



**Small Bank Performance Evaluation**

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**PUBLIC DISCLOSURE**

**COMMUNITY REINVESTMENT ACT  
PERFORMANCE EVALUATION**

The First National Bank of Atmore  
Charter # 10697

Post Office Box 27  
Atmore, Alabama 36504

Office of the Comptroller of the Currency

Southeast District  
Marquis One Tower, Suite 600  
245 Peachtree Center Avenue, NE  
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 **The First National Bank of Atmore** prepared by the **Office of the Comptroller of the Currency**, the institution's supervisory agency, as of February 1, 1999. The agency rates the CRA performance of an institution consistent with the provisions set forth in Appendix A of 12 CFR Part 25.*

**INSTITUTION'S CRA RATING:** This institution is rated **satisfactory**.

The rating is based on the following:

- # A substantial majority of the loans were made in the bank's assessment area (AA).
- # The geographic distribution of loans reflects satisfactory penetration throughout the AA.
- # Lending patterns indicate satisfactory distribution of loans among borrowers of different income levels and businesses of different sizes.
- # The loan-to-deposits ratios are reasonable considering the bank's size, national and state peer groups, loan demand, and market-share.
- # Our fair lending review did not reveal any evidence of disparate treatment. Also, the bank has not received any CRA related complaints since our prior examination.

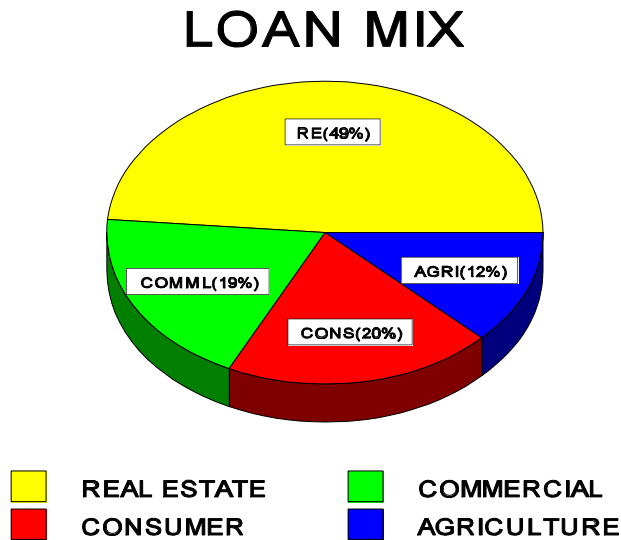


The following table indicates the performance level of *The First National Bank of Atmore* with respect to each of the five performance criteria.

SMALL INSTITUTION ASSESSMENT CRITERIA	<u>The First National Bank of Atmore</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	

**DESCRIPTION OF INSTITUTION**

*The First National Bank of Atmore* (FNB) is located in Atmore, Alabama, which is in Escambia County. The town is located approximately 110 miles south of Montgomery, Alabama in the southwestern area of the state. FNB is wholly owned by First Suncoast Trust Bancshares, Incorporated which is a one-bank holding company. As of 9/31/98, total assets were \$88,718,000. Operations include the main office and two branches (north and south) within the town. The bank also provides ATMs at the south branch and a Texaco service station off Interstate Highway 65 at the Wallace and Flomaton exit. A variety of products, including real estate, consumer, agricultural and commercial loans, and various deposit accounts is offered. The loan-mix of the \$50,531,000 portfolio (as of 9/30/98) is illustrated in the following chart:



As of this examination date, there were no legal or regulatory impediments that would impact the bank's lending capacity or ability to help meet the credit needs of the assessment area. The bank's local competitor is a state-charter bank which is based in Atmore, with branches in nearby towns of Flomaton, Monroeville, Frisco, and Uriah. The bank's previous (11-6-95) CRA rating was satisfactory.

