



**SMALL BANK**

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

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## **PUBLIC DISCLOSURE**

**January 5, 2004**

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

**First Security National Bank  
Charter Number 18584**

**6170 Peachtree Parkway  
Norcross, GA 30091**

**Comptroller of the Currency  
Georgia Field Office  
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 Security National Bank’s performance rating is supported by the following:

- a reasonable loan-to-deposit ratio;
- a majority of its loans are made in the bank’s assessment area; and
- lending to businesses of different sizes is reasonable.

## **DESCRIPTION OF INSTITUTION**

First Security National Bank (FSNB) is a community banking institution serving portions of Gwinnett, DeKalb, Forsyth, and Fulton Counties. The bank’s financial condition is characterized by total assets of \$90 million, total loans of \$65 million, total deposits of \$76 million, and capital accounts aggregating \$12 million. FSNB operates two offices: the main office located at 6179 Peachtree Parkway, Norcross, Georgia, and the full service Chastain branch at 4241 Roswell Road, Atlanta, Georgia. FSNB is owned by First Security Corporation, a one-bank holding company.

The bank is headquartered in a high growth and highly competitive market. As of June 30, 2003, Gwinnett County had 167 offices of 34 state and nationally chartered community, regional, and multi-national banks. FSNB offers traditional products and services such as real estate construction lending, commercial and small business loans, consumer loans, and various deposit products. The bank also makes SBA guaranteed loans and has an in-house mortgage loan broker who originates and packages residential mortgage loans. FSNB’s loan portfolio is comprised of 78 percent construction and land development loans, 12 percent commercial and commercial real estate loans, and 10 percent consumer-related loans. Because the bank’s primary lending activity is residential construction lending, it makes most of its loans in the areas where new development is occurring. As a result, the areas where the majority of lending activity occurs are moving away from the areas around the bank’s two offices.

There are no known legal or financial impediments that would restrain FSNB from meeting the credit needs of its assessment area. The bank received a satisfactory CRA rating at its last performance evaluation dated August 24, 1998.

## **DESCRIPTION OF ASSESSMENT AREA**

FSNB’s assessment area meets the technical requirements of the regulation and does not arbitrarily exclude low- or moderate-income census tracts. Management has identified two assessment areas that contain a total of forty-seven census tracts. The assessment area for the main office covers part of western Gwinnett County, part of north Fulton County, one tract in

south Forsyth County, and part of northeast DeKalb County. The assessment area for the branch includes a segment of Fulton County and one tract in DeKalb County. All census tracts making up the bank's combined assessment area are located in the Atlanta metropolitan statistical area (MSA). According to the U.S. Census Bureau, the combined designated areas contain no low-income tracts, no moderate-income tracts, eighteen middle-income tracts, twenty-eight upper-income tracts, and one uninhabited tract. The population of the combined assessment areas in 1990 was in excess of 300,000. According to the Department of Housing and Urban Development, 2002 median family income for the Atlanta MSA is \$71,200.

*ATLANTA MSA* - The Atlanta Metropolitan Statistical Area is a twenty-county area surrounding the city of Atlanta with a total of 504 census tracts. Greater Atlanta is internationally recognized as the transportation, communication, industrial, and cultural center of the Southeastern United States. The Atlanta MSA has one of the strongest economies of any major urban area. Due to its location and extensive transportation network, Atlanta has become a major distribution center for the Southeast. Distribution and associated industrial activities are gradually being transferred to other urban centers in the South, while Atlanta has evolved into a major provider of technological and financial support services.

The Atlanta MSA has a diverse industrial base including manufacturing, transportation, distribution, retailing, wholesaling, finance, government, research, education, medicine, and technical support. Ninety percent of the Fortune 500 companies maintain regional offices in the Atlanta area. In addition, ninety-eight of the nation's top industrial firms maintain some type of operational facility in metro Atlanta. Foreign trade has played a significant role in the area's growth over the last two decades. More than 200 foreign firms have established their U.S. headquarters in Atlanta. Of these companies, thirty-one are foreign-based banks with offices in Atlanta.

*GWINNETT COUNTY* - Gwinnett County is one of the fastest growing counties in Georgia. Computer and high tech industries are dominant in the local Norcross area. The largest employers in the county include the school system, Scientific Atlanta, Primerica Financial Services, and county government. Unemployment for the county is lower than both the City of Atlanta and the State of Georgia. Much of Gwinnett County's growth has occurred in the northern part of the county, although growth has been experienced countywide. High growth is expected to continue, and increase in particular in the northern portions of the county, particularly in light of the projected growth to accompany the new Mall of Georgia. Population for Gwinnett County based on the 1990 Census was 457,204. Projections for growth indicate a population of 1,000,000 by the year 2010.

