



Comptroller of the Currency
Administrator of National Banks

PUBLIC DISCLOSURE

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

December 10, 1997

**First National Bank and Trust Company
Charter Number - 8953
101 Sunset Avenue
Asheboro, North Carolina 27204**

by

Office of the Comptroller of the Currency
Southeastern District
Marquis One Tower, Suite 600
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Note: 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.

General Information

The Community Reinvestment Act (CRA) requires each federal financial supervisor agency to use its authority when examining financial institutions subject to its supervision, to assess the institution's record of meeting the credit needs of its entire community, including low- and moderate-income neighborhoods, consistent with safe and sound operation of the institution. Upon conclusion of such examination, the agency must prepare a written evaluation of the institution's record of meeting the credit needs of its community.

This document is an evaluation of the CRA performance of the First National Bank and Trust (FNBT) prepared by the Office of the Comptroller of the Currency, the institution's supervisory agency, as of December 10, 1997. The agency evaluates performance in assessment area(s), as they are delineated by the institution. This assessment area evaluation may include the visits to some, but not necessarily all of the institution's branches. The agency rates the CRA performance of an institution consistent with the provisions set forth in Appendix A to 12 C.F.R. Part 25.

Institution's CRA Rating: First National Bank and Trust is rated **"Satisfactory."**

The following table indicates the performance level of the FNBT, with respect to the lending, investment, and service tests.

Performance Levels	FNBT Performance Tests		
	Lending Test	Investment Test	Service Test
Outstanding			
High satisfactory	X		
Low satisfactory		X	X
Needs to improve			
Substantial noncompliance			

Description of the Institution

As of September 30, 1997, FNBT had \$321 million in total assets. Through the same date, FNBT reported a net income of \$3.2 million which represents a return on average assets of 1.34%. The tier one leverage ratio was 9.6%, which is considered “well capitalized” as defined in Banking Circular 268 - Prompt Corrective Action dated 2/15/93. FNBT is the single subsidiary of FNB Corp., Asheboro, North Carolina.

The bank’s loan portfolio on 9/30/97 totaled over \$211 million and these loans were broken down into the following categories: RE loans secured by 1-4 family residences - 38%, other RE loans - 12%, commercial loans - 35%, consumer loans - 13% and all other loans - 2%. Although not detailed in the call report, a portion of the RE secured loans were commercial purpose. Lending emphasis during this evaluation period was equally split between consumer (including RE consumer lending) and commercial lending.

There are no known legal or financial impediments that limit FNBT’s ability to help meet the communities’ credit needs. This bank can help meet these needs consistent with its size, financial condition and product offerings.

Description of the Assessment Area

FNBT’s defined assessment areas (AA) are shown below. These assessment areas consist of 35 census tracts (CT) in two different MSA’s and parts of two non-MSA counties. There are no low income census tracts in FNBT’s AA, but there are eight moderate income, 26 middle income and 1 upper income.

NAME of AREA	MSA	COUNTIES and CENSUS TRACTS/BLOCK NUMBERING AREAS (BNA)
Greensboro	3120	Randolph County, NC
Raleigh	6640	CT’s 202, 203,204,205,206 & 208 of Chatham County, NC
Non-MSA	--	BNA’s 9601.98 & 9602 of Montgomery County, NC BNA’s 9501, 9502 & 9503 of Moore County, NC

The selection of individual census tracts/BNA’s in the Raleigh MSA and Non-MSA areas corresponds to branch locations and is in compliance with CRA requirements.

The table below cites the relative size and importance of each assessment area to the overall bank.

FNBT Deposits and Loans as 10/31/97		
Assessment Area (AA)	% of FNBT deposits per AA	% of FNBT loans per AA
Greensboro MSA	95	91
Raleigh MSA	2	4
Non-MSA	3	5
Total Bank	100	100

FNBT's assessment areas contain over 160 thousand residents, most of which are in Randolph County. The AA's business economy is dominated by a diversified manufacturing base of textiles, hosiery, furniture and chemicals. Wholesale trade, services, government and construction are also significant employers. Farming/agriculture is relatively small within the assessment area. Unemployment ratios are close to the state average. About 10% of area's families are retired.

