

Small Bank Performance Evaluation

PUBLIC DISCLOSURE

October 12, 1999

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

**First National Bank
Charter Number 20214**

**710 East Tarpon Avenue
Tarpon Springs, Florida 34689**

**Office of the Comptroller of the Currency
North Florida Field Office
8382 Baymeadows Road, Suite 1
Jacksonville, FL 32256**

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.

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 (CRA) performance of the **First National Bank** prepared by the **Office of the Comptroller of the Currency**, the institution's supervisory agency, as of August 30, 1999. 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.

- C First National Bank maintains a good loan-to-deposit ratio.
- C The majority of the bank's loans are originated within its assessment area.
- C The distribution of loans to borrowers of different incomes and to businesses of different sizes is reasonable given the demographics of the area.
- C The geographic distribution of loans reflects a satisfactory penetration of geographies within the assessment area.

DESCRIPTION OF INSTITUTION

The First National Bank (FNB) is located in Tarpon Springs, Florida. The bank was established in 1985 and has one office. As of June 30, 1999, FNB had total assets of \$20 million. The evaluation period for this review is April 1996 to October 1999. The last CRA evaluation for FNB was March 1996. The bank received a "Satisfactory" rating.

The bank's primary lending focus is residential real estate mortgages, which accounted for 52% of the total dollar volume and 23% of the total number of loans originated during the evaluation period. Loans for consumer purposes also constitute a large portion of the bank's lending, accounting for 27% of the total dollar volume and 52% of the total number of loans originated during the evaluation period. There are currently no financial, legal, or other impediments to the bank's ability to meet community credit needs.

DESCRIPTION OF BANK'S ASSESSMENT AREA

Tarpon Springs is located in the northernmost part of Pinellas County, just south of the Pasco County line. As such, FNB's assessment area consists of 23 census tracts that encompass Tarpon Springs and upper Pinellas County as well as the communities of Holiday and New Port Richey in neighboring Pasco County. The census tracts comprise a portion of the Tampa-St. Petersburg-Clearwater Metropolitan Statistical Area (MSA #8280). Based on the 1990 U.S. Census Bureau median family income of \$31,244 for the MSA, ten of the census tracts (43%) are designated moderate-income, eight (35%) are designated middle-income and five (22%) census tracts are designated upper-income. There are no low-income census tracts in the assessment area. Low-income census tracts are primarily located in the southern and central portions of Pinellas County. The assessment area meets the requirements of the regulation and does not arbitrarily exclude any low- or moderate-income geographies. Banking competition is strong in Pinellas County with approximately 30 financial institutions operating more than 7,500 offices.

The assessment area has a total population of 175,638 based on 1990 U.S. Census Bureau data. Approximately 36% of the population is more than 65 years of age. Fifty-five percent (55%) of all households receive social security income and 34% also receive retirement income. Eighty-two percent (82%) of all housing units are occupied, while 65% are owner-occupied. Data from the Department of Housing and Urban Development (HUD) estimates the 1999 median family income for the MSA to be \$45,600. The local economy is largely supported by tourism, retail trade and services. Major employers include Florida Power, Times Publishing and Eckerd Corporation. During our examination, we met with a local community organization to identify credit needs within the community. Our interview identified a primary need for low-to-moderate income housing.

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA

- **Loan-to-Deposit Ratio - Meets the Standard for Satisfactory Performance**

FNB's loan-to-deposit (LTD) ratio is good. The bank's quarterly average LTD ratio from June 1996 through June 1999 is 66%. For comparison, we analyzed LTD ratios for banks headquartered in Pinellas and Pasco counties with total assets less than \$50 million. There were 3 institutions that met this criteria. Their LTD ratios ranged between 57% and 77% for the same time period and averaged 68%. FNB's average LTD ratio also compares favorably to the national average of 62% for similar-sized banks during the same period.

- **Lending in Assessment Area - Meets the Standard for Satisfactory Performance**

The bank makes a majority of its loans within its assessment area. This conclusion is based on an analysis of residential mortgage-related loans originated during the evaluation period. The sample totaled 20 loans for \$1,087,168. We also sampled 20 loans for consumer purposes originated during the same time period. This sample totaled \$183,299. The results of our analyses are reflected below.

