

# SECURITIES AND EXCHANGE COMMISSION

## FORM 10QSB

Optional form for quarterly and transition reports of small business issuers under section 13 or 15(d)

Filing Date: **1995-05-10** | Period of Report: **1995-03-31**  
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### FILER

#### FIRST GEORGIA HOLDING INC

CIK: **826491** | IRS No.: **581781773** | State of Incorpor.: **GA** | Fiscal Year End: **0930**  
Type: **10QSB** | Act: **34** | File No.: **000-16657** | Film No.: **95536032**  
SIC: **6022** State commercial banks

Mailing Address  
1703 GLOUCESTER  
BRUNSWICK GA 31520

Business Address  
1703 GLOUCESTER ST  
BRUNSWICK GA 31521  
9122677283

FORM 10-QSB

U. S. Securities and Exchange Commission  
Washington, D.C. 20549

(Mark One)

QUARTERLY REPORT UNDER SECTION 13 OR 15(d) OF THE SECURITIES  
EXCHANGE ACT OF 1934.

For the quarterly period ended March 31, 1995

TRANSITION REPORT UNDER SECTION 13 OR 15(d) OF THE SECURITIES  
EXCHANGE ACT OF 1943.

For the transition period from \_\_\_\_\_ to \_\_\_\_\_

Commission file number 0-16657

FIRST GEORGIA HOLDING, INC.

GEORGIA  
(State or other jurisdiction  
or incorporation or organization)

58-1781773  
(I.R.S. Employer  
Identification Number)

1703 GLOUCESTER STREET  
BRUNSWICK GEORGIA 31521  
(912) 267-7283  
(Issuer's telephone number)

Check whether the issuer (1) has filed all reports required to be filed by  
section 13 or 15(d) of the Securities Exchange Act of 1934 during the  
preceding 12 months (or for such shorter period that the registrant was  
required to file such reports), and (2) has been subject to such filing  
requirements for the past 90 days. Yes X No \_\_\_\_\_

Number of shares of Common Stock outstanding as of March 31, 1995.

1,326,641

PART I  
FINANCIAL INFORMATION

The consolidated financial statements of First Georgia Holding, Inc. filed as  
a part of this report are as follows:

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<TABLE>  
FIRST GEORGIA HOLDING COMPANY  
CONSOLIDATED BALANCE SHEETS

(Amounts in thousands)

<CAPTION>

	03/31/95	9/30/94
	-----	-----
<S>	<C>	<C>
Assets:		
Cash	\$ 2,675	3,321
Interest bearing deposits in other banks	3,587	717
Investment securities to be held to maturity	7,193	7,511
Loans receivable, net	117,943	113,579
Real estate acquired in settlement of loans	566	240
Federal Home Loan Bank stock, at cost	1,576	1,576
Premises and equipment, net	3,627	3,796
Accrued interest receivable	872	751
Intangible assets, net	1,609	1,681
Other assets	924	699
	-----	-----
	\$140,571	133,870
	=====	=====

Liabilities and Stockholders' Equity

Liabilities:		
Deposits	\$111,532	103,407
Federal Home Loan Bank advances	16,448	16,748
Advance payments by borrowers for property taxes and insurance	7	82
Other borrowed money	240	1,240
Accrued expenses and other liabilities	1,793	2,465
	-----	-----
	130,084	123,943
Stockholders' Equity		
Common stock, \$1.00 par value. Authorized 15,000,000 shares; issued and outstanding 1,326,641 shares	1,327	1,327
Additional paid-in capital	5,786	5,786
Retained earnings	3,374	2,815
	-----	-----
	10,487	9,927
	-----	-----
	\$140,571	133,870

<FN>

See accompanying notes to consolidated financial statements.

</TABLE>

<TABLE>

FIRST GEORGIA HOLDING COMPANY  
CONSOLIDATED INCOME STATEMENTS

(Amounts in thousands, except per share data)

