

PUBLIC DISCLOSURE

August 11, 1997

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

**First Bank and Trust
Certificate Number: 18281**

**9654 Lavonia Road
Carnesville, Georgia 30521-0218**

**Federal Deposit Insurance Corporation
One Atlantic Center, Suite 1500
1201 West Peachtree Street, N.E.
Atlanta, Georgia 30309-3449**

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.

TABLE OF CONTENTS

I.	General Information	1
II.	Institution Rating	1
III.	Description of Institution	2
IV.	Description of Assessment Area	4
V.	Conclusions	6

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 Bank and Trust** prepared by the Federal Deposit Insurance Corporation, the institution's supervisory agency, as of **August 11, 1997**. The agency rates the CRA performance of an institution consistent with the provisions set forth in Appendix A to 12 CFR Part 345.*

INSTITUTION RATING

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

The bank's CRA performance depicts an adequate practice of providing for the credit needs of its assessment area. This rating is supported by the following:

- The average loan-to-deposit ratio demonstrates a strong responsiveness to community credit needs,
- A substantial majority of loan originations sampled are within the bank's assessment area, and
- An analysis of loan originations sampled reveals an acceptable penetration among borrowers of different incomes.

DESCRIPTION OF INSTITUTION

First Bank and Trust provides for the credit needs of its assessment area consistent with its size, financial capacity, location, and local economic conditions.

First Bank and Trust is a retail bank located in Carnesville, Georgia. The bank is controlled by First Banks, Inc., Carnesville, Georgia, a two bank holding company which also owns Bank of Toccoa, Toccoa, Georgia. First Bank and Trust currently operates three banking offices. The main office is located in Carnesville, Georgia with branch offices located in Lavonia, Georgia and Hartwell, Georgia. The Hartwell Branch, which was recently opened on May 12, 1997, also includes an automated teller machine (ATM) through the HONOR network. Each office is full service and is reasonably accessible to most segments of the community.

The bank offers most conventional credit products. As of June 30, 1997 the bank had total assets of \$73,999,000, total deposits of \$64,440,000, and total loans of \$52,715,000. The bank's major credit product is loans secured by 1-4 family residential properties, which comprise over half of outstanding credits. Its loan composition as of June 30, 1997 is detailed on the following page.

DESCRIPTION OF INSTITUTION - (Continued)

LOAN COMPOSITION AS OF JUNE 30, 1997		
LOAN CATEGORY:	DOLLARS (000)	PERCENT OF TOTAL LOANS
Loans secured by real estate:		
Construction and land development	1,269	2.41
Secured by farmland	1,515	2.87
Revolving, open-end lines secured by 1-4 family residential properties	0	0.00
Secured by 1-4 family residential properties - first liens	27,562	52.28
Secured by 1-4 family residential properties - junior liens	404	0.77
Secured by multifamily residential properties	142	0.27
Secured by nonfarm nonresidential properties	16,232	30.79
Loans to finance agricultural production and other loans to farmers:	162	0.31
Commercial and industrial loans:	2,145	4.07
Credit cards and related plans:	0	0.00
Other consumer loans:	3,281	6.22
Obligations of states and political subdivisions in the U.S.	0	0.00
All other loans:	19	0.04
Less: Unearned Income on above loans:	16	0.03
Total:	52,715	100.00

DESCRIPTION OF FRANKLIN AND HART COUNTIES

The bank's assessment area is defined as Franklin County and Hart County, Georgia. This represents a predominately rural area in northeast Georgia located near the South Carolina border.

The assessment area is comprised of nine census tracts (CTs); five in Hart County and four in Franklin County. The income level of the CTs is based on a percentage of the 1990 nonmetropolitan median family income for the State of Georgia of \$26,926.

Refer to the following table for information on how each income level is defined and the table on the following page for specific demographic information on each CT.

INCOME LEVEL	PERCENT OF MEDIAN FAMILY INCOME	INCOME RANGE
Low-Income	0% to less than 50%	\$0 to less than \$13,463
Moderate-Income	50% to less than 80%	\$13,463 to less than \$21,541
Middle-Income	80% to less than 120%	\$21,541 to less than 32,311
Upper-Income	120% and over	\$32,311 and over

In the following table Franklin County is represented by the four CTs numbered 9901 through 9904 and Hart County includes the five CTs numbered 9601 through 9605.

