

PUBLIC DISCLOSURE

January 26, 1998

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

**Embry National Bank
Charter # 21537**

**850 Lawrenceville-Suwanee Road
Lawrenceville, Georgia 30043**

**Office of the Comptroller of the Currency
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.

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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 **Embry National Bank** prepared by the **Office of the Comptroller of the Currency**, the institution's supervisory agency, as of **January 26, 1998**. 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 Embry National Bank CRA rating is based on the institution's satisfactory loan-to-deposit ratio, good proportion of lending in its assessment area, distribution of lending to borrowers of different income levels and businesses of different sizes, and geographic distribution of loans.

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

SMALL INSTITUTION ASSESSMENT CRITERIA	Embry 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 by Embry National Bank since their last CRA examination in December, 1995.		

DESCRIPTION OF INSTITUTION

Embry National Bank (ENB) is owned by Embry Bankshares, Inc., a one bank Holding Company. The bank operates out of three locations with the main office being at 850 Lawrenceville-Suwanee Road, Lawrenceville, Georgia. The Lawrenceville location became ENB's main office in April 1996 after moving it from the Embry Hills location at 3310 Henderson Mill Road, Atlanta, Georgia. The Embry Hills office is now a branch of ENB. The second branch is at 6600 McGinnis Ferry Road, Duluth, Georgia. The bank's financial condition is characterized by total assets of \$85 million, deposits of \$76 million, and net income of \$638 thousand as of September 30, 1997. The loan portfolio of \$53 million represents 63% of total assets. The loan mix of this portfolio is 69.6% real estate, 23.2% commercial, and 7.2% consumer.

The bank locations are in a high growth and highly competitive area of north metropolitan Atlanta. More than seventy-five active banks are in the Atlanta area including Multinational, Regional, state-chartered, and nationally chartered community banks. There are also many thrift institutions, credit unions, and loan production offices with which ENB must compete. The bank's primary business focus has been on residential construction lending, however, many other commercial, small business, and consumer products are available. The bank offers traditional consumer lending products such as personal lines of credit, home improvement or home equity loans, new and used automobile loans, aircraft loans, and other personal and family loans. Embry National Bank has a history of complying with the Community Reinvestment Act. No known legal impediments exist that would restrain ENB from meeting the credit needs of its assessment area.

DESCRIPTION OF ASSESSMENT AREA

Embry National Bank is in the Atlanta metropolitan statistical area (MSA). Management has identified ninety-three census tracts within this MSA as their assessment area. The bank's assessment area falls primarily in Gwinnett County but also includes portions of North Fulton, DeKalb, and Forsyth Counties. According to the U.S. Census Bureau, these designated areas do not contain any low income tracts, however, it is apparent that ENB has not arbitrarily excluded any low income census tracts. The population of the assessment area in 1990 was 632,354. The 1990 Census reports Median Family Income for the Atlanta MSA as \$41,047. According to the Department of Housing and Urban Development (HUD), 1997 income for the Atlanta MSA has risen to \$53,100.

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.

GWINNETT COUNTY - Embry National Bank's business is primarily conducted in Gwinnett County. Gwinnett County has been one of the fastest growing counties in the United States. As a result, several major domestic and foreign companies have located their manufacturing and distribution centers in the county. Gwinnett is home to over 450 high-tech companies including more than 250 international firms. Major industry employers include Lucent Technologies, PROMINA Gwinnett Health System, and Motorola Energy Products Division. The Gwinnett County Public School system is the largest employer in the county. Unemployment for the county is 3.2% and has been lower than those of the state and national averages for several years.

DEKALB COUNTY - Dekalb County is the second largest populated county in the state. The county is positioned immediately east of Atlanta and is considered the hub of the metro region. Unemployment in the county was 4.8% as of 1995 but the county is home to over 20,000 businesses. The community is active in small business development and has enjoyed significant growth in international business.

NORTH FULTON COUNTY - North Fulton is one of Atlanta's most sophisticated urban areas. The local business community includes national and international corporate giants such as AT&T, Kimberly Clarke, Siemens Energy & Automation, CibaVision, UPS, Herman Miller, and American Honda. North Fulton'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.

FORSYTH COUNTY - Forsyth County is the fastest growing county in the nation. The population of 44,083 had nearly doubled by 1997 and has been projected to be over 110 thousand by the year 2000. The area's housing market has boomed with the growing population with over 150 subdivisions and an average price for single family home being \$158M. Retail trade and Service organizations are the primary industries in the county although manufacturing companies are the largest employers of local residents. Unemployment in the county is 2.8%.

COMMUNITY CONTACTS - As part of our examination, we obtained information from community leaders regarding local economic conditions and community credit needs. Based on information

provided by the Gwinnett County Community Development Block Grant Program and the Gwinnett Housing Resource Partnership, Inc., the primary need in the area are affordable mortgage programs for low to moderate income families.

