



INTERMEDIATE SMALL BANK

Comptroller of the Currency
Administrator of National Banks
Washington, DC 20219

PUBLIC DISCLOSURE

October 03, 2005

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

**First National Bank of Griffin
Charter Number 15572**

**318 South Hill Street
Griffin, GA 30224**

**Comptroller of the Currency
Georgia (Atlanta)
1117 Perimeter Center West Suite W401
Atlanta, GA 30338**

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.

INSTITUTION'S CRA RATING

This institution is rated *Satisfactory*.

The Lending Test is rated: *Satisfactory*.

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

The bank's performance rating is supported by the following factors:

- A reasonable loan-to-deposit ratio;
- A majority of loans are made in the assessment area;
- Lending to borrowers of different incomes and small businesses is adequate;
- Geographic distribution of loans is adequate;
- Community development lending is good and has a positive impact on the bank's lending performance; and,
- No complaints were received during this evaluation period.

SCOPE OF EXAMINATION

This Performance Evaluation assesses FNB of Griffin's capacity to help meet the credit needs of the community in which it operates. An Intermediate Small Bank is subject to a lending test and a community development test. The lending test evaluates a bank's record of helping to meet the credit needs of its assessment area through its lending activities. The community development test evaluates a bank's community development lending, qualified investment, and community development services activities. For the lending test, we reviewed and evaluated residential mortgage loans that are subject to filing under the Home Mortgage Disclosure Act, and small loans to businesses. Loans reviewed or sampled for this test were originated between January 2003 and June 2005. For community development loans, qualified investments, and services activities, the evaluation period is July 6, 1999 to October 3, 2005.

We performed a review of community contact forms compiled by other regulatory agencies for this bank's assessment area. We also contacted a community group in conjunction with our examination. Based on information provided by the Griffin/Spalding County United Way, educational banking programs are a tremendous help to young county residents and those residents inexperienced with financial institutions.

DESCRIPTION OF INSTITUTION

The First National Bank of Griffin (FNB) is a \$317 million intrastate financial institution headquartered in Griffin, GA. In addition to the main office, FNB has four full service branches and three additional off-site ATM facilities. Through third quarter 2004, this bank was a subsidiary of FNB Banking Company, a one-bank holding company. However, the holding company was dissolved at year-end 2004. During this evaluation period, FNB acquired American Community Bank in Stockbridge, GA, which expanded the bank's operations to this area. In addition, a limited service supermarket branch in Griffin was closed. FNB has another branch less than a quarter mile from the supermarket and hours were extended to accommodate former supermarket customers. FNB has two subsidiaries, First Credit, a finance company primarily involved in retail lending, and FNB Properties, an assisted living facility obtained through foreclosure. The activities of the subsidiaries have no CRA impact.

As of June 30, 2005, the bank had a loan portfolio approximating \$233 million. Lending activity is centered in residential real estate loans (26%), non-farm and non-residential loans (37%), construction and land development loans (23%), commercial and industrial loans (8%) and consumer loans/other (6%). FNB has an in-house mortgage department that originates and packages residential mortgage loans. Total deposits were \$257 million with capital accounts aggregating \$31 million.

The bank offers a variety of traditional deposit and loan products with home purchase and commercial loans as its primary credit products. There are no financial conditions, legal constraints, or other factors hindering the bank's ability to meet the credit needs of its assessment area. FNB's rating at its preceding CRA examination, dated July 6, 1999, was Satisfactory.

DESCRIPTION OF ASSESSMENT AREA

FNB's assessment area (AA) meets the technical requirements of the Act and does not arbitrarily exclude low- or moderate-income census tracts. The defined AA is comprised of Spalding and Henry Counties, which are part of the Atlanta Metropolitan Statistical Area (AMSA). The combined AA has twenty-seven census tracts. Spalding County has six middle-, four moderate-, and two low-income census tracts. Henry County has four upper-, ten middle-, and one moderate-income census tracts. The census median family income for this AA is \$58,537. The Department of Housing and Urban Development's (HUD) 2004 updated median family income estimate for the MSA is \$67,900.

Atlanta MSA - The AMSA is a twenty-eight county area encompassing the city of Atlanta. It accounts for over half of the total population and employment of the state. The Metro Atlanta area is recognized as the transportation, distribution, and cultural center of the Southeastern United States. Population growth is strong and individuals continue to migrate to the area from the northeast, the west, and other southern locations of the country. The per capita income in the Atlanta area exceeds both the state and national averages. The popularity of the area has caused suburban sprawl and increased growth into outlying counties in the AMSA. Overall, housing prices have not risen as quickly in this market as the national average.

