

PUBLIC DISCLOSURE

August 19, 2002

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

**First Bank of Coastal Georgia
Pembroke, Georgia**

RSSD ID Number: 823638

**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 of 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

HUD - Department of Housing and Urban Development

LTD- Loan to Deposit Ratio

MSA - Metropolitan Statistical Area

REIS - Regional Economic Information System

ROUNDING CONVENTION

Because the percentages presented in tables were rounded to the nearest tenth in most cases, some columns may not total exactly 100 percent.

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 CRA performance of First Bank of Coastal Georgia prepared by the Federal Reserve Bank of Atlanta, the institution's supervisory agency, as of August 19, 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.

First Bank of Coastal Georgia's average LTD ratio is reasonable and meets the standards for satisfactory performance, given the institution's size, financial condition, and competition within the assessment area. A majority of the bank's loans were extended to businesses and individuals inside its assessment area. Based on the HMDA loans and a sample of small business loans originated in the assessment area, lending to borrowers of different income levels and to businesses of different revenue sizes is excellent. The bank has received no CRA-related complaints since the previous examination. In addition, the bank is in compliance with the substantive provisions of the antidiscrimination laws and regulations.

DESCRIPTION OF INSTITUTION

First Bank of Coastal Georgia (First Bank) is a small, traditional community bank with two banking offices located in Bryan County, Georgia. The main office is located in Pembroke, Georgia, with a branch office in Richmond Hill, Georgia. First Bank is a wholly owned subsidiary of Putnam-Greene Financial Corporation, Eatonton, Georgia. The bank became a member of the Federal Reserve System effective March 1, 2001. From March 31, 2001 to March 31, 2002, total assets grew from \$75.8 million to \$81.0 million. As of March 31, 2002, net loans totaled \$46.7 million and total deposits represented \$65.4 million.

First Bank is a full service community bank that offers a variety of credit products to meet community credit needs. These products include commercial real estate, consumer, and residential mortgage loans. The bank's business strategy focuses on commercial real estate loans.

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		12/31/2000		12/31/1999	
	\$ (000s)	Percent	\$ (000s)	Percent	\$ (000s)	Percent	\$ (000s)	Percent
Construction and Development	\$946	1.9%	\$1,165	2.4%	\$1,232	2.9%	\$2,863	7.4%
Secured by One- to Four- Family Dwellings	\$3,981	8.2%	\$4,339	9.0%	\$4,325	10.1%	\$5,106	13.3%
Other Real Estate: Farmland	\$0	0.0%	\$0	0.0%	\$0	0.0%	\$0	0.0%
Multifamily	\$4	0.0%	\$4	0.0%	\$41	0.1%	\$10	0.0%
Nonfarm Nonresidential	\$33,648	69.4%	\$33,624	69.4%	\$26,486	61.8%	\$22,292	57.9%
Commercial and Industrial	\$4,397	9.1%	\$3,450	7.1%	\$3,905	9.1%	\$1,354	3.5%
Loans to Individuals	\$5,542	11.4%	\$5,854	12.1%	\$6,899	16.1%	\$6,856	17.8%
Agricultural Loans	\$0	0.0%	\$0	0.0%	\$0	0.0%	\$0	0.0%
Total	\$48,518	100.0%	\$48,436	100.0%	\$42,888	100.0%	\$38,481	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 illustrated by the table above, First Bank's loan portfolio as of March 31, 2002 consisted primarily of nonfarm nonresidential real estate loans (69.4 percent), followed by loans to individuals (11.4 percent), and commercial loans (9.1 percent). This is consistent with the bank's strategy. The table reveals that the most significant loan growth by dollar amount was loans secured by commercial real estate, which grew by \$7.2 million, or 27 percent, since December 31, 2000. Except for the increase in commercial real estate loans, all other loan types have experienced negative or no growth during the review period as a percentage of total loans. First Bank offers consumer credit products for residential real estate purchase, home improvement, or refinance, but does not offer the traditional 15- or 30-year mortgage product, which is reflected in the relatively low level of loans secured by one- to four-family dwellings. No known legal impediments exist that would restrain the bank from meeting the credit needs of its assessment area.

