

PUBLIC DISCLOSURE

June 17, 1996

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

Smyrna Bank & Trust Company
06-13-2934

Smyrna, Georgia

Federal Reserve Bank of Atlanta
104 Marietta Street, N.W.
Atlanta, Georgia 30303

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 or opinion of the federal financial supervisory agency concerning the safety and soundness of this financial institution.

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 Smyrna Bank & Trust Company prepared by the Federal Reserve Bank of Atlanta, the institution's supervisory agency, as of June 17, 1996. 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.

Smyrna Bank & Trust Company meets the standards for satisfactory performance. The average loan-to-deposit ratio of 54.6 percent is acceptable for the bank's size, competition, and resources. The majority of the loans sampled were within the assessment area, and loans were extended to low-, moderate-, middle-, and upper-income borrowers. No complaints regarding the bank's CRA performance have been received since the previous examination, and no evidence of discrimination or other illegal credit practices was noted during the examination.

GENERAL INFORMATION (CONTINUED)

The following table indicates the performance level of Smyrna Bank & Trust Company with respect to each of the five performance criteria.

SMALL INSTITUTION ASSESSMENT CRITERIA	SMYRNA BANK & TRUST COMPANY		
	PERFORMANCE LEVELS		
	Exceeds Standards for Satisfactory Performance	Meets Standards for Satisfactory Performance	Does Not Meet Standards for Satisfactory Performance
Loan-to-deposit ratio		X	
Lending in assessment area		X	
Lending to borrowers of different incomes and to businesses of different sizes		X	
Geographic distribution of loans		X	
Response to complaints	No complaints were received since the prior examination.		

DESCRIPTION OF INSTITUTION

Smyrna Bank & Trust Company is an affiliate of the one-bank holding company, SB&T Corporation, Smyrna, Georgia. The bank has three offices and a mortgage loan office. Since the previous examination, the bank opened two mortgage loan satellite offices, one in Acworth and the other in Fayetteville, Fayette County. In 1995, the bank closed the two mortgage loan satellite offices. As of the March 31, 1996 Consolidated Reports of Condition and Income, assets totaled \$135 million.

To meet the community's credit needs, Smyrna Bank & Trust Company offers a wide variety of credit products, except for agriculture and multifamily residential loans. According to the bank's CRA policy, the bank offers the following types of credit:

- C Small Business Loans
- C Real Estate Loans -- conventional, Federal Housing Administration, and Veteran Administration
- C Home Improvement Loans
- C Refinance Loans
- C Consumer Loans -- home equity, motor vehicles, secured, and unsecured

The composition of the bank's loan portfolio according to the March 31, 1996 Consolidated Reports of Condition and Income is as follows:

LOAN TYPE	PERCENTAGE
Construction and land development	36.6
Secured by one- to four-family dwellings	11.7
Other Real Estate: Nonfarm nonresidential properties	16.3
Commercial and industrial	24.2
Loans to individuals	11.0
All other	0.2
Total	100.0

DESCRIPTION OF INSTITUTION (CONTINUED)

As illustrated by the table above, management has originated each type of loan described in the bank's CRA policy and has identified small business loans as a major credit need of the community. The high percentage of construction, nonresidential, and commercial loans (77.1 percent) emphasizes the bank's contention that it is a small business lender.

For the period of January 1996 to April 1996, 111 small business loans totaling \$9.7 million and 188 secured installment loans to individuals totaling \$5.9 million have been made. The secured installment loans consist of automobile and other secured credit.

DESCRIPTION OF ASSESSMENT AREA: COBB COUNTY

Smyrna Bank & Trust Company defines its assessment area as Cobb County. Cobb County consists of 59 census tracts (CTs). Only 57 of the CTs constitute the bank's assessment area. Two tracts, 316.97 and 316.98, were excluded from the assessment area because of zero population. The 1990 census determined that the county's population was 447,745.

According to the 1990 census data, the median family income for the assessment area was \$48,415. In Cobb County, 12.3 percent of the families were low-income and 15.9 percent of the families were moderate-income. Middle-income families comprised 22.9 percent and upper-income families comprised 48.9 percent of the families in the assessment area.

Of the 189,872 total housing units, 58.3 percent were owner-occupied and 31.9 percent were rental properties. Only 9.8 percent of the units were vacant. The median housing age was 24 years with a median value of \$97,516. Of the 189,872 total housing units, 4,106 units (2.2 percent) were in the low-income CTs and more than half (2,400 units, or 58.5 percent) of these units were renter-occupied. Also, 17,351 (9.1 percent) of the housing units were located in the moderate-income CTs and 58.7 percent of those units (10,193 units) were renter-occupied.

