



SMALL BANK

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

PUBLIC DISCLOSURE

January 14, 2004

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

**The First National Bank of Atmore
Charter Number 10697**

**111 South Main Street
Atmore, AL 36504**

**Comptroller of the Currency
100 Concourse Parkway Suite 240
Birmingham, AL 35244**

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.

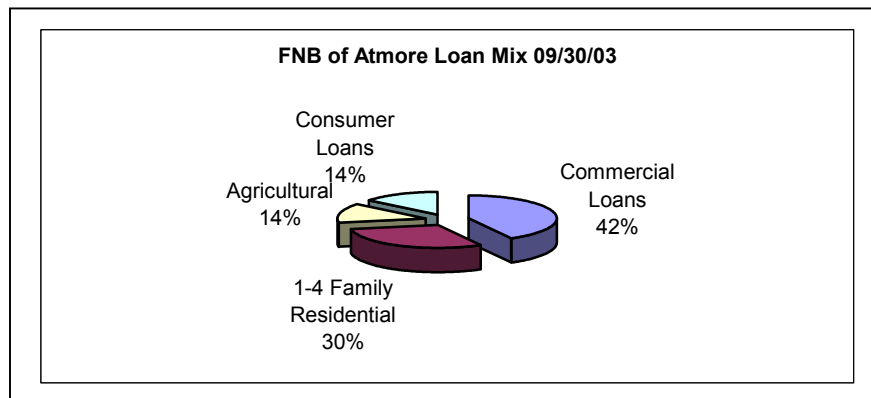
INSTITUTION'S CRA RATING

This institution is rated Satisfactory.

- The level of and trends in the bank's loan-to-deposit (LTD) ratio are satisfactory.
- A substantial majority loans are made within the bank's assessment area (AA.)
- The bank's loan portfolio is heavily weighted toward home loans and small business loans, which have been identified as primary lending needs in the AA.
- Loan analysis indicates the bank lends to borrowers of all income levels and to businesses of different sizes.
- The geographic distribution of loans within the AA is reasonable.

DESCRIPTION OF INSTITUTION

First National Bank of Atmore is a \$92 million bank located in Atmore, Alabama (Escambia County). First Suncoast Trust Bancshares, a one-bank holding company, owns the bank. The bank's business focus is traditional community banking - deposit acceptance and loan offerings. FNB has three offices in Atmore. Three ATM's are located at the south branch, in Perdido, Alabama, and in Brewton, Alabama. FNB's loan mix based on the 9/30/2003 Call Report is as follows:



FNB of Atmore is in sound financial condition with no legal impediments, which would prevent it from meeting the credit needs of the community. The bank's previous CRA rating was "Satisfactory" (3/11/1999). The evaluation period for this performance report is March 11, 1999 through December 31, 2002 and includes commercial and home mortgage loans.

DESCRIPTION OF ATMORE, ALABAMA ASSESSMENT AREA

FNB's assessment area (AA) is the town of Atmore, Alabama, which is located in southwest Alabama about 50 miles north of Pensacola, Florida. The AA consists of four tracts having a total population of 15,944. Block Numbering Area 9706 is moderate income and BNA's 9704, 9705, and 9707 are middle-income. Weighted average of 2002 median family incomes for AA is \$39,300.

Although there are no low-income tracts in the AA, there are pockets of low-income households within the moderate- and middle- income tracts. Twenty-seven percent of families within the AA are considered low-income.

The local economy is driven by agriculture and manufacturing. Major employers include Masland Carpets, Z-Tel Technologies, Alto Products, and Swift Lumber. There are also two state correctional facilities in the area. At 09/30/03, the unemployment rate for Escambia County was 7.9% compared to 5.8% for the state of Alabama. In recent years the local economy has suffered the loss of a major employer (Vanity Fair) and its largest local retailer (K-Mart.) The city recently purchased and annexed over 400 acres adjacent to the Interstate 65/Atmore exit, and has begun an industrial/retail recruitment program.

Competitors within the AA include United Bank, a \$241 million state-chartered institution with eight branches throughout Escambia and Baldwin County. Regions Bank (headquartered in Birmingham) also has a branch in Atmore. We discussed community lending needs with a local business official who identified small business and housing among the AA's primary lending needs. Our contact also noted that the city of Atmore's strategic plan includes initiatives to revitalize downtown storefronts. FNB of Atmore plans to refurbish its building(s) in downtown Atmore, and recently began offering low-interest loans to downtown businesses for improvements. Our contact further expressed the opinion that FNB of Atmore's community outreach and development efforts have been stepped up in 2003.

Based on internal analysis of 2001 lending trends, FNB Atmore revised its stated AA to include three northwest Florida Census Tracts (38-40) encompassing the towns of Walnut Hill, Molino, McDavid, and Century. These rural communities are located in the Pensacola, FL MSA and include one moderate and two middle-income census tracts. FNB Atmore has no branches in Florida, and it has neither strategic intentions nor the resources necessary to serve the entire MSA. Lending in these communities is considered incidental to maintaining loan volume within the bank's traditional lending lines (agricultural, small business, residential.) Therefore, our lending analysis was performed on loans in the Atmore, AL AA. The inside/outside analysis included loans in both the Atmore, Alabama AA and the Florida AA.

CONCLUSIONS ABOUT PERFORMANCE CRITERIA

Loan-to-Deposit Ratio

- FNB of Atmore's loan-to-deposit (LTD) ratio is trending upward and is reasonable in light of the bank's size, competition, and market loan demand.

