



**SMALL BANK**

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

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## **PUBLIC DISCLOSURE**

**August 30, 2006**

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

**Atlantic National Bank  
Charter Number 23563**

**710 Gloucester Street  
Brunswick, Georgia 31521**

**Comptroller of the Currency  
North Florida Field Office  
8375 Dix Ellis Trail, Suite 403  
Jacksonville, Florida 32256**

**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.**

**The Atlantic National Bank (ANB) has a satisfactory record of meeting credit needs within the community.** The bank was rated “satisfactory” at the previous Community Reinvestment Act (CRA) examination. This Public Evaluation covers the period of time from May 1, 2000 through August 30, 2006.

The following supports this rating:

- ANB’s loan-to-deposit ratio is reasonable given the institution’s size, financial condition, and assessment area credit needs.
- The bank has a strong record of lending within its assessment area (AA). A substantial majority of loans and other lending related activities are in the institution’s assessment area.
- The geographic distribution of loans reflects reasonable dispersion throughout the assessment area.
- The distribution of borrowers reflects, given the demographics of the assessment area, reasonable penetration among individuals of different income levels (including low- and moderate-income) and businesses of different sizes.

## **DESCRIPTION OF INSTITUTION**

**Atlantic National Bank is headquartered in Brunswick, Georgia and had total assets of \$173 million as of December 31, 2005.** The bank has three full service branch locations including two in Brunswick and one in St. Simons Island. The bank is wholly-owned by its holding company, Atlantic National Corporation. The bank’s primary loan products are residential and commercial loans as reflected by the loan portfolio mix with 35 percent of loans in commercial and commercial real estate and 53 percent in residential real estate. No known financial or legal factors impede ANB from meeting the credit needs of its assessment area.

Although the bank’s primary lending focus is residential and commercial related loans, the bank also offers consumer loans and a variety of deposit accounts. As of December 31, 2005, net loans comprised 60 percent of assets.

## **DESCRIPTION OF GLYNN COUNTY**

**ANB’s AA includes all of Glynn County.** Glynn County is a coastal community located approximately 80 miles north of Jacksonville, Florida on the I-95 corridor. The estimated population for the county was 67,568 in year 2000. The city of Brunswick is the only incorporated area in the county. Other cities and townships include Jekyll Island, St. Simons Island and Sea Island. The AA meets regulatory requirements and does not arbitrarily exclude low- or moderate-income geographies.

Glynn County is located in the Brunswick Metropolitan Statistical Area (MSA). The 2005 Housing and Urban Development estimate of MSA median family income was \$50,300. According to 2000 U.S. Census data, there are 12 census tracts in the county including one low-, two moderate-, four middle-, and five upper-income census tracts. Tourism and service industries are important to the local economy. Technology based companies, manufacturing, retail and the port system are also key to the area economy.

The City of Brunswick’s economy is very robust. Because of the city’s close proximity to the I-95 corridor, it is a major destination for tourist traveling to the coast. The area also has its own airport, is located in close proximity to the port of Savannah and two military bases, and has its own industrial park. The city is also home to several manufacturing firms such as CPAC-frozen foods and International Auto Processing. Housing remains very affordable, with starter homes being available below \$150 thousand. There has been substantial residential growth and developers have indicated that two large subdivisions will be under construction shortly. One concern is whether employment can maintain pace with the population increase. However, unemployment rates currently remain low.

The following table highlights the demographic composition of Glynn County.

<b>Demographic and Economic Characteristics of Glynn County Assessment Area</b>	
<b>Population</b>	
Total Population	67,568
Number of Families	18,649
Number of Households	27,248
<b>Geographies</b>	
Number of Census Tracts	12
% Low-Income Census Tracts	8%
% Moderate-Income Census Tracts	17%
% Middle-Income Census Tracts	33%
% Upper-Income Census Tracts	42%
<b>Median Family Income (MFI)</b>	
2000 MFI for AA	\$42,382
2005 HUD-Adjusted MFI	\$50,300
<b>Economic Indicators</b>	
Unemployment Rate	4%
2000 Median Housing Value	\$116,937
% Households Below Poverty Level	14%

*Source: 2000 U.S. Census data and HUD updated income data.*

The banking industry in the assessment area is competitive. Several multinational and regional banks operate in the AA and include Bank of America, SunTrust, Wachovia, BB&T, and Coastal Bank of Georgia. Along with many community banks, these financial institutions afford community residents alternatives for meeting their particular banking needs.

The Coastal Area District Development Authority was contacted during this examination. This is a non-profit economic development lender, which has been designated as a Certified Development Company by the Small Business Administration (SBA). This organization partners with banks in the area to provide flexible lending options to small businesses. For example, this organization delivers the SBA 504 program that can be used to finance fixed assets such as land, buildings, and equipment on long term, below market, fixed rates. The organization also works with banks through a revolving loan fund that provides a soft second mortgage to help fund loans that do not meet local banks' standard underwriting criteria. Overall, the organization reports good involvement in their programs from most local banking institutions.

