PUBLIC DISCLOSURE

April 22, 2019

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

First Bank of Coastal Georgia
Certificate Number: 15580

250 West Bacon Street
Pembroke, Georgia 31321

Federal Deposit Insurance Corporation
Division of Depositor and Consumer Protection
Atlanta Regional Office

10 10th Street, Northeast, Suite 800
Atlanta, Georgia 30309-3849

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 RATING

INSTITUTION'S CRA RATING: This institution is rated **Satisfactory.** An institution in this group has a satisfactory record of helping to meet the credit needs of its assessment area, including low- and moderate-income neighborhoods, in a manner consistent with its resources and capabilities.

First Bank of Coastal Georgia's satisfactory Community Reinvestment Act (CRA) performance under the Lending Test supports the overall rating. In addition, examiners did not identify any evidence of discriminatory or other illegal credit practices. The following points summarize the bank's Lending Test.

The Lending Test is rated Satisfactory.

- The loan-to-deposit ratio is reasonable given the institution's size, financial condition, and credit needs of the assessment area.
- Less than a majority of the bank's home mortgage and small business loans is in the assessment area.
- The geographic distribution of home mortgage and small business loans reflects an overall reasonable dispersion throughout the assessment area.
- The distribution of borrowers reflects a reasonable penetration of loans among individuals of different income levels and businesses of different sizes.
- The institution did not receive any CRA-related complaints since the previous evaluation; therefore, this factor did not affect the Lending Test rating.

SCOPE OF EVALUATION

General Information

This evaluation covers the period from the previous evaluation dated June 3, 2013, to the current evaluation dated April 22, 2019. Examiners used the Federal Financial Institutions Examination Council's (FFIEC) Interagency Small Institution Examination Procedures to evaluate First Bank of Coastal Georgia's CRA performance. These procedures include the CRA Small Institution Lending Test.

The Lending Test considered the bank's performance according to the following criteria.

- Loan-to-deposit ratio
- Assessment area concentration
- Geographic distribution
- Borrower profile
- Response to CRA-related complaints

This evaluation does not include any lending activity performed by affiliates.

Loan Products Reviewed

The CRA regulation requires a review of the lending performance of an institution in its defined assessment area with respect to small business, home mortgage, small farm, and consumer lending, if significant. A review of the December 31, 2018, Consolidated Reports of Condition and Income (Call Report) reflects that business loans represent the largest loan category at 41.1 percent. Home mortgage loans represent the second largest loan category at 36.3 percent. Both of these loan categories, collectively, represent 77.4 percent of the loan portfolio and are integral components of the bank's lending focus. Also, no other loan types, such as small farm or consumer loans, represent a major product line. Therefore, they provide no material support for conclusions or ratings and are not presented. For this evaluation, home mortgage and small business loans were selected for the lending analysis.

First Bank of Coastal Georgia is located in a Metropolitan Statistical Area (MSA). Therefore, it is subject to the Home Mortgage Disclosure Act (HMDA) and is required to collect and report certain data concerning applications for home purchase, home refinance, and home improvement loans. This evaluation includes an analysis of the bank's HMDA loans originated from January 1, 2016, through December 31, 2017. During 2016, the bank originated 48 HMDA loans totaling approximately $9.5 million. During 2017, the bank originated 62 HMDA loans totaling approximately $4.2 million. The percentage of families by income level, the percentage of owner-occupied housing units by geography, and 2016 and 2017 lending of other HMDA reporters within the assessment area (aggregate lending data) were used for comparison purposes.

For CRA purposes, a small business loan is defined as a loan originated in the amount of $1 million or less and included loans secured by non-farm, non-residential properties, or are classified as commercial and industrial loans. From January 1, 2017 to December 31, 2018, the bank originated or renewed 56 small business loans totaling approximately $7.8 million. Based on the small number of loans originated, all were used to evaluate the bank's CRA performance for the Lending Test. Dunn & Bradstreet (D&B) data for 2017 and 2018 provided a standard of comparison for the small business loans.

For the Lending Test, analyses of home mortgage loans were given more weight due to the volume of originations during the evaluation period. Examiners reviewed the number and dollar volume of home mortgage and small business loans. While the number and dollar volume of loans are presented, examiners emphasized performance by number of loans because the number of loans is a better indicator of individuals and businesses served.

Historically, the bank's lending volume for both home mortgage and small business loans has been low. Although the bank is a part of an MSA, it is located in a rural county where loan demand is low. To grow the bank's loan portfolio, the bank purchased twelve home mortgage loans in 2016. In addition, in 2017 and 2018 combined, the bank purchased 34 business loans. These loans are discussed further in the Conclusions on Performance Criteria section under **Assessment Area Concentration**.

DESCRIPTION OF INSTITUTION

Background

Established in 1907, First Bank of Coastal Georgia is a state-chartered community bank headquartered in Pembroke, Georgia, and operates in Bryan County, Georgia. The bank is a wholly-owned subsidiary of Putnam-Greene Financial Corporation, a four-bank holding company also in Pembroke. The bank has three affiliates: The Farmers Bank in Greensboro, Georgia; Farmers & Merchants Bank in Eatonton, Georgia; and The Citizens Bank of Cochran in Cochran, Georgia. There have been no changes in control of the bank or it business strategy since the previous CRA evaluation. First Bank of Coastal Georgia received a Satisfactory rating at the previous FDIC Performance Evaluation, dated June 3, 2013, based on Interagency Small Institution Examination Procedures.

