

PUBLIC DISCLOSURE

February 27, 1997

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

**The First National Bank of Commerce
Charter # 7431**

**1731 North Elm Street
Commerce, Georgia 30529**

Office of the Comptroller of the Currency

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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

General Information 1

Institution's CRA Rating 1

Performance Levels 2

Description of Institution 3

Description of Assessment Areas 3

Income Definitions 4

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA 5

 Loan-to-Deposit Ratio 5

 Lending in the Assessment Areas 5

 Types of Loans Originated in 1996 6

 Distribution of Credit 7

 Lending to Borrowers of Different Incomes and to Businesses of Different Sizes ... 7

 Lending to Borrowers in Different Geographies 8

 Response to Consumer Complaints 8

 Record of Compliance with Antidiscrimination Laws. 8

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 performance of **The First National Bank of Commerce (a.k.a. "First Commerce Bank")**, prepared by the **Office of the Comptroller of the Currency**, the institution's supervisory agency, as of **February 27, 1997**. 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** .

The CRA rating for The First National Bank of Commerce (the "bank" or "FNBC") is based on the institution's more than reasonable loan-to-deposit ratio, significant majority of lending within its assessment area, reasonable loan distribution to borrowers of different income levels and different size businesses, and a balanced distribution of loans to borrowers in different geographies.

The following table shows *FNBC's* performance level with respect to each of the five performance criteria.

SMALL INSTITUTION ASSESSMENT CRITERIA	The First National Bank of Commerce PERFORMANCE LEVELS		
	Exceeds Standards for Satisfactory Performance	Meets Standards for Satisfactory Performance	Does not meet Standards for Satisfactory Performance
Loan to Deposit Ratio	X		
Lending in Assessment Area	X		
Lending to Borrowers of Different Incomes and to businesses of Different sizes		X	
Geographic Distribution of Loans		X	
Response to Complaints	FNBC has not received any CRA-related complaints since the previous evaluation.		

DESCRIPTION OF INSTITUTION

The First National Bank of Commerce is a \$112.3 million banking institution wholly owned by First Commerce Bancorp, Inc. The bank's financial condition is characterized by gross loans of \$82.3 million, total deposits of \$101.8 million, and net income of \$2.51 million as of December 31, 1996. The main office is located at 1731 North Elm Street in Commerce, Georgia with four other branches in the cities of Commerce, Jefferson, Hoschton, and Lexington. FNBC sold a banking center in Habersham County during September 1996 while it plans to open a new branch in Gwinnett County during the first quarter of 1997. There are not any legal impediments that should hinder the bank from meeting the credit needs of its assessment areas.

FNBC is a retail banking institution that offers traditional financial services including commercial loans, residential mortgage loans, home equity loans, consumer loans, and deposit accounts. Its loan portfolio primarily consists of residential real estate loans and commercial real estate loans that represent 39 percent and 37 percent of the portfolio, respectively. Four other community banks have headquarters in the assessment areas. While FNBC is the largest of the community banks, the assessment areas include several branches of other larger financial institutions, including First Union, Regions Bank, and SouthTrust Bank, N.A., each with assets in excess of \$1 billion.

The bank is a member of the Honor & Cirrus ATM network, which offers the convenience of nationwide banking through four ATMs located in Commerce (1), Hoschton (1), and Jefferson (2). Additionally, the bank has a 24-hour Automated Voice Service System that allows customers to obtain account information or transfer funds between their accounts.

DESCRIPTION OF ASSESSMENT AREAS

FNBC has three separate assessment areas consisting of four contiguous counties in northeast Georgia. This area contains 20 census tracts and/or block numbering areas (hereafter referred to as "tracts"). The first assessment area consists of Madison County since it is designated as part of the Athens Metropolitan Statistical Area (MSA). This assessment area contains six middle-income census tracts which were determined by the U.S. Census Bureau.

