$(000s)	PERCENTAGE OF GROSS LOANS
Construction and land development	1,299	1.1
Secured by one- to four-family residential properties	40,484	34.7
Secured by farmland	5,760	4.9
Secured by multifamily residential properties	3,345	2.9
Secured by nonfarm nonresidential properties	37,673	32.3
Agricultural production	4,756	4.1
Commercial and industrial	11,389	9.8
Loans to individuals	11,700	10.0
Other loans	307	.2
<b>Gross loans and leases</b>	<b>116,713</b>	<b>100.0</b>

As illustrated by the table above, a large portion of the loan portfolio is made up of loans secured by real estate, particularly one- to four-family residential and nonfarm nonresidential, followed by loans to individuals.

The bank has identified real estate loans and other types of consumer purpose loans as credit needs of the community. According to the bank's internal reports, 2,571 consumer loans were extended in 1995. Of these loans, 214 (8.3 percent) were owner-occupied residential loans totaling \$4,499,995 with an average loan amount of \$21,028. 1,374 automobile loans, loans secured by savings accounts, and unsecured loans totaling \$6,812,618 were originated in 1995. The average loan amount was \$4,958. The average dollar amounts of both real estate and consumer loans indicate that the majority of loans extended by the bank are to borrowers with low or moderate incomes.

## **DESCRIPTION OF ASSESSMENT AREA: COLQUITT AND BAKER COUNTIES**

Southwest Georgia Bank defines its assessment area as all of Colquitt and Baker Counties. The bank's assessment area is made up of 909 square miles, 98.6 percent of which is considered rural. The assessment area consists of 13 block numbering areas (BNAs), including 2 BNAs that are nominally populated. The BNAs are 9601.00, 9602.98, 9603.97, 9603.98, and 9701.00 through 9709.00. The towns of Berlin, Doerun, Ellenton, Funston, Norman Park, Riverside, and Moultrie form Colquitt County. According to 1990 Census data, the population of Colquitt County is 36,645, and the population of Baker County is 3,615. The total population of the assessment area is 40,260, which is an increase of 1,076 from the 1980 Census. The projected population for 2000 is 41,932.

According to 1990 Census data, the median family income for the bank's assessment area was \$24,451, which is lower than the median family income of \$26,691 for nonmetropolitan counties in Georgia. Of the 10,700 families in the bank's assessment area, 2,752 (25.7 percent) are considered low-income, and 1,986 (18.6 percent) are moderate-income. 1,980 families (18.5 percent) are below the poverty level. 882 (45 percent) of the families below the poverty level reside in BNAs 9703.00 and 9707.00, which are located in Moultrie.

The condition of the economy in Colquitt County has remained stable. The economy is diverse with agriculture and industry providing a mix that ensures general economic stability. Approximately 1,000 farms produce about \$150 million in cash crops annually, which makes Colquitt County the number one agricultural county in Georgia. Tobacco remains a stable crop, as are peanuts, pecans, and corn. Complementing agriculture is an industrial community that manufactures a broad range of products. Five of the largest industrial employers in the Moultrie/Colquitt County area are Riverside Manufacturing Company, Destiny Industries, Premium Port Processors, Rivco/Riverside, and Doerun Sportswear. These companies have a combined total of approximately 2,500 employees. Other large employers in the area are the Colquitt County School System, Colquitt Regional Medical Center, the City of Moultrie, and Colquitt County.

The 1992 U.S. Census employment data for county business patterns show a total of 796 businesses in the bank's assessment area. Of the 796 businesses, 762 (96 percent) are small businesses with fewer than 50 employees. According to the January 1996 Department of Labor and Statistics report, the unemployment rate for the bank's assessment area is 4.4 percent, which is slightly lower than the 4.6 unemployment rate for the State of Georgia, but considerably lower than the national unemployment rate of 5.8 percent.

**DESCRIPTION OF ASSESSMENT AREA: COLQUITT AND BAKER COUNTIES (CONTINUED)**

According to 1990 Census data, 62 percent of the 15,849 housing units in the bank's assessment area are owner-occupied, and 28 percent are renter-occupied. 74 percent of the dwellings are one- to four-family dwellings, and 20 percent are mobile homes. The median housing age is 33 years. The median housing value is \$40,151.

Three community contacts discussed the Colquitt County area. The individuals who were contacted represented a broad range of interests including economic development, civil rights, and private sector organizations. Two of the contacts stated that area financial institutions are committed to improving the quality of life of the citizens of Colquitt County through their investments in the major development projects in the area and their continued support for the agricultural and business communities. Within the past few years, expansions in plant, equipment, and employment have contributed to the local economy. Five major expansions have created over 350 new jobs. According to the contacts, the only major credit need in the community is related to housing. The contacts were interested in increasing the availability of sound, safe, and affordable housing.

**CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA**

Based on information from the bank's Consolidated Reports of Condition and Income, the bank's average loan-to-deposit ratio for the four quarters ended December 31, 1995, is 66.3 percent. Two other financial institutions are located in Colquitt County; however, only one is comparable to Southwest Georgia Bank. The average loan-to-deposit ratio for that financial institution is 78.3 percent. The bank's lower loan-to-deposit ratio can be attributed to the \$15 million in deposits gained from the acquisition of Baker County Bank and the large volume of small dollar loans extended. The average loan-to-deposit ratio seems reasonable given these factors.

During the examination, 109 consumer loans and 77 real estate loans were reviewed. The analysis provided information on the percentage of loans in the bank's assessment area, the distribution of loans by income levels of the borrowers, and the distribution of loans by income levels of the BNAs. Of the loans sampled, 98 (90 percent) of the consumer loans and 73 (95 percent) of the real estate loans were extended in the bank's assessment area. The extent of the bank's lending in its assessment area exceeds the standards for satisfactory performance.