Operations

First Bank of Coastal Georgia operates two full-service offices within Bryan County, Georgia. In addition to its main office, the bank has a branch office located in Richmond Hill, Georgia. Both offices are located in the Savannah, Georgia MSA and are located in middle-income census tracts. First Bank of Coastal Georgia's offices offer a drive-through banking facility, an automated teller machine, Saturday drive-through service, and reasonable lobby and drive-through hours. Operating hours for both offices are similar except on Thursday, the main office closes at 1 p.m. The bank has not opened or closed any branches or had any mergers or acquisition activity since the previous CRA evaluation.

First Bank of Coastal Georgia offers a full array of lending and deposit products to help meet the needs of individuals and businesses within its assessment area. The bank's lending focus is multi-faceted, with an emphasis on commercial and residential lending. Business purpose loans include construction and land development, commercial real estate, residential income property, lines of credit, equipment financing, farm-related, working capital, and other types of secured and unsecured loans. Consumer loan products include 1-4 family residential mortgages, construction loans, home equity loans, manufactured and mobile homes with real property, credit cards, automobile, and other types of secured and unsecured consumer installment loans. Deposit services include checking, savings, money market deposit accounts, and certificates of deposit. Alternative banking services include internet (www.firstbankofcg.com) and mobile banking, electronic bill pay, and telephone banking. In addition, services include safe deposit boxes, direct deposit, and domestic and international wire transfers.

Ability and Capacity

As of December 31, 2018, assets totaled approximately $122.8 million and included loans totaling approximately $38.1 million and securities totaling approximately $77.5 million. The loan portfolio is illustrated in the following table.

Loan Portfolio Distribution as of 12/31/2018		
Loan Category	**$(000s)**	**%**
Construction, Land Development, and Other Land Loans	3,592	9.4
Secured by Farmland	273	0.7
Secured by 1-4 Family Residential Properties (Open-end loans)	213	0.6
Secured by 1-4 Family Residential Properties (Closed-end loans)	13,633	35.7
Secured by Multifamily (5 or more) Residential Properties	3,630	9.5
Secured by Nonfarm Nonresidential Properties	13,052	34.2
Total Real Estate Loans	**34,393**	**90.1**
Commercial and Industrial Loans	2,647	6.9
Agricultural Productions and Other Loans to Farmers	0	0.0
Consumer Loans	910	2.3
Obligations of States and Political Subdivisions in the United States	57	0.2
Other Loans	178	per
Gross Loans	**38,185**	**100.0**
Less: Unearned Income	(43)	(0.0)
Total Loans and Leases	**38,142**	**100.0**
Source: December 31, 2018 Call Report		

Examiners did not identify any financial or legal impediments that would significantly affect the bank's ability to meet the credit needs of the assessment area. However, the high level of competition from financial institutions, credit unions, and non-depository mortgage lenders in the assessment area lessens the availability of lending opportunities for the bank. This is discussed further in the section titled **Competition**.

DESCRIPTION OF ASSESSMENT AREA

The CRA requires each financial institution to define one or more assessment areas within which its CRA performance will be evaluated. First Bank of Coastal Georgia's designated assessment area is based on the geographies that are serviced by its branch offices. The bank's defined assessment area, which has not changed since the previous evaluation, consists of Bryan County, Georgia, in its entirety. Bryan County is part of the Savannah, Georgia MSA and is located approximately 35 miles south of Savannah, Georgia. Overall, the bank's assessment area delineation conforms to the CRA regulation, as it consists of whole census tracts and does not arbitrarily exclude low- and moderate-income areas that the bank would reasonably be expected to serve. The following tables detail changes in the census tracts and income level within the assessment area based on the 2010 United States (U.S.) Census data and the 2015 American Community Survey (ACS) data.

Assessment Area Geographies 2010 U.S. Census Data						
Assessment Area	**Low-Income**	**Moderate-Income**	**Middle-Income**	**Upper-Income**	**NA***	**Total**
Bryan County	0	0	3	3	1	7
Total	**0**	**0**	**3**	**3**	**1**	**7**
Source: 2010 U. S. Census. (*)The NA category consists of geographies that have not been assigned an income classification.						

Assessment Area Geographies 2015 ACS Data						
Assessment Area	**Low-Income**	**Moderate-Income**	**Middle-Income**	**Upper-Income**	**NA***	**Total**
Bryan County	0	1	3	2	1	7
Total	**0**	**1**	**3**	**2**	**1**	**7**
Source: 2015 ACS Data. (*)The NA category consists of geographies that have not been assigned an income classification.						

In February 2017, the FFIEC released an updated list of MSAs and metropolitan divisions, states, counties, census tracts, and income level indicators based on the information collected during the 2011-2015 ACS. In addition, updated census tract demographic information, including population and housing characteristics, was released by the FFIEC on July 7, 2017. While the bank's assessment area, by number of census tracts, remained the same, the demographic composition has changed since the previous evaluation, which used 2010 U.S. Census data. Specifically, one upper-income census tract was reclassified as a middle-income census tract and one middle-income census tract was reclassified as a moderate-income census tract. This evaluation presents performance context and bank performance results during 2016 based on the 2010 U.S. Census data and during 2017 based on the 2015 ACS data. The following is a discussion of the demographics for the assessment area using the 2015 ACS data, as well as any demographic changes from the 2010 U.S. Census that impact performance context issues.

