

PUBLIC DISCLOSURE

January 31, 2005

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

**ADEL BANKING COMPANY
Certificate Number: 5682**

**101 North Hutchinson Avenue
Adel, Georgia 31620-2427**

**Federal Deposit Insurance Corporation
Suite 800, 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 **Adel Banking Company** prepared by the **Federal Deposit Insurance Corporation**, the institution's supervisory agency, as of **January 31, 2005**. 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 meeting the credit needs of the local community. The rating is supported by the following:

- The bank has displayed a good record of lending to businesses of different sizes.
- The geographic distribution of small business loans within the assessment area reveals a reasonable dispersion throughout the local community.
- The bank has originated a majority of its small business loans within 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

Adel 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 is a wholly owned subsidiary of The Nashville Holding Company, Nashville, Georgia, a two-bank holding company. The bank's main office is located in the downtown area of Adel, Georgia, in Cook County. The bank maintains a limited service branch located approximately two miles from the main office in Sparks, Georgia, in Cook County. The branch's services are limited to teller functions and safe deposit operations. The branch does not open new deposit accounts or originate loans. As of September 30, 2004, assets totaled \$80,936,000. The main office offers a full range of loan and deposit products and broadly provides its lending services to individuals in its assessment area. In order to provide a higher level of service to its customers, the bank offers 24-hour telephone banking and an automated teller machine (ATM) at the main office. The bank offers no-fee checking to students, persons 65 and older, churches, and civic organizations. Additionally, the bank offers a basic checking account for a \$5 monthly fee with a twenty-five cent per debit item charge. 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 product, by dollar volume, is 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 September 30, 2004. Gross loans as of this date totaled \$47,069,000.

Table 1-September 30, 2004, Loan Distribution	
TYPES OF LOANS	PERCENTAGE OF GROSS LOANS
Construction and Land Development	1.47
Secured by Farmland	7.88
Secured by 1-4 Family Residential Properties	12.45
Secured by Multifamily Residential Properties	0.00
Secured by Nonfarm/nonresidential Properties	53.98
Agricultural Production	0.04
Commercial and Industrial	2.23
Consumer	21.79
All Other Loans	0.16
Total	100%

Source: Report of Condition

DESCRIPTION OF COOK COUNTY, GEORGIA

The bank's assessment area is reasonable and includes all of Cook County, Georgia. The assessment area is composed of 1 moderate- and 3 middle-income geographies. A moderate-income geography is defined as a geography where the median family income (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 percent of the statewide non-metropolitan MFI. In 2000, the statewide non-metropolitan MFI was \$39,099. The main office and Sparks Branch are both located in moderate-income geography 9802. Refer to Table 2 for demographic data on the assessment area.

Table 2 – 2000 Demographic & Economic Characteristics of the Assessment Area		
Assessment Area Population	15,771	
Assessment Area Households	5,899	
Assessment Area Families	4,315	
State Nonmetropolitan Median Family Income:		
2000 Median Family Income	\$39,099	
2002 Estimated Median Family Income(*)	\$42,200	
2003 Estimated Median Family Income(*)	\$44,300	
2004 Estimated Median Family Income(*)	\$43,300	
Percentage of Families by Income Level:		
Low-Income	26.05	
Moderate-Income	20.65	
Middle-Income	23.34	
Upper-Income	29.96	
Number of Total Housing Units:		
	#	%
1-4 Family Residential	4,092	62.40
Multi-Family	143	2.18
Mobile Home or Trailer	2,309	35.21
Other	14	0.21
Total	6,558	100.0
Owner-Occupied Housing Units	4,408	67.21
Rental Housing Units	1,474	22.48
Vacant Housing Units	676	10.31
Total	6,558	100.0

Source: U.S. Census, * Based on estimates from the Department of Housing and Urban Development (HUD).

