



**SMALL BANK**

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Comptroller of the Currency  
Administrator of National Banks

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Washington, DC 20219

## **PUBLIC DISCLOSURE**

**July 20, 2009**

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

First National Bank & Trust of Atmore  
Charter Number: 10697

111 South Main Street  
Atmore, AL 36504

Office of the Comptroller of the Currency

Birmingham Field Office  
100 Concourse Parkway, Suite 240  
Birmingham, AL 35242

**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.**

- First National Bank & Trust of Atmore's (FNB&T) distribution of loans represents a reasonable penetration among individuals of different income levels and businesses of different sizes.
- FNB&T's loan-to-deposit ratio is reasonable and compares favorably to similarly situated banks.
- A majority of FNB&T's primary loan products originate within the bank's assessment area.
- The geographic distribution of loans reflects reasonable dispersion throughout the assessment area(s).
- The bank did not receive any consumer complaints regarding Community Reinvestment Act (CRA) performance.

## **SCOPE OF EXAMINATION**

FNB&T was evaluated under the Small Bank examination procedures. The bank's CRA performance was evaluated by assessing the loan-to-deposit ratio, lending performance inside of the AA, borrower distribution and lending volume to small businesses, geographic loan distribution, and reviewing consumer complaints regarding CRA.

This CRA Evaluation includes an analysis of lending performance from December 31, 2006 through July 19, 2009, and is representative of the bank's CRA performance since the prior CRA examination dated January 14, 2004.

FNB&T's primary loan products are residential and commercial related loans. This bank is not required to report data under the Home Mortgage Disclosure Act (HMDA). To evaluate the bank's lending performance, we selected a sample of residential and commercial related loans made from December 31, 2006 through July 19, 2009.

## **DESCRIPTION OF INSTITUTION**

FNB&T is an intrastate bank headquartered in Atmore, Alabama. As of March 31, 2009, FNB&T had total assets of \$144 million and tier one capital of \$16 million. FNB&T is wholly-owned by First Suncoast Trust Bancshares, a one-bank holding company with consolidated assets of \$144 million. The bank's business focus is traditional community banking with a mission statement emphasizing growing and serving their community. In addition to the main office, FNB&T operates four full-service branches and four non-deposit taking ATMs. FNB&T opened two branches since the last CRA examination. There have been no significant changes to FNB&T's corporate structure, including

merger or acquisition activities, since the last CRA examination.

The bank offers a full range of deposit and loan products and services. Residential and commercial related loans are FNB&T's primary business focus, with consumer and farm loans comprising a small portion of the loan portfolio. Deposit products and services include free checking accounts and electronic transfers.

As of March 31, 2009, FNB&T reported net loans of \$97 million and had a net loans and leases to total assets ratio of 68%. The loan portfolio composition is as follows:

<b>Loan Portfolio Summary by Loan Product as of March 31, 2009</b>	
<b>Loan Category</b>	<b>% of Outstanding Dollars</b>
Commercial related	44.20%
1-4 Family Residential	29.68%
Consumer Loans	11.71%
Farm Loans	10.76%
All Other Loans	3.65%

There are no legal or financial impediments to FNB&T's ability to meet the credit needs of its assessment area. The previous CRA examination assigned a "Satisfactory" rating dated January 14, 2004.

## **DESCRIPTION OF ASSESSMENT AREA(S)**

FNB&T has designated both Escambia County and Monroe County as its CRA assessment areas. Since these assessment areas are contiguous and have similar characteristics, we combined the assessment areas for CRA examination purposes. The assessment areas are not a part of a larger metropolitan area. Together, the AAs consist of 16 census tracts having a total population of 62,800 persons. Of the 16 census tracts, there are three moderate-income tracts, 12 middle-income tracts, and one upper-income tract. Although there are no low-income tracts in the AA, there are pockets of low-income households within the moderate-and-middle-income rural tracts. The 2009 HUD adjusted median family income for the AA is \$46,800 and 21.11% of households live below the poverty level.

The credit need of the community, identified by the community contact, is affordable housing. The community contact stated that FNB&T has shown ongoing commitment to increase the quality of life through investing in the community by providing loans to contractors to build affordable housing.

