



**SMALL BANK**

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Comptroller of the Currency  
Administrator of National Banks

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Washington, DC 20219

## **PUBLIC DISCLOSURE**

**June 09, 2008**

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

The Citizens National Bank of Quitman  
Charter Number 14255

100 East Stevens Street  
Quitman, GA 31643-0270

Office of the Comptroller of the Currency

GEORGIA (ATLANTA)  
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Atlanta, GA 30346

**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.**

Citizens National Bank of Quitman's performance rating is supported by the following:

- a satisfactory loan-to-deposit ratio;
- a majority of loans are in the assessment area;
- an good penetration of loans among borrowers of different incomes and to farms of different sizes; and
- an outstanding penetration of loans to borrowers and farms in different geographies.

**SCOPE OF EXAMINATION**

This Performance Evaluation (PE) is an assessment of Citizens National Bank of Quitman's ability to meet the credit needs of the communities in which it operates. Examiners conducted a full-scope review of the bank's Assessment Area (AA), or Brooks and Lowndes counties. Brooks and Lowndes counties are part of the Valdosta, GA MSA. This evaluation covered the period of March 2004 to December 2007. Loan performance was determined by analyzing the bank's primary products including consumer and farm loans. We sampled 30 consumer and 30 farm loans originated from January 2006 to June 2008.

**DESCRIPTION OF INSTITUTION**

Citizens National Bank of Quitman (CNB) is a \$97 million community bank located in Quitman, GA. The bank's business strategy is to deliver high-quality, dependable financial products and services to the community at fair and competitive prices, while earning the highest possible return on equity. CNB currently operates from its one full service office in Quitman, GA. The office has both drive-up and ATM services. CNB offers a variety of products including real estate, consumer, farm, and commercial loans; as well as various deposit accounts for consumers and businesses.

As of March 31, 2008, the bank's loan portfolio was approximately \$70 million. The percentage of net loans to total assets is 72 percent. Outstanding loans consist of residential real estate loans (24%), consumer loans (24%), farm loans (25%), business loans (26%), and municipal loans (1%).

We used bank data to determine the bank's primary products of consumer and farm loans.

The following table highlights the makeup of the bank’s loan originations and purchases during our evaluation period.

**Table 1**

<b>Loan Type</b>	<b>% by Dollars of Loans Originated/Purchased during evaluation period</b>	<b>% by Number of Loans Originated/Purchased during evaluation period</b>
Home Loans	19%	7%
<b>Consumer Loans</b>	<b>28%</b>	<b>77%</b>
Business Loans	25%	8%
<b>Farm Loans</b>	<b>28%</b>	<b>8%</b>
Total	100%	100%

*Source: Bank Data*

No legal or financial constraints or other factors impede CNB’s ability to meet the credit needs of its AA. CNB received a “Satisfactory” rating at the last CRA review dated February 2, 2004.

## **DESCRIPTION OF ASSESSMENT AREA (AA)**

CNB’s AA is comprised of Brooks and Lowndes Counties. Brooks and Lowndes Counties are part of the Valdosta, GA MSA. The AA meets all CRA requirements and does not arbitrarily exclude any low- and moderate-income tracts. CNB’s main office is located in Brooks County.

CNB’s AA consists of thirty-one census tracts. There are three low-income census tracts, all in Lowndes County, and a total of seven moderate-income census tracts between both counties. The balance of AA census tracts consist of fourteen middle-income census tracts, which represent the majority of the AA, and seven upper-income census tracts. The AA population is 108,565, with 26,819 total families and 38,827 households. The 2007 HUD adjusted median family income is \$46,500. Fifty-six percent of households in the AA are owner occupied, while thirty-three percent of households are renter occupied. Eleven percent of households are vacant. Additionally, nineteen percent of total households in the AA are living below the poverty level, and unemployment is at three percent.