DESCRIPTION OF FRANKLIN AND HART COUNTIES - (Continued)

Census Tract	Population	Number of Households	Median Family Income Category
9901	5,510	2,166	Middle
9902	4,280	1,606	Middle
9903	2,034	795	Middle
9904	4,826	1,798	Middle
9601	4,157	1,637	Middle
9602	2,369	920	Middle
9603	2,450	890	Middle
9604	4,691	1,818	Middle
9605	6,045	2,194	Middle
Totals	36,362	13,824	

According to 1990 census information nearly half of the families in the assessment area are considered low- to moderate-income. Specifically, 19.4 percent are considered low-income, 16.9 percent are moderate-income, 24.3 percent are middle-income, and 39.4 percent are upper-income. Over 11 percent of the families in the assessment area are considered below the poverty level. This is slightly more favorable than the demographics for the statewide nonmetropolitan areas of Georgia which includes 15.3 percent of families below the poverty level, 22.2 percent are low-income, and 16.9 percent considered moderate-income. Within the assessment area 65.7 percent of housing units are owner-occupied, 17.8 percent are rental units, and 16.5 percent of housing units are vacant. The median housing value in the assessment area was \$51,627 and the median gross rent was \$259. Mobile homes comprise 24 percent of the area's housing units. The median age of the housing stock is 18 years.

Within Hart and Franklin Counties there are seven local and regional banks as well as several finance companies. Also, local mobile home dealers are able to offer below market financing for their customers. This competitive environment helps ensure that each borrower has available several different sources of credit.

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA

Loan-to-Deposit Ratio

The bank's loan-to-deposit ratio exceeds standards for satisfactory performance based upon its size and financial condition, local economic conditions, and the lending needs within the assessment area.

First Bank and Trust's loan-to-deposit ratio as of March 31, 1997 is 77.00 percent and its average loan-to-deposit ratio over the eleven quarters since the previous evaluation is calculated at 78.16 percent. This compares favorably to the 58.54 percent average loan-to-deposit ratio for Bank of Hartwell, Hartwell, Georgia which is considered the most similarly situated to the subject bank. They are both retail banks operating in the same geographic area. They are approximately the same asset size and 1-4 family residential mortgage loans represent the largest product line for both banks.

Lending in Assessment Area

The bank meets standards for satisfactory performance for lending within its assessment area.

To determine the bank's lending performance a random sample of loans secured by 1-4 family residential properties was reviewed. Loans secured by 1-4 family residential properties were chosen for sampling as it is the bank's largest product type by dollar volume.

From a sample of 50 loans totaling \$3,076,384 secured by 1-4 family residential properties, 36 loans totaling \$2,195,466 were secured by properties located within the assessment area, as detailed in the following table. This level of performance demonstrates a responsiveness to the credit needs within the assessment area.

LOANS SECURED BY 1-4 FAMILY RESIDENTIAL PROPERTIES		
	Percentage of Number of Loans	Percentage of Dollar Volume of Loans
Inside the assessment area	72.00%	71.37%
Outside the assessment area	28.00%	28.63%

Lending to Borrowers of Different Incomes

The lending distribution to borrowers of different income levels, including low- and moderate-income borrowers, meets standards for satisfactory performance.

The various income levels for individuals are based on a percentage of the 1996 Atlanta statewide nonmetropolitan median family income of \$32,500 as detailed in the table below. The median family income represents an estimate by the Department of Housing and Urban Development (HUD).

INCOME LEVEL	PERCENT OF MEDIAN FAMILY INCOME	INCOME RANGE
Low-Income	0% to less than 50%	\$0 to less than \$16,250
Moderate-Income	50% to less than 80%	\$16,250 less than \$26,000
Middle-Income	80% to less than 120%	\$26,000 to less than \$39,000
Upper-Income	120% and over	\$39,000 and over

The 50 residential loans sampled included 36 loans originated within the assessment area, as previously mentioned. Further analysis of those loans within the assessment area reveals they are distributed amongst individuals of varying income levels. Approximately 19 percent of the number and 12 percent of the dollar amount of the loans sampled were extended to low- and moderate-income individuals. Refer to the following table for details.

Median Family Income Level of Borrower	# of Loans in Sample	% of # of Loans in Sample	\$ Volume of Loans in Sample	% of \$ Volume of Loans in Sample
Low	2	5.56%	\$ 113,072	5.15%
Moderate	5	13.89%	\$ 147,855	6.73%
Middle	9	25.00%	\$ 377,258	17.19%
Upper	20	55.55%	\$1,557,281	70.93%
Totals	36	100.00%	\$2,195,466	100.00%

Geographic Distribution of Loans

As described previously, the assessment area is comprised of nine middle income census tracts. Due to the uniformity of the assessment area and the lack of low- and moderate-income geographies, a geographic distribution analysis was not performed.

Response to Complaints

The bank has not received any CRA-related complaints since the last evaluation.