

PUBLIC DISCLOSURE

August 8, 2006

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

**Tifton Banking Company
Certificate Number: 57831**

**729 West Second Street
Tifton, Georgia 31794**

**Federal Deposit Insurance Corporation
Division of Supervision and Consumer Protection
Suite 800, Millennium Building Midtown
10 Tenth Street, NE
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 **Tifton Banking Company** prepared by the **Federal Deposit Insurance Corporation**, the institution's supervisory agency, as of **August 8, 2006**. 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 and borrowers of different income levels.
- The geographic distribution of loans within the assessment area reveals a reasonable dispersion throughout the local community.
- The bank has originated a majority of loans within its assessment area.
- The average net loan-to-deposit ratio is more than reasonable and reflects an excellent responsiveness to the credit needs of the community.

DESCRIPTION OF INSTITUTION

Tifton Banking Company is a retail banking institution with approximately \$66,588,000 in total assets and \$54,384,000 in total loans, as of March 31, 2006. The bank, which began operations on October 12, 2004, extends credit to support the economic development of its community in a manner consistent with its size and financial capacity. As indicated in Table 1, the bank's major loan products, by dollar volume, are commercial, agricultural, and 1-4 family residential loans.

Table 1-March 31, 2006-Loan Distribution	
TYPES OF LOANS	PERCENTAGE OF GROSS LOANS
Construction and Land Development	22%
Secured by Farmland	13%
Secured by 1-4 Family Residential Properties	13%
Secured by Multifamily Residential Properties	2%
Secured by Nonfarm/Nonresidential Properties	28%
Agricultural Production	2%
Commercial and Industrial	17%
Consumer	3%
All Other Loans	<1%
Total	100%

Source: Report of Condition. Due to rounding, percentages may not exactly equal 100%.

The bank has one banking facility located in Tifton, Tift County, Georgia with no branch locations. Lobby hours are 9:00 a.m. to 4:00 p.m., Monday through Thursday, and from 9:00 a.m. to 6:00 p.m. on Friday. The bank offers a mixture of loan and deposit products to meet the needs of its customers. In order to provide a higher level of service to its customers, the bank offers internet banking and an automated teller machine. Hours and services are considered reasonable. No legal or financial impediments exist that would prohibit the bank from meeting the credit needs of the community.

DESCRIPTION OF ASSESSMENT AREA

The bank's assessment area is reasonable and meets the technical requirements of the regulation. The assessment area includes all of Tift County, Georgia. Tift County is comprised of two moderate-income, four middle-income, and three upper-income census tracts. A moderate-income census tract is defined as a census tract 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 census tract is defined as a census tract where the MFI is at least 80 percent, but less than 120 percent of the statewide non-metropolitan MFI. An upper-income census tract is defined as a census tract where the MFI is greater than or equal to 120 percent of the statewide non-metropolitan MFI. The 2000 MFI for Tift County was \$37,320.

During 2000, the population of the assessment area was 38,407. There were 10,156 families residing within the assessment area, of which 23 percent were low-income and 15 percent were moderate-income families. Additionally, 15 percent of the families lived below the poverty level. Sixty-one percent of the housing units in the assessment area were owner-occupied with a

median housing value of \$69,302. Home ownership is nearly the same statewide with 62 percent of the housing units owner-occupied and with a higher median housing value of \$100,600.

Table 2 illustrates the income distribution of families in the assessment area according to 2000 U. S. Census data.

<i>Table 2 – Assessment Area Families</i>		
<i>FAMILY INCOME LEVEL</i>	<i>NUMBER OF FAMILIES</i>	<i>PERCENT OF FAMILIES</i>
Low	2,304	23%
Moderate	1,532	15%
Middle	1,973	19%
Upper	4,347	43%
Total	10,156	100%

Based upon 2000 census data. Note: 15 percent of the families lived below the poverty level.

The U. S. Census Bureau estimated that the population of Tift County increased 9.7 percent from the year 1990 to 2000. The increase in population for Tift County is below that of the state of Georgia, which increased by 26.4 percent during that same time period. According to Labor Bureau statistics, during the first quarter of 2006, the non-seasonally adjusted (NSA) unemployment rate was 5.2 percent, slightly above the statewide NSA unemployment rate of 4.9 percent. Major employers in the area include Tift Regional Medical Center; Target Stores; Shaw Industries Group, Inc.; and Wal-Mart Associates, Inc.

