



## PUBLIC DISCLOSURE

March 31, 2014

## COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

Atlantic Coast Bank  
Charter Number 717022

4655 Salisbury Rd., Suite 110, Jacksonville, FL 32256

Office of the Comptroller of the Currency

8375 Dix Ellis Trail, Suite 403, Jacksonville, FL 32256-8273

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.**

**The Lending Test is rated: Satisfactory.**

**The Community Development Test is rated: Satisfactory.**

Major factors that support this rating include:

- The bank's loan-to-deposit (LTD) ratio is more than reasonable.
- A majority of loan originations and purchases are within the bank's assessment areas (AAs).
- The distribution of loans to borrowers of different income levels is reasonable.
- The bank has a reasonable geographic distribution of loans to low- and moderate-income (LMI) census tracts (CT).
- The overall level and responsiveness of community development (CD) lending, investments, and services meet the standards of satisfactory performance.

## **Scope of Examination**

This Performance Evaluation (PE) assesses the bank's performance under the Lending and Community Development Tests. The evaluation period was from February 23, 2009, the date of the prior PE, through March 31, 2014, the date of the current evaluation. However, the Lending Test concentrated on activity from January 1, 2009 to December 31, 2013. In evaluating lending performance, the bank's primary loan products include residential mortgage loans, commercial and commercial real estate loans with an emphasis on small business lending, and consumer loans. In evaluating the Community Development Test, we reviewed CD loans, investments, and services for the entire evaluation period.

In our evaluation of the distribution of loans, we utilized the demographics and geographies related to the 2000 Census and the 2010 Census as they apply to the lending period of 2009 through 2011, and 2012 through 2013, respectively.

This evaluation is based on accurate data. We tested Home Mortgage Disclosure Act (HMDA) data for residential mortgages and bank provided business and consumer loan reports to verify the accuracy of data used for this evaluation. We also verified CD loans, investments, and services submitted by management to ensure the investments and activities met the regulatory definition for CD. We excluded any items that did not meet the definition or purpose of CD.

We did not consider the activities of affiliates in this evaluation.

We conducted full-scope reviews of two of the bank's three AAs. Full-scope reviews consider complete performance context information, quantitative factors, and qualitative factors. The Jacksonville MSA AA and the Georgia Non-MSA AA received full scope reviews because a substantial majority of the bank's deposits (96 percent), loans

analyzed (93 percent), and branch offices (91 percent) are in those AAs. The Savannah MSA AA review was a limited scope review, which considered quantitative factors with performance context data limited to the comparable demographics.

## Description of Institution

Atlantic Coast Bank (ACB) is an independent, interstate federal savings bank that opened for business in 1939. ACB was originally chartered as a credit union in Waycross, Georgia. Atlantic Coast Financial Corporation, a publicly traded organization, owns 100 percent of ACB. In addition to its main office in Jacksonville, Florida, the ACB operates seven branches in Florida and four in Georgia. ACB received a “Satisfactory” rating at the previous CRA evaluation, dated February 23, 2009.

During the review period, ACB experienced financial constraints that restricted lending opportunities and capacity. These included economic downturns in all three of its AAs, which resulted in significant declines in prudent lending opportunities. During the evaluation period, unemployment rates, poverty rates, and other measures of a worsening economy increased. Over much of the review period, ACB operated subject to legal restraints by its federal regulator that impacted its ability to lend and meet the credit needs of its community. As a result of the economic downturn and regulatory constraints, ACB did not originate residential mortgage loans from mid-2012 until December 2013.

Although ACB offers a full-range of loan and deposit services, its primary business focus has historically been residential real estate loans and commercial real estate loans, and to a lesser extent commercial business loans and consumer loans. ACB’s current strategy is to expand its residential mortgage warehouse line portfolio and increase its small business lending in conjunction with the U.S. Small Business Administration’s (SBA) lending programs. ACB centers its small business lending efforts in commercial business and owner-occupied commercial real estate loans.

As of December 31, 2013, net loans were 55 percent of ACB’s total assets of \$735 million. The following table summarizes ACB’s loan portfolio mix.

<b>Atlantic Coast Bank Loan Portfolio Composition</b>		
<b>Loan Category</b>	<b>Dollar Volume (in thousands)</b>	<b>Percentage</b>
<b>Residential Real Estate</b>	<b>227,440</b>	<b>57%</b>
<b>Commercial &amp; Commercial Real Estate</b>	<b>80,371</b>	<b>20%</b>
<b>Consumer</b>	<b>59,440</b>	<b>15%</b>
Construction, Development & Other	33,830	8%
Total Loans	401,081	100%

*Source: December 31, 2013 Call Report*

ACB’s branches are the primary delivery system for retail products and services, and are located in areas that make them accessible to customers. ATMs (all located on the branch sites) supplement the branches. In 2009, ACB closed its Lake City, Florida branch office. No branches were opened during the review period. Lobby hours and drive-up hours are set to meet customer needs. Each branch location contains an ATM in which customers may make deposits, withdraw cash, and transfer funds.

ACB’s banking programs and hours allow it to deliver needed banking and credit services to LMI areas and customers as well as small business owners throughout the its AAs. Products and services offered include, but are not limited to, the following:

- The “Fresh Start” checking program, which serves the needs of un-banked and under-banked individuals.
- The “Safe Harbor” checking for non-profit institutions, which allows unlimited checking transactions without the additional fees ordinarily charged to businesses.
- FHA, VA, and USDA lending programs, which distributed low-cost funds through 267 loans to LMI families and small farmers during 2009 through 2011.
- SBA lending programs to qualified small businesses.
- FHLB of Atlanta’s Affordable Housing Program for qualifying first time homebuyers. The Program is targeted to LMI borrowers.
- The “Small Dollar Loan Program” as an alternative to a payday loan, intended to transition borrowers off high-cost short-term credit from non-bank lenders.
- Credit cards.
- An array of savings programs geared toward LMI individuals including Christmas, Vacation, and Student Savings programs.
- A wide delivery channel that offers banking services through fax, telephone, and online means in order to meet the banking needs of its customers.
- An ATM network linked to the “Presto” network that offers ATMs at hundreds of Publix Supermarkets across the southern United States.

## Description of Assessment Area(s)

ACB has three AAs that surround its banking offices. The AAs consist of entire political subdivisions and comply with regulatory requirements. The following table describes each AA.

Assessment Area	Counties
Florida (Jacksonville MSA)	Baker, Clay, Duval, Nassau, and St. John Counties
Georgia (Non-MSA)	Atkinson, Bacon, Brantley, Charlton, Clinch, Coffee, Pierce, and Ware Counties
Georgia (Savannah MSA)	Bryan, Chatham, and Effingham Counties

## **Selection of Areas for Full-Scope Review**

In each state where ACB has an office, we reviewed a sample of AAs. For the state of Florida, ACB has one AA, the Jacksonville MSA AA, which we evaluated based on a full-scope review. This area includes ACB's headquarters location. The state of Georgia includes a full-scope review of the Georgia Non-MSA AA. Refer to the Scope section under each State Rating for details regarding how the areas were selected.

## **Ratings**

ACB's overall rating is a blend of the state ratings. Because the state of Florida holds the highest level of bank deposits at 60 percent, more weight was placed on this area in determining ratings. As the two AAs in the state of Georgia collectively hold only 40 percent of the bank's deposits, we assigned less weight to that state.

The Florida state rating is based on the full-scope review of the Jacksonville MSA AA. Population growth in the Jacksonville MSA continues to outpace the state and national averages. Median household income levels are higher than the state average. Although competition from other lenders is significant, the demand for residential and commercial credit continues. Consequently, for the Jacksonville MSA AA and the state of Florida ratings, we placed more weight on the residential mortgage loans (HMDA-reported loans) and the small business loans than on consumer lending. Refer to the Scope section in the Florida section of this PE for additional information.

