



# INTERMEDIATE SMALL BANK

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Comptroller of the Currency  
Administrator of National Banks

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Washington, DC 20219

## PUBLIC DISCLOSURE

October 29, 2012

## COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

Quantum National Bank  
Charter Number 22905

505 Peachtree Industrial Boulevard  
Suwanee, GA 30024

Office of the Comptroller of the Currency

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 Outstanding.**

**The Lending Test is rated: Outstanding.**

The major factors supporting this rating include:

- A more than reasonable loan-to-deposit ratio;
- A majority of the bank’s loan originations were made in the assessment area;
- Lending to borrowers of different incomes is reasonable and lending to businesses of different sizes is excellent; and,
- The geographic distribution of loans reflects an excellent dispersion throughout the assessment area.

**The Community Development Test is rated: Satisfactory.**

Given its size and structure, Quantum National Bank (Quantum) adequately responds to community development (CD) needs through CD lending, investments, and services.

**Scope of Examination**

This CRA Performance Evaluation is an assessment of Quantum’s ability to meet the credit needs of its community. We conducted a full-scope review of the bank’s assessment area (AA), which encompasses five counties in the Atlanta-Sandy Springs-Marietta, GA Metropolitan Statistical Area (MSA). The bank was evaluated utilizing the Intermediate Small Bank examination procedures focusing on lending and community development tests. This evaluation covers the period of January 2009 through December 2011.

Quantum offers traditional loan and deposit products with commercial loans comprising the majority of lending activities. Loan products include residential real estate, small business, and consumer credits. In addition, the bank offers loans through the Small Business Administration’s government guaranteed loan program. Home Mortgage Disclosure Act (HMDA) data was available for 2009, 2010, and 2011. As such, HMDA data was used for the residential real estate review. We sampled commercial loans for the same period to assess the bank’s business lending. As of December 31, 2011 the loan portfolio composition was as follows:

Loan Category	\$ (000s)	%
Commercial	210,101	75.52
Residential	41,294	14.84
Construction	15,428	05.55
Farm/ Agricultural	9,779	03.51
Other	1,608	00.58
Total	\$278,210	100%

There are no known legal or financial impediments that would hinder Quantum from meeting the credit needs of its assessment area.

The bank received a “Satisfactory” CRA rating at its prior performance evaluation dated June 30, 2009.

## **Description of Institution**

Quantum is a full-service community bank headquartered in Suwanee, Georgia. It is wholly-owned by Quantum Capital Corporation, a one bank holding company. At December 31, 2011, the bank had total assets of \$342 million. Net loans totaled \$272.6 million, representing 80 percent of total assets. Total deposits were \$292 million with total equity capital of \$34.7 million.

The main office is located in Gwinnett County at 505 Peachtree Industrial Road, Suwanee, Georgia. A second office is located in Fulton County, Georgia at 2905 Bethany Road, Milton, Georgia. Each office has a drive-through facility and an automated teller machine for customer convenience. Lobby hours at both branches are Monday – Friday 9am to 5pm. Drive through service hours are Monday – Friday 8:30am to 5pm. Drive through service is also available at the Suwanee Branch on Saturdays 9am to 12 noon.

The bank operates in a highly competitive environment. In addition to competing with large national and regional financial institutions, the bank competes with a variety of local institutions. The bank also faces competition for deposit and loan products from other non-bank entities, including mortgage loan brokers, finance companies, insurance companies, and money management firms.

## **Description of Assessment Area (AA)**

The bank has one delineated assessment area in Georgia, based on the location of its main and branch offices. This AA is comprised of five whole, contiguous counties (Clayton, DeKalb, Forsyth, Fulton, and Gwinnett) located within the Atlanta – Sandy Springs – Marietta Metropolitan Statistical Area. The 399 census tracts in the AA are comprised of 113 upper-income, 111 middle-income, 107 moderate-income, and 68 low-income census tracts.

The AA meets the legal requirements of the regulation and does not arbitrarily exclude any low- or moderate-income census tracts that the bank is reasonably expected to serve.

### ***ATLANTA-SANDY SPRINGS-MARIETTA, GA MSA***

The **Atlanta-Sandy Springs-Marietta Metropolitan Statistical Area** is the most populous metro area in Georgia and the ninth-largest metropolitan statistical area (MSA) in the United States. Its’ economic, cultural, and demographic center is Atlanta, Georgia's, the state capital and largest city. The Atlanta metropolitan area spans up to 28 counties in north Georgia and has an estimated population of 5.4 million.

