



Comptroller of the Currency
Administrator of National Banks

PUBLIC DISCLOSURE

March 2, 1998

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

**Community National Bank
Charter Number 22035
600 East Washington Avenue
Ashburn, Georgia 31714**

Office of the Comptroller of the Currency

**Southeastern District
Marquis One Tower, Suite 600
245 Peachtree Center Avenue, N.E.
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 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.

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 **Community National Bank (CNB)**, Ashburn, Georgia prepared by The Office of the Comptroller of the Currency, the institution's supervisory agency, as of **March 2, 1998**. The agency rates the CRA performance of an institution consistent with the provisions set forth in Appendix A to 12 CFR Part 25.*

GLOSSARY OF TERMS AND COMMON ABBREVIATIONS

The following terms and abbreviations are used throughout this Performance Evaluation.

Metropolitan Statistical Area (MSA) - Area consisting of one or more counties, including large population centers and nearby communities that have a high degree of interaction.

Census Tract (CT) - Small, locally defined statistical areas within a **MSA**. These areas are determined by the U. S. Census Bureau in an attempt to group homogeneous populations. A **CT** has defined boundaries per ten year census and an average population of 4,000.

Median Family Income (MFI) - The median income as determined by the U. S. Census Bureau. This amount is based on estimates developed by the Department of Housing and Urban Development and is updated annually.

Low-Income - Income levels which are less than 50% of the **MFI** of the **MSA**.

Moderate-Income - Income levels which are less than 80% of the **MFI** of the **MSA**.

Middle-Income - Income levels which are less than 120% of the **MFI** of the **MSA**.

Upper-Income - Income levels which are 120% or greater of the **MFI** of the **MSA**.

Community Reinvestment Act (CRA) - This statute requires federal regulators to evaluate a financial institution's lending performance in light of the credit needs in the institution's local community. The regulator must also evaluate whether the institutions's defined community is reasonable. This is a general description of the bank's requirements and not a legal explanation of the requirements contained in 12 USC 2901 and 12 CFR 25 as amended, respectively.

Home Mortgage Disclosure Act (HMDA) - This statute requires certain mortgage lenders that do business or have banking offices in a **MSA** to file annual summary reports of their lending activity. The reports include such data as the race, gender, and the income of applicant(s), the amount of loan requested and its disposition (e.g. made, denied, or withdrawn). The types of loan applications reported include governmentally-guaranteed home purchase and home improvement loans, conventional home purchase and home improvement, refinancing of home purchase and home improvement loans and loans for the purchase of multi-family (5 or more units) dwellings. This is a general description of the bank's requirements and not a legal explanation of the requirements contained in 12 USC 2801 and 12 CFR 203 as amended, respectively.

INSTITUTION'S CRA RATING: This institution is rated “**Satisfactory Record of Meeting Community Credit Needs.**”

CNB’s performance rating is supported by the following:

- an outstanding loan-to-deposit ratio of 92% as of February 28, 1998;
- a satisfactory record of lending within the assessment area;
- an outstanding record of lending to borrowers of different incomes and to businesses of different sizes; and,
- a reasonable distribution of loans by geography.

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

SMALL INSTITUTION ASSESSMENT CRITERIA	<u>Community National Bank</u> PERFORMANCE LEVELS		
	Exceeds Standards for Satisfactory Performance	Meets Standards for Satisfactory Performance	Does not meet Standards for Satisfactory Performance
Loan to Deposit Ratio	X		
Lending in Assessment Area		X	
Lending to Borrowers of Different Incomes and to businesses of Different sizes	X		
Geographic Distribution of Loans		X	
Response to Complaints	No complaints were received since the prior examination.		

DESCRIPTION OF INSTITUTION

CNB is a local and wholly-owned independent community bank of Community National Bancorporation (**Bancorp**), a one bank holding company chartered in August 1989 and headquartered in Ashburn, the county seat of Turner County, Georgia. CNB was later chartered in 1990 and acquired by Bancorp also that year. The main office is located at 561 East Washington Avenue in Ashburn, Georgia. The bank was originally chartered to serve the community of Turner County.

CNB currently has two locations. The main office is located in Ashburn and the branch is located in Cordele, Georgia in Crisp County. The branch which is actually housed in the Super Wal-Mart store opened for business on October 29, 1997. The branch offers extended hours and is opened six days each week. The branch office also has an automated teller machine location for customer convenience.