For the Georgia Non-MSA AA and the state of Georgia ratings, more weight was given to consumer loans as evidenced by the significant number and dollar volume of this primary loan product. ACB is an established consumer lender in this area dating back to its original charter as a credit union. Due to the AA's rural nature and slower growing market, residential and commercial lending opportunities are more limited.

We considered performance context factors in our ratings of both states. Due to the higher measures of unemployment and poverty in the Georgia Non-MSA AA as well as fewer available CD opportunities and organizations, we accorded more consideration to the Georgia rating than the Florida rating.

## **Conclusions with Respect to Performance Criteria**

Lending to borrowers of different incomes demonstrates a reasonable distribution. The bank's geographic distribution of loans is also reasonable.

### **Loan-to-Deposit Ratio**

ACB's LTD ratio is more than reasonable given its size, location, local competition, and the AA credit needs. This determination is based on the quarterly average LTD ratio from March 31, 2009 through December 31, 2013 of 104.61 percent. During this evaluation period, ACB's LTD ratio ranged from a low of 85.13 percent to a high of 116.83 percent.

Management considers the banks shown in the following table to be similarly situated institutions. All are community banks less than \$1 billion in assets that actively offer similar loan products and have branch locations in the AAs. The quarterly average LTD ratio for each similarly situated institution is listed below. Please note that no ranking is intended or implied.

Loan-to-Deposit Ratios		
Financial Institutions	Total Assets (As of 12/31/2013)	Average Loan-to-Deposit Ratio
Atlantic Coast Bank	\$735,405	104.61%
The Jacksonville Bank	\$506,452	93.14%
Florida Capital Bank, N.A.	\$410,617	73.77%
American Enterprise Bank of Florida	\$191,670	86.02%
CBC National Bank	\$375,205	85.69%
First Southern Bank	\$95,357	79.66%
PrimeSouth Bank	\$328,252	79.53%
Waycross Bank and Trust	\$196,265	65.08%
Alma Exchange Bank and Trust	\$84,892	72.32%

Source: Institution Reports of Condition from March 31, 2009 to December 31, 2013.

### Lending in Assessment Areas

A majority of the number and dollar amount of ACB's loans were originated or purchased inside its AAs. As depicted in Table 1 below (\$000s omitted), 79.26 percent of the number and 61.34 percent of the dollar amount of loans were originated or purchased inside the AAs. Consumer loans accounted for the largest number of loans originated or purchased inside the AAs at 81 percent. Three of every four consumer loans were originated or purchased in the Georgia Non-MSA AA.

Table 1 - Lending in Combined AAs										
Loan Type	Number of Loans					Dollars of Loans				
	Inside		Outside		Total	Inside		Outside		Total
	#	%	#	%		\$	%	\$	%	
Home Purchase	486	51.87	451	48.13	937	85,079	56.01	66,808	43.99	151,887
Home Improvement	135	92.47	11	7.53	146	5,231	71.88	2,046	28.12	7,277
Home Refinance	578	65.46	305	34.54	883	86,783	52.04	79,964	47.96	166,747
Business	114	65.52	60	34.48	174	45,990	74.17	16,018	25.83	62,008
Consumer	5,457	85.25	944	14.75	6,401	57,378	82.78	11,937	17.22	69,315
Totals	6,770	79.26	1,771	20.74	8,541	280,461	61.34	176,773	38.66	457,234

Source: Loan data reported under HMDA for the years 2009 through 2013, and bank data for all business and consumer loans originated and purchased for the years 2009 through 2013.

## **Fair Lending or Other Illegal Credit Practices Review**

Pursuant to 12 C.F.R. 25.28(c), or 12 C.F.R. 195.28(c), in determining a national bank's (bank) or Federal savings association's (FSA) CRA rating, respectively, the OCC considers evidence of discriminatory or other illegal credit practices in any geography by the bank or FSA, or in any assessment area by an affiliate whose loans have been considered as part of the bank's or FSA's lending performance.

We found no evidence of discriminatory or other illegal credit practices inconsistent with helping to meet community credit needs.



## State Rating

### State of Florida

#### **CRA Rating for Florida: Satisfactory.**

**The Lending test is rated: Satisfactory.**

**The Community development test is rated: Outstanding.**

Major factors that support this rating include:

- The bank's geographic distribution of loans is reasonable.
- The distribution of loans by borrower income is also reasonable.
- ACB demonstrated excellent responsiveness to meeting the CD needs of the community through loans, investments, and services.

### Scope of Evaluation in Florida

The Jacksonville MSA AA, ACB's sole AA within the state of Florida, received a full-scope review. The AA accounts for 64 percent of ACB's branches, 59 percent of deposits, and 25 percent of the loans analyzed. Loan products analyzed in our review include home purchase, improvement, and refinance loans reported under HMDA, small business loans, and consumer loans. During the evaluation period, ACB originated 677 HMDA-reported loans totaling \$126 million, 92 business loans totaling \$38 million, and 950 consumer loans totaling \$10 million.

During this CRA evaluation, we contacted the CEO of a Jacksonville non-profit community service organization that offers certified credit counseling and financial planning to LMI families. The organization promotes financial literacy by emphasizing homeownership, post-secondary education, and business capitalization. The interviewee cited an ongoing need to provide financial training to LMI individuals and identified employees of financial institutions as being uniquely qualified to assist.

Other AA needs discussed in the PEs of similarly situated institutions include affordable housing loans, small business and startup loans, and microloans to individual borrowers to assist with unexpected life events.

### Description of Institution's Operations in Florida

ACB's primary operations are located in Florida. In addition to the main office, seven of ACB's 11 branches are located in Florida. Each branch also has a full-service ATM. Sixty percent of ACB's deposits are in the Florida branches. Despite this concentration of deposits, Florida loans account for only 25 percent of the loans analyzed during this evaluation. That is because consumer loans were included in the analysis. Consumer loans represent 81 percent of the total number of loans reviewed. Owing in part to ACB's prior existence as a credit union based in Waycross, Georgia, over 75 percent of its consumer loans originated in the Georgia Non-MSA AA during the evaluation period.

ACB's primary lending area in Florida is the Jacksonville MSA (#27260). ACB has SBA lending offices in St. Augustine and Orlando, Florida.

ACB has no branches in low-income CTs and one in a moderate-income tract. The branches are scattered across the MSA with two in the western quadrant, two in the eastern quadrant, two centrally located, and one in the southern quadrant.

## **Description of Jacksonville MSA Assessment Area**

ACB utilizes the entire Jacksonville FL MSA (#27260) in its AA. As of the 2010 Census, the AA includes 260 CTs: 17 low-income, 60 moderate-income, 112 middle-income, 69 upper-income, and 2 unassigned CTs.

ACB has properly defined its AA in accordance with the technical requirements of the CRA regulation. The AA consists of whole CTs, does not arbitrarily exclude low- and moderate-income CTs, and includes the CTs where the bank offices are located and the majority of its loans are originated. The AA meets the requirements of the regulation, does not reflect illegal discrimination, and does not arbitrarily exclude any low- or moderate-income area(s).

There are 200,189 low- and moderate-income households in the AA. Per the 2012 Federal Financial Institutions Examination Council (FFIEC) report, the Jacksonville MSA does not contain areas classified as distressed or underserved.