Approximately 72% of the housing stock in the AA is owner occupied. Only 6 percent of housing is vacant. The median housing price is \$58 thousand with an average age of 28 years. The 22 percent of housing stock in rental units has an average monthly rent of \$332. Mobile homes constitute 22% of all housing stock.

Overall, the percentage of assessment area residents below the poverty level is 11%. In moderate income census tracts, the percentages ranges as high as 16%. The percentage of residents below the official poverty level must be considered when reviewing lending test performance.

Community Contacts

We interviewed one community contact of a statewide organization and also reviewed information gathered from contacts done by other regulators in the past year. The predominant needs identified in the assessment areas were for more affordable housing for purchase and rental and for more flexible terms for small business lending.

Conclusions with Respect to Performance Tests

Overall Conclusion:

Lending practices, qualified investments and the system for delivering retail banking and community development services meet the credit needs of the entire assessment area, including low- and moderate-income borrowers in a satisfactory manner. Details supporting this conclusion are listed below and in the individual assessment area analyses.

Lending Test:

Performance under the lending test is rated "**high satisfactory**". This rating is based on the following

factors:

- The majority of the bank’s small business and small farm loans are centered in smaller credits to smaller entities.

Tables 1-4 in Appendix B detail this information.

- In addition to some loans already reported in small business credits, FNBT made \$80 thousand in community development loans. One loan is detailed in the Greensboro MSA section. The remaining five credits totaling \$60,000 were made to the Community Investment Corporation of North Carolina.

This organization is a CDC to provide financing to low and moderate income housing in NC. CICNC has not yet been able to make these loans in FNBT’s assessment areas, but the bank has shown its willingness to participate in these credits for nearby counties.

- The bank’s overall lending percentages to low or moderate income borrowers or moderate income census tracts are good. Their percentages, listed in Assessment Area Analyses, are above market averages and sometimes near or above demographic comparators in HMDA, small business and small farm. Only the percentages to moderate income tracts lags somewhat behind this conclusion.

Examples of these favorable percentages: in Table 5, the 1996 percentage of loans to moderate income geographies was 20% compared to a market average of 15%; small farm loans in moderate income tracts in 1996 was 37% compared to a market average of 22% (Table 7); loans to low and moderate income borrowers exceeds market averages and/or is close to the demographic comparator percentage.

- FNBT’s market shares within its assessment areas are good. As shown in the table below, the market share percentages for low and moderate income borrowers are similar to those for middle and upper income customers. The bank ranks first or second in market share for these customers among all HMDA reporters.

FNBT 1996 HMDA Market Share by Borrower Income		
	% Market Share in Total Assessment Area	Rank Among All HMDA Reporters in Assessment Area
Total Bank	9	1
Low Income	9	2
Moderate Income	8	2
Middle Income	8	1
Upper Income	10	1

- FNBT has instituted a flexible home mortgage program for low and moderate income customers. Since 1/1/96, the bank has made 225 loans totaling over \$8 million under the program.

The program allows for home purchase loans with lower downpayment, longer term and a lower interest rate than the bank's normal mortgage product. This special loan is limited to low and moderate income individuals. One innovative feature of the special mortgage is that mobile home purchase financing is also allowed under the program.

- A majority of loan originations in 1997 were made within the bank's AA. Through the first eleven months of 1997, the percentage of loans within the AA compared to total loans are 93%- HMDA credits, 94%- small business loans and 61%- small farm loans.

Investment Test:

Performance under the investment test is rated **"low satisfactory"**.

Overall, FNBT has \$41,600 in qualified investments and donations. This level is adequate considering the limited opportunities for such investments in the bank's four county assessment area. The investments and/or donations were in all three assessment areas. Bank management has exhibited reasonable responsiveness to community economic development needs and has sought out qualified investment opportunities.

