

# **PUBLIC DISCLOSURE**

**October 7, 2002**

## **COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION**

**PEOPLES BANK  
16498**

**228 Main Street  
Blackshear, Georgia 31516-1894**

**Federal Deposit Insurance Corporation  
Suite 800, Millennium Building Midtown  
10 Tenth Street, N.E.  
Atlanta, Georgia 30309-3906**

**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 **PEOPLES BANK** prepared by the **Federal Deposit Insurance Corporation**, the institution's supervisory agency, as of **October 7, 2002**. The agency rates the CRA performance of an institution consistent with the provisions set forth in Appendix A to 12 CFR Part 345.*

## INSTITUTION RATING

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

The bank's CRA performance depicts a satisfactory practice of providing for the credit needs of its assessment area. This rating is supported by the following:

- ◆ The bank originates a significant majority of its loans within the assessment area.
- ◆ The analysis of loans reveals a reasonable penetration among businesses of different sizes and borrowers of different incomes. Over eighty-seven percent of the bank's business loans were made to small businesses.
- ◆ The geographic distribution of loans reflects a reasonable dispersion throughout the assessment area.
- ◆ The average net loan-to-deposit ratio is reasonable and reflects an adequate responsiveness to the credit needs of the community.

## DESCRIPTION OF INSTITUTION

Peoples Bank 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 is a subsidiary of Peoples Banking Corporation, Blackshear, Georgia, a one-bank holding company. Peoples Bank is a retail banking institution located in Blackshear, Georgia. The bank maintains branch locations in Waycross, Georgia, and Homerville, Georgia. As of June 30, 2002, assets totaled \$145,573,000. 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 students and senior citizens 55 and older. Hours and services are considered reasonable. There are no financial or legal impediments which would prevent the bank from meeting the credit needs of the community.

The bank's major loan products, by dollar volume, are loans secured by one to four family residential properties and commercial loans (includes loans secured by nonfarm/nonresidential properties). The following table reflects the distribution of the bank's loan portfolio based on dollar volume as of June 30, 2002. Gross loans as of this date totaled \$102,199,000.

<b>Table 1-June 30, 2002, Loan Distribution</b>	
<b>TYPES OF LOANS</b>	<b>PERCENTAGE OF GROSS LOANS</b>
Construction and Land Development	2.9%
Secured by Farmland	10.6%
Secured by 1-4 Family Residential Properties	23.1%
Secured by Multifamily Residential Properties	0.2%
Secured by Nonfarm/nonresidential Properties	31.8%
Agricultural Production	1.7%
Commercial and Industrial	17.5%
Consumer	9.3%
State and County	2.9%
<b>Total</b>	<b>100%</b>

*Source: Report of Condition*

## DESCRIPTION OF ASSESSMENT AREA

The bank's assessment area is reasonable. The assessment area consists of 16 block numbering areas (geographies) located in southeastern Georgia, in Clinch, Pierce, and Ware Counties. The assessment area consists of 1 low-income, 4 moderate-income, 10 middle-income, and 1 upper-income geographies. A low-income geography is defined as a geography where the median family income (MFI) is less than 50 percent of the statewide non-metropolitan MFI. A moderate-income geography is defined as a geography where the MFI is at least 50 percent but less than 80 percent of the statewide non-metropolitan MFI. A middle income geography is defined as a geography where the MFI is at least 80 percent but less than 120 of the statewide non-metropolitan MFI. An upper-income geography is defined as a geography where the MFI is 120 percent or greater of the statewide non-metropolitan MFI. In 1990, the statewide non-metropolitan MFI was \$26,690. Refer to Tables 2, 3, and 4 for demographic data on the assessment area.

<b>Table 2- 1990 Census Demographic Data for Assessment Area</b>				
<b>Geography Categories</b>	<b>Number of Geographies</b>	<b>Total Population</b>	<b>Number of Households</b>	<b>Number of Families</b>
<b>Low</b>	1	3,147	1,284	835
<b>Moderate</b>	4	17,918	6,413	4,723
<b>Middle</b>	10	28,908	10,379	7,937
<b>Upper</b>	1	4,986	1,974	1,517
<b>Total</b>	<b>16</b>	<b>54,959</b>	<b>20,050</b>	<b>15,012</b>

Source: U.S. Census

According to the 1990 Census, 64.6 percent of the housing units in the assessment area were owner occupied with a median housing value of \$36,156. Statewide home ownership is lower at 58.2 percent of the housing units owner occupied but with a much higher median housing value of \$70,707. Table 3 details the 1990 housing characteristics of the assessment area by geography income categories.

