

PUBLIC DISCLOSURE

September 30, 1996

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

**FIRST NATIONAL BANK OF OPELIKA
Charter # 3452**

**414 South Seventh Street
Opelika, Alabama 36801**

**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.

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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 **First National Bank of Opelika** prepared by the **Office of the Comptroller of the Currency**, the institution's supervisory agency, as of **September 30, 1996**. 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 Opelika is based on the institution's reasonable distribution of lending to borrowers of different income levels and businesses of different sizes, making a majority of its loans within its assessment area, and a balanced distribution of loans to borrowers in different geographies. However, the institution needs to continue improving its loan-to-deposit ratio.

The following table indicates the performance level of *First National Bank of Opelika* with respect to each of the five performance criteria.

SMALL INSTITUTION ASSESSMENT CRITERIA	First National Bank of Opelika 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	First National Bank of Opelika has not received any CRA-related complaints since the previous evaluation.		

DESCRIPTION OF INSTITUTION

First National Bank of Opelika (“FNB” or “the bank”) is a wholly owned subsidiary of a one-bank holding company, The First Corporation. As of June 30, 1996, it had assets of \$141.1 million, total loans of \$70 million, and total deposits of \$118.6 million. The institution is “*well-capitalized*” pursuant to the Federal Deposit Insurance Corporation Improvement Act of 1991. FNB is located in Lee County, Alabama and operates its main office and one branch in the City of Opelika. The main office is located in an area where the median family income of the majority of residents is less than 50% of the median family income of the State of Alabama. There are no known legal impediments that would prevent the bank from meeting the credit needs of its assessment area.

FNB is a retail banking institution that offers traditional financial services including commercial, residential mortgage, credit card, and consumer lending. FNB also offers discount brokerage and retail deposit services. Traditionally, the bank has operated as an investment bank with investment securities averaging 48 percent of total assets. Over the past two years, FNB has changed its primary business focus to commercial and consumer lending.

DESCRIPTION OF ASSESSMENT AREA / COMMUNITY PROFILE

FNB’s assessment area includes the 21 Census County Divisions (“census tracts”) within Lee County. The assessment area meets the legal requirements of CRA and does not arbitrarily exclude any low- and moderate- income areas. Lee County has a population of 87,146¹ and is not part of a metropolitan statistical area. The 1996 estimated Median Family Income (“MFI”) for the State of Alabama was \$28,800². Four of the census tracts are considered low- and moderate- income and contain 20 percent of the households. The median age of housing stock was 21 years. In 1996, the median home value was \$59,900.

Four independent community banks and two primary credit unions are headquartered in the assessment area. Additionally, five large out-of-town banking companies operate branches in the assessment area. Principal industries include state/local government, wholesale/retail, and manufacturing. The state and local governments employ over 28 percent of the labor force. The County is also home to Auburn University, the state’s largest university with over 21,000 students and 9,000 employees.

To facilitate our assessment of FNB’s performance, we relied in part on interviews previously conducted by the Federal Deposit Insurance Corporation and the Comptroller of the Currency with officials of local community development organizations. Based on those interviews, affordable housing programs for low income families were identified as the primary credit need

¹1990 U.S. Census Bureau.

²1995 U.S. Department of Housing and Urban Development.

in the assessment area.

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA

Loan-to-Deposit Ratio

The bank's ten-quarter average loan-to-deposit ratio is low at 47 percent compared with 73 percent for two other community banks with main offices in Lee County. This means that for every dollar of deposits, 47 cents are loaned out. Please see *figure 1* for a quarterly comparison between First National Bank of Opelika

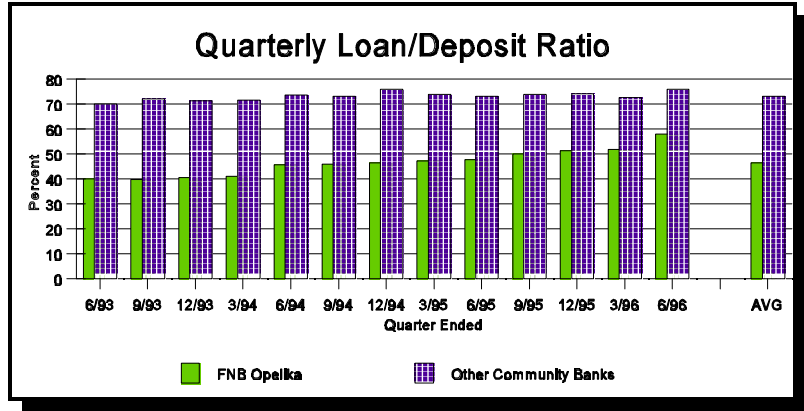


Figure 1

and other community banks. This ratio has traditionally been low due to the bank's prior business focus as an investment bank and less emphasis on commercial and retail lending.