Services Test:

Performance under the services test is rated **"low satisfactory"**. This rating is based on the following:

- Delivery systems are reasonably accessible to the different income geographies and individuals in the assessment areas. Approximately 18% of branches and ATM's are located in moderate income census tracts compared to the 23% in moderate income tracts in the overall assessment area.
- Besides the three home buyers seminars cited the Greensboro MSA, a FNBT Senior VP serves on the Board of Directors of the Community Investment Corporation of North Carolina (CICNC). This organization is a CDC to provide financing to low and moderate income housing in NC.
- Another FNBT officer serves on the board of the Economic Development Corporation of Randolph County, advising in financial matters. This corporation works to attract new businesses into the county including small businesses.
- The alternative delivery system by ATM's is effectively reaching moderate income areas. Over 22% of all ATM transactions occur in ATM's located in moderate income census tracts. This percentage came from a recent bank study on one month's activity.
- In response to a community need for lower cost accounts, FNBT has two demand deposit accounts with either a low minimum balance or small monthly fee. These accounts are among

the lowest priced in the county.

FNBT was found to be in compliance with antidiscrimination laws including the Equal Credit Opportunity Act and the Fair Housing Act. A sample of 50 home improvement loans from the prior 24 months were analyzed in our review.

Metropolitan Statistical Areas

Greensboro, NC MSA Assessment Area

Description of the Assessment Area

There are 24 census tracts in Randolph County; 3 are designated moderate income and the remainder are middle income. Total population is 106,546 with 12% over the age of 65 and 24% under the age of 16. Median family income equals \$31,574. There are approximately 32 thousand families with 43% categorized as low or moderate income (LMI). About 29% of the families receive social security or public assistance payments. The unemployment rate of 3.5% is below the state average.

There are 12 other commercial and savings banks with 29 branches in Randolph County. FNBT has the largest deposit share of any financial institution in the county.

Discussion of Performance Tests in the Assessment Area

Lending Test:

FNBT's lending levels reflect above average responsiveness to assessment area credit needs. Breakdowns of small business, small farm and HMDA mortgage lending are given in Tables 1-12 in Appendix B. From 1/1/96 to 12/1/97, FNBT has made over \$62 million in small business loans, \$1 million in small farm loans and \$45 million in HMDA credits. All three areas are showing positive growth in 1997. One community development loan for \$20 thousand was noted. This loan was for a community recreation area and meeting center that serves the residents of the moderate income tract it is located in.

FNBT has an above average distribution to small businesses in moderate income census tracts. Sixteen percent of 1996 FNBT small business credits go to moderate income tracts compared to the 11% market average for all lenders in the assessment area and the 13% demographic comparator of number of small businesses (see tables 5 & 6). A similar percentage is noted in 1997 YTD figures. As shown in Tables 9 and 10, FNBT has a good HMDA loan distribution to low income borrowers in this AA. FNBT has 16% of 1996 HMDA credits to low income borrowers which is higher than the market average of 14% and close to the demographic comparator (percent of this income families living in this AA) of 20%. The 1997 figure of 15% is similar. The bank's HMDA lending percentages to moderate income census tracts, found in Tables 11 & 12, is excellent. Approximately 11% of the bank's HMDA loans in this AA went to moderate income tracts. This percentage is higher than the market average and demographic comparator. The 1997 percentage is similar.

Investment Test:

FNBT has an adequate level of qualified community development investments in this assessment area. The bank has a qualified \$2,500 equity investment in a Small Business Investment Corporation. This investment was made prior to this examination timeframe. FNBT has also made qualified community development contributions of \$17,000. These contributions have provided for scholarships, health care and other services to low and moderate income individuals.

Services Test:

FNBT provides a reasonable level of services in this assessment area. The bank operates nine branches and nine ATM's. Eleven percent of the branches and ATM's are located in moderate income tracts which is comparable to the 12% of moderate income tracts within the county. Services and banking hours are the same in all branches Monday to Friday. The Randolph Mall branch has additional hours on Saturday. No branches have been opened or closed since the last examination. Overall the bank's delivery systems are readily accessible to all geographies and individuals of each income category in the assessment area.