A local community contact indicated affordable housing was needed in the area.

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA

The evaluation of the bank’s lending performance is based upon a review of small business and home mortgage loans. Farm loans were not reviewed because this product did not constitute a significant portion of the lending portfolio, based upon the number of loans.

The review included a sample of 37 small business loans totaling \$2,949,401, from a universe of 165 loans totaling \$16,218,542. The review also included a sample of 31 home mortgage loans, totaling \$4,388,239, from a universe of 53 loans totaling \$6,200,000. The loans contained in the universe were extended from January 1, 2006 to July 31, 2006. Since small business lending, at 45 percent of the bank’s loan portfolio, represents the bank’s largest product line, more weight is placed upon performance relative to this product in arriving at the bank’s overall rating.

Lending to Businesses of Different Sizes and Borrowers of Different Income Levels

Overall Performance (all loan types): The bank’s overall distribution of small business and home mortgage loans reflects a good penetration to businesses of different sizes and borrowers of different income levels. The analysis includes only loans that were originated within the assessment area.

Small Business Loans: The bank's distribution of small business loans reflects an excellent penetration among businesses of different sizes. As indicated in Table 3, 100 percent by number and dollar volume of sampled small business loans were made to businesses with gross annual revenues of \$1,000,000 or less. According to 2005 Dun & Bradstreet data, 56 percent of the businesses in the assessment area that reported income data had gross annual revenues of \$1,000,000 or less. Furthermore, 84 percent by number and 64 percent by dollar volume of sampled small business loans were made to businesses with gross annual revenues of \$250,000 or less. This analysis reflects that the bank is focusing on the needs of small businesses.

Table 3 – Distribution of Sampled Small Business Loans by Gross Revenues in Assessment Area				
Gross Revenues	Loans by Number		Loans by Dollar (000)	
	#	%	\$	%
\$100,000 and Less	14	45%	\$756	33%
\$100,001 to \$250,000	12	39%	\$690	31%
\$250,001 to \$500,000	2	6%	\$316	14%
\$500,001 to \$1,000,000	3	10%	\$502	22%
\$1,000,001 and Greater	0	0%	\$0	0%
Totals	31	100%	\$2,264	100%

Source: Bank Records. Due to rounding, percentages may not exactly equal 100%.

Home Mortgage Loans: The bank's distribution of home mortgage loans reflects a reasonable penetration among borrowers of different income levels. Although only 5 percent by number and less than 1 percent by dollar volume of sampled loans were originated to low-income borrowers, as indicated in Table 4, it is important to note that 15 percent of the families residing within the assessment area live below the poverty level. These individuals do not typically qualify for residential mortgage loans. Further, the bank does not currently offer long term fixed rate mortgage loans.

The bank originated 10 percent by number and 8 percent by dollar volume of sampled home mortgage loans to moderate-income borrowers. Although the bank's lending to moderate-income borrowers is slightly below the percentage of moderate-income families residing within the assessment area, it, nonetheless, represents reasonable performance.

Table 4: Distribution of Sampled Home Mortgage Loans by Borrower Income in Assessment Area					
Income	% Total Families	Loans by Number		Loans by Dollar (000)	
		#	%	\$	%
Low	23%	1	5%	\$6	<1%
Moderate	15%	2	10%	\$131	8%
Middle	19%	3	15%	\$379	23%
Upper	43%	14	70%	\$1,132	69%
Total	100%	20	100%	\$1,648	100%

Source: 2000 Census Data, Bank Records. Due to rounding, percentages may not exactly equal 100%.

The 2006 U. S. Department of Housing and Urban Development estimated statewide non-metropolitan MFI of \$43,400 was utilized for borrower distribution analysis. Table 5 provides information on how each income category is derived.

