



**SMALL BANK**

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

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## **PUBLIC DISCLOSURE**

**February 18, 2004**

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

**Liberty National Bank  
Charter Number 23349**

**1000 Georgia Highway 138  
Conyers, GA 30013**

**Comptroller of the Currency  
Georgia Field Office  
1117 Perimeter Center West Suite W401  
Atlanta, GA 30338**

**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.”**

Liberty National Bank’s performance rating is based on the following information:

- The loan-to-deposit ratio is reasonable.
- A substantial majority of loans are originated within the bank’s assessment area.
- The distribution of borrowers reflects reasonable penetration among individuals of different income levels and businesses of different sizes.
- The geographic distribution of loans reflects reasonable dispersion throughout the bank’s assessment area.

## **DESCRIPTION OF INSTITUTION**

Liberty National Bank (LNB) is an intrastate bank that is wholly owned by Liberty National Bancshares, Inc. LNB's main office is located at 1000 Georgia Highway 138 in Conyers, Georgia. The bank also operates two full-service branch offices within its assessment area (AA) and did not close any branches since the last Community Reinvestment Act (CRA) examination. The bank has a Conyers Northside branch at 1600 Georgia Highway 20 and opened one branch in Covington, Georgia on November 12, 2001 at 9100 Covington Bypass. LNB has four ATMs, including one depository ATM at the Covington office and one ATM at Rockdale Hospital.

Effective October 10, 2001, the bank’s holding company officially changed its name from Rockdale National Bancshares, Inc. Prior to that date, the bank was named Rockdale National Bank. The Board elected to change to a name more fitting of their strategic plans to establish branch offices outside of Rockdale County into other neighboring counties. Since that time, LNB expanded its AA to include Newton County where the Covington branch was opened. There have been no other major changes since the last CRA examination.

As of December 31, 2003, total deposits in the bank were \$141 million and assets totaled \$156 million, of which net loans comprised 82%. The following table reflects the composition of LNB’s loan portfolio based on the December 31, 2003 call report.

PRODUCT CATEGORY	Gross Loans as of December 31, 2003*			
	Dollar (000's)	Percent	Number of Loans Outstanding	Percent
Commercial & Industrial Including Commercial Real Estate	71,757	55%	395	29%
Construction & Land Development	41,750	32%	321	24%
Residential Real Estate Loans	10,437	8%	218	16%
Consumer	2,609	2%	228	17%
All Other	3,914	3%	196	14%
<b>TOTAL</b>	<b>\$ 130,467</b>	<b>100%</b>	<b>1,358</b>	<b>100%</b>

\* Data obtained from the Call Report and Liberty's loan reporting system

There are no legal or financial impediments to LNB's ability to meet the credit needs of its AA. The bank received a satisfactory CRA rating at its last performance evaluation dated November 17, 1998.

## DESCRIPTION OF ASSESSMENT AREA

LNB's assessment area (AA) meets the technical requirements of the regulation and does not arbitrarily exclude low- or moderate-income census tracts. The AA is defined as all of Rockdale and Newton Counties, which are part of the Atlanta Metropolitan Statistical Area (MSA). This AA is comprised of eight moderate-, seven middle-, and one upper-income census tracts. There are no low-income census tracts in the AA.

The total population for the AA is approximately 96,000 as of the 1990 United States census. The census median family income for the AA is \$41,047. The Department of Housing and Urban Development's (HUD) *updated* median family income for the AA is \$71,200 for 2002. Owner occupied housing in the AA is 68% with the median housing valued at \$75,936. Households living below poverty level are 10% with unemployment low at 3%. The area's top four industries by distribution of employees are manufacturing, retail trade, agriculture, and food services. Competition in the assessment area is strong consisting of eight large and regional banks.

**The Atlanta MSA** is a twenty-county area surrounding the city of Atlanta with a total of 504 census tracts. Greater 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 developed as a major distribution center for the Southeast. Distribution and associated industrial activities are gradually being transferred to other urban centers in the South, while Atlanta has evolved as a major provider of technological and financial support services.

