



SMALL BANK

Comptroller of the Currency
Administrator of National Banks

PUBLIC DISCLOSURE

March 4, 2002

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

**1st National Bank & Trust
Charter Number 21085**

**5817 Manatee Avenue West
Bradenton, FL 34209**

**Comptroller of the Currency
North Florida Field Office
8375 Dix Ellis Trail #403
Jacksonville, FL 32256**

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.

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INSTITUTION'S CRA RATING

This institution is rated Satisfactory.

- 1st National Bank and Trust (FNB&T) has a reasonable loan-to-deposit ratio.
- A substantial majority of loans are made within the assessment area.
- The bank has a satisfactory record of lending to borrowers of different incomes and businesses of different sizes.
- The geographic location of loans to individuals and businesses reflects an adequate distribution across the assessment area.

DESCRIPTION OF INSTITUTION

FNB&T is located in Bradenton, Manatee County, Florida. The bank began operation in 1986 and has five offices. The bank is a wholly owned subsidiary of First National Bancshares, Inc., a one-bank holding company. As of December 31, 2001, FNB&T had total assets of \$213 million. Net loans represent 68% of total bank assets. The bank's primary lending products are business loans, which represent 56% of total loan originations in 2001, and residential real estate mortgages, which represent 38% of total loan originations. 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 August 1997 through March 2002. FNB&T's last CRA evaluation was in July 1997 and the bank received a "Satisfactory" rating.

DESCRIPTION OF ASSESSMENT AREA

FNB&T's assessment area consists of 45 census tracts that encompass Manatee County. The census tracts comprise a portion of the Sarasota-Bradenton Metropolitan Statistical Area (MSA #7510). Based on the 1990 U.S. Census Bureau median family income of \$33,128 for the MSA, the census tracts in the assessment area are designated as follows:

Moderate-Income	14	31%
Middle-Income	23	51%
Upper-Income	7	16%
Not Available	1	2%
Total	45	

It should be noted that there are no low-income census tracts in Manatee County. The assessment area meets the requirements of the regulation and does not arbitrarily exclude any low- or moderate-income geographies. The assessment area is justified by the size of the bank and the location of offices.

The assessment area has a total population of 211,707 based on 1990 U.S. Census Bureau data. The area has a large retirement population. Approximately 28% of the population are more than 65 years of age. Forty-six percent (46%) of all households receive Social Security and 28% also receive retirement income. Data from the Department of Housing and Urban Development

(HUD) estimates the 2001 median family income for the MSA to be \$50,500. Based on this, 18.97% of the families are considered low-income, 22.5% are moderate-income, 24.74% are middle-income and 33.79% are considered upper-income. Seventy-nine (79%) of all housing units are occupied, while 56% are owner-occupied. The local economy is largely supported by tourism, retail trade and services. Major private employers include Tropicana North America, Manatee Memorial Hospital and Wellcraft Marine. Banking competition is strong in the MSA with approximately 40 financial institutions operating more than 240 offices.

During our examination, we met with a local housing organization to identify credit needs within the community. We also reviewed community contact information gathered by other federal regulatory agencies. Based on this information, we determined primary needs included affordable housing and credit counseling for first-time homebuyers.

CONCLUSIONS ABOUT PERFORMANCE CRITERIA

■ Loan-to-Deposit Ratio - Meets the Standard for Satisfactory Performance

FNB&T's loan-to-deposit (LTD) ratio is good. The bank's quarterly average LTD ratio from December 1999 through December 2001 is 80%. For comparison, we analyzed the average LTD ratios for banks headquartered in Florida with total assets less than \$250 million. There were 207 institutions that met these criteria. Their average LTD for the same time period was 71%. Quarterly LTD information is not available for 1997 and 1998, but year-end ratios also compare favorably to the peer group. For 1997, LTD ratios are 68% for FNB&T and 67% for the peer group. For 1998, LTD ratios are 73% for FNB&T and 67% for the peer group.

■ Lending in Assessment Area - Exceeds the Standard for Satisfactory Performance

The bank makes a substantial majority of its loans within the assessment area. We performed an analysis using 225 residential mortgages made in 2000-2001, totaling \$27 million. Bank personnel maintain census tract data for all loan types originated and also perform their own annual analysis. The bank prepared an analysis of all loans originated in 2001, which represented 538 loans totaling \$49 million. We sampled loans within the product categories to verify the data for accuracy. Our results were consistent with the bank's. Both are summarized below.

