



SMALL BANK

Comptroller of the Currency
Administrator of National Banks

PUBLIC DISCLOSURE

February 18, 2003

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

**The Savannah Bank National Association
Charter Number 22152**

**25 Bull Street
Savannah, GA 31402**

Office of the Comptroller of the Currency

**Southern District
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.

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INSTITUTION'S CRA RATING

This institution is rated Satisfactory.

The Savannah Bank's performance rating is supported by the following:

- The loan-to-deposit ratio is reasonable.
- 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.
- The geographic distribution of loans reflects dispersion throughout the majority of the assessment area.

DESCRIPTION OF INSTITUTION

As of February 18, 2003, The Savannah Bank, N.A. (TSB), was a \$298 million retail banking institution located in Savannah, Georgia. The main office is located at 25 Bull Street in downtown Savannah. This facility does not have drive up services, but has an onsite ATM. The bank also serves the credit and deposit needs of its customers from four additional branches, located at 400 Mall Blvd., Savannah, 4809 Waters Ave. Savannah, 4741 Highway 80 East, Whitmarsh Island, Savannah, and 100 Chatham Parkway, Garden City. Each of these facilities includes drive up and ATM services. The bank is 100% owned by Savannah Bancshares, Inc., a \$438 million holding company located at 25 Bull Street, Savannah, Georgia. The Bryan Bank and Trust, located in Richmond Hill, Georgia, is also owned by Savannah Bancshares, Inc. TSB's primary lending focus is commercial and real estate lending. There are no known financial or legal impediments that should hinder the bank from meeting the credit needs of its assessment area.

TSB offers a wide variety of consumer, business and real estate lending products. They specialize in loans to small- and medium-sized businesses. Additionally, a wide array of deposit services and products such as Telebanking and trust services are offered to provide the community with full service banking.

On December 31, 2002, net loans totaled \$237 million and comprised 75% of assets. The composition of the loan portfolio was as follows.

PORTFOLIO TYPE	Dollar amount (000)	% of portfolio
COMMERCIAL/COMMERICAL REAL ESTATE	\$144	61
RESIDENTIAL REAL ESTATE	\$ 73	31
CONSUMER	\$ 10	4
OTHER	\$ 10	4

TSB's last Public Evaluation was dated January 11, 1999, at which time the bank received a satisfactory rating. This evaluation covers the time period from March 1999 to January 2003.

DESCRIPTION OF CHATHAM COUNTY

TSB designates the geographic boundaries of Chatham County, Georgia as its assessment area. The city of Savannah is the largest municipality in Chatham County. The seven smaller municipalities are Bloomingdale, Garden City, Pooler, Port Wentworth, Thunderbolt Tybee Island and Vernonburg. A number of small rural communities are also included in the county. The assessment area meets the requirements of the regulation and does not arbitrarily exclude low- or moderate-income geographies.

Chatham County is included in the Savannah Metropolitan Statistical Area (MSA). According to the U. S. Census Bureau in 1990, Chatham County has 71 census tracts including 12 low-income, 18 moderate-income, 21 middle-income, 16 upper-income, and 4 tracts listed as NA. In the county, 23% of families were considered low-income, 16% were moderate-income, 21% were considered middle-income, and 40% were upper-income families. The 2002 Housing and Urban Development estimate of MSA median family income for the Savannah MSA was \$50,700.

Chatham County is located south of the Savannah River, the boundary between South Carolina and Georgia, on the I-95 corridor. The estimated 2002 population for the county was 234,400. The county's population increased 14% from 1990 to 2000. The December 2002 unemployment rate was 3.5% compared to the state of Georgia average of 4.8%. According to the 1990 Census, 28% of households in Chatham County received Social Security and 16% were retired. Additionally, 89% of housing units in those areas were occupied while 52% were owner-occupied. These figures were based on published demographic information.

Major industries in the area include manufacturing, services-tourism and retail trade. The largest employers in the assessment area include Gulfstream Aerospace Corporation, Hunter Army Airfield, Chatham County Board of Education, Savannah International Airport, St. Joseph's/Candler Hospital and Memorial Medical Center.

The following table highlights the demographic composition of Chatham County.

Type of income Census Tracts	Number of Census Tracts	Percentage of Total Number of Census Tracts	Number of Households in Census Tracts	Percentage of Households in Census Tracts
Low (less than \$25,350)	12	17%	6,631	8%
Moderate (\$25,350 to \$40,559)	18	25%	17,371	22%
Middle (\$40,560 to \$68,839)	21	30%	32,383	40%
Upper (\$68,840 and greater)	16	23%	24,561	30%
NA	4	5%	0	0

The banking industry in the assessment area is highly competitive. Multinational and regional banks are represented by Bank of America, Wachovia, BB&T, and SunTrust. They, along with local community banks such as The Coastal Bank and National Bank of Commerce and local credit unions, 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 City of Savannah Economic Development Office, the primary lending needs in the area are centered in small business loans. Our contact indicates that the area financial institutions are positively perceived for their involvement in the local community; however, there is still a need for lending to small businesses.

