



SMALL BANK

Comptroller of the Currency
Administrator of National Banks
Washington, DC 20219

PUBLIC DISCLOSURE

January 26, 2006

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

**North Atlanta National Bank
Charter Number 23546**

**10500 Old Alabama Road Connector
Alpharetta, GA 30022**

**Comptroller of the Currency
Georgia Field Office
1117 Perimeter Center West Suite W401
Atlanta, GA 30338**

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.

North Atlanta National Bank's performance rating is supported by the following factors:

- a reasonable loan-to-deposit ratio;
- a majority of loans are in the assessment area;
- reasonable loan penetration among of businesses of different sizes; and,
- a reasonable geographic distribution of loans in the assessment area.

DESCRIPTION OF INSTITUTION

North Atlanta National Bank (NANB) is a locally owned independent community bank with no subsidiaries or affiliates. NANB is a full-service bank with one office location. The main office is located in Alpharetta in Fulton County. The office has an automated teller machine (ATM). NANB also offers Internet banking through their website. As of December 31, 2005, the bank had total assets of \$120 million with a loan portfolio approximating \$101 million. Lending activity is centered in commercial loans (42%), commercial real estate loans (25%), real estate construction and development loans (22%), home equity lines of credit (7%), and consumer loans (4%).

The bank offers a variety of traditional deposit and loan products with an emphasis on commercial, commercial real estate, and construction lending. Presently, the bank has no financial conditions, legal constraints, or other factors that hinder the bank's ability to help meet the credit needs of its assessment area.

NANB's last CRA examination was performed in October 2000, at which time a "Satisfactory" rating was assigned. The conclusions in this Performance Evaluation are based on the bank's lending activity from January 2004 through December 2005.

DESCRIPTION OF ASSESSMENT AREA

NANB's assessment area (AA) meets the technical requirements of the CRA and does not arbitrarily exclude low- and moderate-income census tracts. The AA is part of the Atlanta-Sandy Springs-Marietta Metropolitan Statistical Area (ASSM-MSA). The defined AA is comprised of Fulton County. Fulton County is also one of the five core counties in the ASSM-MSA, indicating it is one of the most densely developed counties in the ASSM-MSA. According to the 2000 United States Census, the population of this defined area is approximately 816 thousand people. The census median family income for the AA is \$69,428. The Department of Housing and Urban Development's (HUD) 2004 updated median family income estimate for the ASSM-MSA is \$67,900.

The bank's AA includes many financial options. As of June 2005, the FDIC reported forty-three banks, with 293 total offices, operate in the AA. These bank's held over 48 billion dollars in deposits. NANB's market share of this deposit base was less than one percent. Three regional banks held over seventy-eight percent of the market share. Nonbank institutions offer additional financial services.

ATLANTA-SANDY SPRINGS-MARIETTA MSA - The Atlanta-Sandy Springs-Marietta Metropolitan Statistical Area (ASSM-MSA) is a twenty-eight county area encompassing the city of Atlanta. The ASSM-MSA accounts for over half of the total population and employment of the state. The Metro Atlanta area is recognized as the transportation, distribution, and cultural center of the Southeastern United States. Population growth is strong and individuals continue to migrate to the area from the northeast, the west, and other southern locations of the country. The per capita income in the Atlanta area exceeds both the state and national averages. The popularity of the area caused suburban sprawl and increased growth into outlying counties in the ASSM-MSA. Overall, housing prices have not risen as quickly in this market as the national average.

The ASSM-MSA has a diverse industrial base that includes; manufacturing, transportation, distribution, retailing, wholesaling, finance, government, research, education, medicine, and technical support. Top employers include; Delta Airlines, BellSouth Corporation, Emory University, US Army Garrison Headquarters, Publix Super Markets, Randstad Staffing Services, and The Home Depot.

FULTON COUNTY – Fulton County is one of the largest counties in the Atlanta-Sandy Springs-Marietta MSA and one of five core counties. The population in the county was estimated in 2004 by the Georgia Department of Labor at 814,438. The annual average labor force for Fulton County in 2004 was 406,418. The 2000 US Census Bureau showed that 69 percent of Fulton County residents also work in the county. An additional 25 percent of county residents commute to one of the other four core counties in the ASSM-MSA. The local business community's top five largest employers are Cox Enterprises, Delta Airlines, Fulton-DeKalb Hospital Authority, Georgia Institute of Technology, and Turner Services, Inc. The county's industry mix is heavily reliant on service producing businesses, which account for over 78 percent of the number of jobs in the county. Total government jobs account for an additional 14 percent of employed individuals.

Alpharetta Area – The bank's main office is located in one of the most affluent areas of the ASSM-MSA. The 2000 median value of owner-occupied homes in Alpharetta was \$226 thousand compared to \$181 thousand for Fulton County. Also, the 1999 median household income was \$71 thousand for Alpharetta and \$47 thousand for Fulton County.

Community Contacts - As part of our examination, we obtained information from community leaders regarding local economic conditions and community credit needs. Information obtained through our community contact supported the need for low- and moderate-income housing and community support. Several area banks and organizations support these needs.

