



**SMALL BANK**

---

Comptroller of the Currency  
Administrator of National Banks

---

Washington, DC 20219

## **PUBLIC DISCLOSURE**

July 31, 2012

### **COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION**

Atlantic National Bank  
Charter Number 23563

710 Gloucester Street  
Brunswick, GA 31520-0010

Office of the Comptroller of the Currency

Jacksonville Field Office  
8375 Dix Ellis Trail, Suite 403  
Jacksonville, FL 32256

**NOTE:** This document is an evaluation of this 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. 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.

**INSTITUTION'S CRA RATING: This institution is rated Satisfactory**

**Atlantic National Bank has a satisfactory record of meeting community credit needs.**

The major factors to support this rating include:

- A reasonable loan-to-deposit ratio based on the bank's performance context.
- A substantial majority of the institution's lending activity is located within its assessment area (AA).
- A reasonable record of lending to businesses of different sizes and borrowers of different income.
- Reasonable dispersion of lending within the AA.
- No CRA-related complaints.

The bank received a "Satisfactory" rating at the prior Community Reinvestment Act examination dated August 30, 2006.

**SCOPE OF EXAMINATION**

This Performance Evaluation is an assessment of Atlantic National Bank's ability to meet the credit needs of the community in which it operates. The evaluation period is from March 2006 through June 2012, while the lending sampling period is from January 2010 through December 2011.

Using Call Report and internal bank information, examiners determined the bank's primary loan products. Examiners also pulled a judgmental sample of 21 residential real estate refinance loans originated within the bank's AA during the evaluation period to validate the accuracy of the Home Mortgage Disclosure Act (HMDA) reported data. The results of our testing indicated no material errors in key data pertinent to this evaluation.

Community credit needs in the AA were determined by conducting a community contact with a non-profit community organization. The bank did not choose to have its performance evaluated in making qualified investments or community development services.

## DESCRIPTION OF INSTITUTION

Atlantic National Bank is a community bank located in Brunswick, Georgia. The institution is wholly-owned by its holding company, Atlantic National Corporation. The institution was established in 1998 and has three branches located in Brunswick and St. Simons Island. The bank offers full service banking, which include drive-up facilities, automated teller machines, on-line banking, and safe deposit rentals.

Atlantic National Bank offers a selection of fixed and variable rate loans that include residential mortgages, construction loans, home equity lines of credit, consumer loans, and commercial loans. As of June 30, 2012, the composition of the loan portfolio was as follows:

Loan Category	Amount (\$,000)	% of Total
Residential RE	60,381	57.10%
Commercial RE	24,944	23.59%
Construction/Land	10,057	9.51%
Commercial	6,931	6.55%
Home Equity	1,894	1.79%
Consumer	1,537	1.45%

Source: Atlantic National Bank's Call Report as of June 30, 2012.

As of June 30, 2012, the bank had total assets of \$159 million and the ratio of real estate loans to total assets was 61.3 percent.

As with most cities located in Georgia, the local economy has been significantly impacted by the economic downturn. Consequently, the bank's ability and opportunities to lend have been negatively impacted by a weak economy. Furthermore, the institution has legal impediments, in the form of a written agreement with the OCC, that impact its ability to lend and meet the credit needs of its community.

## DESCRIPTION OF ASSESSMENT AREA(S)

Atlantic National Bank's AA consists of Glynn County, Georgia. Glynn County is located in the Brunswick Metropolitan Statistical Area (MSA) and consists of one low-, two moderate-, four middle-, and five upper-income census tract areas. Adjacent cities and townships include Sea Island, St. Simons Island, Little St. Simons Island, Blythe Island, and Jekyll Island, collectively known as the Golden Isles. The AA complies with regulatory requirements and does not arbitrarily exclude low- or moderate-income geographies.

According to the 2010 U.S. Census Bureau, the estimated population of Glynn County was 79,626. The Housing and Urban Development estimate of the MSA median family income for the year 2011 was \$59,400.

