



SMALL BANK

Comptroller of the Currency
Administrator of National Banks

PUBLIC DISCLOSURE

April 13, 2002

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

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

**420 South Madison Avenue
Douglas, GA 31533**

**Comptroller of the Currency
North Florida Field Office
8375 Dix Ellis Trail, Suite 403
Jacksonville, FL 32256**

NOTE: 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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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, Douglas, Georgia** prepared by **The Office of the Comptroller of the Currency**, the institution's supervisory agency, as of **April 13, 2002**. 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.

First National Bank of Coffee County's performance rating is supported by the following:

- C The loan-to-deposit ratio is reasonable;
- C The majority of loans and other lending activities are in the bank's assessment area; and,
- C The distribution of borrowers reflects reasonable penetration among individuals of different income levels and businesses of different sizes.

DESCRIPTION OF INSTITUTION

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As of April 13, 2002, the First National Bank of Coffee County (FNBCC) was a \$99 million retail banking institution located in Douglas, Georgia. The bank serves the credit and deposit needs of its customers from a single facility located at 420 Madison Street in the city of Douglas, Georgia. This facility offers full service banking, including drive-up and ATM services. The bank is 100% owned by FNC BanCorp, Inc., a one bank \$99 million holding company located at the same address. FNBCC's primary lending focus is commercial and real estate lending. There are no known financial or legal impediments that should hinder the bank from meeting the credit needs of its assessment area.

FNBCC offers a wide variety of financial products including commercial loans, residential mortgage loans, consumer loans and deposit accounts. As of March 31, 2002, net loans of \$86 million comprised 87% of assets. The composition of the loan portfolio is commercial/commercial real estate \$59.7 million, or 70%, residential real estate \$19.4 million, or 24%, and consumer lending \$5.3 million, or 6%.

The bank's last Performance Evaluation was dated March 9, 1998 and was also rated "Satisfactory". This Performance Evaluation covers the time period of April 1998 to April 2002.

DESCRIPTION OF COFFEE COUNTY

FNBCC designates the geographic boundaries of Coffee County, Georgia as its assessment area. Coffee County has four incorporated municipalities, which includes Ambrose, Broxton, Douglas and Nicholls. The assessment area meets the requirements of the regulation and does not arbitrarily exclude low- or moderate-income geographies.

Coffee County is located in a non-metropolitan statistical area (NMSA). The 2001 Housing and Urban Development estimate of the NMSA median family income for Georgia was \$40,100. According to the U.S. Census Bureau of 1990, there were no low-income block numbering areas (BNAs) in the bank's assessment area. There is one moderate-income BNA, six middle-income BNAs and one upper-income BNA. In the county, 25% of families were considered low-income, 19% moderate-income, 20% middle-income, and 36% were considered upper-income families.

Coffee County is located in southeast Georgia approximately 30 miles northwest of Waycross, Georgia and 120 miles northwest of Jacksonville, Florida. The estimated 2000 population for the county was 47,413. The February 2002 unemployment rate was 4.3% compared to the state of Georgia average of 4.5%. According to the 1990 Census, 27% of households in Coffee County receive social security and 9% are retired. Additionally, 91% of housing units in those areas were occupied with 66% being owner-occupied. These figures were based on published demographic information.

Major industries in the area include manufacturing and retail trade. The largest employers are Wal-Mart Distribution Center, Gold Kist, Inc., PCC Airfoils, Tecumseh Products Company, and Fleetwood Homes of Georgia, Inc.

The following table highlights the demographic composition of Coffee County:

Type of Income	Number of BNAs	Percentage of Total Number of BNAs	Number of Households in BNAs	Percentage of Households in BNAs
Low (less than \$20,050)	0	0%	0	0%
Moderate (\$20,050 to \$32,079)	1	12.5%	883	8.4%
Middle (\$32,080 to \$48,120)	6	75%	8,532	81.2%
Upper (greater than \$48,120)	1	12.5%	1,092	10.4%

The banking industry in the assessment area is competitive. Multinational and regional banks are represented by SunTrust Bank and Southtrust Bank of Georgia. They, along with community banks such as Southeastern Bank, Colony Bank Southeast, Citizens Security Bank and local credit unions in the area, afford community residents alternatives for meeting their particular banking needs. As part of our examination, we met with a representative from the community regarding local economic conditions and community credit needs. Based on information provided by a representative from the Douglas-Coffee County Chamber of Commerce and Industrial Authority, the primary lending needs in the area are centered in small business and industrial loans. Our contact indicates that the area financial institutions are positively perceived for their involvement in the local community and that the area banking needs are being adequately met.

