

PUBLIC DISCLOSURE

August 26, 2002

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

**First Community Bank of Central Alabama
Wetumpka, Alabama**

RSSD ID Number: 3034257

**FEDERAL RESERVE BANK OF ATLANTA
1000 PEACHTREE STREET, N.E.
ATLANTA, GEORGIA 30309-4470**

NOTE: This evaluation is not, nor should it be construed as, an assessment of the financial condition of this institution. The rating assigned to the 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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DEFINITIONS

Income Definitions

Throughout this evaluation, the following definitions are used for the various income levels. These levels are defined in the CRA.

Low-Income - An individual income, or median family income for geographies, that is less than 50 percent of the area median income.

Moderate-Income - An individual income, or median family income for geographies, that is at least 50 percent but less than 80 percent of the area median income.

Middle-Income - An individual income, or median family income for geographies, that is at least 80 percent but less than 120 percent of the area median income.

Upper-Income - An individual income, or median family income for geographies, that is 120 percent or more of the area median income.

Other Definitions

ATM - Automated Teller Machine

HUD - Department of Housing and Urban Development

MSA - Metropolitan Statistical Area

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 Community Bank of Central Alabama prepared by the Federal Reserve Bank of Atlanta, the institution's supervisory agency, as of August 26, 2002. The agency rates the CRA performance of an institution consistent with the provisions set forth in Appendix A to 12 CFR Part 228.

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

The bank's average loan-to-deposit ratio for the three quarters ending March 31, 2002, is **REASONABLE** given the institution's recent entry in the market, asset size, financial condition, and competition within its assessment area. A **SUBSTANTIAL MAJORITY** of the bank's loans were extended to small businesses and individuals inside its assessment area. Lending reflects **EXCELLENT** penetration among individuals of different incomes, including low- and moderate-income levels, and businesses of different sizes. The geographic distribution of small business loans, residential loans, and motor vehicle loans reflects **EXCELLENT** dispersion throughout the assessment area. The bank has received no CRA-related complaints. In addition, the bank is in compliance with the substantive provisions of the antidiscrimination laws and regulations.

DESCRIPTION OF INSTITUTION

First Community Bank of Central Alabama operates one full service facility in Wetumpka, Alabama and one branch in Millbrook, Alabama. In addition, the bank operates two ATM machines. The bank is a wholly owned subsidiary of Central Alabama Bancshares, Incorporated. The bank officially opened for business on August 5, 2001. As of March 31, 2002, total assets of the bank were \$43.7 million, net loans were \$22.9 million, and total deposits represented \$35.3 million. This is the bank's first CRA examination.

First Community Bank of Central Alabama is a full service community bank that offers a wide variety of credit products to meet community credit needs. These credit products include commercial real estate, consumer, residential mortgage, farmland, and business loans. The bank's business strategy targets local small business owners and is based on developing relationships with customers who purchase a variety of bank products.

The composition of the loan portfolio according to the March 31, 2002 Consolidated Reports of Condition and Income (Call Report) is as follows:

COMPOSITION OF LOAN PORTFOLIO						
Loan Type	3/31/2002		12/31/2001		9/30/2001	
	\$ (000s)	Percent	\$ (000s)	Percent	\$ (000s)	Percent
Construction and Development	\$1,493	6.5%	\$1,361	9.5%	\$30	1.7%
Secured by One- to Four- Family Dwellings	\$5,259	22.9%	\$3,680	25.6%	\$556	31.0%
Other Real Estate: Farmland	\$128	0.6%	\$0	0.0%	\$0	0.0%
Multifamily	\$0	0.0%	\$0	0.0%	\$0	0.0%
Nonfarm Nonresidential	\$581	2.5%	\$370	2.6%	\$0	0.0%
Commercial and Industrial	\$11,733	51.0%	\$6,372	44.3%	\$726	40.5%
Loans to Individuals	\$3,799	16.5%	\$2,612	18.1%	\$480	26.8%
Agricultural Loans	\$0	0.0%	\$0	0.0%	\$0	0.0%
Total	\$22,993	100.0%	\$14,395	100.0%	\$1,792	100.0%

* This table does not include the entire loan portfolio. Specifically, it excludes loans to depository institutions, bankers acceptances, lease financing receivables, obligations of state and political subdivisions, and other loans that do not meet any other category. Contra assets are also not included in this table.

