



SMALL BANK

Comptroller of the Currency
Administrator of National Banks

Washington, DC 20219

PUBLIC DISCLOSURE

October 1, 2007

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

First National Bank of Coffee County
Charter Number: 22327

420 South Madison Avenue
Douglas, GA 31533

Office of the Comptroller of the Currency

North Florida Field Office (Jacksonville)
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.

INSTITUTION'S CRA RATING: This institution is rated Satisfactory.

First National Bank of Coffee County's (FNBCC) performance is supported by the following factors.

- The loan-to-deposit ratio exceeds satisfactory standards.
- The majority of the bank's loans are within the assessment area.
- The distribution of borrowers reflects reasonable penetration among individuals of different income levels and businesses and farms of different sizes.

SCOPE OF EXAMINATION

The scope of the examination included full-scope "Small Institution CRA Examination Procedures", as found in *OCC Bulletin 2006-17*. The examination scope included ensuring the assessment area met applicable criteria and the bank's loan-to-deposit ratio was reasonable considering lending opportunities in the assessment area including low- and moderate-income areas. Since no loan reports or data analyzing lending inside and outside of the assessment area were available from the bank, sampling guidelines were used to select a sample of fifty-seven (57) residential and business/farm loans. This sample included loans originated, purchased, or committed to from June 2005 to June 2007 and was used to calculate the percentage of loans (by number and dollar amount) located within the assessment area. This sample was also used to evaluate the bank's penetration of loans to individuals of different incomes and businesses and farms of different sizes. Because the assessment area did not contain any low- or moderate-geographies, no analysis of the bank's geographic distribution of loans was performed. We also considered any written complaints about FNBCC's CRA performance.

The institution did not choose to have its performance evaluated in making qualified investments and providing branches and other services and delivery systems that enhance credit availability in its assessment area.

The previous CRA examination of FNBCC began April 13, 2002 and used financial information through April 2002. The bank received a satisfactory rating at that examination. This examination covered the period from May 2002 to October 2007.

DESCRIPTION OF INSTITUTION

As of June 30, 2007, FNBCC was a \$130 million retail banking institution headquartered in Coffee County, Georgia. The bank serves the credit and deposit needs of its customers from a single facility located at 420 South Madison Avenue, in the city of Douglas, Georgia. The facility offers full service banking including automated teller

machine and drive-up services. FNbcc's primary lending focus is real estate, commercial, agricultural and consumer lending. There are no financial or legal impediments that hinder the bank from meeting the 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 June 30, 2007, net loans of \$106 million comprised 82% of assets. The composition of the loan portfolio was: commercial, commercial real estate and agricultural loans, \$83.0 million or 77%; residential real estate, \$19.5 million or 18%; and consumer lending, \$4.4 million or 4%.

DESCRIPTION OF ASSESSMENT AREA(S)

FNbcc designates the geographic boundaries of Coffee County, Georgia as its assessment area. Coffee County has four incorporated municipalities of Ambrose, Broxton, Douglas and Nicholls. The county does not contain any low- or moderate-income geographies; all eight census tracts are middle-income. The assessment area meets the requirements of the regulation and does not arbitrarily exclude low- or moderate-income geographies.

Coffee County is located in the Douglas, Georgia Micropolitan Statistical Area. The 2006 Housing and Urban Development estimate of the median family income for Coffee County Georgia was \$43,400. According to the 2000 U.S. Census Bureau, there were no low- or moderate-income census tracts in Coffee County. In the county, 21.8% of families were considered low-income, 19% were moderate-income, 22% were considered middle-income, and 37.2% were upper-income families.

Coffee County is located in southeast Georgia approximately 30 miles northwest of Waycross and 120 miles northwest of Jacksonville. The estimated 2000 population for the county was 37,413. The June 2007 unemployment rate was 6.0% compared to the average of 4.3% for the state of Georgia. According to the 2000 Census, 25% of households in Coffee County receive Social Security, 11% receive other retirement income and 2.7% receive public assistance. Ninety-seven percent (97%) of housing consists of 1-4 family units and 3% multi-family units, with mobile homes or trailers making up 39% of all housing. These figures were based on published demographic information.

