

Small Bank Performance Evaluation

PUBLIC DISCLOSURE

February 1, 1999

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

**First National Bank of Central Florida
Charter Number 20454
2160 West State Road 434
Longwood, FL 32791-3900**

**Office of the Comptroller of the Currency
North Florida Field Office
8382 Baymeadows, 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 **First National Bank of Central Florida** prepared by the **Office of the Comptroller of the Currency**, the institution's supervisory agency, as of February 1, 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.

First National Bank of Central Florida maintains a reasonable loan to deposit ratio. The substantial majority of loans are originated within its assessment area and the bank has an excellent distribution of loans to borrowers of different incomes and to businesses and farms of different sizes. The loans are also reasonably dispersed across all geographies within the bank's assessment areas. The bank has not received any consumer complaints or public comments relative to CRA performance.

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

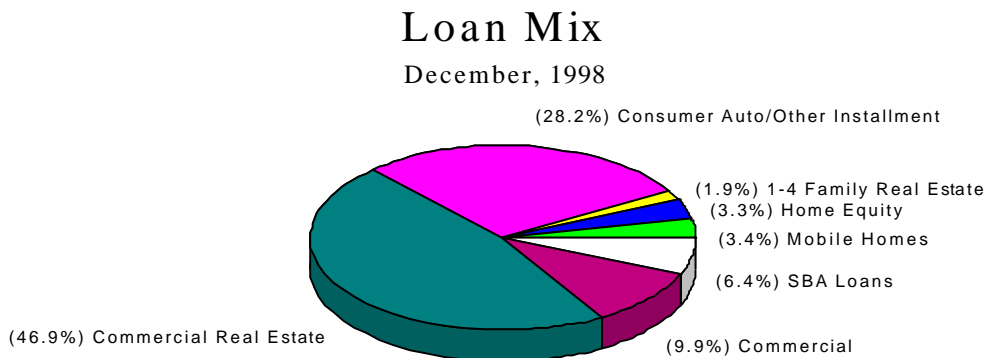
SMALL INSTITUTION ASSESSMENT CRITERIA	<u>First National Bank of Central Florida</u> PERFORMANCE LEVELS		
	Exceeds Standards for Satisfactory Performance	Meets Standards for Satisfactory Performance	Does not meet Standards for Satisfactory Performance
Loan to Deposit Ratio		X	
Lending in Assessment Area	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 Central Florida (FNBCFL) was chartered in 1985 and is owned by First Bankshares Inc., a one-bank holding company. The main office is located in Longwood in Seminole County, Florida. The bank also operates 20 other full service, in-store branch offices throughout North and Central Florida. All 20 branches are located in either a Kash N' Karry or Goodings grocery store or Wal-Mart retail stores.

There are currently no financial, legal, or other impediments to the bank's ability to meet community credit needs. The evaluation period for this review is September 1997 to December 1998.

As of December 31, 1998, FNBCFL had total assets of \$133 million. Since the bank's prior CRA review in September 1997, the bank has experienced a significant number of changes in senior management and personnel. As a result, current management and the Board of Directors of the bank have temporarily curtailed lending activities in an effort to develop and implement new lending strategies and practices. These strategies include shifting the bank's primary lending focus from consumer to business loans, including small business administration loans. In September 1997, consumer/installment and residential loans (e.g., 1-4 family real estate, home equity, and mobile homes) comprised 57% of the bank's total loans. This was reduced to 37% of the bank's total loans as of the December 1998, the end of the evaluation period, as reflected in the chart below.



DESCRIPTION OF BANK'S ASSESSMENT AREA

FNBCFL serves six assessment areas throughout North and Central Florida. In total, the six areas contain 784 total census tracts within five Metropolitan Statistical Areas (MSAs) and 16 Block Numbering Areas (BNAs) within non-metropolitan areas.

Orlando Metropolitan Statistical Area (MSA 5960): This assessment area includes all of Orange and Seminole Counties. The MSA consists of 180 total census tracts comprised as follows:

Low-income Tracts	9
Moderate-income Tracts	33
Middle-income Tracts	91
Upper-income Tracts	46

One tract is a former U.S. Naval Base for which income information is not applicable. The MSA's median family income (HUD estimated) for 1998 is \$44,500. Approximately 34% of the total families within the MSA are considered low- and moderate-income families. Major industries in the MSA include: tourism, service, communications, and aerospace. FNBCFL branches located within this MSA include the main office (Longwood), and the Pershing, Wekiva, University, Lake Mary, and Hiawassee Goodings grocery store offices.

Melbourne-Titusville-Palm Bay Metropolitan Statistical Area (MSA 4900): This assessment area includes all of Brevard County, Florida. The MSA consists of 89 total census tracts comprised as follows:

Low-income Tracts	1
Moderate-income Tracts	22
Middle-income Tracts	46
Upper-income Tracts	17

Three tracts comprise the Cape Canaveral/Kennedy Space Center for which income information is not applicable. The MSA's median family income for 1998 is \$45,300. Approximately 38% of the total families within the MSA are considered low- and moderate-income families. Major industries include tourism and aerospace (NASA). FNBCFL branches located in this MSA include the Merritt Island and Titusville Wal-Mart in-store offices.