As indicated by the table above, the bank's loan portfolio as of March 31, 2002, consisted primarily of commercial and industrial loans followed by loans secured by one- to four- family dwellings. This is consistent with the bank's strategy. No known legal impediments exist that would restrain the bank from meeting the credit needs of its assessment area.

DESCRIPTION OF ASSESSMENT AREA: Elmore County, Alabama

Overview

First Community Bank of Central Alabama's assessment area consists of all of Elmore County, Alabama. Elmore County, which is located just north of Montgomery County, is included in the Montgomery MSA. Cities located within Elmore County include Wetumpka (the county seat), Blue Ridge, Eclectic, Coosada, Prattville, and Tallassee. Elmore County consists of 13 census tracts, one of which is moderate-income, eleven are middle-income, and one is upper-income. The bank's main office is located in an upper-income census tract and the branch is located in and is surrounded by middle-income census tracts. First Community Bank of Central Alabama has not arbitrarily excluded any low- or moderate-income census tracts from its assessment area.

During the review period, small business loans by dollar volume exceeded the dollar volume of residential real estate and motor vehicle loans. Therefore, small business loans were given more weight in analyzing the bank's CRA performance.

Demographic Data by Census Tract

The table on the following page provides demographic information that was used in analyzing the bank's CRA performance. Certain components of the data in the table are discussed in the report as they apply to particular parts of the analysis.

DESCRIPTION OF ASSESSMENT AREA: Elmore County, Alabama (Continued)

ELMORE COUNTY ASSESSMENT AREA								
DEMOGRAPHICS								
2002 HUD Median Family Income (MSA): \$53,000	Tract Distribution		Families					
	#	%	Families by Tract		Families < Poverty as a % of Families by Tract		Families by Family Income	
Income Categories	#	%	#	%	#	%	#	%
Low	0	0.0%	0	0.0%	0	0.0%	2,782	21.3%
Moderate	1	7.7%	1,162	8.9%	149	12.8%	2,469	18.9%
Middle	11	84.6%	10,226	78.3%	1,168	11.4%	2,966	22.7%
Upper	1	7.7%	1,673	12.8%	131	7.8%	4,844	37.1%
NA	0	0.0%	0	0.0%	0	0.0%	-	-
Total	13	100.0%	13,061	100.0%	1,448	11.1%	13,061	100.0%
Housing Units by Tract								
	Total Units	Owner Occupied		Rental Occupied		Vacant		
	#	#	%	#	%	#	%	
Low	0	0	0.0%	0	0.0%	0	0.0%	0
Moderate	1,648	1,240	9.3%	75.2%	224	13.6%	184	11.2%
Middle	15,756	10,269	77.3%	65.2%	2,822	17.9%	2,665	16.9%
Upper	2,093	1,773	13.3%	84.7%	204	9.7%	116	5.5%
NA	0	0	0.0%	0.0%	0	0.0%	0	0.0%
Total	19,497	13,282	100.0%	68.1%	3,250	16.7%	2,965	15.2%
*Total Businesses by Tract				Businesses by Tract and Revenue Size				
	#	%		Under \$1 Million		Over \$1 Million		
	#	%	%	#	%	#	%	
Low	0	0.0%		0	0.0%	0	0.0%	0
Moderate	99	5.7%		84	5.5%	6	5.8%	6
Middle	1,396	80.9%		1,236	81.5%	82	78.8%	82
Upper	231	13.4%		196	12.9%	16	15.4%	16
NA	0	0.0%		0	0.0%	0	0.0%	0
Total	1,726	100.0%		1,516	100.0%	104	100.0%	104
Percentage of Total Businesses:					87.8%		6.0%	

Sources: 1990 Census Data, 2001 Dun & Bradstreet business demographic data.
 * Businesses with revenues under \$1million & over \$1million will not total due to revenue not available.
 NA Tracts are tracts without household or family income.