**Escambia/Monroe County AA**

The Escambia/Monroe County AA is comprised of two counties, Escambia and Monroe counties. These counties are contiguous and located in south Alabama and just north of the Florida state line. Both of the AAs meet regulatory requirements and do not arbitrarily exclude any low-or-moderate-income areas.

Below is a summary of demographic information from this AA:

Demographic Information for the Escambia/Monroe County AA					
	#	% Low	% Moderate	% Middle	% Upper
Geographies (Census Tracts)	16	0%	10%	80%	10%
Population by Geography	62,764	0%	13%	80%	7%
Owner-Occupied Housing by Geography	18,566	0%	60%	67%	72%
Businesses by Geography	4,822	0%	10%	82%	8%
Farms by Geography	161	0%	12%	82%	6%
Family Distribution by Income Level	16,917	24%	17%	20%	39%
Household Distribution by Income Level	23,678	29%	15%	17%	40%
Census Median Family Income (MFI)	\$46,800				
HUD-Adjusted MFI: 2009	\$46,800		Median Housing Value		\$56,456
HUD-Adjusted MFI: 2008	\$45,400		Families Below Poverty Level		21.11%
HUD-Adjusted MFI: 2007	\$42,800		Unemployment Rate		3.08%
HUD-Adjusted MFI: 2006	\$45,200				

The current state of the local economy for both AAs is stable despite the high poverty rate. Economic activity in the area is primarily agriculture and manufacturing. Within the local manufacturing business there have been several recent layoffs; however, this has been offset by a new casino/hotel in Escambia County. A manufacturing plant in Monroe county is in the process of closing along with two other large businesses. These closures will likely have a negative effect on the local economy by increasing the unemployment rate.

Competition from other financial institutions is moderate. The bank’s competitors include other local community banks and branches along with a local credit union.

**CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA**

Lending performance was assessed by analyzing two primary loan products. These products include residential real estate loans, and commercial related loans. These loan products were weighted equally in our evaluation.

Lending performance is good. The loan-to-deposit ratio exhibits reasonable lending levels. A majority of loans are made within the AA. Borrower distributions are reasonable among borrowers of different income levels and businesses of different

sizes. The geographic distribution of loans is adequate with stronger performance noted for commercial related loans than for residential real estate.

### Loan-to-Deposit Ratio

**FNB&T’s net loan-to deposit ratio is reasonable given the bank’s size, financial condition, and AA’s credit needs.** The bank’s net loan-to-deposit ratio averaged 77% over the 19 quarters since the last CRA examination. This ratio ranged from a quarter low of 63% to a quarterly high of 87% during the time period.

The bank’s net loan-to-deposit ratio compares favorably with other financial institutions of similar size, location, and product offerings. FNB&T ranks second out of four similarly situated banks. The average net loan-to-deposit ratios for the other four banks over the same 19 quarters ranged from 72% to 85%.

Institution	Assets as of 1Q2009 \$(000)	Average LTD Ratio
Citizens' Bank	\$119,900	72.89%
<i>First National Bank &amp; Trust Atmore</i>	<i>\$142,700</i>	<i>76.92%</i>
The Camden National Bank	\$113,200	84.62%
Town-Country NB	\$84,700	72.43%

### Lending in Assessment Area

**A majority of loans was made within the bank’s assessment area, and this performance meets the standard for satisfactory performance.** The following table details the banks lending within the AA by number and dollar amount of loans.

Loan Type	Number of Loans					Dollars of Loans				
	Inside		Outside		Total	Inside		Outside		Total
	#	%	#	%		\$	%	\$	%	
Residential Real Estate	21	75%	7	28%	28	\$1,466,637	69%	\$673,516	31%	\$2,142,153
Commercial Real Estate	17	68%	8	32%	25	\$2,402,256	45%	\$2,951,377	55%	\$5,360,633
Total	38	72%	15	28%	53	\$3,870,893	52%	\$3,361,892	48%	\$7,502,785

Source: Sample of loans.

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

**The distribution of loans reflects reasonable penetration among individuals of different income levels and businesses of different sizes.** The borrower distribution for loans in the Escambia and Monroe County AA is reasonable.