Daytona Beach Metropolitan Statistical Area (MSA 2020): This assessment area includes all of Volusia County, Florida. The MSA consists of 72 total census tracts comprised as follows:

Low-income Tracts	4
Moderate-income Tracts	12
Middle-income Tracts	45
Upper-income Tracts	10

One census tract encompasses a large portion of the Kennedy Space Center for which income information is not applicable. The MSA's median family income for 1998 is \$38,500. Approximately 38% of the total families within the MSA are considered low- and moderate-income families. Major industries include tourism and aerospace (NASA). FNBCFL branches located in this MSA include the Ormond Beach Wal-Mart in-store office and Deland Goodings grocery store office.

Tampa-St. Petersburg-Clearwater Metropolitan Statistical Area (MSA 8280): This assessment area includes all of Hillsborough, Pinellas, and Pasco Counties. The MSA consists of 397 total census tracts comprised as follows:

Low-income Tracts	16
Moderate-income Tracts	87
Middle-income Tracts	184
Upper-income Tracts	103

Seven census tracts comprise a state university, a U.S. Air Force Base, or are primarily uninhabited, and income information is not applicable. The MSA’s median family income for 1998 is \$42,000. Approximately 37% of the total families within the MSA are considered low- and moderate-income families. Significant industries for the MSA include tourism, service, and retail. FNBCFL branches in this MSA include the Hillsborough, Town & Country, West Village, Hyde Park, Temple Terrace, Florida Ave., Northdale, and Zephyrhills Kash N’ Karry grocery store offices.

Ocala Metropolitan Statistical Area (MSA 5790): This assessment area includes Marion County, Florida. The MSA consists of 46 total census tracts comprised as follows:

Low-income Tracts	1
Moderate-income Tracts	4
Middle-income Tracts	33
Upper-income Tracts	7

One census tract comprises a national forest for which income information is not applicable. The MSA’s median family income for 1998 is \$34,600. Approximately 37% of the total families within the MSA are considered low- and moderate-income families. Major businesses and industries include E1 (emergency vehicle production), Mark III (auto, van customizing), and banking. The FNBCFL branch located in this MSA is located in a Kash N’ Karry grocery store.

Levy/Columbia County, Florida: This assessment area consists of nine BNAs within Columbia County, Florida and seven BNAs within Levy County, Florida. The 16 total BNAs are comprised as follows:

Low-income Tracts	0
Moderate-income Tracts	3
Middle-income Tracts	11
Upper-income Tracts	2

The median family income for the 16 BNAs (combined) for 1998 is \$33,300. Approximately 41% of the total families within the 16 BNAs are considered low- and moderate-income families. The main industry for both counties is agricultural-related services. The FNBCFL branches located in this assessment area include the Chiefland and Lake City Wal-Mart in-store offices.

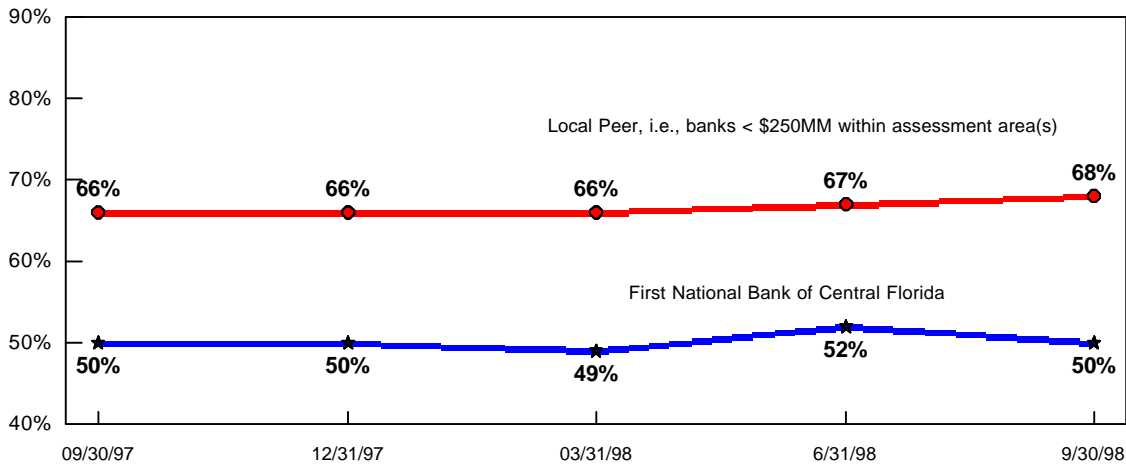
CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA

- **Loan to Deposit Ratio**

FNBCFL's loan to deposit (LTD) ratio is reasonable. The bank's average LTD ratio for the evaluation period is 50% as reflected in the graph below. This ratio is below the average for local banks of similar size, which is 67% during the same period. However, as previously stated, the bank has undergone major changes in management and personnel and is in process of revising its overall lending strategies and practices. As a result, the bank has temporarily curtailed lending activities, which has contributed to the bank's lower than average loan to deposit ratio. It should be noted that the bank's average LTD ratio for this evaluation period compares favorably to the average LTD ratio for the bank's

Net Loans & Leases as a % of Total Deposits

September 30, 1997 to September 30, 1998



last CRA evaluation, which was 48%.

