PUBLIC DISCLOSURE

October 6, 1997

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 @(Name of depository institution) prepared by the Federal Reserve Bank of Atlanta, the institution's supervisory agency, as of October 6, 1997. 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.

The bank=s average loan-to-deposit ratio is reasonable considering the bank=s size, competition, and assessment area credit needs. A substantial majority of the loans sampled are inside the bank=s assessment area. The geographic distribution of the loans exceeds standards for satisfactory performance. The bank=s overall performance with respect to lending to borrowers of different incomes and to businesses of different revenue sizes also exceeds performance standards. No complaints regarding the bank=s record of CRA compliance have been received since the previous examination. A review of the bank=s loan policy and lending practices revealed that the bank is in compliance with the substantive provisions of antidiscrimination laws and regulations.

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA (CONTINUED)

DESCRIPTION OF INSTITUTION

Southwest Georgia Bank is a wholly owned subsidiary of Southwest Georgia Financial Corporation. The bank has two branches, the main office in Moultrie, which is in Colquitt County, and a branch in the town of Newton, which is in Baker County. According to the June 30, 1997 Consolidated Reports of Condition and Income, the bank had total assets of $207.7 million. The bank has experienced modest asset growth over the previous two years. Assets totaled $203.7 million at the end of March 1996. The safety and soundness examination conducted by the Federal Reserve Bank in August 1997 revealed no financial impediments that would hinder the bank=s ability to make credit available to the residents and businesses in the assessment area. At the March 11, 1996 CRA examination, the bank was rated outstanding.

Southwest Georgia Bank makes the following types of credit available to meet the credit needs of its assessment area:

- Commercial loans to businesses
- Farm loans for farmland and agricultural production
- Consumer loans
- Home equity loans
- Home improvement loans
- Residential construction loans
- Residential mortgage loans
- Manufactured housing loans
- Commercial real estate construction loans
- Loans to county and municipal governments
- Community development loans
- Loans guaranteed by the Small Business Administration
- Credit card loans

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA
(CONTINUED)

DESCRIPTION OF INSTITUTION (CONTINUED)

According to the June 30, 1997 Consolidated Reports of Condition and Income, the composition of the bank=s loan portfolio is as follows:

LOAN TYPE	PERCENTAGE
Construction and development	.1%
Secured by one- to four-family dwellings	33.4%
Other real estate:	
Farmland	6.0%
Multifamily	2.4%
Nonfarm nonresidential	34.9%
Commercial and industrial	9.5%
Agricultural production	3.2%
Loans to individuals	10.3%
All other	.2%
TOTAL	100%

The table indicates that the largest portion of the loan portfolio is made up in non-farm non-residential secured by real estate loans and loans secured by one- to four-family dwellings. The loan portfolio composition has not changed significantly since the previous examination. Loans on one-to four-family dwellings and business loans were selected for the analysis portion of the CRA performance evaluation.

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA
(CONTINUED)

DESCRIPTION OF ASSESSMENT AREA

The bank=s assessment area is all of Collquitt and Baker Counties, two non-contiguous counties in southwest Georgia. These counties are not part of a Metropolitan Statistical Area.

According to the 1990 census, the median family income in the assessment area was $24,451, which is lower than the median family income for the nonmetropolitan counties in Georgia, which was $26,691. The following table shows the distribution of the families in the assessment area by income level:

FAMILIES BY INCOME LEVEL					
	Low	Moderate	Middle	Upper	Total
Number	2,753	1,984	2,046	3,917	10,700
Percentage	25.7%	18.5%	19.1%	36.7%	100%

The table shows that the highest percentage of families are upper-income, followed by low-income families.

The table below shows the distribution of the block numbering areas (BNA) in the assessment area by income level of the BNA:

BLOCK NUMBERING AREAS BY INCOME LEVEL					
	Low	Moderate	Middle	Upper	Total
Number	2	1	9	1	13
Percentage	15%	8%	69%	8%	100%

The table shows that the Middle-income BNAs make up the highest percentage of the total followed by low income BNAs. The two low income BNAs have no population.

The following table shows the number of families of each income group and the income level of the BNAs where they reside.

