



PUBLIC DISCLOSURE

MARCH 9, 1998

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

**First National Bank of Coffee County
Charter Number 22327**

**420 South Madison Street
Douglas, Georgia 31534**

Office of the Comptroller of the Currency

**Southeastern District
Marquis One Tower, Suite 600
245 Peachtree Center Avenue, N.E.
Atlanta, Georgia 30303**

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 supervisory agency to use its authority when examining financial institutions subject to its supervision, to assess the institution's record of meeting the credit needs of its entire community, including low- and moderate-income neighborhoods, consistent with safe and sound operation of the institution. Upon conclusion of such examination, the agency must prepare a written evaluation of the institution's record of meeting the credit needs of its community.

*This document is an evaluation of the Community Reinvestment Act (CRA) performance of **First National Bank of Coffee County** prepared by the **Office of the Comptroller of the Currency**, the institution's supervisory agency, as of March 9, 1998. The agency rates the CRA performance of an institution consistent with the provisions set forth in Appendix A to 12 CFR Part 25.*

INSTITUTION'S CRA RATING: This institution is rated **SATISFACTORY.**

The following major factors provide support for First National Bank of Coffee County's rating:

- ▶ The loan-to-deposit ratio is reasonable given the bank's size, financial condition and credit needs within the assessment area.
- ▶ A majority of loans and other lending related activities are in the bank's assessment area.
- ▶ The distribution of loans reflects reasonable penetration among individuals of different income levels and businesses of different sizes.
- ▶ The geographic distribution of loans reflects reasonable dispersion throughout the assessment area.

The following table indicates the performance level of First National Bank of Coffee County with respect to each of the five performance criteria.

SMALL INSTITUTION ASSESSMENT CRITERIA	<u>FIRST NATIONAL BANK OF COFFEE COUNTY</u> PERFORMANCE LEVELS		
	Exceeds Standards for Satisfactory Performance	Meets Standards for Satisfactory Performance	Does not meet Standards for Satisfactory Performance
Loan to Deposit Ratio		X	
Lending in Assessment Area		X	
Lending to Borrowers of Different Incomes and to businesses of Different sizes		X	
Geographic Distribution of Loans		X	
Response to Complaints	No complaints were received since the prior CRA examination.		

DESCRIPTION OF INSTITUTION

First National Bank of Coffee County (FNBCC) is a \$45 million one branch institution headquartered in Douglas, Georgia. The bank is 100% owned by a one bank holding company named FNC BanCorp, Inc. The bank has one Automated Teller Machine located on the bank premise. Net loans represent 68% of total assets. The loan portfolio mix is as follows: commercial\commercial real estate loans (38% of gross loans), residential real estate loans

(26%), , agriculture loans (20%) and consumer loans (16%).

FNBCC offers a wide variety of credit products to consumers and businesses. The bank also offers additional banking services, including checking and savings accounts, to meet the needs of its consumer and commercial customers. Currently, there are no legal impediments that would prevent the bank from meeting any credit or banking service needs of the community.

DESCRIPTION OF COFFEE COUNTY, GEORGIA

The institution's assessment area is Coffee County, which consists of eight Block Number Areas (BNA). The institution's assessment area meets the requirements of the regulation and does not arbitrarily exclude low or moderate income geographies. Based on the 1990 Census Bureau information, Coffee County consists of one moderate-income BNA, six middle-income BNA's and one upper-income BNA. The county's 1990 Census median family income was \$25,361. In 1990, the county's population totaled 29,592.

The county's estimated 1996 population is 32,900. The population has experienced a 2% annual growth rate since 1990. The county has four incorporated municipalities which includes Ambrose, Broxton, Douglas and Nicholls. Approximately 50% of the population lives in unincorporated areas. These figures were based on information that was provided by Douglas-Coffee County Chamber of Commerce, Inc.

The county's unemployment rate is 6.7%, which is slightly above the state average. As of December 31, 1997, the county's five largest employers are Gold Kist (1,407 employees), Wal-Mart Distribution Center (1,373), Coffee County Board of Education (930), Fleetwood Homes of Georgia, Inc. (880) and PCC Airfoils (705). These figures were based on information that was provided by Douglas-Coffee County Chamber of Commerce, Inc.

