



**Comptroller of the Currency
Administrator of National Banks**

Small Bank

PUBLIC DISCLOSURE

October 30, 2000

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

**North Atlanta National Bank
Charter Number 23546
10500 Old Alabama Road Connector
Alpharetta, Georgia 30022**

Office of the Comptroller of the Currency

**Southeastern District
Georgia Field Office
1117 Perimeter Center West, Suite W-401
Atlanta, Georgia 30338-5417**

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.

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 **North Atlanta National Bank (NANB)**; Alpharetta, Georgia prepared by **The Office of the Comptroller of the Currency**, the institution's supervisory agency, as of **October 30, 2000**. The agency rates the CRA performance of an institution consistent with the provisions set forth in Appendix A to 12 CFR Part 25.*

GLOSSARY OF TERMS AND COMMON ABBREVIATIONS

The following terms and abbreviations are used throughout this Performance Evaluation.

Metropolitan Statistical Area (MSA) - Area consisting of one or more counties, including large population centers and nearby communities that have a high degree of interaction.

Census Tract (CT) - Small, locally defined statistical areas within a **MSA**. These areas are determined by the U. S. Census Bureau in an attempt to group homogeneous populations. A **CT** has defined boundaries per ten-year census and an average population of 4,000.

Median Family Income (MFI) - The median income as determined by the U. S. Census Bureau. This amount is based on estimates developed by the Department of Housing and Urban Development and is updated annually.

Low-Income - Income levels which are less than 50% of the **MFI** of the **MSA**.

Moderate-Income - Income levels which are less than 80% of the **MFI** of the **MSA**.

Middle-Income - Income levels which are less than 120% of the **MFI** of the **MSA**.

Upper-Income - Income levels which are 120% or greater of the **MFI** of the **MSA**.

Community Reinvestment Act (CRA) - This statute requires federal regulators to evaluate a financial institution's lending performance in light of the credit needs in the institution's local community. The regulator must also evaluate whether the institution's defined community is reasonable. This is a general description of the bank's requirements and not a legal explanation of the requirements contained in 12 USC 2901 and 12 CFR 25 as amended, respectively.

Home Mortgage Disclosure Act (HMDA) - This statute requires certain mortgage lenders that do business or have banking offices in a **MSA** to file annual summary reports of their lending activity. The reports include such data as the race, gender, and the income of applicant(s), the amount of loan requested and its disposition (e.g. made, denied, or withdrawn). The types of loan applications reported include governmentally-guaranteed home purchase and home improvement loans, conventional home purchase and home improvement, refinancing of home purchase and home improvement loans and loans for the purchase of multi-family (5 or more units) dwellings. This is a general description of the bank's requirements and not a legal explanation of the requirements contained in 12 USC 2801 and 12 CFR 203 as amended, respectively.

INSTITUTION'S CRA RATING: This institution is rated “**Satisfactory Record of Meeting Community Credit Needs.**”

NANB’s performance rating is supported by the following:

- a reasonable loan-to-deposit ratio;
- a satisfactory record of lending within the assessment area;
- a satisfactory record of lending to borrowers of different incomes and to businesses of different sizes; and,
- a reasonable distribution of loans by geography.

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

SMALL INSTITUTION ASSESSMENT CRITERIA	North Atlanta National Bank 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	No complaints have been received since the bank opened for business.		

DESCRIPTION OF INSTITUTION

NANB is a local and wholly-owned independent community bank that opened for business on November 16, 1998 in North Fulton County. The bank has one office location at 10500 Old Alabama Road Connector in Alpharetta, Georgia. As of September 30, 2000, the bank had total assets of \$34 million with a loan portfolio approximating \$17 million. Lending activity is centered in consumer loans (4%), non-farm and non-residential loans (18%), residential real estate loans (22%), construction and land development loans (28%) and commercial and industrial loans (28%). Total deposits in the bank approximate \$28 million with capital accounts aggregating \$4 million.

The bank offers a variety of traditional deposit and loan products with small business, home equity and commercial real estate related loans being its primary credit products. The bank also has one automated teller machine at its only office location for customer convenience. There are no financial conditions, legal constraints, or other factors that hinder the bank's ability to help meet the credit needs

of its assessment area.

This is the first CRA examination of NANB since commencing business on November 16, 1998.

