

PUBLIC DISCLOSURE

April 5, 2022

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

First State Bank of Randolph County
Certificate Number: 2157

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Cuthbert, GA 39840

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

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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.

TABLE OF CONTENTS

INSTITUTION RATING	1
DESCRIPTION OF INSTITUTION	2
DESCRIPTION OF ASSESSMENT AREA.....	3
SCOPE OF EVALUATION.....	6
CONCLUSIONS ON PERFORMANCE CRITERIA.....	7
DISCRIMINATORY OR OTHER ILLEGAL CREDIT PRACTICES REVIEW.....	9
APPENDICES	10
SMALL BANK PERFORMANCE CRITERIA	10
GLOSSARY	11

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.

The Lending Test is rated Satisfactory.

- The loan-to-deposit ratio is reasonable given the institution's size, financial condition, and assessment area's credit needs.
- The bank made a majority of the loans reviewed within the assessment area.
- The bank's geographic distribution of loans reflects a reasonable dispersion of small business loans and an excellent distribution of small farm loans throughout the assessment area. Overall, the bank's performance is reasonable.
- The bank's distribution of borrowers reflects a reasonable penetration of loans to businesses of different sizes and an excellent penetration of loans to small farms. Overall, the bank's performance is reasonable.
- The bank has not received any Community Reinvestment Act related complaints since the previous evaluation. Therefore, this factor did not affect the Lending Test rating.

DESCRIPTION OF INSTITUTION

First State Bank of Randolph County (FSBRC) is headquartered in Cuthbert, Georgia (GA), and operates without a holding company. The main office is located in Cuthbert, GA and the only branch office is in Shellman, GA. The main office is in a moderate-income census tract, and the one branch office is located in a middle-income census tract. The bank does not have any subsidiaries or affiliates, nor has it engaged in any merger or acquisition activity or opened or closed any offices since the previous examination.

FSBRC received a "Satisfactory" rating at the previous CRA performance dated April 4, 2016, which was based on Small Bank Examination Procedures.

FSBRC's primary lending strategy is commercial and agricultural lending, which has not changed since the previous evaluation. The bank offers various commercial, consumer, and agriculture loans. However, the bank does not originate consumer purpose real estate loans. The bank provides various deposit products, including consumer checking, savings, certificates of deposit, and individual retirement accounts. It also offers commercial products including business checking, savings, and certificates of deposit accounts. Alternative services include telephone banking and deposit taking automated teller machines. Other services include safe deposit boxes, night depository, notary, cashier checks, bounce protection, and direct deposit.

As of the December 31, 2021, Consolidated Reports of Condition and Income (Call Report), FSBRC had total assets of \$98,935, total loans of \$28,648, and total deposits of \$91,709. Since the last evaluation, total assets increased significantly, deposits increased in dollar amount, and commercial and consumer loans remained relatively constant. According to the Uniform Bank Performance Report (UBPR), the main increase in total assets was due to growth in the investment portfolio.

Loan Portfolio Distribution as of 12/31/2021		
Loan Category	\$(000s)	%
Construction, Land Development, and Other Land Loans	21	0.0
Secured by Farmland	6,889	24.0
Secured by 1-4 Family Residential Properties	3,453	12.1
Secured by Multifamily (5 or more) Residential Properties	138	0.5
Secured by Nonfarm Nonresidential Properties	6,358	22.2
Total Real Estate Loans	16,859	58.9
Commercial and Industrial Loans	6,784	23.7
Agricultural Production and Other Loans to Farmers	2,293	8.0
Consumer Loans	2,688	9.4
Obligations of State and Political Subdivisions in the U.S.	0	0.0
Other Loans	24	0.0
Lease Financing Receivable (net of unearned income)	0	0.0
Less: Unearned Income	0	0.0
Total Loans	28,648	100.0
<i>Source: Reports of Condition and Income</i>		

Examiners did not identify any financial or legal impediments that would affect the bank's ability to meet the credit needs of its assessment areas.

DESCRIPTION OF ASSESSMENT AREA

The bank's CRA assessment area consists of Randolph County, GA, in its entirety. Randolph County consists of two census tracts and is located in southwestern GA. FSBRC defined its assessment area consistent with the technical requirements of the CRA regulation and does not arbitrarily exclude low- or moderate-income census tracts. The bank's assessment area includes whole geographies and consists of areas that it would reasonably be expected to serve.