The AA has a population of 1,345,596 according to 2010 Census figures. The Jacksonville Metropolitan area is the 50th largest by population in the U.S., growing at an annual rate of 1.43 percent. The four largest employers are the Naval Air Station Jacksonville, with 25,000 employees; the Mayport Naval Station, with 12,912 employees; Publix Supermarkets Distribution Center, with 8,583 employees; and the Baptist Health System, with 8,270 employees. Jacksonville is the principal city and the surrounding counties are part of the greater metropolitan area.

According to the Florida Office of Economic Demographic Research, in 2012, business geo-demographic data reflected that there were 177,016 businesses in the area. Business revenue data reflected that 132,773, or 75.01 percent, of these businesses had revenues of less than \$1 million. Primary industries and their percentages are Services (47.09 percent); Retail Trade (10.42 percent); and Construction (8.80 percent).

Economic conditions within the market area are currently in a recovery phase since the recent economic downturn. Unemployment during 2013 was 6.8 percent. This is a significant decrease from the peak January 2010 unemployment rate of 11.8 percent.

Competition within the AA is significant, consisting of larger regional banks and large national banks with multiple branches throughout the AA. According to the June 30, 2013 FDIC Deposit Market Share Report, 40 banks and thrifts operate 310 branches within the AA. Deposit market share is primarily controlled by Bank of America, N.A. (42.12 percent), Everbank (25.20 percent) and Wells Fargo, N.A. (11.61 percent).

Suntrust Bank and Compass Bank round out the top five, collectively holding 7.72 percent of market share. Competition is high among the remaining 35 banks and thrifts. ACB is ranked 12th overall and holds 0.62 percent of the total market share.

The number of low- and moderate-income households increased 24 percent and 14 percent, respectively, between the 2000 and the 2010 Census, with a significant increase in the unemployment rate, as illustrated in the Census Demographic Data Comparison table below.

The following table provides a description of the Jacksonville AA based on 2010 Census data and U.S. Department of Housing and Urban Development information.

<b>2010 Demographic and Economic Characteristics of Jacksonville MSA</b>	
<i>Population</i>	
Total Population	1,345,596
Number of Families	334,850
Number of Households	503,657
<i>Geographies</i>	
Number of CTs	260
% Low-Income CTs	6.54%
% Moderate-Income CTs	23.08%
% Middle-Income CTs	43.08%
% Upper-Income CTs	26.54%
% Owner-Occupied Housing in Low-Income CTs	2.89%
<i>Median Family Income (MFI)</i>	
2010 MFI for AA	\$67,324
2010 HUD-Adjusted MFI	\$67,300
<i>Economic Indicators</i>	
Unemployment Rate	11.8%
% of Households Below Poverty Level	11.87%
2010 Median Housing Value	\$220,441

*Source: 2010 Census data and HUD updated income data.*

The following table reflects demographic changes from the 2000 to the 2010 Census.

<b>Census Demographic Data Comparison</b>			
<i>Census Year</i>	<i>2010</i>	<i>2000</i>	<i>% Change</i>
Low-Income Households	115,262	92,840	24.15%
Moderate-Income Households	84,927	74,388	14.17%
Middle-Income Households	94,659	87,430	8.27%
Upper-Income Households	208,809	178,266	17.16%
Population	1,345,596	1,122,750	19.85%
% Low-Inc CT Own-Occ Housing	2.89%	1.98%	45.96%
% Households Below Poverty Level	11.87%	10.47%	
Unemployment Rate	11.8%	4.57%	

*Source: 2000 and 2010 Census data*

Opportunities for economic development exist in the AA. There are several CD and civic groups that are directly involved with or support charitable organizations that provide services to LMI individuals and families.

## Lending Test

ACB’s performance under the lending test in Florida is rated “Satisfactory.” Based on the information provided in the Ratings section, we placed more weight on the residential mortgage loans (HMDA-reported loans) and the small business loans than on the consumer lending.

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

Borrower distribution of loans in the Jacksonville MSA AA is reasonable.

#### Home Mortgage Loans

Home mortgage lending to borrowers of different incomes demonstrates a reasonable distribution. The following two tables show the distribution of home loan products among borrowers of different income levels for the periods of January 1, 2009 through December 31, 2011, and January 1, 2012 through December 31, 2013, respectively. Comparisons are made to the aggregate percentage of each residential loan type by all HMDA lenders. Although the 2012-2013 table shows a more favorable comparison for each type of residential lending to moderate-income borrowers, we placed more weight on the first table. This is because for 2009-2011, ACB originated or purchased 638 home loans in this AA compared to 39 for the 2012-2013 lending period. The reduced lending in the latter lending period is discussed in the Description of Institution section.

ACB’s home purchase loans to low-income borrowers during 2009-2011 was comparable to the aggregate distribution while its home improvement and refinance loans exceeded the aggregate distribution. The home improvement loans to the moderate-income borrowers approximated the same percent as the aggregate distribution by all HMDA lenders. ACB’s loans to moderate-income borrowers for home purchases and refinances were at 77 percent and 82 percent, respectively, of the aggregate distribution. These ratios are reasonable for moderate-income borrowers.

<b>Table 2 - Borrower Distribution of Residential Real Estate Loans in Jacksonville MSA AA</b>								
Borrower Income Level	Low		Moderate		Middle		Upper	
Loan Type	% of Aggregate	% of Number of Loans	% of AA Aggregate	% of Number of Loans	% of AA Aggregate	% of Number of Loans	% of AA Aggregate	% of Number of Loans
Home Purchase	12.07	10.56	27.73	21.41	23.83	22.29	36.37	45.75
Home Improvement	11.16	13.64	23.50	22.73	26.07	27.27	39.27	36.36
Home Refinance	7.83	9.47	16.17	13.26	22.19	25.00	53.80	52.27

Source: Data reported under HMDA from January 1, 2009 through December 31, 2011, HMDA 2011 aggregate.

Borrower Income Level	Low		Moderate		Middle		Upper	
Loan Type	% of Aggregate	% of Number of Loans	% of AA Aggregate	% of Number of Loans	% of AA Aggregate	% of Number of Loans	% of AA Aggregate	% of Number of Loans
Home Purchase	10.55	12.50	24.92	31.25	25.50	18.75	39.02	37.50
Home Improvement	14.73	0.00	21.40	40.00	26.50	10.00	37.37	50.00
Home Refinance	7.77	0.00	16.12	30.77	23.50	23.08	52.61	46.15

Source: Data reported under HMDA from January 1, 2012 through December 31, 2013, HMDA 2012 aggregate.

### Business Loans

The distribution of loans to businesses of different sizes is reasonable. Although the percentages were below the demographic, we considered the distribution reasonable based on performance context. Context relates to the economic downturn that existed during the evaluation period and the lending constraints placed on ACB by its regulator.

For 2009-2011 lending, ACB originated or purchased 33 business loans in the AA. Loans to businesses with annual revenues of \$1 million or less (small businesses) lagged the percentage of businesses that reported revenues of \$1 million or less in the AA. ACB made 39 percent of its business loans to small businesses compared to the 70 percent demographic. The following table shows the distribution of 2009-2011 business loans among different sized businesses in the AA.

Business Revenues (or Sales)	≤\$1,000,000	>\$1,000,000	Unavailable/Unknown	Total
% of AA Businesses	69.71	2.16	28.13	100%
% of Bank Loans in AA by #	39.39	60.61	0.00	100%
% of Bank Loans in AA by \$	49.10	50.90	0.00	100%

Source: Loan data collected by bank from January 1, 2009 through December 31, 2011; Dun and Bradstreet data.

For 2012-2013 lending, ACB originated or purchased 59 business loans in the AA. ACB made 39 percent of its business loans to small businesses. This again lags the demographic data showing 70 percent of the area's businesses are small businesses. The following table shows the distribution of 2012-2013 business loans among different sized businesses in the AA.