The table below summarizes the demographic information for Embry's assessment area using 1990 census data (*Table 1*).

<i>County</i>	<i>Population</i>	<i>Median Family Income</i>	<i>Census Tracts</i>	<i>Low Income Tracts</i>	<i>Low Income Families</i>	
Gwinnett	300,028	48,750	41	0	9,252	10.33%
Dekalb	147,100	43,470	27	0	5,258	12.86%
Fulton	146,437	43,616	20	0	3,009	7.70%
Forsyth	38,789	40,593	5	0	1,895	16.78%

Table 1

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.

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA:

Loan-to-Deposit Ratio

Since the last CRA examination, ENB's seven quarter average loan-to-deposit (LTD) ratio is reasonable at 69.65% compared with its peer bank's average of 65.55%. ENB's peer group consisted of seven financial institutions with total assets between \$50MM and \$100MM and are chartered in either Dekalb, Forsyth, Fulton, or Gwinnett County. As the graph shows (*Figure 1*), the bank's LTD ratio has remained stable over the past two years as has the peer bank's ratio. Additionally, ENB has ranked fourth among peer banks in LTD ratio for the past two quarters.

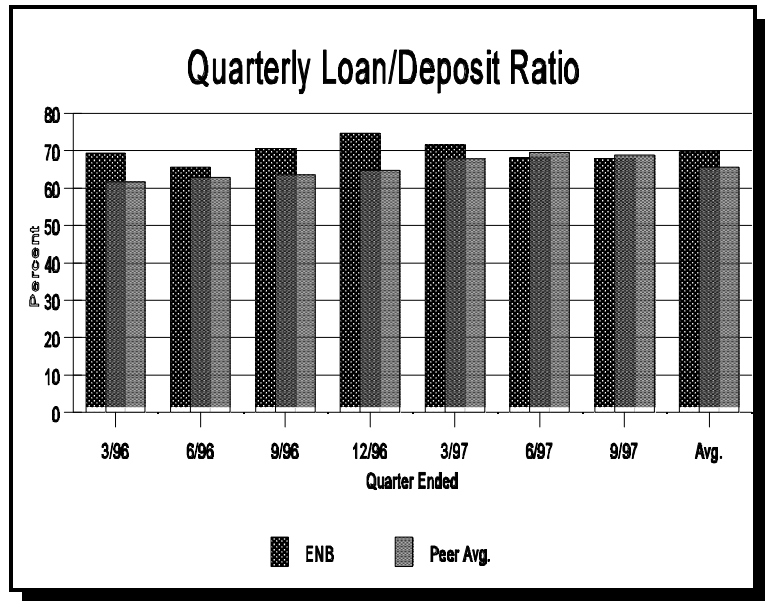


Figure 1

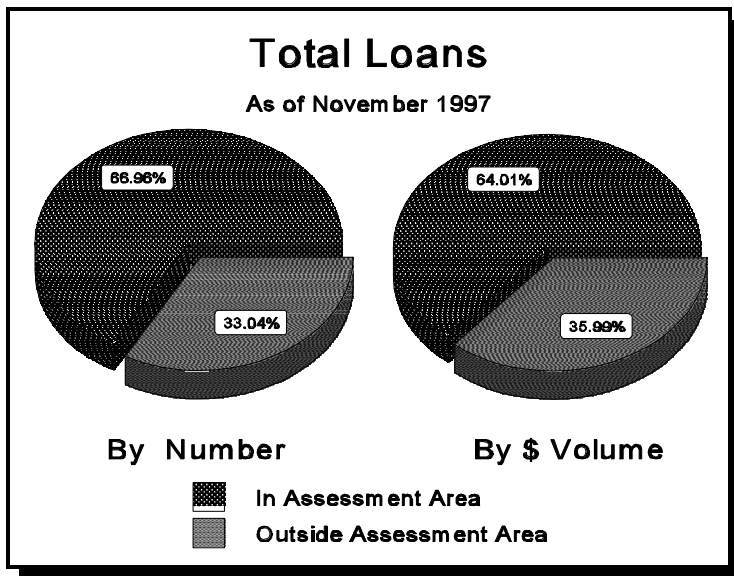


Figure 2

Lending in the Assessment Area

Lending levels reflect responsiveness to community credit needs. The bank has extended most of its loans to borrowers within its assessment area. Based on information provided by management for loans originated thru November 31, 1997, the bank originated 67% of its loans to borrowers within the assessment area (*Figure 2*). Using third quarter call report information, approximately 92% of lending activity for 1997 was centered in commercial and industrial loans or real estate related products (*Table 2*).