The AMSA has a diverse industrial base that includes manufacturing, transportation, distribution, retailing, wholesaling, finance, government, research, education, medicine, and technical support. Top employers include; Delta Airlines, BellSouth Corporation, Emory University, US Army Garrison Headquarters, Publix Super Markets, Randstad Staffing Services, and The Home Depot.

Spalding County

The population of Spalding County was estimated in 2003 by the Georgia Department of Labor at 60,483. The annual average labor force was 29,172. The 2000 US Census Bureau showed that 55 percent of Spalding County residents also work in the county. An additional 45 percent of county residents commute to one of seven other counties in the AMSA. Manufacturing, government, and retail services primarily supports the local economy. The five largest employers in the county are Cooper-Standard Automotive, Inc, Homenurse, Inc, Nacom Corporation, Spring Industries and Tenet Healthsystems, Inc.-Spalding.

Henry County

Henry County is one of the fastest growing counties in Georgia. According to the 2000 US Census the population of this county was 119,341, representing a 103 percent increase from the 1990 US Census of 58,741. The Georgia Department of Labor 2003 population estimate is 150,003. Approximately 31 percent of county residents work in Henry County and 41 percent commute to adjacent counties for work. The local economy is primarily supported by the retail service and manufacturing industries. The five largest employers are Georgia Power, Henry Medical Center, Publix Super Markets, SunTrust Bank of Atlanta and Wal-Mart Associates, Inc.

In addition to FNB of Griffin, competition to provide financial services and products in the bank’s AA is strong and includes offices/branches of large, regional and local community banks.

The following table highlights the demographic composition of the bank’s assessment area.

Demographic and Economic Characteristics of Assessment Area (2000 US Census Data)	
Population	FNB of Griffin’s AA
Number of Families	49,348
Number of Households	62,855
Geographies	
Number of Census Tracts	27
% Low Income Census Tracts (2)	7.41%
% Moderate Income Census Tracts (5)	18.52%
% Middle Income Census Tracts (16)	59.26%
% Upper Income Census Tracts (4)	14.81%
Median Family Income (MFI)	
2000 MFI for AA	\$58,537
2004 HUD Adjusted MFI for MSA	\$67,900
Economic Indicators	
Unemployment Rate	1.91%
2000 Median Housing Value	\$106,630
% of Households Below Poverty Level	6%

Table 1-2000 US Census.

CONCLUSIONS ABOUT PERFORMANCE CRITERIA

Loan-to-Deposit Ratio

Since our last CRA examination in July 1999, the bank's average quarterly loan-to-deposit is 89.26 percent, which compares favorably to a peer group average of 83.55 percent for the same time period. Considering the size of the bank and competition in the AA, FNB's loan-to-deposit ratio is reasonable. Our review of bank data revealed FNB is similarly situated to peer banks in the local vicinity. All institutions offer similar credit products.

Lending in Assessment Area

Lending levels reflect a satisfactory responsiveness to community credit needs. A sample analysis was performed on 20 loans to small businesses and all HMDA related home purchase and home refinance loans originated during this evaluation period. Our analysis revealed that a majority of loans is being granted in the AA and is detailed in the following table.

Assessment Area Lending (Evaluation Period January 2003 – through September 2005)								
	In Assessment Area				Out of Assessment Area			
Loan Type	#		\$000's		#		\$000's	
Home Purchase	238	71%	\$25,057	63%	99	29%	\$14,538	37%
Home Refinance	740	75%	\$74,501	70%	250	25%	\$32,444	30%
Business purpose	16	80%	\$ 3,738	84%	4	20%	\$ 786	16%

Table 2-HMDA LAR and bank generated reports for small businesses.

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

Overall, the distribution of loans to borrowers of different income levels reflects an adequate penetration among individuals of different income levels and businesses of different sizes. Table 3 shows the percentage of home purchase and refinance loans in the AA compared to the percentage of families by income level residing in the AA.

