

PUBLIC DISCLOSURE

October 7, 2002

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

Southwest Georgia Bank
Moultrie, Georgia

RSSD ID Number: 699534

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

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.

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| DEFINITIONS |
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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
HUD - Department of Housing and Urban Development
LTD - Loan-to-Deposit Ratio
MSA - Metropolitan Statistical Area
REIS - Regional Economic Information System

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

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| GENERAL INFORMATION |
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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 CRA performance of Southwest Georgia Bank prepared by the Federal Reserve Bank of Atlanta, the institution's supervisory agency, as of October 7, 2002. 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 Outstanding.

Southwest Georgia Bank's average LTD ratio for the past nineteen quarters ended June 30, 2002, is **REASONABLE** given the institution's size, financial condition, and competition within the assessment area. A **SUBSTANTIAL MAJORITY** of the bank's loans were extended to individuals and businesses inside its assessment area. Based on samples of small business and residential real estate loans, lending to borrowers of different incomes and businesses of different revenue sizes is **EXCELLENT**. The geographic distribution of the bank's loans is **REASONABLE**. 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

Southwest Georgia Bank is a small, traditional community bank that operates three full service facilities in Moultrie, Pavo, and Newton, Georgia. The main office in Moultrie includes a drive-through window and two ATMs. Each branch includes a drive-through and an ATM, and the bank operates an additional stand-alone ATM in Doerun, Georgia. The bank is a wholly owned subsidiary of Southwest Georgia Financial Corporation of Moultrie. From December 31, 1997, to June 30, 2002, total assets increased from \$213.9 million to \$230.4 million (7.7 percent). As of June 30, 2002, net loans totaled \$110.7 million and deposits totaled \$187.4 million.

Southwest Georgia Bank is a full service community bank that offers a wide variety of credit products to meet community credit needs. These credit products include consumer, residential mortgage, business, and commercial real estate loans. The bank's business strategy encourages residential real estate loans and commercial real estate loans.

The composition of the loan portfolio according to the June 30, 2002 Consolidated Reports of Condition and Income (Call Report) is as follows:

| COMPOSITION OF LOAN PORTFOLIO | | | | | | | | |
|---|------------------|---------------|------------------|---------------|------------------|---------------|------------------|---------------|
| Loan Type | 6/30/2002 | | 12/31/2001 | | 12/31/1999 | | 12/31/1997 | |
| | \$ (000s) | Percent | \$ (000s) | Percent | \$ (000s) | Percent | \$ (000s) | Percent |
| Construction and Development | \$233 | 0.2% | \$255 | 0.2% | \$3,897 | 3.5% | \$494 | 0.4% |
| Secured by One- to Four- Family Dwellings | \$36,374 | 32.3% | \$38,751 | 32.1% | \$35,105 | 32.0% | \$37,023 | 31.1% |
| Other Real Estate: Farmland | \$5,545 | 4.9% | \$7,524 | 6.2% | \$9,457 | 8.6% | \$7,326 | 6.2% |
| Multifamily | \$0 | 0.0% | \$1,871 | 1.5% | \$1,951 | 1.8% | \$3,444 | 2.9% |
| Nonfarm Nonresidential | \$50,575 | 44.9% | \$52,307 | 43.3% | \$34,045 | 31.0% | \$42,318 | 35.5% |
| Commercial and Industrial | \$7,984 | 7.1% | \$8,152 | 6.7% | \$11,792 | 10.7% | \$11,654 | 9.8% |
| Loans to Individuals | \$10,492 | 9.3% | \$9,979 | 8.3% | \$10,870 | 9.9% | \$12,052 | 10.1% |
| Agricultural Loans | \$1,537 | 1.4% | \$2,018 | 1.7% | \$2,738 | 2.5% | \$4,752 | 4.0% |
| Total | \$112,740 | 100.0% | \$120,857 | 100.0% | \$109,855 | 100.0% | \$119,063 | 100.0% |

* 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.

As indicated by the table above, the bank's loan portfolio as of June 30, 2002, consisted primarily of nonfarm, nonresidential lending and one to four family dwelling loans. This is consistent with the bank's strategy. No known legal impediments exist that would restrain the bank from meeting the credit needs of its assessment area.