The 2000 U.S. Census Bureau data discloses there are 890,099 households in the assessment area in which 66 percent are reported as families. Within these families of 587 thousand, 21 percent are low-income, 18 percent are moderate-income, 21 percent are middle-income and 40 percent are upper-income. Approximately 10 percent of these households or 12 percent of the families live below the poverty threshold, with 2 percent receiving public assistance.

The assessment areas contain 942,500 housing units. Of these units, 57 percent are owner-occupied, 37 percent are renter-occupied, and 6 percent are vacant. The median housing value in the assessment areas is \$161,949.

Demographic Information for the Atlanta AA					
	#	% Low	% Moderate	% Middle	% Upper
Geographies (Census Tracts)	399	17	27	28	28
Population by Geography	2,405,243	9	25	32	34
Owner-Occupied Housing by Geography	942,500	4	18	34	44
Businesses by Geography	461,332	5	16	32	47
Farms by Geography	5,278	3	15	37	45
Family Distribution by Income Level	587,191	8	23	32	37
Household Distribution by Income Level	890,099	9	24	32	36
Census Median Family Income (MFI)		\$64,198	Median Housing Value		\$161,949
HUD-Adjusted MFI: 2011		\$68,300	Families Below the Poverty Level		9.68
HUD- Adjusted MFI: 2010		\$71,800	Unemployment Rate		9.72*
HUD – Adjusted MFI: 2009		\$71,700	Civilians not in the workforce		29%

\*2011 average unemployment rate for five-counties

**Clayton County:** Clayton County is within the five-county core of the Atlanta Metropolitan Area, and is the county in which most of Hartsfield-Jackson Atlanta International Airport lies. As home to the world’s busiest airport, Clayton County is a major tourism and retail center. From airport hotels to world renowned attractions like Spivey Hall and the region’s only indoor mall, the economic impact of spending by visitors (and locals) is immense. Jonesboro, Georgia is the county seat of Clayton County.

Clayton County includes 38 census tracts consisting of one low- income; 23 moderate- income; 12 middle- income; and 2 upper- income tracts. Sixty-three percent of the census tracts are low-to- moderate income. Jonesboro is approximately 50 miles from a Quantum branch location.

Service related industry accounts for 79 percent of the industry mix while private sector employers provide 85 percent of employment opportunities. Major employers in Clayton County include Air Tran Airways, Clayton State University, Delta Airlines, FedEx Ground, Georgia Power, and Southern Regional Medical Center. The population of Clayton County is 236,517 and equates to only one-third the population of DeKalb, Fulton, or Gwinnett Counties. The 2011 average unemployment rate for Clayton County is 12.2 percent.

**DeKalb County:** DeKalb County is included in the five-county core of the Atlanta metropolitan statistical area, lies east of Fulton County and contains roughly 10 percent of the city of Atlanta's population. The other 90 percent lies in Fulton County. The county seat is the city of Decatur. It is the second most populated county in Georgia.

DeKalb County has 115 census tracts consisting of 6 low- income, 37 moderate- income, 43 middle- income, and 29 upper- income tracts. Decatur, Georgia is approximately 30 miles from any Quantum branch location. Forty-seven percent of DeKalb County residents work in the county they reside in. Sixteen percent commute to Gwinnett County for employment.

Service related industry provides 74 percent of the employment opportunities in DeKalb County. Private sector jobs account for 83 percent of the employment while 18 percent are government sector jobs. Major employers in DeKalb County include AT&T Mobility, Children's Healthcare, DeKalb Medical Center, Emory University, United Parcel Service, and Georgia Perimeter College.

DeKalb County's population of 665,865 has an unemployment rate of 10.1 percent. Ten percent of DeKalb County residents commuted to Gwinnett County for employment in 2011 while 16 percent of Gwinnett County residents commuted to DeKalb County. Nine percent of the households in DeKalb County live below the poverty level. The median housing price of \$157,645 is ranked third in comparison to the other counties within the AA.

**Fulton County:** Fulton County is the principal county of the Atlanta metropolitan area. Fulton County is one of the five core counties and the most populous county in Georgia. The county lies south of Forsyth and west of Clayton, DeKalb, and Gwinnett counties. Atlanta is the largest city in Fulton County and geographically divides the county's northern and southern sections.

