

PUBLIC DISCLOSURE

February 2, 2004

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

**The Farmers Bank
Union Point, Georgia**

RSSD ID Number: 11837

**FEDERAL RESERVE BANK OF ATLANTA
1000 Peachtree Street, N.E.
Atlanta, Georgia 30309-4470**

<p>Note: This evaluation is not, nor should it be construed as, an assessment of the financial condition of this institution. The rating assigned to the institution does not represent an analysis, conclusion of opinion of the federal financial supervisory agency concerning the safety and soundness of this financial institution.</p>

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DEFINITIONS

Income Definitions

Throughout this evaluation, the following definitions are used for the various income levels. These levels are defined in the CRA.

Low-Income - An individual income, or median family income for geographies, that is less than 50 percent of the area median income.

Moderate-Income - An individual income, or median family income for geographies, that is at least 50 percent but less than 80 percent of the area median income.

Middle-Income - An individual income, or median family income for geographies, that is at least 80 percent but less than 120 percent of the area median income.

Upper-Income - An individual income, or median family income for geographies, that is 120 percent or more of the area median income.

Other Definitions

ATM - Automated Teller Machine
BNA- Block Numbering Area
HMDA - Home Mortgage Disclosure Act
HUD - Department of Housing and Urban Development
LTD - Loan-to-Deposit
MSA - Metropolitan Statistical Area
REIS - Regional Economic Information System

ROUNDING CONVENTION

Because the percentages presented in tables were rounded to the nearest tenth in most cases, some columns may not total exactly 100 percent.

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 The Farmers Bank prepared by the Federal Reserve Bank of Atlanta, the institution's supervisory agency, as of February 2, 2004. The agency rates the CRA performance of an institution consistent with the provisions set forth in Appendix A to 12 CFR Part 228.

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

The Farmers Bank's CRA performance is rated satisfactory. The bank's average LTD ratio for the past eighteen quarters ended September 30, 2003 is **REASONABLE** given the institution's size, financial condition, and competition within the assessment area. A **MAJORITY** of the bank's loans were extended to businesses **IN** its assessment area. Based on samples of small business loans, lending to businesses of different revenue sizes is **EXCELLENT**. The geographic distribution of the bank's loans reflects a **REASONABLE** dispersion throughout the entire assessment area. The bank has received no CRA-related complaints since the previous examination. In addition, the bank is in compliance with the substantive provisions of the antidiscrimination laws and regulations.

DESCRIPTION OF INSTITUTION

The Farmers Bank is a wholly-owned subsidiary of Putnam-Greene Financial Corporation, Eatonton, Georgia, a multi-bank holding company. The Farmers Bank is chartered as a commercial bank and, as of September 30, 2003, had total assets of \$82.3 million.

The Farmers Bank offers a variety of credit products to meet community credit needs. The types of credit offered, as listed in the bank’s public file, include short-term mortgage loans, home improvement loans, farm and small business loans, mobile home loans, consumer loans, commercial loans, and community development loans. The bank is not subject to the reporting requirements of Regulation C – Home Mortgage Disclosure Act.

The composition of the loan portfolio, according to the September 30, 2003, December 31, 2002, and December 31, 1999 Consolidated Reports of Condition and Income is as follows:

COMPOSITION OF LOAN PORTFOLIO						
Loan Type	9/30/2003		12/31/2002		12/31/1999	
	\$ (000s)	Percent	\$ (000s)	Percent	\$ (000s)	Percent
Construction and Development	15,976	30.3%	11,975	24.4%	4,640	17.2%
Secured by One- to Four- Family Dwellings	11,277	21.4%	13,605	27.8%	8,296	30.8%
Other Real Estate:						
Farmland	258	0.5%	220	0.4%	651	2.4%
Multifamily	0	0.0%	0	0.0%	28	0.1%
Nonfarm nonresidential	81	0.2%	104	0.2%	1,978	7.3%
Commercial and Industrial	23,428	44.5%	21,080	43.0%	8,885	33.0%
Loans to Individuals	1,407	2.7%	1,655	3.4%	1,915	7.1%
Agricultural Loans	264	0.5%	345	0.7%	528	2.0%
Total	\$52,691	100.00%	\$48,984	100.00%	\$26,921	100.00%

* This table does not include the entire loan portfolio. Specifically, it excludes loans to depository institutions, bankers acceptances, lease financing receivables, obligations of state and political subdivisions, and other loans that do not meet any other category. Contra assets are also not included in this table.