Economic and Demographic Data

Each census tract is designated as low-, moderate-, middle-, or upper-income by comparing the FFIEC's median family income of the geography to the median family income for the area. The bank's assessment area consists of seven census tracts in Bryan County, Georgia. One of the census tracts is categorized as NA. It is used for military training for Fort Stewart Army Base, which is located in Liberty County, Georgia. This restricted area separates the northern and southern portions of Bryan County. There are no distressed or underserved middle-income non-metropolitan geographies within the bank's assessment area since First Bank of Coastal Georgia's banking offices are located in an MSA.

The following table illustrates select demographic characteristics of the assessment area based on the 2015 ACS data.

Demographic Information of the Assessment Area

Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	7	0.0	14.3	42.9	28.6	14.3
Population by Geography	33,151	0.0	15.3	41.7	42.9	0.0
Housing Units by Geography	12,676	0.0	16.1	41.0	42.9	0.0
Owner-Occupied Units by Geography	7,819	0.0	15.4	34.6	50.0	0.0
Occupied Rental Units by Geography	3,622	0.0	16.5	59.1	24.4	0.0
Vacant Units by Geography	1,235	0.0	19.8	28.7	51.6	0.0
Businesses by Geography	2,115	0.0	11.3	37.7	51.0	0.0
Farms by Geography	81	0.0	17.3	24.0	58.7	0.0
Family Distribution by Income Level	9,156	16.8	16.1	20.1	47.0	0.0
Household Distribution by Income Level	11,441	18.5	12.6	15.9	53.0	0.0
Median Family Income MSA - 42340 Savannah, Georgia MSA		$61,754	Median Housing Value			$187,429
			Median Gross Rent			$1,111
			Families Below Poverty Level			9.8%

Source: 2015 ACS Census Data and 2018 D&B Data. (*) The NA category consists of geographies that have not been assigned an income classification. Due to rounding, totals may not equal 100.0

As shown in the table above, there were 7,819 owner-occupied housing units in the assessment area. The largest percentage of the owner-occupied housing units are located in upper-income census tracts; however, 15.4 percent of the owner-occupied housing units are located in moderate-income tracts. Furthermore, 16.8 percent and 16.1 percent of families are the low- or moderate-income, respectively. This data indicates potential lending opportunities, and it is important to note, since owner-occupied housing units and low- and moderate-income families are used to determine a bank's performance for the Geographic Distribution and Borrower Profile criteria, respectively.

According to 2018 D&B data, there were 2,115 businesses. The analysis of small business loans under the Borrower Profile criterion compares the distribution of businesses by gross annual revenue level (GARs). GARs for these businesses were as follows:

- 87.7 percent had $1 million or less,
- 3.7 percent had more than $1 million, and
- 8.6 percent had unknown revenues.

Service industries represent the largest portion of businesses at 41.4 percent, followed by retail trade at 11.7 percent; non-classified establishments at 11.3 percent; construction at 9.3 percent; and finance, insurance, and real estate at 8.5 percent. In addition, 73.3 percent of the area's businesses have four or fewer employees and 89.6 percent operate from a single location.

Bryan County is located on the southeast coast of Georgia and is unique in that it is totally divided by the military installation at Fort Stewart. As of April 2019, employment conditions have improved over the previous 12 months. The unemployment rate decreased to 3.5 percent compared to 4.0 percent one year ago and is slightly below the average U.S. rate of 3.8 percent. The household job growth rate increased to 3.2 percent compared to 2.2 percent one year ago and remains above the average U.S. rate of 1.7 percent. The population growth rate of 3.4 percent has increased over the past 12 months and is above the average U.S. rate of 0.6 percent. The median household income increased over the past 12 months and is above the national median household income level. The percentage of County residents in poverty increased to 10.4 percent over a year ago; however, it is below the national average of 13.4 percent. Growth in government transfer payments, such as unemployment benefits, decreased from one year ago, though still above the national average. Consumer credit conditions declines slightly, as personal bankruptcy filings have increased. However, business credit conditions remains relatively the same, as only one business filed bankruptcy over a year ago. Real estate conditions have improved. Growth of single-family permits increased over the past 12 months and is above the national average U.S. growth rate. Additionally, the housing affordability index declined, which is indicative of rising home prices in the area. The top employment sectors in the county are government, retail, leisure, education and health, and manufacturing.

The 2016 and 2017 FFIEC's median family income estimates, which are adjusted annually, were used to analyze home mortgage lending under the **Borrower Profile** criterion. The borrower income levels for the Savannah, Georgia MSA, as well as the income levels, are presented in the following table.

Median Family Income Ranges				
Median Family Incomes	**Low <50%**	**Moderate 50% to <80%**	**Middle 80% to <120%**	**Upper ≥120%**
Savannah, Georgia MSA Median Family Income (42340)				
2016 ($63,500)	<$31,750	$31,750 to <$50,800	$50,800 to <$76,200	≥$76,200
2017 ($64,900)	<$32,450	$32,450 to <$51,920	$51,920 to <$77,880	≥$77,880
Source: FFIEC				

Competition

There are six financial institutions operating seven full-service branches within the bank's assessment area. According to the FDIC's June 2018 Deposit Market Share data, First Bank of Coastal Georgia ranked 2nd with a 26.7 percent deposit market share. The top financial institution controls 37.6 percent of the deposit market share. However, the bank has a high volume of public funds on deposit. If these deposits are excluded, the bank is ranked 4th with a 16.9 percent market share.

