

Small Bank Performance Evaluation

PUBLIC DISCLOSURE

April 13, 1998

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

**First National Bank of Pasco
Charter Number 20976**

**13315 U. S. Highway 301
Dade City, Florida 33525**

**Office of the Comptroller of the Currency
8382 Baymeadows Road, Suite 1
Jacksonville, Florida 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 **First National Bank of Pasco** prepared by **Office of the Comptroller of the Currency**, the institution's supervisory agency, as of April 13, 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.

- First National Bank of Pasco maintains a good loan-to-deposit ratio compared to other banks of similar size.
- A substantial majority of loans are originated to borrowers within the assessment area.
- Lending to borrowers of different income groups and businesses of different sizes is reasonable given the demographics of the community.
- The geographic distribution of loans reflects a satisfactory penetration of census tracts within the assessment area.

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

SMALL INSTITUTION ASSESSMENT CRITERIA	<u>First National Bank of Pasco</u> 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	There were no CRA-related complaints received during the evaluation period		

DESCRIPTION OF INSTITUTION

First National Bank of Pasco (FNBP) was chartered in 1986. The bank is headquartered in Dade City, Florida. FNBP also operates one branch in the neighboring town of Zephyrhills. FNBP is wholly-owned by Florida Bancshares, Incorporated. The bank had total assets of \$42 million at March 31, 1998. The primary lending focus is residential mortgage loans, which represented 55% of total loans outstanding in 1997. There are no financial, legal or other factors that would impede the bank's ability to meet the credit needs of its assessment area. The last CRA examination for FNBP was April 1995. The evaluation period for this review is July 1995 to March 1998.

DESCRIPTION OF ASSESSMENT AREA

The assessment area for this evaluation consists of seventeen census tracts that represent east Pasco County. This includes Dade City and the cities of Zephyrhills and Lacombe. Total population for the assessment area is 75,152. The area is home to many seasonal retirees and the population increases significantly during the winter months. The economy of the area is dependent on agriculture, cattle ranching and service industries. Small businesses (those with revenues less than \$1 million) represent 94% of all businesses in the assessment area. Banking competition is strong with large regional banks, local community banks and credit unions having offices in the area.

The assessment area is part of the Tampa-St. Pete-Clearwater Metropolitan Statistical Area (MSA #8280). The assessment area contains 11 moderate-income census tracts and 6 middle-income census tracts. This is based on the 1990 Census Bureau median family income of \$31,244 for the MSA. For 1997, the updated median family income of the MSA is \$40,500¹. The assessment area meets the requirements of the regulation and does not arbitrarily exclude low- or moderate-income geographies.

In meetings with the Office of the Comptroller of the Currency, leaders of local community development organizations indicated credit needs for the area include loans to develop new and affordable housing; and home improvement loans to rehabilitate existing housing.

¹ Source: Housing and Urban Development (HUD)

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA

- **Loan-to-Deposit Ratio**

FNBP maintains a good loan-to-deposit ratio compared to similar-sized institutions. The bank's average loan-to-deposit ratio for the evaluation period is 78% compared to other local banks (headquartered in the MSA) whose average loan-to-deposit ratio is 62%. The national average loan-to-deposit ratio for similar-sized banks is 66%.

- **Lending in the Assessment Area**

The bank makes a substantial majority of its loans within the assessment area. This conclusion is based on an analysis of all residential mortgage loans originated January 1996 through March 1998. The results are shown below.

Loans in Assessment Area	1996	1997	1998 (Jan-Mar)
Total Number	97%	95%	93%
Total Dollar Volume	99%	91%	96%

- **Lending to Borrowers of Different Incomes & Businesses and Farms of Different Sizes**

Lending to borrowers of different incomes is reasonable given the demographics of the community. Our analysis used the same residential mortgage loans sampled above. We compared the income distribution of the bank's borrowers to the income distribution of families within the assessment area, using updated median family income levels. The findings are presented below.

Income Level	Families in Assessment Area	FNBP Loan Distribution		
		1996	1997	1998 (Jan-Mar)
Low	27%	21%	22%	4%
Moderate	25%	24%	25%	48%
Middle	24%	33%	26%	16%

Income Level	Families in Assessment Area	FNBP Loan Distribution		
		1996	1997	1998 (Jan-Mar)
Upper	24%	19%	26%	25%

The bank has a satisfactory record of lending to businesses of different sizes. We analyzed all business loans originated from July 1997 to February 1998. Specific revenue information was not readily available for these loans. Therefore, our analysis used the amount of the loan as a proxy for the size of the business. The assumption is that smaller businesses will generally require smaller loan amounts. The results of our analysis are shown below.

Loan Size	Percentage of Sampled Loans
< \$100,000	85%
\$100,000 to \$250,000	15%

- Geographic Distribution of Loans**

The geographic distribution of loans reflects a satisfactory penetration of geographies within the assessment area. For this analysis we again used our sample of residential mortgage loans. The results show that the distribution of the bank's loans to moderate- and middle-income census tracts is reasonable given their proportion within the assessment area. The results are summarized in the table below.

Census Tract Designation	% of Tracts in Assessment Area	Loan Distribution		
		1996	1997	1998 (Jan-Mar)
Low	NA	NA	NA	NA
Moderate	65%	81%	82%	96%
Middle	35%	19%	18%	4%
Upper	NA	NA	NA	NA

- Response to Complaints**

There were no CRA-related complaints during the evaluation period.

COMPLIANCE WITH ANTIDISCRIMINATION LAWS AND REGULATIONS

Our examination of compliance with antidiscrimination laws and regulations revealed no substantive violations.