Economic and Demographic Data

As previously addressed, the assessment area consists of only two census tracts. The census tracts reflect the following income designations according to the 2015 American Community Survey Census data:

- 1 moderate-income, and
- 1 middle-income census tracts,

The following table illustrates the demographic characteristics of the assessment area.

Demographic Information of the Assessment Area Assessment Area: Randolph County GA						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	2	0.0	50.0	50.0	0.0	0.0
Population by Geography	7,315	0.0	75.7	24.3	0.0	0.0
Housing Units by Geography	3,667	0.0	74.7	25.3	0.0	0.0
Owner-Occupied Units by Geography	1,703	0.0	69.6	30.4	0.0	0.0
Occupied Rental Units by Geography	1,091	0.0	87.4	12.6	0.0	0.0
Vacant Units by Geography	873	0.0	68.7	31.3	0.0	0.0
Businesses by Geography	511	0.0	78.3	21.7	0.0	0.0
Farms by Geography	67	0.0	43.3	56.7	0.0	0.0
Family Distribution by Income Level	1,871	33.2	18.7	19.0	29.1	0.0
Household Distribution by Income Level	2,794	35.4	15.0	15.6	34.0	0.0
Median Family Income Non-MSAs - GA		\$45,886	Median Housing Value Median Gross Rent Families Below Poverty Level			\$66,983 \$576 25.1%
Source: 2015 ACS and 2021 D&B Data, Due to rounding, totals may not equal 100.0%, (*) The NA category consists of geographies that have not been assigned an income classification.						

Demographics show that within the assessment area a substantial majority of the businesses are located within the moderate-income census tract (78.3 percent) and over half of the farms are located in the middle-income census tract (56.7 percent). There are 511 businesses and 67 farms operating within the assessment area.

According to the 2021 D&B data, there were 511 non-farm businesses operating within the assessment area. Gross annual revenues for these businesses are:

- 82.2 percent have \$1 million or less,
- 3.7 percent have more than \$1 million, and
- 14.1 percent have unknown revenues.

According to the 2021 D&B data, there were 67 farms operating within the assessment area. Gross annual revenues for these businesses are:

- 94.0 percent have \$1 million or less,
- 3.0 percent have more than \$1 million, and
- 3.0 percent have unknown revenues.

The unemployment rate for Randolph County during 2021 was 4.4 percent, which was less than the national average, but slightly higher than the state. This is an improvement from the previous two years when the county's rate was higher overall during that time period. The following table details the unemployment rates.

Annual Unemployment Rates			
Area	2021	2020	2019
	%	%	%
Randolph County	4.4	5.9	4.9
State of Georgia	3.9	6.5	3.6
National Average	5.4	8.1	3.7
Source: Bureau of Labor Statistics			

The bank's major employers include Randolph County Schools, Georgia Power, Piggly Wiggly, Dollar General, Huddle House, and Helena Chemical.

Competition

The assessment area is moderately competitive for financial services. According to the *FDIC's Deposit Market Share Report*, there are two financial institutions operating three branches within the assessment area; FSBRC operates two branches and Regions Bank operates one branch. FSBRC holds 66.7 percent of the deposit market share and Regions Bank holds the remaining 33.3 percent of the deposit market share.

The bank is not required to collect or report small business and small farm loan data, and has not elected to do so. Therefore, the analysis of small business loans under the Lending Test does not include comparisons against aggregate data. However, with regard to competition for small business and small farm loans, aggregate data for 2020 indicates lenders reported 73 small business and seven small farm loan originations in the assessment area, demonstrating a moderate level of demand for these products. Peer small business and small farm data was not yet available for 2021.

Community Contact

As part of the CRA evaluation process, examiners typically contact third parties in a bank's assessment area or use recently conducted community contacts to gain additional insight regarding economic conditions and to assist in identifying the credit and community development needs. This information helps determine whether local financial institutions are responsive to these needs and helps identify what opportunities are available.

Examiners conducted a community contact with an organization serving Randolph County, GA. The contact stated the pandemic has adversely affected the town of Cuthbert, GA. The county has experienced slow growth due to a lack of infrastructure, and the only hospital in county was recently closed. The contact further indicated many citizens in the community have attempted to obtain federal aid to get through the economic downturn, with many not receiving any financial help. Despite the aforementioned, the contact indicated that local banks have been responsive to community credit needs, as citizens of the community have turned to local banks for financial help.