Population

At the time of the 2000 Census, Elmore County's population was 65,874 persons, which represented 19.7 percent of the MSA's population of 333,479. According to the U.S. Census Bureau, Elmore County's population increased 33.9 percent from the 1990 Census (49,210).

Income Characteristics

At the time of the 1990 U.S. Census, there were 13,061 families in the assessment area. 21.3 percent were low-income, 18.9 percent were moderate-income, 22.7 were middle-income, and 37.1 percent were upper-income. A low level of poverty exists in the moderate-income census tract, where only 12.8 percent of the families have incomes below the poverty level. Typically, families with incomes below the poverty level have difficulty qualifying for residential mortgage loans without flexible or innovative loan underwriting standards. According to HUD, the 2002 median family income for the Montgomery MSA is \$53,000.

DESCRIPTION OF ASSESSMENT AREA: Elmore County, Alabama (Continued)

Housing Data

According to 1990 Census data, the majority (68.1 percent) of the housing units in the bank's assessment area were owner-occupied and the median housing value for owner-occupied units in the assessment area was \$60,702. Housing in the assessment area was primarily comprised of one- to four-family units (79.6 percent) and the median age of the housing stock was 20 years.

As reflected in the demographic table earlier in this report, a significantly higher number of total housing units in the middle-income census tracts (77.3 percent) are owner occupied than in the moderate-income census tract (9.3 percent). Because of the higher number of owner-occupied units in the middle-income census tracts, the majority of consumer mortgage lending would be expected in these census tracts.

Employment Statistics

A review of data from the U. S. Bureau of Labor Statistics as of 1996 indicates that the service industry is the largest employer in Elmore County, followed by the government sector and the retail trade sector. According to Regional Economic Information Systems (REIS) data, from 1990 to 1995, Elmore County experienced a 18.6 percent increase in total full- and part-time employment, with the greatest increases in mining, construction and retail trade sectors (66.7 percent, 55.5 percent and 30.0 percent, respectively). According to the U.S. Bureau of Labor Statistics for Elmore County since 1998, the annualized unemployment rates (not seasonally adjusted) ranged from a low of 2.8 percent in 1998 to a high of 3.9 percent for 2001. In 2002, the monthly unemployment rates (not seasonally adjusted) ranged from a high of 4.1 percent in February to a low of 3.3 percent in both April and May.

Business Size Characteristics

The demographic table earlier in this report provides key demographic business data by census tracts within First Community Bank of Central Alabama's assessment area. The Dun and Bradstreet information for 2001 illustrates that 87.8 percent of the businesses in the bank's assessment area had total revenues less than \$1 million and were therefore considered to be small businesses.

DESCRIPTION OF ASSESSMENT AREA: Elmore County, Alabama (Continued)

Competition

First Community Bank of Central Alabama is located in a highly competitive market. However, the local competition does not seem to have adversely affected the bank's ability to grow and serve the credit needs of its assessment area. The competition is mainly from eight banks. Only one of the eight banks is similar in asset size to First Community Bank of Central Alabama. The other seven banks are statewide, multi-regional, and national banks, most with resources substantially greater than that of First Community Bank of Central Alabama.

Community Contacts

As part of the CRA examination, information was obtained from two community contacts regarding local economic conditions and community credit needs. Both contacts were helpful and had a good level of knowledge of the economic conditions in Elmore County. Both contacts had positive comments regarding the degree of involvement of the financial institutions in the community. They indicated that the general banking and credit needs are being well served in the community and that, when there are opportunities for participation by local financial institutions in community development and other credit-related projects, the local financial institutions participate in these projects.

