

PUBLIC DISCLOSURE

August 27, 1996

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

First National Bank of Santa Rosa
Charter # 18236

P.O. Box 3654
Milton, Florida 32572

Office of the Comptroller of the Currency

Southeastern District
Marquis One Tower, Suite 600
245 Peachtree Center Avenue, N.E.
Atlanta, Georgia 30303

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 Santa Rosa prepared by Office of the Comptroller of the Currency, the institution's supervisory agency, as of August 27, 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 National Bank of Santa Rosa demonstrates satisfactory CRA performance based on the bank's reasonable average loan to deposit ratio; good level of lending within the bank's assessment area; and, distribution of loans to borrowers of different income levels.

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

SMALL INSTITUTION ASSESSMENT CRITERIA	<u>FIRST NATIONAL BANK OF SANTA ROSA</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	No complaints were received since the prior examination	No complaints were received since the prior examination

DESCRIPTION OF INSTITUTION

First National Bank of Santa Rosa (FNB) is located in Milton, Florida, approximately 15 miles east of Pensacola, Florida. FNB had total assets of \$242,913,564 as of 3/31/96. FNB's loan mix consists primarily of commercial and residential real estate, small business loans, and consumer loans to individuals. The bank has a significant concentration in real estate acquisition and development loans and construction loans. The bank has 2 branches located in Pace and Navarre. There are no financial or legal impediments to the bank's ability to help meet the credit needs of its assessment area.

FNB is the only independently owned community bank in Santa Rosa County. The bank enjoys approximately 31% market share of total bank deposits in the assessment area. The bank faces competition from the branches of 6 regional banks and two credit union branches.

DESCRIPTION OF THE SANTA ROSA COUNTY ASSESSMENT AREA

FNB Santa Rosa's assessment area is all of Santa Rosa County, Florida. Santa Rosa County consists of the cities of Milton, Gulf Breeze, Jay, and several other smaller towns. Many of the residential areas in the county are bedroom communities of Pensacola where many of the county's residents work. Santa Rosa County is considered part of the Pensacola Metropolitan Statistical Area. According to 1990 census information, the population of the assessment area is 80,241 and the number of families total 22,209. The population of the City of Milton is 7,568. Santa Rosa County contains eleven census tracts, seven of which are middle income areas and the other four are moderate income areas. The statewide metropolitan median income for the state of Florida is \$37,200, while the median family income in Santa Rosa County is \$29,808.

The local economy is dependent upon light industry, manufacturing, and several military bases in the surrounding area.

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA :

- ▶ FNB Santa Rosa is rated satisfactory based on its volume of lending within the assessment area, a reasonable loan to deposit ratio, and a satisfactory record of lending to borrowers of different income levels.

This performance assessment was based on information obtained from the bank's Consolidated Reports of Condition and Income, Home Mortgage Data Act reports, Florida Department of Commerce reports, and 1990 census data for Santa Rosa County. In addition, other information was obtained from bank reports, two community contacts, and discussions with bank management.

LOAN TO DEPOSIT RATIO ANALYSIS

- ▶ FNB Santa Rosa's average loan to deposit ratio is reasonable and meets the standards for satisfactory performance.

FNB's quarterly average loan to deposit ratio for the period from the last examination (Dated 9/28/93) to March 31, 1996 is 73%. The bank's loan to deposit ratio at 3/31/96 was 77%, showing an increase over the past 12 months.

COMPARISON OF CREDIT EXTENDED INSIDE AND OUTSIDE THE ASSESSMENT AREA

- ▶ The majority of the bank's loans are made to borrowers within the Santa Rosa County assessment area.

LOANS MADE AND RENEWED DURING THE PERIOD 1/1/95-12/31/95				
Location of Loans Made	# of Loans	% of Total Loans	\$ Of Loans Made	% of Total \$ Volume
Santa Rosa County	577	69.6%	\$29,446,705	49.1%
Loans Made Outside A/A	252	30.4%	\$30,577,020	50.9%
TOTALS	829	100%	\$60,023,725	100%

As of 12/31/95, the total loan portfolio contained 2,301 loans. Of these, 1648, or 71.6%, were within the assessment area. The outstanding balances of all loans totaled \$143,094,858. The total amount outstanding in the assessment area at this time was \$75,952,032, or 53.07%.

LENDING TO BORROWERS OF DIFFERENT INCOMES AND TO BUSINESSES OF DIFFERENT SIZES

- ▶ FNB Santa Rosa's record of lending to borrowers of different income levels, including low- and moderate-income individuals and small businesses is reasonable.

Although the bank does not collect income data for the majority of its loans, it is evident that the bank does make loans to consumers of low and moderate income. This is reflected in the small loans made to individuals. During 1995 the bank made 829 loans. Of these, 84 were in amounts of \$2,000 or less, and 32 were in amounts of \$1,000, or less. The bank's home mortgage records for this same period of time indicate that of 87 home loans made, 14 were made to individuals of low income level and 24 were to made to individuals of moderate

income level. These two categories account for 44% of the total home loans made during this period. For the first 6 months of 1996, records reflect that of 57 home loans made, 13 were to low income individuals and 9 were made to individuals of moderate income level. These loans represent 38% of the home loans made from January 1, 1996 to June 30, 1996.

In addition, the bank has extended 6 interest free home loans to Pensacola Habitat for Humanity which provides housing to low income families. This financing totals \$140,000.

The majority of the bank's commercial and industrial loans are to small businesses as shown in this chart:

LOANS TO SMALL BUSINESSES AS OF 6/30/96		
Original Amounts	Number of Loans	Amt. O/S
Loans in original amts of \$100M, or less	176	\$2,497M
Loans in original amts of \$100M-\$250M	20	\$1,690M
Loans in original amts of \$250M-\$1,000M	6	\$2,310M
Loans in original amts of more than \$1,000M	9	\$1,200M
Total commercial and industrial loans	211	\$7,697M

GEOGRAPHIC DISTRIBUTION OF LOANS

- ▶ The geographic distribution of loans reflects reasonable dispersion throughout the assessment area.

The bank's assessment area consists of 11 census tracts. Bank records indicate loans are being made in all census tracts. Two of the census tracts have been previously designated as low- moderate income tracts based on 1990 census data. As of 12/31/95, the bank had extended 304 loans in these tracts totaling \$13,531M. These loans represent 18% of the number of the bank's total loans in the assessment area and 17% of the dollar amount outstanding.

REVIEW OF COMPLAINTS

- ▶ The bank does not have any written complaints regarding its performance under CRA.

REVIEW OF FAIR LENDING REVIEW

- ▶ Our fair lending review did not identify any violations of the antidiscrimination laws

and regulations. The bank has policies and procedures in place which provide satisfactory guidance on fair lending requirements.