The bank’s loan portfolio as of September 30, 2003 consisted primarily of commercial and industrial loans (44.5 percent), construction and land development loans (30.3 percent), and real estate loans secured by one to four family dwellings (21.4 percent). According to management, most of the bank’s one to four family dwelling loans were made to investors and were secured by rental properties. The Farmers Bank generally complies with the CRA. No known legal or financial impediments exist that would restrain the bank from meeting the credit needs of its assessment area. The bank received a “Satisfactory” CRA rating at its previous evaluation conducted by the Federal Deposit Insurance Corporation (FDIC) dated June 21, 1999.

DESCRIPTION OF ASSESSMENT AREA: THE FARMERS BANK

Overview

The Farmers Bank's assessment area is Greene County, Georgia, which is approximately 31 miles south of Athens, Georgia. The area is one that the bank can most reasonably serve based on factors such as distance and population concentrations. The bank has two full-service branches with ATMs.

For the analysis of all loans originated prior to January 1, 2003, the point at which new census tract definitions became effective, the 1990 census demographic data was used to define the bank's assessment area, which consisted of five BNAs, one of which was a moderate-income BNA, and four were middle-income BNAs. For all loans originated in 2003, the 2000 census demographic data was used to define the bank's assessment area. The assessment area remained defined as five census tracts, one of which was a moderate-income tract, and four were middle-income tracts. The assessment area does not arbitrarily exclude any low- or moderate-income areas.

A discussion of both 1990 and 2000 census demographic information follows. Both sections discuss relevant population information, income characteristics, and housing data. The relevant census demographic data were compared to the applicable loan periods (discussed above) by the examiner.

1990 Demographic Data by Census Tract

The following table provides key demographic information from the 1990 Census that was used in analyzing the bank's CRA performance. Certain components of the data in the table are discussed in the evaluation as they apply to particular parts of the analysis.

DESCRIPTION OF ASSESSMENT AREA: FARMERS ASSESSMENT AREA (Continued)

Assessment Area Demographics								
Assessment Area: Greene County (Census Year 1990)								
Income Categories	Tract Distribution		Families by Tract Income		Families < Poverty Level as % of Families by Tract		Families by Family Income	
	#	%	#	%	#	%	#	%
Low-income	0	0.0	0	0.0	0	0.0	811	26.4
Moderate-income	1	20.0	277	9.0	74	26.7	557	18.1
Middle-income	4	80.0	2,800	91.0	578	20.6	703	22.8
Upper-income	0	0.0	0	0.0	0	0.0	1,006	32.7
Tract not reported	0	0.0	0	0.0	0	0.0	0	0.0
Total Assessment Area	5	100.0	3,077	100.0	652	21.2	3,077	100.0
	Housing Units by Tract	Housing Types by Tract						
		Owner-occupied			Rental		Vacant	
		#	%	%	#	%	#	%
Low-income	0	0	0.0	0.0	0	0.0	0	0.0
Moderate-income	392	310	9.8	79.1	42	10.7	40	10.2
Middle-income	4,307	2,843	90.2	66.0	888	20.6	576	13.4
Upper-income	0	0	0.0	0.0	0	0.0	0	0.0
Tract not reported	0	0	0.0	0.0	0	0.0	0	0.0
Total Assessment Area	4,699	3,153	100.0	67.1	930	19.8	616	13.1
	Total Businesses by Tract	Businesses by Tract & Revenue Size						
		Less Than or = \$1 Million		Over \$1 Million		Revenue Not Reported		
		#	%	#	%	#	%	
Low-income	0	0.0	0	0.0	0	0.0	0	0.0
Moderate-income	6	1.9	5	1.9	0	0.0	1	6.7
Middle-income	307	98.1	264	98.1	29	100.0	14	93.3
Upper-income	0	0.0	0	0.0	0	0.0	0	0.0
Tract not reported	0	0.0	0	0.0	0	0.0	0	0.0
Total Assessment Area	313	100.0	269	100.0	29	100.0	15	100.0
	Percentage of Total Businesses:			85.9		9.3		4.8

Based on 2003 D & B Information according to 1990 Census Boundaries

Population

According to 1990 U.S. Census data, the population of the bank's assessment area of Greene county was 11,793 persons, which represents less than one percent of the state of Georgia population of 6,478,216.