DESCRIPTION OF ASSESSMENT AREA: Baker, Brooks, Colquitt, and Thomas Counties, Georgia

The bank's assessment areas consist of all of Baker, Brooks, Colquitt, and Thomas Counties, Georgia. None of the counties are located within an MSA. Brooks, Colquitt, and Thomas counties are contiguous, while Baker County is separated from the others by one county. All counties are located approximately 200 miles south of Atlanta, Georgia and 60 miles north of Tallahassee, Florida. Cities located within the Brooks, Colquitt, and Thomas County assessment area include Moultrie, Norman Park, Pavo, Quitman, and Thomasville. Cities within the Baker County assessment area include Milford and Newton. The Brooks, Colquitt, Thomas County assessment area consists of 27 BNAs, of which none are low-income, seven are moderate-income, 19 are middle-income, and one is upper-income. The Baker County assessment area includes two middle-income BNAs. The bank has elected to designate all four counties as its assessment area. In the examiner's judgement, the assessment area meets the requirements of the CRA regulation.

Demographic Data by Block Numbering Area

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

| WHOLE BANK ASSESSMENT AREA | | | | | | | | |
|--|----------------------------|----------------|--------------------------------------|---------------|--|---------------|---------------------------|---------------|
| DEMOGRAPHICS | | | | | | | | |
| Income Categories | Tract Distribution | | Families | | | | | |
| | # | % | Families by Tract | | Families < Poverty as a % of Families by Tract | | Families by Family Income | |
| | | | # | % | # | % | # | % |
| Low | 0 | 0.0% | 0 | 0.0% | 0 | 0.0% | 6,574 | 25.8% |
| Moderate | 7 | 22.6% | 6,493 | 25.5% | 1,934 | 29.8% | 4,475 | 17.6% |
| Middle | 21 | 67.7% | 18,000 | 70.6% | 2,823 | 15.7% | 5,261 | 20.6% |
| Upper | 1 | 3.2% | 1,001 | 3.9% | 101 | 10.1% | 9,184 | 36.0% |
| NA | 2 | 6.5% | 0 | 0.0% | 0 | 0.0% | - | - |
| Total | 31 | 100.0% | 25,494 | 100.0% | 4,858 | 19.1% | 25,494 | 100.0% |
| Housing Units by Tract | | | | | | | | |
| Income Categories | Total Units | Owner Occupied | | | Rental Occupied | | Vacant | |
| | # | # | % | % | # | % | # | % |
| Low | 0 | 0 | 0.0% | 0.0% | 0 | 0.0% | 0 | 0.0% |
| Moderate | 9,699 | 5,455 | 23.2% | 56.2% | 3,347 | 34.5% | 897 | 9.2% |
| Middle | 26,669 | 17,060 | 72.5% | 64.0% | 6,864 | 25.7% | 2,745 | 10.3% |
| Upper | 1,389 | 1,007 | 4.3% | 72.5% | 262 | 18.9% | 120 | 8.6% |
| NA | 0 | 0 | 0.0% | 0.0% | 0 | 0.0% | 0 | 0.0% |
| Total | 37,757 | 23,522 | 100.0% | 62.3% | 10,473 | 27.7% | 3,762 | 10.0% |
| Businesses by Tract and Revenue Size | | | | | | | | |
| Income Categories | *Total Businesses by Tract | | Businesses by Tract and Revenue Size | | | | | |
| | # | % | Under \$1 Million | | Over \$1 Million | | | |
| Low | 0 | 0.0% | 0 | 0.0% | 0 | 0.0% | | |
| Moderate | 889 | 23.6% | 746 | 23.1% | 76 | 26.2% | | |
| Middle | 2,767 | 73.6% | 2,395 | 74.0% | 207 | 71.4% | | |
| Upper | 105 | 2.8% | 95 | 2.9% | 7 | 2.4% | | |
| NA | 0 | 0.0% | 0 | 0.0% | 0 | 0.0% | | |
| Total | 3,761 | 100.0% | 3,236 | 100.0% | 290 | 100.0% | | |
| Percentage of Total Businesses: | | | | 86.0% | | 7.7% | | |

Sources: 1990 Census Data, 2001 Dun & Bradstreet business demographic data.

* Businesses with revenues under \$1million & over \$1million will not total due to revenue not available.

NA Tracts are tracts without household or family income.

