



SMALL BANK

Comptroller of the Currency
Administrator of National Banks
Washington, DC 20219

PUBLIC DISCLOSURE

April 3, 2006

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

**First National Bank of Decatur County
Charter Number 24458**

**819 East Shotwell Street
Bainbridge, GA 39818**

**Comptroller of the Currency
North Florida Field Office
8375 Dix Ellis Trail, Suite 403
Jacksonville, FL 32256**

NOTE: This document is an evaluation of this 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. 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.

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

First National Bank of Decatur County's (FNBDC) performance rating is supported by the following.

- The loan-to-deposit ratio meets satisfactory standards;
- A substantial majority of loans are in the bank's assessment area; and,
- The distribution of borrowers reflects a reasonable penetration among individuals of different income levels and businesses of different sizes.

DESCRIPTION OF INSTITUTION

As of December 31, 2005, FNBDC was a \$54.8 million retail banking institution located in Bainbridge, Georgia. The bank serves the deposit and credit needs of its customers via a single branch located at 819 East Shotwell Street in the city of Bainbridge. This facility offers full-service banking, including drive-up and ATM services. The bank is 100% owned by Bainbridge Bancshares, Inc., a one-bank holding company located at the same address. FNBDC's primary focus is in consumer, commercial and real estate lending. There are no known financial or legal impediments that would hinder the bank from meeting the credit needs of Decatur County, the bank's assessment area.

FNBDC offers a wide variety of financial products including commercial loans, residential mortgage loans, consumer loans and deposit accounts. As of year-end 2005, net loans of \$35.5 million comprised 65% of total assets. The composition of the loan portfolio is 59% commercial/commercial real estate, 28% residential real estate, 6% agricultural, and 7% consumer lending.

This is the bank's first Performance Evaluation and covers the time period of April 2004 to April 2006.

DESCRIPTION OF DECATUR COUNTY

FNBDC designates the geographic boundaries of Decatur County, Georgia as its assessment area. Decatur County consists of four incorporated townships, which include Attapulcus, Bainbridge, Brinson, and Climax. The assessment area meets the requirements of the regulation and does not arbitrarily exclude low- or moderate-income geographies.

Decatur County is located in a non-metropolitan statistical area (NMSA). The 2005 Housing and Urban Development estimate of the NMSA median family income for Georgia was \$44,150. According to the 2000 U.S. Census Bureau, there are no low-income census tracts (CTs) in the bank's assessment area. There are three moderate-income CTs, four middle-income CTs, and no

upper-income CTs. In the county, 27% of the families were considered low-income, 18% moderate-income, 19% middle-income, and 36% upper-income.

Decatur County is located in southwest Georgia, approximately 42 miles northwest of Tallahassee, Florida and 55 miles southeast of Dothan, Alabama. As of the 2000 census, the population of the county was 28,240. Forty-eight percent of the 10,409 households in the county receive Social Security and/or retirement benefits. As of February 2003, the unemployment rate was 5.9% compared to the state of Georgia and national unemployment rate of 4.5% and 6.4%, respectively. Additionally, 87% of housing units within those areas were occupied with 63% being owner-occupied. These figures are from published demographic information.

The major industries in the area include manufacturing, education, health and social services, and retail trade. The largest employers in Decatur County are Bainbridge Memorial Hospital and Manor, Shaw Industries, Inc., Propex Fabrics, Inc., Wal-Mart Corp., Southwest Georgia Oil, Elberta Crate & Box Company, and American Fibers and Yarns Company.

The banking industry in the assessment area is competitive. Regional and local community financial institutions such as Regions Bank, SunTrust, Family Bank, First Port City Bank, Park Avenue Bank, and Peoples South Bank supply community residents with alternatives for meeting their individual banking needs. As part of our examination, we spoke with a representative from the community regarding local economic conditions and community credit needs. Based on information provided by a representative of Southwest Georgia Regional Development Center in Camilla, Georgia, there is no evidence that FNBDC is not meeting the primary banking needs of the community.