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA

Loan-to-Deposit Ratio Analysis

First Community Bank of Central Alabama's LTD is **REASONABLE** given the bank's recent entry in the market, asset size, financial condition, and competition in the assessment area. The bank's average LTD ratio for the three quarters ending March 31, 2002, was 47.98 percent. The LTD ratio steadily increased over the last three quarters from 21.37 percent as of September 30, 2001 to 65.04 percent as of March 31, 2002. First Community Bank of Central Alabama's average LTD ratio was compared with the average LTD ratio of the only financial institution of similar asset size with branch offices in the bank's assessment area. The average range of LTD ratio for the same period of time (the three quarters ending March 31, 2002) for this bank was 64.47 percent. However, this bank has been opened for business much longer than First Community Bank of Central Alabama.

Lending in the Assessment Area

First Community Bank of Central Alabama's lending in the assessment area exceeds the standards for satisfactory performance in this category. A sample of 70 small business loans, 96 residential real estate loans, and 98 motor vehicle loans originated from January 2001 through July 2002 was analyzed to determine the extent of the bank's lending inside the assessment area. As illustrated in the following table, a **SUBSTANTIAL MAJORITY** (by both number and dollar volume) of the bank's small business loans, residential real estate and motor vehicle loans were originated within the assessment area.

LENDING INSIDE AND OUTSIDE ASSESSMENT AREA				
Loan Type	IN			
	#	%	\$ (000s)	%
Small Business	63	90.0%	\$5,975	78.2%
Residential	89	92.7%	\$5,027	93.9%
Motor Vehicle	87	88.8%	\$1,019	87.1%
Total In	239	90.5%	\$12,021	84.8%
	OUT			
	#	%	\$ (000s)	%
Small Business	7	10.0%	\$1,667	21.8%
Residential	7	7.3%	\$329	6.1%
Motor Vehicle	11	11.2%	\$151	12.9%
Total Out	25	9.5%	\$2,147	15.2%

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA (Continued)

Lending to Borrowers of Different Incomes and Businesses of Different Sizes

To assess First Community Bank of Central Alabama's performance relative to this criterion, 63 small business loans, 89 residential real estate loans secured by property located within the bank's assessment area, and 87 motor vehicle loans were analyzed. Borrower income classifications were assigned in accordance with the definitions outlined earlier in this report. For this analysis, the distribution of small business lending by revenue size and residential real estate and motor vehicle loans by borrower income level was compared with available demographic information.

Lending to Businesses of Different Sizes

First Community Bank of Central Alabama's record of lending to businesses of different sizes shows **EXCELLENT** penetration among businesses of different sizes. Of the 63 small business loans originated in the assessment area during the review period, all were originated to businesses with gross annual revenues of less than \$1 million. As noted earlier, 87.8 percent of the businesses in the assessment area are considered to be small businesses. In addition, 76.2 percent of the dollar volume of small business loans originated were amounts of \$100,000 or less.

SMALL BUSINESS LOANS by Business Revenue and Loan Size				
Business Revenue:	#	%	\$(000)s	%
\$1 Million or Less	63	100.0%	\$5,975	100.0%
Over \$1 Million	0	0.0%	\$0	0.0%
Not Available	0	0.0%	\$0	0.0%
Loan Size:				
\$100,000 or Less	48	76.2%	\$1,056	17.7%
\$100,001 - \$250,000	8	12.7%	\$1,210	20.3%
\$250,001 - \$1 Million	7	11.1%	\$3,709	62.1%
<i>Total</i>	63	100.0%	\$5,975	100.0%

Residential Lending to Borrowers of Different Incomes

First Community Bank of Central Alabama's distribution of residential lending by income levels of borrowers indicates **EXCELLENT** penetration among individuals of different incomes, including low- and moderate-income levels. Of the 89 residential real estate loans originated in the assessment area during the review period, one had missing income information. According to the chart on the following page, 14.6 percent of the

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA (Continued)

residential real estate loans were originated to low- income borrowers; where non-poverty low-income families represent 10.1 percent of total families. While families below the poverty level are not ineligible for credit, it is recognized that they have a lower capacity for debt repayment and therefore, may not qualify for residential real estate loans. 24.7 percent of the residential loans were made to moderate-income families, who represent 18.9 percent of total families. These levels are excellent considering the demographics of the area.