- **Lending in Assessment Area**

The bank makes a substantial majority of loans within its assessment area. This conclusion is based on an analysis done by our agency. During this review, we randomly sampled 74 consumer installment loans originated between September 1997 and December 1998. Specifically, the sample consisted of 52% of loans originated during this timeframe, for various purposes which were either unsecured or secured by FNBCFL certificates of deposit. Our analysis found 98% of the sampled loans were within the assessment area.

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

The bank's record of lending to borrowers of different incomes is excellent. Our analysis for lending to borrowers of different incomes used the same loan sample mentioned in the previous performance category. We compared the distribution of the loans (by borrower income level) to the distribution of families (by income level) within the bank's assessment area. The distribution among different income groups is summarized in the chart(s) below:

Income Level	Orange/Seminole Cty MSA 5960		Volusia County MSA 2020		Brevard County MSA 4900	
	Families	Sampled Loans	Families	Sampled Loans	Families	Sampled Loans
Low-income	16%	41%	17%	67%	18%	53%
Moderate-income	19%	32%	21%	33%	20%	21%
Middle-income	23%	18%	24%	0%	24%	21%
Upper-income	42%	9%	38%	0%	38%	5%

Income Level	Hillsborough, Pasco, & Pinellas County MSA 8280		Marion County MSA 5790		Levy & Columbia non-MSA	
	Families	Sampled Loans	Families	Sampled Loans	Families	Sampled Loans
Low-income	18%	58%	18%	0%	23%	25%
Moderate-income	19%	37%	19%	100%	18%	50%
Middle-income	23%	0%	24%	0%	21%	25%
Upper-income	40%	5%	39%	0%	38%	0%

Income Level	Aggregate for Combined Assessment Areas	
	Families	FNBCFL Sampled Loans
Low-income	17%	48%
Moderate-income	19%	34%
Middle-income	24%	12%

Income Level	Aggregate for Combined Assessment Areas	
	Upper-income	40%

The bank's lending to businesses of different sizes is good. FNBCFL makes loans to small businesses of various sizes. Specific revenue information was not available for each business to which FNBCFL lends. Therefore, the amount of the loan was used as a proxy for the actual size of the business. The assumption is that small businesses will generally require smaller loan amounts than large businesses. As reflected in the chart below, the majority of the bank's loans to businesses are for smaller amounts, which implies that a majority of these loans are to small businesses:

Loan Size	Percentage of Sampled Loans
< \$50,000	30%
\$50,000 to \$100,000	21%
\$100,001 to \$250,000	26%
> \$250,000	23%

- Geographic Distribution of Loans**

The geographic distribution of loans throughout the bank's assessment area is reasonable. The distribution of the bank's loans in low, moderate, middle, and upper income census tracts/BNAs is generally consistent with the proportion and distribution of such tracts within each assessment area. This conclusion is based on the same 74 file loan sample used for two of the previous performance categories. The chart(s) below and on the following page summarize the geographic distribution of our loan sample:

Income Level	Orange/Seminole Cty MSA 5960		Volusia County MSA 2020		Brevard County MSA 4900	
	Census Tracts	Sampled Loans	Census Tracts	Sampled Loans	Census Tracts	Sampled Loans
Low-income	5%	0%	6%	0%	1%	0%
Moderate-income	17%	5%	16%	17%	25%	26%
Middle-income	51%	77%	63%	67%	52%	68%

Income Level	Orange/Seminole Cty MSA 5960		Volusia County MSA 2020		Brevard County MSA 4900	
Upper-income	26%	18%	14%	17%	19%	5%
(info not available)	1%	----	1%	----	3%	----

Income Level	Hillsborough, Pasco, & Pinellas County MSA 8280		Marion County MSA 5790		Levy & Columbia non-MSA	
	Census Tracts	Sampled Loans	Census Tracts	Sampled Loans	Block Number Areas	Sampled Loans
Low-income	4%	0%	2%	0%	0%	0%
Moderate-income	22%	21%	9%	0%	18%	25%
Middle-income	46%	37%	72%	100%	69%	75%
Upper-income	26%	42%	15%	0%	13%	0%
(info not available)	2%	----	2%	----	0%	----

Income Level	Aggregate for Combined Assessment Areas	
	Census Tracts/Block Number Areas	FNBCFL Sampled Loans
Low-income	4%	0%
Moderate-income	20%	17%
Middle-income	51%	64%
Upper-income	23%	19%
(info not available)	2%	----

Although our sample above reflects a slightly lesser volume of lending to the low- and moderate-income census tracts, the bank's excellent record of lending to low- and moderate-income individuals is indicative of the bank's efforts to lend to borrowers of all income levels, regardless of their location.

- **Response to Complaints**

FNBCFL received no complaints relative to Community Reinvestment Act performance during this evaluation period.

COMPLIANCE WITH ANTIDISCRIMINATION LAWS AND REGULATIONS

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