DESCRIPTION OF ASSESSMENT AREA

NANB's assessment area meets the technical requirements of the Act and does not arbitrarily exclude low and moderate-income census areas. The assessment area is part of the greater Atlanta Metropolitan Statistical Area (MSA) and is better described as all of those census tracts (146) that comprise Fulton County. According to the 1990 United States Census, the population of this defined area is approximately 649 thousand people. The census median family income for the assessment area is \$41,047. The Department of Housing and Urban Development's (HUD) *updated* median family income estimate for the Atlanta MSA is \$63,100.

ATLANTA MSA - The Atlanta Metropolitan Statistical Area is a twenty-county area surrounding the city of Atlanta with a total of 504 census tracts. Metro Atlanta is internationally recognized as the transportation, communication, industrial, and cultural center of the Southeastern United States. The Atlanta MSA has one of the strongest economies of any major urban area. Due to its location and extensive transportation network, Atlanta has developed as a major distribution center for the Southeast. Distribution and associated industrial activities are gradually being transferred to other urban centers in the South, while Atlanta has evolved as a major provider of technological and financial support services.

The Atlanta MSA has a diverse industrial base that includes manufacturing, transportation, distribution, retailing, wholesaling, finance, government, research, education, medicine, and technical support. Ninety percent (90%) of the Fortune 500 companies maintain regional offices in the Atlanta area. In addition, ninety-eight of the nation's top industrial firms maintain some type of operational facility in metro Atlanta. Foreign trade has played a significant role in the area's growth over the last two decades. More than 200 foreign firms have established their U.S. headquarters in Atlanta. Of these companies, thirty-one are foreign-based banks with offices in Atlanta.

FULTON COUNTY - Fulton County is the hub of the Atlanta MSA and one of the most sophisticated and diversified communities in the southeastern United States. The local business community includes national and international corporate giants such as Coca-Cola, Delta Airlines, AT&T, Kimberly Clarke, Siemens Energy & Automation, CibaVision, UPS, Herman Miller, and American Honda. Fulton County's small business community is also growing and thriving. Small businesses represent 80% of the area's job base, and are the primary source of new job creation.

While the bank's assessment area is all of Fulton County, its primary market area is North Fulton County. This area is also referred to as the "Golden Triangle" for economic development. This corridor along Georgia Highway 400 has been identified as the fastest growing "Edge City" in the history of the United States and the richest area in Georgia based upon 1990 census data. A major factor stimulating the growth in this area is the number of small, large, and emerging companies willing to relocate to North Fulton County.

There are over 12,000 businesses operating in North Fulton County. Based on the state average of small businesses, approximately 85% of these are small businesses with employees of 20 or less. In 1998, Alpharetta, Georgia realized a growth rate in the number of jobs created of 614%. The present unemployment rate in North Fulton County is 2% with the city of Alpharetta being even lower. Unemployment in all of Fulton County is approximately 4%. Households living below the poverty level in North Fulton are 3% and significantly lower than that of the assessment area at 17%. Owner occupied housing in North Fulton County is high at 67% with the median housing value expensive at \$164M as compared to the assessment area of 43% and \$122M, respectively.

The following table highlights the demographic composition of the bank's assessment area.

Type of Census Tract	Number of Census Tracts	Percentage of Total Number of Census Tracts	Number of Households in Census Tracts	Percentage of Households in Census Tracts
Low	54	37%	53,023	20%
Moderate	32	22%	50,734	20%
Middle	22	15%	58,397	23%
Upper	38	26%	95,028	37%

In addition to **NANB**, area competition for financial services is keen and includes several branches of multi-national and regional banks, local community banks, savings banks, and credit unions.

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA:**LOAN-TO-DEPOSIT RATIO**

NANB's loan-to-deposit ratio is reasonable in view of the community's credit needs, demand for credit, keen competition among area financial institutions, and length of time since commencing business. The bank's average loan-to-deposit ratio over the last seven quarters is approximately 57% as compared to peer averages for the same period of 70%. This peer group of banks is those financial institution residing in the same geographic region and having less than three years of operations. The bank's current loan-to-deposit ratio is 56%.