Lending in Assessment Area

The bank extended a majority of its loans to borrowers within the bank's assessment area. As of August 31, 1996, the bank had 80 percent of the number of loans to borrowers residing within the 21-census tract assessment area (*see figure 2*). Also within the assessment area, a significant majority (73 percent) of the number of loans were made for consumer purposes, e.g., automobile (*see figure 3*).

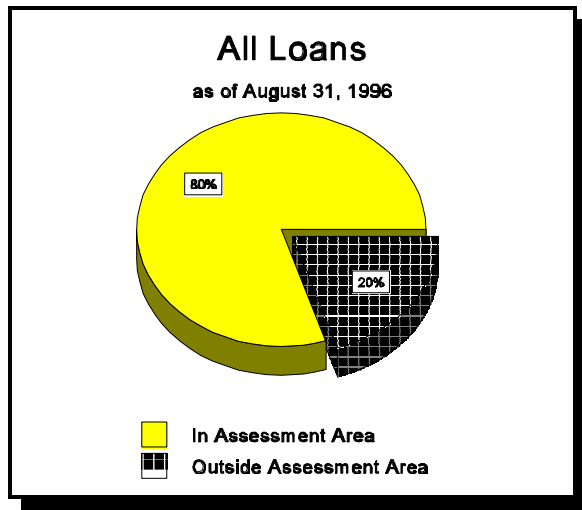


Figure 2

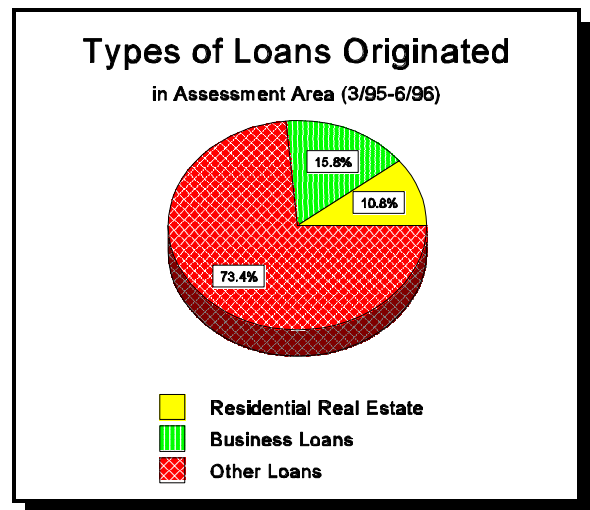


Figure 3

Distribution of Credit

Our analysis of the bank's lending patterns to borrowers of different income levels and geographies within the assessment area was based on 644 (88 percent) consumer loans, including residential mortgage loans, home improvement loans, and personal loans that originated in 1996. We excluded 86 loans from our sample that did not have borrower income information available. Also, we randomly selected 20 commercial loans to determine the bank's lending patterns to businesses of different sizes.

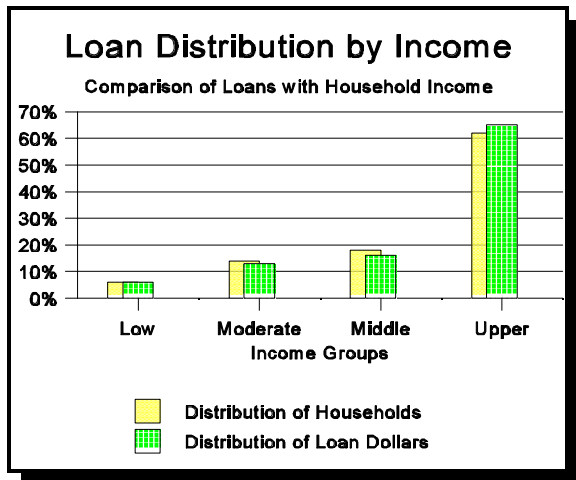


Figure 4

Lending to Borrowers of Different Income s and to Businesses of Different Sizes

Lending to borrowers of different incomes is reasonable. As the graph indicates (*figure 4*), 6 percent and 13 percent of the loans that originated in 1996 were extended to low and moderate income borrowers, respectively. Also, the distribution of loans to middle and upper income individuals was 16 percent and 65 percent, respectively. The distribution of loans compares favorably with the demographic information from the 1990 Census Bureau. Overall, the loans extended by income group correlate to the low, moderate, middle, and upper income groups of the

population.