Business Revenues (or Sales)	≤\$1,000,000	>\$1,000,000	Unavailable/Unknown	Total
% of AA Businesses	70.34	2.70	26.96	100%
% of Bank Loans in AA by #	38.98	61.02	0.00	100%
% of Bank Loans in AA by \$	16.42	83.58	0.00	100%

Source: Loan data collected by bank from January 1, 2012 through December 31, 2013; Dun and Bradstreet data.

**Consumer Loans**

The distribution of loans to consumers is excellent among borrowers of different income levels. For the 2009-2011 lending period, ACB originated or purchased 686 consumer loans in the AA. As shown in the following table, the percent of the number of loans made to low-income borrowers (30 percent) exceeds the percent of households in the AA that fall within that income level (21 percent). For the distribution of loans to the moderate-income borrowers, the comparison is even more pronounced at 28 percent of loans measured against 17 percent of households. During this lending period, ACB granted 58 percent of its consumer loans to low- and moderate-income borrowers.

<b>Table 2B - Borrower Distribution of Consumer Loans in Jacksonville MSA AA</b>								
Borrower Income Level	Low		Moderate		Middle		Upper	
	% of AA Households	% of Number of Loans	% of AA Households	% of Number of Loans	% of AA Households	% of Number of Loans	% of AA Households	% of Number of Loans
Consumer Loans	21.45	29.74	17.18	28.43	20.20	24.78	41.17	17.06

*Source: Loan data collected by bank from January 1, 2009 through December 31, 2011; U.S. Census data.*

As shown in the following table, the distribution of consumer loans originated or purchased in the 2012-2013 lending period (264 loans) is also excellent among low-income borrowers and moderate-income borrowers. During this lending period, low- and moderate-income borrowers collectively received 61 percent of consumer loans. This demonstrates a pattern of an institution seeking to service the credit needs of its AA.

<b>Table 2B - Borrower Distribution of Consumer Loans in Jacksonville MSA AA</b>								
Borrower Income Level	Low		Moderate		Middle		Upper	
	% of AA Households	% of Number of Loans	% of AA Households	% of Number of Loans	% of AA Households	% of Number of Loans	% of AA Households	% of Number of Loans
Consumer Loans	22.89	31.44	16.86	29.92	18.79	19.70	41.46	18.94

*Source: Loan data collected by bank from January 1, 2012 through December 31, 2013; U.S. Census data.*

**Geographic Distribution of Loans**

The geographic distribution of loans within the Jacksonville MSA AA is reasonable.

**Home Mortgage Loans**

The geographic distribution of home mortgage loans throughout the CTs of different income levels is reasonable. For 2009-2011 lending, ACB’s geographic distribution of home loans in the moderate-income CTs is reasonable. The percentage of home refinance loans originated in the moderate-income CTs is excellent at 148 percent of

the aggregate percentage of such loans by all HMDA lenders. The level of home purchase loans originated in the moderate-income tracts (68 percent of the aggregate distribution) is reasonable. The percent of home improvement loans is weak at 36 percent.

Considering the low level of owner-occupied housing in the low-income CTs (1.98 percent per the previous table captioned *Census Demographic Data Comparison*), we also did not include the low-income CTs in our analysis. The following table details ACB's performance as compared to the aggregate distribution of loans by all HMDA lenders in each CT income level.

<b>Table 3 - Geographic Distribution of Residential Real Estate Loans in Jacksonville MSA AA</b>								
CT Income Level	Low		Moderate		Middle		Upper	
Loan type	% of AA Aggregate	% of Number of Loans	% of AA Aggregate	% of Number of Loans	% of AA Aggregate	% of Number of Loans	% of AA Aggregate	% of Number of Loans
Home Purchase	0.41	0.29	11.12	7.60	57.15	54.39	31.32	37.72
Home Improvement	1.22	0.0	12.70	4.55	54.88	68.18	31.20	27.27
Home Refinance	0.17	0.0	8.14	12.04	50.12	43.43	41.58	44.53

Source: Data reported under HMDA from January 1, 2009 through December 31, 2011; HMDA 2011 aggregate.

As previously discussed, we placed minimal weight on the 2012-2013 residential lending in our analysis due to the low number of loans (39) originated/purchased during that period.

<b>Table 3 - Geographic Distribution of Residential Real Estate Loans in Jacksonville MSA AA</b>								
CT Income Level	Low		Moderate		Middle		Upper	
Loan type	% of AA Aggregate	% of Number of Loans	% of AA Aggregate	% of Number of Loans	% of AA Aggregate	% of Number of Loans	% of AA Aggregate	% of Number of Loans
Home Purchase	0.90	0.00	8.77	6.25	48.89	56.25	41.45	37.50
Home Improvement	2.70	0.00	15.79	10.00	51.35	60.00	30.16	30.00
Home Refinance	0.71	0.00	8.36	0.00	43.29	53.85	47.64	46.15

Source: Data reported under HMDA from January 1, 2012 through December 31, 2013, HMDA 2012 aggregate.

### Business Loans

ACB's geographic distribution of business loans throughout the CTs of different income levels is excellent. With one exception, for the 2009-2011 and the 2012-2013 lending periods, the percent of business loans exceeds the percent of businesses located in low- and moderate-income CTs. During the 2012-2013 period, ACB made no loans to businesses located in a low-income geography. This received less weight as only 3.56 percent of the AA's businesses are in low-income CTs.

The following tables detail ACB's performance as compared to the percentage of businesses in each CT income level.

Table 3A - Geographic Distribution of Loans to Businesses in Jacksonville MSA AA								
CT Income Level	Low		Moderate		Middle		Upper	
Loan Type	% of AA Businesses	% of Number of Loans	% of AA Businesses	% of Number of Loans	% of AA Businesses	% of Number of Loans	% of AA Businesses	% of Number of Loans
	3.64	6.06	18.32	42.42	50.65	33.33	27.40	18.18

Source: Loan data collected by bank from January 1, 2009 through December 31, 2011; D & B data.

Table 3A - Geographic Distribution of Loans to Businesses in Jacksonville MSA AA								
CT Income Level	Low		Moderate		Middle		Upper	
Loan Type	% of AA Businesses	% of Number of Loans	% of AA Businesses	% of Number of Loans	% of AA Businesses	% of Number of Loans	% of AA Businesses	% of Number of Loans
	3.56	0.00	19.81	20.34	42.81	33.90	33.82	45.76

Source: Loan data collected by bank from January 1, 2012 through December 31, 2013; D & B data.

**Consumer Loans**

ACB’s geographic distribution of consumer loans throughout the CTs of different income levels is reasonable. For the 2009-2011 lending period, the percent of consumer loans in both the low- and moderate-income CTs is comparable to the percent of households in those geographies. The same is true for the lending in the low-income CTs during the 2012-2013 period. For that lending period, the percentage of loans originated in the moderate-income CTs exceeds the percent of households in those tracts.

The following tables detail ACB’s performance as compared to the percentage of households in each CT income level.

Table 3B - Geographic Distribution of Consumer Loans in Jacksonville MSA AA								
CT Income Level	Low		Moderate		Middle		Upper	
	% of AA Households	% of Number of Loans	% of AA Households	% of Number of Loans	% of AA Households	% of Number of Loans	% of AA Households	% of Number of Loans
Consumer Loans	3.09	2.19	20.10	16.62	53.93	49.13	22.88	32.07

Source: Loan data collected by bank from January 1, 2009 through December 31, 2011; U.S. Census data.