According to the 2000 Census, 67.21 percent of the housing units in the assessment area were owner occupied with a median housing value of \$53,963. Home ownership is lower statewide with 61.8 percent of the housing units owner occupied and with a significantly higher median housing value of \$111,200. Of the 5,899 households located in the assessment area, 21.12 percent live below the poverty level. From 1990 to 2000, the population of the assessment area increased 17.20 percent, from 13,456 to 15,771. The population of the assessment area grew less than the State of Georgia, which increased 26.4 percent during that same period.

According to Labor Bureau statistics, during the third quarter of 2004, the non-seasonally adjusted (NSA) unemployment rate for the assessment area was 4.0 percent, slightly lower than the statewide NSA unemployment rate of 4.3 percent. The largest employers in the assessment area are Aluminum Finishing of Georgia, Inc., Adel, Georgia; Healthmont of Georgia, Inc., Adel, Georgia; J-M Manufacturing, Adel, Georgia; Micro-Flo Company, Sparks, Georgia; and Sierra Pine, Adel, Georgia.

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA

The evaluation of the bank's lending performance is based upon a review of a sample of small business loans. The sample consisted of 33 small business loans totaling \$4,716,053, from a universe of 127 loans totaling \$21,328,553. Small farm loans and home mortgage loans were not evaluated since they did not constitute a significant portion of the bank's lending portfolio.

Lending to Businesses of Different Sizes

The bank has achieved a good penetration of loans to businesses of different sizes. As indicated in Table 3, 92.31 percent by number and 93.13 percent by dollar volume of sampled small business loans were made to businesses with gross annual revenues of \$1,000,000 or less. According to 2004 Dun & Bradstreet data, 92.52 percent of the businesses in the assessment area that reported income data had gross annual revenues of \$1,000,000 or less. The analysis includes only loans which were originated in the assessment area.

Table 3 – Distribution of Sampled Small Business Loans by Gross Revenues				
Gross Revenues	Loans by Number		Loans by Dollar (000)	
	#	%	\$	%
\$100,000 and Less	8	30.77	387	12.67
\$100,001 to \$250,000	4	15.38	259	8.48
\$250,001 to \$500,000	6	23.08	1,067	34.93
\$500,001 to \$1,000,000	6	23.08	1,132	37.05
\$1,000,001 and Greater	2	7.69	210	6.87
Totals	26	100	3,055	100

Source: Bank Records

Geographic Distribution of Loans

The bank has achieved a reasonable dispersion of sampled small business loans within the assessment area considering the location of the bank's one lending office and competition from other institutions. The analysis includes only loans which were originated within the assessment area. Included in Table 4 is the percentage of businesses located in each geographical category.

Table 4 – Distribution of Sampled Small Business Loans by Income of the Geography					
Geography Category	% of Number of Businesses	Loans by Number		Loans by Dollar (000)	
		#	%	\$	%
Moderate	48.67	8	30.77	1,785	58.43
Middle	51.33	18	69.23	1,270	41.57
Total	100	26	100	3,055	100

Source: U.S. Census and Bank Records

Lending in Assessment Area

The bank originates a majority of its loans within the assessment area. Specifically, 78.79 percent by number and 64.78 percent by dollar volume of sampled small business loans were made within the assessment area. It is noted that the vast majority of the loans outside the assessment area were in surrounding counties.

Loan-to-Deposit Ratio Analysis

The bank's average net loan-to-deposit ratio of 62.44 percent meets performance standards and reflects an adequate responsiveness to the credit needs of the local community. The ratio is based on loan and deposit data from 23 quarters since the bank's last CRA evaluation on January 20, 1999. Due to differences in asset size and branching networks, there are no similarly situated financial institutions. According to the September 30, 2004 Uniform Bank Performance Report, the bank's net loan-to-deposit ratio on that date of 65.23 percent is lower than the bank's peer net loan-to-deposit ratio of 71.69 percent.

Response to CRA-Related Complaints

The bank has not received any CRA-related complaints since the bank's last CRA evaluation on January 20, 1999.

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.