C O N C L U S I O N S   W I T H   R E S P E C T   T O   P E R F O R M A N C E   C R I T E R I A
(CONTINUED)

DESCRIPTION OF ASSESSMENT AREA (CONTINUED)

The bank=s assessment area is all of Collquitt and Baker Counties, two non-contiguous counties in southwest

DISTRIBUTION OF FAMILIES BY FAMILY INCOME AND BNA INCOME LEVEL

	Low-Income Families		Moderate-Income Families		Middle-Income Families		Upper-Income Families		Total	
BNA Income	Number	Percent	Number	Percent	Number	Percent	Number	Percent		
Moderate	634	23%	297	15%	256	13%	336	9%	1,523	14%
Middle	1,958	71%	1,536	77%	1,622	79%	3,060	78%	8,176	76%
Upper	161	6%	151	8%	168	8%	521	13%	1,001	10%
Total	2,753	100%	1,984	100%	2,046	100%	3,917	100%	10,700	100

The table shows that of the 2,753 low-income families in the assessment area, 1,958 (71 percent) live in middle-income BNAs. 23 percent live in moderate-income BNAs. 3,917 of the families in the assessment area are upper-income and are the largest income-group. 3,060 (78 percent) of these families live in middle-income BNAs. 76 percent of the total families live in the middle-income BNAs.

The economy in the two county assessment area is stable and is not experiencing significant growth. Baker County is much more rural than Colquitt County, and far less populous. According to the 1990 census, the population in Colquitt County was 36,645 and the population of Baker County was 3,615. The economy is a mixture of agriculture and related industry as well as manufacturing. The three largest employers are Riverside manufacturing, which makes clothing, Destiny industries which builds manufactured housing, and Colquitt Regional Medical Center.

According to the 1990 Census data, 62 percent of the 15,849 housing units in the assessment area were owner-occupied. 74 percent of these were one- to four-family dwellings and 20 percent were mobile homes. The median housing value was $40,151.

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA

Loan-to-deposit ratio:

The bank's average loan-to-deposit ratio for the six-quarter period ending June 30, 1997 was 65.7 percent. One other local community bank is located in the assessment area. This bank has total assets of $123 million and a six-quarter average loan-to-deposit ratio of 85.5 percent. One other bank operates in the assessment area, and is a large regional institution. Southwest Georgia Bank's average ratio is low by the bank's standards, which has a goal of 75 percent. The bank currently has undrawn commitments totaling approximately $8.5 million which, when added to funded loans, would result in a ratio of 74.4 percent as of October 3, 1997. Two other banks that are not in the bank's assessment area, but are in nearby counties, have assets totaling $258 million and $112 million and average ratios of 79.7 percent and 62.6 percent. Considering the bank's asset size, competition, and unfunded commitments, the average ratio is considered reasonable and meets the standards for satisfactory performance.

Lending in the assessment area:

An analysis of the bank's record of lending inside its assessment area was conducted. The review consisted of an analysis of 52 residential loans and 68 business loans. The following tables show the levels of lending inside and outside the assessment area for both loan types:

	Inside Assessment Area		**Outside Assessment Area**	
	Small Business	Residential	Small Business	Residential
Total Number of Loans	60%	50	8	2
Percentage	88%	96%	12%	4%
Total Amount of Loans	$5,119,341	$1,900,975	$282,717	$130,900
Percentage	95%	94%	5%	6%

The table show that for both loan types a substantial majority of the loans as measured in numbers of loans as well as in loan amounts, are inside the assessment area. This analysis indicates that the bank's lending inside its assessment area is excellent and exceeds the standards for satisfactory performance.

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA (CONTINUED)

Lending to borrowers of different incomes and businesses of different sizes:

A review of the bank=s record of lending to borrowers of different income and to businesses of different revenues was conducted. The following table shows the distribution of residential loans by income level of borrowers:

	Low-Income	Moderate-Income	Middle-Income	Upper-Income	Total
Number	4	13	23	10	50
Percentage	8%	26%	46%	20%	100%

The table shows that 26 percent of the loans were made to moderate-income borrowers, which is favorable in relation to the percentage of moderate income families in the assessment area, which is 18.5 percent as shown in the table on page 4. The same table shows that 25.7 percent of the families in the assessment area are low-income. Four of the loans were made to low-income borrowers, which is less than the percentage of total low-income families in the assessment area. However, 1,980 of the families in the assessment area are poverty-level representing 18.5 percent of the total number of families in the assessment area. Although it is possible for a moderate income family to be designated as poverty-level because of a large number of family members, it is probable that a vast majority are in the low-income category. Using the assumption that most of the poverty level families are in the low-income category, and deducting the number of poverty level families from the number of low-income families leaves 773. This number represents the number of low-income, non-poverty level families in the assessment area, making up 7.2 parent of the total. The bank=s lending to low-income families exceeded this percentage.

