



**SMALL BANK**

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

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## **PUBLIC DISCLOSURE**

**March 8, 2005**

### **COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION**

**First National Bank  
Charter Number 21709**

**2509 Osborne Road  
St. Marys, GA 31588**

**Comptroller of the Currency  
North Florida  
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's performance rating is supported by the following:

- C     The loan-to-deposit ratio exceeds performance given the bank's size, financial condition, and the credit needs within the community.
- C     The majority of loans and other lending activities is in the bank's assessment area; and,
- C     The distribution of borrowers reflects reasonable penetration among individuals of different income levels and businesses of different sizes.

## **DESCRIPTION OF INSTITUTION**

As of March 7, 2005, the First National Bank (FNB) was a \$178 million retail banking institution located in St. Marys, Georgia. The bank services the credit and deposit needs of its customers from its main office located at 2509 Osborne Road, St. Marys, Georgia and two branches, 1603 Highway 40 and 120 South Lee Street, both in Kingsland, Georgia. The facilities offer full service banking, including drive up and ATM services. The bank is 100% owned by First National Banc, Inc., also located at 2509 Osborne Road, St. Marys. FNB is affiliated with the First National Bank located in Orange Park, Florida. FNB's primary lending focus is commercial and residential lending. There are pending financial and legal impediments that could hinder the bank from meeting the future credit needs of its assessment area.

FNB offers a wide variety of financial products including commercial loans, residential mortgage loans, consumer loans and deposit accounts. As of December 31, 2004, net loans of \$148 million comprised 85% of assets. The composition of the loan portfolio was commercial/commercial real estate, \$87 million or 58%; residential real estate, \$55 million or 36%; and consumer lending, \$9 million or 6%.

The bank's last Public Evaluation was dated August 16, 1999 and the rating was "Satisfactory." This Public Evaluation covers the period of time from September 1999 to February 2005.

## **DESCRIPTION OF CAMDEN COUNTY**

FNB designates the geographic boundaries of Camden County, Georgia as its assessment area (AA). Camden County includes the cities of St. Marys, Kingsland, Woodbine, a number of small rural communities and the Kings Bay Naval Submarine Base. The assessment area meets the requirements of the regulation and does not arbitrarily exclude low or moderate income geographies.

Camden County is located in a non-Metropolitan Statistical Area (non-MSA). The 2004 Housing and Urban Development estimate of the non-MSA median family income for Georgia was \$45,855. According to the U.S. Census Bureau of 2000, there were no low income or

moderate income census tracts in the county. There are four middle income block numbering areas (BNA's), and four upper income BNA's. In the county, 14% of families were considered low income, 13% were moderate income, 23% were considered middle income, and 50% were considered upper income families.

Camden County is a coastal community located approximately 40 miles north of Jacksonville on the I-95 corridor. The estimated 2000 population for the county was 43,664. The January 2005 unemployment rate was 2.4% compared to the state of Georgia average of 5%. According to the 2000 Census, 16% of households in Camden County receive social security and 15% are retired. Additionally, 87% of housing units in those areas were occupied while 55% were owner occupied.

Major industries in the area include timber, paper products and the military. The largest employers in the assessment area include, Kings Bay Naval Submarine Base, Lockheed Martin, Corp., J.A Jones Management Services, Wal-Mart and the Camden County Schools.

The following table highlights the demographic composition of Camden County.

Type of income BNA	Number of BNA	Percentage of Total Number of BNA's	Number of Households in BNA's	Percentage of Households in BNA's
<b>Low (less than \$22,927)</b>	<b>0</b>	<b>0%</b>	<b>0</b>	<b>0%</b>
<b>Moderate (\$22,927 to 36,684)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Middle (\$36,685 to \$55,026)</b>	<b>4</b>	<b>57%</b>	<b>7,274</b>	<b>49%</b>
<b>Upper (greater than \$55,026)</b>	<b>3</b>	<b>43%</b>	<b>7,448</b>	<b>51%</b>

All of these county figures are based on published demographic information.

The banking industry in the assessment area is competitive. Multinational and regional banks are represented by Bank of America and Coastal Bank of Georgia. They, along with community banks such as Southeastern, Citizens State Bank, Satilla Community Bank and local credit unions in the area, afford community residents alternatives for meeting their particular banking needs. As part of our examination, we met with a representative from the community regarding local economic conditions and community credit needs. Based on information provided by a representative from the Camden County Chamber of Commerce, a primary lending need in the area is small business loans. Our contact indicates that the area financial institutions are positively perceived for their involvement in the local community and that local banking needs are being adequately met.

## CONCLUSIONS ABOUT PERFORMANCE CRITERIA

To evaluate the following performance criteria, we focused on 2003 and 2004 loan activity per regulatory requirements to maintain consistency with Census information. Updated income and census tract data from the 2000 Census would not be consistent with data used to categorize loan activity prior to 2003, which used data from the 1990 Census. As a result, loans made prior to 2003 were not used in this analysis. We used data collected from 2003 through 2004 for residential mortgages, business lending and consumer lending. Specific information regarding data analyzed is discussed under each criterion.