### *Residential Lending*

**The distribution of home loans reflects good penetration among borrowers of different income levels.** One of the credit needs identified for this area was affordable housing. This need is addressed through excellent loan penetration to low-income borrowers for home purchase and refinances loans. However, performance to moderate-income borrowers for all three loan products is poor. In addition, the bank's performance is weak for the home improvement loan product. The bank's performance is good after considering the assessment area's high poverty rate of 21%. The following table shows the distribution of residential real estate loans among borrowers of different income levels.

Table 2 - Borrower Distribution of Residential Real Estate Loans in Counties of Escambia and Monroe AL Non-MSA AA								
Borrower Income Level	Low		Moderate		Middle		Upper	
Loan Type	% of AA Families	% of Number of Loans	% of AA Families	% of Number of Loans	% of AA Families	% of Number of Loans	% of AA Families	% of Number of Loans
Home Purchase	24.43%	50.00%	16.54%	0%	20.10%	0%	38.93%	50.00%
Refinance	24.43%	35.71%	16.54%	7.14%	20.10%	21.43%	38.93%	36.71%
Home Improvement	24.43%	0%	16.54%	0%	20.10%	67.67%	38.93%	33.33%

*Source: Loan sample; U.S. Census data*

### *Business Loans*

**The distribution of loans to businesses reflects excellent penetration among businesses of different sizes.** Ninety percent of the bank's business loans originated in the loan sample was made to small businesses. Small businesses are businesses with gross annual revenues of one million dollars or less. This performance is considered excellent compared to the demographic data that shows 48% of the area's businesses are considered small businesses. The following table shows the distribution of commercial loans among different sized businesses in the AA.

Table 2A - Borrower Distribution of Loans to Businesses in Counties of Escambia and Monroe AL Non- MSA AA				
Business Revenues (or Sales)	≤\$1,000,000	>\$1,000,000	Unavailable/ Unknown	Total
% of AA Businesses	47.72%	3.50%	48.78%	100%
% of Bank Loans in AA by #	90.00%	10.00%	0%	100%
% of Bank Loans in AA by \$	34.72%	65.28%	0%	100%

Source: Loan sample; Dunn and Bradstreet data.

### Geographic Distribution of Loans

**The geographic distribution of loans is reasonable.** Performance for business loans is stronger than residential loans. There are no conspicuous lending gaps identified within FNB&T's AAs. We placed less weight on the bank's performance for geographic distribution since there are no low-income census tracts located within the bank's assessment area(s).

#### Residential Loans

**The bank's geographic distribution of home loans reflects poor dispersion among census tracts of different income levels.** Lending in the moderate-income census tracts is below demographic comparators.

Table 3 - Geographic Distribution of Residential Real Estate Loans in Counties of Escambia and Monroe AL Non- MSA AA								
Census Tract Income Level	Low		Moderate		Middle		Upper	
Loan type	% of AA Owner Occupied Housing	% of Number of Loans						
Home Purchase	0.00%	NA	12.68%	None	79.68%	100%	7.64%	None
Home Improvement	0.00%	NA	12.68%	7.14%	79.68%	92.86%	7.64%	None
Refinance	0.00%	NA	12.68%	None	79.68%	100%	7.64%	None

Source: Loan sample; U.S. Census data.

#### Business Loans

The geographical distribution of loans to businesses reflects reasonable dispersion among census tracts of different income levels. The bank's performance is near to the demographic comparator for moderate-income census tracts. The following table shows the distribution of commercial loans among different size businesses in the AA, based on our sample.

Table 3A - Geographic Distribution of Loans to Businesses in Counties of Escambia and Monroe AL Non- MSA AA								
Census Tract Income Level	Low		Moderate		Middle		Upper	
Loan Type	% of AA Businesses	% of Number of Loans						
Businesses	0.00%	NA	10.51%	9.52%	81.56%	90.48%	7.92%	NA

Source: Loan sample; D & B data

### Responses to Complaints

FNB&T has not received any CRA complaints during this evaluation period.

### Fair Lending or Other Illegal Credit Practices Review

We found no evidence of discriminatory or other illegal credit practices inconsistent with helping to meet community credit needs.