The quarterly average LTD ratio for the period since the last CRA examination is 72.93%. FNB Atmore's LTD has increased from 63% at the last CRA examination to 77.78% at 9/30/03. While local competitor United Bank's LTD is higher at 86.28%, it should be noted that United has 8 branches in Escambia and Baldwin (Alabama gulf coast), which provides United Bank a wider range of lending opportunities.

Lending in Assessment Area

- FNB of Atmore originates a substantial majority of its loans within the AA.

Over 87% of the number of loans and 85% of the dollar volume of loans in our sample were made to individuals and businesses located within the bank's AA. The following table illustrates sampling results from this CRA examination:

Inside/Outside Analysis				
Location	# of Loans	% of Loans (#)	\$ of Loans (000s)	% of Loans (\$)
<i>Inside AA</i>	<i>54</i>	<i>87.10%</i>	<i>4,271</i>	<i>85.89%</i>
<i>Outside AA</i>	<i>8</i>	<i>12.90%</i>	<i>701</i>	<i>14.11%</i>
Total	62	100.00%	4,972	100.00%

Source: Bank files. Random Sample of 62 loans originated form 1999-2002.

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

- FNB has a satisfactory record or lending to borrowers of all income levels and to businesses of different sizes.

Table 1 shows that in the AA, 90% of businesses have gross revenues of less than \$1 million. FNB of Atmore's lending patterns closely correlate, with 85% of its originations made to businesses with revenues under \$1million. Further analysis of this sample disclosed that a large portion (47% of the sample by number of loans originated) went to businesses with gross revenues of less than \$100 thousand.

Table 1 - Commercial Loans – Distribution by Business Income					
Business Income	% of AA Businesses	# of Loans	% of Loans (#)	\$ of Loans (000s)	% of Loans (\$)
Revenues < 1 million	90.36%	17	85%	1,013	37.93%
Revenues > \$ 1million	9.64%	3	15%	1,658	62.07%
Total	100%	20	100%	2,671	100.00%

Source: Bank files. Random sample of 20 commercial loans originated 1999-2002.

Table 2 illustrates that 75% of commercial loan originations are in amount less than \$100 thousand. This indicates a significant portion of commercial loan originations are relatively small, and are presumably being made to smaller-sized businesses.

Table 2 – Commercial Loans – Distribution by Loan Size				
Origination Amount	# of Loans	% of Loan (#)	\$ of Loans (000s)	% of Loans (\$)
\$100,000 or less	15	75%	555	20.77%
>\$100,000 to \$250,000	3	15%	515	19.29%
>\$250,000 to 1 million	2	10%	1,602	59.94%
Total	20	100%	2,672	100.00%

Source: Bank files. Random sample of 20 commercial loans originated 1999-2002.

Table 3 illustrates the distribution of home mortgage loans in relation to the number of families in the AA by income level. The bank's home mortgage loans are evenly distributed among the income categories at 25% each. While 27.87% of families in the AA are low-income, 25% of the bank's home mortgage loans were made to low-income borrowers, presenting a close correlation. The bank's percentage of loans to moderate-income borrowers exceeds the percentage of moderate-income families in the AA, 25% to 14.63%.

Table 3 - Home Mortgage Loans – Distribution by Borrower Income					
Income Level	% of AA Families	# of Loans	% of Loans (#)	\$ of Loans (000s)	% of Total (by \$)
Low	27.87%	5	25%	151	23.54%
Moderate	14.63%	5	25%	144	22.46%
Middle	22.84%	5	25%	184	28.54%
Upper	34.66%	5	25%	164	25.46%
Total	100%	20	100%	643	100.00%

Source: Bank files. Random sample of 20 1-4 family residential loans originated 1999-2002.

Geographic Distribution of Loans

- FNB of Atmore makes a reasonable proportion of its commercial and home mortgage loans in its moderate income BNA, and there are no indications of exclusionary lending with regard to any specific areas in the AA.

Table 4 below shows that 35% number and 72.78% of the dollar of commercial loan originations

were made to businesses located in the bank's moderate-income BNA. This compares well to the 23.73% of businesses located in the moderate-income BNA.

Table 4 - Commercial Loans – Geographic Distribution					
Income Level of BNA	% of AA Businesses	# of Loans	% of Loans (#)	\$ of Loans (000's)	% of Loans (\$)
Moderate	23.73%	7	35%	1,945	72.78%
Middle	76.27%	13	65%	726	27.22%
Total	100%	20	100%	2,671	100.00%

Source: Bank files. Random sample of 20 commercial loans originated 1999-2002.

Table 5 illustrates that while approximately 28% of owner-occupied units in the AA are located in the moderate-income tract, 10% of the bank's loans were originated in that BNA. A closer look at BNA 9706 bears out several factors that may be contributing to the lower penetration. The median family income for this BNA is \$12,939 with 48% of the families designated low-income. Twenty-three percent of households derive income from public assistance and 50% are below poverty level. Unemployment for this tract is 12% vs. unemployment in the 4-7% range for the AA's middle-income tracts. The low penetration is likely attributable to a lower percentage of qualifiable mortgage applicants among the population of BNA 9706. FNB's performance is adequate despite the lower representation in this BNA.

Table 5 – Home Mortgage Loans – Geographic Distribution					
Income Level of BNA	% AA Owner Occupied Units	# of Loans	% of Loans (#)	\$ of Loans (000's)	% of Loans (\$)
Moderate	27.85%	2	10%	53	8.22%
Middle	72.15%	18	90%	590	91.78%
Total	100.00%	20	100%	643	100.00%

Source: Bank files. Random sample of loans originated 1999-2002.

Responses to Complaints

FNB of Atmore has received no CRA-related complaints from the public since the prior CRA examination.

Fair Lending or Other Illegal Credit Practices Review

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