Loan Product	Total Number Originated in Assessment Area	Total Dollar Volume Originated in Assessment Area
Residential Mortgages	85%	88%
Consumer Loans	80%	73%

In addition, we reviewed a sample of 20 loans to businesses totaling \$637,887 originated during the evaluation period. The results of our sample show that the bank originated 80% of the number of these loans, or 77% of the dollar volume of these loans, within the assessment area.

- **Lending to Borrowers of Different Incomes and Businesses of Different Sizes - Meets the Standard for Satisfactory Performance**

The bank's record of lending to borrowers of different incomes is satisfactory given the demographics of the community. This analysis used the aforementioned samples of residential mortgages and consumer loans originated within the assessment area. We compared the income distribution of the bank's borrowers to the Census Bureau's income distribution of families within the assessment area. The analysis is summarized, by the total *number* of loans, in the chart on the following page.

Income Category	Residential Mortgages	Consumer Loans*	Families within the Assessment Area
Low-Income	12%	13%	20%
Moderate-Income	35%	38%	26%
Middle-Income	12%	31%	25%
Upper-Income	41%	6%	29%

* Income information was not available for 12% of consumer loans sampled.

The bank has a satisfactory record of lending to businesses of different sizes. Using the same sample of business loans originated within the assessment area discussed in the previous performance criteria, we determined that the bank makes loans to businesses of varying sizes, but primarily to small businesses. The analysis showed 67% of the total number of loans and 89% of the total dollar volume of loans made were to small businesses (those with total revenues less than \$1 million). In comparison, 80% of all businesses operating within the assessment area are considered small businesses.

- **Geographic Distribution of Loans - Meets the Standard for Satisfactory Performance**

The geographic distribution of loans reflects a satisfactory penetration of geographies within the assessment area. For this analysis we used the sample of residential mortgages made in the assessment area. We compared the geographic distribution of the loans to the level of owner-occupied housing within each geographic area. The level of owner-occupied housing is an indicator of the opportunities available for residential financing. The lower the level, the fewer opportunities available for home improvements, refinances or other mortgage loans. The results are summarized in the table below.

Census Tract Designation	FNB Residential Mortgages		% of Owner-Occupied Housing
	<i>Total Number</i>	<i>Total Dollar Volume</i>	
Moderate-Income	41%	21%	62%
Middle-Income	30%	33%	25%
Upper-Income	29%	46%	13%

We also analyzed our sample of consumer loans by comparing the geographic location of the loans to the population concentrations within the assessment area. The results are summarized below and indicate that the majority of FNB's loans were originated to borrowers residing in moderate-income census tracts. Comparatively, the majority of the assessment area population resides in such tracts.

<i>Census Tract Designation</i>	<i>FNB Consumer Loans</i>		<i>% of Population by Tract Category</i>
	<i>Total Number</i>	<i>Total Dollar Volume</i>	
<i>Moderate-Income</i>	63%	45%	60%
<i>Middle-Income</i>	12%	27%	26%
<i>Upper-Income</i>	25%	28%	14%

Next, we analyzed the geographic distribution of our sample of business loans. Forty-four percent (44%) of business loans were made to businesses located in moderate-income areas, 37% in middle-income areas and the remainder (19%) in upper-income areas. This is consistent with the demographics of the assessment area. Economic data shows that 51% of *all* businesses in the assessment area are located in moderate-income areas, 35% are in middle-income areas and 14% are in upper-income areas.

- **Response to Complaints - Not Applicable**

There were no complaints relative to the Community Reinvestment Act during this evaluation period.

COMPLIANCE WITH ANTIDISCRIMINATION LAWS AND REGULATIONS

Our examination also included an assessment of the bank's compliance with antidiscrimination laws. We reviewed consumer purpose loans originated in 1999 and focused on the reasonableness of loan terms given to borrowers based on marital status. The examination found no substantive violations of antidiscrimination laws.