Types of Loans Outstanding at September 30, 1997		
Loan Type	Amount Originated (000's)	Percent of Total Loans
Real Estate		
Construction and Land Development	\$19,511	36.77%
Residential	\$4,080	7.69%
Commercial	\$13,318	25.10%
Agriculture	\$0	0%
Consumer	\$3,788	7.14%
Commercial and Industrial	\$12,318	23.22%
Other	\$45	.08%
TOTAL LOANS	\$53,060	100%

Table 2

Distribution of Credit

Our analysis of Embry National Bank's lending patterns to borrowers of different income levels was based on an internally generated report of all loans originated from January 1, 1997 to November 30, 1997. We reviewed these internal reports and concluded that they provided accurate information. A total of 197 loans, ninety-seven consumer purpose credits and 100 business related credits, were made to borrowers residing inside the bank's assessment area. These loans are the basis for our evaluation of ENB's lending patterns.

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

Lending to borrowers of different incomes is reasonable. We found that 30.9% of the consumer loans had been made to low and moderate income borrowers. Also, the distribution of loans to middle and upper income individuals was 20.6% and 48.5%, respectively. This loan distribution is consistent with the percentage of assessment area residents within each income group (See Graph 3).

Lending to businesses of different sizes is also reasonable. Based on our review of business credits, 71% of the loans were to small businesses (See Graph 4). Small Businesses are defined as companies with less than \$1 million in annual revenues.

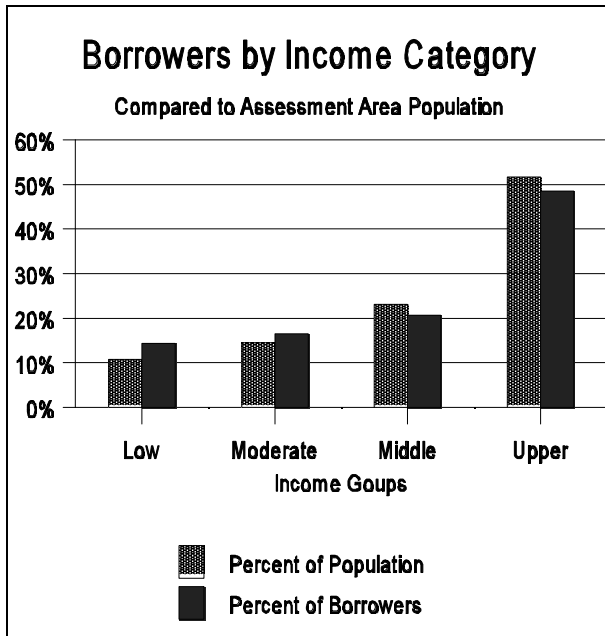


Figure 3

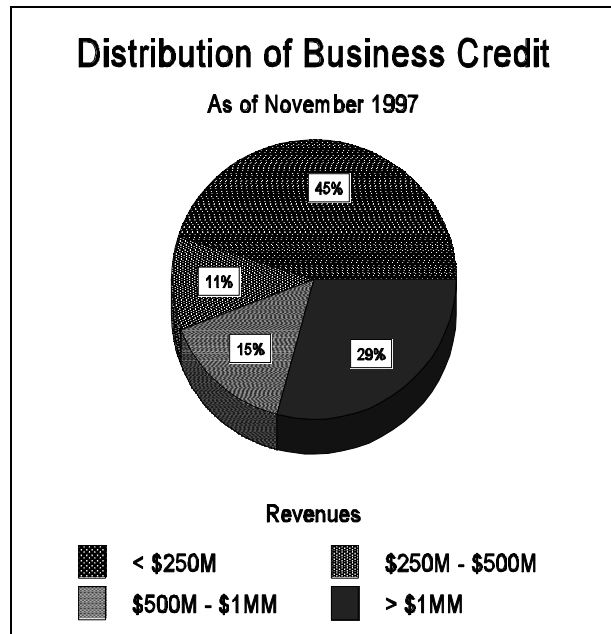


Figure 4

Geographic Distribution of Loans

ENB has a satisfactory record of lending to all segments of its assessment area. The assessment area contains four moderate income census tracts which represents 4.3% of all tracts in the assessment area and 2.64% of the population. Based on the number of loans extended, 3.96% were made to individuals residing in moderate income areas. While the remaining eighty-nine tracts in the bank's assessment area are middle or upper income, distribution of credit throughout the various tracts is reasonable and consistent with the bank's ability to help meet the credit needs of its community.

Response to Consumer Complaints

ENB has not received any CRA-related complaints since the last CRA examination performed December 1995.

Record of Compliance with Antidiscrimination Laws.

We conducted a concurrent compliance and fair lending examination. 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 appropriate fair lending policies, procedures, and training programs.

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