DESCRIPTION OF ASSESSMENT AREA (Continued)

| COLQUITT - THOMAS - BROOKS ASSESSMENT AREA | | | | | | | | |
|---|-------------------------------|-----------------------|--------------------------|---|---|-------------------------|--------------------------------------|---------------|
| DEMOGRAPHICS | | | | | | | | |
| 2002 HUD Median Family Income (State Nonmetro): \$42,200 Income Categories | Tract Distribution | | Families by Tract | | Families Families<Poverty as a % of Families by Tract | | Families by Family Income | |
| | # | % | # | % | # | % | # | % |
| Low | 0 | 0.0% | 0 | 0.0% | 0 | 0.0% | 6,343 | 25.9% |
| Moderate | 7 | 25.9% | 6,493 | 26.5% | 1,934 | 29.8% | 4,244 | 17.3% |
| Middle | 19 | 70.4% | 17,022 | 69.4% | 2,636 | 15.5% | 5,074 | 20.7% |
| Upper | 1 | 3.7% | 1,001 | 4.1% | 101 | 10.1% | 8,855 | 36.1% |
| NA | 0 | 0.0% | 0 | 0.0% | 0 | 0.0% | - | - |
| Total | 27 | 100.0% | 24,516 | 100.0% | 4,671 | 19.1% | 24,516 | 100.0% |
| Housing Units by Tract | | | | | | | | |
| | Total Units | Owner Occupied | | Rental Occupied | | Vacant | | |
| | # | % | % | # | % | # | % | |
| Low | 0 | 0 | 0.0% | 0.0% | 0 | 0.0% | 0 | 0.0% |
| Moderate | 9,699 | 5,455 | 24.2% | 56.2% | 3,347 | 34.5% | 897 | 9.2% |
| Middle | 25,170 | 16,111 | 71.4% | 64.0% | 6,513 | 25.9% | 2,546 | 10.1% |
| Upper | 1,389 | 1,007 | 4.5% | 72.5% | 262 | 18.9% | 120 | 8.6% |
| NA | 0 | 0 | 0.0% | 0.0% | 0 | 0.0% | 0 | 0.0% |
| Total | 36,258 | 22,573 | 100.0% | 62.3% | 10,122 | 27.9% | 3,563 | 9.8% |
| *Total Businesses by Tract | | | | Businesses by Tract and Revenue Size | | | | |
| | # | % | | Under \$1 Million | | Over \$1 Million | | |
| | | | | # | % | # | % | |
| Low | 0 | 0.0% | | 0 | 0.0% | 0 | 0.0% | |
| Moderate | 889 | 24.0% | | 746 | 23.4% | 76 | 26.6% | |
| Middle | 2,708 | 73.1% | | 2,343 | 73.6% | 203 | 71.0% | |
| Upper | 105 | 2.8% | | 95 | 3.0% | 7 | 2.4% | |
| NA | 0 | 0.0% | | 0 | 0.0% | 0 | 0.0% | |
| Total | 3,702 | 100.0% | | 3,184 | 100.0% | 286 | 100.0% | |
| Percentage of Total Businesses: | | | | | 86.0% | 7.7% | | |

Sources: 1990 Census Data, 2001 Dun & Bradstreet business demographic data.

* Businesses with revenues under \$1million & over \$1million will not total due to revenue not available.

NA Tracts are tracts without household or family income.

DESCRIPTION OF ASSESSMENT AREA (Continued)

