



**SMALL BANK**

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Comptroller of the Currency  
Administrator of National Banks

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Washington, DC 20219

## **PUBLIC DISCLOSURE**

**November 16, 2009**

### **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

Georgia Field Office  
Three Ravinia Drive, Suite 550  
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.**

This performance rating is supported by the following:

- The loan-to-deposit ratio is reasonable;
- A majority of loans are in the assessment area; and
- Lending to borrowers of different incomes and businesses of different sizes is excellent.

**SCOPE OF EXAMINATION**

This Performance Evaluation is an assessment of the 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 Assessment Area (AA), which is not part of any Metropolitan Statistical Area (MSA). This evaluation covered the period of January 2007 to September 2009. Although the bank is not required to report loan activity in accordance with the Home Mortgage Disclosure Act (HMDA), it had qualifying residential real estate loans for the purposes of this review. Lending performance was determined by analyzing 20 home loans and 20 business loans secured by real estate. These loans were important to the overall conclusions and neither product carried more weight than the other.

**DESCRIPTION OF INSTITUTION**

NGNB, located in Calhoun, Georgia, is wholly owned by North Georgia Community Financial Partners, Inc. NGNB operates three full service locations in Gordon County, Georgia. In addition to non-deposit taking ATM at these locations, the bank offers two other ATMs in the County for customer convenience.

The bank offers a variety of traditional deposit and loan products with commercial and real estate lending as primary credit products. There are no financial conditions, legal constraints, or other factors that hinder the bank’s ability to meet the credit needs of its AA.

As of September 30, 2009, the bank had total assets of \$151 million with a loan portfolio approximating \$95 million. Net loans represent 63 percent of total assets. The following table reflects the composition of NGNB’s loan portfolio based on the September 30, 2009 Report of Condition and Income (Call Report).

<b>Loan Portfolio Summary by Loan Product September 30, 2009</b>	
<b>Loan Category</b>	<b>% of Outstanding Dollars</b>
Home Loans	33.53%
Business Loans	53.96%
Farm Loans	8.49%
Consumer Loans	3.73%

The previous CRA evaluation dated September 21, 2005 rated the bank's performance as “Satisfactory.”

**DESCRIPTION OF ASSESSMENT AREA(S)**

NGNB’s AA meets the technical requirements of the Act and does not arbitrarily exclude low- or moderate-income census tracts. The AA is defined as all of Gordon County, Georgia, which is comprised of five middle-income and four upper-income census tracts. The 2000 United States Census showed Gordon County (non-MSA) with a population of approximately 44,104 with a median family income of \$37,320. Owner occupied housing in the county was 58 percent with the median housing value at \$81,165. Households living below poverty level were 11 percent with unemployment at 1.82 percent. The Department of Housing and Urban Development’s (HUD) 2008 *updated* median family income estimate for the assessment area is \$46,300.

Manufacturing, primarily textile mills, remains the county’s leading industry employer. However, recent economic downturns have negatively affected local textile production. Other industries that primarily support the local economy are; retail trade, local government, and health care services. Major employers in Gordon County are Gordon Hospital, Mannington Carpets, Mohawk Carpet Corp., Shaw Industries Group, Inc., and Wal-Mart Associates.

NGNB is the only community bank headquartered in Gordon County. Other banking institutions in the county include branches of four other community banks and four large state banks. As of June 30, 2009, the bank had an 18 percent deposit market share in the AA.

A community group was contacted in conjunction with this review. This group provides technical assistance to encourage business development, expand job opportunities, and increase capital investment in the North Georgia region. An identified credit need was small business loans.

The following table includes general demographic data describing the assessment area.