There is a high level of competition for home mortgage loans among banks, credit unions, and non-depository mortgage lenders in the assessment area. In 2017, First Bank of Coastal Georgia was ranked 18th in market share among 177 lenders. These lenders originated or purchased 2,005 residential mortgage loans totaling approximately $459 million in the assessment area. First Bank of Coastal Georgia's market share was 1.6 percent. The top five home mortgage lenders accounted for 32.4 percent of the total home mortgage market share.

Further, aggregate data in the bank's assessment area reflects high demand for small business loans. The bank is not required to collect or report its small business loan data, and it has not elected to do so. Therefore, the analysis of small business loans under the Lending Test does not include comparisons against aggregate data. The aggregate data, however, reflects the level of demand for small business loans and is referenced here for informational purposes. Aggregate data for 2017 indicates 45 institutions reported 608 small business loans in the assessment area, indicating a high degree of competition for this product. The top five institutions account for 52.3 percent of the small business market share. First Bank of Coastal Georgia also competes with the only other bank located in Pembroke, which is a larger financial institution.

Community Contact

While preparing CRA evaluations, examiners often contact community representatives to gain insight regarding the credit needs and economic conditions of a bank's assessment area. A contact familiar with the economic conditions of the assessment area indicated that the economy is relatively stable; however, residents are commuting outside of the assessment area for higher wage employment. The contact stated that the credit needs of the assessment area are affordable housing for low- and moderate-income individuals and roadway and infrastructure construction. The contact stated that financial institutions in the area have been responsive to the credit needs of the communities, but most financial institutions are bound by strict regulatory laws that often times restrict them from certain lending activities such as land and development for subsidized living. Lastly, the contact indicated that he would like to see more affordable housing development in the area.

Credit Needs and Opportunities

Based on demographic and economic data, several conclusions regarding the credit needs of the assessment area can be derived. First, the relatively high percentage of moderate-income families indicates a need for affordable housing. This need is further noted given the percentage of families who live below the poverty level, at 9.8 percent, and the median housing value at

$187,429. These economic conditions could preclude moderate-income individuals from qualifying for a home loan, even when offered with special terms. Second, small business loans represent a primary credit need for the assessment area, particularly for start-up businesses. The relatively high percentage of businesses with gross annual revenues of $1 million or less operating in the assessment area supports this conclusion. Third, based on demographic data, the high median age of housing stock, at 30 years in moderate-income census tracts, indicates a need for low-cost renovation loans.

CONCLUSIONS ON PERFORMANCE CRITERIA

LENDING TEST

First Bank of Coastal Georgia demonstrated satisfactory performance under the Lending Test. This conclusion is supported by the institution's small business lending evaluated pursuant to the following criteria: (1) loan-to-deposit ratio; (2) assessment area concentration; (3) geographic distribution; (4) borrower profile; and (5) response to CRA-related complaints. These five performance categories are detailed below.

Loan-to-Deposit Ratio

First Bank of Coastal Georgia's average net loan-to-deposit (NLTD) ratio is reasonable given the institution's size, financial condition, credit needs of the assessment area, and volume of public funds on deposit. During the evaluation period, the NLTD ratio, calculated with deposited public funds, averaged 32.9 percent over the previous 23 quarters from June 30, 2013, to December 31, 2018. Over this time period, the bank's NLTD ratio ranged from a low of 23.4 percent as of December 31, 2015, to a high of 43.6 percent as of September 30, 2018. The bank's NLTD ratio, as of December 31, 2018, was 34.6 percent, which declined from the previous quarter due to the increase in the amount of public funds deposited at year-end.

There are no banks in the assessment area that are considered similarly-situated in terms of asset size, structure, and/or market area served. As a result, the bank's average NLTD ratio was compared to the Uniform Bank Performance Report (UBPR) Peer Group ratio as of December 31, 2018. The Peer Group, as defined by the UBPR, includes 289 insured commercial banks with between $100 million and $300 million in assets, two or more full service banking offices, and located in an MSA. The Peer Group's average NTLD ratio, over the same 23 quarters, was 78.3 percent; higher than First Bank of Coastal Georgia's average NLTD ratio of 32.9 percent. The Peer Group's NLTD ratio ranged from a low of 75.1 percent as of September 30, 2013, to a high of 81.2 percent as of September 30, 2018. However, historically, First Bank of Coastal Georgia has maintained large balances of public funds on deposit, which impacts the bank's average NLTD ratio. During the evaluation period, public funds have comprised between 31.9 percent and 47.4 percent of total deposits. The percent of public funds held by Peer Group banks is significantly lower in comparison, ranging from a low of 3.9 percent to a high of 5.9 percent during the same time period. When public funds are excluded from First Bank of Coastal Georgia's average NLTD ratio and year-end 2018 NTLD ratio, the ratios increase to 57.5 percent and 61.7 percent, respectively, and are reasonable.

