



## **PUBLIC DISCLOSURE**

August 24, 2015

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

North Georgia National Bank  
Charter Number 23547

350 West Belmont Drive  
Calhoun, GA 30703-0965

Office of the Comptroller of the Currency

Three Ravinia Drive  
Suite 1950  
Atlanta, GA 30346

**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**

The bank's performance is supported by the following:

- The average loan-to-deposit ratio is reasonable given the bank's size, financial condition, and assessment area (AA) credit needs.
- The majority of the bank's loans are inside its AA.
- The distribution of loans to borrowers of different incomes and businesses of different sizes is reasonable.
- The bank has not received any CRA-related complaints during the evaluation period.

**SCOPE OF EXAMINATION**

This performance evaluation is an assessment of North Georgia National Bank's (NGNB) ability to meet the credit needs of the communities in which it operates. Examiners conducted a full-scope review of the bank's AA. CRA performance was determined by analyzing the bank's primary lending activities. The evaluation period for this assessment was October 2009 to August 2015.

Bank management provided a list of loans originated and purchased since the last CRA review. Business and consumer loans accounted for approximately 29 percent and 46 percent of loan originations, respectively. A sample of 20 business and 25 consumer loans originated from January 2014 to August 2015 was selected to evaluate the bank's performance under the lending test.

**DESCRIPTION OF INSTITUTION**

NGNB is a small community bank located in Calhoun, Georgia. The bank is wholly owned by North Georgia Community Financial Partners, Inc., a one-bank holding company. In addition to the main office, NGNB operates two full service branches located in Calhoun, Georgia. All locations have ATMs and there are three free-standing ATMs. None of the ATMs take deposits. In addition to non-deposit taking ATM at these locations, the bank offers two other ATMs in the County for customer convenience. No branches have been opened or closed since the last CRA examination. There have not been any significant changes to NGNB's corporate structure.

As of June 30, 2015, the bank had total assets of \$120 million, total loans of \$68 million, and total core deposits of \$98 million, and tier one capital of \$13 million. The bank offers a variety of traditional deposit and loan products. Commercial and real estate lending are NGNB's primary business focus, with farm loans comprising a small portion of the loan portfolio. There was no merger, acquisition, or expansion activity since the prior CRA evaluation. There are no legal or financial impediments to NGNB's ability to meet the credit needs of its AA. The previous CRA evaluation dated November 16, 2009 rated the bank's performance as "Satisfactory".

## DESCRIPTION OF ASSESSMENT AREA(S)

NGNB's AA is defined as Gordon County, which is located in northwest Georgia. The AA is not part of a Metropolitan Statistical Area (MSA). It is adjacent to the Atlanta-Sandy Springs-Roswell, Rome and Dalton MSAs. The AA is comprised of nine census tracts, of which seven are middle-income and two are upper-income. The AA meets the technical requirements of the Act and does not arbitrarily exclude low-or moderate-income census tracts. The table below summarizes certain demographics for the AA:

<b>Demographic and Economic Characteristics of Gordon County, Georgia</b>	
<b>Population</b>	
Total Population	55,186
Number of Families	13,703
Number of Households	19,229
<b>Geographies</b>	
Number of Census Tracts	9
% Low-Income Census Tracts	0.00%
% Moderate-Income Census Tracts	0.00%
% Middle-Income Census Tracts	77.78%
% Upper-Income Census Tracts	22.22%
<b>Median Family Income (MFI)</b>	
2010 MFI for AA	\$44,940
2014 HUD-Adjusted MFI for non-MSA Georgia	\$47,400
<b>Economic Indicators</b>	
2010 Unemployment Rate	4.91%
2010 Median Housing Value	\$124,921
% Households Below Poverty Level	16.72%

*Source: 2010 US Census and HUD data.*

Gordon County is deeply-seated in the textile sector primarily lead by the tufted-carpet industry. There are several leading flooring manufacturers/distributors with facilities in the county, which are the largest private employers. Mohawk Industries, Apache Mills, Engineered Floors, Nance Carpet and Rug, and Brumlow Mills are headquartered in the AA. In addition, Shaw Industries, Beaulieu International, LG Hausys America have a significant presence. Another major employer is Gordon Hospital. Other industries that support the county are: retail and wholesale trade, local government, and health care services.

