

Small Bank Performance Evaluation

PUBLIC DISCLOSURE

June 7, 1999

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

**Citrus Bank, National Association
Charter Number 21980
1717 Indian River Boulevard
Vero Beach, FL 32960**

**Office of the Comptroller of the Currency
South Florida Field Office
5757 Blue Lagoon Drive, Suite 200
Miami, FL 33126**

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 **Citrus Bank, National Association** prepared by **Office of the Comptroller of the Currency**, the institution's supervisory agency, as of **June 7, 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.

- C Citrus Bank, N.A. maintains a satisfactory loan-to-deposit ratio compared to other banks.
- C The majority of loans were originated to borrowers within the assessment area.
- C Lending to borrowers of different income groups and businesses of different sizes is reasonable given the demographics of the community.
- C The geographic distribution of loans reflects a satisfactory penetration of geographies within the assessment area.

DESCRIPTION OF INSTITUTION

Citrus Bank, N.A. (Citrus) is headquartered in Vero Beach, Indian River County. Citrus also has two branch offices located in the city of Sebastian in Indian River County and in the community of Barefoot Bay in neighboring Brevard County. Citrus Bank is wholly-owned by Citrus Financial Services, a one bank holding company. As of March 31, 1999, Citrus Bank had total assets of \$79 million. The bank's primary focus is loans to businesses, which represent 43% of total loans. Loans for residential mortgages also represent a significant portion of the bank's portfolio at 38% of total loans. There are no financial, legal or other impediments to the bank's ability to meet the credit needs of the community. The evaluation period for this review is May 1996 through June 1999.

DESCRIPTION OF BANK'S ASSESSMENT AREA

The assessment area for this evaluation consists of the twenty-four block numbering areas (BNA's) that comprise Indian River County. The county is not in a Metropolitan Statistical Area (MSA). Two of the BNA's are designated moderate-income, 8 are middle-income and 14 are upper-income. The remaining BNA is sparsely populated and income information is not available. There are no low-income BNA's in the county. The income designations are based on the 1990 Census Bureau median family income of \$25,874 for nonmetropolitan areas in Florida. The 1998 median family income (as estimated by HUD¹) for nonmetropolitan areas in Florida is \$33,300.

The assessment area also includes one census tract from neighboring Brevard County, part of the Melbourne-Titusville-Palm Bay MSA (#4900). This moderate-income census tract borders Indian River County to the north. The 1990 Census Bureau median family income for the MSA is \$35,402. The 1998 median family income for the MSA is \$45,300. The total assessment area meets the legal requirements of CRA and does not arbitrarily exclude low- or moderate-income census tracts.

The total population of the assessment area is 99,584. The economy of the area is primarily driven by retail trade and services. Agriculture also contributes significantly to the economy. The largest non-governmental employers include Piper Aircraft, Indian River Memorial Hospital, Publix Supermarkets and the citrus industry. Banking competition in the area is strong with large regional banks, local community banks and credit unions having offices in the area.

During our examination we interviewed persons affiliated with local community organizations. It was indicated that there is a need in this affluent retirement community for affordable housing for working-class residents employed in low wage-earning retail trade and agricultural sectors.

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA

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

The loan-to-deposit (LTD) ratio is reasonable. The bank's average LTD ratio for the twelve quarters within the evaluation period is 83%. In comparison, the average LTD ratio for banks of similar size headquartered in Indian River County or Brevard County is 80%. The national average LTD ratio for banks of similar size is 70%.

C Lending in the Assessment Area - Meets the Standard for Satisfactory Performance

The bank makes a majority of its loans within the assessment area. This conclusion is based on a

¹ Department of Housing and Urban Development

sample of business loans originated during the evaluation period. This sample totalled 20 loans. We also analyzed all residential mortgages originated in 1998 and year-to-date 1999. This sample totalled 93 loans. The results are shown in the table below.

Citrus Bank Loans in Assessment Area	Business Loans	Residential Loans
Total Number	65%	89%
Total Dollar Volume	73%	88%

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

Lending to borrowers of different incomes is reasonable given the demographics of the community. Our analysis used the residential mortgage loans made within the assessment area from the above sample. We compared the income distribution of the bank’s borrowers to the income distribution of families within the assessment area, using 1998 median family income levels. The findings are presented below.

Income Level	Families in Assessment Area	Citrus Bank Loan Distribution
Low	12%	17%
Moderate	17%	20%
Middle	20%	16%
Upper	51%	47%

Lending to businesses of different sizes is reasonable. For this analysis we used the aforementioned sample of business loans made within the assessment area. The results showed 54% of the loans made were to small businesses (those with total revenues less than \$1 million). In comparison, 80% of all businesses operating within the assessment area are considered small businesses.

C Geographic Distribution of Loans - Exceeds the Standard for Satisfactory Performance

The geographic distribution of loans reflects a satisfactory penetration of geographies within the assessment area. For this analysis we used the sample of residential mortgages made in the

assessment area. We compared the geographic distribution of the loans to the level of owner-occupied housing within each geographic area. The level of owner-occupied housing is an indicator of the opportunities available for residential financing. The lower the level, the fewer opportunities available for home improvements, refinances or other mortgage loans. The results are summarized in the table below.

<i>Block Numbering Area Designation</i>	<i>% of Owner-Occupied Housing</i>	<i>Citrus Loan Distribution</i>
<i>Low Income</i>	<i>NA</i>	<i>NA</i>
<i>Moderate Income</i>	<i>16%</i>	<i>37%</i>
<i>Middle Income</i>	<i>33%</i>	<i>39%</i>
<i>Upper Income</i>	<i>51 %</i>	<i>24%</i>

We also analyzed the geographic distribution of our sample of business loans. Eighty-five percent (85%) of these loans were made to businesses located in upper-income areas. The remainder were located in middle-income areas. Economic data shows that 59% of *all* businesses in the assessment area are located in upper-income areas, 36% are located in middle-income areas and 5% are located in moderate-income areas.

C Response to Complaints - Not Applicable

Citrus 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.