Assessment Area Concentration

On a combined basis per loan type reviewed, less than a majority of the bank's originated and purchased home mortgage and small business loans are in the assessment area. It is noted that a majority of the number and dollar volume of home mortgage lending in 2017 was inside the assessment area, and a majority of the dollar volume of small business lending in 2018 was inside the assessment area; however, on a combined basis for each year reviewed and per loan category, a majority of both the number and dollar volume of both loan types was outside the assessment area. As previously addressed in the **Scope of Evaluation** section, the bank's loan origination volume has historically been low. During the evaluation period, the bank increased loan volume by purchasing 12 home mortgage loans totaling $6,327,000 in 2016; 22 small business loans totaling $2,286,000 in 2017; and 12 small business loans totaling $911,000 in 2018. As a result, 25.0 percent of the total home mortgage loans in 2016 were purchased loans. Also, in 2017 and 2018, 65.0 percent and 55.0 percent, respectively, of the bank's total small business loans were purchased loans. Each of the purchased loans was located outside of the assessment area which reduced the bank's percentage of lending inside the assessment area to less than a majority. When purchased loans are excluded from the assessment area concentration calculations, the majority of the bank's originated loans during the years reviewed was inside the assessment area. Specifically, in 2016, 55.6 percent of the number of home mortgage loans was in the assessment area. No home loans were purchased in 2017. In 2017 and 2018, respectively, 83.3 percent and 70.0 percent of the number of small business loans were in the assessment area. The adjusted dollar volume percentages for both loan types were similar.

The following table shows the bank's lending performance and captures originated and purchased loans.

Lending Inside and Outside of the Assessment Area With Purchased Loans

Loan Category	Number of Loans				Total #	Dollars Amount of Loans $(000s)				Total $(000s)
	Inside		Outside			Inside		Outside		
	#	%	#	%		$	%	$	%	
Home Mortgage										
2016	20	41.7	28	58.3	48	1,408	14.8	8,079	85.2	9,487
2017	32	51.6	30	48.4	62	2,076	50.4	2,041	49.6	4,117
Subtotal	**52**	**47.3**	**58**	**52.7**	**110**	**3,484**	**25.6**	**10,120**	**74.4**	**13,604**
Small Business										
2017	10	29.4	24	70.6	34	1,154	26.8	3,150	73.2	4,304
2018	7	31.8	15	68.2	22	1,911	55.1	1,555	44.9	3,466
Subtotal	**17**	**30.4**	**39**	**69.6**	**56**	**3,065**	**39.5**	**4,705**	**60.5**	**7,770**

Source: 2016 and 2017 HMDA Reported Data and 2017 and 2018 Bank Records

Geographic Distribution

First Bank of Coastal Georgia's geographic distribution of lending reflects reasonable dispersion throughout the assessment area. The bank's overall excellent performance relative to home mortgage lending and reasonable performance relative to small business lending supports this conclusion. For this performance factor, examiners focus on the percentage of loans by number originated within low- and moderate-income census tracts, as applicable. Only loans originated within the bank's assessment area are evaluated. Further, it is noted that during 2016, there were no low- or moderate-income census tracts within the assessment area. Also, in 2017, there were no low-income census tracts within the assessment area.

Home Mortgage Loans

Overall, First Bank of Coastal Georgia's geographic distribution of home mortgage loans reflects an excellent dispersion throughout the assessment area. During 2017, the bank originated 10 home mortgage loans to borrowers in a single moderate-income census tract. This level of lending (31.3 percent) far exceeds aggregate lending data at 10.6 percent and demographic data at 15.4 percent. The following table reflects the geographic dispersion of the bank's home mortgage lending in the assessment area.

Geographic Distribution of Home Mortgage Loans						
Tract Income Level	**% of Owner-Occupied Housing Units**	**Aggregate Performance % of #**	**#**	**%**	**$(000s)**	**%**
Moderate						
2017	15.4	10.6	10	31.3	416	20.0
Middle						
2016	43.5	27.9	16	80.0	1,063	75.5
2017	34.6	21.1	18	56.3	968	46.6
Upper						
2016	56.5	72.1	4	20.0	345	24.5
2017	50.0	68.3	4	12.5	692	33.3
Totals						
2016	**100.0**	**100.0**	**20**	**100.0**	**1,408**	**100.0**
2017	**100.0**	**100.0**	**32**	**100.0**	**2,076**	**100.0**
Source: 2015 ACS Data; 2016, 2017 HMDA Reported Data; 2016-2017 HMDA Aggregate Data. Due to rounding, totals may not equal 100.0						

Small Business Loans

First Bank of Coastal Georgia's geographic distribution of small business loans reflects marginally reasonable dispersion throughout the assessment area. In 2017, the bank originated 10.0 percent of small business lending in a single moderate-income census tract, compared to 11.6 percent of businesses operating in this census tract. However, in 2018, the bank did not originate any loans in the single moderate-income census tract. The following table illustrates the geographic dispersion of small business loans within the assessment area.

Geographic Distribution of Small Business Loans					
Tract Income Level	**% of Businesses**	**#**	**%**	**$(000s)**	**%**
Moderate					
2017	11.6	1	10.0	5	0.4
2018	11.3	0	0.0	0	0.0
Middle					
2017	37.5	5	50.0	211	18.3
2018	37.7	5	71.4	1,472	77.0
Upper					
2017	50.9	4	40.0	938	81.3
2018	51.0	2	28.6	439	23.0
Totals					
2017	**100.0**	**10**	**100.0**	**1,154**	**100.0**
2018	**100.0**	**7**	**100.0**	**1,911**	**100.0**
Source: 2017and 2018 D&B Data and 2017 and 2018 Bank Data					

Borrower Profile

First Bank of Coastal Georgia's distribution of borrowers reflects a reasonable penetration of loans to individuals of different income levels and to businesses of different sizes. The bank's excellent performance relative to home mortgage and reasonable performance relative to small business lending supports this conclusion.

Home Mortgage Loans

First Bank of Coastal Georgia's distribution of home mortgage loans to individuals of different income levels, including low- and moderate-income borrowers, reflects excellent penetration within the assessment area.