The second assessment area includes the counties of Banks and Jackson and contains 11 middle-income tracts. These counties are not part of any MSA.

The third assessment area consists of Oglethorpe County since the county is not contiguous with the other non-MSA counties. This area contains three middle-income tracts. The three assessment areas contain a total of 20 tracts and none of these tracts are designated as low- or

moderate-income. The population of the combined assessment areas is 50,052¹ and the unemployment rate is 3 percent. Manufacturing is the leading industry in the local economy. Major local employers include Wayne Farms, Mitsubishi Consumer Electronics - America, and Baker & Taylor Company. The table below shows additional demographic information for the Counties in the assessment areas (*Table 1*).

County	Population	Median Family Inc. ²	Census Tracts or BNAs	Low Income Tracts	Low-Income Families	
Banks	10,284	\$28,215	4	0	552	18.2%
Jackson	30,005	\$28,511	7	0	1,379	16.5%
Madison	21,050	\$30,038	6	0	1,335	22.3%
Oglethorpe	9,763	\$28,577	3	0	517	18.8%
Totals	50,052	\$28,835	20	0		

Table 1

We did not contact any community groups during our examination. However, two community contacts previously performed by the Federal Deposit Insurance Corporation indicated a need for “starter homes” and rental housing in Jackson and Oglethorpe Counties.

Income Definitions

Low-income - an individual income, or median family income for geographies, that is less than 50% of the area median income.

Moderate-Income - an individual income, or median family income for geographies, that is at least 50% and less than 80% of the area median income.

Middle-Income - an individual income, or median family income for geographies, that is at least 80% and less than 120% of the area median income.

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

¹ U.S. Census Bureau, 1990

² The 1997 Non-metro Median Family Income for Georgia was \$33,600. Source: U.S. Department of Housing and Urban Development.

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA :

LOAN-TO-DEPOSIT RATIO

Since the most recent CRA exam, the bank's 10-quarter average loan-to-deposit ratio is 77 percent. This percentage exceeds the average of 63 percent for all community banks that are based within the assessment areas. Figure 1 illustrates how FNBC compares with the average loan-to-deposit ratios for the other banks in the assessment areas.

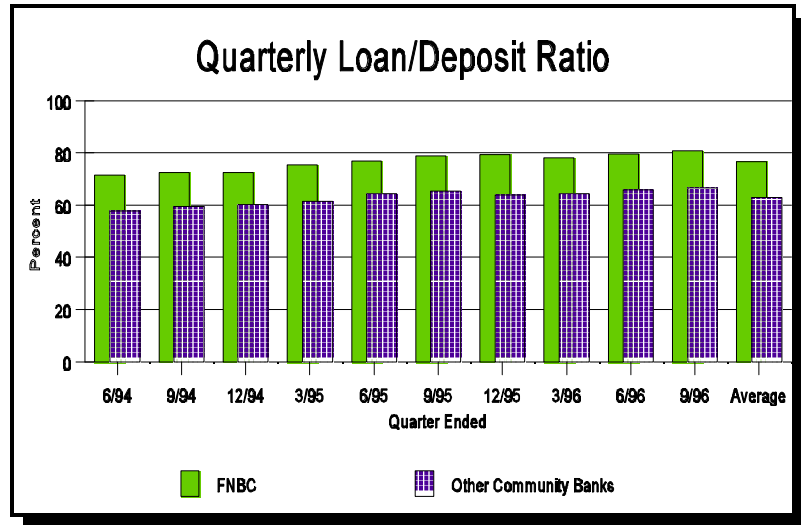


Figure 1

LENDING IN THE ASSESSMENT AREAS

Lending levels reflect some responsiveness to community credit needs. The bank extended a significant majority of its loans to borrowers within its assessment areas. During the 12-month period ending December 31, 1996, the bank originated 86 percent of its residential real estate, consumer, and business loans to borrowers residing within the assessment areas (see Figure 2). Within the assessment areas, FNBC extended 56 percent of the number of loans within Jackson County (see Figure 3). A review of the bank's loan origination reports revealed that approximately 55 percent of lending activity for 1996 was in consumer related products including residential real estate, multi-family real estate, and other consumer loans (see Table 2).