The Atlanta MSA has a diverse industrial base that includes 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 the greater Atlanta area. 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**, a fast growing suburban community, is ranked the smallest county in Metro Atlanta and the second smallest county in Georgia. It is becoming a leader in residential neighborhoods among Georgia counties as a result of its close proximity to Atlanta and Hartsfield-Jackson Airport. With one of the top school systems in the state and nation, education is another drawing point to this area. The county is also home to more than ninety manufacturers and three-dozen Fortune 500 companies including John Deere, AT&T, Maxell, and Sweetheart Cup Company. The county seat is Conyers.

**Newton County**, located just thirty-five miles east of Atlanta and home to over seventy-five industries, is noted for its many ante-bellum structures dating back to the early 1800s. Vacationers take advantage of the many recreational facilities in and around the county such as lakes, rivers, hiking trails, and golf courses. Agriculture is the principal source of income for the county. Covington, the county seat, maintains its position as a regional shopping area for the surrounding counties.

The following table includes general demographic data describing the assessment area.

<b>DEMOGRAPHIC AND ECONOMIC CHARACTERISTICS OF ASSESSMENT AREA</b>	
<b>Population</b>	<b>Rockdale &amp; Newton Counties</b>
Number of Families	26,594
Number of Households	32,639
<b>Geographies</b>	
Number of Census Tracts	16
% Low Income Census Tracts (0)	0%
% Moderate Income Census Tracts (8)	50%
% Middle Income Census Tracts (7)	44%
% Upper Income Census Tracts (1)	6%
<b>Median Family Income (MFI)</b>	
1990 MFI for AA	\$41,047
2002 HUD Adjusted MFI	\$71,200
<b>Economic Indicators</b>	
Unemployment Rate	3%
1990 Median Housing Value	\$75,936
% of Households Below Poverty Level	10%

Source: 1990 U.S. Census.

### **Community Contact**

As part of our examination, we obtained information from community leaders regarding local economic conditions and community credit needs. Based on information provided by two local development authorities, the primary credit need in the community is financing for affordable housing. Banks in the area have ample opportunities to provide mortgages to low- and moderate-income individuals.

## CONCLUSIONS ABOUT PERFORMANCE CRITERIA

The evaluation period for this CRA examination is November 18, 1998 through December 31, 2003. We selected a sample of twenty business loans, in addition to Home Mortgage Disclosure Act (HMDA) data, to assess the bank's CRA performance given the bank's significant commercial lending activity.

### Loan-to-Deposit Ratio

LNB's loan-to-deposit ratio is reasonable in view of the community's credit needs, demand for credit, and keen competition among area financial institutions. The bank's average loan-to-deposit ratio since the prior CRA examination is approximately 80%. During these quarters, the loan-to-deposit ratio ranged from a low of 56% in December 1998 to a high of 92% in September 2003. As of December 31, 2003, the loan-to-deposit ratio was 92%. There are no similarly situated community banks in the AA.

### Lending in Assessment Area

The bank originated a majority of its total loans within their AA between November of 1998 and December of 2003. For Home Mortgage loans, 72% of the dollar volume lent was within the AA. For Loans to Businesses, 98% of the dollar volume lent was within the AA.

Since LNB is a HMDA reporter, we analyzed residential real estate loans using HMDA data files from years 2001 and 2002. Our analysis of lending in the bank's AA also included a sample of the bank's primary loan type, commercial loans. The table that follows provides details on the loan samples used in our analysis.

ASSESSMENT AREA LENDING (Evaluation Period – November 1998 through December 2003)								
	In Assessment Area				Out of Assessment Area			
Loan Type	#		\$000's		#		\$000's	
Home Purchase	35	69%	5,337	70%	16	31%	2,252	30%
Refinancing	13	76%	1,408	78%	4	24%	400	22%
<b>Total Home Mortgage Loans</b>	48	71%	6,745	72%	20	29%	2,652	28%
Commercial	18	90%	6,805	98%	2	10%	122	2%
<b>TOTAL</b>	66	75%	13,550	83%	22	25%	2,774	17%

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

The distribution of loans, given the demographics of the AA, reflects fair penetration among

borrowers of different income levels (including low- and moderate-income) and good penetration among businesses of different sizes. The analysis of lending to borrowers of different income levels and businesses of different sizes was completed using all files inside the AA from the lending in the AA sample, excluding loans for which income information was not available. The following tables reflect the results for each primary loan type.

