

PUBLIC DISCLOSURE

March 4, 1998

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

**The United Banking Company
Certificate Number: 00158-9**

**202 West Washington Street
Nashville, Georgia 31639**

Federal Deposit Insurance Corporation

**Suite 1500, One Atlantic Center
1201 West Peachtree Street, N.E.
Atlanta, Georgia 30309-3415**

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.

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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 **The United Banking Company** prepared by the Federal Deposit Insurance Corporation, the institution's supervisory agency, as of **March 4, 1998**. The agency rates the CAR performance of an institution consistent with the provisions set forth in Appendix A to 12 CAR Part 345.*

INSTITUTION RATING

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

A review of the bank's CRA performance depicts an outstanding practice of providing for the credit and servicing needs of its assessment area. The bank offers a mixture of lending products suitable to accommodate the demographic makeup of its assessment area. The bank's average net loan-to-deposit ratio demonstrates an excellent responsiveness to credit needs in the assessment area. The bank also extends a majority of its loans, both in number and dollar volume, in its assessment area. Its lending to borrowers of different income levels reflects excellent penetration. In addition, the geographic distribution of loans reflects excellent dispersion throughout the assessment area. The bank has not received any CRA-related complaints since the last evaluation.

DESCRIPTION OF INSTITUTION

The United Banking Company supports the development of economic revitalization and growth within the bank's assessment area consistent with its size, financial capacity, location, and local economic conditions. The bank's one office is located in the downtown area of Nashville, Georgia, in Berrien County. The bank maintains an automatic teller machine (ATM) adjacent to the main office. The bank is a subsidiary of FMB Bancshares, Inc., a two-bank holding company. FMB Bancshares also owns Farmers & Merchants Bank, Lakeland, Georgia.

As of December 31, 1997, assets totaled \$61,007,000. The bank offers a full range of loan and deposit products and broadly provides its lending services to individuals in its assessment area. The bank offers a variety of checking accounts including no monthly fee checking accounts for full-time students and for non profit organizations. Hours and services are considered reasonable.

Loans secured by farmland, by dollar volume, represent the most significant category in the bank's lending portfolio. The following table reflects the distribution of the bank's loan portfolio based on dollar volume as of December 31, 1997.

TYPES OF LOANS	PERCENTAGE OF GROSS LOANS
Secured by Farmland	32.3%
Secured by 1-4 Family Residential Properties	23.9%
Commercial and Industrial	21.4%
Loans to Individuals	14.7%
Agricultural Loans	4.7%
Secured by Nonfarm/Nonresidential Properties	1.5%
Construction and Land Development	0.8%
Secured by Multi-family Properties	0.6%
All Other Loans	0.1%
Total	100%

DESCRIPTION OF BERRIEN COUNTY

The bank's assessment area is reasonable and includes all of Berrien County. The assessment area consists of six middle-income block numbering areas (BNAs) as indicated by the following chart. A middle-income BNA represents a geographical area where the median family income (MFI) is equal to at least 80 percent but less than 120 percent of the nonmetropolitan MFI for the State of Georgia.

The 1990 nonmetropolitan MFI for the State of Georgia was \$26,690. The bank is located in downtown Nashville, Georgia, in BNA 9704.

BNA	1990 MFI	% OF MFI	Tract Income Level
9701	\$26,167	98.0%	Middle
9702	\$24,219	90.7%	Middle
9703	\$27,906	104.6%	Middle
9704	\$22,925	85.9%	Middle
9705	\$25,319	94.9%	Middle
9706	\$23,333	87.4%	Middle

DESCRIPTION OF BERRIEN COUNTY (Continued)

The following chart describes the population of the assessment area geographies:

BNA	Population	Households
9701	1,675	580
9702	2,219	803
9703	2,201	896
9704	2,914	1,050
9705	3,285	1,123
9706	1,859	697
Total	14,153	5,149

The following chart details the 1990 housing characteristics of the assessment area geographies:

BNA	Total Housing Units	Owner Occupied Units	Renter Occupied Units	Vacant Units
9701	658	463	118	77
9702	894	624	174	96
9703	1,016	666	223	127
9704	1,230	692	367	171
9705	1,268	846	285	137
9706	792	513	178	101
Total	5,858	3,804	1,345	709

DESCRIPTION OF BERRIEN (Continued)

In 1994 for Berrien County, the largest employment sectors, accounting for 85 percent of the employment in the county, were manufacturing with 1,999 individuals employed; retail trade with 1,036; services with 963; government with 759; and farming with 687. The major employers in Nashville are Amoco Fabrics and Fibers, Chaparrel Boats, Berrien County Board of Education, J. H. Harvey Company, and Berrien County Hospital.