The bank has total assets of \$92 million with a loan portfolio approximating \$76 million as of December 31, 1997. Lending activity is centered in individual consumers loans (10%), residential

real estate related loans (35%), commercial and industrial loans (21%) and agricultural production and other loans to farmers (27%). Total deposits in the bank approximate \$84 million with capital accounts aggregating more than \$7 million.

CNB provides a broad line of financial products and services to small and medium sized businesses, farmers and consumers. Lending services are concentrated in farming and agri-business related loans, commercial and owner-occupied real estate loans, and consumer loans. The bank also participates in government guaranteed loan programs such as Farmers Home Administration and Small Business Administration. There are no known financial conditions, legal constraints, or other factors that hinder the bank's ability to help meet the credit needs of its assessment area.

The last CRA examination of CNB was conducted as of January 19, 1995, at which time a Satisfactory rating was received.

DESCRIPTION OF CNB'S ASSESSMENT AREA

CNB's assessment area meets the technical requirements of the Act and does not arbitrarily exclude low and moderate income (LMI) census tracts. The defined assessment area is comprised of eight Block Numbering Areas (BNA) or tracts within the counties of Turner and Crisp. Three of the BNA tracts are within Turner County and the remaining tracts in Crisp. To date, this assessment area has not been designated as part of a MSA.

The city of Ashburn is located along U.S. Interstate 75 approximately 160 miles south of Atlanta, Georgia and 80 miles north of the Florida border. The current population of Ashburn is 5,249 with the county population approximating 9,099. Turner County is supported by an economy dependent on agriculture and agri-related businesses. Crops and livestock are the chief sources of revenue in this farm based economy. Turner County ranks sixth in total acreage production of peanuts in the State of Georgia and also has the largest stockyard known as Turner County Stockyards. The largest peanuts shelling plant in the Southeast, Golden Peanut Company, is also located in the county.

Poultry farming is becoming another important factor in the local economy. According to the local county extension office, farmers in Turner County produce approximately 18 million pounds of chicken annually. Many farmers in the area now have contracts with Tyson Industries, one of the largest poultry operations in the nation, to sell their products.

Several manufacturing facilities are also located in Turner County such as M & W Sportswear, Centrapak (M & M Mars), Sunbelt Wood Components, Cornerstone Manufacturing, Turnex Corporation, Kevlacat, and Bio Plus, Inc.

Crisp County, located approximately 20 miles north of Turner County along U.S. Interstate 75, has a population of approximately 21,000. The major city in Crisp County is Cordele having a population of 10,836. Crisp County has a much more diversified economic base than that of its neighboring Turner County. While agriculture and agri-related businesses are an important part of the local economy, they account for only 3% of the community's employment. The primary sources of employment are manufacturing, service industries, retail and government. The largest employers in the county are the Masonite Corporation (International Paper), Cordele Uniform Company, Harris Waste Management Group, Homestead Homes, Inc., Crisp Regional Hospital and the Crisp County School System.

Area crops grown in the county are cotton, peanuts, soybeans, corn, pecans, vegetables and watermelons. Cordele is known as the "Watermelon Capital of the World." Timber processing is an expanding segment of the local economy as International Paper, a major paper producer, owns the Masonite Corporation, a major local processor of saw timber, pulpwood, and other forestry products.

In the city of Ashburn, primary competition is afforded by the only other bank in town, Ashburn Bank, which is older and larger in asset size than CNB. In Cordele, four other financial institutions have a presence. Throughout both counties, area competition among the six financial institutions is keen for providing financial services and products to the community.

The composition of the assessment area (AA) is as follows:

COUNTY	CENSUS TRACTS BY INCOME LEVELS				
	Moderate	Middle	Totals	# of Households	MFI
TURNER	1	2	3	3,040	84%
CRISP	1	4	5	7,246	87%
AA	2	6	8	10,286	86%

Source: The 1997 Georgia County guide

According to the 1990 census data, the population of the bank's defined assessment area is 28,714. Within the assessment area, households designated as moderate income are 25% and middle income are 75%. There are no low income or upper income BNA tracts in the assessment area. Median family income of the assessment area is \$17,776.

Overall, the unemployment rate in Turner and Crisp Counties is high at 9.7% and 7.2%, respectively, as of December 31, 1997 as compared to the average unemployment rate for the

State of Georgia at 3.7% (Georgia Department of Labor, Labor Information Systems estimates dated January 1998). As published by the *Cooperative Extension Service of the University of Georgia in The 1997 Georgia County Guide*, thirty percent of Turner County and thirty percent of Crisp County's population in 1993 lived below the poverty level of \$14,763 (threshold for a family of four).