<b>BORROWER DISTRIBUTION OF RESIDENTIAL REAL ESTATE LOANS</b> (Evaluation Period – November 18, 1998 through December 31, 2003)								
<b>Borrower Income Level</b>	<b>Low</b>		<b>Moderate</b>		<b>Middle</b>		<b>Upper</b>	
<b>% of AA Families</b>	20%		22%		26%		32%	
<b>Loan Type</b>	% of Number	% of Amount	% of Number	% of Amount	% of Number	% of Amount	% of Number	% of Amount
Home Purchase	3%	2%	14%	5%	20%	8%	63%	85%
Refinancing	20%	11%	10%	12%	0%	0%	70%	77%
<b>TOTAL</b>	8%	3%	12%	6%	15%	7%	65%	84%

The table above illustrates the distribution of home mortgage loans within the income levels compared to the percentage of families in each income level. The distribution of home mortgage loans to both low- and moderate-income borrowers is poor. However, the bank's performance is mitigated by the bank's competitive market, disparity between income information evaluated and updated information, and the AA containing two colleges.

<b>BORROWER DISTRIBUTION OF LOANS TO BUSINESSES IN AA</b> (Evaluation Period – November 18, 1998 through December 31, 2003)		
<b>Business Revenues</b>	<b>≤\$1,000,000</b>	<b>&gt;\$1,000,000</b>
<b>% of AA Businesses *</b>	94%	6%
<b>% of Bank Loans in AA #</b>	70%	30%
<b>% of Bank Loans in AA \$</b>	88%	12%

\* 30% of AA businesses did not report revenue data

The table above illustrates the bank's percentage of the number and dollar of business loans that it originated to businesses with revenues of \$1 million or less and to businesses with revenues over \$1 million. The bank's percentages are compared to the percentage of AA businesses with revenues of those levels. The distribution of loans to small businesses (businesses with \$1 million or less in gross annual revenues) is good.

### **Geographic Distribution of Loans**

LNB's geographic distribution of loans reflects reasonable dispersion throughout their AA. The analysis of the geographic distribution of loans was completed using all files inside the AA from

the lending in the AA sample.

We evaluated the lending distribution in the AA to determine if any unexplained conspicuous gaps existed. We used reports and maps to compare the geographies where loans were made to the geographies in the AA. We considered loan distributions, branch locations, competition, market conditions, and demographic information. No unexplained conspicuous gaps were identified. The following tables reflect the results for each primary loan type.

<b>Geographic Analysis of Home Mortgage Loans Originating between November 18, 1998 to December 31, 2003</b>								
<b>Census Tract Income Level</b>	<b>Low</b>		<b>Moderate</b>		<b>Middle</b>		<b>Upper</b>	
<b>% of AA Owner Occupied</b>	0%		32%		55%		13%	
<b>Loan Type</b>	% of Number	% of Amount	% of Number	% of Amount	% of Number	% of Amount	% of Number	% of Amount
Home Purchase	0%	0%	69%	80%	23%	15%	8%	5%
Refinancing	0%	0%	46%	35%	54%	65%	0%	0%
<b>TOTAL</b>	0%	0%	63%	70%	31%	25%	6%	5%

The table above compares the geographic distribution of the bank's home mortgage loans against the location of owner-occupied housing. The distribution of home mortgage loans in the low-income geography is not relevant since there are no low-income census tracts within the bank's assessment area. The distribution of home mortgage loans in moderate-income geographies is excellent.

<b>Geographic Analysis of Business Loans Originating between November 18, 1998 to December 31, 2003</b>								
<b>Census Tract Income Level</b>	<b>Low</b>		<b>Moderate</b>		<b>Middle</b>		<b>Upper</b>	
<b>Number and % of Businesses in AA</b>	0 0%		4,122 47%		4,087 47%		533 6%	
<b>Loan Type</b>	% of Number	% of Amount	% of Number	% of Amount	% of Number	% of Amount	% of Number	% of Amount
Commercial	0%	0%	45%	59%	45%	40%	10%	1%

The table above illustrates the geographic distribution of business loans among geographies of different income levels compared to the percent of businesses located in each tract category. The distribution of loans to businesses in the moderate-income geographies is good.

### **Responses to Complaints**

LNB has not received any CRA-related complaints since the previous CRA examination.

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

We found no evidence of illegal discrimination or other illegal credit practices.