Fulton County has 167 census tracts consisting of 61 low- income, 36 moderate- income, 20 middle- income, and 50 upper- income tracts. Atlanta is approximately 34 miles from a Quantum branch location. The bank's only branch location is located at the northern edge of Fulton County. In 2011, six percent of Fulton County residents commuted to Gwinnett County. Eight percent commuted from Gwinnett County. Only 37 percent of Fulton County residents work in the county they live.

Private sector jobs are prevalent in Fulton County and account for 87 percent of employment opportunities. Service related industry provides for 82 percent of workforce opportunities. Companies headquartered in Fulton County include Mellow Mushroom, AFC Enterprises (Popeye's Chicken/Cinnabon), AT&T Mobility, Chick-fil-A, Delta Airlines, Grady Health systems, The Coca-Cola Company, and Home Depot. The local unemployment rate is 9.5 percent. Fulton County population of 816,000 and a median housing price of \$194,303 are the largest of the five counties in the AA. Fourteen percent of the households live below the poverty level.

**Forsyth County:** Forsyth County is a part of the Atlanta metropolitan area and is the northern most county in the AA. It has been one of the fastest growing areas in the United States in terms of percentage of growth for several years. The county seat is Cumming, Georgia. The

population growth to 98,407 people was caused by the county's proximity to Atlanta and its appeal as a commuter area for people working in the Atlanta area. The influx of high earning professionals increased the average income to a point where Forbes.com named it as the 13th wealthiest county in the United States in terms of median household income.

Forsyth County has only 8 census tracts. Four of these are middle- income. The remaining four are upper- income tracts. There are no low- income or moderate- income census tracts in Forsyth County. Cumming, Georgia is within 15 miles of a Quantum branch location. The median family income of Forsyth County is \$74,846, ranking it the highest of the five county AA. Fifty percent of Forsyth residents live and work in Forsyth County while 11 percent commute to Gwinnett County.

Service related industry comprises 66 percent of all private sector jobs. Employers in Forsyth County include The Kroger Co, Siemens Energy & Automation Inc., Scientific Games Products Inc., Publix Super Market Inc., Northside Forsyth Hospital, Koch Foods of Cumming LLC., and Hoover Universal Inc. The local unemployment rate was 9.1 percent during 2011. Households living below poverty level was 5.61 percent. The median housing price in Forsyth County of \$175,802 is second only to Fulton County.

**Gwinnett County** is located in northern Georgia. It is part of the Atlanta- Sandy Springs- Marietta Metropolitan Statistical Area. The county is the Atlanta metropolitan area's north-eastern link to Interstate 85, and is the second most populous county in the state, after Fulton. Gwinnett County is located south of Forsyth and east of Fulton County.

Lawrenceville is the county seat of Gwinnett County. Quantum's primary banking facilities are located in Gwinnett County. There are 71 census tracts within the county. These consist of 11 middle- income, 32 moderate- income, and 28 upper- income tracts. There are no low- income tracts within Gwinnett County. Fifty-nine percent of Gwinnett residents live and work in Gwinnett County.

Service related industry accounts for 75 percent of all private sector employment opportunities. Major employers based in county include Wal-Mart, Waffle House Inc., The Kroger Company, Publix Super Market Inc., Primerica Life Insurance Co., NCR Corporation, Gwinnett Hospital System Inc., Eastside Medical Center, Cisco Systems Inc., and Acumen Fiscal Agent. The local unemployment rate is 9.5 percent. The population of Gwinnett County is 588,448 making it the third largest population in the AA. Households living below the poverty level are 4.8 percent. The median housing price of \$140,093 and an annual median income of \$68,296 make it the second least affluent county in the AA.

### **Community Contact**

During the CRA evaluation, we interviewed Partnership Gwinnett, a division of the Gwinnett Chamber of Commerce located in Suwanee and the City of Milton Community Development Corporation located in Milton, Georgia. The City of Milton CDC provided valuable insight to the community and the lack of community development opportunities in the area. Milton is one of the most affluent communities in Georgia. The rehabilitation of the city occurred over 20

years ago. The area has no industrial zoned parcels. The community credit needs are met by local institutions.

Partnership Gwinnett confirmed financial institutions are actively meeting the community’s small business credit needs and that Quantum is one of the largest SBA lenders in Georgia.

## Conclusions with Respect to Performance Tests

### LENDING TEST

Overall, lending performance is satisfactory given the bank’s size, financial condition, and ability to meet the credit needs of its assessment area.