**DESCRIPTION OF THE ASSESSMENT AREA (AA)**

The bank's assessment area is the entire town of Atmore, Alabama which includes four Block Numbering Areas (BNA). Based upon 1990 US Census information, the AA consists of three middle income BNAs and one moderate income BNA. The total population of the bank's AA is 15,944. The

BNA populations are the following: Moderate (BNA 9706) 4,828 or 30% and Middle (BNAs 9704, 9705, and 9707) 11,161 or 70% of the total population in the AA.

The 1990 US Census data also show an updated non-metropolitan statistical area median family income for the state of Alabama of \$32,600. The weighted-average of median family income in the AA is \$21,957. Of the households in the assessment area, 31% have incomes below the poverty level, 32% receive social security, and 12% receive public assistance.

Owner-occupied housing in the moderate and middle-income BNAs is approximately 28% and 72% respectively.

Agriculture is the primary business in the local economy, with cotton, soybeans, and wheat as the primary crops. Forestry is also a major business with Champion Paper, International Paper, and Monsanto paper mills providing employment for a number of individuals. Manufacturing is also a large provider of employment. Major employers in the area are Vanity Fair, Touch One Long Distance, Masland Carpets, Swift Lumber, Sunbelt Chemical, Alto Automatic Transmission, and Expanding Southern Aluminum. The state of Alabama also employs a substantial number of people at Fountain and Holman prisons.

As of 9/30/98, the unemployment rate for Escambia County was 5.8% which is slightly higher than the State of Alabama average of 4.2%.

According to two local community contacts, local financial institutions can better serve the low and moderate-income areas by initiating efforts to reach out to understand the credit needs in these communities and providing educational seminars that address credit counseling, first-time home purchasing, and prospective small business ownership. One of the community contacts emphasized the need for special small business development programs for the low-income community.

### **CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA:**

This performance assessment was based on information obtained from the September 30, 1998 Uniform Bank Performance Report, bank reports, and 1990 US Census data for Escambia County BNAs 9704, 9705, 9706, 9707. In addition, other information was obtained from community contacts and discussions with bank management. Bank reports were analyzed and reviewed for accuracy.