Table 3B - Geographic Distribution of Consumer Loans in Jacksonville MSA AA								
CT Income Level	Low		Moderate		Middle		Upper	
	% of AA Households	% of Number of Loans	% of AA Households	% of Number of Loans	% of AA Households	% of Number of Loans	% of AA Households	% of Number of Loans
Consumer Loans	4.70	3.09	20.03	27.41	45.82	45.56	29.45	23.94

Source: Loan data collected by bank from January 1, 2012 through December 31, 2013; U.S. Census data.

**Responses to Complaints**



No CRA-related complaints were made against the bank during this evaluation period.

## **Community Development Test**

ACB's performance under the CD Test in Florida is rated "Outstanding."

ACB's responsiveness to the community development needs of the AA through CD lending, qualified investments, and CD services exceeds the standards of satisfactory performance under the CD Test. Our conclusion is based on ACB's level of CD activity, its capacity and financial condition, its performance context, and the need and availability of such opportunities in the AA. ACB centers its CD efforts primarily in qualified lending and investments.

### **Number and Amount of Community Development Loans**

The level of CD lending in the state of Florida exceeds the standards of satisfactory performance. In addition to the CD loans and the qualified SBA 504 loans originated in the Jacksonville MSA AA, the bank financed an additional seven qualified SBA 504 loans totaling \$8.6 million to borrowers across Florida.

#### Jacksonville MSA AA

The level of CD lending in the Jacksonville MSA AA reflects excellent responsiveness. During this evaluation period, ACB originated 14 CD loans within the Jacksonville MSA AA totaling \$9.4 million. ACB originated eight qualified SBA 504 loans totaling \$5.2 million. The SBA 504 program is a financing tool for small businesses that promotes economic development and permanent job creation. The program accomplishes this by providing small businesses with long-term, fixed-rate financing for the acquisition of major fixed assets for expansion and modernization. ACB originated six other CD loans totaling \$4.2 million. The more notable of these loans financed:

- The renewal of a \$1.6 million loan for the purchase, improvements, and repairs to an apartment complex that provides affordable housing to LMI tenants.
- The construction of a retail strip shopping center totaling \$900,000. The property is located in a low-income CT and the tenants include several businesses that provide permanent jobs for the local population and serve the community.
- The renewal of a \$650,000 revolving line of credit to a poultry company. The firm is located in a low-income CT. In addition to employing people from the surrounding area, the company provides services and products to local businesses.

### **Number and Amount of Qualified Investments**

The level of qualified investments in the state of Florida exceeds the standards of satisfactory performance.

#### Jacksonville MSA AA

The level of CD investments reflects excellent responsiveness. During the evaluation period, ACB made several qualifying investments in the Jacksonville MSA AA. The most significant were the purchase of two FNMA 30-year fixed rate pool securities totaling \$1.5 million. Both pools contain individual housing loans made to low- and moderate-income borrowers located in the AA.

In addition to six cash donations totaling \$3,000, ACB also donated an abandoned home valued at \$27,000 to Community Homeownership Center Inc. (CHC). CHC is a non-profit organization that provides comprehensive housing counselling, training, advocacy, technical assistance, and housing opportunities for low and moderate-income individuals.

There are no outstanding qualifying investments from the prior evaluation period.

### **Extent to Which the Bank Provides Community Development Services**

The level of CD services in the state of Florida meets the standards of satisfactory performance. In addition to the donated hours within the Jacksonville MSA AA, ACB staff also provided 52 hours of CD service to two organizations that assist small business owners across Florida.

#### Jacksonville MSA AA

The bank's level of CD services reflects adequate responsiveness (173 hours) to meeting the needs of the community. During the evaluation period, several ACB employees utilized their financial expertise to provide training to LMI individuals or oversee organizations that otherwise assist them. Examples include:

- Providing financial counselling to LMI individuals.
- Serving as a board member for a non-profit organization that assists individuals with developmental disabilities. The majority of these individuals are LMI.
- Conducting debt reduction training sessions for LMI individuals.
- Serving as Chairman for a hospital development council that provides indigent care.

### **Responsiveness to Community Development Needs**

ACB demonstrated excellent responsiveness to meeting the CD needs of the community. This was accomplished largely through lending to facilitate economic development and affordable housing, and the purchase of investments. The investments included mortgage-backed securities that finance affordable housing for LMI individuals. Bank personnel participate on the Boards of two different organizations that serve LMI individuals in addition to providing financial counselling and training. The need for financial literacy was identified by the contact interview that was performed during the CRA evaluation.

## State Rating

### State of Georgia

#### **CRA Rating for Georgia: Satisfactory.**

**The Lending test is rated: Satisfactory.**

**The Community development test is rated: Satisfactory.**

- The bank's distribution of loans by borrower income level is excellent.
- The geographic distribution of loans is reasonable.
- ACB's responsiveness to the AA's community development needs through CD lending, investments, and services meets the standards of satisfactory performance under the CD Test.

### Scope of Evaluation in Georgia

Two of ACB's AAs were considered for the Georgia ratings:

- Georgia Non-MSA AA
- Savannah MSA AA

A full-scope analysis of the Georgia Non-MSA AA was conducted. This AA contains 75 percent of ACB's Georgia branches, 37 percent of ACB's deposits, and 68 percent of the loans evaluated. As discussed in the "Scope of Examination" section, consumer loans were included in our analysis of CRA performance. These loans represent 81 percent of the total number of loans reviewed. Owing in part to its prior existence as a credit union based in Waycross, Georgia, 76 percent of ACB's consumer loans were originated in the Georgia Non-MSA AA. During the evaluation period, ACB originated 425 HMDA-reported loans totaling \$35 million, 15 business loans totaling \$7 million, and 4,134 consumer loans totaling \$43 million.

We conducted a limited-scope review of the Savannah MSA AA based on its limited physical presence (25 percent of the Georgia branches), small level of deposits (four percent of total deposits), and the low volume of overall lending (seven percent of the number of loans evaluated).

The ratings for the state of Georgia are based primarily on the results of the Georgia Non-MSA AA's performance.

During this CRA evaluation, we contacted a management official at a Waycross non-profit organization the purpose of which is to improve the local economy and create a favorable economic climate for existing businesses. The interviewee noted the slowly improving economic conditions in Ware County and the continuing need to finance small businesses. The official also discussed the need to increase banks' involvement with educating young people in financial literacy and personal financial responsibility, as well as credit counselling and foreclosure prevention to LMI adults.

Other identified AA needs discussed in the PEs of similarly situated institutions include affordable housing financing and small business and startup loans.

## **Description of Institution's Operations in Georgia**

ACB operates four branches and five ATMs in the state of Georgia. Three of the branches and four of the ATMs are located in the Georgia Non-MSA AA, and one branch and one ATM are situated in the Savannah MSA AA. Each of the Georgia branches is located in a moderate-income CT. Less than 40 percent of ACB's deposits are attributable to the Georgia branches. Approximately 75 percent of the analyzed loans were originated in Georgia. ACB's lending areas in Georgia are the Georgia Non-MSA AA and the Savannah MSA AA.

## **Description of Georgia Non-MSA Assessment Area**

The Georgia Non-MSA AA is located in southeast Georgia. Its two largest cities are Waycross and Douglas, which are the county seats of Ware County and Coffee County, respectively. Just over 37 percent of ACB's total deposits emanate from the Georgia Non-MSA AA. This AA is comprised of the entire contiguous counties of Coffee, Atkinson, Bacon, Clinch, Ware, Pierce, and Charlton Counties, and two of the three CTs located in Brantley County. The income level of the AA's 34 CTs (as of the 2010 Census) is as follows: one low-income, nine moderate-income, twenty middle-income and four upper-income. With the exception of the middle-income CT in Brantley County, every middle-income CT in the AA is distressed or under-served according to the 2013 FFIEC report.