Credit and Opportunity Needs

Considering information from demographic and economic data and the community contact, examiners determined that small business and small farm loans represent a primary credit need within the assessment area. The relatively high percentage of small businesses and small farms in the assessment area support this assessment. Additionally, when considering the percentage of low- and moderate-income families, families living below poverty levels, and the median family housing value, home mortgages represent another need for this assessment area. Further, there is a need for financial assistance given the adverse impacts of the pandemic.

SCOPE OF EVALUATION

General Information

This evaluation covers the period from the prior evaluation dated April 4, 2016, to the current evaluation dated March 31, 2022. As previously addressed, examiners used the Interagency Small Institution Examination Procedures to evaluate FSBRC's CRA performance. These procedures include the Small Bank Lending Test, as described in the Appendices.

The assessment area was reviewed using full-scope procedures given that the bank only maintains one assessment area. As previously addressed, the bank does not have any affiliates. Therefore, no affiliate activity was reviewed during this evaluation.

Activities Reviewed

Examiners determined that the bank's major loan products as of the December 31, 2021 Call Report and loan trial are business loans (which include loans secured by non-farm/non-residential properties and commercial and industrial loans) and farm loans (which include agricultural production and other loans to farmers). Business loans represent the largest loan category making up 45.9 percent of total loans followed by farm loans at 32.0 percent of total loans. Residential real estate loans represent 12.1 percent and consumer loans represent 9.4 percent. Residential real estate loans were not reviewed during this evaluation because many of the loans are to accommodate commercial customers. In addition, this category does not include new loan originations, but reflects loans previously made that the bank continues to service. The bank ceased making consumer residential loans in 2019 mainly due to a lack of loan demand. Consumer loans were not reviewed during this evaluation because they did not represent a significant volume of the loan portfolio.

For this evaluation, more weight was given to the bank's small business lending, as these loans account for a significant portion of the bank's lending activities. The bank originated 87 and 37 small business and small farm loans totaling \$4.9 million and \$2.3 million, respectively, from January 1, 2021 through December 31, 2021. The bank originated 68 of the small business loans totaling \$4.0 million inside the assessment area. For small farm loans, the bank originated 28 loans totaling \$1.4 million inside the assessment area. All small business and small farm loans were analyzed to evaluate the bank's lending performance.

Additionally, while this evaluation presents both the number and dollar volume of loans, the analyses focused on the number of loans originated rather than dollar volume since loans extended to small business entities and low- and moderate-income borrowers are generally for smaller dollar amounts. It also is a better indicator of the number of businesses and individuals served.

CONCLUSIONS ON PERFORMANCE CRITERIA

LENDING TEST

The bank has demonstrated an overall satisfactory lending performance under the Lending Test. This is supported by a reasonable geographic distribution and borrower profile performance. In addition, the bank has not received any CRA-related complaints since the previous evaluation.

Loan-to-Deposit Ratio

FSBRC's average net-loan-to-deposit ratio (NLTD) is considered generally reasonable given the institution's size, financial condition, and assessment area's credit needs. The bank's NLTD, calculated from Call Report data, has fluctuated over the past 23 calendar quarters since the last CRA evaluation from June 30, 2016 to December 31, 2021, and has averaged 49.7 percent. During this time period, the ratio has ranged from a low 38.1 percent on December 31, 2021, to a high of 56.6 percent on September 30, 2020.

The bank's average NLTD is typically compared to similarly-situated institutions that operate in similar areas with comparable asset size and loan portfolio composition. However, the examiners could not identify any similarly-situated institution that's comparable to the bank in terms of asset size, age, products offered, and/or office locations. Therefore, FSBRC's average NLTD was compared to the Uniform Bank Performance Report (UBPR). The UBPR's Peer Group included insured commercial banks with total assets between \$100 million and \$300 million, with two or fewer full service banking offices and not located in a metropolitan statistical area. The bank's average NLTD of 49.7 percent was less than the UBPR's Peer Group average of 66.24 percent.

Assessment Area Concentration

FSBRC originated a majority of the loans reviewed, by both number and dollar volume, within the assessment area. Refer to the following table for details related to the assessment area concentration.

Lending Inside and Outside of the Assessment Area										
Loan Category	Number of Loans				Total	Dollar Amount of Loans \$(000s)				Total
	Inside		Outside			Inside		Outside		
	#	%	#	%		\$	%	\$	%	
Small Business	68	78.2	19	21.8	87	4,031	82.4	862	17.6	4,893
Small Farm	28	75.7	9	24.3	37	1,382	60.0	922	40.0	2,304
Source: Bank Data, Due to rounding, totals may not equal 100.0%.										

