



SMALL BANK

Comptroller of the Currency
Administrator of National Banks

PUBLIC DISCLOSURE

April 16, 2002

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

**United National Bank
Charter Number 23981**

**114 1st Street North East
Cairo, GA 31728**

**Comptroller of the Currency
North Florida Field Office
8375 Dix Ellis Trail #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.

TABLE OF CONTENTS

<i>INSTITUTION'S CRA RATING</i>	<i>1</i>
<i>DESCRIPTION OF INSTITUTION</i>	<i>1</i>
<i>DESCRIPTION OF GRADY COUNTY</i>	<i>2</i>
<i>CONCLUSIONS ABOUT PERFORMANCE CRITERIA</i>	<i>3</i>

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 **United National Bank (UNB)**, Cairo, Georgia prepared by **The Office of the Comptroller of the Currency**, the institution's supervisory agency, as of **April 16, 2002**. The agency rates the CRA performance of an institution consistent with the provisions set forth in Appendix A to 12 CFR Part 25.*

INSTITUTION'S CRA RATING

This institution is rated Satisfactory.

United National Bank's performance rating is supported by the following:

- The loan-to-deposit ratio is excellent;
- The majority of loans and other lending activities are in the bank's assessment area;
- The distribution of borrowers reflects reasonable penetration among individuals of different income levels and businesses of different sizes; and,
- The distribution of loans throughout the assessment area is reasonable.

DESCRIPTION OF INSTITUTION

As of April 16, 2002, United National Bank (UNB) was a \$59 million dollar retail banking institution located in Grady County, Georgia. The bank serves the credit and deposit needs of its customers from a single facility located at 114 1st Street, N.E. in the city of Cairo. This facility offers full service banking including drive-up services. UNB's primary lending focus is real estate, agricultural, and commercial lending. There are no financial or legal impediments that should hinder the bank from meeting the credit needs of its assessment area.

UNB offers a wide variety of traditional financial products, including commercial and agricultural loans, residential mortgage loans, consumer loans, and deposit accounts. As of December 31, 2001, net loans of nearly \$47 million comprised 87.6% of assets. The composition of the loan portfolio to the dollar value of average gross loans is as follows: Commercial/commercial real estate 39%; agricultural 22%; residential real estate 20%; land development 10%; and consumer lending 9%.

The bank opened for business in May 2000. This is the bank's first Performance Evaluation and covers the period of time from May 2000 to April 2002.

DESCRIPTION OF GRADY COUNTY

UNB designates the geographic boundaries of Grady County, Georgia as its assessment area. Grady County includes the cities of Cairo, Whigham, and a number of small rural communities. The assessment area meets the requirements of the regulation and does not arbitrarily exclude low- or moderate-income geographies.

According to the U.S. Census Bureau of 1990, there were no low-income and only one moderate-income census tracts in the bank's assessment area. Grady County is located in a non-metropolitan statistical area (NMSA). The 2001 Housing and Urban Development estimate of the NMSA median family income for Georgia was \$40,100. In addition to the one moderate-income census tract, there are five middle-income tracts, with no upper-income tracts. In the county, 27.49% of families are low-income, 18.59% are moderate-income, 23.16% are considered middle-income, and 30.76% are considered upper-income families.

Grady County is a rural community located in the southwest corner of Georgia, approximately 35 miles north of Tallahassee, Florida, and 75 miles east of Dothan, Alabama. The 1990 census estimated the population for the county at 20,279. The current unemployment rate is 3.8% compared to the state of Georgia average of 4%. According to the 1990 Census, 22.99% of households in the county lived below the poverty level and 13.82% received public assistance. These figures were based on published demographic information.

The major industry in the area is nursery production. Wight Nurseries employs over 500 residents and is one of the area's largest employers. The county's economy was hurt with the inception of the North American Free Trade Act (NAFTA), which resulted in the closing of major employers such as the W.B. Roddenbery food processing company. Roddenbery employed over 300 residents. Despite these economic set-backs, the county has recently experienced growth in the manufacturing industry. Local furniture and boat manufacturers have recently expanded, and a window and glass door plant and a heating and air duct plant have

relocated to the area. A majority of residents are blue-collar employees.