Loans In & Out of the Assessment Area				
	OCC Analysis 2000-2001		Bank Analysis 2001	
	By #	By \$	By #	By \$
In	76.00%	75.68%	79.74%	86.51%
Out	13.78%	16.80%	20.26%	13.49%
N/A	10.22%	7.52%	0.00%	0.00%
Total	100.00%	100.00%	100.00%	100.00%

■ Lending to Borrowers of Different Incomes and Businesses of Different Sizes - Meets the Standard for Satisfactory Performance

The bank's record of lending to borrowers of different incomes is satisfactory given the demographics of the community. This analysis used the aforementioned sample of residential mortgage loans originated within the assessment area. We also incorporated the bank's analysis of all loans to individuals originated in 2001. For both, we compared the income distribution of the bank's borrowers to the income distribution of families within the assessment area. The borrowers were categorized into income groups based on the HUD MSA Median Family Income of \$47,700 for the year 2000 and \$50,500 for 2001. The distribution of families in the assessment area is based on 1990 Census Bureau data.

Loans to Borrowers of Different Incomes				
Income Category	OCC Analysis		Bank Analysis By #	Families in AA
	By #	By \$		
Low	2.92%	0.95%	11.59%	18.97%
Moderate	6.43%	2.66%	17.38%	22.50%
Middle	19.88%	10.00%	19.51%	24.74%
Upper	66.67%	75.19%	51.52%	33.79%
N/A	4.10%	11.21%	0.00%	0.00%
Total	100.00%	100.00%	100.00%	100.00%

While a disparity is evident between our analysis and the bank's analysis for loans to low- and moderate-income borrowers, this is due to the different loan product types analyzed. As noted, our analysis focused on residential mortgages but the bank's analysis includes all consumer-related loans (residential mortgages, automobile loans and other consumer purpose loans). This indicates the bank is providing credit to low- and moderate-income borrowers in the form of consumer purpose, nonresidential loans in a manner consistent with the needs of the community. As discussed in the demographic section of this evaluation, the assessment area contains a significant number of retirees. These individuals, while considered low-income, typically do not have a great need for mortgage related products.

The bank has a satisfactory record of lending to businesses of different sizes. This was based on an analysis of business loans originated within the assessment area in 2001. This information was collected by the bank and was validated as part of our review through sampling for accuracy. We determined that the bank makes loans to businesses of varying sizes, but primarily to small businesses. The analysis showed 87% of the total number of loans made were to small businesses (those with total revenues less than \$1 million). In comparison, 86% of all businesses operating within the assessment area are considered small businesses.

■ **Geographic Distribution of Loans - Meets the Standard for Satisfactory Performance**

The geographic distribution of loans reflects a satisfactory penetration of geographies within the assessment area. For this analysis, we compared the geographic distribution of loans to the level of owner-occupied (OO) housing within each geographic area. The level of owner-occupied housing is an indicator of the opportunities available for residential mortgage financing. The lower the level, the fewer opportunities available for home improvements, refinances or other mortgage loans. This factor is also evaluated in the context of the bank's tenure, size and the level of competition in the area. The results are summarized in the table below.

Geographic Distribution of Loans - RRE				
Tract Category	OCC Analysis		Bank Analysis By #	% of OO Housing
	By #	By \$		
Low	N/A	N/A	N/A	N/A
Moderate	13.45%	11.87%	10.06%	27.98%
Middle	65.50%	67.73%	67.99%	58.26%
Upper	21.05%	20.40%	21.95%	13.76%
Total	100.00%	100.00%	100.00%	100.00%

Next, we analyzed the geographic distribution of business loans originated in 2001. Twenty-three percent (23%) of the business loans sampled were made to businesses located in moderate-income areas, 60% in middle-income areas and the remainder (17%) in upper-income areas. Economic data shows that 30% of all businesses in the assessment area are located in moderate-income areas, 58% are in middle-income areas and 12% are in upper-income areas.

■ **Response to Complaints - Not Applicable**

We reviewed records of consumer complaint regarding FNB&T made to our agency and those maintained by the bank in the public file. There were no complaints made relative to the Community Reinvestment Act during this evaluation period.

Fair Lending Review

An analysis of 1997-2002 public comments, consumer complaint information and Home Mortgage Disclosure Act data was performed according to the OCC's risk based fair lending approach. Based on analysis of the information, the OCC decided that a comprehensive fair lending examination would not need to be conducted this year in connection with the CRA evaluation. The latest comprehensive fair lending exam was performed in 1997.