The U. S. Bureau of Labor Statistics indicated that from 1990 to 1993 retail and wholesale trade industry and service organizations dominated the employment market. The total number of jobs in these areas, as well as other industry, had increased by a total of 13.3 percent in the three years.

During the CRA examination, two outside contacts discussed the Cobb County area. The individuals that were contacted represented the interests and perceptions of the government and private sectors of the local economy. Their primary concerns for the area were economic development and the availability of home improvement credit. The contacts stated that the financial institutions in the county are to be commended for their involvement with local small businesses.

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA

Loan-to-deposit ratio: Based on the Consolidated Reports of Condition and Income, the bank's average loan-to deposit ratio for the six quarters from December 31, 1994, to March 31, 1996, was 54.6 percent. For the first quarter of 1996, the loan-to-deposit ratio was 56.9 percent. The range of loan-to-deposit ratios for similarly sized financial institutions located in the bank's assessment area is 53 to 73 percent. In evaluating the bank's demographics, direct competition, present economic factors, and available opportunities previously restricted by regulatory constraints, the loan-to-deposit ratio is adequate and demonstrates the bank's capacity to lend.

Lending in Assessment: A sample of 72 small business loans and 97 secured installment loans were geocoded and analyzed to determine the percentage of loans in the bank's assessment area. The analysis revealed that 51 (71 percent) of the small business loans and 100 percent of the secured installment loans were extended to individuals residing in the assessment area. The analysis also revealed that \$3.7 million (87 percent) of the total dollar volume of small business loans and \$1.2 million (100 percent) of the total dollar volume of secured installment loans were extended to individuals living in the assessment area.

In addition, the analysis considered the 1995 Home Mortgage Disclosure Act (HMDA) data which offsets the credit performance within the assessment area. The bank's 1995 HMDA data revealed that only 93 (37.3 percent) of the 249 mortgage loan applications were within the assessment area. Management attributed the small percentage within the assessment area to three factors. One factor is the availability of land for development. Secondly, the former location of mortgage facilities, north of Cobb County in Acworth, and outside of Cobb County in Fayetteville, which were closed in 1995. The third factor is the expansive assessment area that the mortgage department used until the bank reevaluated the entire assessment area for both the bank and the mortgage department. The bank's internal analysis of loans extended since July 1995, after both of the mortgage loan satellite offices were closed, showed that 63 percent of the mortgage loans and 66 percent of total loan dollars have had been granted within the assessment area. The lending within the bank's assessment area as evidenced by the 1995 HMDA information coupled with the loans sampled during the examination meets the standards for satisfactory lending in the assessment area.

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA (CONTINUED)

Borrower/business size distribution: The distribution of loans by borrower income and business revenues was analyzed. The analysis indicated that the bank's distribution of loans by borrower income level is comparable to the income demographics of the assessment area. Secured installment loans were granted to borrowers earning in the low - to moderate-income range in greater proportion than those borrowers' representation in the assessment area. The following table details the percentage of loans by borrower income:

INCOME LEVEL	MEDIAN FAMILY INCOME DISTRIBUTION	PERCENT OF FAMILIES WITHIN INCOME LEVEL	% SECURED INSTALLMENT LOANS BY BORROWER INCOME
Low	Less than 50%	12.3	27.0
Moderate	50 to 79%	15.9	27.0
Middle	80% 119%	22.9	21.0
Upper	120% or More	48.9	26.0

Given the absence of business revenues, loan size was used as a proxy to analyze the bank's distribution of credit to businesses of different sizes. The table below details the number and percentage of loans in the different loan amounts:

LOAN AMOUNTS (\$000's)	TOTAL NUMBER OF LOANS	PERCENTAGE OF TOTAL LOANS
Less than \$101,000	39	76.0
\$101,000 to \$251,000	8	16.0
\$251,000 to \$1,000,000	4	8.0

Overall, the distribution of borrowers reflects reasonable dispersion throughout the assessment area among individuals of different income levels and businesses of different sizes.

