

PUBLIC DISCLOSURE

August 24, 1998

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

**First Security National Bank
Charter # 18584**

**6170 Peachtree Parkway
Norcross, Georgia 30091**

**Office of the Comptroller of the Currency
Georgia Field Office
1117 Perimeter Center West, Suite W-401
Atlanta, Georgia 30338-5417**

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.

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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 CRA performance of **First Security National Bank** prepared by the **Office of the Comptroller of the Currency**, the institution's supervisory agency, as of **August 24, 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 First Security National Bank CRA rating is based on the institution's satisfactory loan-to-deposit ratio, adequate proportion of lending in its assessment area, and distribution of lending to borrowers of different income levels and businesses of different sizes.

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

SMALL INSTITUTION ASSESSMENT CRITERIA	First Security 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	There are no low-to moderate-income census tracts in either assessment area, therefore an analysis of the geographic distribution of loans would not be meaningful.		
Response to Complaints	No complaints have been received by First Security National Bank since its last CRA examination in August 1995.		

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 \$77 million, total loans of \$36 million, total deposits of \$69 million and net income of \$678 thousand for year to date June 30, 1998. FSNB operates two offices: the main office located at 6179 Peachtree Parkway, Norcross, Georgia, and a full service 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. Competition within the area consists of 26 state and nationally chartered community banks plus branches of multinational and regional banks. The bank 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 22 percent commercial and commercial real estate, 58 percent construction / land development and 20 percent consumer-related loans.

FSNB has a history of complying with the Community Reinvestment Act. There are no known legal impediments that would restrain FSNB from meeting the credit needs of its assessment area.

DESCRIPTION OF ASSESSMENT AREA

FSNB is in the Atlanta metropolitan statistical area (MSA). Management has identified two assessment areas that contain a total of 47 census tracts within this MSA. The assessment area for the main office covers parts 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. According to the U.S. Census Bureau, the combined designated areas contain no low-income tracts, no moderate-income tracts, 18 middle-income tracts, 28 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, 1998 median family income for the Atlanta MSA is \$54,700.

ATLANTA MSA - The Atlanta Metropolitan Statistical Area is a twenty-county area surrounding the city of Atlanta with a total of 504 census tracts. Metro 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. As distribution and associated industrial activities gradually transfer to other urban centers in the South, Atlanta is evolving 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 (90%) 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, Lucent Technologies, 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 county wide. 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. Of the 45 census tracts in Gwinnett County, FSNB operates in 19 of these tracts.

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 FSNB operating in 20 of these tracts. 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 92 census tracts with FSNB operating in seven of these tracts. 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.

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.

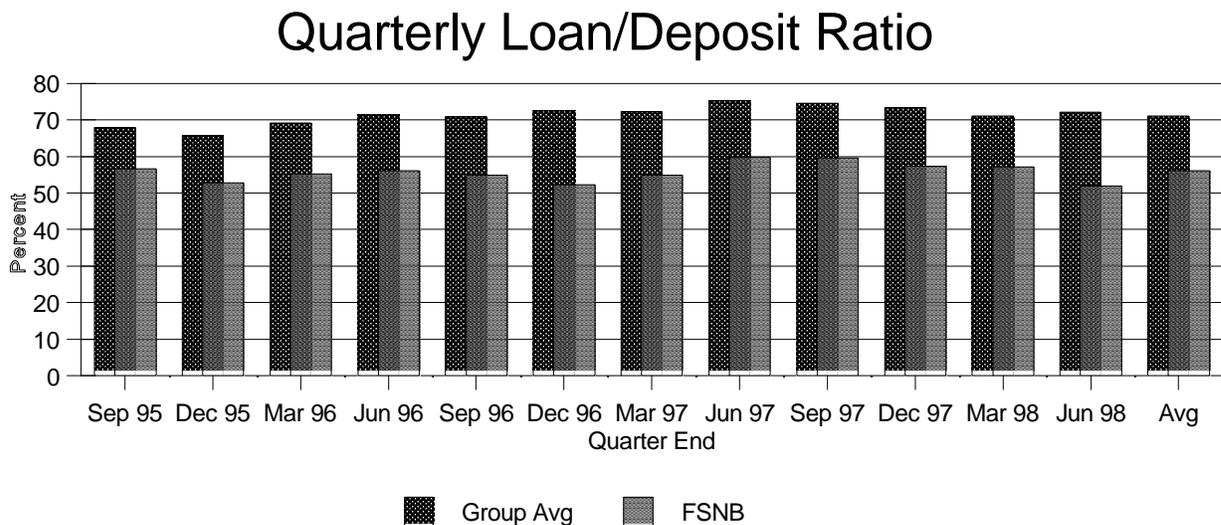
Middle-Income - An individual income, or median family income for geographies, that is at least 80% but less than 120% of the area median income.

