

Small Bank Performance Evaluation

PUBLIC DISCLOSURE

June 22, 1999

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

**Wayne National Bank
Charter Number 22047**

**818 South First Street
Jesup, Georgia 31545-2028**

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 **Wayne National Bank** prepared by **The Office of the Comptroller of the Currency**, the institution's supervisory agency, as of June 22, 1999. The agency rates the CRA performance of an institution consistent with the provisions set forth in Appendix A to 12 CFR Part 25.*

INSTITUTION'S CRA RATING: This institution is rated Satisfactory.

The following major factors provide support for Wayne National Bank's rating:

- < The loan-to-deposit ratio meets satisfactory performance standards given the bank's size, financial condition, and the credit needs within the community.
- < A substantial majority of loans are within the bank's assessment area.
- < The distribution of loans reflects reasonable penetration among individuals of different income levels and businesses of different sizes.
- < The geographic distribution of loans reflects reasonable dispersion throughout the assessment area.

DESCRIPTION OF INSTITUTION

As of May 31, 1999, Wayne National Bank (WNB) is a \$50 million institution headquartered in Jesup, Georgia. The bank is 100% owned by First Banking Company of Southeast Georgia (FBCG). FBCG is a publicly traded company which owns three other financial institutions in southeast Georgia. One automated teller machine is located at the main office. As of March 31, 1999, gross loans, totaling \$34.9 million, represent 72% of assets. The loan portfolio is as follows: commercial/commercial real estate loans (32%), consumer loans (26%), residential real estate loans (25%), agriculture/farmland loans (11%) and construction/land development (6%)

The bank offers a wide variety of credit products to consumers and businesses. Also WNB offers additional banking services, including checking and savings accounts, to meet the needs of its consumer and commercial customers. Currently, there are no legal impediments that would prevent the bank from meeting any credit or banking service needs of the community. The review period covers between October 1, 1996 to June 26, 1999.

DESCRIPTION OF WAYNE COUNTY, GEORGIA

The institution's assessment area is Wayne county. This area meets the requirements of the regulation and does not arbitrarily exclude low- or moderate-income geographies. Wayne County's 1990 Census population was 22,356. Based on the 1990 Census, Wayne County has six Block Numbering Areas (BNA's), all designated middle-income. The 1998 Housing & Urban Development estimated state-wide non-MSA median family income for Georgia of \$34,600

Wayne County's estimated 1997 population is 25,446. Also, the population has experienced a 2% annual growth rate since 1990. The county includes the cities of Jesup, Odum and Screven and the rural areas of Madray Springs, Doctor Town, Gardi, Mannington, McKinnon and Broadhurst. The unemployment rate is approximately 4.5%. These figures were based on published demographic information and the Wayne County Chamber of Commerce and Industrial Development Authority & Tourism Board. Major industry employers in the area include ITT Rayonier, Ross Lighting Company and American Welding & Tank.

Competition in the county is provided by two branches of two regional banks, two branches of two community banks, two credit unions and several finance companies. A discussion with a local community leader indicated that the involvement of financial institutions is positively perceived within the local community. The community leader stated the local population's banking needs are being adequately met with the volume and business strategies of all financial institutions.

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA:

Loan to Deposit Ratio

The loan-to-deposit ratio meets satisfactory levels given the bank's size, financial condition, and assessment of area credit needs. The average net loan-to-deposit ratio, using quarter end information from September 30, 1996 to March 31, 1999, is 74.22%. This is considered stable and just below the local peer banks average ratio of 76.36% for the same time period. The bank's peer group consists of all national and state chartered institutions in Wayne County and the seven contiguous counties. This group consisted of fourteen community banks.

In addition, WNB was compared to a national peer group of banks with total assets less than \$100 million and located in a non-metropolitan area (MSA). Based on the same time period mentioned above, WNB's loan to deposit ratio compares favorably to the national peer group average of 62.79%.

Lending In Assessment Area

A substantial majority of loans are within their assessment area. A sample of 60 loans consisting of 20 commercial/commercial real estate, 20 consumer and 20 residential real estate loans were reviewed. Based on this sample, 95% of the loans were made within the assessment area.

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

The dispersion of loans to borrowers of different income levels and businesses of different sizes is reasonable. The 20 consumer and 20 residential real estate loans in our sample were used for this analysis. Borrowers were categorized as low-, moderate-, middle- or upper- income based on the 1998 non-MSA median family income for Georgia of \$34,600. The following table shows the results of this analysis.

	Low income	Moderate income	Middle income	Upper income
Percentage of families (based on 1990 Census)	21%	17%	20%	42%
Percentage of loans in sample	20%	25%	23%	33%

Additionally, the sample of 20 commercial/commercial real estate loans found that 13, or 65%, were originated to businesses with annual revenue less than \$1 million. Based on 1990 Census, 91% (520 out of 569) of the nonfarm businesses reported annual revenue less than \$1 million.

Geographic Distribution of Loans

The geographic distribution of loans reflects reasonable dispersion throughout the assessment area. During this examination, the bank generated reports to show the dispersion of loans within the assessment. The following table details loans originated since October 1, 1996:

BNA	1990 Census Income Level	# loans originated	% of loans orig.	1990 Census % of families in BNA	(000's) \$ amt orig.	% of loans orig.	1990 Census % of families in BNA
9701	Middle	1,081	24%	13%	\$17,886	24%	13%
9702	Middle	708	16%	26%	\$12,039	16%	26%
9703	Middle	1,363	30%	23%	\$21,437	29%	23%
9704	Middle	366	8%	12%	\$7,004	9%	12%
9705	Middle	722	16%	15%	\$11,655	16%	15%
9706	Middle	274	6%	12%	\$4,550	6%	12%
TOTAL		4,514	100%		\$74,571	100%	

Response to Complaints

There were no complaints received by the bank or our office during the period of review. During this examination we performed a fair lending review of WNB's instalment lending to determine any discriminatory practices based on gender. No violations of the substantive provisions of anti-discrimination laws were identified.