

## **PUBLIC DISCLOSURE**

*February 02, 1998*

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

**Mountain National Bank  
Charter # 21549**

**5100 LaVista Road  
Tucker, Georgia 30084**

**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.

TABLE OF CONTENTS

General Information and Rating ..... 2

Performance Table ..... 3

Descriptions and Definitions ..... 4

Conclusions with Respect to Performance Criteria

    Loan-to-Deposit Ratio ..... 7

    Lending in the Assessment Area ..... 7

    Distribution of Credit ..... 8

    Lending to Borrowers of Different Incomes and to Businesses of Different Sizes ..... 8

    Lending to Borrowers in Different Geographies ..... 9

    Response to Consumer Complaints ..... 9

    Record of Compliance with Antidiscrimination Laws. .... 9

## 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 **Mountain National Bank**, prepared by the **Office of the Comptroller of the Currency**, the institution's supervisory agency, as of **February 02, 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 Mountain National Bank, (the “bank” ) is based on the institution’s: average loan-to-deposit ratio over the previous eight quarters, lending within its assessment area, distribution of lending to borrowers and businesses of different income levels and in different geographies.

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

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

## **DESCRIPTIONS AND DEFINITIONS**

### **Description of Institution**

Mountain National Bank is a community bank based in Tucker, Georgia, approximately 15 miles from downtown Atlanta. The bank's December 31, 1997 financial information reflected: total assets of \$136 million, net loans of \$99 million, total deposits of \$118 million, and net income of \$2.6 million. The bank is a subsidiary of a two bank holding company, Merit Holding Corporation. The bank's main office is located in Tucker, which is located in Dekalb County. There is also a branch located in Stone Mountain and in one in Norcross. Both, Norcross and Stone Mountain, are located in Gwinnett County. There are no known legal impediments that should hinder the bank from meeting the credit needs of its delineated assessment area.

Mountain National Bank's office locations are in a high growth, highly competitive area of north metropolitan Atlanta. The bank receives competition from large multinational banks which have banking offices throughout its assessment area. These institutions include: SunTrust, NationsBank, First Union, and Wachovia. The bank also receives competition from regional and community banks. These institutions include: SouthTrust, Embry National Bank, Summitt National Bank, Gwinnett National Bank, and Regions Bank of Alabama. Mountain National Bank primarily strives to be a commercial bank; therefore, the vast majority of its loans are of a commercial nature. The bank's primary business concentration is residential related (one-to-four family) development and construction. The bank also provides a wide range of consumer products and depository services.

### **Description of Assessment Area**

Mountain National Bank is in the Atlanta Metropolitan Statistical Area (MSA). The bank's assessment area is defined as 75 contiguous census tracts which include: all of Gwinnett County, Northeast Dekalb County and a small portion of North Fulton County. Within the total assessment area, there are 35 middle, 35 upper and three moderate income census tracts. There is one low income census tract and one with no income classification. The assessment area's population is approximately 535,050. The weighted averaged median family income for the Atlanta MSA is \$53,100. This was used to determine the income classification of census tracts within the assessment area.

ATLANTA MSA - The Atlanta MSA encompasses twenty counties surrounding the city of Atlanta, which include a total of 504 census tracts. Metro Atlanta is internationally recognized as the transportation, communication, industrial, and cultural center of the southeast. The Atlanta MSA has one of the strongest economies of any major urban area. Due to its location and extensive transportation network, Atlanta has developed as a major distribution center for the southeast. However, distribution and associated industrial activities are gradually being transferred to other urban centers in the South. Atlanta has and continues to evolve as a major provider of technological

and financial support services.

The Atlanta MSA has a diverse industry base that includes: manufacturing, transportation, distribution, retailing, wholesaling, finance, government, research, education, and medicine. 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 metropolitan 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 the United States. 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 including more than 250 international firms. Major 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. Unemployment for the county is 3.2% and has been lower than those of the state and national averages for several years.

**DEKALB COUNTY** - DeKalb County is the second most populous county in Georgia. The county is positioned immediately east of Atlanta and is considered the hub of the metro region. Unemployment in the county was 4.8% as of 1995, but the county is home to over 20,000 businesses. The community is active in small business development and has enjoyed significant growth in international business.

**NORTH FULTON COUNTY** - The local business community includes national and international corporate giants such as: AT&T, Kimberly Clarke, Siemens Energy & Automation, CibaVision, UPS, Herman Miller, and American Honda. North Fulton's small business community is also growing and thriving. Small businesses represent 80% of the area's job base, and are the primary source of new job creation.