<b>Table 3-1990 Housing Characteristics of Assessment Area</b>								
<b>Geography Categories</b>	<b>Total Housing Units</b>		<b>Owner Occupied Units</b>		<b>Renter Occupied Units</b>		<b>Vacant Units</b>	
	#	%	#	%	#	%	#	%
<b>Low</b>	1,379	6.2	529	3.7	687	12.3	163	7.1
<b>Moderate</b>	7,498	33.6	4,298	29.8	2,175	38.8	1,025	44.6
<b>Middle</b>	11,286	50.5	8,102	56.1	2,223	39.7	961	41.9
<b>Upper</b>	2,159	9.7	1,498	10.4	514	9.2	147	6.4
<b>Total</b>	<b>22,322</b>	<b>100%</b>	<b>14,427</b>	<b>100%</b>	<b>5,599</b>	<b>100%</b>	<b>2,296</b>	<b>100%</b>

Source: U.S. Census

According to the 1990 U.S. Census data, 15,012 of the county's households are considered families. Table 4 describes the assessment area's population of families by income category.

<b>Table 4- 1990 Families by Income Category of the Assessment Area</b>		
<b>Income Categories of Families</b>	<b>Number of Families</b>	<b>Percentage</b>
<b>Low</b>	3,808	25.4
<b>Moderate</b>	2,673	17.8
<b>Middle</b>	3,278	21.8
<b>Upper</b>	5,253	35.0
<b>Total</b>	<b>15,012</b>	<b>100</b>

Source: U.S. Census

According to the U.S. Census Bureau, the assessment area grew 5.5 percent from 1990 to 2000. Pierce County, the second largest county in the assessment area had the largest growth at 17.3 percent. Clinch County, the smallest county, grew 5.5 percent during this period. Ware County, the largest County, grew 0.03 percent. Unemployment rates for Clinch, Pierce, and Ware Counties, as of June 2002, were 6.4 percent, 4.1 percent, and 4.7 percent, respectively. The largest employers in the assessment area are Julie Hat Company, Incorporated, Patterson, Georgia; Gilman Payroll Corporation, Blackshear, Georgia; CSX Transportation, Waycross, Georgia; Satilla Health Services, Waycross, Georgia; Brockway Standard, Incorporated, Homerville, Georgia; and Design Space, Incorporated, Homerville, Georgia.

## CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA

The evaluation of Peoples Bank’s lending performance is based upon a sample of commercial and one to four family residential loans. The commercial (business) loan sample consisted of 42 loans totaling \$6,737,529 from a universe of 558 loan totaling \$35,877,620. The one to four family (residential) residential loan sample consisted of 39 loans totaling \$1,964,408 from a universe of 289 loan totaling \$14,075,188.

### **Lending in Assessment Area**

As noted in Table 5 below, the bank originates a significant majority, both by number and dollar volume, of its loans within the assessment area.

<b>Table 5 – Distribution of Loans Inside and Outside of the Assessment Areas</b>										
<b>Loan Category or Type</b>	<b>Number of Loans</b>					<b>Dollars in Loans (000s)</b>				
	<b>Inside</b>		<b>Outside</b>		<b>Total</b>	<b>Inside</b>		<b>Outside</b>		<b>Total</b>
	<b>#</b>	<b>%</b>	<b>#</b>	<b>%</b>		<b>\$</b>	<b>%</b>	<b>\$</b>	<b>%</b>	
Business	40	95.2	2	4.8	42	6,627	98.4	110	1.6	6,737
Residential	37	94.9	2	5.1	39	1,739	88.5	225	11.5	1,964
<b>Total</b>	<b>77</b>	<b>95.1</b>	<b>4</b>	<b>4.9</b>	<b>81</b>	<b>8,366</b>	<b>96.1</b>	<b>335</b>	<b>3.9</b>	<b>8,701</b>

*Source: Bank records*

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

Business and residential loans sampled during the examination were further analyzed to determine the bank’s lending performance to businesses of different sizes and borrowers of different income levels. Given the demographics of the assessment area, the distribution of borrowers reflects reasonable penetration among businesses of different sizes and borrowers of different income levels. Only loans originated within the assessment area are included in the analysis.

As shown in the following Table 6, over 87 percent of the bank’s business loan originations were to businesses with annual revenues of \$1 million or less, indicating that the bank is focusing on the credit needs of small businesses.

<b>Table 6 – Distribution of Business Loans by Gross Revenues</b>				
<b>Business Revenues</b>	<b>Loans by Number</b>		<b>Loans by Dollar (000)</b>	
	<b>#</b>	<b>%</b>	<b>\$</b>	<b>%</b>
<b>\$100,000 and Less</b>	27	67.5	575	8.7
<b>\$100,001 to \$250,000</b>	2	5.0	63	0.9
<b>\$250,001 to \$500,000</b>	3	7.5	267	4.0
<b>\$500,001 to \$1,000,000</b>	3	7.5	4,989	75.3
<b>\$1,000,000 and Greater</b>	5	12.5	733	11.1
<b>Totals</b>	<b>40</b>	<b>100</b>	<b>6,627</b>	<b>100</b>

*Source: Bank Records*

Given the demographics of the assessment area, the distribution of borrowers reflects reasonable penetration among borrowers of different income levels. Table 7 illustrates the distribution of the bank's sampled residential loans by borrower income levels. Income characteristics of borrower's were based on the Department of Housing and Urban Development's estimated nonmetropolitan MFI for Georgia of \$40,100 for 2001 loans and \$42,200 for 2002 loans. Refer to Tables 8 and 9 for details on how each income category is derived. For comparison, the distribution of the assessment area's 20,050 households by income level is also shown. The bank's level of lending, by dollar volume, to low- and moderate-income borrowers is comparable to the level of low- and moderate-income households considering that borrowers in these categories typically borrower in smaller amounts than middle- and upper-income borrowers.