<CAPTION>

	Three Months Ended		Six Months Ended	
	03/31/95	03/31/94	03/31/95	03/31/94
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Interest Income:				
Loans	\$2,745	2,352	5,334	4,812
Mortgage-backed securities	10	10	19	20
Investment Securities	108	76	208	150
Other	31	40	47	65
	-----	-----	-----	-----
Total interest income	2,894	2,478	5,608	5,047
	-----	-----	-----	-----
Interest Expense:				
Deposits	1,265	1,125	2,426	2,271
Advances and other borrowings	282	266	560	534
	-----	-----	-----	-----
Total interest expense	1,548	1,391	2,986	2,806
	-----	-----	-----	-----
Net interest income	1,346	1,086	2,623	2,241
Provision for Loan Losses	61	0	61	39
	-----	-----	-----	-----
Net interest income after provision for loan losses	1,285	1,086	2,562	2,202
	-----	-----	-----	-----
Other Income:				
Loan fees	108	121	194	207
Deposit service charges	151	142	309	299
(Loss) gain on sale of foreclosed property	(3)	(21)	(4)	(21)
Other operating income	22	38	42	69
	-----	-----	-----	-----
Total other income	278	280	542	553
	-----	-----	-----	-----
Other Expenses:				
Salaries and employee benefits	469	496	934	982
Net occupancy expense	234	229	470	448
Data processing	6	5	10	9
Amortization of intangibles	36	36	72	72
Other operating expenses	303	319	582	630
	-----	-----	-----	-----
Total other expenses	1,048	1,085	2,067	2,141
	-----	-----	-----	-----
Income before income taxes	515	281	1,036	615
Income taxes	199	110	397	237
	-----	-----	-----	-----
Net Income	\$ 316	172	639	378
	=====	=====	=====	=====

Income per share of common stock	\$ 0.24 =====	0.13 =====	0.48 =====	0.29 =====
Weighted average number of shares outstanding	1,327	1,319	1,327	1,319

<FN>

See accompanying notes to consolidated financial statements.

</TABLE>

<TABLE>

FIRST GEORGIA HOLDING COMPANY  
CONSOLIDATED CASH FLOW STATEMENTS

(Amounts in Thousands)

<CAPTION>

	SIX MONTHS ENDED MARCH 31,	
	1995	1994
	-----	-----
<S>	<C>	<C>
OPERATING ACTIVITIES:		
Net income	\$ 639	388
Adjustments to reconcile net income to net cash provided by operations:		
Provision for loan losses	61	39
Depreciation and amortization	257	299
Increase (Decrease) in income taxes payable	91	(466)
Increase in interest receivable	140	(26)
Increase in interest payable	68	(136)
Increase (decrease) in other assets	225	149
Increase in accrued expenses and other liab.	(740)	566
(Gain)/loss on sale of assets	(4)	(21)
	-----	-----
Net Cash Provided By Operating Activities	737	793
	-----	-----
INVESTING ACTIVITIES:		
Purchase of investment securities	814	200
Principal collected on loan securities	102	70
Loans originated	39,330	16,884
Purchase of premises and equipment	16	39
Proceeds from sale of real estate	142	136
Purchase of FHLB stock	0	39
Proceeds from sale of MBS's	0	0
Proceeds from maturity of investments	1,000	0
	-----	-----
Net Cash Used By Investing Activities	41,403	17,367
	-----	-----
FINANCING ACTIVITIES:		
Net change in deposit accounts	8,125	719
Proceeds from FHLB advances	3,500	500
Repayment of FHLB advances	2,500	0
Net change in borrowings	(1,300)	0
Cash Dividends paid	0	62
Change in escrow	(11)	(38)
	-----	-----
New Cash Provided by Financing Activities	12,893	1,243
	-----	-----
Increase In Cash And Cash Equivalents	(646)	1,069
Cash and Cash equivalents at beginning of year	3,321	894

Cash and cash equivalents at end of	\$	----- 2,675 =====	----- 1,962 =====
-------------------------------------	----	-------------------------	-------------------------

<FN>  
See accompanying notes to consolidated financial statements  
</TABLE>

FIRST GEORGIA HOLDING, INC

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(1) BASIS OF PRESENTATION

In the opinion of management, the accompanying unaudited consolidated financial statements contain all adjustments necessary to present fairly the financial position of First Georgia Holding, Inc. as of March 31, 1995 and September 30, 1994. Also included are the results of its operations for the three months ended March 31, 1995 and 1994 and changes in financial position for the six months ended March 31, 1995 and 1994. The results of operations for the interim periods presented are not necessarily indicative of the results to be expected for the full year.

For further information, refer to the consolidated financial statements and footnotes thereto included in the Bank's Annual Report to Shareholders, incorporated by reference into the Company's Form 10-KSB for the year ended September 30, 1994.

(2) EARNINGS PER SHARE

Earnings per common share were computed using the weighted average number of shares outstanding during the period as shown on the face of the Consolidated Income Statements.