Three of ACB's branches and four of its ATMs are located in the AA. Each branch office is in a moderate-income CT.

ACB has properly defined its AA in accordance with the technical requirements of the CRA regulation. The AA consists of whole CTs, does not arbitrarily exclude low- and moderate-income CTs, and includes the CTs where the bank offices are located and the majority of its loans are originated. The AA meets the requirements of the regulation, does not reflect illegal discrimination, and does not arbitrarily exclude any low- or moderate-income area(s).

Waycross has a population of 14,725 with a median household income of \$23,399. During 2013, the unemployment rate improved from 11.9 percent in January to 9.4 percent in December. One of the largest employers in Waycross is the Satilla Regional Medical Center, with over 1,000 employees and 100 physicians. In 2012, the Satilla Regional Medical Center became part of the Mayo Clinic Health System.

Waycross began as a crossroads for southeastern travel and became a hub for rail traffic in the mid 1800's. ACB was originally chartered as a credit union in Waycross for the Atlantic Coast Line Railroad and then the Seaboard System Railroad, which became part of CSX Transportation in 1986. Waycross is now home to the largest CSX

Transportation rail yard on the east coast. The Okefenokee National Wildlife Refuge (ONWR) is also located in Waycross. ONWR is the largest intact freshwater and black water wilderness attraction in North America.

The city of Douglas has a population of 11,600 with a median household income of \$28,000. During 2013, the unemployment rate improved from 14.3 percent in January to 10.4 percent in December. The peak unemployment rate in the area was 19.1 percent in January 2010. Wal-Mart is the largest employer in the area with both a retail store and distribution center that employs over 1,600 people. The poultry industry is an important factor in the economy and Pilgrim’s Pride operates a processing plant in Douglas. Agriculture also plays an important role in the local economy with crops that include cotton, peanuts, corn, and tobacco.

The following table describes the entire Georgia Non-MSA AA based on 2000 and 2010 census data and U.S. Department of Housing and Urban Development information.

<b>DEMOGRAPHIC AND ECONOMIC CHARACTERISTICS OF GEORGIA NON-MSA ASSESSMENT AREA</b>		
	<b><i>2000 Census Data</i></b>	<b><i>2010 Census Data</i></b>
<b><i>Population</i></b>		
Total Population	132,802	147,445
Number of Families	35,501	36,395
Number of Households	48,754	51,614
<b><i>Geographies</i></b>		
Number of CT’s	32	34
Low-Income CT’s	1	1
Moderate-Income CT’s	4	9
Middle-Income CT’s	26	20
Upper-Income CT’s	1	4
N/A-Income CT’s	0	0
% Owner-Occupied Housing in Low-Income CTs	1.32%	1.03%
<b><i>Median Family Income (MFI)</i></b>		
MFI	\$37,535	\$45,744
HUD-Adjusted MFI *2011	\$45,230*	\$45,317*
<b><i>Economic Indicators</i></b>		
Unemployment Rate for the city of Waycross	12.0% (Jan 2010)	9.4% (Dec 2013)
Unemployment Rate for the city of Douglas	19.1% (Jan 2010)	10.4% (Dec 2013)
Median Housing Value	\$48,251	\$75,766
% of Households Below Poverty Level	20.47%	20.77%

Source: 2000/2010 Census data and HUD updated income data.

Although the unemployment rates for Waycross and Douglas have improved, they still lag state and national averages. Further, the percent of households in the AA that are below the poverty level has consistently remained above 20 percent over the past two census periods.

Banking competition within the AA is moderately high. According to the June 30, 2013 FDIC Deposit Market Share Report, 20 banks and thrifts operate 40 branches within the AA. Deposit market share is primarily controlled by First National Bank South (10.31 percent), PrimeSouth Bank (9.92 percent), and ACB (9.35 percent). Suntrust Bank (7.14 percent) and The Heritage Bank (6.86 percent) round out the top five. The remaining 15 banks and thrifts collectively hold 56.42 percent of market share.

Owing to the rural nature of the AA, its moderate growth and trailing economy, limited CD opportunities exist. This is evidenced by a lesser number of civic groups and charitable organizations that support or are directly involved with services to LMI individuals and families.

## **Lending Test**

ACB's performance under the lending test in Georgia is rated "Satisfactory." As discussed in the "Ratings" section, more weight was given to ACB's consumer lending as evidenced by the significant number and dollar volume of this primary loan product. ACB is an established consumer lender in this area and residential and commercial lending opportunities are limited.

### **Lending to Borrowers of Different Incomes and to Businesses of Different Sizes (Georgia Non MSA AA)**

The borrower distribution of loans in the Georgia Non-MSA AA is excellent. ACB's performance relative to the Savannah MSA AA is consistent with the results of the Georgia Non-MSA full-scope AA review.

#### Home Mortgage Loans

Home mortgage lending to borrowers of different incomes demonstrates a reasonable distribution. The following two tables show the distribution of home loan products among borrowers of different income levels for the periods of January 1, 2009 through December 31, 2011, and January 1, 2012 through December 31, 2013, respectively. Comparisons are made to the aggregate percentage of each residential loan type by all HMDA lenders. Although the 2012-2013 table shows a more favorable comparison for each type of residential lending to moderate-income borrowers, we placed more weight on the first table. This is because for 2009-2011, ACB originated or purchased 372 home loans in this AA compared to 53 for the 2012-2013 lending period. The reduced lending in the latter lending period is discussed in the Description of Institution section.

ACB's home improvement and refinance loans to low-income borrowers during 2009-2011 were comparable to the aggregate distribution at 68 percent and 98 percent, respectively. Although the home purchase loans to low-income borrowers is notably

lower at 49 percent of the aggregate distribution, this performance is reasonable given the percentage of households in the AA living below the poverty level. According to the 2000 Census data, the poverty rate is 20.5 percent making it challenging for low-income borrowers to meet lending qualification requirements.

The same conclusion holds true for the home purchase loans to moderate-income borrowers that represent 58 percent of the aggregate percentage by all HMDA lenders. Considering the AA’s poverty rate, ACB’s performance is reasonable. At 116 percent, the home improvement loans to moderate-income borrowers exceeds the aggregate distribution while the home refinance loans are comparable at 94 percent.

<b>Table 2 - Borrower Distribution of Residential Real Estate Loans in Georgia Non-MSA AA</b>								
Borrower Income Level	Low		Moderate		Middle		Upper	
	% of Aggregate	% of Number of Loans	% of AA Aggregate	% of Number of Loans	% of AA Aggregate	% of Number of Loans	% of AA Aggregate	% of Number of Loans
Home Purchase	5.50	2.67	25.29	14.67	33.94	29.33	35.26	53.33
Home Improvement	17.89	12.12	24.74	28.79	26.32	21.21	31.05	37.88
Home Refinance	7.70	7.56	14.65	13.78	23.26	21.78	54.39	56.89

Source: Data reported under HMDA from January 1, 2009 through December 31, 2011, HMDA 2011 aggregate.

<b>Table 2 - Borrower Distribution of Residential Real Estate Loans in Georgia Non-MSA AA</b>								
Borrower Income Level	Low		Moderate		Middle		Upper	
	% of Aggregate	% of Number of Loans	% of AA Aggregate	% of Number of Loans	% of AA Aggregate	% of Number of Loans	% of AA Aggregate	% of Number of Loans
Home Purchase	6.83	0.00	23.14	20.00	29.66	30.00	40.37	50.00
Home Improvement	16.47	12.50	24.71	31.25	24.12	15.63	34.71	40.63
Home Refinance	10.15	0.00	15.67	40.00	21.87	0.00	52.31	60.00

Source: Data reported under HMDA from January 1, 2012 through December 31, 2013, HMDA 2012 aggregate.