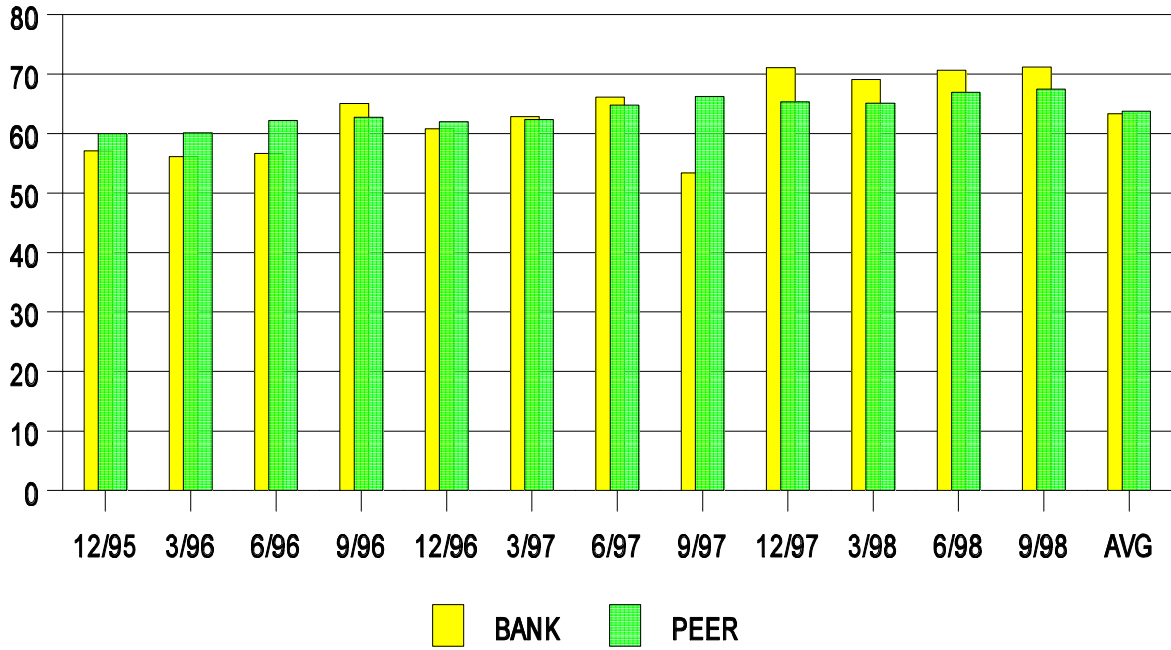
### **LOAN TO DEPOSIT RATIO ANALYSIS**

# The First National Bank of Atmore's quarterly average loans-to-deposits ratio (LTD) meets the standards for satisfactory performance.

The bank's (LTD) ratio appears reasonable considering the bank's size, competition, economic condition, and loan demand in the local market. Based on information obtained from Uniform Bank Performance

Reports, the bank's quarterly average LTD of 63%, for the twelve periods since our prior CRA examination (illustrated in the chart below), is comparable to the peer average of 64%. As of 9/30/98, the

## LOANS/DEPOSITS RATIOS



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the bank's LTD ranks 10th among all banks within the State of Alabama with total assets between \$65,000,000 and \$100,000,000.

**COMPARISON OF CREDIT EXTENDED INSIDE AND OUTSIDE THE ASSESSMENT AREA (AA)**

# A substantial majority of total consumer and 1-4 family real estate loans originated in the assessment area and meets the criteria for satisfactory performance.

Table (1) illustrates the percentage of consumer and 1-4 family real estate loan originations, during the period from 1/1/98 to 1/31/99, by number and dollar amount inside and outside of the bank's AA. Seventy-four percent of total consumer and 1-4 family real estate loan originations were in the AA. In regards to consumer loans, Table (2) illustrates 75% of the total number and 63% of the total dollar amount of loan originations within the AA. In regards to 1 - 4 family residential loans, Table (3) shows 64% of the total number and 74% of the total dollar amount of loan originations within the assessment area.



**TABLE (1): Consumer and 1-4 family loan originations from 1/1/98 to 1/31/99**

<b>BNA</b>	<b># OF LOANS IN BNA</b>	<b>% OF TOTAL # LOANS</b>	<b>\$ AMOUNT OF LOANS</b>	<b>% OF TOTAL \$</b>
MODERATE	521	19%	\$1,469,304	10%
MIDDLE	1,475	55%	\$7,885,779	56%
OTHER	688	26%	\$4,699,745	34%
TOTAL	2,684	100%	\$14,054,828	100%
<b>WITHIN AA</b>	1,996	<b>74%</b>	\$9,355,083	<b>67%</b>
<b>OUTSIDE AA</b>	688	<b>26%</b>	\$4,699,745	<b>33%</b>

**TABLE (2): Consumer Loans Originated 1/1/98 - 1/31/99**

<b>BNA</b>	<b># OF LOANS IN BNA</b>	<b>% OF TOTAL # LOANS</b>	<b>\$ AMOUNT OF LOANS</b>	<b>% OF TOTAL \$ AMT LOANS</b>
MODERATE	509	20.00%	\$1,225,969	12.00%
MIDDLE	1416	55.00%	\$5,221,091	51.00%
OTHER	648	25.00%	\$3,713,936	37.00%
TOTAL	2573	100.00%	\$10,160,996	100.00%
<b>WITHIN AA</b>	1925	<b>75.00%</b>	\$6,447,060	<b>63.00%</b>
<b>OUTSIDE AA</b>	648	<b>25.00%</b>	\$3,713,936	<b>37.00%</b>