The results of the analysis indicate that the bank extends loans to individuals of all income levels in the assessment area. Additionally, a large majority of the loans sampled were extended to low- or moderate- income individuals consistent with their representation in the population. 78 percent of the consumer loans and 56 percent of the real estate loans in the sample were extended to low- or moderate-income individuals. The distribution of borrowers reflects excellent penetration among individuals of different income levels.

<b>BORROWER INCOME (PERCENTAGE OF MEDIAN FAMILY INCOME)</b>	<b>PERCENTAGE OF FAMILIES IN ASSESSMENT AREA</b>	<b>CONSUMER LOANS  # of Loans (% of Total)</b>	<b>REAL ESTATE LOANS  # of Loans (% of Total)</b>
Low (Less Than 50)	25.7	54 (55%)	17 (23%)
Moderate (50 - 79)	18.6	22 (23%)	24 (33%)
Middle (80 - 119)	19.1	15 (15%)	26 (36%)
Upper (120 and Above)	36.6	7 (7%)	6 (8%)
Total	100.0	98 (100%)	73 (100%)

## **CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA (CONTINUED)**

Of the 13 BNAs in the bank's assessment area, 2 are low-income, with a combined population of 19; 1 is moderate-income; 9 are middle-income; and 1 is upper-income. The distribution of loans across the assessment area by income level of the BNA showed that 98 percent of consumer loans and 100 percent of the real estate loans sampled were in middle-income BNAs. The majority of the loans sampled are attributed to the Moultrie BNA, which is a middle-income BNA, because it is the closest city with a post office; however, customers may live in BNAs surrounding the Moultrie area. This situation made it difficult to accurately assess the BNA distribution of loans extended in the bank's assessment area.

Outreach activities in the community have allowed management to maintain an awareness of community development and redevelopment opportunities in Colquitt County. The bank has a high level of participation in these types of projects in the local community, often in a leadership role. Since December 1995, Southwest Georgia Bank has shown its commitment to the community through the following investments:

- C     \$62,000 donation to the City of Moultrie to convert an old theater into a new senior citizens center. This development will increase job opportunities and provide housing for low- and moderate-income elderly residents.
  
- C     The bank has pledged \$36,000 and agreed to lend \$116,000 to facilitate early completion of the YMCA child care center, which anticipates heavy use by low- and moderate-income single parents.
  
- C     Southwest Georgia Bank has also extended \$280,000 in loans to three businesses in the community in conjunction with the Colquitt County Economic Development Corporation.

In an effort to enhance credit availability in the assessment area, the bank has expanded hours beyond the normal 9:00 A.M. to 4:00 P.M. lobby hours. Southwest Georgia Bank provides drive-in service at the main office from 8:00 A.M. to 5:00 P.M. Monday through Thursday and 8:00 A.M. to 6:00 P.M. on Friday. The Federal Branch and the Baker County Branch offer drive-in service from 9:00 A.M. to 4:00 P.M. Monday through Thursday and 9:00 A.M. to 6:00 P.M. on Friday. The lobbies of the main office, the Federal Branch, and the Baker County Branch are open until 6:00 P.M. on Friday. In addition, 24-hour ATMs are located in the main office drive-up and in the lobbies of the main office and the Federal Branch. ATMs are also located in the cities of Doerun and Norman Park, which serve the northeast and northwest sections of Colquitt County.

**CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA (CONTINUED)**

No CRA-related complaints have been received since Southwest Georgia Bank became a state-chartered bank.

Bank management has developed and implemented loan policies and procedures for the types of credit the bank offers. The examination revealed no evidence of any practices intended to discourage individuals from applying for the types of credit offered. No violations of the substantive provisions of the antidiscrimination laws and regulations were identified.

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 (AND A DESIGNATED OFFICE IN EACH OF YOUR LOCAL COMMUNITIES) 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.
- C ADD THE FOLLOWING LANGUAGE TO YOUR CRA PUBLIC NOTICE THAT IS POSTED IN EACH OF YOUR OFFICES, NO LATER THAN 30 BUSINESS DAYS AFTER RECEIVING THE EVALUATION:

"YOU MAY OBTAIN THE PUBLIC SECTION OF OUR MOST RECENT CRA PERFORMANCE EVALUATION, WHICH WAS PREPARED BY THE FEDERAL RESERVE BANK OF ATLANTA, AT (YOUR MAIN OFFICE ADDRESS)."

**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 11, 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)

SOUTHWEST GEORGIA BANK  
\_\_\_\_\_  
(Name of Bank)

MOULTRIE, GEORGIA  
\_\_\_\_\_  
(Location)

# FEDERAL RESERVE BANK OF ATLANTA

**Cynthia C. Goodwin**  
ASSISTANT VICE PRESIDENT

April 26, 1996

Board of Directors  
Southwest Georgia Bank  
201 First Street  
Moultrie, Georgia 31768

Dear Board Members:

Enclosed is the bank's Community Reinvestment Act Performance Evaluation prepared by Federal Reserve Examiner Duwane M. Morgan 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 (and a designated office in each of your local communities) 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.
- C Add the following language to your CRA public notice that is posted in each of your offices, no later than 30 business days after receiving the evaluation:

"You may obtain the public section of our most recent CRA Performance Evaluation, which was prepared by the Federal Reserve Bank of Atlanta, at (your main office address)."

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.

Board of Directors  
Southwest Georgia Bank  
Moultrie, Georgia

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: SOUTHWEST GEORGIA BANK

City and State: MOULTRIE, GEORGIA

Date of Examination: MARCH 11, 1996