Lending in the Assessment Area

A majority of the bank's loans is within its defined assessment area. An analysis of a sample of 205 new loans originating between November 16, 1998 through October 31, 2000 reveals that a majority of loans is granted within the assessment area (AA) and is detailed as follows:

Lending In the Assessment Area				
	# of Loans	%	\$ of Loans ('000)	%
Inside AA	103	50	13,343	79
Outside AA	102	50	3,590	21
Totals	205	100	16,933	100

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

Given the demographics of the assessment area, the distribution of borrowers reflects reasonable penetration among individuals of different income levels (including low and moderate income) and business of different sizes.

We sampled a total of sixty-eight (68) consumer purpose loans granted in 2000 to determine the income levels of borrowers. As the following table indicates, an initial review of NANB's lending to borrowers of low and moderate income levels appears low relative to the percentage of families residing in those income tracts in the assessment area.

However, further analysis of the bank's lending within the assessment area, particularly those tracts immediately surrounding the bank's site, reveals that it sits in the middle of four upper income census tracts. These four census tracts have an average median family income of \$66,958. As previously stated, this area was identified as the richest area in Georgia based on 1990 census data. Within these census tracts, low income families comprise only 5%; moderate income families 9%; middle income families 17%; and, upper income families 69%. There are no low and moderate income census tracts in the immediate area. As such, the number and dollar volume of loans granted to LMI borrowers are considered reasonable. This lending pattern appears to better correlate to the fourteen percent of those families whose income is categorized as low and moderate in the immediate market area. Distribution at other income levels is also reasonable.

Distribution of Loans by Borrower Income Level in Assessment Area				
Income Level	% Families in Assessment Area	% Families in Four Census Tracts	% of Loans by Number	% of Loans by Dollar
Low Income	29%	5%	7%	1%
Moderate Income	16%	9%	19%	3%
Middle Income	17%	17%	13%	9%
Upper Income	38%	69%	55%	86%
Loans not identified	N/A	N/A	6%	1%
Total	100%	100%	100%	100%

N/A- nonapplicable

Overall, the bank's lending volume regarding loans to small businesses is good. An analysis of a sample of small business loans originating since January 1, 2000 reveals that 16 loans or 9% of the dollar volume of loans were extensions to businesses having annual revenues of less than \$1 million. While another 30 loans or 91% in dollar of loans were granted to businesses having annual revenues over \$1 million. The bank considers its primary market to be small businesses and commercial customers and, as a result, has targeted its marketing efforts to reach those customers. Presently, ninety-two percent of the bank's loan portfolio is commercial or wholesale business.

Geographic Distribution of Loans

There is a reasonable distribution of loans extended within the assessment area. The following table reflects the distribution of all types of loans within the bank's assessment area by income designation of census tract.

Geographic Analysis of Loans Originating Between November 16, 1998 and October 31, 2000			
Type Of Census Tract	Number of Loans Within the Type of Census Tract	Dollar Amount of Loans Within the Type of Census Tract	% Families in Assessment Area
Low Income	1%	Nil	29%
Moderate Income	1%	Nil	16%
Middle Income	13%	15%	17%
Upper Income	65%	69%	38%
Unknown Census Tracts	19%	16%	N/A

N/A- nonapplicable

This distribution is reasonable given the geographic size of the assessment area which includes all of Fulton County (146 census tracts), the types of census tracts (upper) which immediately surrounds the bank, and the amount of time since the bank opened for business. While the sample analysis disclosed that NANB has originated less than 1% in dollar volume of loans in low and moderate-income census tracts, this lending pattern is more reflective of the demographics of the census tracts surrounding the bank. However, the dollar volume of loans extended in middle income and upper income census tracts is 15% and 69%, respectively. Again, this distribution is considered reasonable and consistent with the location of the bank's offices, financial and human resources, and types of families within the respective census tracts.

Response to Consumer Complaints

NANB has not received any consumer complaints since opening for business.

Summary

A fair lending review was not conducted at this examination. However, compliance with the Equal Credit Opportunity Act (Regulation B) and the Fair Credit Reporting Act was performed. No violations of law or regulation were detected. The bank was noted as being in substantial compliance with the technical aspects of anti-discrimination laws.

Management has provided satisfactory employee training programs to help promote compliance with fair lending laws. Loan applications are solicited from all segments of the community and income levels.

The dispersion of loans throughout the assessment area is reasonable. Satisfactory policies and procedures have been adopted and are in place.

The loan to deposit ratio, lending in the assessment area, lending to borrower's of different incomes and businesses of different sizes, and the geographic distribution of loans are satisfactory in view of the bank's resources and financial health.