CONCLUSIONS ABOUT PERFORMANCE CRITERIA

Loan-to-Deposit Ratio – Meets the Standard for Satisfactory Performance

The bank's loan-to-deposit (LTD) ratio is good. The average LTD ratio was 85% using quarter end information from April 2004 through December 2005. The bank's ratio was compared to one other institution of similar size and structure in the local community whose ratio was 72% during the same time period. As of December 2005, FNBDC's LTD ratio was 73% versus a national peer group ratio of 89%.

Lending in Assessment Area – Exceeds the Standard for Satisfactory Performance

A substantial majority of the bank's lending is within the assessment area. In all, we sampled 76 commercial, residential real estate and consumer loans originated between April 2004 and April 2006. In total, we found that 84% (by number) of these loans were in the bank's assessment area. More specifically, by number again, we found that 87% of the commercial loans, 85% of the residential real estate loans and 81% of the all consumer loans were originated within the assessment area. By dollar amount, 70% of the sampled loans were originated in the assessment area. Specifically, 89% of the dollar volume of commercial, 60% of residential real estate and 69% of consumer loan originations were in the assessment area.

These finding are presented in detail in the chart below.

Lending in Decatur County										
Loan Type	Number of Loans					Dollars of Loans				
	Inside		Outside		Total	Inside		Outside		Total
	#	%	#	%		\$	%	\$	%	
Commercial Loans	20	87	3	13	23	820	89	104	11	924
Residential Real Estate	23	85	4	15	27	1,012	60	684	40	1696
Consumer Loans	21	81	5	19	26	122	69	56	31	178
Totals	64	84	12	16	76	1,954	70	844	30	2798

Source: Sample of loans.

Lending to Borrowers of Different Incomes and to Businesses of Different Sizes – Meets the Standard for Satisfactory Performance.

The dispersion of loans to borrowers of different income levels and businesses of different sizes is reasonable. We sampled a total of 53 consumer and residential real estate loans originated from April 2004 to April 2006 to make this determination. As the following tables indicate, FNBDC's lending to borrowers of low- and moderate-income borrowers is satisfactory based on the demographics of the assessment area. In addition, approximately 42% of the number of loans sampled and 16% of the dollar volume of the loans were granted to low- and moderate-income borrowers. Distribution at other income levels is also considered reasonable.

Borrower Distribution of Consumer Loans in Decatur County								
Borrower Income Level	Low		Moderate		Middle		Upper	
	% of AA Households	% of Number of Loans	% of AA Households	% of Number of Loans	% of AA Households	% of Number of Loans	% of AA Households	% of Number of Loans
Consumer Loans	30	28	16	38	18	15	36	19

Source: Sample of loans and U.S. Census data.

Borrower Distribution of Residential Real Estate Loans in Decatur County								
Borrower Income Level	Low		Moderate		Middle		Upper	
	% of AA Families	% of Number of Loans	% of AA Families	% of Number of Loans	% of AA Families	% of Number of Loans	% of AA Families	% of Number of Loans
Residential RE Loans	27	4	18	4	19	17	36	75

Source: Sample of loans and U.S. Census data.

The bank's lending volume regarding loans to small businesses is satisfactory. We chose a

sample of 20 business loans originated within the bank’s assessment area. Of that number, 17 loans, or 85%, were made to businesses having annual revenues less than \$1 million.

Borrower Distribution of Loans to Business in Decatur County		
Business Revenues (or Sales)	≤ \$1,000,000	> \$1,000,000
% of AA Businesses**	54	4
% of Bank Loans in AA by #	85	15
% of Bank Loans in AA by \$	53	47

Sources: Sample of loans and U.S. Census data.

** 42% of AA businesses did not report revenue data

Geographic Distribution of Loans

Based on our sample, there appears to be a reasonable distribution within the assessment area. The bank does not collect data or analyze the distribution of loans within the assessment area.

Responses to Complaints

From April 2004 to April 2006, FNBDC did not receive any written complaints concerning its performance in helping to meet the credit needs within its assessment area.

Fair Lending or Other Illegal Credit Practices Review

We found no evidence of illegal discrimination or other illegal credit practices.