



Comptroller of the Currency
Administrator of National Banks

SMALL BANK

PUBLIC DISCLOSURE

September 17, 1998

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

**First National Bank & Trust Company
Charter Number 6207**

**Post Office Box 467
113 East Broad Street
Louisville, Georgia 30434**

**Office of the Comptroller of the Currency
6100 Fairview Road, Suite 1154
Charlotte, North Carolina 28210**

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.
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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 & Trust Company** prepared by **The Office of the Comptroller of the Currency**, the institution's supervisory agency, as of September 17, 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**.

First National Bank & Trust Company (FNB&T) demonstrates satisfactory performance in meeting its community's credit needs. This is evidenced by a more than reasonable loan-to-deposit ratio, coupled with a majority of the bank's loans and lending related activities being within its assessment area. The bank's lending activity also shows good distribution among businesses of different sizes and individuals of different income levels. Additionally, we found evidence of active involvement by the bank with the various federal and state-funded programs available which are designed to address the home financing needs of low and moderate-income borrowers. No CRA-related complaints were received since our previous examination.

The following table indicates the performance level of **First National Bank & Trust Company** to each of the five performance criteria:

FIRST NATIONAL BANK & TRUST COMPANY			
Performance Levels			
<i>SMALL INSTITUTION ASSESSMENT CRITERIA</i>	<i>Exceeds Standards for Satisfactory Performance</i>	<i>Meets Standards for Satisfactory Performance</i>	<i>Does not meet Standards for Satisfactory Performance</i>
<i>Loan-to-Deposit Ratio</i>	X		
<i>Lending in Assessment Area</i>		X	
<i>Lending to Borrowers of Different Incomes and to Businesses of Different Sizes</i>		X	
<i>Geographic Distribution of Loans</i>		X	
<i>Response to Complaints</i>	No Complaints Were Received		

DESCRIPTION OF INSTITUTION:

First National Bank & Trust Company (“FNB&T” or “the bank”) is a wholly owned subsidiary of a three-bank holding company, the Queensborough Company, that operates in Louisville, Georgia. As of June 30, 1998, it had total assets of \$151 million, total loans of \$112 million, and total deposits of \$133 million. FNB&T operates out of eleven offices located in six counties in eastern Georgia. Four offices are in Jefferson County, two are in Burke and Washington Counties, and one is in Screven and Bulloch County. The bank recently opened a residential mortgage production office in Augusta (Richmond County), Georgia. FNB&T has no constraints in its ability to meet various credit needs within its assessment area.

FNB&T is a leading retail banking institution in its markets. It offers traditional financial services including commercial, mortgage, farm, consumer installment, and credit card lending. The bank also participates in various programs with the Federal Housing Finance Board, the U.S. Department of Agriculture, and the Georgia Department of Community Affairs. These programs are designed to provide credit to low-income and first-time home buyers.

Lending activity has been moderate over the past year, with growth in all loan categories. The loan portfolio is distributed, by percentage, as follows: agriculture and farm 40%, residential real estate 28%, commercial real estate 10%; commercial 12%; and consumer loans 10%.

DESCRIPTION OF ASSESSMENT AREA:

FNB&T’s designated assessment area includes the five contiguous counties of Bulloch, Burke, Jefferson, Screven, and Washington. These counties are not part of a Metropolitan Statistical Area (MSA). Each of these counties are subdivided into standard U.S. Census Bureau Block Numbering Areas (BNA). The bank’s total assessment area comprises 34 BNAs, with a total population of 114,000, based on 1990 census data. A weighted average of the 1997 Georgia non-MSA and MSA Median Family Income for the five counties of \$33,600 was used in the geographic and income lending analyses.

Bulloch County is the most populous county in the assessment area with a 1990 Census population of 43,125. The county comprises two upper income, six middle income, and one moderate income BNAs. There are no low income BNAs in the county. The five most populous BNAs comprise the city of Statesboro, with 11,778 (71%) of the county’s housing units.

Burke County has a 1990 Census population of 20,579. The county has five moderate income and three middle income BNAs. There are no upper or low income BNAs. The city of Waynesboro comprises the two most populous BNAs, with 3,714 (45%) of the county’s housing units.

