

PUBLIC DISCLOSURE

November 17, 1998

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

**Rockdale National Bank
Charter # 23349**

**1000 Georgia Highway 138
Conyers, Georgia 30012**

**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 Rockdale National Bank prepared by the **Office of the Comptroller of the Currency**, the institution's supervisory agency, as of **September 30, 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 Rockdale National Bank CRA rating is based on the institution's satisfactory loan-to-deposit ratio, adequate proportion of lending in its assessment area, good distribution of lending to borrowers of different income levels and businesses of different sizes and, finally, adequate geographic distribution of loans.

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

SMALL INSTITUTION ASSESSMENT CRITERIA	Rockdale 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	No complaints have been received by Rockdale National Bank since operations began on October 14, 1997.		

DESCRIPTION OF INSTITUTION

Rockdale National Bank (RNB) opened for business on October 14, 1997, in Conyers, Georgia. This new community banking institution serves Rockdale County. The bank's financial condition is characterized by total assets of \$30 million, total loans of \$15 million, total deposits of \$25 million and a negative net income of \$413 thousand, as of September 30, 1998. RNB operates two offices: the main office located at 1000 Georgia Highway 318, Conyers, Georgia and a full service branch located at 1600 Georgia Highway 20, Conyers, Georgia. RNB is owned by Rockdale National Bancshares, Inc., a one bank holding company.

The bank is headquartered in an area of consistent growth with a highly competitive market. Competition consists of three state chartered community banks and two credit unions plus offices of multinational and regional banks. The bank offers traditional products and services such as commercial and small business loans, consumer loans and various deposit products. At September 30, 1998, RNB's loan portfolio consisted of 45% commercial and commercial real estate, 25% construction, 14% one-to-four family residential and 12% consumer-related loans.

Rockdale National Bank complies with the Community Reinvestment Act. No known legal impediments exist that would restrain RNB from meeting the credit needs of its assessment area.

DESCRIPTION OF ASSESSMENT AREA

RNB is in the Atlanta Metropolitan Statistical Area (MSA). Management has identified seven census tracts within this MSA as the bank's assessment area. This assessment area covers all of Rockdale County. According to the U.S. Census Bureau, this designated area does not contain any low-income tracts, however, it is apparent RNB has not arbitrarily excluded any low income census tracts. The designated area does contain two moderate-income tracts, four middle-income tracts and one upper-income tract. According to the Department of Housing and Urban Development, 1998 median family income for the Atlanta MSA is \$54,700.

ATLANTA MSA - The Atlanta MSA 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.

ROCKDALE COUNTY - Rockdale County is experiencing steady growth. Major industry employers include AT&T, Kysor/Warren and Lithonia Lighting. Average unemployment for the county is low at three percent (3%). High growth is expected to continue. Population for Rockdale County based on the 1990 Census was 54,091. According to the Conyers-Rockdale Chamber of Commerce, Rockdale County's present population is 64,868.

COMMUNITY CONTACTS - As part of our examination, we obtained information from community leaders regarding local economic conditions and community credit needs. Based on information provided to our office, the types of credit needed include residential real estate loans and small business loans. These types of loans are available through financial institutions in Rockdale County.

INCOME DEFINITIONS

Throughout this evaluation, we use the following definitions for the various income levels. These levels are defined in the Community Reinvestment 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.