## CONCLUSIONS ABOUT PERFORMANCE CRITERIA

### Loan-to-Deposit Ratio

**The loan-to-deposit ratio is reasonable.** Since the last CRA evaluation, ANB's loan-to-deposit ratio averaged 69 percent. This ratio is considered reasonable given similar banks ranged from 59 to 118 percent and ANB's ratio is within the range for similar banks during the same time period. The average ratio for similar banks during this time period was 87 percent. ANB also sold loans in the secondary market and these loans represent lending activity not reflected in the loan-to-deposit ratio. During 2004 and 2005, ANB originated and sold 242 real estate loans that totaled \$48 million.

### Lending in Assessment Area

**The bank exceeds the satisfactory level of performance under this criterion.** A substantial majority of loans by number and dollar have been originated within the assessment area.

A sample of 184 loans was selected from ANB's primary lending products--residential and commercial related loans. The loan sample reflects 89% by number and 81% by dollar that were originated within the AA.

Loan Type	Number of Loans					Dollars of Loans				
	Inside		Outside		Total	Inside		Outside		Total
	#	%	#	%		\$	%	\$	%	
Home Purchase	79	92	7	8	86	21,259	88	2,825	12	24,084
Home Improvement	21	95	1	5	22	1,774	100	1	0	1,775
Home Refinance	36	86	6	14	42	8,776	90	965	10	9,741
Commercial RE	28	82	6	18	34	6,750	57	5,013	43	11,763
Totals	164	89	20	11	184	38,559	81	8,804	19	47,363

Source: Indicate source, i.e., data reported under HMDA, sample of loans.

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

**The distribution of loans to borrowers of different incomes and businesses of different sizes is reasonable.** The bank's residential loan performance, which comprises 53% of the bank's portfolio, is good. This is particularly evident for home purchase and home improvement loans. The percentage of residential loans made to low-income families equals the percentage of low-income AA families. However, the penetration for refinance loans is weaker for low-income families. The level of lending to moderate-income families is good with excellent penetration for home improvement loans.

Borrower Income Level	Low		Moderate		Middle		Upper	
Loan Type	% of AA Families	% 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
Home Purchase	5	5	15	11	33	13	47	71
Home Improvement	5	5	15	24	33	5	47	67
Home Refinance	5	0	15	14	33	11	47	75

**The distribution of loans to small businesses is good.** The distribution of commercial related loans, reflecting 93% by number and 87% by dollar, were made to businesses with annual revenues of less than \$1 million. This compares favorably to the AA that has 60% of the businesses with annual revenues of less than \$1 million. Commercial lending represents 35% of the bank's portfolio.

Business Revenues (or Sales)	≤\$1,000,000	>\$1,000,000	Unavailable/ Unknown	Total
% of AA Businesses	60%	4%	36%	100%
% of Bank Loans in AA by #	93%	7%	0%	100%
% of Bank Loans in AA by \$	83%	17%	0%	100%

## Geographic Distribution of Loans

**The geographic distribution of loans reflects reasonable dispersion throughout the assessment area.** The geographic distribution of residential real estate loans is good. The penetrations for home purchase and refinance loans are excellent for low-income tracts, and adequate for moderate-income tracts. For home improvement loans, performance is much weaker than the other mortgage products. No home improvement loans were made in low-income census tracts and only 5 percent of home improvement loans were made in moderate-income census tracts compared to 13 percent of owner-occupied housing in moderate-income census tracts.

<b>Table 3 - Geographic Distribution of Residential Real Estate Loans in Glynn County</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 Purchase	3	3	13	10	30	11	54	76
Home Improvement	3	0	13	5	30	24	54	71
Home Refinance	3	6	13	8	30	17	54	69

**The geographic distribution of small business loans is excellent.** Commercial related loans in low-income tracts exceed the percentage of businesses located in these tracts and the percentage of commercial related loans made in moderate-income census tracts equals the percentage of businesses in these tracts.

<b>Table 3A - Geographic Distribution of Loans to Businesses Glynn County</b>								
Census Tract Income Level	Low		Moderate		Middle		Upper	
Loan Type	% of AA Businesses /Farms	% of Number of Loans	% of AA Businesses/ Farms	% of Number of Loans	% of AA Businesses /Farms	% of Number of Loans	% of AA Businesses /Farms	% of Number of Loans
	10	12	19	19	23	19	50	50

### **Community Development Services**

**The bank’s community development activities had a neutral impact on the overall CRA rating.** The bank president serves on the local hospice board, which caters to senior citizens and the chief financial officer serves on the Southeast Georgia Community Development Partnership. The bank also makes contributions to the area Habitat for Humanity.

### **Responses to Complaints**

ANB did not receive any CRA related complaints during the evaluation period.

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

We found no evidence of illegal discriminatory or other illegal credit practices inconsistent with helping to meet community credit needs.