The demographic composition of NANB's AA is highlighted in *Table 1*.

| Demographic and Economic Characteristics of Assessment Area (2000 US Census Data) | |
|--|------------------|
| Population | NANB's AA |
| Number of Families | 197,267 |
| Number of Households | 321,266 |
| Geographies | |
| Number of Census Tracts | 167 |
| % Low Income Census Tracts (61) | 36% |
| % Moderate Income Census Tracts (36) | 22% |
| % Middle Income Census Tracts (20) | 12% |
| % Upper Income Census Tracts (50) | 30% |
| Median Family Income (MFI) | |
| 2000 MFI for AA | \$69,428 |
| 2004 HUD Adjusted MFI for MSA | \$67,900 |
| Economic Indicators | |
| Unemployment Rate | 4.69% |
| 2000 Median Housing Value | \$197,303 |
| % of Households Below Poverty Level | 14% |

Table 1

CONCLUSIONS ABOUT PERFORMANCE CRITERIA

Loan-to-Deposit Ratio

NANB's loan-to-deposit ratio is reasonable in view of the community's credit needs, financial condition, and keen competition among area financial institutions. The bank's average quarterly loan-to-deposit ratio since the prior CRA examination is approximately 88 percent. NANB's average ratio compares favorably to similarly situated community banks in the AA. The average loan-to-deposit ratio for seven other community banks in Fulton County over the past two years is 89 percent. These other banks range in asset size from \$87 million to \$191 million.

Lending in Assessment Area

Lending levels reflect a satisfactory responsiveness to community credit needs. We reviewed the bank's level of lending within the AA during the evaluation period. As of December 31, 2005, the bank had 492 loans extended between January 1, 2004 through December 31, 2005 with original balances totaling 98 million dollars. Our findings revealed that a majority of loans are granted within the AA. The results of this analysis are detailed in *Table 2*.

| Assessment Area Lending (Evaluation Period January 2004 – through December 2005) | | | | | | | | |
|---|---------------------------|-----|----------------|-----|-------------------------------|-----|----------------|-----|
| Loan Type | In Assessment Area | | | | Out of Assessment Area | | | |
| | # | | \$000's | | # | | \$000's | |
| All Loans | 266 | 54% | \$63,450 | 65% | 226 | 46% | \$34,135 | 35% |

Table 2

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

We selected a sample of twenty commercial loans and twenty commercial lines of credit to evaluate the bank’s performance of lending to businesses of different sizes. Residential real estate lending is not a significant activity for the bank; therefore, we did not evaluate HMDA reportable loans. Based on the low volume of residential home mortgage related loans, a meaningful analysis of this activity could not be performed.

NANB’s lending volume regarding loans to small businesses is reasonable in view of the small business credit needs of the community and the number of small businesses in the AA. *Table 3* details the results of the business loan sample analysis. Approximately 89 percent of businesses reporting revenues in the AA report revenues of less than \$1 million, according to published demographic data. Comparatively, 70 percent of the forty loans in the sample were made to businesses with revenues less than \$1 million. In addition, of the loans in the sample, over half were for original/committed amounts of less than \$500 thousand. This indicates the bank’s responsiveness to providing small business lending.

| Borrower Distribution Of Small Loans To Businesses in AA (Evaluation Period – January 2004 through December 2005) | | | | |
|--|---------------------|---|-----------------------------------|-------------------------------------|
| Business Revenues | ≤\$1,000,000 | Loans by Original Amount Regardless of Business Size | | |
| % of AA Businesses | 89% | <\$250,000 | >\$250,000 to \$500,000 | >\$500,000 to \$1,000,000 |
| % of Bank Loans in AA by # | 75% | 30% | 23% | 23% |

Table 3

Geographic Distribution of Loans

The geographic distribution of business loans is reasonable in relation to the number and distribution of small businesses in the AA and the proximity of the low- and moderate-income census tracts to the bank’s office. The number and dollar volume of lending in upper-income tracts is the greatest for the bank, given the concentration of upper-income census tracts around the bank’s office. We also noted that twenty-eight of the forty loans in our sample were extended in census tracts adjacent to the bank’s office. The census tracts in the north Fulton County area are primarily upper-income census tracts. Our analysis indicates that while the bank is not making loans in all geographic areas of the County, it is serving the credit needs of the area surrounding the bank’s office. The geographic distribution of business loans is detailed in *Table 4*.

| Geographic Analysis of Loans Originating between January 2004 to December 2005 By Number and Dollar Percentages | | | | | | | | |
|--|-----------------------|--------------------|-----------------------|--------------------|-----------------------|--------------------|-----------------------|--------------------|
| Geography | Low | | Moderate | | Middle | | Upper | |
| Small Business Demographic Data by # and % in AA | 13,948 | | 11,495 | | 10,596 | | 50,243 | |
| | 16% | | 13% | | 12% | | 58% | |
| Loan Type | # of Loans | \$ of Loans |
| Business | 0% | 0% | 8% | 4% | 8% | 4% | 84% | 92% |

Table 4

Responses to Complaints

NANB has not received any CRA related complaints since the last CRA examination dated October 30, 2000.

Fair Lending or Other Illegal Credit Practices Review

We found no evidence of illegal discrimination or other illegal credit practices.