Geographic Distribution

The geographic distribution of small business loans reflects reasonable dispersion throughout the assessment area. The bank's small business and small farm lending performance supports this conclusion.

Small Business Loans

The geographic distribution of small business loans reflects reasonable dispersion inside the assessment area. Lending in the moderate-income census tract was below demographic data, but considered acceptable performance.

Geographic Distribution of Small Business Loans Assessment Area: Randolph County GA					
Tract Income Level	% of Businesses	#	%	\$(000s)	%
Moderate	78.3	47	69.1	2,495	61.9
Middle	21.7	21	30.9	1,536	38.1
Totals	100.0	68	100.0	4,031	100.0
Source: 2021 D&B Data; Bank Data, Due to rounding, totals may not equal 100.0%.					

Small Farm Loans

The geographic distribution of small farm loans reflects an excellent dispersion inside the assessment area. Lending in the moderate-income census tract significantly exceeded, by both number and dollar volume, demographic data. Refer to the following table for details.

Geographic Distribution of Small Farm Loans Assessment Area: Randolph County GA					
Tract Income Level	% of Farms	#	%	\$(000s)	%
Moderate	43.3	21	75.0	1,044	75.5
Middle	56.7	7	25.0	338	24.5
Totals	100.0	28	100.0	1,382	100.0
Source: 2021 D&B Data; Bank Data, Due to rounding, totals may not equal 100.0%.					

Borrower Profile

The distribution of loans reflects an overall reasonable penetration among businesses of different sizes and borrowers of different income levels.

Small Business Loans

The distribution of small business loans reflects reasonable penetration among businesses of different sizes inside the assessment area. Lending to businesses with gross annual revenues of \$1.0 million or less was in line with demographic data. Refer to the following table for details.

Distribution of Small Business Loans by Gross Annual Revenue Category Assessment Area: Randolph County GA					
Gross Revenue Level	% of Businesses	#	%	\$(000s)	%
<=\$1,000,000	82.2	56	82.4	1,787	44.3
>\$1,000,000	3.7	11	16.2	2,229	55.3
Revenue Not Available	14.1	1	1.5	15	0.4
Total	100.0	68	100.0	4,031	100.0

Source: 2021 D&B Data, Bank Data., Due to rounding, totals may not equal 100.0%.

Small Farm Loans

The distribution of small farm loans reflects an excellent penetration among farms of different sizes inside the assessment area. Refer to the following table for details.

Distribution of Small Farm Loans by Gross Annual Revenue Category Assessment Area: Randolph County GA					
Gross Revenue Level	% of Farms	#	%	\$(000s)	%
<=\$1,000,000	94.0	25	89.3	1,109	80.2
>\$1,000,000	3.0	2	7.1	144	10.4
Revenue Not Available	3.0	1	3.6	129	9.3
Total	100.0	28	100.0	1,382	100.0

Source: 2021 D&B Data, Bank Data, Due to rounding, totals may not equal 100.0%

Response to Complaints

There have been no CRA-related complaints since the previous performance evaluation. Therefore, this criterion was not used in the evaluation process.

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.

APPENDICES

SMALL BANK PERFORMANCE CRITERIA

Lending Test

The Lending Test evaluates the bank's record of helping to meet the credit needs of its assessment area(s) by considering the following criteria:

- 1) The bank's loan-to-deposit ratio, adjusted for seasonal variation, and, as appropriate, other lending-related activities, such as loan originations for sale to the secondary markets, community development loans, or qualified investments;
- 2) The percentage of loans, and as appropriate, other lending-related activities located in the bank's assessment area(s);
- 3) The geographic distribution of the bank's loans;
- 4) The bank's record of lending to and, as appropriate, engaging in other lending-related activities for borrowers of different income levels and businesses and farms of different sizes; and
- 5) The bank's record of taking action, if warranted, in response to written complaints about its performance in helping to meet credit needs in its assessment area(s).

GLOSSARY

Aggregate 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.

American Community Survey (ACS): A nationwide United States Census survey that produces demographic, social, housing, and economic estimates in the form of five year estimates based on population thresholds.

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.

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.

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).

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 (e.g., geographic distribution, borrower profile, and total number and dollar amount of investments), and qualitative factors (e.g., 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 Loans: Includes closed-end mortgage loans or open-end line of credits as defined in the HMDA regulation that are not an excluded transaction per the HMDA regulation.

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 (e.g., 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.

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.

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 (also known as non-MSA): 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.

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 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.

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.