The main industries in Brooks and Lowndes Counties are the service industry, including accommodation and food services, retail trade, and healthcare and social assistance; and the goods producing industry, including construction and manufacturing.

Major employers in Brooks County include Beech Island Knitting Company, Brewer Pope Farms, Inc., Garcia & Sons Harvesting, John D. Archbold Memorial Hospital, and TLC Mouldings. Major employers in Lowndes County include South Georgia Medical Center, Valdosta State University, Wal-Mart Associates Inc., Lowes Home Centers Inc., and Convergys.

Competition in the bank's AA is moderate. Twenty-one institutions and forty-one total bank offices are in Brooks and Lowndes Counties. Several of these bank offices are branches of large banks. However, only five of these institutions and five offices are located in Brooks County, and only three of these institutions, including CNB, are in Quitman.

As part of our examination, we obtained information from community leaders regarding local economic conditions and community credit needs. Based on information provided by our contact, the economy is still recovering from the effects of the North American Free Trade Agreement (NAFTA), where many textile jobs were lost to Mexico. The primary credit needs today in the community are industrial loans for building and equipment. Our contact indicated that all three banks in Quitman, GA are providing the necessary resources to fulfill community needs.

The following table highlights the demographic composition of the bank's assessment area.

**Table 2**

<b>Demographic and Economic Characteristics of Assessment Area (AA)</b>	
<b>Population</b>	
Number of Families	26,819
% Low Income Families	22.31 %
% Moderate Income Families	17.42 %
% Middle Income Families	20.15 %
% Upper Income Families	40.12 %
<b>Geographies</b>	
Number of Census Tracts	31
% Low Income Census Tracts - (3)	9.68 %
% Moderate Income Census Tracts - (7)	22.58 %
% Middle Income Census Tracts - (14)	45.16 %
% Upper Income Census Tracts - (7)	22.58%
<b>Median Family Income (MFI)</b>	
2000 MFI for AA	\$39,462
2007 HUD Adjusted MFI	\$46,500
<b>Economic Indicators</b>	
Unemployment Rate	2.56%
2000 Median Housing Value	\$75,081
% of Households Below Poverty Level	19.17 %

*Source: CRA Wiz Report based on 2000 United States Census*

## CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA

The lending test is satisfactory. The bank's loan-to-deposit ratio is reasonable, and the bank's lending in the assessment area is satisfactory. Also, the bank's lending to borrowers of different incomes and to farms of different sizes is good, and the bank's lending to borrowers and to farms in different geographies is excellent.

### Loan-to-Deposit Ratio

CNB's loan-to-deposit ratio is reasonable given the bank's size, financial condition, assessment area credit needs, and years of existence. The bank's average loan-to-deposit ratio since the last CRA examination in February 2004 is approximately 82 percent. During this period, CNB's quarterly loan-to-deposit ratio ranged from a low of 74 percent in December 2004 to a high of 91 percent in June 2007. CNB's average loan-to-deposit ratio of 82 percent is below the average loan-to-deposit ratio of two of its peers at 89 percent. However, one of the peer bank's average loan-to-deposit ratio was high at 106 percent. This peer bank's ratio was high because more of this bank's funding is derived from Federal Home Loan Bank advances, which inflates the ratio due to lower deposit levels.

### Lending in Assessment Area

Lending levels reflect a satisfactory responsiveness to community credit needs. We reviewed a sample of 30 consumer loans and 30 farm loans originated during the evaluation period. A majority of loans we evaluated were granted within the AA. The results of this analysis are highlighted below:

<b>Table 3 - Lending in AA</b>										
Loan Type	Number of Loans					Dollars of Loans				
	Inside		Outside		Total	Inside		Outside		Total
	#	%	#	%		\$ (000s)	%	\$ (000s)	%	
Consumer	19	63%	11	37%	30	\$116	54%	\$99	46%	\$215
Farm	26	87%	4	13%	30	\$2,594	94%	\$159	6%	\$2,753
<b>Totals</b>	<b>45</b>	<b>75%</b>	<b>15</b>	<b>25%</b>	<b>60</b>	<b>\$2,710</b>	<b>91%</b>	<b>\$258</b>	<b>9%</b>	<b>\$2,968</b>

Source: Bank Data

### Lending to Borrowers of Different Incomes and to Farms of Different Sizes

The distribution of consumer and farm loans to borrowers of different income levels (including low- and moderate-income) and to farms of different sizes is satisfactory.