During 2016, the bank originated 30.0 percent of home mortgage lending to low-income borrowers, which far exceeded aggregate lending performance at 1.7 percent and demographics at 16.0 percent. Similarly, during the same year, the bank originated 20.0 percent of home mortgage lending to moderate-income borrowers, which far exceeded aggregate lending performance at 7.0 percent and demographics at 12.9 percent. During 2017, the bank originated 31.3 percent of home mortgage lending to low-income borrowers, surpassing aggregate performance at 2.8 percent and demographics at 16.8 percent. The bank's home mortgage lending performance to moderate-income borrowers, at 12.5 percent, is above aggregate lending performance at 8.7 percent, but was below demographic data at 16.1 percent.

Distribution of Home Mortgage Loans by Borrower Income Level						
Borrower Income Level	**% of Families**	**Aggregate Performance % of #**	**#**	**%**	**$(000s)**	**%**
Low						
2016	16.0	1.7	6	30.0	181	12.9
2017	16.8	2.8	10	31.3	346	16.7
Moderate						
2016	12.9	7.0	3	15.0	138	9.8
2017	16.1	8.7	4	12.5	134	6.5
Middle						
2016	17.9	19.6	2	10.0	269	19.1
2017	20.1	21.3	9	28.1	692	33.3
Upper						
2016	53.1	41.8	8	40.0	786	55.8
2017	47.0	42.8	9	28.1	904	43.5
Income Not Available						
2016	0.0	29.8	1	5.0	34	2.4
2017	0.0	24.3	0	0.0	0	0.0
Total						
2016	**100.0**	**100.0**	**20**	**100.0**	**1,408**	**100.0**
2017	**100.0**	**100.0**	**32**	**100.0**	**2,076**	**100.0**

Source: 2010 U.S. Census & 2015 ACS Data; 2016 and 2017HMDA Reported Data; 2016-2017 HMDA Aggregate Data. Due to rounding, totals may not equal 100.0 percent

Small Business Loans

The distribution of the small business loans reflects a reasonable penetration of loans to businesses with GARs of $1 million or less given its volume. In 2017, the bank originated 70.0 percent of the small business loans to businesses with GARs of $1 million or less. In 2018, the bank's lending performance increased, originating 85.7 percent of the small business loans to businesses with GARs of $1 million or less. Overall, this performance is below, but comparable to, the percentage of businesses in 2017 and 2018 at 88.0 percent and 87.7 percent, respectively. It should be noted that in 2017 and 2018, 8.2 percent and 8.6 percent, respectively, of businesses did not report revenue.

Distribution of Small Business Loans by Gross Annual Revenue Category					
Gross Revenue Level	**% of Businesses**	**#**	**%**	**$(000s)**	**%**
≤ $1,000,000					
2017	88.0	7	70.0	1,024	88.7
2018	87.7	6	85.7	961	50.3
> $1,000,000					
2017	3.8	3	30.0	130	11.3
2018	3.7	1	14.3	950	49.7
Revenue Not Available					
2017	8.2	-	-	-	-
2018	8.6	-	-	-	-
Total					
2017	**100.0**	**10**	**100.0**	**1,154**	**100.0**
2018	**100.0**	**7**	**100.0**	**1,911**	**100.0**
Source: 2017 and 2018 D&B Data and 2017 and 2018 Bank Records					

Response to Complaints

The institution did not receive any CRA-related complaints since the previous evaluation; therefore, this criterion did not affect the Lending Test rating.

DISCRIMINATORY OR OTHER ILLEGAL CREDIT PRACTICES REVIEW

Examiners did not identify any evidence of discriminatory or other illegal credit practices; therefore, this consideration did not affect the institution's overall CRA rating.

GLOSSARY

iAggregate Lending: The number of loans originated and purchased by all reporting lenders in specified income categories as a percentage of the aggregate number of loans originated and purchased by all reporting lenders in the metropolitan area/assessment area.

Area Median Income: The median family income for the MSA, if a person or geography is located in an MSA; or the statewide nonmetropolitan median family income, if a person or geography is located outside an MSA.

Assessment Area: A geographic area delineated by the bank under the requirements of the Community Reinvestment Act.

Census Tract: A small, relatively permanent statistical subdivision of a county or equivalent entity. The primary purpose of census tracts is to provide a stable set of geographic units for the presentation of statistical data. Census tracts generally have a population size between 1,200 and 8,000 people, with an optimum size of 4,000 people. Census tract boundaries generally follow visible and identifiable features, but they may follow nonvisible legal boundaries in some instances. State and county boundaries always are census tract boundaries.

Combined Statistical Area (CSA): A combination of several adjacent metropolitan statistical areas or micropolitan statistical areas or a mix of the two, which are linked by economic ties.

Community Development: For loans, investments, and services to qualify as community development activities, their primary purpose must:

(1) Support affordable housing for low- and moderate-income individuals;
(2) Target community services toward low- and moderate-income individuals;
(3) Promote economic development by financing small businesses or farms;
(4) Provide activities that revitalize or stabilize low- and moderate-income geographies, designated disaster areas, or distressed or underserved nonmetropolitan middle-income geographies; or
(5) Enable or facilitate projects or activities that address needs regarding foreclosed or abandoned residential properties in designated target areas.