**TABLE (3): 1 - 4 Family Real Estate Originated 1/1/98 - 1/31/99**

<b>BNA</b>	<b># OF LOANS IN BNA</b>	<b>% OF TOTAL # LOANS</b>	<b>\$ AMOUNT OF LOANS</b>	<b>% OF TOTAL \$ AMT LOANS</b>
MODERATE	12	11%	\$243,335	6%
MIDDLE	59	53%	\$2,664,688	68%
OTHER	40	36%	\$985,809	26%
TOTAL	111	100%	\$3,893,832	100%
<b>WITHIN AA</b>	71	<b>64%</b>	\$2,908,023	<b>74%</b>

<b>OUTSIDE AA</b>	40	<b>36%</b>	\$3,893,832	26%
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**LENDING TO BORROWERS OF DIFFERENT INCOMES AND TO BUSINESSES OF DIFFERENT SIZES**

# Lending to borrowers of different income levels and businesses of different sizes meets the criteria for satisfactory performance.

The bank does not collect applicants' income information in a report format to provide any efficient analysis in this area. Consumer loans represent a large portion of the bank's loan portfolio. Therefore, the distribution by loan size of consumer loans, illustrated in Table (5), coupled with a review of a random sample of consumer loan files were used as proxies for analysis of the bank's distribution of credit to borrowers of different income levels. For comparison purposes, this analysis compared the bank's lending to the percentage of families by income level, Table (4), in the AA. As shown in the Table(5), consumer loan originations below \$1,000 represent 17% of the consumer loans originations for the period. In addition, 40% of the consumer loan originations were below \$1,275. As illustrated in Table (4), low-income and moderate-income families represent 44% of the families in the assessment area. Therefore, the distribution of small consumer loans indicates satisfactory lending to low and moderate - income families. Our opinion is also supported by a review of a random sample of 15 consumer loans files for loan originations between \$500 and \$1,000. Eleven of the loans were made to low-income families, three loans to moderate-income families, and one loan to a middle-income family.

**TABLE (4): Percentage of Families by income level within the AA**

<b>LOW INCOME</b>	<b>MODERATE INCOME</b>	<b>MIDDLE INCOME</b>	<b>UPPER INCOME</b>	<b>TOTAL</b>
<b>28.17%</b>	<b>14.58%</b>	<b>23.11%</b>	<b>34.14%</b>	<b>100.00%</b>

Source: 1990 Census Information.

**TABLE (5): Consumer Loans by size originating in AA from 1/1/98 - 1/31/99**

<b>LOAN SIZE</b>	<b># OF LOANS</b>	<b>% OF LOANS</b>
<b>&lt; \$500</b>	77	<b>4%</b>
<b>\$500 TO \$999</b>	241	<b>13%</b>
<b>\$1,000 TO \$1,275</b>	448	<b>23%</b>
<b>&gt; \$1,275</b>	1,159	<b>60%</b>
<b>TOTAL</b>	1,925	<b>100%</b>

Source: Bank Reports

# The bank's lending to small businesses and farms is good.

Commercial and agricultural loans represent 31% of the loan portfolio. The bank does not capture business loans by gross revenues. Therefore our analysis is based upon the distribution of commercial loans by the dollar amount of the loan origination. As shown in Table (6), 67% of the total number of commercial loan originations were less than \$25,000. Also, 34% of commercial loan originations were less than \$10,000. There were no commercial loan originations greater than \$500,000 for this period. Also, all commercial loan originations were in the AA.

**TABLE (6): Commercial loan originations from 1/1/98 - 1/31/99**

<b>LOAN SIZE</b>	<b># OF LOANS</b>	<b>% OF LOANS</b>
<b>&lt; \$10,000</b>	<b>75</b>	<b>34%</b>
<b>\$10,000 TO \$24,999</b>	<b>72</b>	<b>33%</b>
\$25,000 TO \$49,000	50	23%
\$50,000 TO \$99,999	15	7%
\$100,000 TO \$499,999	7	3%
<b>TOTALS</b>	<b>219</b>	<b>100%</b>

Source: Bank Reports.