*FULTON COUNTY* - Fulton County is also experiencing growth in the northern portion of the county. The city of Atlanta is located in the center of the County. There are several redevelopment projects in the works. The county contains 150 census tracts with 20 of these tracts included in the bank's current assessment area. Fulton County is the largest county in both size and population in the metropolitan Atlanta area. The county's population, as of the 1990 census data was 665,765. As mentioned above, most of the recent growth has occurred in the northern portion of the county in the cities of Alpharetta and Roswell.

*DEKALB COUNTY*- DeKalb County is located in the Atlanta MSA. The county contains ninety-two census tracts with seven of these tracts included in the bank’s current assessment area. DeKalb is the second largest county in terms of population and size in the metro area. The population of DeKalb as of the 1990 census was 483,000. Growth has occurred in the northeast and southeast portions of the county.

*FORSYTH COUNTY* - Forsyth County is located north of Gwinnett and Fulton Counties. FSNB operates in only one census tract at this time, however it appears that future growth is moving toward this area.

The following table highlights the demographic composition of the bank’s current assessment area:

<b>DEMOGRAPHIC AND ECONOMIC CHARACTERISTICS OF AA</b>	
<i>Population</i>	
Number of Families	80,641
Number of Households	127,472
<i>Geographies</i>	
Number of Census Tracts/BNA	47
% Low-Income Census Tracts/BNA	0%
% Moderate-Income Census Tracts/BNA	0%
% Middle-Income Census Tracts/BNA	38%
% Upper-Income Census Tracts/BNA	60%
<i>Median Family Income (MFI)</i>	
1990 MFI for AA	\$59,051
2002 HUD-Adjusted MFI	\$71,200
<i>Economic Indicators</i>	
Unemployment Rate	2%
2002 Median Housing Value	\$154,173
% of Households Below Poverty Level	4%

**Community Contact**

As part of our examination, we obtained information from community leaders regarding local economic conditions and community credit needs. Based on information provided by local credit counseling services, the primary credit needs in the community is small business lending and financing for affordable housing. Banks in the area have ample opportunities to provide mortgages to small businesses and low- and moderate-income individuals.

**CONCLUSIONS ABOUT PERFORMANCE CRITERIA**

## Loan-to-Deposit Ratio

The bank's loan-to-deposit (LTD) ratio is reasonable given the bank's size, financial condition, assessment area credit needs, and competition from other lending sources. Since the preceding CRA examination in August 1998, FSNB's quarterly average LTD ratio was 67% compared to an average LTD ratio of 76% for a group of twelve similarly situated community banks headquartered in DeKalb, Forsyth, Fulton, and Gwinnett Counties. The bank's quarterly LTD ratio has ranged from 45% in September 1998 to 84% in September 2003. Although the bank's LTD ratio has been consistently lower than that of the peer group, the volume of loans generated from FSNB's in-house brokerage service indicates additional effort on the bank's part to meet credit needs of its assessment area. Over the last twelve months, the bank has generated an additional \$11.5 million in loans for other lenders not included in the LTD ratio shown above. Were these brokered mortgage loans to be included, the bank's LTD ratio would approximate 81%.

## Lending in Assessment Area

FSNB's loan portfolio consists primarily of construction-related lending. The table below is based on data from the September 30, 2003 Call Report. The bank's primary product offering is residential construction loans.

Loan Category	\$ (000)	%
Construction/Land Development	\$50,574	77.86%
Commercial Real Estate Loans	\$2,255	3.47%
Commercial Loans	\$5,890	9.07%
Residential Real Estate Loans	\$400	0.62%
Consumer Loans	\$6,055	9.32%
<b>Total</b>	<b>\$64,953</b>	<b>100.0%</b>

Lending levels reflect a satisfactory responsiveness to community credit needs. A sample of forty construction loans made during the period from January 1, 2002 through September 30, 2003 disclosed that a majority of the loans were made in the assessment area. The results of this analysis are highlighted below:

Assessment Area Lending (Evaluation Period – January 1, 2002 through September 30, 2003)								
Loan Type	In Assessment Area				Out of Assessment Area			
	#	%	\$000's	%	#	%	\$000's	%
Residential Construction Loans	27	67.5%	8,358	72.8%	13	32.5%	3,125	27.2%

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

Lending to businesses of different sizes is satisfactory. For CRA purposes, small businesses are defined as those with gross annual revenues less than \$1 million. Our review of a sample of twenty-six construction loans made inside the assessment area indicated that 80.7% were made to businesses considered to be small businesses.

### **Geographic Distribution of Loans**

Neither of the bank's two assessment contains any low-income or moderate-income census tracts. Since the bank's assessment area does not contain any low-income or moderate-income census tracts, a geographic analysis would not be meaningful.

### **Responses to Complaints**

FSNB has not received any CRA related complaints since the preceding CRA examination of August 24, 1998.

### **Fair Lending or Other Illegal Credit Practices Review**

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