Total housing units occupancy is good at 87% with owner occupied housing at 55%, and rental occupied housing at 32%. Vacant housing represents only 12% of total housing units available in the community. The median housing value is \$42,917 with the median year built being 1969.

Management has identified agricultural production, commercial and industrial, farmland, and consumer loans as the primary credit needs of the community. Community contacts initiated by representatives of our office indicate that the bank has sufficiently identified the types of credit needed in the assessment area.

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA: LOAN-TO-DEPOSIT RATIO

CNB's loan-to-deposit ratio is outstanding in view of the community's credit needs, demand for credit, and active competition among area financial institutions. The bank's average loan-to-deposit ratio is 90% over the prior eight quarters. The current loan-to-deposit ratio remains outstanding at 92%. For the one-year period ending December 31, 1997, loans increased 26% to \$77 million while deposits likewise increased 20% to \$84 million. The bank's lending level reflects a good responsiveness to the community credit needs.

Lending in the Assessment Area

A majority of the bank's loans is within its defined assessment area and its performance is considered satisfactory. An ongoing internal analysis of a sample of 2,804 loans granted at the bank through 1997 reveals that a significant majority of them is within the assessment area (AA) and is detailed as follows:

CNB RECORD OF LENDING					
Counties	# of Loans	%	\$ of Loans ('000)	%	Household %
Turner	2,050	98	46,254	95	30
Crisp	39	2	2,375	5	70
Inside AA	2,089	100	48,629	100	100

CNB RECORD OF LENDING					
Counties	# of Loans	%	\$ of Loans (‘000)	%	
Inside AA	2,089	75	48,629	68	
Outside AA	715	25	22,553	32	
Totals	2,804	100	71,182	100	

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

The distribution of loans among borrowers of different income levels and businesses of different sizes is good. The internal analysis of the sample of non-business related loans further reflects that the bank has a more than reasonable dispersion of loans among borrowers of different incomes. The dispersion of loans is as follows:

Borrower’s Income	\$ Amount of Loans Granted (000’)	% of Loans	\$ Amount Turner County (000’)	% of Loans	\$ Amount Crisp County (000’)	% of Loans
Low	1,079	14	1,022	14	57	13
Moderate	1,177	15	1,052	15	125	28
Middle	2,574	34	2,542	35	32	7
Upper	2,812	37	2,576	36	236	52
Total	7,642	100	7,192	100	450	100

Furthermore, the bank has extended business loans throughout the various communities within its assessment area. The analysis of business loans through 1997 discloses that the bank has made 1,519 loans to businesses having revenues of \$1 million or less totaling \$55 million. In addition, nineteen loans were extended to businesses having revenues of \$1 million or more totaling approximately \$1.9 million. Overall, the lending volume regarding loans to small businesses is good. The distribution of loans is good and consistent with the financial resources and locations of the main office and branch.

Geographic Distribution of Loans

There is a satisfactory distribution of loans extended within moderate and middle income BNA tracts. The following table reflects the distribution of all types of loans within the bank's assessment area by income designation of BNA tract. This distribution is reasonable given the geographic size of the bank's assessment area which comprises only two counties and eight BNA tracts and the addition of Crisp County into the assessment area.

Geographic Analysis of Loans Originated through 1997			
Type Of BNA Tract	Percentage of the Number of Loans Within the Type of BNA Tract	Percentage of the Dollar Amount of Loans Within the Type of BNA Tract	Percentage of Households in Various BNA Tracts
Low Income	NA	NA	NA
Moderate Income (2)	7%	9%	26%
Middle Income (6)	93%	91%	74%
Upper Income	NA	NA	NA

Summary

The bank is in substantial compliance with the spirit, intent, and technical aspects of anti-discrimination laws. No violations of fair lending laws were noted. Management has provided adequate employee training programs to help promote compliance with fair lending laws. Loan applications are solicited from and extended to all segments of the community and income levels. The distribution of loans throughout the assessment area is reasonable. The bank has not received any consumer complaints since the prior examination. Satisfactory policies and procedures have been adopted and are in place.

The loan to deposit ratio, lending in the assessment area, lending to borrower's of different incomes and businesses of different sizes, and the geographic distribution of loans reflect an overall satisfactory performance in view of the bank's financial and human resources.

Presently, the bank is not a HMDA reportable institution and, as a result, no analysis of this data could be performed.