### **GEOGRAPHIC DISTRIBUTION OF LOANS**

# FNB's geographic distribution of consumer and 1 -4 family real estate loans is good and reflects satisfactory penetration of the moderate-income BNA.

As illustrated in Table (9) below, 26% of the total number and 16% of the total dollar amount of consumer and 1-4 family real estate originations were in the moderate income BNA. This percentage is comparable to the percentage (25%) of moderate BNAs in the AA. More specifically, 26% of the total number and 19% of the total dollar amount of consumer loans, illustrated in Table (7), originated in the same moderate BNA. As shown in Table (8), 1-4 family real estate loan originations in the moderate BNA were lower than the moderate BNA percentage of 25%. According to 1990 Census data, owner-occupied housing represents 28% of the moderate income BNA. However, only 17% of the number of 1-4 family real estate originations were in the moderate BNA. This percentage (17%) is lower than the moderate BNA percentage of 25%. Apparently, the opportunity for greater lending exists for 1-4 family real estate loan products in this area.

**TABLE (7): Consumer Loans Originations (1/1/98 - 1/31/99) within the AA**

<b>BNA</b>	<b>% OF TOTAL BNAs</b>	<b># OF LOANS IN BNA</b>	<b>% OF TOTAL # LOANS</b>	<b>\$ AMOUNT OF LOANS</b>	<b>% OF TOTAL \$ AMT LOANS</b>
<b>MODERATE</b>	<b>25.00%</b>	509	<b>26.00%</b>	\$1,225,969	<b>19.00%</b>
<b>MIDDLE</b>	<b>75.00%</b>	1416	<b>74.00%</b>	\$5,221,091	<b>81.00%</b>
<b>TOTAL WITHIN AA</b>	<b>100.00%</b>	1925	<b>100.00%</b>	\$6,447,060	<b>100.00%</b>

Source: Bank Reports.

**TABLE (8): 1 - 4 Family Real Estate Originations (1/1/98 - 1/31/99) within the AA**

<b>BNA</b>	<b>% OF TOTAL BNAs</b>	<b># OF LOANS BNAs</b>	<b>% OF TOTAL # LOANS</b>	<b>\$ AMOUNT OF LOANS</b>	<b>% OF TOTAL \$ AMT LOANS</b>
<b>MODERATE</b>	<b>25.00%</b>	12	<b>17.00%</b>	\$243,335	<b>8.00%</b>
<b>MIDDLE</b>	<b>75.00%</b>	59	<b>83.00%</b>	\$2,664,688	<b>92.00%</b>
<b>TOTAL WITHIN AA</b>	<b>100.00%</b>	71	<b>100.00%</b>	\$2,908,023	<b>100.00%</b>

Source: Bank Reports

**TABLE (9): Consumer and 1-4 Family R.E. originations (1/1/98 - 1/31/99) within the AA**

<b>BNA</b>	<b>% OF TOTAL BNAs</b>	<b># OF LOANS IN BNAs</b>	<b>% OF TOTAL # LOANS</b>	<b>\$ AMOUNT OF LOANS</b>	<b>% OF TOTAL \$ AMT LOANS</b>
<b>MODERATE</b>	<b>25.00%</b>	521	<b>26.00%</b>	\$1,469,304	16.00%
<b>MIDDLE</b>	<b>75.00%</b>	1475	<b>74.00%</b>	\$7,885,779	84.00%
<b>TOTAL WITHIN AA</b>	<b>100.00%</b>	1996	<b>100.00%</b>	\$9,355,083	100.00%

Source: Bank Reports

## **RESPONSE TO COMPLAINTS**

# No CRA-related complaints were received from the public since the prior examination.

## **FAIR LENDING REVIEW**

# No evidence of discrimination or other illegal credit practices was noted during this examination.