



SMALL BANK

Comptroller of the Currency
Administrator of National Banks

PUBLIC DISCLOSURE

June 10, 2002

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

**First National Bank
Charter Number 23660**

**1775 Eagle Harbor Parkway
Orange Park, FL 32073**

**Comptroller of the Currency
North Florida Field Office
8375 Dix Ellis Trail, Suite 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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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 (FNB)**, Orange Park, Florida prepared by **The Office of the Comptroller of the Currency**, the institution's supervisory agency, as of **June 10, 2002**. 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's performance rating is supported by the following:

- The loan-to-deposit ratio is excellent;
- the majority of loans and other lending activities are in the bank's assessment area;
- the distribution of borrowers reflects reasonable penetration among individuals of different income levels and businesses of different sizes; and,
- the distribution of loans throughout the assessment area is reasonable.

DESCRIPTION OF INSTITUTION

As of June 10, 2002, First National Bank (FNB) was a \$47 million banking institution located in Clay County, Florida. The bank serves the credit and deposit needs of its customers from its main office at 1775 Eagle Harbor Parkway, and its branch office at 485 Blanding Boulevard, both in Orange Park. Both facilities offer full service banking including drive up and ATM services. FNB's primary lending focus is real estate and commercial lending. There are no financial or legal impediments that should hinder the bank from meeting the credit needs of its assessment area.

FNB offers a variety of traditional financial products, including commercial and residential real estate loans, consumer loans, construction loans, agricultural loans and deposit accounts. As of March 31, 2002, net loans of \$32 million comprised 73.09% of total assets. As of that same date, the composition of the loan portfolio to the dollar value of average gross loans is commercial real estate, 35.8%; construction and development, 21.74%; residential real estate, 18.45%; commercial/industrial 14.31%; consumer, 7.83%; and agricultural, 1.87%.

The bank opened for business in November 1999. This is the bank's first Public Evaluation and covers the period of time from November 1999 to June 2002.

DESCRIPTION OF CLAY COUNTY

FNB designates the geographical boundaries of Clay County, Florida as its assessment area. Clay County includes the cities of Orange Park, Middleburg and Green Cove Springs, the Camp Blanding military reservation, and a number of small rural communities. The assessment area meets the requirements of the regulation and does not arbitrarily exclude low- or moderate-income geographies.

According to the 1990 U.S. Census Bureau, the bank's assessment area comprises 16 census tracts (CTs). Eight census tracts are considered to be middle-income, five are upper-income tracts, two tracts are moderate-income and one tract has not been designated. The 2001 updated median family income was \$54,500. Based on this, 13.34% of families were considered low-income, 17.49% were considered moderate-income, 24.83% were considered middle-income, and 44.34% were considered upper-income families.

The following table highlights the demographic composition of Clay County.

Type of income CT	Number of CTs	Percentage of Total Number of CTs	Number of Families in CTs	Percentage of Families in CTs
Low (less than \$20,050)	0	0%	0	0%
Moderate (\$20,050 to \$32,080)	2	12.50%	1,810	6.07%
Middle (\$32,081 to \$48,120)	8	50.00%	18,508	57.54%
Upper (greater than \$48,121)	5	31.25%	9,521	31.91%
Not Designated	1	6.25%	0	0%

Clay County is a diverse, growing community located in northeast Florida. It is southwest and adjacent to Jacksonville, 109 miles north of Orlando, and 159 miles east of Tallahassee. It consists of middle- and upper-income urban areas such as Orange Park, and also the more rural, industrial, middle-to-moderate-income areas such as the county seat, Green Cove Springs. The 1990 census estimated the population for the county at 105,986, and the Clay County Development Authority estimates the 2001 population to be 142,838. Ninety-one percent (91%) of all housing units are occupied, with 67% being owner-occupied. The current unemployment rate is 4.2% with positive economic conditions for improvement.

The major employer in the county is the Orange Park Medical Center located in Orange Park with approximately 950 employees. This is followed by Gustafson's Dairy, Inc., located in Green Cove Springs, with approximately 350 employees. The new BellSouth wholesale operations call center in the Fleming Island area of Orange Park currently employs approximately 320 employees, but is expected to employ close to 1000 employees in the future. For many years, the county has served as a "bedroom community" with many of its residents commuting to adjacent Jacksonville for employment. In recent years, Fleming Island has been the fastest growing part of the county led by the Eagle Harbor and Fleming Island Plantation developments. This area has recently grown to the point that it has been given its own zip code. The nearby, but more rural community of Middleburg has also seen a high amount of growth in recent years. One of the primary draws to the county is its top-rated educational system. As these areas have brought in large amounts of residential growth, there has been an increased need for more commercial growth and local businesses. Since many of these residents work in Jacksonville, the commuter traffic is a high concern for the county.

Although approximately 50% of the county's population is located in and around the city of Orange Park, the industrial center of the county is the county seat, Green Cove Springs. The city was formally known as "Little Detroit" due to the number of auto dealerships in the area. Due to high utility costs, the area has had a difficult time attracting new businesses and manufacturing plants to the area in recent years.