DESCRIPTION OF ASSESSMENT AREA: Bryan County, Georgia

The bank's assessment area consists of two of the three census tracts in Bryan County, which is part of the Savannah MSA. Bryan County is located just west of Savannah, Georgia, and includes the towns of Pembroke and Richmond Hill. Bryan County is also the home of Fort Stewart Army Base, which comprises the one tract not included in the bank's assessment area. The assessment area contains one middle-income census tract and one upper-income census tract. In designating the entire county as its assessment area, less the tract comprised by the military base, the bank has not unreasonably excluded any low- or moderate-income census tracts from its assessment area.

During the past decade, Bryan County has experienced growth in population, businesses, and housing; however, Bryan County is increasingly becoming a bedroom community of Savannah. According to bank management, 73 percent of working adults commute from the county to Savannah or Hinesville. In addition, Georgia Southern University in Statesboro is one of the larger employers of local residents.

Demographic Data by Census Tract

The following table 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: Bryan County, Georgia (Continued)

FIRST BANK OF COASTAL GA ASSESSMENT AREA									
DEMOGRAPHICS									
2002 HUD Median Family Income (MSA): \$50,700	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%	850	20.1%	
Moderate	0	0.0%	0	0.0%	0	0.0%	748	17.7%	
Middle	1	50.0%	2,110	50.0%	379	18.0%	1,021	24.2%	
Upper	1	50.0%	2,112	50.0%	94	4.5%	1,603	38.0%	
NA	0	0.0%	0	0.0%	0	0.0%	-	-	
Total	2	100.0%	4,222	100.0%	473	11.2%	4,222	100.0%	
Housing Units by Tract									
Total Units	Owner Occupied		Rental Occupied		Vacant				
	#	%	%	#	%	#	%		
Low	0	0	0.0%	0.0%	0	0.0%	0	0.0%	
Moderate	0	0	0.0%	0.0%	0	0.0%	0	0.0%	
Middle	2,955	2,097	51.8%	71.0%	537	18.2%	321	10.9%	
Upper	2,594	1,948	48.2%	75.1%	488	18.8%	158	6.1%	
NA	0	0	0.0%	0.0%	0	0.0%	0	0.0%	
Total	5,549	4,045	100.0%	72.9%	1,025	18.5%	479	8.6%	
*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	0.0%		
Moderate	0	0.0%	0.0%	0	0.0%	0	0.0%		
Middle	143	26.2%	26.2%	124	25.2%	7	33.3%		
Upper	403	73.8%	73.8%	368	74.8%	14	66.7%		
NA	0	0.0%	0.0%	0	0.0%	0	0.0%		
Total	546	100.0%	100.0%	492	100.0%	21	100.0%		
Percentage of Total Businesses:					90.1%		3.8%		

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

Bryan County’s population has increased significantly over the past decade. At the time of the 1990 Census, Bryan County’s population was 15,335 persons, which represented 5.9 percent of the Savannah MSA’s population of 258,060. According to the estimated Census data, as of July 1, 1999, the total population of Bryan County had increased by 59.1 percent to 24,394 persons, representing 8.5 percent of the Savannah MSA’s estimated population of 288,426.

Income Characteristics

At the time of the 1990 Census, there were 4,222 families in the assessment area. 20.1 percent were low-income, 17.7 percent were moderate-income, 24.2 percent were middle-income, and 38.0 percent were upper-income. Of the 4,222 families in the assessment area, 473 families (11.2 percent) have incomes below the

DESCRIPTION OF ASSESSMENT AREA: Bryan County, Georgia (Continued)
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poverty level. Typically, families with incomes below the poverty level have difficulty qualifying for HMDA loans without flexible or innovative underwriting standards.

The 1990 median family income for the Savannah MSA, which includes Bryan County, was \$31,881. According to HUD, the estimated 2002 median family income for the MSA is \$50,700.

Housing Data

According to 1990 census data, the majority (72.9 percent) of the housing units in the bank's assessment area were owner-occupied and the median housing value for all types of units in the assessment area was \$64,200. The median housing value is higher than that of the MSA (\$62,646) and lower than the state of Georgia (\$70,707). Housing in the assessment area was primarily comprised of one-unit detached dwellings (62.2 percent) and the median age of the housing stock was 12 years.