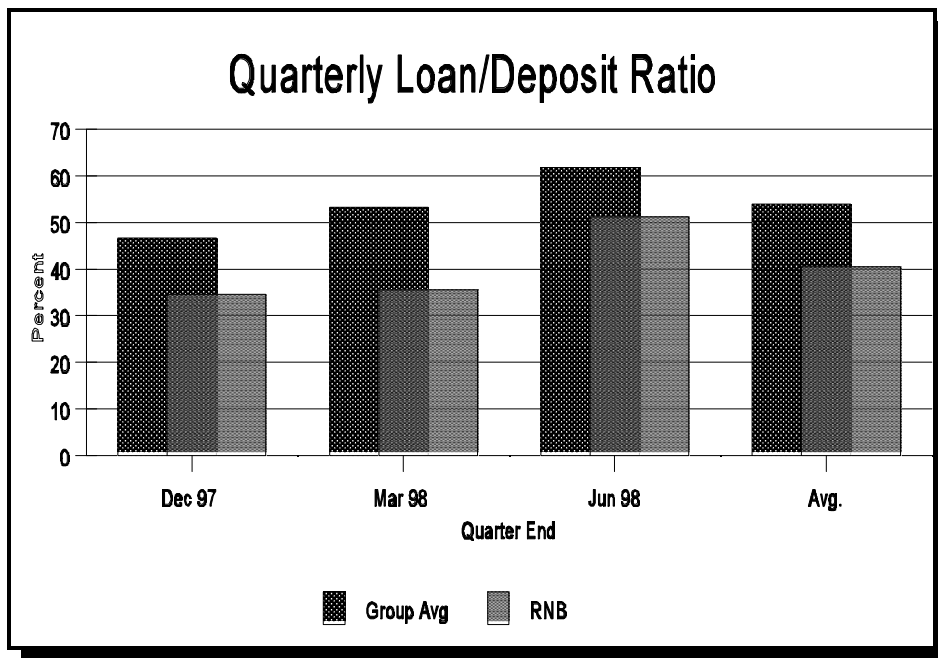
Middle-Income - An individual income, or median family income for geographies, that is at least 80% but less than 120% of the area median income.

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

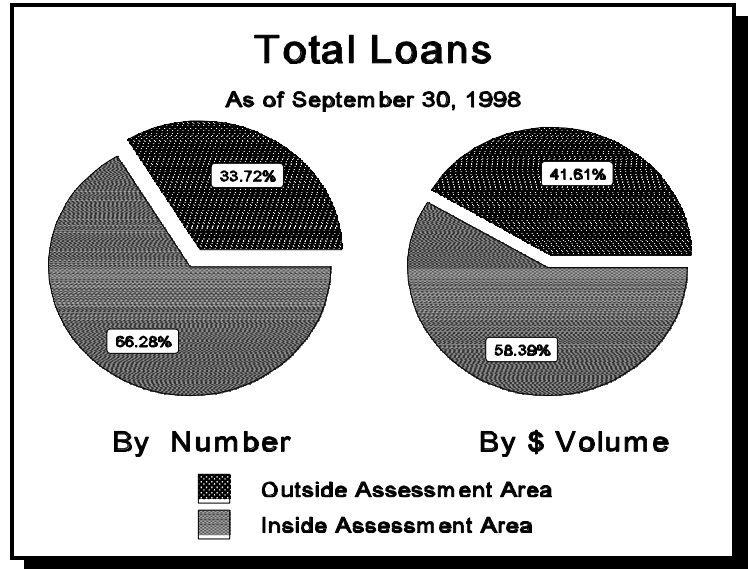
Since the bank began operations, RNB's quarterly average loan-to-deposit (LTD) ratio is forty percent (40%) compared to the average LTD ratio of fifty-four percent (54%) for the six banks established in Georgia since September 30, 1997. These six banks include national, state and non-member banks. As *Graph 1* below shows, the bank's LTD ratio has generally increased over the first three quarters of operations. Although no peer group data was available for comparison, RNB's LTD ratio for September 30, 1998, was 60.89%. This indicates the increasing trend continues and the ratio exceeded 50% at third quarter 1998.



Graph 1

Lending in Assessment Area

Overall lending levels reflect an adequate responsiveness to community credit needs. Based on information provided by management for loans outstanding as of September 30, 1998, about sixty-six percent of loans are to borrowers within the bank's assessment area. This is illustrated in *Graph 2*.



Graph 2

RNB's loan portfolio is centered in commercial, commercial real estate and residential real estate loans. This is based on September 30, 1998, call report information, summarized below in *Table 1*. Approximately, seventy-two percent of the bank's lending activity was centered in commercial and residential real estate as of September 30, 1998.

