



SMALL BANK

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

PUBLIC DISCLOSURE

March 20, 2006

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

**First National Bank of Forsyth County
Charter Number 24454**

**1700 Market Place Boulevard
Cumming, GA 30041**

**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.

First National Bank of Forsyth County's performance rating is supported by the following factors:

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

DESCRIPTION OF INSTITUTION

FNB of Forsyth County (FNBFC) is a local and wholly-owned independent community bank of Allied Bankshares, Inc., a one-bank holding company. The holding company does not have any other subsidiaries or affiliates.

FNBFC is a full-service bank with two office locations. The main office is located in Cumming, which is the county seat of Forsyth County, GA. The branch office is located in Gainesville, which is the county seat of Hall County, GA. The two counties are adjacent and partially separated by Lake Lanier. Each office has an automated teller machine (ATM). The bank also offers Internet banking through its website. As of December 31, 2005, the bank's assets totaled \$127 million with a loan portfolio approximating \$108 million. Lending activity is centered in commercial real estate loans (36%), real estate construction and development loans (35%), residential real estate loans (21%), commercial loans (4%), consumer loans (2%), and other loans (2%).

The bank offers a variety of traditional deposit and loan products with an emphasis on commercial real estate, construction lending, and residential real estate loans. 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.

This is FNBFC's first CRA examination since the bank opened in April 2004. The conclusions in this Performance Evaluation are based on the bank's lending activity from April 2004 through December 2005.

DESCRIPTION OF ASSESSMENT AREA

FNBFC's assessment area (AA) meets the technical requirements of the CRA and does not arbitrarily exclude low- and moderate-income census tracts. The defined AA is comprised of Forsyth County, Hall County, seven adjacent census tracts in Gwinnett County, three adjacent census tracts in Fulton County, and two adjacent census tracts in Cherokee County. Forsyth, Gwinnett, Fulton, and Cherokee Counties are all part of the Atlanta-Sandy Springs-Marietta Metropolitan Statistical Area (ASSM-MSA). Hall County is outside the Atlanta area and defines the Gainesville, GA MSA. According to the 2000 United States Census, the population of the bank's AA is approximately 375 thousand people. The census median family income for the AA is \$70,106. The Department of Housing and Urban Development's (HUD) 2004 MSA updated median family income estimate for is \$64,114.

The bank's AA includes many financial options. As of June 2005, the FDIC reported 25 banks, with 96 total offices, operating in Forsyth and Hall Counties. These banks's held over \$4 billion in deposits. FNBFC's market share of this deposit base was about two percent. Four regional banks held over 60 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 28 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.

FORSYTH COUNTY – Forsyth County is one of the fastest growing counties in the nation. The population in the county was estimated in 2004 by the Georgia Department of Labor at 98,407. The annual average labor force for Forsyth County in 2004 was 67,310. The 2000 US Census Bureau showed that 41 percent of Forsyth County residents also work in the county. An additional 30 percent of county residents commute to Fulton County, where Atlanta is the state capital. The local business community's top five largest employers are Greko LLC, Northside Hospital, Inc., Scientific Games, Inc., Siemens Energy & Automation, Inc., and Tyson Poultry, Inc. The county's industry mix is reliant on service producing businesses and goods producing businesses. Manufacturing accounts for 18 percent of the number of jobs in the county and construction accounts for 15 percent. Retail trade accounts for 11 percent of the number of jobs and wholesale accounts for 9 percent. Total government jobs account for an additional 12

percent of employed individuals.

HALL COUNTY – Hall County is adjacent to the ASSM-MSA and was designated as the Gainesville, GA MSA (GMSA) based on 2000 Census results. The population in the county was estimated in 2004 by the Georgia Department of Labor at 139,277. The annual average labor force for Hall County in 2004 was 78,439. The 2000 US Census Bureau showed that 71 percent of Hall County residents also work in the county. An additional 11 percent of county residents commute to Gwinnett County, which is adjacent at the south side of the county. The local business community’s top five largest employers are Field Farms Corp., Kubota Manufacturing, Mar-Jac Poultry, Northeast Georgia Medical Center, Pilgrim Pride Corp. The county’s industry mix is reliant on service producing businesses and goods producing businesses. Food manufacturing accounts for 12 percent of the number of jobs in the county, healthcare accounts for 11 percent, and retail trade accounts for 11 percent of the number of jobs. Total government jobs account for an additional 14 percent of employed individuals.

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 assistance. Several area banks and organizations support these needs.

The demographic composition of FNBFC’s AA is highlighted in *Table 1*.