### **Income Definitions**

Throughout this evaluation, we use the following definitions for the various income levels. These levels are defined in the Home Mortgage Disclosure Act.

*Low-Income* - An individual income, or median family income for geographies, that is less than 50% of the area median income.

*Moderate-Income* - An individual income, or median family income for geographies, that is at least 50% but less than 80% of the area median income.

*Middle-Income* - An individual income, or median family income for geographies, that is at least 80% but less than 120% of the area median income.

*Upper-Income* - An individual income, or median family income for geographies, that is 120% or more of the area median income.

## CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA:

### Quarterly Loan-to-Deposit Ratio

The bank's eight-quarter average loan-to-deposit ratio is good at 80 percent and compares favorably with the 68 percent average of other banks based within its assessment area (*figure 1*).

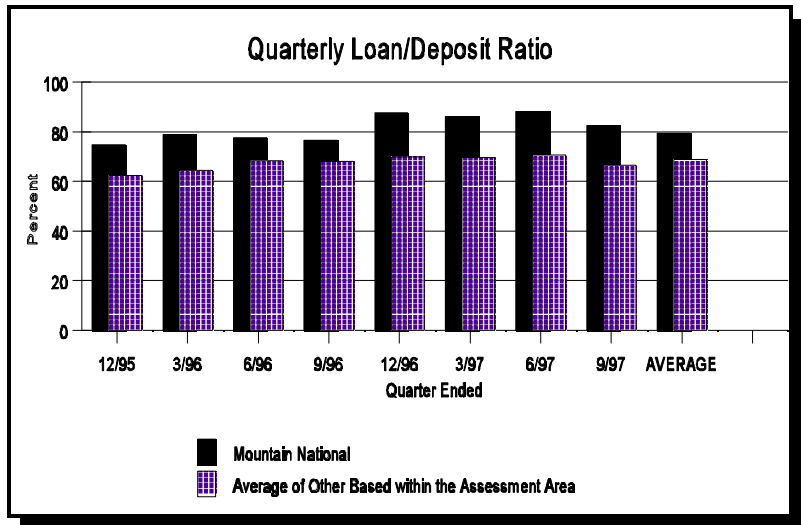


Figure 1

### Lending within the Assessment Area

A majority of the bank's loans were extended to borrowers within its assessment area. During the three years since our last CRA examination, the bank originated 57 percent of its loans to borrowers within its assessment area (*see figure 2*). The bank has tracked its new loans by census tracts since our last CRA examination.

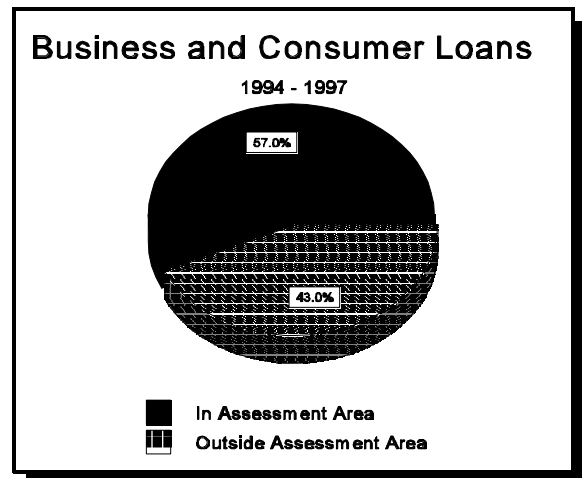


Figure 2



## Distribution of Credit

Our analysis of the bank's lending patterns to borrowers and businesses of different income levels was based on a random sample of 50 loans extended within the assessment area in 1997. We reviewed 25 commercial loans and 25 consumer loans. Our analysis of the bank's lending patterns to different geographies within its assessment area was based on the bank's tracking of new loans by census tracts since our last CRA examination.

### 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*), 24 percent and 32 percent of the loans in our sample were extended to low and moderate income borrowers, respectively.

