



**SMALL BANK**

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

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## **PUBLIC DISCLOSURE**

**August 30, 2005**

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

**Unity National Bank  
Charter Number 23560**

**950 Joe Frank Harris Parkway, S.E.  
Cartersville, GA 30121**

**Comptroller of the Currency  
Georgia (Atlanta)  
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.** Unity National Bank's performance rating is supported by the following:

- The loan to deposit (LTD) ratio is reasonable for satisfactory performance given the bank's size, financial condition, and lending opportunities within its assessment area.
- A substantial majority of the loans were made within the bank's assessment area.
- The distribution of loans to borrowers of different incomes and businesses of various sizes is good and meets the standards for satisfactory CRA performance.
- The geographic distribution of loans reflects reasonable lending throughout the assessment area.

## DESCRIPTION OF INSTITUTION

Unity National Bank (UNB) is a full service community bank with \$219 million in total assets as of June 30, 2005. Unity Holdings, Inc., a one-bank holding company, wholly owns UNB. The bank operates from the main office located in Cartersville, GA, along with three full service branches located within its assessment area. There is also a Loan Production Office (LPO) in nearby Calhoun, Georgia that primarily originates residential real estate loans. Management plans to convert the LPO into a full-service branch by the first quarter of 2006 and to expand the bank's assessment area to include Gordon County. UNB has four ATM machines, one at each branch and the main office.

UNB offers a variety of traditional deposit and loan products. Consumer real estate and commercial real estate loans are the primary credit products. As of June 30, 2005, the loan portfolio totaled \$173 million and the loan mix consisted of:

<b>Table 1 – Distribution of Loan Portfolio</b>		
<b>Loan Type</b>	<b>% by Dollars of Loans</b>	<b>% by Number of Loans</b>
Commercial RE	56%	27%
Consumer RE	21%	8%
Commercial Loans	9%	11%
Home Equity Line of Credit	7%	16%
Consumer Loans	4%	38%
Home Equity Loans	2%	Less than 1%
Farm Loans	1%	Less than 1%

Competition posed by local financial institutions is strong. There are 12 other banks with a total of 20 locations in Bartow County and 9 banks with a total of 27 locations in Floyd County. At

June 30, 2005, UNB held 11 percent and 5 percent of the market share in Bartow and Floyd Counties, respectively. UNB is in sound financial condition with no legal impediments that would prevent it from meeting the credit needs of the community. The previous CRA rating as of March 31, 2000 was “Satisfactory.” Certain conclusions within this performance evaluation are based on a sample of loans from the bank’s primary loan types that were originated between January 2003 and June 2005.

## **DESCRIPTION OF BARTOW AND FLOYD COUNTIES**

Bartow and Floyd counties are designated as the bank’s assessment area (AA). The AA meets all legal requirements set forth by the CRA regulation and does not arbitrarily exclude any low or moderate-income areas. Bartow County consists of 12 census tracts that include 4 moderate-income and 8 middle-income tracts. Floyd County consists of 20 census tracts that include 5 moderate-income, 13 middle-income, and 2 upper-income tracts. There are no low-income census tracts in Bartow or Floyd counties.

**Bartow County**, recently named “the most likeable place to live among all metro counties”, is located 45 miles northwest of Atlanta along the Interstate 75 transportation corridor. Due to strong growth in the Atlanta Metropolitan Statistical Area (MSA) that continues to move north, Bartow County is now in the MSA. Bartow is one of the fastest growing counties due to increased development interest bolstered by its low cost of living and close proximity to Atlanta. Key industries in Bartow County are manufacturing, construction, retail, and education. Cartersville, the largest city and county seat, is home to the county’s largest employer, Shaw Industries, a carpet maker. Other major employers are Anheuser-Busch (second largest employer), Goodyear Tire & Rubber Company, Continental Pet Technologies, Bartow County Board of Education, and Trinity Rail Operations.

