

## **PUBLIC DISCLOSURE**

December 10, 1996

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

**Quantum National Bank  
Charter # 22905**

**505 Peachtree Industrial Blvd.  
Suwanee, Georgia 30174**

**Office of the Comptroller of the Currency  
Atlanta Duty Station  
1117 Perimeter Center West, Suite W-401  
Atlanta, Georgia 30338-5417**

**NOTE: 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.**

## GENERAL INFORMATION

*The Community Reinvestment Act (CRA) requires each federal financial supervisory agency to use its authority when examining financial institutions subject to its supervision, to assess the 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. Upon conclusion of such examination, the agency must prepare a written evaluation of the institution's record of meeting the credit needs of its community.*

*This document is an evaluation of the Community Reinvestment Act performance of **Quantum National Bank** prepared by the **Office of the Comptroller of the Currency**, the institution's supervisory agency, as of **December 10, 1996**. The agency rates the CRA performance of an institution consistent with the provisions set forth in Appendix A to 12 CFR Part 25.*

**INSTITUTION'S CRA RATING:** This institution is rated **SATISFACTORY**.

The Quantum National Bank CRA rating is based on the reasonableness of its: loan-to-deposit ratio; high proportion of lending in its assessment area; distribution of lending to borrowers of different income levels and businesses of different sizes; and geographic distribution.

The following table indicates the performance level of *Quantum National Bank* with respect to each of the five performance criteria.

| SMALL INSTITUTION ASSESSMENT CRITERIA  | Quantum National Bank PERFORMANCE LEVELS  |  |  |
|--|---|--|--|
|  | Exceeds Standards for Satisfactory Performance  | Meets Standards for Satisfactory Performance | Does not meet Standards for Satisfactory Performance |
| Loan to Deposit Ratio  |   | X  |  |
| Lending in Assessment Area   |   | X  |  |
| Lending to Borrowers of Different Incomes and to businesses of Different sizes |   | X  |  |
| Geographic Distribution of Loans   |   | X  |  |
| Response to Complaints   | No complaints have been received by Quantum National Bank since its inception, December 1995. |  |  |

## DESCRIPTION OF INSTITUTION

Quantum National Bank (“QNB” or “the bank”) is a \$16 million “De Novo” community bank located in Suwanee, Georgia. This city is located in Gwinnett County. QNB, which was chartered in December 1995, is a wholly owned subsidiary of Quantum Capital Corporation, a one-bank Holding Company. QNB operates from one location on Peachtree Industrial Boulevard. There are no known financial or legal impediments that would refrain QNB from meeting the credit needs of its assessment area.

QNB is the only nationally chartered financial institution located in the city of Suwanee, Gwinnett County, where Quantum is located, is a highly competitive market. Their competition consist of eleven state and nationally chartered financial institutions as well as branches of multi-national and regional banks operating in Georgia. Quantum offers traditional lending products and services such as commercial and consumer installment lending. Their primary business focus is small business lending. Sixty percent of the loan portfolio is centered in commercial and industrial loans. The remaining 40 percent is divided between construction-development and consumer loans.

## DESCRIPTION OF ASSESSMENT AREA

QNB’s assessment area includes all of Gwinnett County which is part of the Atlanta, Georgia Metropolitan Statistical Area (MSA). There are no low income census tracts and only one moderate income tract in QNB’s assessment area. The Housing and Urban Development MSA median family income for the Atlanta MSA is \$52,100. This income statistic was used in our income lending analysis.

*Gwinnett County*, according to the Atlanta Regional Commission, had a 1995 population of 356,500 and an unemployment rate of 3.5 percent. The county is composed of one moderate , 23 middle and 21 upper income census tracts. The middle and upper income census tracts contain 98 percent of the county’s population with each census tract representing 52 percent and 46 percent, respectively.

According to the Atlanta Regional Commission, Gwinnett County is one of the fastest growing counties in the U.S. As a result, several major domestic and foreign companies have located their manufacturing and distribution centers in the county. Gwinnett is home to over 450 high-tech companies and more than 250 international firms have offices in the county. Major private industry employers include Lucent Technologies, PROMINA Gwinnett Health System, and Motorola Energy Products Division. The Gwinnett County Public School system is the largest employer in the county.

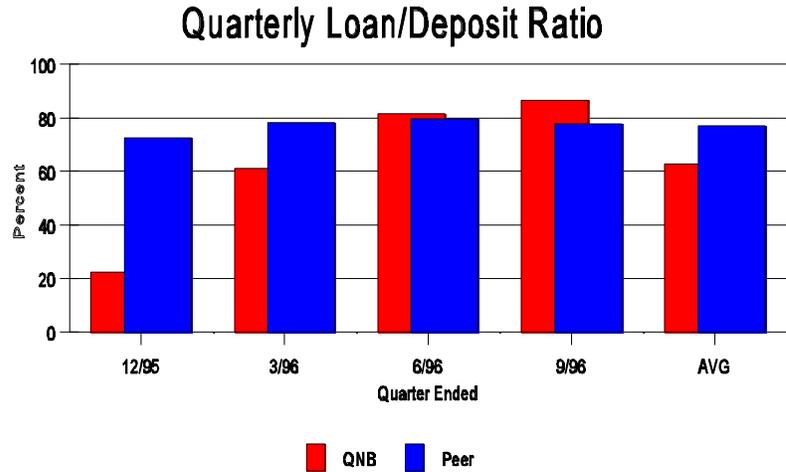
We obtained information from community groups regarding local economic conditions, the types

of credit required by communities to grow and whether those types of credit are offered by the local banks. The information provided, through contacts made by another regulatory agency, indicate that lower interest rates on short term loans to low income individuals and down payment assistance programs for low and moderate income individuals are the most significant credit needs in the community. The need for these services were confirmed through our discussions with management, and our overall knowledge of the community.

**CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA :**

**Loan-to-Deposit Ratio**

The bank's four quarter average loan-to-deposit ratio was reasonable at 63 percent compared to its peer banks' average of 77 percent. QNB's peer group consisted of 12 financial institutions in Gwinnett County. As the graph indicates, the bank exceeded its peer group in the second and third quarters of 1996. The recent trend in the bank's loan-to-deposit ratio is favorable. The bank began operations in December 1995 and, as a result, trailed its peer group for the first three months of this year.



**Lending in Assessment Area**

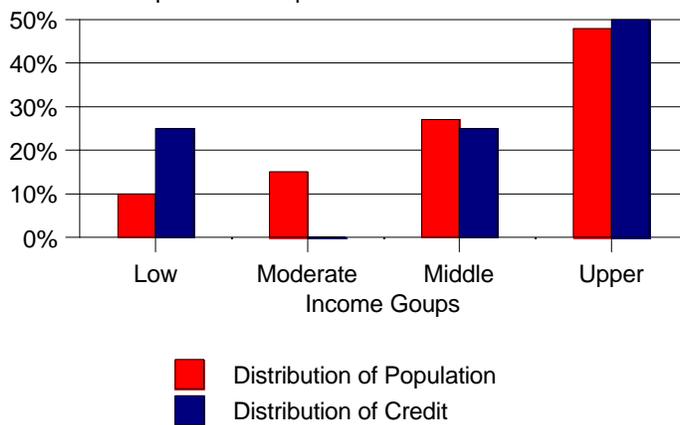
Through October 31, 1996, a total of 76 loans have been made. Based on the bank's internal analysis, seventy percent of these loans were extended to borrowers within Quantum's assessment area.

## Distribution of Credit

Our analysis of Quantum's lending patterns to borrowers and businesses of different income levels was based on a sample of consumer loans (8) which were used in our fair lending analysis and a sample of commercial loans (45). The consumer loans were originated from December 1995 through October 1996. The majority of the commercial loans were either extended or renewed during the same time frame.

### Distribution of Credit

Comparison of Population to Loans Extended



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

Lending to borrowers of different incomes and businesses of different sizes is reasonable. As the graph indicates, 25 percent of the consumer loans we sampled were extended to low income borrowers. Also, the distribution of loans to middle and upper income individuals was 25 percent and 50 percent, respectively. This loan distribution compares favorably to the demographic information from the 1990 Census Bureau. Although no loans to

moderate income borrowers have been extended, QNB has extended several loans to low income borrowers. Overall, the loans extended by income group correlates to the population identified as low, moderate, middle, and upper income.

To determine the distribution of loans to businesses of different sizes, we reviewed a sample of commercial loans. Based on this sample, commercial loans were made to businesses of varying sizes. Our sample revealed that 53 percent of the 45 commercial loans we reviewed were extended to businesses with sales less than \$1,000,000.

### Geographic Distribution of Loans

QNB has a satisfactory record of lending to all segments of its assessment area. Gwinnett County contains no low income tracts and only one moderate income tract. The moderate income tract represents two percent of all tracts. Middle and upper income tracts represent 50 and 47 percent of the census tracts in the county, respectively.

Based on the number of loans extended within QNB's assessment area, 57 percent were made to borrowers residing in middle income census tracts while the remaining 43 percent of loans were made to borrowers in upper income tracts. The percentage of loans made in these census tracts generally mirrors the population of each tract. Fifty-six percent of households reside in middle income census tract areas and 42 percent reside in upper income census tracts. The remaining three percent is centered in one low income census tract.

| Tract Number        | Name  | Category | # of Loans Made in Gwinnett County | % of Loans Made in Gwinnett County | % of Households residing in Tract |
|---------------------|---|----------|------------------------------------|------------------------------------|-----------------------------------|
| 501.02              | <i>Buford City, Sugar Hill, Buford Dvsn, Rest Haven Twn</i> | Moderate | 0                                  | 0                                  | 3%                                |
| 23 various tracts   | <i>Various locations</i>                                    | Middle   | 30                                 | 57%                                | 56%                               |
| 21 various tracts   | <i>Various locations</i>                                    | Upper    | 23                                 | 43%                                | 42%                               |
| Unidentified Tracts | <i>Outside of Assessment Area</i>                           | N/A      | 23                                 | N/A                                | N/A                               |

### **Response to Consumer Complaints**

The institution has not received any CRA-related complaints since its inception in December 1995.

### **Record of Compliance with Antidiscrimination Laws.**

We did not note any violations of the substantive provisions of federal Antidiscrimination laws and regulations, including the Equal Credit Opportunity Act, Fair Housing Act, and the Fair Housing Home Loan Data System Regulation. The bank has instituted fair lending policies, procedures, and training; however, no internal self-testing measures have been initiated by the bank.

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