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA (CONTINUED)

Geographic Distribtuion: The geographic distribution of loans reflects a reasonable dispersion throughout the bank's assessment area. Of the 57 CTs in the assessment area, 2 (3 percent) are defined as low-income, 5 (9 percent) are defined as moderate-income; and 25 (44 percent) are designated as middle- and upper-income. The analysis revealed that 8 percent of the small business loans and no secured installment loans were made to borrowers in low-income CTs. 12 percent of the small business loans and 6 percent of the secured installment loans were made to borrowers residing in moderate-income CTs. 39 percent of the small business loans and 62 percent of the secured installment loans were made to borrowers in middle-income CTs. 41 percent of the small business loans and 32 percent of the secured installment loans were made to borrowers in upper-income CTs.

There were no complaints regarding the bank's CRA performance. The bank solicits credit applications from all segments of its assessment area. No violation of the substantive provisions of the antidiscrimination laws and regulations were identified.

TO THE INSTITUTION EXAMINED:

THIS COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION WAS PREPARED BY THE FEDERAL RESERVE BANK OF ATLANTA. THE FOLLOWING ACTIONS MUST BE TAKEN TO FULFILL THE CRA'S REQUIREMENTS.

- C AT A MINIMUM, PLACE THE EVALUATION IN YOUR CRA PUBLIC FILE LOCATED AT YOUR HEAD OFFICE (AND A DESIGNATED OFFICE IN EACH OF YOUR LOCAL COMMUNITIES) NO LATER THAN 30 BUSINESS DAYS AFTER RECEIVING THE EVALUATION.
- C PROVIDE A COPY OF THE EVALUATION TO THE PUBLIC UPON REQUEST (YOU ARE PERMITTED TO CHARGE A FEE NOT TO EXCEED THE COST OF REPRODUCTION AND MAILING IF APPLICABLE) NO LATER THAN 30 BUSINESS DAYS AFTER RECEIVING THIS LETTER.

FEDERAL RESERVE BANK OF ATLANTA

ASSISTANT VICE PRESIDENT

(Date)

CYNTHIA C. GOODWIN

(Title)

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COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

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TO THE FEDERAL RESERVE BANK OF ATLANTA

A COPY OF THE COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION PREPARED AS OF THE CLOSE OF BUSINESS JUNE 17, 1996, BY AN EXAMINER FOR THE FEDERAL RESERVE BANK OF ATLANTA HAS BEEN RECEIVED AND WILL BE MADE AVAILABLE TO THE PUBLIC IN THE MANNER STATED IN THE LETTER WHICH ACCOMPANIED THE EVALUATION.

(Signature of Authorized Officer)

(Title)

SMYRNA BANK & TRUST COMPANY

(Name of Bank)

SMYRNA, GEORGIA

(Location)

FEDERAL RESERVE BANK OF ATLANTA

Cynthia C. Goodwin
ASSISTANT VICE PRESIDENT

Board of Directors
Smyrna Bank & Trust Company
Post Office Box 813000
Smyrna, Georgia 30081-3000

Dear Board Members:

Enclosed is the bank's Community Reinvestment Act Performance Evaluation prepared by Federal Reserve Examiner Phyllis L. Harwell using the guidelines established by the Federal Financial Institutions Examination Council. This evaluation was prepared in accordance with the Community Reinvestment Act (CRA), as amended by the Financial Institutions Reform, Recovery, and Enforcement Act of 1989, and must be made available to the public. The following actions must be taken to fulfill the CRA's requirements.

- C At a minimum, place the evaluation in your CRA public file located at your head office (and a designated office in each of your local communities) no later than 30 business days after receiving this letter.
- C Provide a copy of the evaluation to the public upon request (you are permitted to charge a fee not to exceed the cost of reproduction and mailing if applicable) no later than 30 business days after receiving this letter.

Please acknowledge receipt of this evaluation by signing and returning the attached blue form. The format and content of the evaluation should not be altered or abridged in any manner. You may wish to comment on this information detailing actions the bank has taken since the examination to meet its obligations under the CRA. Any written comments concerning the evaluation placed in the public file should also be forwarded to this office. If you believe any of the information included in the public evaluation is proprietary, please contact this Reserve Bank so that the appropriate action can be taken.

Our Community Affairs staff is available to assist you in determining and responding to community credit needs. Please feel free to contact Mr. Courtney Dufries at (404) 589-7226. If you have any questions concerning this report or any other compliance matter, contact Ms. Gale Williams at (404) 589-7223.

Very truly yours,

Cynthia C. Goodwin

Enclosures

PUBLIC DISCLOSURE

**COMMUNITY REINVESTMENT ACT
PERFORMANCE EVALUATION**

Name of Bank: SMYRNA BANK & TRUST COMPANY

City and State: SMYRNA, GEORGIA

Date of Examination: JUNE 17, 1996