The banking industry in the county is competitive. According to published data, there are 22

banks and four credit unions in the county. These include local community banks as well as branches of larger regional and multinational banks. Specifically, some of the banks include Heritage Bank, Oceanside Bank, First South Bank, Monticello Bank, Compass Bank, SunTrust, and SouthTrust.

As part of our examination, we met with a representative from the community regarding local economic conditions and community credit needs. Based on information provided by a representative from the Clay County Development Authority, the primary goals of the county are to continue to attract more businesses to the area to help alleviate the commute to Jacksonville, and to revitalize Green Cove Springs. There is also a need for more affordable housing options.

CONCLUSIONS ABOUT PERFORMANCE CRITERIA

Loan-to-Deposit Ratio - Exceeds the Standard for Satisfactory Performance

The bank's loan-to-deposit ratio is excellent based on its size and assessment of area credit needs. The quarterly average net loan-to-deposit ratio using quarter-end information from December 31, 1999 to March 31, 2002 was 107%. A group of similarly situated banks within the same market area had a quarterly average of 79% during the same time period. Similarly situated banks include six banks considered to be FNB's peers due to their location, size and types of services offered.

Lending in Assessment Area - Meets the Standard for Satisfactory Performance

A majority of the bank's lending is within its defined assessment area. An analysis was performed utilizing validated reports showing the location of loans classified as one-to-four family residential real estate and commercial real estate loan types. Loans in the reports originated between the bank's opening in November 1999 and June 2002. We found that approximately 64% (by number) of the loans were originated within the assessment area as detailed in the table below.

Lending In the Assessment Area			
	# of Loans in Assessment Area (AA)	\$ value of loans in AA (000) Total sample value - \$24,937	# Loans Sampled
Commercial Real Estate	32	8,923	55
Residential Real Estate	41	2,749	59
Total	73	11,672	114
% of Sample	64.04%	46.81%	

Lending to Borrowers of Different Incomes and to Businesses of Different Sizes - Meets the

Standard for Satisfactory Performance

The dispersion of loans to borrowers of different income levels and businesses of different sizes is reasonable. We sampled loans from two of the bank's primary loan types -- residential real estate and commercial real estate. We sampled a total of 21 residential real estate loans originated since November 1999 and within the bank's assessment area to determine the income levels of borrowers. As the following tables indicate, FNB's lending to borrowers of low- and moderate-income levels is satisfactory in view of the demographics of the assessment area.

Of the residential real estate sample, approximately 34% of the number of loans were granted to low- and moderate-income borrowers. Distribution at other income levels is considered reasonable.

Distribution of Residential Loans by Borrower Income Level in Assessment Area			
Income Level	% Families in Assessment Area	% of Sampled Loans	# of loans
Low	13.34%	23.81%	5
Moderate	17.49%	9.52%	2
Middle	24.83%	38.10%	8
Upper	44.34%	28.57%	6
Total	100%	100%	21

The bank's lending volume regarding loans to small businesses is satisfactory. We chose a sample of 21 commercial real estate loans originated within the bank's assessment area (AA) since November 1999. Of that number, 15 loans, or 71%, were made to businesses having annual revenues of less than \$1 million. Approximately 88% of businesses and farms in the AA have annual revenues of less than \$1million according to published data.

Geographic Distribution of Loans - Meets the Standard for Satisfactory Performance

The geographic distribution of the number of loans reflects a good dispersion throughout the assessment area. All 21 of the residential and 12 of the commercial real estate loans sampled for the income distribution analysis provided census tract information from which we could perform an effective analysis of the geographic distribution of the loans within the AA. Over 57% of the residential and 66% of the commercial real estate loans sampled were originated within the two moderate-income tracts. The following graph illustrates the percentages by number and dollar amount of loans originated in each income level of CTs.

Geographic Distribution of Loans – Residential Real Estate			
Income level CTs	# of loans originated within each income level of CTs	% of loans sampled	% of dollar amount sampled
Low	0	0.00%	0.00%
Moderate	12	57.14%	49.40%
Middle	5	23.81%	22.29%
Upper	4	19.05%	28.31%
Total	21	100%	100%

Geographic Distribution of Loans – Commercial Real Estate			
Income level CTs	# of loans originated within each income level of CTs	% of loans sampled	% of dollar amount sampled
Low	0	0.00%	0.00%
Moderate	8	66.67%	57.52%
Middle	1	8.33%	13.40%
Upper	3	25.00%	29.08%
Total	12	100%	100%

Responses to Complaints

FNB has not received any written complaints concerning its performance in helping to meet the credit needs within its assessment area.

Fair Lending Review

An analysis was performed of public comments and consumer complaint information according to the OCC's risk based fair lending approach. Based on the analysis of information, a comprehensive fair lending examination is not needed in conjunction with this CRA evaluation. The bank has not had a comprehensive fair lending examination performed since opening for business.