Income Characteristics

At the time of the 1990 U.S. Census Data, there were 3,077 families in the assessment area. Of total families, 26.4 percent were low-income, 18.1 percent were moderate-income, 22.8 percent were middle-income, and 32.7 percent were upper-income. Also, 21.2 percent of all families in the assessment area had incomes below the poverty level.

DESCRIPTION OF ASSESSMENT AREA: FARMERS ASSESSMENT AREA (Continued)

Business Size Characteristics

The demographic table on page 5 provides key demographic business data by revenue size and BNA's in the bank's assessment area. The table shows that, in 2002, according to Dun & Bradstreet, there were 313 businesses in the bank's assessment area. Of these, 85.9 percent reported gross annual revenues of less than \$1 million and, therefore, were considered to be small businesses.

2000 Demographic Data by Census Tract

The following table provides key demographic information from the 2000 Census that was used in analyzing the bank's CRA performance. Certain components of the data in the table are discussed in the evaluation as they apply to particular parts of the analysis.

Assessment Area Demographics								
Assessment Area: Greene County (Census Year 2000)								
Income Categories	Tract Distribution		Families by Tract Income		Families < Poverty Level as % of Families by Tract		Families by Family Income	
	#	%	#	%	#	%	#	%
Low-income	0	0.0	0	0.0	0	0.0	959	23.7
Moderate-income	1	20.0	318	7.9	74	23.3	591	14.6
Middle-income	4	80.0	3,730	92.1	574	15.4	749	18.5
Upper-income	0	0.0	0	0.0	0	0.0	1,749	43.2
Tract not reported	0	0.0	0	0.0	0	0.0	0	0.0
Total Assessment Area	5	100.0	4,048	100.0	648	16.0	4,048	100.0
	Housing Units by Tract	Housing Types by Tract						
		Owner-occupied			Rental		Vacant	
		#	%	%	#	%	#	%
Low-income	0	0	0.0	0.0	0	0.0	0	0.0
Moderate-income	464	329	7.9	70.9	84	18.1	51	11.0
Middle-income	6,189	3,847	92.1	62.2	1,217	19.7	1,125	18.2
Upper-income	0	0	0.0	0.0	0	0.0	0	0.0
Tract not reported	0	0	0.0	0.0	0	0.0	0	0.0
Total Assessment Area	6,653	4,176	100.0	62.8	1,301	19.6	1,176	17.7
	Total Businesses by Tract	Businesses by Tract & Revenue Size						
		Less Than or = \$1 Million		Over \$1 Million		Revenue Not Reported		
		#	%	#	%	#	%	
Low-income	0	0.0	0	0.0	0	0.0	0	0.0
Moderate-income	9	2.6	8	2.7	0	0.0	1	7.1
Middle-income	333	97.4	289	97.3	31	100.0	13	92.9
Upper-income	0	0.0	0	0.0	0	0.0	0	0.0
Tract not reported	0	0.0	0	0.0	0	0.0	0	0.0
Total Assessment Area	342	100.0	297	100.0	31	100.0	14	100.0
	Percentage of Total Businesses:		86.8		9.1		4.1	

Based on 2003 D & B Information according to 2000 Census Boundaries

DESCRIPTION OF ASSESSMENT AREA: FARMERS ASSESSMENT AREA (Continued)
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Population

According to 2000 U.S. Census data, the population of the bank's assessment area of Greene county was 14,406 persons, which represents less than one percent of the state of Georgia population of 8,186,453. This data further indicates that between 1990 and 2000, the Greene county population increased by 2,613 to 14,406 persons (22.2 percent). This population increase is consistent with the overall trend for the state of Georgia, which increased by 26.4 percent.

Income Characteristics

At the time of the 2000 U.S. Census Data, there were 4,048 families in the assessment area. Of total families, 23.7 percent were low-income, 14.6 percent were moderate-income, 18.5 percent were middle-income, and 43.2 percent were upper-income. Also, 16.0 percent of all families in the assessment area had incomes below the poverty level. Greene County's median household income in 2000 was \$39,794. This amount was less than the state's median household income of \$49,280 in that same year. Nationally, the median household income in 2000 was \$52,148.

