

Small Bank Performance Evaluation

PUBLIC DISCLOSURE

July 11, 1997

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

**First National Bank of Manatee
Charter Number 21085
5817 Manatee Avenue West
Bradenton, FL 34209**

**Office of the Comptroller of the Currency
Tampa Duty Station
5650 Breckenridge Park Drive, Suite 202
Tampa, FL 33610**

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 Manatee** prepared by **Office of the Comptroller of the Currency**, the institution's supervisory agency, as of July 11, 1997. 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 Manatee maintains a reasonable loan to deposit ratio; makes the majority of its loans within the assessment area; and has a reasonable distribution of loans to borrowers of different incomes and to businesses of different sizes. The bank has not received any consumer complaints or public comments relative to CRA performance.

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

SMALL INSTITUTION ASSESSMENT CRITERIA	<u>First National Bank of Manatee</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	No complaints were received since the prior examination.		

DESCRIPTION OF INSTITUTION

First National Bank of Manatee (FNB) was chartered in 1986. The bank is located in Manatee County, Florida and operates four offices in the city of Bradenton. The most recent branch opened in February of 1997. As of March 31, 1997, FNB had total assets of \$123 million. The bank's primary lending focus is on home purchases. One to four family residential mortgages represent 53% of total loans. Commercial, commercial real estate and industrial loans represent 38% of total loans. There are no financial, legal or other impediments to the bank's ability to meet community credit needs. The evaluation period for this review is February 1995 through July 1997. However, due to reporting requirements, information was most readily available for the time period of January 95 - March 1997.

DESCRIPTION OF BANK'S ASSESSMENT AREA

The assessment area for this evaluation consists of the 45 census tracts which comprise Manatee County. According to 1990 census data, one tract is uninhabited. The income level of the remaining census tracts is as follows:

Low Income	0
Moderate Income	14
Middle Income	23
Upper Income	7

The assessment area meets the legal requirements of CRA and does not arbitrarily exclude low or moderate income census tracts.

Manatee County has a total population of 228,283. Bradenton comprises 21% of this population and is the county seat and largest city. Both Manatee County and Bradenton are projecting significant growth by the year 2000. A substantial portion of the population (28%) is 65 or older. The largest portion (36%) of the population is 18-44 years old. The county is part of the Sarasota/Manatee County Metropolitan Statistical Area (MSA). The 1997 MSA median family income is \$41,400.

The local economy is heavily dependent on service and trade industries. The market is largely influenced by tourism and retirees. Major employers are Staff Leasing, Tropicana Dole Beverages and HCA L.W. Blake Hospital. The majority (90%) of businesses located within the county are small business with revenues less than \$1MM. We relied on local community groups to ascertain credit needs of the bank's assessment area. They determined local credit needs center around affordable housing, home improvement, home rehabilitation and loans for small businesses.

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA

- **Loan to Deposit Ratio**

The loan-to-deposit (LTD) ratio is reasonable. The bank's average LTD ratio is 62%. This ratio is comparable to banks of similar size both nationally (average LTD=70%) and locally within the county (average LTD=74%). The bank's average LTD is somewhat lower than comparable banks due to two branch openings during this evaluation period and one branch opening just prior to this period. The State Road 64 Branch opened in May 1996 and the State Road 70 Branch opened in February 1997. The Holmes Beach Branch opened in October 1994. Management aggressively sought deposits to establish a presence and future lending relationships.

- **Lending in Assessment Area**

The bank makes a substantial majority of loans within the assessment area. This conclusion is based on the bank's analyses. The bank prepared an analysis of residential mortgages originated within the evaluation period. This is the bank's primary loan product and representative of the bank's lending patterns. We sampled 27 residential mortgages originated in 1995 through March 1997 and verified the accuracy of the bank's analysis. Lending within the assessment area declined in 1996 as the bank made 14 loans or 12.5% of the residential loans to a builder located in Manatee County for homes built in Sarasota. The bank also prepared an analysis of the entire portfolio of outstanding loans originated within the evaluation period. Both analyses are shown below.

Bank's Analysis	1995	1996	1/97-3/97	Avg.
Res. Loans in Assessment Area	90%	81%	93%	88%
Total Loans in Assessment Area	91%	88%	89%	89%

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

The bank's record of lending to borrowers of different incomes is reasonable. Management prepared an analysis of the distribution of residential mortgage originations by year. Our analysis compared the income distribution of the bank's loans to the income distribution of families within the assessment area. As depicted in the graph on the following page the bank's lending to borrowers of different income levels became more reflective of the actual demographics with each year. This is the result of the branches opening in 1996 and 1997. Until October 1994, the bank had only one branch located in the downtown area. The branches have reached more individuals with lower incomes due to their locations and the surrounding communities.

The chart below illustrates our findings.

Comparison of Loan Distribution by Income Levels				
	Low Income	Moderate Income	Middle Income	Upper Income
Families in Assessment Area	19%	23%	25%	33%
1995 - % of Loans to Families	5%	11%	16%	68%
1996 - % of Loans to Families	7%	17%	21%	55%
1/97 - 3/97 - % of Loans to Families	11%	13%	21%	55%
Avg. for Evaluation Period	8%	14%	20%	59%

The bank's record of lending to businesses of different sizes is reasonable. The majority of loans the bank originates are to small businesses. This is defined as businesses with revenues less than \$1MM. The bank's lending is representative of the assessment area. Approximately 90% of the businesses in the area are small businesses. The bank collected income information for commercial loans during this evaluation period. This consisted of 155 loans originated since January of 1995 and still outstanding. The information showed that 89% of these loans were to small businesses. We performed a limited sample of 10 loans to verify the accuracy. Our sample showed 80% of the commercial loans were to small businesses.

- **Geographic Distribution of Loans**

The geographic distribution of loans is reasonable based on the proportion of census tracts within the assessment area. Management prepared analyses of loan originations by product type to evaluate the distribution of loans by census tract. Our analysis compared the distribution of loans with the proportion of tracts within the bank's assessment area. See the charts on the following page.

The first chart shows residential lending patterns are reflective of the number of new and existing homes within these tracts. There is less residential lending in moderate income tracts when compared to the percentage of moderate tracts within the area. However, the bank's residential lending pattern is centered around the branches which are located in the areas of new development and increasing population. These tracts are designated middle to upper income. The majority of the tracts designated as moderate income are primarily business centers and have a low population and a low level of owner occupied residences. The second chart, the bank analysis of business loan distribution by tract, supports that lending is reasonably dispersed within the assessment area.

Comparison of Residential Loan Distribution by Tract Income Levels				
	Low Income Tracts	Moderate Income Tracts	Middle Income Tracts	Upper Income Tracts
% of Tracts	0%	32%	52%	16%
1995 - % of Loans in Tract	0%	13%	61%	26%
1996 - % of Loans in Tract	0%	16%	61%	23%
1/97-3/97 - % of Loans in Tract	0%	13%	62%	25%
Avg. for Evaluation Period	0%	14%	61%	25%

Comparison of Business Loan Distribution by Tract Income Levels				
	Low Income Tracts	Moderate Income Tracts	Middle Income Tracts	Upper Income Tracts
% of Tracts	0%	32%	52%	16%
1995 - % of Loans in Tract	0%	26%	48%	26%
1996 - % of Loans in Tract	0%	32%	42%	26%
1/97-3/97 - % of Loans in Tract	0%	12%	76%	12%
Avg. for Evaluation Period	0%	23%	55%	21%

- Response to Complaints**

FNBM received no complaints relative to Community Reinvestment Act performance.

COMPLIANCE WITH ANTIDISCRIMINATION LAWS AND REGULATIONS

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