FIRST GEORGIA HOLDING, INC.  
MANAGEMENT'S DISCUSSION AND ANALYSIS OF CONSOLIDATED  
FINANCIAL CONDITION AND RESULTS OF OPERATIONS

LIQUIDITY

First Georgia Bank (the Bank) has traditionally maintained levels of liquidity above levels required by regulatory authorities. As a member of the Federal Home Loan Bank System, the Bank is required to maintain a daily average balance of cash and eligible liquidity investments equal to a monthly average of 5% of withdrawable savings and short-term borrowings. The Bank's liquidity level was 10.47% and 7.34% at March 31, 1995 and September 30, 1994, respectively.

The Bank's operational needs, demand for loan disbursements, and savings withdrawals can be met by loan principal, interest payments received, new deposits, and excess liquid assets. Significant loan demand, deposit withdrawal, increased delinquencies, and increased real estate acquired in settlement of loans (REO) could alter this condition. However, the Bank has sufficient borrowing capacity through Federal Home Loan Bank (FHLB) advances and other short-term borrowings to manage such an occurrence. Management does not foresee any liquidity problems for 1995.

CAPITAL RESOURCES

The following is a reconciliation at December 31 of the Bank's equity capital under generally accepted accounting principles to regulatory capital.

First Georgia Bank	
Stockholder's Equity	10,723,000

Less:		
Intangible Assets		1,609,000
		-----
Tangible Capital		9,114,000
Plus:		
Qualifying intangible assets		1,609,000
		-----
Core Capital		10,723,000
Plus:		
Supplemental Capital		931,000
		-----
Risk-based Capital		11,654,000

Current regulations require institutions to keep minimum regulatory tangible capital equal to 1.5% of adjusted assets, minimum core capital to adjusted assets of 4% (the leverage ratio), and risk-based capital to risk-adjusted assets of 8%. The Office of Thrift Supervision (the OTS) may increase the minimum core capital, or leverage ratio, based on its assessment of the institution's risk management systems and the level of total risk in the individual institution. At March 31, 1995 the Bank met all three capital requirements.

The Bank's regulatory capital and the required minimum amounts, at March 31, 1995 are summarized as follows:

	Bank Capital		Required Minimum Amount	
	%	\$	%	\$
Tangible Capital:	6.56%	9,114,000	1.50%	2,109,000
Core Capital:	7.63%	10,723,000	3.00%	4,217,000
Risk-based:	11.76%	11,654,000	8.00%	7,925,000

	Excess Over Required Minimum Amount	
	%	\$
Tangible Capital:	5.06%	7,005,000
Core Capital:	4.63%	6,506,000
Risk-based:	3.76%	3,729,000

The Federal Deposit Insurance Corporation Improvement Act (FDICIA) required the Federal banking agencies to take "prompt corrective action" in respect to institutions that do not meet minimum capital requirements. Along with the ratios described above, FDICIA also introduced an additional capital measurement, the Tier 1 risk-based capital ratio. The Tier 1 ratio is the ratio of Tier 1 or core capital to total risk-adjusted assets. FDICIA establishes five capital tiers: "well capitalized," "adequately capitalized," "undercapitalized," "significantly undercapitalized," and "critically undercapitalized." The regulators summarize their minimum requirements for the five capital tiers established by the FDICIA as follows:

Tier 1 Risk-based Capital Ratio	Risk-Based Capital Ratio	Leverage Ratio
-----	-----	-----

Well capitalized	10% or above	6% or above	5% or above
Adequately capitalized	8% or above	4% or above	4% or above
Undercapitalized	Less than 8%	Less than 4%	Less than 3%
Significantly undercapitalized	Less than 8%	Less than 4%	Less than 3%
Critically undercapitalized	-----	-----	2% or less

An unsatisfactory examination rating may cause an institution's capitalization category to be lower than suggested by its actual capital position.

At March 31, 1995, the Bank's Tier 1 risk-based capital ratio was 10.82%. If a depository institution should fail to meet its regulatory capital requirements, regulatory agencies can require submission and funding of a capital restoration plan by the institution, place limits on its activities, require the raising of additional capital and, ultimately, require the appointments of a conservator or receiver for the institution.

The Bank's capital position changed during the quarter ended March, 31 1995. Total capital as well as tangible capital, core capital, and risk-based capital continued to increase during the quarter. The mix of risk-based assets and additional earnings are the primary factors for this increase.

## RESULTS OF OPERATIONS

### INTEREST INCOME

Interest income on loans increased \$392,510 or 16.68% for the quarter ended March 31, 1995, compared for the same quarter ended March 31, 1994. The six month period ended March 31, 1995 showed an increase of \$522,221, or 10.85% over the same period in 1994. This increase is largely due to a substantial increase in the rate of interest earned on loans. The average rate on loans increased from 8.58% as of March 31, 1994 to 10.05% as of March 31, 1995. An increase in average loan volume of \$5,448,288, or 4.86% as of March 31, 1995 also was a significant factor. Competition for loans remains strong while loan demand remains steady despite rising interest rates. However, the Bank continues to be selective in the loans that it makes. Total interest income increased 16.97%, or \$416,065 for the quarter and \$561,590 or 11.13% for the six month ended March 31, 1995 over the same period in 1994.