Types of Loans Originated in 1996

<i>Loan Type</i>	<i>Number Originated</i>	<i>Amount Originated (000's)</i>	<i>Percent of Total Loans</i>
<i>Real Estate</i>			
<i>Construction and Land Development</i>	257	\$6,366	14.98%
<i>Residential</i>	821	\$15,877	37.35%
<i>Multi-family</i>	4	\$2,105	4.95%
<i>Commercial</i>	184	\$6,418	15.10%
<i>Farms</i>	30	\$2,084	4.90%
<i>Consumer</i>	1,994	\$5,316	12.51%
<i>Commercial and Industrial</i>	592	\$5,277	12.41%
<i>Agriculture</i>	45	\$488	1.15%
<i>All Other</i>	26	\$200	0.47%
TOTAL LOANS	3,953	\$42,510	100.00%

Table 2

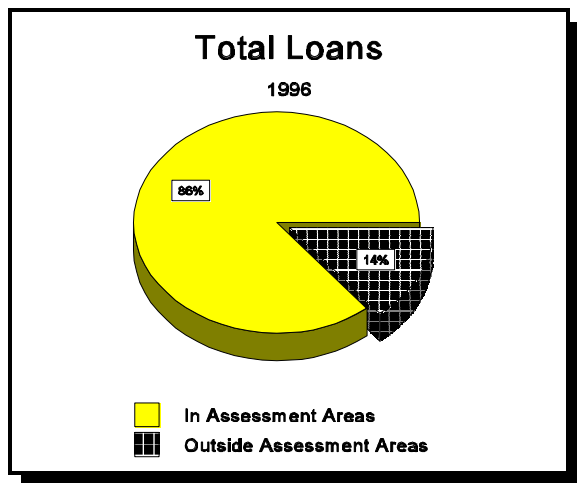


Figure 2

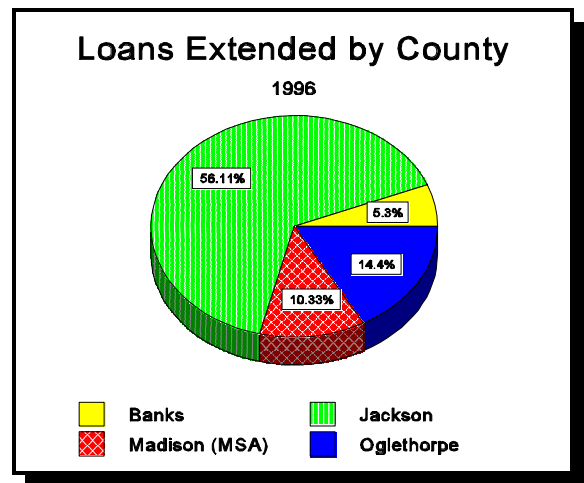


Figure 3

DISTRIBUTION OF CREDIT

We relied in part on analyses management conducted in 1996 to assess the distribution patterns of credit to borrowers of different income levels and tracts. Management's analyses included all of the 1,905 loans that were made in 1996. Also, we randomly selected commercial loans to determine the bank's lending patterns to businesses of different sizes. The bank regularly reviews the geographic distribution of its loans.

LENDING TO BORROWERS OF DIFFERENT INCOMES AND TO BUSINESSES OF DIFFERENT SIZES

The overall distribution of lending to borrowers of different incomes in the three assessment areas is reasonable. However, based on internal information, FNBC only originated 5 percent, 2 percent, and 2 percent of its loans to low-income borrowers in assessment areas of Madison, Jackson/Banks, and Oglethorpe, respectively. The distribution of loans to low income families was lower than the percentage of low income families in the communities (*Figure 4*). Income information was not available or known for up to 26 percent of the borrowers. Some adjustments were necessary to accommodate for the differences in methods the bank used in gathering income information.