Major industries in the area include manufacturing, agriculture and retail trade. The largest private employers are Wal-Mart Distribution Center, PCC Airfoils, Premium Waters and Ameriwire.

Financial institution competition within the assessment area consists of two other community banks headquartered in Coffee County and 15 branches of other community and large financial institutions. Colony Bank Southeast, headquartered in Broxton, Georgia, has total assets of \$205 million and Douglas National Bank, headquartered in Douglas, Georgia, has total assets of \$136 million. As part of our examination, we

spoke with a representative from the community regarding community credit needs. No unmet credit needs were identified.

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA

Loan-to-Deposit Ratio

FNBCC's loan-to-deposit (LTD) ratio is outstanding based on the size and credit needs of the assessment area. The average net LTD ratio using quarter-end information from June 30, 2002 to June 30, 2007, was 102%. This compares favorably to the only two other financial institutions headquartered in the assessment area, Colony Bank Southeast and Douglas National Bank. They had average net LTD ratios of 98.62% and 95.64%, respectively. Additionally, FNBCC's LTD ratio compares favorably to a peer group of similarly sized institutions headquartered in Georgia where the average LTD ratio was 83%.

Lending in Assessment Area

A majority of the bank's lending is within its defined assessment area. A sample of fifty-seven (57) residential and business and farm loans originated, purchased, or committed to from June 2005 to June 2007 was used to calculate the percentage (by number and dollar amount) of loans located within the assessment area.

Lending in Coffee County										
Loan Type	Number of Loans					Dollars of Loans in thousands				
	Inside		Outside		Total	Inside		Outside		Total
	#	%	#	%		\$	%	\$	%	
Business/Farm	21	68	10	32	31	10,151	61	6622	39	100
Residential Real Estate	20	77	6	23	26	984	73	371	27	100
Totals	41	72	16	28	57	11,135	61	6993	39	100

Source: Sample of loans.

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. We sampled a total of 20 residential real estate loans originated from June 2005 to June 2007 to determine the income levels of borrowers. As the following tables indicate, FNBCC's lending to borrowers of low- and moderate-income borrowers is very good based on the demographics of the assessment area. In addition, approximately 45% of the number of loans and 23% of the dollar volume of loans were granted to low- and moderate-income borrowers. Distribution at other income levels was also reasonable.

Borrower Distribution of Residential Real Estate Loans in Coffee County								
Borrower Income Level	Low		Moderate		Middle		Upper	
	% of AA Families	% of Number of Loans	% of AA Families	% of Number of Loans	% of AA Families	% of Number of Loans	% of AA Families	% of Number of Loans
Residential RE Loans	22	25	19	20	22	5	37	40

Source: Sample of loans and U.S. Census data.

The bank’s lending volume regarding loans to small businesses is satisfactory. We chose a sample of 21 business loans originated within the bank’s assessment area. Of that number, 13 loans, or 62%, were made to businesses having annual revenues less than \$1 million.

Borrower Distribution of Loans to Business in Coffee County		
Business Revenues (or Sales)	≤ \$1,000,000	> \$1,000,000
% of AA Businesses**	49	3
% of Bank Loans in AA by #	62	38
% of Bank Loans in AA by \$	61	39

Sources: Sample of loans and U.S. Census data. ** 48% of AA businesses did not report revenue data

Geographic Distribution of Loans

Because the assessment area did not contain any low- or moderate-income geographies, an analysis of the bank’s geographic distribution of loans would not have been meaningful. All eight census tracts in the assessment area are middle-income. However, based on our sample, there appears to be a reasonable distribution of loans within the assessment area.

Qualified Investments and CD Services (Optional)

The institution did not choose to have its performance evaluated in making qualified investments and providing branches and other services and delivery systems that enhance credit availability in its assessment area.

Responses to Complaints

From May 2002 to October 2007, FNBCC has not received any written complaints concerning its performance in helping to meet the credit needs in the assessment area.

Fair Lending or Other Illegal Credit Practices Review

We found no evidence of discriminatory or other illegal credit practices inconsistent with helping to meet community credit needs.