

PUBLIC DISCLOSURE

March 23, 1998

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

**Lanier National Bank
Charter # 21901**

**854 Washington Street
Gainesville, Georgia 30501**

Office of the Comptroller of the Currency

**1117 Perimeter Center West, Suite W-401
Atlanta, Georgia 30338-5417
<http://www.occ.treas.gov>**

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 **Lanier National Bank**, prepared by the **Office of the Comptroller of the Currency**, the institution's supervisory agency, as of **March 23, 1998**. 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 CRA rating for Lanier National Bank, (the "bank") is based on the institution's reasonable loan-to-deposit ratio, majority of lending within its assessment area, reasonable distribution of lending to borrowers of different income levels and businesses of different sizes, and a balanced distribution of loans to borrowers in different geographies.

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

SMALL INSTITUTION ASSESSMENT CRITERIA	LANIER 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	Lanier NB has not received any CRA-related complaints since the previous evaluation.		

DESCRIPTION OF INSTITUTION

Lanier National Bank (Lanier) is a community bank located in Gainesville, Georgia, the county seat of Hall County, which is located 52 miles northeast of Atlanta, Ga. The bank's December 31, 1997 statement of condition reflected total assets of \$94 million, net loans of \$67 million, and net income of \$1.4 million. The bank is 100 percent owned by Lanier Bankshares, Incorporated, a one bank holding company. The main office is located in Gainesville and a full service branch is located in Oakwood in South Hall County and at Thompson Bridge in North Hall County. A new branch will open in Clermont, Georgia in north Hall County in May, 1998. There are no known legal impediments that should hinder the bank from meeting the credit needs of its assessment area.

Lanier is one of the smallest banks in Hall County, with a four to five percent market share. The bank's primary competitors are Regions Bank of Alabama, who acquired the First National Bank of Gainesville and multinational banks SunTrust, NationsBank, and Wachovia. Community banks in the market include Gainesville Bank and Trust, Georgia First Bank, and Community Bank and Trust of Cornelia. The bank's primary market is small business and commercial loans. Fifteen percent of the loan portfolio is to corporate borrowers, twenty percent is secured by non farm/non residential property and forty percent is secured by residential real estate. The bank provides a wide range of consumer products and depository services.

DESCRIPTION OF ASSESSMENT AREA

Lanier's assessment area is described as Hall County, which contains sixteen block numbering areas (tracts). The assessment area is comprised of five middle income tracts and eleven upper income tracts based on 1990 census data. Hall County has been singled out by American Demographics magazine and the U.S. Bureau of Economic Analysis as having one of the wealthiest citizenry in the nation. A 1992 survey ranked counties whose residents have combined yearly incomes of \$1 billion or more. Hall County ranked number one in Georgia and number 27 in the nation. According to the 1990 census, the population of the assessment area is 95,428 with an updated weighted average non-MSA median family income of \$33,600.

Historically, the local economy was driven by the poultry industry but continues to diversify. Hall County is now home to 35 Fortune 500 companies. Manufacturing is the largest employment sector in the county, providing 26 percent of the jobs and 29 percent of employment earnings. Services are the next largest employer, providing 22 percent of the jobs employment earnings. According to the Georgia Department of Labor, the largest non-government employers in the county include: ConAgra Poultry Company an integrated poultry operation with 1,700 employees, Fieldale Farms involved in poultry processing with 1,200 employees, and Northeast Georgia Medical. Hall County also hosted several events during the 1996 summer olympics. Unemployment for Hall County remains below three percent.

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA:

Loan-to-Deposit Ratio

The bank's eleven-quarter average loan-to-deposit ratio is reasonable at 73 percent compared with 77 percent for one other home based community bank within the assessment area. Figure 1 illustrates how your bank compares to the other bank in the assessment area.

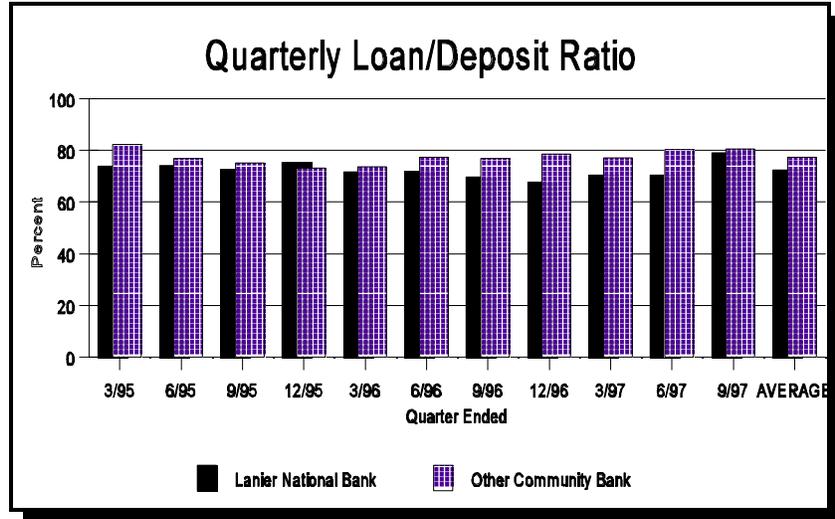


Figure 1

Lending in Assessment Area

A majority of the bank's loans were extended to borrowers within the bank's assessment area. During the past two years, the bank originated 72 percent of its real estate, commercial, and consumer loans to borrowers and businesses within the assessment area (see figure 2).