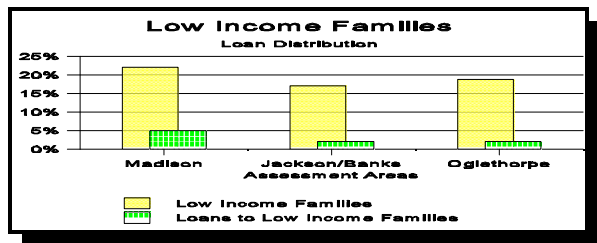


Figure 4

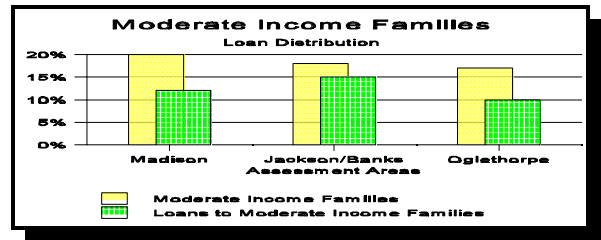


Figure 5

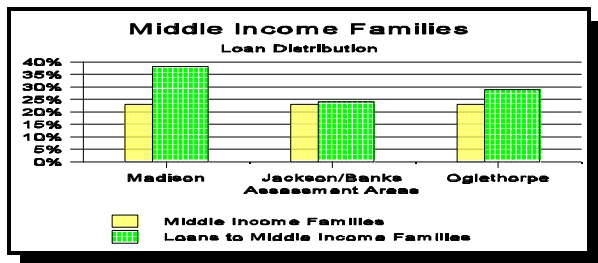


Figure 6

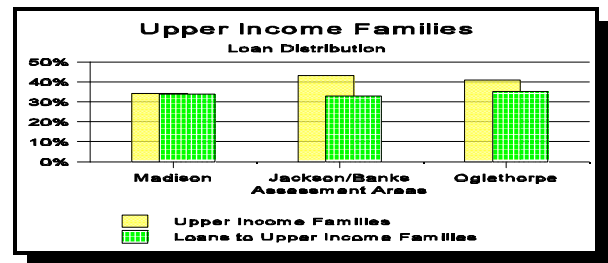


Figure 7

Lending to businesses of different sizes is reasonable. Our limited sample of 13 commercial loans revealed that the bank extended a majority (77 percent) of its business loans to small businesses with revenues less than \$1 million. Approximately \$3 million of these loans were for community development purposes and housing for low income families. These community development loans, targeted toward low-income people, help to compensate for the lower loan penetration to low-income borrowers. Also, the bank participates in the Habitat for Humanity in Jackson County and has provided \$10,000 in initial start-up funding. The program raises construction funds, seeks volunteers, acquires land, and constructs homes for low income families. Additionally, FNBC donates office space for the Jackson County Food Bank.

LENDING TO BORROWERS IN DIFFERENT GEOGRAPHIES

The bank has a satisfactory record of lending to all segments of its assessment areas. While all of the tracts in the bank's assessment areas are middle income, distribution of credit throughout the different tracts is reasonable and consistent with the bank's ability to help meet the credit needs of its community.

RESPONSE TO CONSUMER COMPLAINTS

FNBC did not receive any CRA-related complaints since the most recent CRA examination dated March 7, 1994.

RECORD OF COMPLIANCE WITH ANTIDISCRIMINATION LAWS.

We conducted a concurrent compliance and fair lending examination. We did not find any discriminatory lending practices or violations of the substantive provisions of federal antidiscrimination laws, including the Equal Credit Opportunity Act and Fair Housing Act. The bank has instituted formal fair lending policies and procedures, training programs, and internal self-testing measures.

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