Employment Statistics

According to REIS data, from 1990 to 1995, Bryan County experienced a 40 percent increase in population and a 31.4 percent increase in total full- and part-time employment, with the greatest increases in the transportation and utilities, and the finance, insurance, and real estate sectors.

A review of the 1997 Economic Census Data indicates that the retail trade and the services sectors had the most paid employees in Bryan County. The manufacturing sector was a distant third. According to the U. S. Bureau of Labor Statistics, the annual unemployment rates for Bryan County from 1998 through 2001, were consistently lower than for the Savannah MSA and for the State of Georgia during the same time period. In Bryan County, the annual unemployment rates (not seasonally adjusted) ranged from 3.3 percent in 1998 to 2.5 percent in 2001, compared to the Savannah MSA at 4.5 percent in 1998 to 3.2 percent in 2001, and 4.2 percent in 1998 to 4.0 percent in 2001 for the State of Georgia.

Business Size Characteristics

The demographic table earlier in this report provides key demographic business data by census tract income level within the bank's assessment area. The Dun and Bradstreet information for 2001 illustrates that 90.1 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: Bryan County, Georgia (Continued)
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Competition

The level of competition in the assessment area would be considered average. However, according to bank management, First Bank also competes with the large regional banks located in Savannah. Because much of the population of Bryan County works in Savannah, many of these people also conduct their banking business in Savannah. According to the FDIC/OTS Summary of Deposits Report, as of June 30, 2001, there were three other financial institutions operating a total of three branches in Bryan County, Georgia. First Bank is ranked 2nd with \$61.3 million in deposits, representing a market share of 38.2 percent. Bryan Bank and Trust, ranked 1st in the assessment area, commanded 58.8 percent of the market. Local competition does not seem to have adversely affected the bank's ability to serve the credit needs of its assessment area.

Community Contacts

As part of the CRA examination, information was obtained from one community contact regarding local economic conditions and community credit needs. The contact was helpful and had a good level of knowledge of the economic conditions in Bryan County. Overall, the contact had positive comments regarding the degree of involvement of the financial institutions in the community. The contact indicated that the general banking and credit needs are being served in the community and that, although there is limited opportunity for community development projects, the local financial institutions are visible in the community.

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA

Loan-to-Deposit Ratio Analysis

First Bank's LTD ratio is reasonable given the bank's size, financial condition, area competition, and the assessment area's credit needs, and meets the standards for satisfactory performance. Based on information from the bank's Call Report, the bank's average LTD ratio for the 16-quarter period ended March 31, 2002, was 63.4 percent. The LTD ratio has fluctuated for the past 16 quarters from 51.1 percent as of June 30, 1998, to 71.5 percent as of March 31, 2002. First Bank's highest LTD ratio of 78.9 percent occurred at the quarter ended December 31, 2001.

LENDING INSIDE AND OUTSIDE ASSESSMENT AREA				
Loan Type	IN			
	Number	Percent	\$ (000s)	Percent
HMDA	249	62.3%	\$10,680	60.7%
Small Business Secured by Real Estate	70	62.5%	\$6,570	46.9%
<i>Total In</i>	<i>319</i>	<i>62.3%</i>	<i>\$17,250</i>	<i>54.6%</i>
	OUT			
	Number	Percent	\$ (000s)	Percent
HMDA	151	37.8%	\$6,907	39.3%
Small Business Secured by Real Estate	42	37.5%	\$7,451	53.1%
<i>Total Out</i>	<i>193</i>	<i>37.7%</i>	<i>\$14,358</i>	<i>45.4%</i>

Assessment Area Concentration

A sample of 400 HMDA loans and 112 small business loans originated between June 1, 1998 and June 1, 2002 was analyzed to determine the extent of the bank's lending inside the assessment area. As illustrated in the table above, a majority of First Bank's loans and lending-related activities are in the assessment area. In addition, a majority of the dollar volume associated with the loan production also occurred within the assessment area. Therefore, First Bank's volume of lending within the assessment area meets the standards for satisfactory performance in this category.

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA

Lending to Borrowers of Different Incomes and Businesses of Different Sizes

To assess First Bank's performance relative to this criterion, all 249 HMDA loans secured by property located within the bank's assessment area and 70 small business loans were analyzed. Borrower income classifications were assigned in accordance with the definitions outlined earlier in this report. For this analysis, the distribution of HMDA loans by borrower income levels and small business lending by revenue size was compared with available demographic information. In addition, the performance of other banks was also considered in the analysis.