| BAKER ASSESSMENT AREA | | | | | | | | |
|---|--------------------|----------------------------|-------------------|--------------------------------------|---|------------------|---------------------------|---------------|
| DEMOGRAPHICS | | | | | | | | |
| 2002 HUD Median Family Income (State Nonmetro): \$42,200 Income Categories | Tract Distribution | | Families by Tract | | Families <Poverty as a % of Families by Tract | | Families by Family Income | |
| | # | % | # | % | # | % | # | % |
| Low | 0 | 0.0% | 0 | 0.0% | 0 | 0.0% | 231 | 23.6% |
| Moderate | 0 | 0.0% | 0 | 0.0% | 0 | 0.0% | 231 | 23.6% |
| Middle | 2 | 50.0% | 978 | 100.0% | 187 | 19.1% | 187 | 19.1% |
| Upper | 0 | 0.0% | 0 | 0.0% | 0 | 0.0% | 329 | 33.6% |
| NA | 2 | 50.0% | 0 | 0.0% | 0 | 0.0% | - | - |
| Total | 4 | 100.0% | 978 | 100.0% | 187 | 19.1% | 978 | 100.0% |
| Housing Units by Tract | | | | | | | | |
| | Total Units | Owner Occupied | | Rental Occupied | | Vacant | | |
| | | # | % | % | # | % | # | % |
| Low | 0 | 0 | 0.0% | 0.0% | 0 | 0.0% | 0 | 0.0% |
| Moderate | 0 | 0 | 0.0% | 0.0% | 0 | 0.0% | 0 | 0.0% |
| Middle | 1,499 | 949 | 100.0% | 63.3% | 351 | 23.4% | 199 | 13.3% |
| Upper | 0 | 0 | 0.0% | 0.0% | 0 | 0.0% | 0 | 0.0% |
| NA | 0 | 0 | 0.0% | 0.0% | 0 | 0.0% | 0 | 0.0% |
| Total | 1,499 | 949 | 100.0% | 63.3% | 351 | 23.4% | 199 | 13.3% |
| *Total Businesses by Tract | | | | | | | | |
| | | *Total Businesses by Tract | | Businesses by Tract and Revenue Size | | | | |
| | | # | % | Under \$1 Million | | Over \$1 Million | | |
| | | | | # | % | # | % | |
| Low | 0 | 0 | 0.0% | 0 | 0.0% | 0 | 0.0% | |
| Moderate | 0 | 0 | 0.0% | 0 | 0.0% | 0 | 0.0% | |
| Middle | 59 | 59 | 100.0% | 52 | 100.0% | 4 | 100.0% | |
| Upper | 0 | 0 | 0.0% | 0 | 0.0% | 0 | 0.0% | |
| NA | 0 | 0 | 0.0% | 0 | 0.0% | 0 | 0.0% | |
| Total | 59 | 59 | 100.0% | 52 | 100.0% | 4 | 100.0% | |
| Percentage of Total Businesses: | | | | | 88.1% | | 6.8% | |

Sources: 1990 Census Data, 2001 Dun & Bradstreet business demographic data.

* Businesses with revenues under \$1million & over \$1million will not total due to revenue not available.

NA Tracts are tracts without household or family income.

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|---|
| DESCRIPTION OF ASSESSMENT AREA (Continued) |
|---|

Population

According to the 1990 U.S. Census, the population in the bank's assessment area was 94,644 persons. As of July 1, 1999, the total estimated population was 103,409, an increase of 9.3 percent.

Income Characteristics

At the time of the 1990 Census, there were 25,494 families in the assessment area. Of those families, 25.8 percent were low-income and 17.6 percent were moderate-income. Also, 19.1 percent of the families in the assessment area had incomes below the poverty level. According to HUD, the estimated 2002 median family income for nonmetropolitan areas of Georgia was \$42,200.

Housing Data

According to 1990 Census data, the majority (62.3 percent) of the housing units in the bank's assessment area were owner-occupied, and the median housing value for all types of units in the assessment area was \$42,166. The median housing value is much lower than the state of Georgia, which was \$70,707. Housing in the assessment area was primarily comprised of one-unit detached dwellings (66.9 percent), and the median age of the housing stock was 21 years.

Employment Statistics

A review of data from the REIS as of 1995 indicate that the manufacturing industry is the largest employment sector in the bank's assessment area. According to REIS data, from 1990 to 1995 the manufacturing industry experienced a 5.3 percent increase in employment. The largest employer in the area is Riverside Manufacturing, which employs over 1,000 full-time employees. Colquitt Regional Medical Center provides an estimated 750 jobs and is the area's second largest employer. Colquitt County is heavily agricultural, with significant cotton, peanut, and tobacco crops. The county is also a regional leader in livestock production. According to the U.S. Bureau of Labor Statistics, the annualized unemployment rates (not seasonally adjusted) for the assessment area have ranged from 5.0 percent in 1997 to 5.2 percent in 2001. By comparison, the unemployment rate for the state of Georgia ranged from 4.5 percent in 1997 to 4.0 percent in 2001.

| |
|---|
| DESCRIPTION OF ASSESSMENT AREA (Continued) |
|---|

Business Size Characteristics

The demographic table earlier in this report provides key demographic business data by BNA in Southwest Georgia Bank's assessment area. The Dun and Bradstreet information for 2001 indicates that 86.0 percent of the businesses in the bank's assessment area had total revenues of less than \$1 million and were therefore considered to be small businesses.