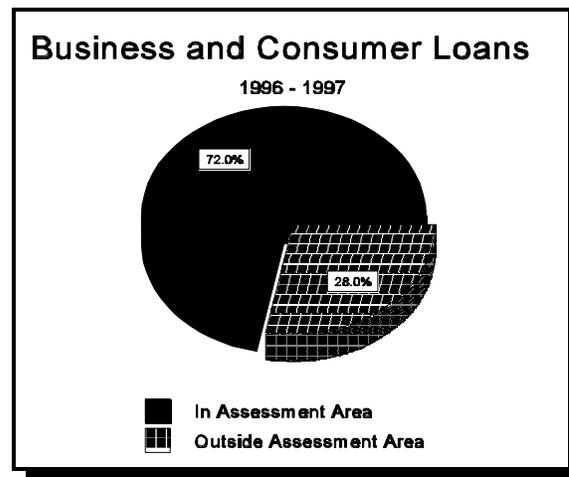


Figure 2

Distribution of Credit

Our analysis of the bank's lending patterns to borrowers of different income levels and geographies within the assessment areas was based on a random sample of loans made since our last examination in 1996 and 1997. We selected 30 commercial loans and 40 consumer loans to determine the bank's lending patterns to businesses of different sizes and borrowers of different incomes.

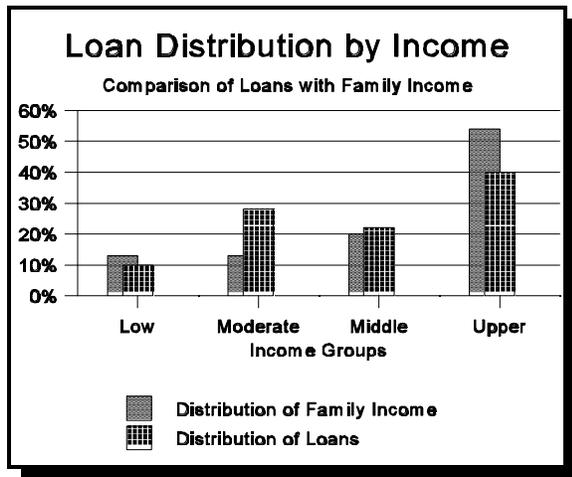


Figure 3

Lending to Borrowers of Different Incomes and to Businesses of Different Sizes Lending to borrowers of different incomes is reasonable. As the graph indicates (*figure 3*), 10 percent of all loans were to low income borrowers and 28 percent of all loans were to moderate income borrowers based on a sample of loans from 1996 and 1997. This compares favorably to demographic data for low income borrowers which represent 13 percent of the population. The banks's distribution of loans is significantly above the demographic data for moderate income people which represent 13 percent of the population.

Lending to businesses of different sizes is reasonable. Based on our sample of 30 loans, commercial loans were made to businesses of varying sizes. Our sample revealed that 53 percent of the commercial loans were extended to smaller businesses with revenues less than \$500,000 and 7 percent of commercial loans were made to businesses with revenues of \$500,000 to \$1,000,000 (*figure 4*).

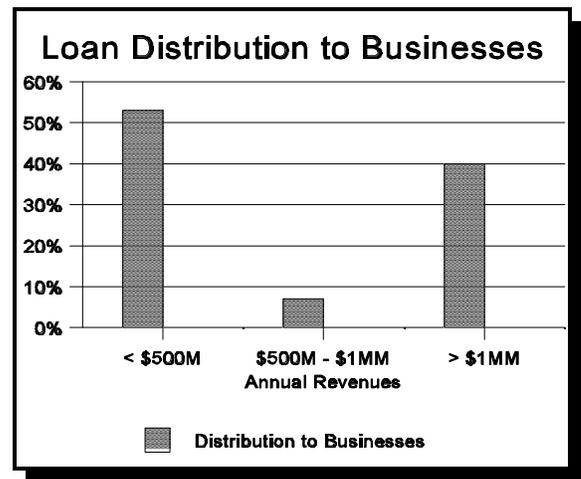


Figure 4

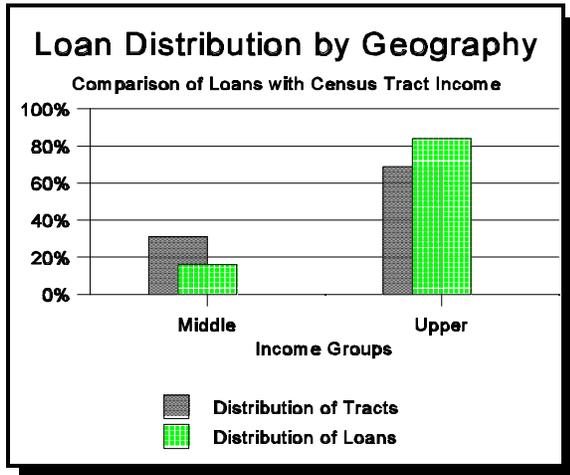


Figure 5

Lending to Borrowers in Different Geographies

The bank has a satisfactory record of lending to all segments of its assessment area. The bank had no low or moderate income tracts. Sixty nine percent of tracts were upper income and thirty one percent of tracts were middle income. Eighty-four percent of all loans in the assessment area were made in upper income tracts and sixteen percent of all loans were in middle income tracts.

Response to Consumer Complaints

Lanier National Bank did not receive any CRA-related complaints since the most recent CRA examination dated January 25, 1995.

Record of Compliance with Antidiscrimination Laws

We did not find any discriminatory lending practices or violations of the substantive provisions of federal antidiscrimination laws and regulations, including the Equal Credit Opportunity Act, Fair Housing Act, and the Federal Home Loan Data System. The bank has instituted appropriate fair lending policies and procedures and training programs.

####