The current local economy is slowly rebounding from the national housing recovery. A slow but steady increase in construction progress will result in improved carpet/flooring sales. Average unemployment for the area of 6.5%, exceeds the Georgia and national rates of 6.0% and 5.3%, respectively.

Competition from other financial institutions is high. The bank's competitors include a few community banks and numerous branches of large interstate institutions headquartered outside the AA. As of June 30 2014, NGNB had 15% market share in Gordon County.

In conducting this assessment of the bank's performance, we contacted a local community organization. This contact indicated that more affordable housing for low- and moderate-income individuals is needed in this AA. The contact stated that banks in the area are focused on meeting the needs of the community.

## **CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA**

NGNB's performance under the small bank test is satisfactory. This conclusion is based on the following: a reasonable loan to deposit ratio; a majority of loans in the AA; and a satisfactory penetration of loans among borrowers of different incomes and businesses of different sizes. Details regarding these findings are addressed below.

### **Loan-to-Deposit Ratio**

The bank's average loan-to-deposit ratio is reasonable given the bank's size, financial condition, and assessment area credit needs. The bank's LTD ratio averaged 65.83% over the 23 quarters since the last CRA evaluation.

The bank's loan-to-deposit ratio compares favorably with other community banks of similar size, location, and product offerings. NGNB ranks fourth among five similarly situated banks serving its AA. The other four banks had loan-to-deposit ratios averaging 71.52% and ranging from 65.54% to 79.11% over the 23 quarters since the last examination. NGNB is the only community bank based in the AA. All of the similarly situated banks are located in adjacent counties, which are part of Metropolitan Statistical Areas (MSAs). However, three of the four banks delineate Gordon County as an AA and have a branch location in the AA.

### **Lending in Assessment Area**

NGNB originates a majority of its loans to borrowers located within its AA and meets the standard of reasonable performance for the evaluation period. A substantial majority of the bank's lending by number of loans is within the AA, while a majority of the bank's lending dollar volume is within the AA. More emphasis is placed on the dollar volume for this portion of the lending test.

<b>Lending in Gordon County AA</b>										
Loan Type	Number of Loans					Dollars of Loans				
	Inside		Outside		Total	Inside		Outside		Total
	#	%	#	%		\$	%	\$	%	
All Loans	421	82.55	89	17.45	510	21,759,925	60.98	13,924,988	39.02	35,684,913

Source: Bank reported originations and purchases during evaluation period.

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

### Consumer Loans

NGNB’s level of lending to borrowers of different incomes meets the standard of reasonable performance across borrowers of different income levels.

The percentage of low- and moderate-income families in the AA is 21.99 percent and 14.18 percent, respectively. The sample of consumer loans reflects the bank lends at a rate of 20 percent to both low-and moderate-income borrowers. The bank’s rate of lending to borrowers of low-income meets the standard of reasonable performance in the AA, while the loans to moderate-income borrowers exceeds the standard of reasonable performance in the AA.

<b>Borrower Distribution of Consumer Loans in Gordon County AA</b>								
Borrower Income Level	Low		Moderate		Middle		Upper	
	% of AA Households	% of Number of Loans	% of AA Households	% of Number of Loans	% of AA Households	% of Number of Loans	% of AA Households	% of Number of Loans
Consumer Loans	21.99	20.00	14.18	20.00	16.96	40.00	46.87	20.00

Source: Loan sample; 2010 US Census data.

### Business Loans

Lending to businesses of different sizes is excellent and exceeds the standards for satisfactory performance. According to U.S. census data, 69 percent of businesses within the AA report have annual revenues of less than \$1 million. Eighty-five percent of the sampled loans were originated to businesses with annual revenues less than \$1 million.

<b>Borrower Distribution of Loans to Businesses in Gordon County</b>				
Business Revenues (or Sales)	≤\$1,000,000	>\$1,000,000	Unavailable/Unknown	Total
% of AA Businesses	69.35	4.36	26.29	100%
% of Bank Loans in Gordon County by #	85.00	15.00	0.00	100%
% of Bank Loans in Gordon County by \$	85.81	14.19	0.00	100%

Source: Loan sample; Dunn and Bradstreet data.

### **Geographic Distribution of Loans**

An analysis of the geographic distribution of loans is not meaningful. There are no low- or moderate-income geographies in the AA.

### **Responses to Complaints**

NGNB has not received any CRA related consumer complaints since the prior CRA examination.

### **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.