Competition

Southwest Georgia Bank is located in a moderately competitive banking market. The level of competition is considered higher than normal given the bank's size, local area population, and the current economic growth being experienced in the area. There are three other financial institutions of similar asset size, operating eight offices in Colquitt and Thomas Counties. Bank of America and SunTrust also maintain branches in the area. According to the June 30, 2001 FDIC Market Share Report, Southwest Georgia Bank had a market share of 15.0 percent of deposits. Local competition appears to have affected the bank's ability to serve the credit needs of its assessment area.

Community Contacts

As part of the CRA examination, information was obtained from two community contacts regarding local economic conditions and community credit needs. The contacts had positive comments regarding the degree of involvement of the financial institutions in the community. They indicated that the general banking and credit needs are being well served in the community and that, when there are opportunities for participation by local financial institutions in community development and other credit-related projects, the local financial institutions participate in these projects.

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA

Loan-to-Deposit Ratio Analysis

The bank's LTD ratio is **REASONABLE** given the bank's size and local demand for credit. The bank's average LTD ratio for the nineteen-quarter period ended June 30, 2002, was 60.8 percent. The bank's ratio has ranged from 58.2 percent to 65.21 percent during that period. The bank's average net LTD ratio was compared with the ratios of the three financial institutions of similar asset size with branch offices in the bank's assessment area. Southwest Georgia Bank's average net LTD ratio was slightly lower than the ratios of its three competitors.

Assessment Area Concentration

A **SUBSTANTIAL MAJORITY** of Southwest Georgia Bank's lending is in the assessment area. A sample of 114 small business and 149 residential real estate loans originated since the previous performance evaluation (October 1997) was analyzed to determine the extent of the bank's lending inside the assessment area. As illustrated in the following table, a substantial majority (by both number and dollar volume) of the bank's residential real estate loans and small business loans sampled were originated within the assessment area.

| LENDING INSIDE AND OUTSIDE ASSESSMENT AREA | | | | |
|---|------------|--------------|-----------------|--------------|
| Loan Type | IN | | | |
| | Number | Percent | \$ (000s) | Percent |
| Residential | 140 | 94.0% | \$6,271 | 92.5% |
| Small Business | 101 | 88.6% | \$3,842 | 71.5% |
| <i>Total In</i> | <i>241</i> | <i>91.6%</i> | <i>\$10,113</i> | <i>83.2%</i> |
| | OUT | | | |
| | Number | Percent | \$ (000s) | Percent |
| Residential | 9 | 6.0% | \$509 | 7.5% |
| Small Business | 13 | 11.4% | \$1,533 | 28.5% |
| <i>Total Out</i> | <i>22</i> | <i>8.4%</i> | <i>\$2,042</i> | <i>16.8%</i> |

Lending to Borrowers of Different Incomes and Businesses of Different Sizes

To assess Southwest Georgia Bank's performance relative to this criterion, 140 residential real estate loans secured by properties located within the bank's assessment area and 101 small business loans originated within the bank's assessment area were analyzed. Borrower income classifications were assigned in accordance with the definitions outlined earlier in this report. For this analysis, the distribution of residential real estate loans by borrower income levels and small business lending by revenue size was compared with the available demographic information. Additionally, only three residential and two small business loans in the sample were

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA (Continued)

originated in the Baker County assessment area. Therefore, the analysis under this criterion is based upon the bank's lending performance over its entire assessment area.

Lending to Borrowers of Different Incomes

Southwest Georgia Bank's distribution of lending by income levels of borrowers is considered **EXCELLENT**. All of the 140 residential real estate loans sampled that were originated in the assessment area during the review period included income information. According to the following chart, 10.0 percent of the 140 residential real estate loans were originated to low-income borrowers, whereas low-income families represent 25.8 percent of total families. According to the demographics table on page 3, 19.1 percent of the families in the assessment area have incomes below the poverty level. While families below the poverty level are not ineligible for credit, it is recognized that they have a lower capacity for debt repayment and therefore, may not qualify for residential real estate loans.

| RESIDENTIAL LOANS BY BORROWER INCOME | | |
|---|---------------|----------------|
| Borrower Income Level | Number | Percent |
| Low-Income | 14 | 10.0% |
| Moderate-Income | 37 | 26.4% |
| Middle-Income | 31 | 22.1% |
| Upper-Income | 55 | 39.3% |
| Not Available | 3 | 2.1% |
| <i>Total</i> | <i>140</i> | <i>100.0%</i> |

The above chart indicates that 26.4 percent of the residential loans were made to moderate-income families, which represent 17.6 percent of total families. These levels are excellent considering the demographics of the area.