<b>Demographic and Economic Characteristics of Assessment Area</b>	
<i>Population</i>	
Number of Families	12,361
Number of Households	16,151
<i>Geographies</i>	
Number of Census Tracts/BNA	9
% Low-Income Census Tracts/BNA	0
% Moderate-Income Census Tracts/BNA	0
% Middle-Income Census Tracts/BNA	5
% Upper-Income Census Tracts/BNA	4
<i>Median Family Income (MFI)</i>	
2000 MFI for AA	\$37,320
2008 HUD-Adjusted MFI	\$46,300
<i>Economic Indicators</i>	
Unemployment Rate	1.82%
2000 Median Housing Value	\$81,165
% of Households Below Poverty Level	10.60%

*Source: CRA Wiz Report based on 2000 US Census*

The Georgia Department of Labor’s 2008 updated annual average unemployment rate for

Gordon County is 7.4 percent compared to 6.4 percent for the state of Georgia.

**CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA**

NGNB’s overall performance under the lending test is satisfactory. This conclusion is based on the bank’s reasonable loan-to-deposit ratio, a majority of lending within the bank’s assessment area, and a more than reasonable penetration of loans among borrowers of different incomes and to businesses of different sizes. Details regarding these findings are addressed below.

**Loan-to-Deposit Ratio**

NGNB's loan to deposit ratio is reasonable given the bank's size and financial condition, and credit needs of the AA. The bank's quarterly loan to deposit ratio averaged 79 percent over the 16 quarters since the last CRA examination. This ratio ranged from a low of 62 percent to a high of 94 percent. No other community banks are based in NGNB’s AA. However, there are five similarly sized banks located in counties adjacent to NGNB’s AA with total assets ranging from \$116 million to \$149 million. The average quarterly loan to deposit ratios of those banks ranged from 79 to 87 percent.

**Lending in Assessment Area**

Lending levels reflect a reasonable responsiveness to community credit needs. A majority of loans were made in the banks assessment area. Eighty-three percent of all loans originated or purchased during the evaluation period were within the AA. By dollar volume, 75 percent were originated or purchased in the AA. The following table details lending in and out of the bank’s AA during the evaluation period.

Assessment Area Lending (Evaluation Period – January 2007 through September 2009)								
Loan Type	In Assessment Area				Out of Assessment Area			
	#	%	\$000's	%	#	%	\$000's	%
All Loans	702	82.30%	\$51,416	74.99%	151	17.70%	\$17,148	25.01%

Source: Internal loan report

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

The distribution of loans to borrowers of different income levels reflects an excellent penetration among individuals of different income (including low- and moderate-income) levels and business of different sizes.

The following table shows the percentage of home loans in the AA as compared to the percentage of families by income level that reside in the area. The percentage of loans to low-

and moderate-income borrowers far exceeds the corresponding percentage of low- and moderate-income families in the AA. The level of home loans to low-income borrowers is especially strong given over ten percent of the households in the AA are at or below the poverty level.

<b>Distribution to Borrowers of Different Incomes in Assessment Area (Evaluation Period – January 2007 through September 2009)</b>								
<b>Borrower Income Level</b>	Low		Moderate		Middle		Upper	
<b>Loan Type</b>	% of Number of loans	% of AA Families	% of Number of loans	% of AA Families	% of Number of loans	% of AA Families	% of Number of loans	% of AA Families
Home Loans	25%	13.71%	30%	16.45%	0%	21.75%	45%	48.09%

Source: Internal Loan Reports & 2000 U.S. Census

Lending to businesses of different sizes exceeds the standards for satisfactory performance. The percentage of loans made to businesses with revenues less than \$1 million is higher than the percentage of small businesses in the AA. The dollar volume of lending to small business is especially strong. The following table details lending to businesses during the evaluation period.

<b>Borrower Distribution of Loans to Businesses in Assessment Area (Evaluation Period – January 2007 through September 2009)</b>				
Business Revenues (or Sales)	≤\$1,000,000	>\$1,000,000	Unavailable/ Unknown	Total
% of AA Businesses	75.83%	3.35%	20.82 %	100%
% of Bank Loans in AA by #	80.00%	20.00%	--	100%
% of Bank Loans in AA by \$	90.27%	9.73%	--	100%

Source: Internal Loan Reports & U.S Census

**Geographic Distribution of Loans**

An analysis of the geographic distribution of loans was not performed because it would not be meaningful. Gordon County, which is in a non-MSA, has five middle-income and four upper-income census tracts. There are no low- or moderate-income census tracts.

**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.