Table 5: Median Family Income for Georgia Non-Metropolitan Statistical Area (NMSA)					
Year	MFI	Low-Income <50% of MFI	Moderate – Income 50% - <80% of MFI	Middle-Income 80% - <120% of MFI	Upper-Income ≥ 120% of MFI
2006	\$43,400	< \$21,700	\$21,700 - < \$34,720	\$34,720 - < \$52,080	≥ \$52,080

< - Less than; ≥ - Greater than or equal to

Geographic Distribution of Loans

Overall Performance (all loan types): The bank has achieved a reasonable dispersion of small business and home mortgage loans. The analysis includes only loans that were originated within the assessment area.

Small Business Loans: The bank’s geographic distribution of sampled small business loans reflects reasonable dispersion throughout the assessment area. The assessment area does not contain any low-income census tracts. As indicated in Table 6, 39 percent by number and 72 percent by dollar volume of sampled business loans were originated within moderate-income geographies. The bank’s lending performance is generally consistent with the percentage of businesses located within these areas, based on number of loans.

Table 6 – Distribution of Sampled Small Business Loans by Geography for Assessment Area					
Geography Category	% of Number of Businesses	Loans by Number		Loans by Dollar (000)	
		#	%	\$	%
Low (0)	0%	0	0%	\$0	0%
Moderate (2)	40%	12	39%	\$1,628	72%
Middle (4)	28%	5	16%	\$168	7%
Upper (3)	32%	14	45%	\$468	21%
Total	100%	31	100%	\$2,264	100%

Source: 2000 U.S. Census, Bank Records. Due to rounding, percentages may not exactly equal 100%.

Home Mortgage Loans: The bank’s geographic distribution of home mortgage loans reflects a good dispersion throughout the assessment area. As indicated in Table 7, 50 percent by number and dollar volume of sampled home mortgage loans were originated to borrowers located within moderate-income geographies. The bank’s level of lending to borrowers located within moderate-income geographies significantly exceeds the percentage of owner-occupied housing units within moderate-income geographies in the assessment area.

Table 7: Distribution of Sampled Home Mortgage Loans by Geography Income in Assessment Area					
Geography Category	% of Owner Occupied Housing	Loans by Number		Loans by Dollar (000)	
		#	%	\$	%
Low	0%	0	0%	\$0	0%
Moderate	23%	10	50%	\$817	50%
Middle	41%	7	35%	\$507	31%
Upper	36%	3	15%	\$324	19%
Total	100%	20	100%	\$1,648	100%

Source: 2000 Census Data, Bank Records. Due to rounding, percentages may not exactly equal 100%.

Lending in Assessment Area

The bank has originated a majority of loans within its assessment area. Specifically, 84 percent by number and 77 percent by dollar volume of sampled small business loans were originated within the assessment area. Of the home mortgage loans, 65 percent by number and 38 percent by dollar volume of sampled loans were originated within the assessment area. It should be noted that of the home mortgage loans originated outside the assessment area, two loans represented approximately 50 percent of the total dollar volume.

Table 8 – Distribution of Loans Inside and Outside of Assessment Area										
Loan Category or Type	Number of Loans					Dollars in Loans (000s)				
	Inside		Outside		Total	Inside		Outside		Total
	#	%	#	%		\$	%	\$	%	
Small Business	31	84%	6	16%	37	\$2,264	77%	\$685	23%	\$2,949
Home Mortgage	20	65%	11	35%	31	\$1,648	38%	\$2,740	62%	\$4,388
Total	51	75%	17	25%	68	\$3,912	53%	\$3,425	47%	\$7,337

Source: Bank Records. Due to rounding, percentages many not exactly equal 100%.

Loan-to-Deposit Ratio Analysis

The bank's average net loan-to-deposit ratio of 103.22 percent exceeds performance standards and reflects an excellent responsiveness to the credit needs of the local community. The ratio is based upon loan and deposit data from 6 quarters since the bank began operations on October 12, 2004. Due to differences in asset size and branching networks, there are no similarly situated financial institutions. According to the March 31, 2006, Uniform Bank Performance Report, the bank's net loan-to-deposit ratio on that date of 94.26 percent, exceeds the bank's peer net loan-to-deposit ratio of 87.43 percent.

Response to CRA-Related Complaints

The bank has not received any CRA-related complaints since it began operations on October 12, 2004.

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.