CONCLUSIONS ABOUT PERFORMANCE CRITERIA

Loan-to-Deposit Ratio - Meets the Standard for Satisfactory Performance

The bank's loan-to-deposit ratio is satisfactory based upon its size and assessment of area credit needs. The average net loan-to-deposit ratio using quarter end information from December 31, 1998 to December 31, 2001 was 88%. The bank's ratio was compared to the one other institution of similar size and structure in the local community whose ratio was 87% during the same time period. FNBCC's national peer group average was 67%. As of April 13, 2002, FNBCC's loan-to-deposit ratio was 101%.

Lending in Assessment Area - Meets the Standard for Satisfactory Performance

A majority of the bank's lending is within its defined assessment area. An analysis of a sample of 25 commercial loans originated by the bank between April 1998 and April 2002, found that 20 loans were originated within the bank's assessment area (AA). The results are detailed below.

Lending in the Assessment Area - Commercial Lending					
	# of Loans in sample	%	\$ of Loans (000)	%	
Inside AA	20	80	5,255	88	
Outside AA	5	20	698	12	
Totals	25	100	5,953	100	

Because the bank also focuses on residential real estate lending, we also performed an analysis of the distribution of residential real estate loans originated in the same time frame, April 1998 to April 2002. The results of this analysis are detailed as follows.

Lending in the Assessment Area - Residential Real Estate					
	# of Loans in Sample	%	\$ of Loans (000)	%	
Inside AA	20	91	1,598	93	
Outside AA	2	9	116	7	
Totals	22	100	1,714	100	

Lending to Borrowers of Different Incomes and to Businesses of Different Sizes - Meets the Standard for Satisfactory Performance

The dispersion of loans to borrowers of different income levels and businesses of different sizes is reasonable. We sampled a total of 20 residential real estate loans originated since April 1998 to determine the income levels of borrowers. As the following tables indicate, FNBCC's lending to borrowers of low- and moderate-income levels is satisfactory in view of the demographics of the assessment area. Approximately 45% of the number of loans and 14% of the dollar volume of loans were granted to low- and moderate-income borrowers. Distribution at other income levels is also considered reasonable.

Distribution of Residential Loans by Borrower Income Level in Assessment Area				
Income Level	% Families in Assessment Area	% of Loans by Number	% of Loans by Dollar	Average Loan (\$000)
Low	25%	15%	2%	9
Moderate	19%	30%	12%	31
Middle	20%	5%	6%	92
Upper	36%	50%	80%	129
Total	100%	100%	100%	

The bank's lending volume regarding loans to small businesses is satisfactory. This type of lending was determined to be a credit need in the community per our community contact. We chose a sample of 20 business loans originated within the bank's assessment area. Of that number, 14 loans, or 70%, were made to businesses having annual revenues less than \$1 million.

Total Annual Revenues	Percentage of Total Business Loans Sampled		
	Number of loans	Dollar Volume	% Business in Assessment Area
<\$500 thousand	50%	41%	81%
\$500 to \$999 thousand	<u>20%</u>	<u>11%</u>	<u>6%</u>
<\$1 million (Small Business)	70%	52%	87%
>\$1 million (Large Business)	30%	48%	13%

Geographic Distribution of Loans

Based on our sample, there appears to be a reasonable distribution of lending within the assessment area. The bank does not perform this type of geographic analysis internally.

Response to Complaints

FNBCC has not received any written complaints concerning its performance in helping to meet the credit needs within its assessment area during the time frame of April 1998 to April 2001.

Fair Lending Review

In conjunction with this evaluation, we performed a fair lending examination. This exam included a comparative file analysis using unsecured consumer loans received during 2001. Our control group was approved male applicants and our prohibited basis group was denied female applicants.

No violations of the substantive provisions of the anti-discrimination laws and regulations were identified. The bank's record of compliance with anti-discrimination laws is satisfactory. However, we made recommendations to ensure continued adherence to fair lending laws and regulations.