### INTEREST EXPENSE

Interest on deposits increased \$140,487 or 12.49% for the three month period and \$154,692 or 6.811% for the six month period ended March 31, 1995 as compared with the same periods ending March 31, 1994. The main reason for this increase is the growth in average deposits of \$4,011,346 from March 31, 1994 to March 31, 1995. An increase in the cost of acquiring funds also contributed to this increase. Total interest expense increased \$156,601, or 11.26% for the quarter ended March 31, 1995 over the quarter ended March 31, 1994 and \$180,150 or 6.42% for the six month periods.

### NET INTEREST INCOME

Net Interest income increased \$259,464 or 23.88% for the quarter and \$381,440 or 17.02% for the six month period ended March 31, 1995 over March 31, 1994. This increase again is the result of higher loan balances and an upward trend in interest rates. The increase was offset somewhat by an increase in average



deposits and deposit rates rising because of the higher cost of borrowing funds.

#### PROVISION FOR LOAN LOSSES

Management's evaluation of the risk elements in the loan portfolio is the basis for the provision for loan losses. The elements include possible declines in the value of collateral due to changing economic conditions and depreciation over time, size and composition of the loan portfolio, and current economic conditions that might affect a borrower's ability to pay. Review of specific problem loans, regulatory examinations, historical charge-off experience, and levels of nonperforming and past due loans are other elements considered. Management reviews these factors frequently and determines if the level of loan loss allowances is adequate. The provision for loan losses expense increased \$60,572 for the quarter ended March 31, 1995 and \$21,572 for the six months ended March 31, 1995, as compared with the corresponding periods ending March 31, 1994. Net Interest Income after Provision for Loan Losses for the quarter ended March 31, 1995 increased \$198,892, or 18.31% over the quarter ended March 31, 1994. For the six month period, net interest income after provision for loan losses increased 16.34%, or \$359,868 over the same period ended March 31, 1994.

#### OTHER INCOME

Other Income for the quarter dropped \$1,882, a 0.67% difference from the same quarter the previous year, and dropped \$11,625 or 2.10% for the respective six month periods. This decrease was in other operating income and is the result of lower income in several small areas.

#### OTHER EXPENSES

Management's attention to expense control contributed to a \$37,280, or 3.33% drop in other expenses for the quarter and a \$73,493 (3.43%) drop for the six month period ending March 31, 1995 as compared to March 31, 1994. Net income for the quarter ended March 31, 1995 increased \$144,399 or 84.16% over quarter ended March 31, 1994. The six month period ending March 31, 1995 showed a \$261,110, or 69.01% increase over the six month period ending March 31, 1994.

### FINANCIAL CONDITION

#### ASSETS

Loan volume increased \$4,363,958 or 3.84% for the six month period from September 30, 1994 to March 31, 1995. Even with rising rates and strong competition in a tight loan market, loans showed strong growth. Interest bearing deposits in other banks increased 2,869,918 or four times the balance on September 30, 1994. This substantial increase is due to both an increase in deposits and \$1,000,000 security which matured during the quarter.

#### LIABILITIES

Deposits increased in the six month period \$8,124,856 or 7.86%. The Bank was able to repay some Federal Home Loan Bank advances, resulting in a \$300,000 (1.70%) decrease. The decrease in the advances helped to offset the increased cost of funds. Although deposit rates rose moderately in the last six months, the rise has not been very significant.

### PART II

#### ITEM 4. Submission of Matters to a Vote of Security Holders

The Shareholders Annual Meeting of First Georgia Holding Company held on January 23, 1995 was conducted with the following votes:

I. The election of KPMG Peat Marwick LLP as independent auditors.

For	1,056,098
Against	2,250
Abstain	4,500
	-----
	1,062,848

II. The uncontested re-election of James D. Moore and D. Lamont Shell to the Board of Directors. Directors are voted on as a group, not separately. Authority to vote for an individual candidate may be withheld by striking a line through the individual's name on the proxy card.

For	1,049,558
Withhold Authority	13,290
	-----
	1,062,848

SIGNATURES

In accordance with the requirements of the Exchange Act, the registrant caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

DATE: 04/30/95

BY: G. FRED COOLIDGE III  
-----  
Senior Vice President  
Chief Financial Officer

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