#### Loan-to-Deposit Ratio

Quantum has maintained a more than reasonable loan-to-deposit ratio during the review period. The bank’s quarterly loan-to-deposit (LTD) ratio averaged 91 percent since March 2009 and compares favorably to the 79 percent average ratio of nine similarly-situated banks. All of these banks are in the Atlanta MSA and range in size from \$256 million to \$472 million. Quarterly peer bank averages ranged from a low of 58 percent to a high of 103 percent. The bank’s LTD exceeds the standards for satisfactory performance.

LOAN TO DEPOSIT RATIO TABLE - QUANTUM BANK					
BANK NAME	CITY	STATE	COUNTY	ASSETS (000s)	AVERAGE LTD Ratio
Quantum National Bank	Suwanee	GA	GWINNETT	342,025	90.98%
Gwinnett Community Bank	Duluth	GA	GWINNETT	471,994	69.57%
Peoples Bank & Trust	Buford	GA	GWINNETT	301,797	64.71%
Keyworth Bank	Johns Creek	GA	FULTON	353,699	58.41%
Capitol City Bank & Trust Company	Atlanta	GA	FULTON	296,816	81.65%
First Intercontinental Bank	Doraville	GA	DEKALB	256,330	81.70%
Metro City Bank	Doraville	GA	DEKALB	466,724	103.37%
Heritage Bank	Jonesboro	GA	CLAYTON	367,954	74.88%
Georgia Banking Company	Atlanta	GA	FULTON	299,055	93.02%
Piedmont Bank, The	Norcross	GA	GWINNETT	357,822	82.76%

#### Lending in Assessment Area

As Quantum originated a majority of its home and business loans inside its assessment area during the evaluation period, we determined that the institution’s record of lending meets the standards for satisfactory performance.

<b>Table 1 - Lending in Atlanta GA MSA AA</b>										
Loan Type	Number of Loans					Dollars of Loans ('000)				
	Inside		Outside		Total	Inside		Outside		Total
	#	%	#	%		\$	%	\$	%	
Home Purchase	48	55.81	38	44.19	86	9,807	58.71	6,896	41.29	16,703
Refinancing	119	80.95	28	19.05	147	17,193	65.88	8,905	34.12	26,098
Business Loans	32	53.33	28	46.67	60	20,451	56.10	16,001	43.90	36,452
Totals	199	67.92	94	32.08	293	47,451	59.87	31,802	40.13	79,254

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

Lending to borrowers of different incomes throughout the AA is reasonable. Refinances for low- and moderate-income families is satisfactory considering 12 percent of families live below the poverty level and the affects of a sluggish economy. Home purchase loans to low-income families at 27 percent exceed the demographics while home purchases for moderate- income families (8 percent) were well below the demographic family population of 18 percent. The economic challenges during this evaluation period have stressed the housing market and resulted in enhanced mortgage lending underwriting criteria making home purchase and refinance loans more difficult for borrowers to qualify. This has been further compounded by the number of people no longer in the workforce.

<b>Table 2 - Borrower Distribution of Residential Real Estate Loans in Atlanta GA MSA AA</b>								
Borrower Income Level	Low		Moderate		Middle		Upper	
Loan Type	% of AA Families	% of # of Loans	% of AA Families	% of # of Loans	% of AA Families	% of # of Loans	% of AA Families	% of # of Loans
Home Purchase	21.18	26.92	17.60	7.69	20.69	3.85	40.53	61.54
Refinancing	21.18	13.51	17.60	18.92	20.69	2.70	40.53	64.86

Data Source: 2000 US Census Data

The overall distribution of small loans to business by income level was excellent. Quantum’s percent of small loans to businesses (businesses with annual revenues \$1 million dollars or less) was significantly higher than the percentage of small businesses in the assessment area. The majority of the bank’s loans were for amounts less than \$100,000.

<b>Table 2A - Borrower Distribution of Loans to Businesses in Atlanta GA MSA AA</b>				
Business Revenues (or Sales)	≤\$1,000,000	>\$1,000,000	Unknown	Total
% of AA Businesses	64.17	2.25	33.59	100%
% of Bank Loans in AA by #	72.97	27.03	0	100%
% of Bank Loans in AA by \$	85.31	14.69	0	100%

Data Source: 2000 US Census Data. Sample of Business Loans

### Geographic Distribution of Loans

The geographic distribution of residential loans reflects an excellent dispersion throughout the AA. The percent of home purchase loans equals the percent of owner-occupied housing units in low- income census tracts. Home refinances at 24 percent exceed the percent of owner-occupied housing units in low-income census tracts. Home purchases in moderate income census tracts at 11 percent were somewhat lower than the housing demographics of 18 percent. The percent of home refinancing in moderate census tracts significantly exceeds the percent of owner-occupied housing units in these moderate- income census tracts.