Lending to Borrowers of Different Incomes

The following table shows the distribution of HMDA loans to borrowers of different income levels.

HMDA LOANS BY BORROWER INCOME		
Borrower Income Level	Number	Percent
Low-Income	43	17.3%
Moderate-Income	59	23.7%
Middle-Income	57	22.9%
Upper-Income	85	34.1%
Not Available	5	2.0%
<i>Total</i>	<i>249</i>	<i>100.0%</i>

As shown in the demographic analysis on page 4, 20.1 percent of the families in the assessment area are considered low-income, 17.7 percent are moderate-income, 24.2 percent are middle-income, and 38.0 percent are upper-income. 17.3 percent of the HMDA loans originated by the bank were granted to low-income borrowers, which is only slightly below the percentage of low-income families in the assessment area. When the percentage of families with incomes below the poverty level (11.2 percent) is taken in to consideration, the bank's level of lending to low-income borrowers at 17.3 percent is significantly higher than the percentage of non-poverty, low-income families in the assessment area at 8.9 percent. 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. Moderate-income families comprise 17.7 percent of the assessment area population and they received 23.7 percent of the HMDA loans originated by the bank during the review period.

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA (Continued)

First Bank’s lending significantly exceeded that of other lenders (aggregate) to both low- and moderate-income borrowers in 2000. As illustrated by the following table, 11.1 percent of First Bank’s HMDA loans were granted to low-income borrowers, as compared to 3.2 percent of aggregate lending. In addition, moderate-income borrowers received 29.6 percent of First Bank’s HMDA loans, while only 13.4 percent of aggregate HMDA lending was granted to moderate-income borrowers in 2000.

FIRST BANK OF COASTAL GA ASSESSMENT AREA								
2000 AGGREGATE LENDING COMPARISON								
HMDA ORIGINATIONS & PURCHASES								
Income Category	By Tract Income				By Borrower Income			
	Bank		Aggregate		Bank		Aggregate	
	#	%	#	%	#	%	#	%
Low	0	0.0%	0	0.0%	6	11.1%	26	3.2%
Moderate	0	0.0%	0	0.0%	16	29.6%	109	13.4%
Middle	32	59.3%	158	19.5%	11	20.4%	188	23.2%
Upper	22	40.7%	654	80.5%	21	38.9%	367	45.2%
NA	0	0.0%	0	0.0%	0	0.0%	122	15.0%
Total	54	100.0%	812	100.0%	54	100.0%	812	100.0%

Given these demographic factors, the bank’s distribution of HMDA loans by borrower income levels was excellent.

Lending to Businesses of Different Sizes

The following table shows the distribution of loans to businesses of different sizes and by loan sizes.

SMALL BUSINESS SECURED BY REAL ESTATE LENDING		
Lending by Business Revenue	Number	Percent
\$1 Million or Less	70	100.0%
Over \$1 Million	0	0.0%
Not Available	0	0.0%
Loan Size:		
\$100,000 or Less	49	70.0%
\$100,001 - \$250,000	16	22.9%
\$250,001 - \$1 million	5	7.1%
Total	70	100.0%

A review of the bank’s record of lending to businesses of different sizes revealed that of the 70 business loans where revenue information was available, 100 percent were made to small businesses with revenues of \$1 million or less. As shown in the demographic analysis earlier in the report, 90.1 percent of the businesses in the

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA (Continued)

bank's assessment area have revenues below \$1 million and are considered to be small businesses. The bank's level of lending exceeded this percentage. In addition, 65 (92.9 percent) of the small business loans were made in amounts of \$250,000 or less.

Given these demographic factors, the bank's record of lending to businesses of different revenue levels is considered to be excellent.

Geographic Distribution of Loans

As stated earlier in this report, there are no low- or moderate-income census tracts within First Bank's assessment area, therefore an analysis by geographic distribution of lending would not be relevant for the purposes of this CRA evaluation.

Complaints

No CRA-related complaints have been received by this Reserve Bank since the preceding CRA evaluation.

Compliance With Antidiscrimination Laws

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 bank policies and procedures. No practices have the intent or the effect of discouraging applicants for credit.