FNBCC has strong local competition from two branches of two regional banks and five branches of four community banks. During the Federal Deposit Insurance Corporation's May 1997 contact with a community leader, it was noted that the involvement of financial institutions is positively perceived within the local community. The community leader stated that the local population's banking needs are being adequately met with the volume and business strategies of all financial institutions.

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA:

Loan to Deposit Ratio

The loan-to-deposit ratio is reasonable given the bank's size, financial condition, and credit needs within the assessment area. The average net loan to deposit ratio, using quarter-end information from December 31, 1995 to December 31, 1997, is 71%. With the strong local competition in the area, the bank's ratio is considered stable and good. The bank's ratio is comparable to the two

other institutions of similar size and structure in the local community. A peer group of banks chartered in Coffee County consisted of three banks, including FNBCC, having an average loan to deposit ratio of 73% over the last twenty-four months.

In addition, the FNBCC was compared to a national peer group of banks with total assets between \$25 to \$50 million and located in a non-metropolitan statistical area (MSA). This group consisted of 794 financial institutions. Over the last four quarters, FNBCC's average loan to deposit ratio was 71%. This ratio compares favorably to the national peer group average of 64%.

Lending in Assessment Area

A majority of loans are within the bank's assessment area. A sample of 40 loans, consisting of 20 residential real estate, 10 consumer and 10 commercial/agriculture loans, was reviewed. Based on this sample, 32 of the 40 (80%) loans were made within the assessment area. This is consistent with the bank's geo-analysis of loans made in January 1998 and February 1998. It shows that 85% of the 144 loans made were within the assessment area.

Lending to Borrowers of Different Incomes and to Businesses of Different Sizes

The dispersion of loans to borrowers of different income levels and businesses of different sizes is reasonable. Of the sample of 30 residential real estate and consumer loans, 27 loans were made within the assessment area. Borrowers were categorized as low-, moderate-, middle-, or upper-income based on the 1997 Housing & Urban Development estimated state-wide non-MSA median family income for Georgia of \$33,600. The following table shows the results of this analysis:

Loans made to borrowers of different income levels			
Sample of residential real estate and consumer loans made between March 1, 1997 to February 28, 1998			
Income of Borrower	# of loans	% of loans	1990 Census-% of families within each income level
Low	2	7%	25%
Moderate	7	26%	19%
Middle	5	19%	20%
Upper	13	48%	36%

As of June 30,1997, FNBCC has 207 small business loans totaling \$6.9 million and 122 small farm loans totaling \$5.5 million. Small business and farm loans make up 50% of the loan portfolio. Loans for \$1 million or less to businesses were considered small business loans.

In addition, FNBCC makes Small Business Administration (SBA) and Farm Servicing Agency

(FSA) loans. From January 1996 to February 1998, the bank originated four SBA loans totaling \$2.2 million and two FSA loans totaling \$1.4 million.

Geographic Distribution of Loans

The geographic distribution of loans reflects reasonable dispersion throughout the assessment area. Based on the number of families residing in each of the BNA’s and FNBCC’s loan activity within each tract, we did not identify any areas of low penetration in the bank’s lending pattern. As illustrated in the following table, the percentage of loans made within the four income categories defined by the CRA regulation are very close to the percentage of families that resides within the identified income census tracts.

Loans made within each of the four income levels by block number area					
Sample of residential real estate and consumer loans made between March 1, 1997 to February 28, 1998					
Income Level	# of Tracts	# of families	% of families	# of loans	% of loans
Low	0	0	0%	0	0%
Moderate	1	656	8%	4	17%
Middle	4	7,182	82%	18	75%
Upper	1	45	10%	2	8%
TOTAL	6	7,999	100%	24	100%

Response to Complaints

There were no complaints received by the bank or our office during the period of review. In addition, a fair lending review was performed during this examination. A review of FNBCC’s instalment lending practices was performed to determine if any discriminatory practices exist based on gender. Automobile loan applications received during the period of September 1, 1997 to February 28, 1998 were used for this comparative analysis. No violations of the substantive provisions of anti-discrimination laws were identified.