CONCLUSIONS ABOUT PERFORMANCE CRITERIA

Loan-to-Deposit Ratio - Meets the standard for Satisfactory Performance

The bank's loan-to-deposit ratio is satisfactory based on its size and the assessment of credit needs. TSB's average net loan-to-deposit ratio using quarter-end information from March 31, 1999 to September 30, 2002 was 88.35%. A group of similarly situated banks within the same market area had an overall average of 90.72% during the same time period. Similarly situated banks include two banks considered TSB's peer due to their location, size and types of services offered. TSB's national peer group average was 76.38%. As of February 18, 2003, TSB's loan-to-deposit ratio was 101.55%.

Lending in Assessment Area - Meets the standard for Satisfactory Performance

A majority of the bank's lending is within its defined assessment area. Because the bank focuses on commercial lending, we performed an analysis of a sample of 22 commercial loans originated by the bank between March 1999 and February 2003. We found that 20 loans were originated within the bank's assessment area (AA) and is detailed as follows.

Lending In the Assessment Area Commercial Lending					
	# of Loans in sample	%	\$ of Loans (000)	%	
Inside AA	20	91	3,697	99	
Outside AA	2	9	40	1	
Totals	22	100	3,737	100	

In order to perform an analysis of the bank's residential lending within the AA, we utilized Home Mortgage Disclosure Act (HMDA) data for the year 2002. The bank originated 93 HMDA loans in 2002 totaling approximately \$12 million. We used this information in our analysis. We found that 83 of those loans were made within the assessment area.

Lending In the Assessment Area Residential Real Estate					
	# of Loans in sample	%	\$ of Loans (000)	%	
Inside AA	83	89	10,644	89	
Outside AA	10	11	1,354	11	
Totals	93	100	11,998	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 businesses of different sizes is reasonable. We sampled a total of 68 residential real estate loans originated within the AA. As the following tables indicate, TSB'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 12% of the number of loans and 4% of the dollar volume 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 Loans by Number	% of Loans by Dollar	Average Loan (\$000)
Low	23%	3%	1%	18
Moderate	16%	9%	3%	35
Middle	21%	10%	5%	54
Upper	40%	78%	91%	130
Total	100%	100%	100%	

The bank’s lending volume regarding loans to small businesses is satisfactory. This type of lending was determined to be a credit need in the community as per our community contact. We chose a sample of 20 business loans originated within the bank's assessment area. Of that number, 10 loans, or 50%, were made to businesses having annual revenues less than \$1 million.

Total Annual Revenue	Percentage of Total Business Loans Sampled		
	Number of loans	Dollar Volume	% Business in Assessment Area
<\$500 thousand	20%	4%	63%
\$500 to \$999 thousand	<u>30%</u>	<u>32%</u>	<u>5%</u>
<\$1 million (small business)	50%	36%	68%
>\$1 million (large business)	50%	64%	6%

Geographic Distribution of Loans - Meets the standard for Satisfactory Performance

There is a reasonable distribution of loans extended within the assessment area. The following table reflects the distribution of all types of loans within the bank’s assessment area by income designation of

census tract.

Geographic Analysis of Loans by Percentage Originating Between January 1, 2002 and December 31, 2002			
Type Of Census Tract	Number of Loans Within the Type of Census Tract	Dollar Amount of Loans Within the Type of Census Tract	Owner Occupied Housing Within the Type of Census Tract
Low-Income	11%	16%	4%
Moderate-Income	11%	5%	19%
Middle-Income	46%	44%	39%
Upper-Income	32%	35%	38%

This distribution is reasonable given the geographic size of the bank’s assessment area, which comprises 71 census tracts. The sample analysis disclosed that TSB has originated loans in 60% of the county census tracts and 21% in the dollar volume of loans in low- and moderate-income census tracts. This distribution is considered reasonable and consistent with the location of the bank’s office, financial and human resources, and families within the respective census tracts.

Responses to Complaints

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

Fair Lending Review

An analysis of public comments for 1999 through 2002, consumer complaint information and HMDA lending data for 1999 through 2001 was performed according to the OCC's risk based fair lending approach. Based on this analysis, the OCC decided that a comprehensive fair lending examination would not be needed in connection with the CRA evaluation. The latest comprehensive fair lending examination was performed in 1999.