<b>QuickFacts</b>	<b>Glynn County</b>	<b>Georgia</b>
Population, 2011 estimate	80,386	9,815,210
Population, 2010	79,626	9,687,653
Living in same house 1 year & over, 2006-2010	81.9%	82.3%
High school graduates, percent of persons age 25+, 2006-2010	86.1%	83.5%
Bachelor's degree or higher, pct of persons age 25+, 2006-2010	26.4%	27.2%
Veterans, 2006-2010	8,409	708,862
Housing units, 2010	40,716	4,088,801
Homeownership rate, 2006-2010	64.5%	67.2%
Housing units in multi-unit structures, percent, 2006-2010	20.1%	20.5%
Median value of owner-occupied housing units, 2006-2010	\$180,900	\$161,400
Households, 2006-2010	30,617	3,468,704
Persons per household, 2006-2010	2.51	2.66
Per capita money income in past 12 months (2010 dollars) 2006-2010	\$28,040	\$25,134
Median household income 2006-2010	\$50,337	\$49,347
Persons below poverty level, percent, 2006-2010	15.2%	15.7%
Building permits, 2011	304	18,493
Federal spending, 2010	905,771	92,387,119
Land area in square miles, 2010	419.75	57,513.49
Persons per square mile, 2010	189.7	168.4

Source: US Census Bureau State & County QuickFacts.

The Port of Brunswick is an essential component of Glynn County's economy and is one of four operated by the Georgia Ports Authority. The 36-foot channel and Sydney Lanier Bridge have generated notable results in port activity. The Port of Brunswick has become the third busiest U.S. port for automobile imports, importing 701 tons of autos in fiscal year 2011.

Glynn County is also the hub of Georgia's crab, oyster, and shrimp industries. Although current production levels are below average, the shrimping industry remains economically significant.

The Federal Law Enforcement Training Center (FLETC) is headquartered at Glynco near Brunswick. The Center's parent agency is the Department of Homeland Security. The FLETC serves as an interagency law enforcement training organization for 91 Federal agencies. They also provide services to state, local, tribal, and international law enforcement agencies.

The Hospitality and Tourism sectors are essential to Glynn County's economy. Due to the city of Brunswick's close proximity to the I-95 corridor, the city is a popular destination for tourists travelling to the coast. The Visitors' Bureau reported that approximately 1.5 million visitors annually spend an estimated \$950 million in Glynn County on transportation, lodging, food, entertainment, and recreation.

Competition for financial services within the AA is intense and includes several branches of multi-national and regional banks. As of June 30, 2011, Atlantic National Bank’s deposit market share was 8.9 percent and the bank ranked fourth among sixteen FDIC-insured institutions in Glynn County, Georgia. As of June 30, 2012, the bank’s deposits totaled \$140 million.

The recession occurred during this evaluation period causing the second home residential market to collapse and property values to fall nearly 40 percent. Consequently, there are numerous vacant homes, high foreclosure rates, and frequent short sales which have driven property values lower. Likewise, the unemployment rate in Glynn County is higher than other areas of the state.

County	Labor Force	Employed	Unemployed	Rate
Glynn	37,260	33,548	3,712	10.0%
Georgia	4,758,610	4,328,091	430,519	9.0%
United States	155,163,000	142,415,000	12,749,000	8.2%

*Source: Georgia Department of Labor; U.S. Bureau of Labor Statistics.*

A representative at the Coastal Area Regional Commission (CARC) was contacted. Examiners contacted a local development agency and development authority to discuss community credit needs and involvement by local institutions. Both contacts indicated their understanding of the impact economic conditions have on lending opportunities. All institutions are making valiant efforts to meet community needs. However, contacts did indicate that the community needs more foreclosure prevention initiatives.

## CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA

The bank has demonstrated satisfactory performance in meeting the credit needs of the community. Both loan types, residential and commercial real estate, were important to the overall conclusions and neither product carried more weight than the other. The following sections provide additional detail for each performance criteria.

### Loan-to-Deposit Ratio

*The institution's loan-to-deposit ratio is reasonable and exceeds peer group averages.* During the evaluation period, the bank's quarterly average loan-to-deposit ratio was 86 percent. In comparison, the average loan-to-deposit ratio for eight similarly situated institutions was 76.6 percent. The average loan-to-deposit ratios for individual peer banks ranged from 52.3 percent to 94.6 percent.

### Lending in Assessment Area

*A substantial majority of the institution's lending activity is located within its AA.* As displayed in *Table 1*, the bank originated a substantial majority of its residential and commercial real estate loans within its AA by both number and dollars of loans. We based this analysis on HMDA loan data and a sample of commercial real estate loans originated between January 2010 and December 2011.