**Business Loans**

The distribution of loans to businesses of different sizes is reasonable. Although the percentages were below the demographic, we considered the distribution reasonable based on performance context specifically relating to the economic downturn that existed during the evaluation period and the lending constraints placed on ACB by its regulator.

For 2009-2011 lending, ACB originated or purchased nine business loans in the AA. Loans to small businesses (67 percent) approximated the percentage of small businesses in the AA (70 percent). The following table shows the distribution of 2009-2011 business loans among different sized businesses in the AA.

<b>Table 2A - Borrower Distribution of Loans to Businesses in Georgia Non-MSA AA</b>				
Business Revenues (or Sales)	≤\$1,000,000	>\$1,000,000	Unavailable/ Unknown	Total
% of AA Businesses	69.82	2.05	28.13	100%
% of Bank Loans in AA by #	66.67	33.33	0.00	100%
% of Bank Loans in AA by \$	38.38	61.62	0.00	100%

Source: Loan data collected by bank from January 1, 2009 through December 31, 2011; Dun and Bradstreet data.

For 2012-2013 lending, ACB originated or purchased six business loans in this AA. Fifty percent of the loans were to small businesses. This is less than the demographic data that shows 71 percent of the area’s businesses are considered small businesses.

The following table shows the distribution of 2012-2013 business loans among different sized businesses in the AA.

<b>Table 2A - Borrower Distribution of Loans to Businesses in Georgia Non-MSA AA</b>				
Business Revenues (or Sales)	≤\$1,000,000	>\$1,000,000	Unavailable/ Unknown	Total
% of AA Businesses	70.61	3.40	25.99	100%
% of Bank Loans in AA by #	50.00	50.00	0.00	100%
% of Bank Loans in AA by \$	26.87	73.13	0.00	100%

Source: Loan data collected by bank from January 1, 2012 through December 31, 2013; Dun and Bradstreet data.

### Consumer Loans

The distribution of loans to consumers is excellent among borrowers of different income levels. For the 2009-2011 lending period, ACB originated or purchased 2,840 consumer loans in the AA. As shown in the following table, 22 percent of the number of consumer loans were to low-income borrowers and 28 percent of the households in the AA are designated low-income. This is a reasonable distribution considering that the poverty rate in the AA is 20.5 percent and the unemployment rates for the two largest cities of Waycross and Douglas are 12.0 percent and 19.1 percent, respectively. These measures of poverty and unemployment figures all exceed the Georgia and U.S. rates.

For the distribution of loans to the moderate-income borrowers, the comparison is 27 percent of loans measured against 17 percent of households. This represents an excellent distribution.

<b>Table 2B - Borrower Distribution of Consumer Loans in Georgia Non-MSA AA</b>								
Borrower Income Level	Low		Moderate		Middle		Upper	
	% of AA Households	% of Number of Loans	% of AA Households	% of Number of Loans	% of AA Households	% of Number of Loans	% of AA Households	% of Number of Loans
Consumer Loans	28.24	22.18	17.02	27.20	18.81	24.53	35.93	26.09

Source: Loan data collected by bank from January 1, 2009 through December 31, 2011; U.S. Census data.



During the 2012-2013 lending period, ACB originated or purchased 1,294 consumer loans in the AA. As shown in the following table, the distribution of consumer loans originated/purchased in the 2012-2013 lending period is excellent to both low-income borrowers (27 percent of loans) and moderate-income borrowers (24 percent of loans). These figures exceed the percent of households in the AA that fall within those income levels. During this lending period, low- and moderate-income borrowers in the aggregate received 51 percent of the number of consumer loans.

Borrower Income Level	Low		Moderate		Middle		Upper	
	% of AA Households	% of Number of Loans	% of AA Households	% of Number of Loans	% of AA Households	% of Number of Loans	% of AA Households	% of Number of Loans
Consumer Loans	26.36	27.40	16.54	23.58	16.94	26.62	40.16	22.40

Source: Loan data collected by bank from January 1, 2012 through December 31, 2013; U.S. Census data.

### Geographic Distribution of Loans (Georgia Non-MSA AA)

The geographic distribution of loans within the Georgia Non-MSA AA is reasonable. ACB's performance relative to the Savannah MSA AA is consistent with the results of the Georgia Non-MSA full-scope AA review.

#### Home Mortgage Loans

The geographic distribution of home mortgage loans throughout the CTs of different income levels is excellent. For 2009-2011 lending, ACB's geographic distribution of home mortgage loans in the moderate-income CTs is excellent. The percentage of home purchase and improvement loans originated in the moderate-income CTs is excellent at 192 percent and 139 percent, respectively, of the aggregate percentage of such loans by all HMDA lenders. The home refinance loans originated by ACB are comparable (98 percent) to the aggregate distribution.

Considering the minimal level of owner-occupied housing in the low-income CTs (1.32 percent per the previous table captioned *Demographic and Economic Characteristics of Georgia Non-MSA AA*), we did not include the low-income CTs in our analysis. The following table details ACB's performance as compared to the aggregate distribution of loans by all HMDA lenders in each CT income level.

CT Income Level	Low		Moderate		Middle		Upper	
	% of AA Aggregate	% of Number of Loans	% of AA Aggregate	% of Number of Loans	% of AA Aggregate	% of Number of Loans	% of AA Aggregate	% of Number of Loans
Home Purchase	0.24	0.0	5.55	10.67	86.78	76.00	7.44	13.33
Home Improvement	0.50	1.49	7.50	10.45	89.00	77.61	3.00	10.45
Home Refinance	0.70	0.43	9.28	9.13	82.28	76.96	7.74	13.48

Source: Data reported under HMDA from January 1, 2009 through December 31, 2011; HMDA 2011 aggregate.

As discussed in the section of this PE captioned “Lending to Borrowers of Different Income and to Businesses of Different Sizes (Georgia Non MSA)”, we placed minimal weight on the 2012-2013 residential lending in our analysis due to the low number of loans originated or purchased during that period.

<b>Table 3 - Geographic Distribution of Residential Real Estate Loans in Georgia Non-MSA AA</b>								
CT Income Level	Low		Moderate		Middle		Upper	
Loan type	% of AA Aggregate	% of Number of Loans	% of AA Aggregate	% of Number of Loans	% of AA Aggregate	% of Number of Loans	% of AA Aggregate	% of Number of Loans
Home Purchase	0.71	10.00	19.29	0.00	60.99	50.00	19.01	40.00
Home Improvement	1.13	9.38	29.94	3.13	57.06	53.13	11.86	34.38
Home Refinance	0.51	0.00	17.56	0.00	63.79	81.82	18.14	18.18

Source: Data reported under HMDA from January 1, 2012 through December 31, 2013, HMDA 2012 aggregate.

**Business Loans**

ACB’s geographic distribution of business loans throughout the CTs of different income levels is reasonable. This conclusion considers the performance context factors of this AA that resulted in a low volume of lending: nine loans in the 2009-2011 period and six during the 2012-2013 period.

During the 2009-2011 period, ACB made no loans to businesses located in low-income geographies. This received less weight as only 1.95 percent of the AA’s businesses are located in low-income CTs. ACB’s lending to businesses located in moderate-income CTs (11 percent of loans) is comparable to the percent of the businesses located in these geographies (12 percent).

During the 2012-2013 lending period, ACB originated one business loan in a low-income CT (17 percent of loans originated) that compared favorably to the percent of the AA’s businesses in those geographies (two percent). ACB made no loans in any moderate-income tract.