FNBT bank personnel have conducted three home buying seminars targeted to low and moderate income borrowers. These seminars were held at 3 different locations around the county and were attended by 150 people.

Raleigh MSA Assessment Area

Description of the Assessment Area

FNBT has designated 6 census tracts of Chatham County as their assessment area within this MSA. Five of the CT are moderate income and one is designated middle income. The total population of the AA is 25,273 with 14% over the age of 65 and 24% under the age of 16. Median family income equals \$31,023. There are over seven thousand families with 53% categorized as LMI. About 33% of the families receive social security or public assistance payments. The county's unemployment rate of 2.7% is one of the lowest in the state.

There are 9 other commercial and savings banks in all of Chatham county with 16 branches. FNBT has the smallest deposit share of these financial institutions.

Discussion of Performance Tests in the Assessment Area

Lending Test:

FNBT's lending levels reflect above average responsiveness to assessment area credit needs. Breakdowns of small business, small farm and HMDA mortgage lending are given in Tables 1-12 in Appendix B. From 1/1/96 to 12/1/97, FNBT has made \$3.1 million in small business loans, \$1.6 million in small farm loans and \$1.3 million in HMDA credits. All three areas are showing positive growth in 1997.

This assessment area's lending totals are small compared to the entire bank, but these figures are commensurate with one office. As shown in the Tables in Appendix B, this assessment area's lending distributions to low or moderate income areas or customers are good to excellent in all of the categories. These percentages usually exceeded both the market averages and demographic comparator percentages.

Investment Test:

Community development investments are minimal. Opportunities in these six census tracts is also limited. FNBT has made qualified community development contributions of \$350.

Services Test:

FNBT provides a reasonable level of services in this assessment area. The bank operates one branch and one ATM. Both the branch and the ATM are located in a moderate income census tract. Services and banking hours are the same as in all other branches. No branches have been opened or closed since the last examination. Overall the bank's delivery systems are accessible to all geographies and individuals of each income category in the assessment area.

Nonmetropolitan Statewide Areas

Description of the Assessment Area

FNBT has designated 5 census tracts in Montgomery and Moore counties as their assessment area. Four of these tracts are middle income and the other is upper income. All of CT are located near FNBT's one branch in the non-MSA AA. Total population in this AA is 27,888 with 15% over the age of 65 and 25% under the age of 16. Median family income equals \$29,551. There are approximately 8 thousand families with 32% categorized as LMI. Nineteen percent of the families receive social security or public assistance payments. The unemployment rate is 6.7% in Montgomery County and 4.8% in Moore County; both are above the state average. There are four other commercial banks in the AA and FNBT has the lowest deposit market share.

Discussion of Performance Tests in the Assessment Area

Lending Test:

FNBT's lending levels reflect above average responsiveness to assessment area credit needs. Breakdowns of small business, small farm and HMDA mortgage lending are given in Tables 1-12 in Appendix B. From 1/1/96 to 12/1/97, FNBT has made over \$5.6 million in small business loans, \$240 thousand in small farm loans and \$2 million in HMDA credits. All three areas are showing positive growth in 1997.

This assessment area's lending totals are small compared to the entire bank, but these figures are commensurate with one office. The analysis of lending percentages to low or moderate areas or borrowers is mixed. Small business loan percentages to moderate income tracts is good. HMDA lending to moderate income customers is also good, but to low income customers is limited.

Investment Test:

Community development investments are minimal. Opportunities in these five census tracts is also limited. FNBT has made qualified community development contributions of \$2,000.

Services Test:

FNBT provides a reasonable level of services in this assessment area. The bank operates one branch and one ATM. Both the branch and the ATM are located in a middle income census tract. Services and banking hours are the same as in all other branches. No branches have been opened or closed since the last examination. Overall the bank's delivery systems are accessible to all geographies and individuals of each income category in the assessment area.