Business Size Characteristics

The demographic table on the previous page provides key demographic business data by revenue size and tracts in the bank's assessment area. The 2003 table shows that, according to Dun & Bradstreet, there are 342 businesses in the bank's assessment area. Of these, 86.8 percent reported gross annual revenues of less than \$1 million and, therefore, were considered to be small businesses.

Other Information

Employment Statistics

According to 2003 U.S. Census employment data for county business patterns, there are 364 business establishments in the bank's assessment area. Statistics from the Georgia Department of Labor indicate that manufacturing is the largest employment sector in Greene County, providing 35.7 percent of the jobs. The other predominant employment sectors include services and finance, insurance, and real estate. Between 1999 and 2002, Greene County's annual unemployment rate was higher than the state's rate, averaging 8.3 percent, compared with the state's average of 4.2 percent. For 2002, the average unemployment rate was 12.3 percent for Greene County and 5.1 percent for the state.

DESCRIPTION OF ASSESSMENT AREA: FARMERS ASSESSMENT AREA (Continued)
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Competition

Competition in the assessment area is relatively high. As of June 30, 2002, there were four financial institutions, including The Farmers Bank, operating a total of six offices in Greene County. According to the FDIC market share report, The Farmers Bank's market deposit share in Greene County is 24.5 percent. Average deposit market share among all financial institutions in the assessment area ranged from 11.5 percent to 47.4 percent. The competitive pressures from these entities and their ability to offer more flexible loan products has hampered the bank's ability to originate a large number of home purchase and refinance mortgage loans.

Community Contact

As a part of the CRA examination, information was obtained from a business leader regarding local economic conditions and community credit needs. The contact stated that assistance from financial institutions is good and that as development around Lake Oconee continues, the need for financial services will increase. The high-end lakeside developments have had a positive effect on the local economy, helping to offset a decline in employment in the manufacturing sector.

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA

Loan-to-Deposit Ratio

The Farmers Bank’s average loan-to-deposit (LTD) ratio for the eighteen-quarter period ended September 30, 2003 was 69.0 percent, and is considered **REASONABLE** given the asset size, loan demand, and the overall economic conditions of the assessment area. The recent surge in the development of private communities in the Lake Oconee area has helped to stabilize loan demand in the local area. Although The Farmers Bank has not been an active lender to with regard to the high-end developers, the developments have begun to stimulate the retail and service areas of the economy. This is reflected by a rising trend in the bank’s LTD ratio throughout the review period. The most recent LTD ratio was 79.0 percent.

The competition in the assessment area consists of one thrift institution and branches of two large regional commercial banks. Therefore, there are no similarly situated financial institutions in the local area to which The Farmers Bank’s LTD ratio can be compared.

Assessment Area Concentration

An analysis of the bank’s small business lending inside versus outside its assessment area was conducted. Of the bank’s small business loans originated from January 1, 2000 through October 1, 2003, a sample of 98 was selected and is displayed in the table below. As indicated by the table, 75.5 percent of the bank’s small business loans were made inside the bank’s assessment area. However, only 47.6 percent of the bank’s lending by dollar amount was inside the bank’s assessment area. This is a result of economic factors such as plant closings in Greene County, which dampened loan demand, and the opportunity to make a few relatively large small business loans in neighboring Morgan County. Although the bank’s ability to lend more dollar amounts inside the assessment area has been limited, it does not represent an unwillingness to serve the credit needs of its assessment area, but reflects Greene County’s transition from having a manufacturing and agriculture based economy to a more service based economy.

LENDING INSIDE AND OUTSIDE ASSESSMENT AREA				
Loan Type	IN			
	Number	Percent	\$ (000s)	Percent
Small Business	74	75.5%	5,966	47.6%
<i>Total In</i>	74	75.5%	\$5,966	47.6%
	OUT			
	Number	Percent	\$ (000s)	Percent
Small Business	24	24.5%	6,569	52.4%
<i>Total Out</i>	24	24.5%	\$6,569	52.4%

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA (Continued)

Additionally, The Farmers Bank made loans to Greene County municipal governments or authorities totaling \$4.7 million during the review period. These loans were not included in the small business loan sample. Although loans to governmental entities is not a major product line of the bank, and these loans do not qualify as community development loans, these loans do demonstrate the bank's commitment to lending within the assessment area.