According to the 1990 U.S. Census data, 4,120 of the county's households are considered families. The following table describes Berrien County's population of families by income category.

Income Categories of Families	Number of Families	Percentage
Low-Income	942	22.9%
Moderate-Income	782	19.0%
Middle-Income	969	23.5%
Upper-Income	1,427	34.6%
Total	4,120	100.0%

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA

Loan-to-Deposit Ratio Analysis

The bank's lending performance as measured by its average net loan-to-deposit ratio of 82.3 percent exceeds performance standards. The average net loan-to-deposit ratio was determined by calculating the bank's net loan-to-deposit ratio for each quarter since the last CRA evaluation of September 19, 1994, and averaging these ratios. Given its size, financial condition, local economic factors, and average net loan-to-deposit ratio, management's lending performance reflects a satisfactory responsiveness to area credit needs.

The bank's assessment area is mainly composed of rural geographies. The bank faces intense competition. The Bank of Alapaha maintains three locations in Berrien County, and The Citizens Bank maintains two location in Berrien County. Other competitors in Nashville include a branch of First Liberty Bank, Nashville Credit Union, and two consumer finance companies.

FINANCIAL INSTITUTION	LOAN-TO-DEPOSIT RATIO
Bank of Alapaha Alapaha, Georgia	67.5%
The Citizens Bank Nashville, Georgia	84.0%
The United Banking Company Nashville, Georgia	82.3%

The universe of loans used for sample selection consists of all loans originated or renewed from March 1, 1997 to February 27, 1998. An analysis of these loans found that 47.9 percent of all loans originated during this period were for consumer purposes. By dollar volume, consumer loans totaled \$7,090,520 representing 16.3 percent of all loans originated during this period. Accordingly, consumer loans were selected to be sampled as the major product line of the bank.

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA (CONTINUED)

Lending in Assessment Area

Based on a random sample of 72 consumer loans, it was determined that a majority of loans, 68.1 percent by number of loans and 61.7 percent by dollar amount, were located in the assessment area as illustrated below. It is noted that a majority of the loans noted as being outside the assessment area are located in adjacent counties.

	\$ Amount (000)	Percentage	Number of loans	Percentage
Inside the Assessment Area	242	61.7%	49	68.1%
Outside the Assessment Area	150	38.3%	23	31.9%
Total	392	100%	72	100%

Lending to Borrowers of Different Income

Consumer loans sampled during the examination were further analyzed to determine the bank's lending performance to borrowers of different income levels. Given the demographics of the assessment area, the distribution of borrowers reflects excellent penetration among individuals of different income levels. The following table details the distribution of loans sampled by borrower income.

Income of Borrower	% of Originations
Low-Income	63.3%
Moderate-Income	12.2%
Middle-Income	20.4%
Upper-Income	4.1%
Total	100.0%

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA (CONTINUED)

Lending to Borrowers of Different Income (Continued)

Income characteristics of borrowers were based on the Department of Housing and Urban Development's estimated 1997 nonmetropolitan MFI for the State of Georgia of \$33,600. Low-income borrowers are defined as those individuals with incomes of less than 50 percent of the nonmetropolitan MFI, moderate-income borrowers have incomes of at least 50 percent but less than 80 percent of the nonmetropolitan MFI, middle-income borrowers have incomes of at least 80 percent but less than 120 percent of the nonmetropolitan MFI, and upper-income borrowers have incomes of at least 120 percent or more of the nonmetropolitan MFI.

Geographic Distribution of Loans

As illustrated in the following table, the geographic distribution of loans sampled reflects excellent dispersion throughout the assessment area. As previously noted, the assessment area is composed of six middle-income BNAs.

The bank's main office is located in BNA 9704. This BNA is the second largest populated with 2,914 citizens or 21 percent of the assessment area's population.

Block Numbering Area	% Total By Number	% Total By Dollar Volume
9701	12.2%	12.4%
9702	10.2%	12.3%
9703	14.3%	10.4%
9704	32.7%	33.0%
9705	20.4%	20.8%
9706	10.2%	11.1%
Total	100%	100%

**CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA
(CONTINUED)**

Responses to Complaints

The bank has not received any CRA-related complaints since the last evaluation.