Demographic and Economic Characteristics of Assessment Area (2000 US Census Data)	
Population	FNBFC’s AA
Number of Families	102,628
Number of Households	128,596
Geographies	
Number of Census Tracts	42
% Low Income Census Tracts (0)	NA
% Moderate Income Census Tracts (4)	10%
% Middle Income Census Tracts (24)	57%
% Upper Income Census Tracts (14)	33%
Median Family Income (MFI)	
2000 MFI for AA	\$70,106
2005 HUD Adjusted MFI for MSA	\$64,114
Economic Indicators	
Unemployment Rate	1.47%
2000 Median Housing Value	\$156,621
% of Households Below Poverty Level	7%

Table 1

CONCLUSIONS ABOUT PERFORMANCE CRITERIA

Loan-to-Deposit Ratio

FNBFC'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 opening in April 2004 is approximately 88 percent. FNBFC's average ratio compares favorably to similarly situated community banks in the AA. The average loan-to-deposit ratio for four other community banks in the area over the past two years is 85 percent.

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 626 loans extended between April 9, 2004 through December 31, 2005. Original balances totaled \$144 million including loans sold to other area banks. Our findings revealed a majority of loans are granted within the AA. The results of this analysis are detailed in *Table 2*.

Assessment Area Lending (Evaluation Period April 2004 – through December 2005)								
Loan Type	In Assessment Area				Out of Assessment Area			
	#		\$000's		#		\$000's	
All Loans	462	74%	\$84,780	59%	164	26%	\$59,978	41%

Table 2

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

FNBFC's lending volume regarding loans to small businesses is reasonable in view of the number of small businesses in the AA. We selected a sample of 15 commercial loans and 15 construction loans to evaluate the bank's performance of lending to businesses of different sizes. We also reviewed the bank's HMDA report for 2005. A significant majority of the HMDA loans were for non-owner occupied properties. We did not include HMDA loans in this analysis since the borrowers were a mixture of businesses and individuals. *Table 3* details the results of the business loan sample analysis.

Borrower Distribution Of Small Loans To Businesses in AA (Evaluation Period – April 2004 through December 2005)				
Business Revenues	≤\$1,000,000	Loans by Original Amount Regardless of Business Size		
		<\$250,000	>\$250,000 to \$500,000	>\$500,000 to \$1,000,000
% of AA Businesses	92%			
% of Bank Loans in AA by #	90%	60%	23%	10%

Table 3

In addition, 83 percent of the commercial loans were for original/committed amounts of less than \$500 thousand. This indicates the bank's responsiveness to providing small business lending.

Geographic Distribution of Loans

The geographic distribution of business loans is more than reasonable in relation to the number and distribution of small businesses in the AA. We selected a sample of 20 commercial loans and 20 construction loans to evaluate the bank's performance of lending within the bank's AA, including moderate-income census tracts. The penetration of loans to small businesses in moderate-income tracts is especially responsive considering the percentage of small businesses in moderate-income tracts. Both the number and dollar volume of lending in these tracts exceeds the percentage of small businesses. The geographic distribution of business loans is detailed in *Table 4*.

Geographic Analysis of Loans Originating between April 2004 to December 2005 By Number and Dollar Percentages								
Geography	Low		Moderate		Middle		Upper	
Small Business Demographic Data by # and % in AA	0		2,331		9,740		14,284	
	0%		9%		37%		54%	
Loan Type	# of Loans	\$ of Loans						
Business	0%	0%	13%	21%	57%	56%	30%	23%

Table 4

The level of HMDA reportable residential real estate lending is more than reasonable in moderate-income census tracts in the Gainesville, GA MSA (GMSA) considering the percentage of non-owner occupied housing in the area. We reviewed the bank's HMDA loans for 2005. Forty-five of the 48 reported loans were extended from the bank's branch in Hall County in the GMSA. All 45 of these loans were non-owner occupied purchase and refinance loans. We reviewed the geographic distribution of these loans to determine the bank's performance in meeting the housing needs in the GMSA. The majority of these properties are for investment purposes and provide rental housing. The distribution compared to the percentage of renter occupied housing in the GMSA is detailed in *Table 5*.

Geographic Analysis of Loans Originating between April 2004 to December 2005 By Number and Dollar Percentages								
Geography	Low		Moderate		Middle		Upper	
% Renter Occupied in GMSA	0%		26%		69%		5%	
Loan Type	# of Loans	\$ of Loans						
1-4 Family Non-owner Occupied	0%	0%	29%	22%	71%	78%	0%	0%

Table 5

Our analysis of the bank's geographic distribution indicates that loans are extended in a majority of the census tracts in the AA.

Responses to Complaints

FNBFC has not received any CRA related complaints since opening in April 2004.

Fair Lending or Other Illegal Credit Practices Review

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