Jefferson County has a 1990 Census population of 17,408. The county has three middle income and one moderate income BNAs. The two most populous BNAs are the cities of Wrens and Louisville with 2,220 (31%) and 2,355 (33%) of the housing units in the county.

Screven County has a 1990 Census population of 13,842. The county has five middle income and one moderate income BNAs. The city of Sylvania comprises two BNAs, with a total of 3,313 (57%) of the county's housing units.

Washington County has a 1990 Census population of 19,112. The county has six middle income and one moderate income BNAs. The city of Sandersville comprises two BNAs, with 3,578 (48%) of the county's housing units.

We made several contacts during our examination with local and federal community-oriented agencies. Based on these conversations it appears that primary credit needs of the bank's communities are for affordable housing loans, financing to support small businesses, and agriculture loans. Each contact commented that the local financial institutions, as a whole, are adequately addressing these credit needs. Two of the persons contacted mentioned FNB&T specifically as an institution which, in their opinions, is doing a very good job in participating with affordable housing lending programs.

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA:

Loan to Deposit Ratio:

FNB&T exhibits a more than reasonable loan-to-deposit (LTD) ratio when considering levels achieved by three other similarly situated institutions in its community. These are institutions that senior management considers as the bank's more significant competitors, based on asset size, market share, and influence over deposit and loan pricing.

FNB&T has realized an average LTD ratio of 82% over the past eight quarters and is at 85% as of 6/30/98. The three similarly situated banks in the community reported combined LTD ratios of 68%, 60%, and 71% for the eight quarters ending 12/31/97. The bank has competition, including and in addition to those mentioned, in each of the five counties where its offices are located. Competitors comprise either local financial institutions or branches of established regional banks.

The bank also facilitates credit in its assessment area that is not reflected on its balance sheet. In March 1997 FNB&T began originating and subsequently selling home mortgage loans in the secondary market. Through the twelve months ending March 1998 the bank closed 86 loans for nearly \$7 million in the secondary market.

Lending Within the Assessment Area:

FNB&T continues to meet the standard for satisfactory performance in this category. Bank management produced a report, sorting all loans originated and or renewed over the twelve months ending August 31, 1998, by borrowers' city of residence. Eighty-six percent of the loans were made to persons or firms located in the bank's assessment area. This includes loans for consumer purposes, home mortgages, small businesses, and agriculture. Loans outside of the bank's assessment area were typically made to borrowers in adjoining counties.

Geographic Distribution of Loans:

The bank has a satisfactory record of lending to all segments of its assessment area. Nine of the thirty-four BNAs comprising the bank's assessment area are considered "moderate income". This means the median family income of these areas is at least 50, and less than 80, percent of the average median family income for the area. Analysis of FNB&T's lending activity indicates 22% of loans were made to persons or business firms in moderate-income BNAs. Data based on the 1990 Census shows 22% of the households in the bank's assessment area reside in the nine moderate-income BNAs.

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

The bank's lending activity exhibits good distribution among individuals of different income levels. We sampled 30 consumer instalment loans and 25 residential real estate loans made in 1998. Results

show 77% of the instalment, and 24% of the real estate loans, were made to persons with low or moderate income levels. The combined rate totals 53%, which compares favorably to the area demographics which show that 43% of families in the bank's assessment area have low or moderate income levels.

Income Level	% of Families in Assessment Area	% of Sample Consumer Real Estate	% of Sample Other Consumer
Low	27%	8%	43%
Moderate	16%	16%	34%
Middle	21%	28%	20%
Upper	36%	48%	3%

The bank's lending activity exhibits good distribution among businesses of varying sizes within its assessment area. We found that 84% of loans sampled were to "small" businesses, as defined as those with annual revenues less than \$1 million. This finding was based on a sample of 26 business borrowers in the bank's Louisville Office, with loans originated since our previous CRA exam in March 1996. A distribution of this sample, based on gross annual revenues, follows:

Gross Annual Revenues	Percent of Sample
under \$100,000	23%
\$100,000 to \$499,000	42%
\$500,000 to \$999,000	19%
over \$1,000,000	16%

Other Information:

The bank has not received any written complaints regarding its CRA performance since the prior examination.

We also performed a review of the bank's compliance with Fair Lending laws and regulations. No violations of the substantive provisions of antidiscrimination laws and regulations were identified during this examination.