Consumer lending reflects excellent performance. The penetration of consumer loans to low- and moderate-income households significantly exceeds the percentage of low- and moderate-income households in the AA.

The following table highlights the bank's performance in the assessment area:

<b>Table 4 - Borrower Distribution of Consumer Loans in AA</b>								
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	25.62%	53.33%	15.87%	23.33%	17.02%	20%	41.49%	3.33%

Source: CRA Wiz Report based on 2000 United States Census and Bank Data

An analysis was performed on 30 farm loans originated during the evaluation period. Our analysis shows the borrower distribution of farm loans is good. The volume of loans made to farms with revenues less than \$1.0 million is commensurate with AA data. Even though some revenues were unavailable, management indicated that all the farm loans sampled were to farms with revenues less than \$1.0 million dollars. Furthermore, all of the borrowers with unavailable revenues indicated on their loan applications that their farms earned less than \$1.0 million dollars in annual revenues.

The following table highlights the bank's performance in the assessment area:

<b>Table 4A - Borrower Distribution of Loans to Farms in AA</b>				
Farm Revenues (or Sales)	≤\$1,000,000	>\$1,000,000	Unavailable/Unknown	Total
% of AA Farms	93.82%	2.96%	3.23%	100%
% of Bank Loans in AA by #	80%	0%	20%	100%
% of Bank Loans in AA by \$	92.84%	0%	7.16%	100%

Source: CRA Wiz Report based on 2000 United States Census and Bank Data

### Geographic Distribution of Loans

The distribution of consumer loans and farm loans to borrowers in different geographies (including low- and moderate-census tracts) is excellent. Our analysis of lending patterns found no conspicuous gaps of lending within the various census tracts making up the AA.

Although the penetration of consumer loans in low-income census tracts is lower than the percentage of households in the low-income census tracts, the penetration of consumer loans in the moderate-income census tracts significantly exceeds the percentage of households in the moderate-income census tracts. The low percentage of consumer loans in the low-income census tracts is mitigated in that all of the bank's low-income census tracts are in Lowndes County. Thus, individuals living in the low-income census tracts would have to travel further to bank with CNB in Brooks County.

Our results from our consumer loan sample are highlighted in the following table.

<b>Table 5 - Geographic Distribution of Consumer Loans in AA</b>								
Census Tract 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	10.04%	3.33%	19.12%	46.67%	46.73%	40.00%	24.11%	10.00%

Source: CRA Wiz Report based on 2000 United States Census and Bank Data

The distribution of farm loans to borrowers in different geographies (including low- and moderate-census tracts) is excellent. CNB’s farm loans meet the percentage of farms in the low-income census tracts, and exceed the percentage of farms in the moderate-income census tracts.

<b>Table 5A - Geographic Distribution of Loans to Farms in AA</b>								
Census Tract Income Level	Low		Moderate		Middle		Upper	
Loan Type	% of AA Farms	% of Number of Loans	% of AA Farms	% of Number of Loans	% of AA Farms	% of Number of Loans	% of AA Farms	% of Number of Loans
Farm	3.49%	3.33%	22.31%	50.00%	47.32%	46.67%	26.88%	0%

Source: CRA Wiz Report based on 2000 United States Census and Bank Data

**Responses to Complaints**

No complaints related to CRA performance were received during the evaluation period. This has a neutral impact on the overall CRA rating.

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

We found no evidence of discriminatory or other illegal credit practices inconsistent with helping to meet community credit needs