The dispersion of home mortgage loans in the AA is adequate. The percentage of home purchase loans to low-income borrowers is significantly lower than the percentage of low-income families in the AA. This low level of penetration is reasonable considering that nine percent of families live below the poverty level and would generally not have the financial capacity to qualify for a mortgage loan. Further, the bank's percentage of home purchase loans to moderate-income borrowers exceeds the percentage of moderate-income families residing in the AA.

The distribution of home refinance loans is reasonable. The percentage of loans to low-income borrowers is equal to the percentage of low-income families residing in the AA. Refinance loans to moderate-income borrowers exceeds the percentage of moderate-income families residing in the AA.

Borrower Distribution of Residential Real Estate Loans in AA								
Borrower Income Level	Low		Moderate		Middle		Upper	
Loan Type	% of AA Families	% of Number of Loans	% of AA Families	% of Number of Loans	% of AA Families	% of Number of Loans	% of AA Families	% of Number of Loans
Home Purchase	20	12	20	32	26	28	34	29
Home Refinance	20	19	20	36	26	21	34	25

Table 3- 2004 HMDA LAR and U.S. Census data.

FNB's lending volume of loans to small businesses is reasonable in view of the small business credit needs of the community and the number of small businesses in the AA. Table 4 details the results of the business loan sample analysis. Approximately 97 percent of businesses in the AA report revenues of less than \$1 million. Comparatively, 85 percent of loans in the sample were made to businesses with revenues less than \$1 million. In addition, of the twenty loans in the sample, 85 percent were for original amounts of less than \$500 thousand. This indicates the bank's responsiveness to providing small business lending.

Borrower Distribution Of Small Loans To Businesses in AA (Evaluation Period – January 2003 through September 2005)				
Business Revenues	≤\$1,000,000	Loans by Original Amount Regardless of Business Size		
% of AA Businesses	97%	<\$100,000	>\$100,000 to \$500,000	>\$500,000 to \$1,000,000
% of Bank Loans in AA by #	85%	25%	60%	15%

Table 4-bank generated reports for small businesses.

Geographic Distribution of Loans

Overall the distribution of home mortgage loans by income level of the geography is excellent. As shown below in table 5, the bank's distribution of home purchase loans in low- and moderate-income geographies exceeds the percentage of owner occupied housing in low- and moderate-income geographies. The bank's distribution of home refinance loans in low- and moderate-income geographies exceeds the percentage of owner occupied housing in low- and moderate-income geographies.

Geographic Distribution of Residential Real Estate Loans in AA								
Census Tract Income Level	Low		Moderate		Middle		Upper	
Loan type	% of AA Owner Occupied Housing	% of Number of Loans	% of AA Owner Occupied Housing	% of Number of Loans	% of AA Owner Occupied Housing	% of Number of Loans	% of AA Owner Occupied Housing	% of Number of Loans
Home Purchase	3	12	10	26	74	61	13	1
Home Refinance	3	13	10	19	74	66	13	3

Table 5-2004 HMDA LAR and 2000 US Census.

Responses to Complaints

Management has not received any CRA related complaints since our last examination. However, an informal response process is in place to address such complaints when they are received.

Community Development Loans, Qualified Investments, and Community Development Services

The bank's level of Community Development (CD) Lending is good. During this evaluation period, FNB originated approximately seventeen loans, which provided \$2 million to construct or purchase and renovate single-family residences in low and moderate-income geographies. This activity had a positive impact on the bank's lending performance.

Given the available CD opportunities and dollar amount of investments in the AA, the bank's Qualified Investments performance is adequate. During this evaluation period, FNB purchased \$1 million in low-income housing tax credits from SunTrust Community Development Corporation at \$.42 per tax credit dollar for a total investment of \$420 thousand. Limited partnerships or limited liability companies were organized to rehabilitate or construct, own and operate an apartment complex located in Georgia, which is expected to qualify for low-income housing tax credit. In addition, the bank is a member of the Georgia Affordable Housing Corporation. This is an independent, not for profit organization, which provides rental housing to low and moderate-income families. The \$2 thousand membership fee funds organizational costs for the corporation.

The bank's level of community development services is adequate. This assessment is based on the opportunities in the AA and the type of organizations that benefit from the services provided. Six employees provide financial services to twelve CD organizations. The types of services provided include serving on the Board, fund raising committee, or as a member in organizations that provide community services to low- and moderate-income individuals.

Although none of the activities discussed above are considered innovative or complex in nature, they exhibit management's responsiveness to identified needs in the community.

Fair Lending or Other Illegal Credit Practices Review

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