**Floyd County**, located in a non-MSA, is 65 miles northwest of Atlanta and directly west of Bartow County. Interstate 75 is the primary thoroughfare that provides accessibility to various opportunities in the Atlanta area. Floyd County has sustained economic strength and economic development, primarily through the medical field with two major hospitals and a cardiovascular center located there. Approximately one-third of the county jobs are in manufacturing, with the balance of the local workforce employed in the medical, service, retail, food production, and public sectors. The major employers are Aladdin Manufacturing, Floyd Healthcare Management, Redmond Regional Medical, Inland Paperboard and Packaging Inc., and Keebler Company.

According to the 2000 Census, there is a population of 166,584 residing in the defined AA consisting of 61,203 households and 45,553 families. The weighted average median family income in the AA is \$45,453, compared to the HUD updated median family income of \$56,150. Twelve percent of households in the AA are below the poverty level, 27 percent of households receive social security payments, and 3 percent of households receive public assistance.

### **Community Contact**

We obtained information from a local community leader regarding current economic conditions and community credit needs. Based on this information, the small business development

specialist expressed that local banks are more interested in commercial loan funding of real estate, equipment, and capital expenditures rather than financing working capital lines of credit. The need for affordable housing continues in this market and banks could further assist by providing permanent mortgages and construction loan financing through the Federal Home Loan Bank Affordable Housing Program along with offering financial literacy and first-time home buyer training. Community banks in the area have plenty of available lending opportunities.

## CONCLUSIONS ABOUT PERFORMANCE CRITERIA

### Loan-to-Deposit Ratio

The loan-to-deposit (LTD) ratio meets the standards for satisfactory performance. The average quarterly LTD ratio is 91 percent since the last CRA exam. This ratio is reasonable in light of the bank’s capacity to lend, demographic and economic facts about the assessment area, and the available lending opportunities.

The bank’s LTD ratio is in line with four similarly situated banks in the assessment area having an average quarterly loan to deposit ratio of 89 percent. These peer banks range in asset size from \$100 million to \$330 million.

### Lending in Assessment Area

UNB originates a substantial majority of loans within its assessment area, meeting the standards for satisfactory performance. In a sample of 20 commercial real estate loans and 20 consumer real estate loans originated since January 2003, a combined total of 35 loans, or 88 percent, were made to borrowers or collateralized with real estate located inside the AA.

Loan Type	Number of Loans					Dollars of Loans				
	Inside		Outside		Total	Inside		Outside		Total
	#	%	#	%		\$ (000)	%	\$ (000)	%	
Commercial RE	18	90%	2	10%	20	4,150	59%	2,912	41%	7,062
Consumer RE	17	85%	3	15%	20	1,001	84%	187	16%	1,188
Totals	35	88%	5	12%	40	5,151	62%	3,099	38%	8,250

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

The bank’s lending performance reflects good penetration among low- and moderate-income individuals and small businesses, meeting the standards for satisfactory performance. In a sample of 20 consumer real estate loan originations, 45 percent were made to low- and moderate-income families compared to 42 percent low- and moderate- income families in the AA.

<b>Table 3 - Borrower Distribution of Residential Real Estate Loans in the AA</b>								
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
Consumer RE	22%	25%	20%	20%	24%	35%	33%	20%

The distribution of loans to small businesses exceeds satisfactory standards. In a sample of 20 business loan originations, 100 percent of the loans were to businesses with less than \$1 million in revenues.

### Geographic Distribution of Loans

The geographic distribution of residential real estate loans reflects excellent lending throughout the census tracts within the AA. Lending in moderate-income tracts exceeds the standards for owner occupied housing located in these census tracts.

<b>Table 4 - Geographic Distribution of Residential Real Estate Loans in the AA</b>								
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
Consumer RE	0%	0%	20%	55%	75%	45%	6%	0%

UNB's geographic distribution of commercial real estate loans to moderate-income businesses is reasonable compared to the demographics of the AA and meets the satisfactory standards.

<b>Table 4A - Geographic Distribution of Loans to Businesses in the AA</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	0%	0%	36%	35%	59%	65%	5%	0%

### Responses to Complaints

UNB did not receive any CRA related consumer complaints during this evaluation period.

### Fair Lending or Other Illegal Credit Practices Review

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