Standard underwriting guidelines for mortgage loans limit a mortgage payment including monthly hazard insurance and real estate taxes to 28 percent of an applicant=s gross monthly income. Multiplying the assessment area median family income of $24,451 by .5 and dividing by 12 results in the monthly amount of income available for qualifying for a loan for a low-income families making 50 percent of median

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA
(CONTINUED)

income, or $1018. 28 percent of this number is $285 which represents the number of dollars available for a mortgage payment. Deducting an allowance of $100 for property taxes and insurance results in a $185

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA (CONTINUED)

Lending to borrowers of different incomes and businesses of different sizes (Continued):

mortgage payment. At a 30-year rate of 7 percent, this would allow for a mortgage of $27,800. With a median housing value of $40,451 in 1990, affordable housing for even the non-poverty low-income families seems difficult to obtain. In consideration of this information, the bank=s record of lending to different income groups exceeds standards for satisfactory performance.

A review of the bank=s record of lending to business of different sizes revealed that of the 44 business loans where revenue was provided, 40 (91 percent) were made to small businesses with revenues less than $1,000,000. The following table shows the distribution of small business loans by loan amount:

DISTRIBUTION OF SMALL BUSINESS LOANS BY REVENUE

Revenue	Number	Percentage
Less than $100,000	33	82.5%
$100,001 to $250,000	6	15.0%
$250,001 to $1,000,000	1	2.5%
Total	40	100%

The table shows that a substantial majority of the were small loans less than $100,000. The analysis of the bank=s record of business lending indicates its willingness to lend to businesses of different sizes, particularly to small businesses and also shows its record of making small business loans. The bank=s record of business exceeds the standards for satisfactory performance.

Geographic distribution of loans:

	Low-Income	Moderate-Income	Middle-Income	Upper-Income	Total
Number	0	8	41	1	50

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA
(CONTINUED)

Percentage	0%	16%	82%	2%	100%

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA (CONTINUED)

Geographic distribution of loans (Continued):

The table shows that a substantial majority of the loans were made in middle-income BNAs. The lending level in the middle-income BNAs exceeded the percentage of middle-income BNAs in the assessment area, which is 69 percent as shown on the table on page four. The bank=s lending in the moderate-income BNAs at 16 percent also exceeded the percentage of moderate-income BNAs in the assessment area, which is 8 percent. As previously mentioned, although two BNAs in the assessment area are low-income, they have no population, and consequently no lending would be expected in those BNAs. The table on page five shows that 79 percent of the families in the middle income BNAs are middle-income families. This is consistent with the residential lending in middle-income BNAs which is 82 percent as shown on the table above. The table on page five also shows that 15 percent of the families in the moderate-income BNAs are moderate-income. This is also consistent with the percentage of the residential loans in moderate-income tracts, which is 16 percent as shown on the table above.

The following tables shows the geographic distribution of the sampled business loans.

	Low-Income	Moderate-Income	Middle-Income	Upper-Income	Total
Number	0	7	43	10	60
Percentage	0%	12%	72%	17%	100%

As with the residential loans, the geographic distribution of the business loans closely reflects the distribution of the BNAs by income-level as shown on the table on page four. Two middle-income BNAs encompass the main business district of the city of Moultrie, so it would be expected that most of the bank=s business loans would be in those areas.

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA
(CONTINUED)

The geographic distribution of the bank=s residential and business loans exceeds the standards for satisfactory performance.

C O N C L U S I O N S   W I T H   R E S P E C T   T O   P E R F O R M A N C E   C R I T E R I A
(CONTINUED)

C O N C L U S I O N S   W I T H   R E S P E C T   T O   P E R F O R M A N C E   C R I T E R I A (C O N T I N U E D)

Complaints:

No complaints relating to the bank=s compliance with CRA have been received since the last examination.

Compliance With Antidiscrimination Laws:

The bank is in compliance with the substantive provisions of the antidiscrimination laws and regulations. No evidence of discrimination or the use of illegal credit practices was noted during the review of bank policies and procedures. No practices have the intent or the effect of discouraging applicants for credit.