Appendix A: Scope of Examination

A Community Reinvestment Act (CRA) examination commenced on November 18, 1997. The object of the examination, which was performed onsite, was to assess the bank's record of serving the credit needs of the entire assessment area, including low-and moderate-income areas and to assign an overall rating to the bank. Performance was evaluated under the newly revised CRA regulation, which was modified to be more performance oriented. This examination considered the bank's performance in lending, investments and services throughout 1996 and up to December 1, 1997. We also considered any qualifying investments held prior to 1996 and still outstanding as of our examination date.

The examination included a review of all home mortgage loans, small business loans and small farm loans originated during the time frame cited above.

All of the bank's assessment areas received full examination procedures. The information tables reflect the bank's lending distributions in its designated assessment areas only unless otherwise noted.

Appendix B: Loan Performance Tables

Tables 1 to 12 reflect the bank's lending performance and distributions in its designated assessment areas only.

Table 1 1996 Small Business Loans						
	Loan Size (Number of loans)				Sales Revenue (Number of loans)	
	\$100,000 or less	\$100,000-\$250,000	\$250,001-\$1000,000		\$1,000,000	More than \$1,000,000
Total Bank	332	52	44		221	207
% of Total	78	12	10		52	48

Table 2 1997 YTD Small Business Loans*							
	Loan Size (Number of loans)				Sales Revenue (Number of loans)		
	\$100,000 or less	\$100,000-\$250,000	\$250,001-\$1000,000		\$1,000,000	More than \$1,000,000	Revenues Not Available
Total Bank	271	59	36		189	83	94
% of Total	74	16	10		52	23	25

Table 3 1996 Small Farm Loans						
	Loan Size (Number of loans)				Sales Revenue (Number of loans)	
	\$100,000 or less	\$100,000-\$250,000	\$250,001-\$500,000		\$1,000,000	More than \$1,000,000
Total Bank	25	4	1		28	2
% of Total	83	14	3		93	7

Table 4 1997 YTD Farm Business Loans*							
	Loan Size (Number of loans)				Sales Revenue (Number of loans)		
	\$100,000 or less	\$100,000-\$250,000	\$250,001-\$500,000		\$1,000,000	More than \$1,000,000	Revenues Not Available
Total Bank	21	3	1		22	0	3
% of Total	84	12	4		88	0	12

*YTD data is through 12/1/97. This information was supplied by the bank.

Table 5 - 1996 Small Business Loan Originations by Geography					
	Low Income	Moderate Income	Middle Income	Upper Income	Total
Total Bank	NA	87	341	0	428
% of total		20	80	0	100
Market Avg. %		15	72	13	100
Greensboro AA	NA	62	320	0	382
% of total		16	84	0	100
Market Avg. %		11	89	0	100
% of Small Biz in CT		13	87	0	100
Raleigh AA	NA	25	1	0	26
% of total		96	4	0	100
Market Avg. %		75	25	0	100
% of Small Biz in CT		99	1	0	100
Non MSA AA	NA	0	20	0	20
% of total		0	100	0	100
Market Avg. %		0	74	26	100
% of Small Biz in CT		0	74	26	100

Table 6 - 1997 Small Business Loan Originations by Geography					
	Low Income	Moderate Income	Middle Income	Upper Income	Total
Total Bank	NA	63	302	1	366
% of total		17	83	nil	100
Greensboro AA	NA	46	273	0	319
% of total		14	86	0	100
% of Small Biz in CT		13	87	0	100
Raleigh AA	NA	17	1	0	18
% of total		94	6	0	100
% of Small Biz in CT		99	1	0	100
Non MSA AA	NA	28	1	0	29
% of total		97	3	0	100
% of Small Biz in CT		0	74	26	100

Table 7 - 1996 Small Farm Loans by Geography					
	Low Income	Moderate Income	Middle Income	Upper Income	Total
Total Bank	NA	11	19	0	30
% of total		37	63	0	100
Market Avg. %		22	65	13	100
Greensboro AA	NA	2	16	0	18
% of total		11	89	0	100
Market Avg. %		19	81	0	100
Raleigh AA	NA	9	3	0	12
% of total		75	25	0	100
Market Avg. %		75	25	0	100
Non MSA AA	NA	0	0	0	0
% of total		0	0	0	0
Market Avg. %		0	74	26	100