Table 1 - Lending in Brunswick, GA MSA Glynn County AA										
Loan Type	Number of Loans					Dollars of Loans(000)				
	Inside		Outside		Total	Inside		Outside		Total
	#	%	#	%		\$	%	\$	%	
Home Purchase	5	100.0	0	0.0	5	2,085	100.0	0	0.0	2,085
Home Improvement	7	87.5	1	12.5	8	136	97.8	3	2.2	139
Refinance	37	97.4	1	2.6	38	6,984	97.3	192	2.7	7,176
Commercial RE	20	80.0	5	20.0	25	6,494	74.7	2,203	25.3	8,697
Total	69	90.8	7	9.2	74	15,699	86.7	2,398	13.3	18,097

*Source: Data Reported under HMDA and Sampled CRE Loans.*

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

*Lending to borrowers of different incomes and businesses of different sizes meets the standards for satisfactory performance.* Analysis of the residential portfolio focused on refinance loans because of the lack of home purchase and home improvement loan volume in 2010 and 2011. The distribution of refinance loans to families of different income levels reflects reasonable penetration. The absence of refinance loans to low-income borrowers is mitigated by the fact that 12 percent of AA families live below the

poverty level and less than 55 percent of all AA housing is owner-occupied. As shown in *Table 2*, reasonable penetration to moderate-income borrowers exists.

Table 2 - Borrower Distribution of Residential Real Estate Loans in Brunswick, GA MSA Glynn County AA								
Borrower Income Level	Low		Moderate		Middle		Upper	
Loan Type	% of AA Families	% of Number of Loans	% of AA Families	% of Number of Loans	% of AA Families	% of Number of Loans	% of AA Families	% of Number of Loans
Refinance	21.1	0.0	15.1	13.5	17.6	13.5	46.1	54.1

*Source: Data reported under HMDA; U.S. Census data. Income is not available for 18.4% of refinance loans.*

Lending to businesses of different sizes is reasonable. The penetration of loans to businesses with revenues less than \$1 million is higher than the percentage of small businesses in the AA.

Table 2A - Borrower Distribution of Loans to Businesses in ANB’s Assessment Area				
Business Revenues (or Sales)	≤\$1,000,000	>\$1,000,000	Unavailable/Unknown	Total
% of AA Businesses	79.0%	3.3%	17.7%	100%
% of Bank Loans in AA by #	90.0%	10.0%	0%	100%
% of Bank Loans in AA by \$	92.0%	8.0%	0%	100%

*Source: Loan sample*

### Geographic Distribution of Loans

*The institution’s geographic dispersion of loans within its AA is reasonable. As shown in Table 3, the bank’s lending in low-income census tracts is comparable to the percentage of owner-occupied housing in the census tracts. However, poor lending activity is evident in moderate-income census tracts. Bank management indicates the economic conditions have created a lack of lending opportunities in these tracts because of high unemployment and under-collateralization.*

Table 3 - Geographic Distribution of Residential Real Estate Loans in Brunswick, GA MSA Glynn County AA								
Census Tract Income Level	Low		Moderate		Middle		Upper	
Loan type	% of AA Owner Occupied Housing	% of Number of Loans	% of AA Owner Occupied Housing	% of Number of Loans	% of AA Owner Occupied Housing	% of Number of Loans	% of AA Owner Occupied Housing	% of Number of Loans
Refinance	2.8	2.7	12.9	0.0	29.8	24.3	54.5	73.0

*Source: Data reported under HMDA; U.S. Census data.*

The geographic distribution of commercial real estate loans is reasonable. As shown in Table 3A, the penetration of business loans in low- and moderate-income census tracts is comparable to the percentage of AA business in those census tracts.

<b>Table 3A - Geographic Distribution of Loans to Businesses in ANB's Assessment Area</b>								
Census Tract Income Level	Low		Moderate		Middle		Upper	
Loan Type	% of AA Businesses	% of Number of Loans	% of AA Businesses	% of Number of Loans	% of AA Businesses	% of Number of Loans	% of AA Businesses	% of Number of Loans
Commercial RE	8.3	5.0	20.0	15.0	24.1	30.0	47.6	50.0

*Source: loan sample; Dunn & Bradstreet data.*

### **Responses to Complaints**

Neither the bank nor the Office of the Comptroller of the Currency received any CRA-related complaints during the evaluation period.

### **Fair Lending or Other Illegal Credit Practices Review**

We found no evidence of discriminatory or other illegal credit practices inconsistent with helping to meet community credit needs.