The following tables detail ACB’s performance as compared to the percentage of businesses in each CT income level.

<b>Table 3A - Geographic Distribution of Loans to Businesses in Georgia Non-MSA AA</b>								
CT Income Level	Low		Moderate		Middle		Upper	
Loan Type	% of AA Businesses	% of Number of Loans	% of AA Businesses	% of Number of Loans	% of AA Businesses	% of Number of Loans	% of AA Businesses	% of Number of Loans
	1.95	0.00	12.45	11.11	81.51	66.67	4.09	22.22

Source: Loan data collected by bank from January 1, 2009 through December 31, 2011; D & B data.

<b>Table 3A - Geographic Distribution of Loans to Businesses in Georgia Non-MSA AA</b>								
CT Income Level	Low		Moderate		Middle		Upper	
Loan Type	% of AA Businesses	% of Number of Loans	% of AA Businesses	% of Number of Loans	% of AA Businesses	% of Number of Loans	% of AA Businesses	% of Number of Loans
	2.27	16.67	24.35	0.00	61.06	66.67	12.32	16.67

Source: Loan data collected by bank from January 1, 2012 through December 31, 2013; Dun and Bradstreet data.

**Consumer Loans**

ACB’s geographic distribution of consumer loans throughout the CTs of different income levels is reasonable.

For both the 2009-2011 and the 2012-2013 lending periods, the percent of consumer loans in the low-income CTs is comparable to the percent of households in those geographies. Although the bank’s lending in the moderate-income geographies for 2009-2011 was almost double the percent of households in those tracts (183 percent), it declined to 74 percent of moderate-income households for the 2012-2013 lending period.

The following tables detail ACB’s performance as compared to the percentage of households in each CT income level.

<b>Table 3B - Geographic Distribution of Consumer Loans in Georgia Non-MSA AA</b>								
CT Income Level	Low		Moderate		Middle		Upper	
	% of AA Households	% of Number of Loans	% of AA Households	% of Number of Loans	% of AA Households	% of Number of Loans	% of AA Households	% of Number of Loans
Consumer Loans	1.99	1.51	11.04	20.25	82.33	58.17	4.63	20.07

Source: Loan data collected by bank from January 1, 2009 through December 31, 2011; U.S. Census data.

<b>Table 3B - Geographic Distribution of Consumer Loans in Georgia Non-MSA AA</b>								
CT Income Level	Low		Moderate		Middle		Upper	
	% of AA Households	% of Number of Loans	% of AA Households	% of Number of Loans	% of AA Households	% of Number of Loans	% of AA Households	% of Number of Loans
Consumer Loans	1.58	1.43	24.79	18.32	61.71	58.92	11.91	21.33

Source: Loan data collected by bank from January 1, 2012 through December 31, 2013; U.S. Census data.

**Responses to Complaints**

No CRA related complaints were made against ACB during this evaluation period.

## **Community Development Test**

ACB's performance under the CD Test in Georgia is rated "Satisfactory."

ACB's responsiveness to the community development needs of the AA through CD lending, qualified investments, and CD services meets the standards of satisfactory performance under the CD Test. Our conclusion is based on the level of CD activity, its financial and regulatory constraints that restricted lending capacity and ability, the rural nature and moderate growth of the Georgia Non-MSA AA, its higher measures of unemployment and poverty, and the reduced availability of CD opportunities in this AA.

### **Number and Amount of Community Development Loans**

The level of CD lending in the state of Georgia meets the standards of satisfactory performance.

#### Georgia Non-MSA AA

The level of CD lending in the Georgia Non-MSA AA reflects an adequate responsiveness to the CD needs of the assessment area through CD lending. ACB funded one \$362,000 loan that allowed the borrower to refinance its mortgage on the building and make improvements to the building whose tenant is the Georgia Department of Community Affairs (GDCA). The GDCA offers a variety of community development services, including rental assistance, to LMI families and individuals. Improvements to the building allowed GDCA to better accomplish its mission.

#### Savannah MSA AA

The level of CD lending in the Savannah MSA AA reflects a weak responsiveness to the CD needs of the AA through CD lending. This limited-scope AA reported no CD lending during the evaluation period.

### **Number and Amount of Qualified Investments**

The level of qualified investments in the state of Georgia meets the standards of satisfactory performance.

#### Georgia Non-MSA AA

ACB's level of qualified investments reflects an adequate responsiveness to meeting the needs of the community. During the evaluation period, ACB made seven donations totaling \$3,500 to qualified CD organizations. Although ACB made several other donations totaling \$24,000, we were unable to qualify them based on a lack of documentation.

#### Savannah MSA AA

The level of CD investments in the Savannah MSA AA reflects a weak responsiveness to the CD needs of the AA. This limited-scope AA had one qualifying investment of \$130 during the evaluation period.

## **Extent to Which the Bank Provides Community Development Services**

ACB's level of CD services in the state of Georgia meets the standards of satisfactory performance.

### Georgia Non-MSA AA

ACB's level of CD services reflects adequate responsiveness to meeting the needs of the community. Bank staff efforts were centered in providing financial education targeted to LMI at-risk youth and individuals in distressed and/or underserved middle-income geographies.

### Savannah MSA AA

The level of CD services in the Savannah MSA AA is consistent with the performance in the full-scope AA.

## **Responsiveness to Community Development Needs**

### Georgia Non-MSA AA

ACB demonstrated adequate responsiveness to meeting the CD needs of the community. This was accomplished largely through lending to facilitate the delivery of community services to LMI families and individuals, donations to qualified CD organizations, and volunteer service hours by bank staff to provide financial education to LMI youth and individuals. All three of the branches in the AA are located in moderate-income CTs allowing for the delivery of needed banking and credit services to customers and local businesses. The need for small business loans and financial literacy was identified during the contact interview that we performed during this CRA evaluation.

### Savannah MSA AA

The level of responsiveness in the Savannah MSA AA to meeting the CD needs of the community is weak. However, ACB's sole branch office is located in a moderate-income CT that allows the staff to provide needed banking and credit services to local businesses and customers.

## Appendix A: Scope of Examination

The following table identifies the time period covered in this evaluation, affiliate activities that were reviewed, and loan products considered. The table also reflects the metropolitan and nonmetropolitan areas that received comprehensive examination review (designated by the term “full-scope”) and those that received a less comprehensive review (designated by the term “limited-scope”).

<b>Time Period Reviewed</b>	Lending Test: 1/1/2009 to 12/31/2013 Community Development Test: 2/23/2009 to 3/31/2014	
<b>Financial Institution</b>	<b>Products Reviewed</b>	
Atlantic Coast Bank (ACB) Jacksonville, Florida	Home Purchase, Home Improvement and Home Refinance; Business; Consumer; Community Development	
<b>Affiliate(s)</b>	<b>Affiliate Relationship</b>	<b>Products Reviewed</b>
No affiliate products were included in CRA evaluation.		
<b>List of Assessment Areas and Type of Examination</b>		
<b>Assessment Area</b>	<b>Type of Exam</b>	<b>Other Information</b>
<b>Florida</b> Jacksonville MSA (#27260)	Full-Scope	
<b>Georgia</b> Savannah MSA (#42340) Georgia Non-MSA	Limited-Scope Full-Scope	

## Appendix B: Summary of State Ratings

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Overall Bank:	Lending Test Rating	Community Development Test Rating	Overall Bank/State Rating
ACB	Satisfactory	Satisfactory	Satisfactory
Florida	Satisfactory	Outstanding	Satisfactory
Georgia	Satisfactory	Satisfactory	Satisfactory