The following table highlights the demographic composition of Grady County by block numbered areas (BNAs):

Type of Income by BNA	Number of BNAs	Percentage of Total Number of BNAs	Number of Households in BNAs	Percentage of Households in BNAs
Low (less than \$20,050)	0	0%	0	0%
Moderate (\$20,050 to \$32,080)	1	16.67%	1,545	21.05%
Middle (\$32,081 to \$48,120)	5	83.33%	5,793	78.95%
Upper (greater than \$48,121)	0	0%	0	0%

The banking industry in the assessment area is competitive. The only multinational bank in the area, Bank of America, recently closed its branch. The local banks, including Capital City, Citizens Bank, and Cairo Banking Company, 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 Cairo-Grady County Chamber of Commerce, the primary need of the county is to bring in national businesses to boost the local economy. Our contact indicates that the area financial institutions are positively perceived for their involvement in the local community and that the area banking needs are being adequately met. UNB has been active in participating with other local banks in financing community development projects for the Economic Development Council.

CONCLUSIONS ABOUT PERFORMANCE CRITERIA

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

The bank's loan-to-deposit ratio is excellent based on its size and assessment of area credit needs. The average net loan-to-deposit ratio using quarter-end information from June 30, 2000 to December 31, 2001 was 122%. A group of similarly situated banks within the same market area had an overall average of 70% during the same time period. Similarly situated banks include two banks considered UNB's peer due to their location, size and types of services offered. UNB's national peer group average was 66%.

Lending in Assessment Area - Meets the Standard for Satisfactory Performance

A majority of the bank's lending is within its defined assessment area. An analysis was performed utilizing bank reports showing the location of loans classified as consumer real estate and loans with commercial and agricultural collateral. Loans in the reports originated between

May 2000 and April 2002. We found that approximately 73% of the loans were originated within the assessment area as detailed in the table below.

Lending in the Assessment Area			
	# of Loans in Assessment Area (AA)	\$ Value of Loans in AA (000) Total Sample Value - \$64,295	# Loans Sampled
Commercial	196	21,188	257
Residential Real Estate	153	10,808	196
Agricultural	94	9,223	157
Total	443	41,219	610
% of Sample	72.62%	64.11%	

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 loans from the bank’s three primary loan types - residential real estate, commercial, and agricultural. We sampled a total of 20 residential real estate loans originated since May 2000 and within the bank’s assessment area to determine the income levels of borrowers. As the following tables indicate, UNB's lending to borrowers of low- and moderate-income levels is satisfactory in view of the demographics of the assessment area.

Of the residential real estate sample, approximately 40% of the number of loans were granted to low- and moderate-income borrowers. Distribution at other income levels is considered reasonable.

Distribution of Residential Loans by Borrower Income Level in Assessment Area			
Income Level	% Families in Assessment Area	% of Sampled Loans	# of loans
Low	27%	10%	2
Moderate	19%	30%	6
Middle	23%	15%	3
Upper	31%	45%	9
Total	100%	100%	20

The bank’s lending volume regarding loans to small businesses and farms is satisfactory. We chose a sample of 20 business loans and 21 agricultural loans originated within the bank's assessment area (AA). Of that number, 35 loans or 85% were made to businesses and farms having annual revenues less than \$1 million. Approximately 90% of businesses and farms in the AA have revenues less than \$1 million according to published data.

Geographic Distribution of Loans - Meets the Standard for Satisfactory Performance

The geographic distribution of the number of loans reflects a good dispersion throughout the assessment area. Sixty-one (61) residential real estate, commercial, and agricultural loans originated within the AA were sampled to assess their location within the AA. Just over 9% of the loans sampled were originated within the one moderate-income tract. Some loans were to borrowers in multiple census tracts and were therefore counted in both tracts. This resulted in a total of 66 loans in the table below. As we were unable to separate the dollar amount of these loans by census tract, only the number of loans in each was assessed.

Geographic Distribution of Loans		
Census Tract # and Income Level	# of Loans Originated Within each Census Tract	% of Total Loans Sampled
9501 – Middle	10	15.15%
9502 – Middle	13	19.70%
9503 – Moderate	6	9.09%
9504 – Middle	19	28.79%
9505 – Middle	13	19.70%
9506 – Middle	5	7.58%
Total	66	100%

Responses to Complaints

UNB has not received any written complaints concerning its performance in helping to meet the credit needs within its assessment area.

Fair Lending Review

The bank has not had a comprehensive fair lending examination performed since opening in May 2000. However, an analysis was performed of public comments and consumer complaint information for the years 2000 and 2001, using the OCC's risk-based fair lending approach. Based upon the analysis of this information, a comprehensive fair lending examination was not considered warranted in conjunction with this CRA evaluation.