Therefore, overall, a **MAJORITY** of the bank's loans and lending activity are considered to be **IN** the bank's assessment area.

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA

Lending to Businesses of Different Sizes

To assess The Farmer's Bank performance relative to this criterion, the 74 small business loans in the sample that were located within the bank's assessment area were analyzed. For this analysis, the distribution of small business lending by revenue size through 2002 was compared with available 1990 Census demographic data, while loans originated in 2003 were compared to 2000 Census demographic data. Borrower revenue classifications were assigned in accordance with the definitions outlined earlier in this report.

Of the 65 small business loans sampled that were originated through December 31, 2002, 100 percent were extended to businesses with gross annual revenues of \$1 million or less. As noted earlier, 85.9 percent of the businesses in the bank's assessment area are considered to be small businesses. In addition, 53 loans (81.5 percent) of the small business loans originated were in amounts of \$100,000 or less.

SMALL BUSINESS LOANS 2000-2002		
Business Revenue:	#	%
\$1 Million or Less	65	100.0%
Over \$1 Million	0	0.0%
Not Available	0	0.0%
Loan Size:		
\$100,000 or Less	53	81.5%
\$100,001 - \$250,000	6	9.2%
\$250,001 - \$1 Million	6	9.2%
<i>Total</i>	<i>65</i>	<i>100.0%</i>

Of the 9 small business loans sampled that were originated in 2003, 100 percent were extended to businesses with gross annual revenues of \$1 million or less, compared to the 86.8 percent of businesses in the bank's assessment area considered to be small businesses. In addition, seven (77.8 percent) of the small business loans originated were in amounts of \$100,000 or less.

SMALL BUSINESS LOANS 2003		
Business Revenue:	#	%
\$1 Million or Less	9	100.0%
Over \$1 Million	0	0.0%
Not Available	0	0.0%
Loan Size:		
\$100,000 or Less	7	77.8%
\$100,001 - \$250,000	0	0.0%
\$250,001 - \$1 Million	2	22.2%
<i>Total</i>	<i>9</i>	<i>100.0%</i>

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA (Continued)

Based on this data, The Farmer's Bank lending performance reflects **EXCELLENT** penetration among businesses of different sizes.

Geographic Distribution of Loans

For the small business loans sampled that were originated through December 31, 2002, 1990 Census data was used in the analysis, while small business loans originated in 2003 were compared to 2000 Census demographic data.

The following table shows that, of the 65 small business loans sampled that were originated through December 31, 2002, 100 percent were extended to businesses located in middle-income census BNAs, while no loans were extended to businesses located in the moderate-income BNAs. Although no small business lending was extended in the moderate-income BNA, the percentage of businesses in the assessment area's one moderate-income BNA was only 1.9 percent.

GEOGRAPHIC DISTRIBUTION 2000-2002		
Tract Income Level	Small Business	
	#	%
Low-Income	0	0.0%
Moderate-Income	0	0.0%
Middle-Income	65	100.0%
Upper-Income	0	0.0%
<i>Total Assessment Area</i>	65	100.0%

The next table shows that, of the nine small business loans sampled that were originated in 2003, 100 percent of the loans were originated in middle-income census tracts, while no loans were extended to businesses located in the moderate-income census tract. Although no small business lending was extended in the moderate-income tract, the percentage of businesses in the assessment areas one moderate-income tract only slightly increased from prior years to 2.6 percent.

GEOGRAPHIC DISTRIBUTION 2003		
Tract Income Level	Small Business	
	#	%
Low-Income	0	0.0%
Moderate-Income	0	0.0%
Middle-Income	9	100.0%
Upper-Income	0	0.0%
<i>Total Assessment Area</i>	9	100.0%

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA (Continued)

The Farmer's Bank geographic distribution of lending to small businesses reflects **REASONABLE** dispersion given the business demographics of the bank's assessment area given the limited opportunity to lend in the moderate-income tract.

Complaints

No CRA-related complaints have been received since the preceding performance evaluation.

Compliance with Antidiscrimination Laws

The Farmers Bank is in compliance with the substantive provisions of the antidiscrimination laws and regulations. No evidence of discrimination or the use of illegal credit practices was noted during the review of bank policies and procedures. No practices have the intent or the effect of discouraging applicants for credit.