### Loan-to-Deposit Ratio – Exceeds the Standard for Satisfactory Performance

The bank's loan-to-deposit (LTD) ratio is satisfactory based on its size and assessment of area credit needs. The average net LTD ratio using quarter- end information from September 30, 1999 to December 31, 2004 was 95%. The bank's ratio was compared to two other institutions of similar size and structure in the AA whose ratios averaged 74% during the same time period. The average LTD ratio for the nationwide peer group was 76% during this time frame. As of January 23, 2005, FNB's loan-to-deposit ratio was 97%.

### Lending in Assessment Area - Meets the Standard for Satisfactory Performance

Based on our sampling, a majority of the bank's lending is within its defined AA. Since the bank focuses on business lending and this was designated as a primary lending need by our community contact, we selected a sample of 27 business loans originated by the bank between January 2003 and December 2004. We found that 20 loans in that sample were originated within the bank's AA as detailed below.

Business Lending In the Assessment Area					
	# of Loans in Sample	%	\$ of Loans (000)	%	
Inside AA	20	74	3,269	65	
Outside AA	7	26	1,727	35	
<b>Totals</b>	<b>27</b>	<b>100</b>	<b>4,996</b>	<b>100</b>	

In addition, because the bank also focuses on residential real estate lending, we performed an analysis of the distribution of those types of loans originated in the same time frame of January 2003 to December 2004. The results of the analysis are as follows.

<b>Residential Real Estate Lending in the Assessment Area</b>					
	<b># of Loans in Sample</b>	<b>%</b>	<b>\$ of Loans (000)</b>	<b>%</b>	
<b>Inside AA</b>	20	83	2,810	89	
<b>Outside AA</b>	4	17	367	11	
<b>Totals</b>	24	100	3,177	100	

The bank also makes consumer loans, and we performed an analysis of the distribution of those types of loans originated in the same time frame of January 2003 to December 2004. The results of the analysis are as follows.

<b>Consumer Lending in the Assessment Area</b>					
	<b># of Loans in Sample</b>	<b>%</b>	<b>\$ of Loans (000)</b>	<b>%</b>	
<b>Inside AA</b>	20	87	238	84	
<b>Outside AA</b>	3	13	44	16	
<b>Totals</b>	23	100	282	100	

### **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 to businesses of different sizes is satisfactory. For this criterion, we used the same samples of residential and business loans originated within the AA discussed in the previous performance criterion. As the following tables for residential lending indicate, FNB's lending to borrowers of low and moderate income levels is satisfactory in view of the demographics of the AA. Approximately 20% of the number of loans and 5% of the dollar volume of loans were granted to low and moderate income borrowers. Distribution at other income levels is considered reasonable.

<b>Distribution of Residential Loans by Borrower Income Level in Assessment Area</b>				
<b>Income Level</b>	<b>% Families in Assessment Area</b>	<b>% of Loans by Number</b>	<b>% of Loans by Dollar</b>	<b>Average Loan (\$000)</b>
<b>Low</b>	14%	5%	1%	20
<b>Moderate</b>	13%	10%	4%	54
<b>Middle</b>	23%	10%	7%	100
<b>Upper</b>	50%	75%	88%	165
<b>Total</b>	100%	100%	100%	

FNB's consumer lending to borrowers of low and moderate income levels is also satisfactory in view of the demographics of the AA. Approximately 65% of the number of loans and 59% of the dollar volume of loans were granted to low and moderate income borrowers. Distribution at other income levels is considered reasonable.

<b>Distribution of Consumer Loans by Borrower Income Level in Assessment Area</b>				
<b>Income Level</b>	<b>% Households in Assessment Area</b>	<b>% of Loans by Number</b>	<b>% of Loans by Dollar</b>	<b>Average Loan (\$000)</b>
<b>Low</b>	<b>15%</b>	<b>20%</b>	<b>19%</b>	<b>11</b>
<b>Moderate</b>	<b>12%</b>	<b>45%</b>	<b>40%</b>	<b>11</b>
<b>Middle</b>	<b>20%</b>	<b>30%</b>	<b>37%</b>	<b>15</b>
<b>Upper</b>	<b>53%</b>	<b>5%</b>	<b>4%</b>	<b>8</b>
<b>Total</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	

The bank's lending volume regarding loans to small businesses is good. We obtained annual revenue information for business loans used in our analysis. Our analysis determined that the bank makes loans to businesses of varying sizes within the AA, but particularly to small businesses (those with annual revenues less than \$1million.) A breakdown of loans by size is given below.

<b>Total Annual Revenue</b>	<b>Percentage of Total Business Loans Sampled</b>		
	<b>Number of loans</b>	<b>Dollar Volume</b>	<b>% Business in Assessment Area</b>
<b>&lt;\$500 thousand</b>	70%	24%	56%
<b>\$500 to \$999 thousand</b>	25%	75%	3%
<b>&lt;\$1 million (small Business and Farm)</b>	95%	99%	59%
<b>&gt;\$1 million (1 large Business)</b>	5%	1%	3%

### **Geographic Distribution of Loans**

All geographies in the bank's assessment area are middle and upper income. Therefore, a geographical analysis of FNB's loans is not meaningful.

### **Responses to Complaints**

FNB has not received any complaints during this evaluation period concerning its performance in helping to meet the credit needs within its AA.

## **Fair Lending or Other Illegal Credit Practices Review**

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