<b>Table 7 – Distribution of Sampled 1-4 Family Residential Loans by Borrower Income</b>					
<b>Borrower Income Level</b>	<b>% of Total Households</b>	<b>Loans by Number</b>		<b>Loans by Dollar (000)</b>	
		<b>#</b>	<b>%</b>	<b>\$</b>	<b>%</b>
<b>Low</b>	28.7	10	27.0	264	15.2
<b>Moderate</b>	15.3	6	16.2	197	11.3
<b>Middle</b>	18.0	9	24.3	392	22.5
<b>Upper</b>	38.0	12	32.5	886	51.0
<b>Total</b>	<b>100</b>	<b>37</b>	<b>100</b>	<b>1,739</b>	<b>100</b>

*Source: U.S. Census and Bank Records*

<b>Table 8-Income Level Based on 2001 MFI of \$40,100</b>		
<b>Income Category</b>	<b>Percentage of MFI</b>	<b>Income Range</b>
<b>Low</b>	Less than 50%	Less than \$20,050
<b>Moderate</b>	50% to less than 80%	\$20,050 to less than \$32,080
<b>Middle</b>	80% to less than 120%	\$32,080 to less than \$48,120
<b>Upper</b>	120% and greater	\$48,120 and greater

<b>Table 9-Income Level Based on 2002 MFI of \$42,200</b>		
<b>Income Category</b>	<b>Percentage of MFI</b>	<b>Income Range</b>
<b>Low</b>	Less than 50%	Less than \$21,100
<b>Moderate</b>	50% to less than 80%	\$21,100 to less than \$33,760
<b>Middle</b>	80% to less than 120%	\$33,760 to less than \$50,640
<b>Upper</b>	120% and greater	\$50,640 and greater

### **Geographic Distribution of Loans**

As illustrated in the following Tables, the geographic distribution of sampled loans reflects reasonable dispersion throughout the assessment area. For comparison in Table 10, the distribution of the assessment areas 1,981 small businesses by geographic income category is shown. Although there are no loans in the low-income category, this dispersion is reasonable considering there is only one low-income geography in the bank's entire assessment area. For comparison in Table 11, the distribution of the assessment area's 14,427 owner-occupied housing units by geographic income category is shown.

<b>Table 10 – Distribution of Sampled Business Loans by Income of the Geography</b>					
<b>Geography Categories</b>	<b>% of Number of Small Businesses</b>	<b>Loans by Number</b>		<b>Loans by Dollar (000)</b>	
		<b>#</b>	<b>%</b>	<b>\$</b>	<b>%</b>
<b>Low</b>	6.9	0	0.0	0	0.0
<b>Moderate</b>	37.0	13	32.5	1,330	20.1
<b>Middle</b>	47.3	25	62.5	3,772	56.9
<b>Upper</b>	8.8	2	5.0	1,525	23.0
<b>Total</b>	<b>100</b>	<b>40</b>	<b>100</b>	<b>6,627</b>	<b>100</b>

*Source: U.S. Census and Bank Records*

<b>Table 11 – Distribution of Sampled 1-4 Family Residential Loans by Income of the Geography</b>					
<b>Geography Categories</b>	<b>% of Owner-Occupied Housing</b>	<b>Loans by Number</b>		<b>Loans by Dollar (000)</b>	
		<b>#</b>	<b>%</b>	<b>\$</b>	<b>%</b>
<b>Low</b>	3.7	1	2.7	67	3.9
<b>Moderate</b>	29.8	12	32.4	345	19.8
<b>Middle</b>	56.1	23	62.2	1,277	73.4
<b>Upper</b>	10.4	1	2.7	50	2.9
<b>Total</b>	<b>100</b>	<b>37</b>	<b>100</b>	<b>1,739</b>	<b>100</b>

*Source: U.S. Census and Bank Records*

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

The bank's lending performance as measured by its average net loan-to-deposit ratio of 76.1 percent is reasonable and reflects an adequate responsiveness to the credit needs of the assessment area. This ratio was determined by averaging the bank's quarterly net loan-to-deposit ratios for the 20 quarters since the August 26, 1997, CRA evaluation. The bank's average net loan-to-deposit ratio compares favorably to the two similarly situated financial institutions, located in the assessment area, with ratios of 79.5 percent and 68.3 percent.

### **Response to CRA-Related Complaints**

The bank has not received any CRA-related complaints August 26, 1997, CRA evaluation.

### **Compliance with Anti-Discrimination Laws and Regulations**

No violations of the substantive provisions of the anti-discriminatory laws and regulations were identified during the examination.