Community Development Corporation (CDC): A CDC allows banks and holding companies to make equity type of investments in community development projects. Bank CDCs can develop innovative debt instruments or provide near-equity investments tailored to the development needs of the community. Bank CDCs are also tailored to their financial and marketing needs. A CDC may purchase, own, rehabilitate, construct, manage, and sell real property. Also, it may make equity or debt investments in development projects and in local businesses. The CDC activities are expected to directly benefit low- and moderate-income groups, and the investment dollars should not represent an undue risk on the banking organization.

Community Development Financial Institutions (CDFIs): CDFIs are private intermediaries (either for profit or nonprofit) with community development as their primary mission. A CDFI facilitates the flow of lending and investment capital into distressed communities and to individuals who have been unable to take advantage of the services offered by traditional financial institutions. Some basic types of CDFIs include community development banks, community development loan funds, community development credit unions, micro enterprise funds, and community development venture capital funds.

A certified CDFI must meet eligibility requirements. These requirements include the following:

- Having a primary mission of promoting community development;
- Serving an investment area or target population;
- Providing development services;
- Maintaining accountability to residents of its investment area or targeted population through representation on its governing board of directors, or by other means;
- Not constituting an agency or instrumentality of the United States, of any state or political subdivision of a state.

Community Development Loan: A loan that

(1) Has as its primary purpose community development; and
(2) Except in the case of a wholesale or limited purpose bank:
   (i) Has not been reported or collected by the bank or an affiliate for consideration in the bank's assessment area as a home mortgage, small business, small farm, or consumer loan, unless it is a multifamily dwelling loan (as described in Appendix A to Part 203 of this title); and
   (ii) Benefits the bank's assessment area(s) or a broader statewide or regional area including the bank's assessment area(s).

Community Development Service: A service that

(1) Has as its primary purpose community development;
(2) Is related to the provision of financial services; and
(3) Has not been considered in the evaluation of the bank's retail banking services under § 345.24(d).

Consumer Loan(s): A loan(s) to one or more individuals for household, family, or other personal expenditures. A consumer loan does not include a home mortgage, small business, or small farm loan. This definition includes the following categories: motor vehicle loans, credit card loans, home equity loans, other secured consumer loans, and other unsecured consumer loans.

Core Based Statistical Area (CBSA): The county or counties or equivalent entities associated with at least one core (urbanized area or urban cluster) of at least 10,000 population, plus adjacent counties having a high degree of social and economic integration with the core as measured through commuting ties with the counties associated with the core. Metropolitan and Micropolitan Statistical Areas are the two categories of CBSAs.

Distressed Middle-Income Nonmetropolitan Geographies: A nonmetropolitan middle-income geography will be designated as distressed if it is in a county that meets one or more of the following triggers:

(1) An unemployment rate of at least 1.5 times the national average;
(2) A poverty rate of 20 percent or more; or
(3) A population loss of 10 percent or more between the previous and most recent decennial census or a net migration loss of 5 percent or more over the 5-year period preceding the most recent census.

Family: Includes a householder and one or more other persons living in the same household who are related to the householder by birth, marriage, or adoption. The number of family households always equals the number of families; however, a family household may also include non-relatives living with the family. Families are classified by type as either a married-couple family or other family. Other family is further classified into "male householder" (a family with a male householder and no wife present) or "female householder" (a family with a female householder and no husband present).

Family Income: Includes the income of all members of a family that are age 15 and older.

FFIEC-Estimated Income Data: The Federal Financial Institutions Examination Council (FFIEC) issues annual estimates which update median family income from the metropolitan and nonmetropolitan areas. The FFIEC uses American Community Survey data and factors in information from other sources to arrive at an annual estimate that more closely reflects current economic conditions.

Full-Scope Review: A full-scope review is accomplished when examiners complete all applicable interagency examination procedures for an assessment area. Performance under applicable tests is analyzed considering performance context, quantitative factors (for example, geographic distribution, borrower profile, and total number and dollar amount of investments), and qualitative factors (for example, innovativeness, complexity, and responsiveness).

Geography: A census tract delineated by the United States Bureau of the Census in the most recent decennial census.

Home Mortgage Disclosure Act (HMDA): The statute that requires certain mortgage lenders that do business or have banking offices in a metropolitan statistical area to file annual summary reports of their mortgage lending activity. The reports include such data as the race, gender, and the income of applicants; the amount of loan requested; and the disposition of the application (approved, denied, and withdrawn).

Home Mortgage Disclosure Loan Application Register (HMDA LAR): The HMDA LARs record all applications received for residential purchase, refinance, home improvement, and temporary-to-permanent construction loans.

Home Mortgage Loans: Includes home purchase and home improvement loans as defined in the HMDA regulation. This definition also includes multi-family (five or more families) dwelling loans, loans to purchase manufactured homes, and refinancings of home improvement and home purchase loans.

Household: Includes all persons occupying a housing unit. Persons not living in households are classified as living in group quarters. In 100 percent tabulations, the count of households always equals the count of occupied housing units.

Household Income: Includes the income of the householder and all other persons that are age 15 and older in the household, whether related to the householder or not. Because many households are only one person, median household income is usually less than median family income.

Housing Unit: Includes a house, an apartment, a mobile home, a group of rooms, or a single room that is occupied as separate living quarters.

Limited-Scope Review: A limited scope review is accomplished when examiners do not complete all applicable interagency examination procedures for an assessment area. Performance under applicable tests is often analyzed using only quantitative factors (for example, geographic distribution, borrower profile, total number and dollar amount of investments, and branch distribution).