Types of Loans Outstanding as of September 30, 1998		
Loan Type	Amount (000's)	Percent
Commercial Real Estate	\$4,625	31.15%
Commercial and Industrial	\$2,318	15.61%
Residential Real Estate	\$6,090	41.02%
Consumer	\$1,813	12.21%
Other	\$0	0.00%
TOTAL LOANS	\$14,846	100.00%

Table 1

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

In conjunction with internally prepared reports, we selected a sample of consumer and business purpose loans to analyze RNB's lending patterns. We selected loans originated since October 1997, with outstanding balances as of September 30, 1998.

Lending to Borrowers of Different Incomes

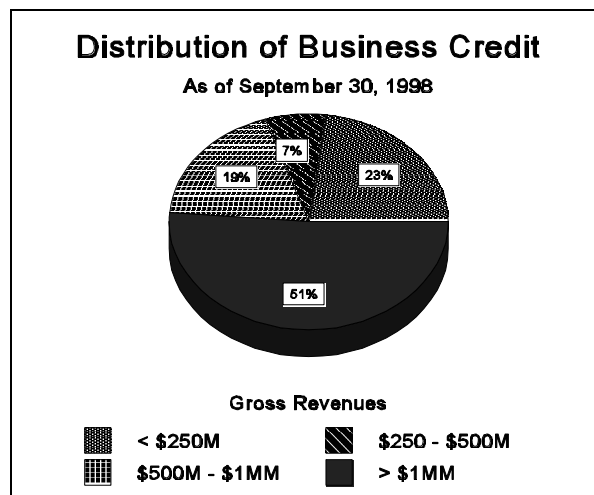
Lending to borrowers of different incomes is satisfactory. We sampled a total of twenty-two consumer purpose loans to determine the income levels of borrowers. As *Table 2* indicates, RNB's lending to borrowers of low- and moderate-income (LMI) levels is good, with about thirty-six percent to LMI level borrowers. This compares favorably to thirty-four percent of families at those levels in the bank's assessment area. Distribution at other income levels is also reasonable for a bank in the first year of operations.

Distribution of Loans by Borrower Income Level in Assessment Area			
Income Level	% Families in Assessment Area	# of Loans	% of Loans
Low Income	13.70%	2	9%
Moderate Income	20.13%	6	27%
Middle Income	27.46%	2	9%
Upper Income	38.70%	12	55%
Total	100%	22	100%

Table 2

Lending to Businesses of Different Sizes

Lending to businesses of different sizes is satisfactory. We sampled forty-three commercial loans to determine gross revenue levels of the businesses. For CRA purposes, small businesses are defined as those with gross annual revenues less than \$1 million. As shown in *Graph 3*, our sample indicated that forty-nine percent of RNB's commercial loans are to small businesses.



Graph 3

Geographic Distribution of Loans

RNB has a satisfactory record of lending to all segments of its assessment area. We used the bank's internally prepared report to determine the distribution of lending activity by census tracts. *Table 3* illustrates this distribution. The last row of this table also shows the distribution by income levels of the census tracts in RNB's assessment area. Based on the number of loans extended, approximately twenty percent of loans are in moderate-income census tracts, which is reasonable compared to a total of twenty-nine percent of moderate-income census tracts in the assessment area. While the remaining census tracts in the bank's assessment area are middle or upper income tracts, distribution of credit throughout the various tracts is reasonable and consistent with the bank's ability to help meet the credit needs of its community.

Loans Within Each Tract Income Level for the Assessment Area										
	Low Income		Moderate Income		Middle Income		Upper Income		Total	
	#	%	#	%	#	%	#	%	#	%
Total Loans	0	0%	44	20%	117	52%	62	27%	226	100%
Tracts	0	0%	2	29%	4	57%	1	14%	7	100%

Table 3

Response to Consumer Complaints

RNB has not received any CRA-related complaints since operations began on October 14, 1997.

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.