Lending to businesses of different sizes is reasonable. Based on our sample, commercial loans were made to businesses of varying sizes. Our sample revealed that 20 percent of the commercial loans were extended to smaller businesses with sales less than \$250,000 (*figure 5*).

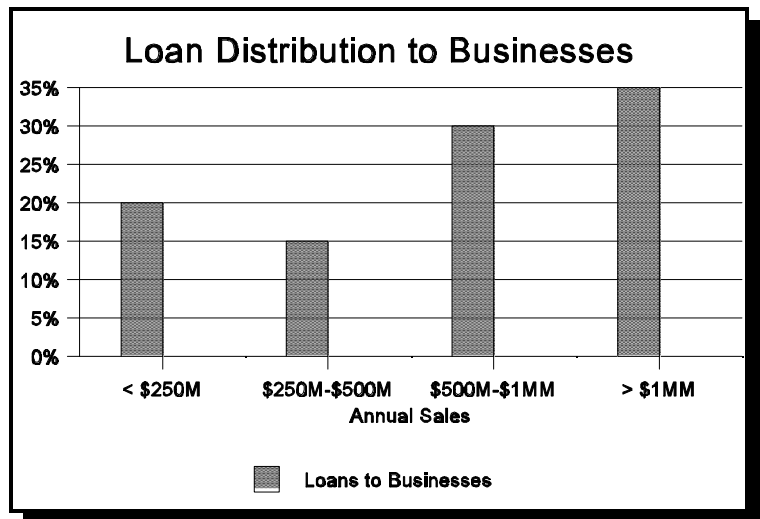


Figure 5

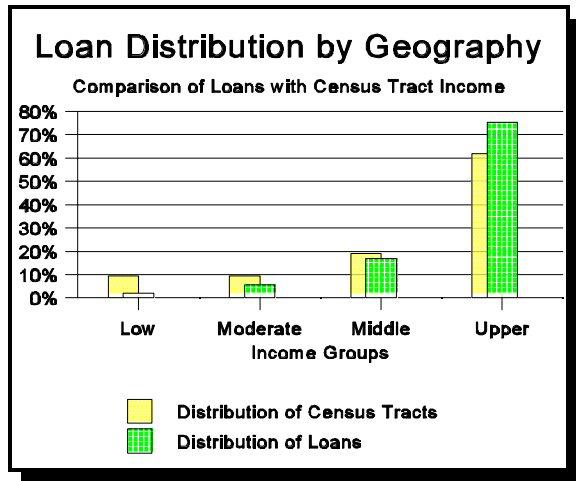


Figure 6

Lending to Borrowers in Different Geographies

The bank has a satisfactory record of lending to a majority of the census tracts in its assessment area. The assessment area contains 13 upper income census tracts which represent 62 percent of all tracts. There are four low- and moderate-income census tracts in the assessment area with a median income less than 80 percent of the Alabama MFI. Please refer to page 3 for a description of the assessment area.

Based on the number of loans extended between March 1995 and June 1996, 7.8 percent were made to borrowers residing in low- and moderate-income areas. However, loan penetration was low in three upper income tracts (401, 403, and 407) and one low income tract (408) due to the high percentage of college students in those tracts. The population in those tracts are served by other financial institutions in those areas. The distribution and penetration of loans in low- and moderate- income tracts are reasonable when compared with the population and demographics of those tracts (see figure 6 and table 1).

Low and Moderate Income Census Tracts In Assessment Area

Tract#	City/Division	Income % of MFI	Population	# of Loans	% of Loans	% of Population
406.00	Auburn City	75.31%	8,143	44	1.76%	9.34%
408.00	Auburn City	31.49%	3,308	4	0.16%	3.80%
415.00	Opelika City	26.61%	224	50	2.00%	0.26%
416.00	Opelika City	54.50%	2,572	96	3.85%	2.95%
Total			14,247	194	7.78%	16.35%

Table 1

RESPONSE TO CONSUMER COMPLAINTS

First National Bank of Opelika did not receive any CRA-related complaints since the previous CRA examination dated June 14, 1993.

RECORD OF COMPLIANCE WITH ANTIDISCRIMINATION LAWS.

We did not identify any discriminatory lending practices or violations of the substantive provisions of federal antidiscrimination laws and regulations, including the Equal Credit Opportunity Act, Fair Housing Act, and the Fair Housing Home Loan Data System regulation. The bank has instituted formal fair lending policies and procedures, training programs, and internal self-testing measures.

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