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

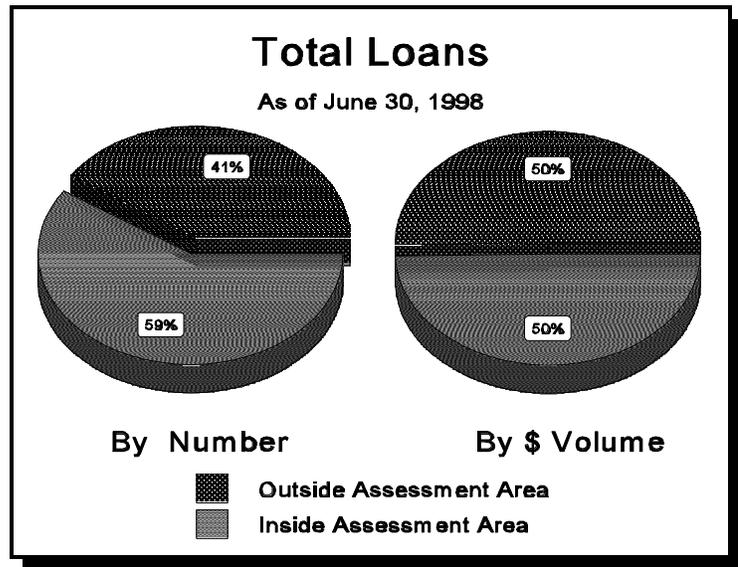
Loan-to-Deposit Ratio

Since the last CRA examination in August 1995, FSNB's quarterly average loan-to-deposit (LTD) ratio was fifty-six percent (56%) compared to the average LTD ratio of seventy-one percent (71%) for all community banks in the four county area in which the bank principally operates. There are 26 community banks and several offices of multinational and regional banks located in Gwinnett, Fulton, Forsyth and DeKalb Counties. As *Graph 1* below shows, the bank's LTD ratio has remained stable over the past two years. While FSNB's LTD ratio is consistently below the group average, the in-house mortgage brokerage service and the volume of loans generated from this activity (which is not included in the reported LTD) indicates additional effort on the bank's part to meet the needs of the assessment area which is not identified in the bank's loan portfolio. As of August 1998, 72 mortgage loans totaling \$13 million were originated. In 1997, management extended 43 mortgage loans representing \$6.7 million.



Lending in Assessment Area

Overall lending levels reflect an adequate responsiveness to community credit needs. Based on information provided by management, about 59% of all loans are to borrowers within its two assessment areas. This is illustrated in *Graph 2*. For the main office, 60% of loans are to borrowers within that assessment area. For the branch, 57% of loans are to borrowers residing in the assessment area. While the percent of loans by dollar volume within the bank's assessment area is smaller than by number, this figure is skewed somewhat by larger dollar loans to residential construction builders operating outside of the assessment areas.



Graph 2

FSNB's loan portfolio is centered in commercial, commercial real estate and construction-related loans. This is based on June 30, 1998 Call Report information, summarized below in *Table 1*. The bank's primary product offering relates to real estate construction lending.

Types of Loans Outstanding as of June 30, 1998		
Loan Type	Amount (000's)	Percent
Commercial Real Estate	\$ 2,293	6.33%
Construction/Land Development	\$20,926	57.78%
Commercial and Industrial	\$ 5,619	15.52%
Residential Real Estate	\$4,052	11.19%
Consumer	\$2,408	6.65%
Other	\$916	2.53%
TOTAL LOANS	\$36,214	100.00%

Table 1

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

The bank prepares a monthly report listing of all loans originated. The report is divided between the main office and the branch, and further delineates the purpose of the loan. The report captures the borrower's name, amount of the loan, census tract, and income of the borrower. The information contained on these reports was validated through a sampling test of 22 loan files. The bank does not maintain a cumulative listing which would summarize the lending patterns of the institution based on geographic distribution or income. In light of the absence of such a report, the bank's internal listing was reviewed for the periods covering January 1998 to July 1998 and cumulative totals were determined to assess the extent of the geographic distribution of borrowings. This includes all loans extended in this time period. Our analysis also included FSNB's Home Mortgage Disclosure Act data for 1997.

Lending to Borrowers of Different Incomes

Lending to borrowers of different incomes is satisfactory. As *Table 2 and 2(a)* indicate, FSNB's lending to borrowers of low- and moderate-income (LMI) levels favorably correlates to the percent of families at those levels in the bank's assessment area. Distribution at other income levels is also reasonable.

Table 2 - Main Office

Distribution of Loans by Borrower Income Level in Assessment Area			
Income Level	% Families in Assessment Area	# of Loans	% of Loans
Low Income	10%	6	5%
Moderate Income	15%	19	14%
Middle Income	23%	19	15%
Upper Income	52%	87	66%
Total	100%	131	100%

Table 2(a) - Chastain Square Office

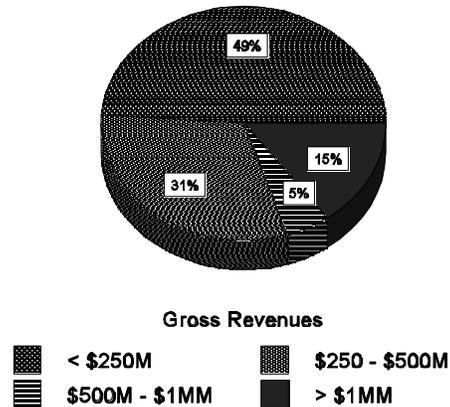
Distribution of Loans by Borrower Income Level in Assessment Area			
Income Level	% Families in Assessment Area	# of Loans	% of Loans
Low Income	9%	4	10%
Moderate Income	8%	3	8%
Middle Income	12%	7	18%
Upper Income	71%	26	65%
Total	100%	40	100%

Lending to Businesses of Different Sizes

Lending to businesses of different sizes is satisfactory. The bank extended 96 loans to businesses according to their internal listing for the first seven months of 1998. For CRA purposes, small businesses are defined as those with gross annual revenues less than \$1 million. As shown in *Graph 3*, our review of the internal listing for the first seven months of 1998 indicated that 85% of FSNB's commercial loans are to small businesses.

Distribution of Business Credit

As of June 30, 1998



Geographic Distribution of Loans

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

Response to Consumer Complaints

FSNB has not received any CRA-related complaints since the last CRA examination performed in August 1995.

Record of Compliance with Antidiscrimination Laws.

We conducted a concurrent compliance and fair lending examination. We did not identify any discriminatory lending practices or violations of the substantive provisions of federal antidiscrimination laws and regulations. The bank has instituted appropriate fair lending policies, procedures and training programs.

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