Table 8 - 1997 Small Farm Loans by Geography					
	Low Income	Moderate Income	Middle Income	Upper Income	Total
Total Bank	NA	7	18	0	25
% of total		28	72	0	100
Greensboro AA	NA	2	13	0	15
% of total		13	87	0	100
Raleigh AA	NA	5	2	0	7
% of total		71	29	0	100
Non MSA AA	NA	0	3	0	3
% of total		0	100	0	100

Table 9 - 1996 HMDA Loans by Income Level of the Borrower						
	Low Income	Moderate Income	Middle Income	Upper Income	NA	Total
Total Bank	69	91	118	123	10	411
% of total	17	22	29	30	2	100
Market Avg. %	15	23	29	26	7	100
% of families in AA	20	22	28	30	0	100
Greensboro AA	61	77	113	115	10	376
% of total	16	20	30	31	3	100
Market Avg. %	14	22	30	26	8	100
% of families in AA	20	22	29	29	0	100
Raleigh AA	8	6	2	2	0	18
% of total	45	33	11	11	0	100
Market Avg. %	23	27	25	20	5	100
% of families in AA	27	26	29	18	0	100
Non MSA AA	0	8	3	6	0	17
% of total	0	47	18	35	0	100
Market Avg. %	8	26	25	33	8	100
% of families in AA	15	17	25	43	0	100

Table 10 - 1997 HMDA Loan Originations by Income Level of the Borrower

	Low Income	Moderate Income	Middle Income	Upper Income	NA	Total
Total Bank	69	92	133	144	15	453
% of total	15	20	29	32	3	100
% of families in AA	20	22	28	30	0	100
Greensboro AA	59	79	113	120	15	386
% of total	15	21	29	31	4	100
% of families in AA	20	22	29	29	0	100
Raleigh AA	1	4	3	3	0	11
% of total	9	37	27	27	0	100
% of families in AA	27	26	29	18	0	100
Non MSA AA	9	9	17	21	0	56
% of total	16	16	30	38	0	100
% of families in AA	15	17	25	43	0	100

Table 11 - 1996 HMDA Loans by Income Level of the Geography						
	Low Income	Moderate Income	Middle Income	Upper Income	NA	Total
Total Bank	NA	54	357	0	0	411
% of total	NA	13	87	0	0	100
Market Avg. %	NA	21	77	2	0	100
% of families in CT	NA	21	75	4	0	100
Greensboro AA	NA	40	336	0	0	376
% of total	NA	11	89	0	0	100
Market Avg. %	NA	8	92	0	0	100
% of families in CT	NA	10	90	0	0	100
Raleigh AA	NA	14	4	0	0	18
% of total	NA	78	22	0	0	100
Market Avg. %	NA	92	8	0	0	100
% of families in CT	NA	91	9	0	0	100
Non MSA AA	NA	0	17	0	0	17
% of total	NA	0	100	0	0	100
Market Avg. %	NA	0	66	34	0	100
% of families in CT	NA	0	74	26	0	100

Table 12 - 1997 HMDA Loans by Income Level of the Geography

	Low Income	Moderate Income	Middle Income	Upper Income	NA	Total
Total Bank	NA	47	403	3	0	453
% of total	NA	10	89	1	0	100
% of families in CT	NA	21	75	4	0	100
Greensboro AA	NA	37	349	0	0	386
% of total	NA	10	90	0	0	100
% of families in CT	NA	10	90	0	0	100
Raleigh AA	NA	10	1	0	0	11
% of total	NA	91	9	0	0	100
% of families in CT	NA	91	9	0	0	100
Non MSA AA	NA	0	53	3	0	56
% of total	NA	0	95	5	0	100
% of families in CT	NA	0	74	26	0	100