RESIDENTIAL LOANS by Borrower Income		
Borrower Income Level	#	%
Low-Income	13	14.6%
Moderate-Income	22	24.7%
Middle-Income	27	30.3%
Upper-Income	26	29.2%
Income Not Available	1	1.2%
<i>Total</i>	<i>89</i>	<i>100.0%</i>

Motor Vehicle Lending to Borrowers of Different Incomes

First Community Bank of Central Alabama's distribution of lending by income levels of borrowers reflects **EXCELLENT** penetration among individuals of different incomes, including low- and moderate-income levels. Of the 87 motor vehicle loans originated in the assessment area during the review period, all had income information. According to the chart below, 29.9 percent of the motor vehicle loans were originated to both low- and moderate-income borrowers. Low- and moderate-income families represent 21.3 percent and 18.9 percent, respectively, of total families.

MOTOR VEHICLE LOANS by Borrower Income		
Borrower Income Level	#	%
Low-Income	26	29.9%
Moderate-Income	26	29.9%
Middle-Income	19	21.8%
Upper-Income	16	18.4%
Income Not Available	0	0.0%
<i>Total</i>	<i>87</i>	<i>100.0%</i>

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA (Continued)

Geographic Distribution of Loans

The geographic distribution of small business, residential real estate and motor vehicle loans reflects **EXCELLENT** dispersion throughout the assessment area. The 63 small business loans, 89 residential real estate loans, and 87 motor vehicle loans originated in the bank's assessment area were used to analyze the geographic distribution of lending activity. For this analysis, the geographic distribution of small business loans, residential real estate and motor vehicle loans was compared with the demographic information available.

As illustrated in the table below, the bank originated 9.5 percent of its small business loans in the moderate-income census tract. 5.5 percent of small businesses are located in this tract. The majority of businesses in the bank's assessment area are located in the middle-income census tracts (81.5 percent).

GEOGRAPHIC DISTRIBUTION		
Tract Income Level	Small Business	
	#	%
Low-Income	0	0.0%
Moderate-Income	6	9.5%
Middle-Income	38	60.3%
Upper-Income	19	30.2%
<i>Total Assessment Area</i>	63	100.0%

As demonstrated in table on the following page, the bank originated 20.2 percent of its residential real estate loans in the moderate-income census tract. 9.3 percent of total owner-occupied units in the assessment area are in the moderate-income census tract. Also, only 8.9 percent of the total families in the assessment area reside in the moderate-income census tracts, of which 12.8 percent have incomes below the poverty level.

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA (Continued)

GEOGRAPHIC DISTRIBUTION		
Tract Income Level	Residential	
	#	%
Low-Income	0	0.0%
Moderate-Income	18	20.2%
Middle-Income	53	59.6%
Upper-Income	18	20.2%
<i>Total Assessment Area</i>	<i>89</i>	<i>100.0%</i>

As demonstrated in the table below, the bank originated 21.8 percent of its motor vehicle loans in the moderate-income census tract. 8.9 percent of the total families in the assessment area live in this tract.

GEOGRAPHIC DISTRIBUTION		
Tract Income Level	Motor Vehicle	
	#	%
Low-Income	0	0.0%
Moderate-Income	19	21.8%
Middle-Income	59	67.8%
Upper-Income	9	10.4%
<i>Total Assessment Area</i>	<i>87</i>	<i>100.0%</i>

Complaints

No CRA-related complaints have been received since the preceding performance evaluation.

Compliance with Antidiscrimination Laws and Regulations

The bank is in compliance with the substantive provisions of the antidiscrimination laws and regulations. No evidence of discrimination or the use of illegal credit practices was noted during the review of the bank's policies and procedures.