Low-Income: Individual income that is less than 50 percent of the area median income, or a median family income that is less than 50 percent in the case of a geography.

Low Income Housing Tax Credit: The Low-Income Housing Tax Credit Program is a housing program contained within the Internal Revenue Code of 1986, as amended. It is administered by the U.S. Department of the Treasury and the Internal Revenue Service. The U.S. Treasury Department distributes low-income housing tax credits to housing credit agencies through the Internal Revenue Service. The housing agencies allocate tax credits on a competitive basis.

Developers who acquire, rehabilitate, or construct low-income rental housing may keep their tax credits. Or, they may sell them to corporations or investor groups, who, as owners of these properties, will be able to reduce their own federal tax payments. The credit can be claimed annually for ten consecutive years. For a project to be eligible, the developer must set aside a specific percentage of units for occupancy by low-income residents. The set-aside requirement remains throughout the compliance period, usually 30 years.

Market Share: The number of loans originated and purchased by the institution as a percentage of the aggregate number of loans originated and purchased by all reporting lenders in the metropolitan area/assessment area.

Median Income: The median income divides the income distribution into two equal parts, one having incomes above the median and other having incomes below the median.

Metropolitan Division (MD): A county or group of counties within a CBSA that contain(s) an urbanized area with a population of at least 2.5 million. A MD is one or more main/secondary counties representing an employment center or centers, plus adjacent counties associated with the main/secondary county or counties through commuting ties.

Metropolitan Statistical Area (MSA): CBSA associated with at least one urbanized area having a population of at least 50,000. The MSA comprises the central county or counties or equivalent entities containing the core, plus adjacent outlying counties having a high degree of social and economic integration with the central county or counties as measured through commuting.

Micropolitan Statistical Area: CBSA associated with at least one urbanized area having a population of at least 10,000, but less than 50,000.

Middle-Income: Individual income that is at least 80 percent and less than 120 percent of the area median income, or a median family income that is at least 80 and less than 120 percent in the case of a geography.

Moderate-Income: Individual income that is at least 50 percent and less than 80 percent of the area median income, or a median family income that is at least 50 and less than 80 percent in the case of a geography.

Multi-family: Refers to a residential structure that contains five or more units.

Nonmetropolitan Area: All areas outside of metropolitan areas. The definition of nonmetropolitan area is not consistent with the definition of rural areas. Urban and rural classifications cut across the other hierarchies. For example, there is generally urban and rural territory within metropolitan and nonmetropolitan areas.

Owner-Occupied Units: Includes units occupied by the owner or co-owner, even if the unit has not been fully paid for or is mortgaged.

Qualified Investment: A lawful investment, deposit, membership share, or grant that has as its primary purpose community development.

Rated Area: A rated area is a state or multistate metropolitan area. For an institution with domestic branches in only one state, the institution's CRA rating would be the state rating. If an institution maintains domestic branches in more than one state, the institution will receive a rating for each state in which those branches are located. If an institution maintains domestic branches in two or more states within a multistate metropolitan area, the institution will receive a rating for the multistate metropolitan area.

Rural Area: Territories, populations, and housing units that are not classified as urban.

Small Business Investment Company (SBIC): SBICs are privately-owned investment companies which are licensed and regulated by the Small Business Administration (SBA). SBICs provide long-term loans and/or venture capital to small firms. Because money for venture or risk investments is difficult for small firms to obtain, SBA provides assistance to SBICs to stimulate and supplement the flow of private equity and long-term loan funds to small companies. Venture capitalists participate in the SBIC program to supplement their own private capital with funds borrowed at favorable rates through SBA's guarantee of SBIC debentures. These SBIC debentures are then sold to private investors. An SBIC's success is linked to the growth and profitability of the companies that it finances. Therefore, some SBICs primarily assist businesses with significant growth potential, such as new firms in innovative industries. SBICs finance small firms by providing straight loans and/or equity-type investments. This kind of financing gives them partial ownership of those businesses and the possibility of sharing in the companies' profits as they grow and prosper.

Small Business Loan: A loan included in "loans to small businesses" as defined in the Consolidated Report of Condition and Income (Call Report). These loans have original amounts of $1 million or less and are either secured by nonfarm nonresidential properties or are classified as commercial and industrial loans.

Small Farm Loan: A loan included in "loans to small farms" as defined in the instructions for preparation of the Consolidated Report of Condition and Income (Call Report). These loans have original amounts of $500,000 or less and are either secured by farmland, including farm residential and other improvements, or are classified as loans to finance agricultural production and other loans to farmers.

Underserved Middle-Income Nonmetropolitan Geographies: A nonmetropolitan middle-income geography will be designated as underserved if it meets criteria for population size, density, and dispersion indicating the area's population is sufficiently small, thin, and distant from a population center that the tract is likely to have difficulty financing the fixed costs of meeting essential community needs.

Upper-Income: Individual income that is 120 percent or more of the area median income, or a median family income that is 120 percent or more in the case of a geography.

Urban Area: All territories, populations, and housing units in urbanized areas and in places of 2,500 or more persons outside urbanized areas. More specifically, "urban" consists of territory, persons, and housing units in places of 2,500 or more persons incorporated as cities, villages, boroughs (except in Alaska and New York), and towns (except in the New England states, New York, and Wisconsin).

"Urban" excludes the rural portions of "extended cities"; census designated place of 2,500 or more persons; and other territory, incorporated or unincorporated, including in urbanized areas.