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA (Continued)

Lending to Businesses of Different Sizes

Southwest Georgia Bank’s record of lending to businesses of different sizes is considered **EXCELLENT** given the business demographics of the bank’s assessment area. Of the sample of 101 loans originated in the assessment area during the review period, 97 loans (96.0 percent) were extended to businesses with gross annual revenues of less than \$1 million. As noted earlier, 86.0 percent of the businesses in the assessment area are considered to be small businesses. In addition, 90.1 percent (91 loans) of the dollar volume of small business loans originated were in amounts of \$100,000 or less.

| SMALL BUSINESS LENDING | | |
|------------------------------------|---------------|----------------|
| Lending by Business Revenue | Number | Percent |
| \$1 Million or Less | 97 | 96.0% |
| Over \$1 Million | 4 | 4.0% |
| Not Available | 0 | 0.0% |
| Loan Size: | | |
| \$100,000 or Less | 91 | 90.1% |
| \$100,001 - \$250,000 | 9 | 8.9% |
| \$250,001 - \$1 million | 1 | 1.0% |
| <i>Total</i> | <i>101</i> | <i>100.0%</i> |

Geographic Distribution of Loans

Because the Baker County assessment area does not contain any low- or moderate-income BNAs, an analysis of the geographic distribution of loans in that assessment area would not be meaningful. Therefore, the analysis of the bank’s performance under this criterion is based upon the bank's lending performance over its entire assessment area.

Residential Real Estate

The geographic distribution of residential real estate loans is compared with the distribution of owner occupied housing units by BNA, as shown earlier in the demographic table on page 3. According to the table, there are no owner occupied housing units in low-income BNAs, 23.2 percent are located in moderate-income BNAs, 72.5 percent are in middle-income BNAs, and 4.3 percent are in upper-income census tracts. Based on the distribution of families in the assessment area, it is reasonable to conclude that the largest percentage of residential real estate loans would be originated in moderate- and middle-income census tracts.

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA (Continued)

The following table shows the dispersion of residential real estate loans throughout the assessment area:

| GEOGRAPHIC DISTRIBUTION | | |
|--------------------------------|--------------------|---------------|
| Tract Income Level | Residential | |
| | # | % |
| Low-Income | 0 | 0.0% |
| Moderate-Income | 19 | 13.6% |
| Middle-Income | 110 | 78.6% |
| Upper-Income | 11 | 7.9% |
| <i>Total Assessment Area</i> | <i>140</i> | <i>100.0%</i> |

As illustrated in the table above, 13.6 percent of the residential loans originated within Southwest Georgia Bank's assessment area were to borrowers residing in moderate-income BNAs, which is below the percentage owner occupied housing in moderate-income BNAs. The percentage of loans made to borrowers residing in middle-income BNAs is slightly higher than the percentage of owner occupied housing in those tracts. The percentage of loans made to borrowers residing in upper-income BNAs is below the percentages of families living in those tracts. The examiner notes that none of the bank's offices are located in moderate-income BNAs, which may have affected lending in those areas.

Given these demographic factors, the bank's distribution of residential real estate loans reflects **REASONABLE** dispersion throughout the assessment area.

Small Business Loans

According to 2001 Dun and Bradstreet data, no businesses with revenues of less than \$1 million are located in low-income census tracts, 23.1 percent are located in moderate-income census tracts, 74.0 percent are located in middle-income census tracts, and 2.9 percent are located in upper-income census tracts.

As illustrated in the table below, 13.9 percent of small business loans were originated in moderate-income census tracts, which is below the percentage of small businesses found in those tracts. The bank's percentage of small business lending in both middle- and upper-income census tracts is slightly higher than the percentage of small businesses located in middle- and upper-income census tracts.

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA (Continued)

| GEOGRAPHIC DISTRIBUTION | | |
|--------------------------------|-----------------------|---------------|
| Tract Income Level | Small Business | |
| | # | % |
| Low-Income | 0 | 0.0% |
| Moderate-Income | 14 | 13.9% |
| Middle-Income | 75 | 74.3% |
| Upper-Income | 12 | 11.9% |
| <i>Total Assessment Area</i> | <i>101</i> | <i>100.0%</i> |

Given these demographic factors, and taking into consideration the bank's branch locations and competition in local market area, the bank's distribution of small business loans reflects **REASONABLE** dispersion throughout the assessment area.

Complaints

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

Compliance With Antidiscrimination Laws

The 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.