<b>Table 3 - Geographic Distribution of Residential Real Estate Loans in Atlanta GA AA</b>								
Census Tract Income Level	Low		Moderate		Middle		Upper	
Loan type	% of AA Owner Occupied Housing	% of Number of Loans	% of AA Owner Occupied Housing	% of Number of Loans	% of AA Owner Occupied Housing	% of Number of Loans	% of AA Owner Occupied Housing	% of Number of Loans
Home Purchasing	4.13	3.70	17.58	11.11	34.10	22.22	44.19	62.96
Refinancing	4.13	23.91	17.58	39.13	34.10	23.91	44.19	13.04

The overall geographic distribution of small loans to business in the Atlanta MSA is excellent. The bank’s percent of small loans to businesses in low-income geographies exceeds the percent of businesses in these geographies. The bank’s percent of small loans to businesses in moderate-income geographies equals the percent of businesses in these geographies.

<b>Table 3A - Geographic Distribution of Loans to Businesses in Atlanta GA AA</b>								
Census Tract Income Level	Low		Moderate		Middle		Upper	
	% of AA	% of # of Loans	% of AA	% of # of Loans	% of AA	% of # of Loans	% of AA	% of # of Loans
Businesses	5.39	8.11	16.20	16.22	31.68	35.14	46.73	40.54

## **Responses to Complaints**

There were no CRA-related complaints received by the bank or the OCC during the evaluation period.

## **COMMUNITY DEVELOPMENT (CD) TEST**

Quantum Bank is adequately responsive to the community development credit, investments, and service needs of its AA. CD opportunities are not abundant near the bank's branches within Gwinnett County. The most prevalent CD loans were originated in Fulton, Gwinnett, and Clayton County. Fulton County has the most opportunity for community development activities in the bank's AA. Investments compared to peer were adequate. Service activity was adequate.

### **Number and Amount of Community Development Loans**

Quantum has a high level of CD loans at \$ \$6,380,591.00 or 16.76% of Risk-Based Capital (RBC). The bank services 14 CD loans in Fulton County, and 1 CD loan in Gwinnett County. In 2011, Quantum was the eighth largest originator of SBA loans in Georgia. The Small Business Administration (SBA) 504 Loan program is a powerful economic development loan program that offers small businesses another avenue for business financing, while promoting business growth, and job creation.

As of February 15, 2012, the \$50 billion in SBA 504 loans has created over 2 million jobs in the country. This program is a proven success and win-win-win for the small business, the community and participating lenders. The 504 Loan Program provides approved small businesses with long-term, fixed-rate financing used to acquire fixed assets for expansion or modernization. SBA 504 loans are made available through Certified Development Companies (CDCs) and SBA's community based partners.

The bank originated \$153.5 million in SBA 504 plan loans during this evaluation period. Within this amount, approximately seven million dollars were originated within the bank's AA. Three million dollars were granted in Gwinnett County, one million in Fulton County, and another million in Clayton County with the remainder granted throughout Georgia.

There were no community development loans in DeKalb or Forsyth counties. The bank does not have branch offices in these counties either.

### **Number and Amount of Qualified Investments**

The bank had an adequate level of CD investments with \$1,384,493.75 or 3.63% of RBC. Three of the five investments were in minority owned institutions. One is a Mortgage Backed Security pool based on low-and moderate-income borrowers or geographies. One was an investment in a Community Development Financial institution. All of these institutions serve the Atlanta MSA. Five other small grants/donations also served the AA.

### **Extent to Which the Bank Provides Community Development Services**

Bank branches and services are accessible to virtually off of the AA. There have been no changes to branch locations or alterations to the products and services provided by the bank. Business hours and services meet the needs of the community. Branch facilities are not located in low- or- moderate income tracts; tracts designated as underserved/distressed nonmetropolitan middle-income census tracts; or in major disaster areas. The bank has been involved in a limited number of activities that qualify as community development services. Activities the bank is involved in are primarily located in Gwinnett County.

### **Responsiveness to Community Development Needs**

In light of available opportunities, the bank's performance demonstrates an adequate responsiveness to the community development needs of its assessment area. This is primarily noted through the bank's origination of community development loans.

### **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.