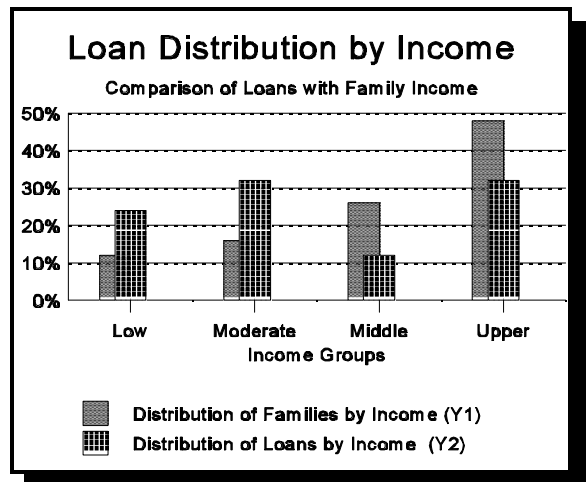


Figure 3

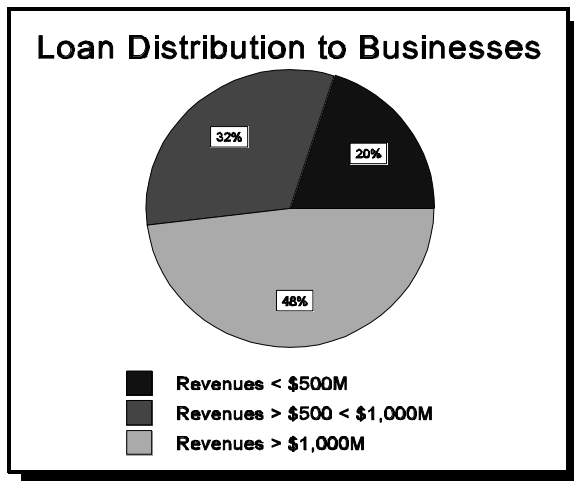


Figure 4

Lending to businesses of different sizes is reasonable. Our commercial loan sample revealed that 20 percent of the loans were extended to smaller businesses with sales less than \$500,000 and 32 percent were made to businesses with revenues of \$500,000 to \$1,000,000 (*figure 4*).

### Lending to Borrowers in Different Geographies

The bank has a satisfactory record of lending to all segments of its assessment area. Four of the census tracts in the bank's assessment area, or 5%, are low or moderate income census tracts (*figure 5*). Since our prior CRA examination, the bank has made loans to borrowers in each of these tracts. Overall, the relative level of loan penetration is low when compared to all loans made within the assessment area. All of the low and moderate income census tracts are located on the outer edge of the assessment area. The proximity of these census tracts to the bank's offices is a reason for the low loan penetration. On average, these tracts also contain a much lower percentage of owner occupied and one to four family housing than other census tracts in the assessment area. As mentioned earlier, the bank's primary business is residential( one to four family)related development and construction.

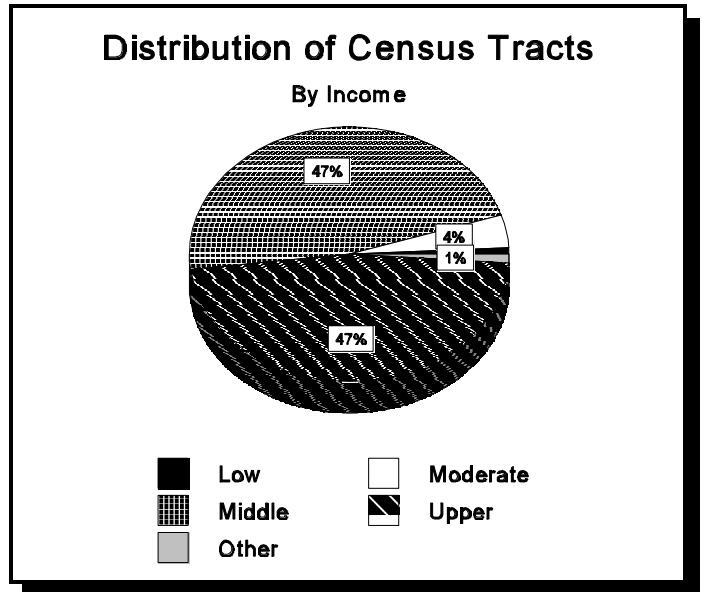


Figure 5

### Response to Consumer Complaints

Mountain National Bank did not receive any CRA-related complaints since the last CRA examination, March 31, 1994.

### Record of Compliance with Anti-discrimination Laws

We did not find any discriminatory lending practices or violations of the substantive provisions of federal Anti-discrimination laws and regulations, including the Equal Credit Opportunity Act, Fair Housing Act, and the Home Mortgage Disclosure Act. The bank has instituted appropriate fair lending policies and procedures and training programs.

###