

PUBLIC DISCLOSURE

October 26, 1996

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

**First Mercantile National Bank
Charter Number 21591**

**425 U.S. Highway 17-92 South
Longwood, Florida 32752**

**Office of the Comptroller of the Currency
5650 Breckenridge Park Drive, Suite 202
Tampa, Florida 33610**

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 Mercantile National Bank** prepared by the **Office of the Comptroller of the Currency**, the institution's supervisory agency, as of October 26, 1996. 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 Mercantile National Bank has a reasonable loan-to-deposit ratio. The majority of loans are made within the assessment area. The geographic distribution of loans reflects a reasonable penetration of all areas within the assessment area. The record of lending to businesses of different sizes is satisfactory.

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

SMALL INSTITUTION ASSESSMENT CRITERIA	First Mercantile National Bank 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 CRA examination.		

DESCRIPTION OF INSTITUTION

First Mercantile National Bank (FMNB) was chartered in 1988. The bank is headquartered in Seminole County in the city of Longwood, Florida. FMNB also operates two branches in Seminole County and two branches in Orange County. As of June 30, 1996, FMNB has total assets of \$120 million. The bank focuses on business lending, which accounted for 80% of total loans originated in 1995 and 1996. There are no financial, legal or other impediments to the bank's ability to meet community credit needs.

DESCRIPTION OF ASSESSMENT AREA

The assessment area for this evaluation consists of 103 census tracts in Seminole and Orange counties that comprise a portion of the Orlando Metropolitan Statistical Area (MSA). The assessment area meets the legal requirements of CRA and does not arbitrarily exclude low or moderate income census tracts. The income level of the census tracts¹ is as follows:

Low	5 census tracts
Moderate	17 census tracts
Middle	49 census tracts
Upper	32 census tracts

The assessment area has a total population of 469,570. Eighty-one percent (81%) of the population are wage earners and only 13% are over 65 years of age. The local economy is well diversified between service and tourist-based businesses, as well as defense-related industries. Walt Disney World is the largest employer in the area. Other large private-sector employers include Florida Hospital, AT&T, and Martin Marietta. The area also has many small retail and light manufacturing businesses, and moderate and up-scale residential communities. Banking competition is very strong with many independent banks, savings institutions and credit unions. Regional banks dominate the market.

Contact with local community organizations in Seminole and Orange County by our agency and other regulatory agencies identified the need for small business financing, particularly for start-up businesses with limited capital.

¹ Based on the 1990 Census median-family income of \$34,389 for the Orlando MSA.

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA

- **Loan-to-Deposit Ratio**

The bank's average loan-to-deposit (LTD) ratio is reasonable. The average LTD ratio for FMNB is 72%. This compares favorably to the average LTD ratio of 68% for local banks of similar size.

- **Lending in the Assessment Area**

The bank makes the majority of its loans within the assessment area. We analyzed 70 business loans originated from January 1996 to August 1996 totaling \$27 million. Sixty-seven percent (67%) of the total number and 53% of the total dollar amount of loans were originated within the assessment area.

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

The bank's record of lending to businesses of different sizes is reasonable. Consumer loans were not analyzed because FMNB focuses on business lending. We used the same sample of business loans noted above. Income information was not readily available for businesses to which FMNB 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. The results are shown below.

Loan Size	Percentage of Loans
Less than \$100 thousand	47%
\$100-\$250 thousand	17%
\$250-\$500 thousand	13%
Greater than \$500 thousand	23%

- **Geographic Distribution of Loans**

The geographic distribution of loans is reasonable. This is based on the proportion of census tracts within the assessment area, using the aforementioned sample of business loans. The chart on the next page illustrates our findings.

Income Level of Tract	% of Tracts	% of Loans in Tracts
Low Income Tracts	5%	6%
Moderate Income Tracts	16%	5%
Middle Income Tracts	48%	51%
Upper Income Tracts	31%	38%

- **Response to Complaints**

FMNB 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.