



SMALL BANK PERFORMANCE EVALUATION

Comptroller of the Currency
Administrator of National Banks

PUBLIC DISCLOSURE

July 26, 1999

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

Ocala National Bank
Charter Number 20613

112 North Magnolia Avenue
Ocala, Florida 34475

Comptroller of the Currency
Southeastern District
Marquis One Tower, Suite 600
245 Peachtree Center Avenue, N.E.
Atlanta, GA 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 **Ocala National Bank** prepared by the **Office of the Comptroller of the Currency**, the institution's supervisory agency, as of July 26, 1999. The agency rates the CRA performance of an institution consistent with the provisions set forth in Appendix A to 12 C.F.R. Part 25.*

INSTITUTION'S CRA RATING: This institution is rated “**Satisfactory**”.

The following major factors provide support for Ocala National Bank’s rating:

- < Their loan-to-deposit ratio exceeds satisfactory performance given the bank’s size, financial condition, and the credit needs within the community.
- < A reasonable amount of loans and other lending related activities are within the bank’s assessment area.
- < The distribution of loans reflects reasonable penetration among individuals of different income levels and businesses of different sizes.
- < The geographic distribution of loans reflects reasonable dispersion throughout the assessment area.

DESCRIPTION OF INSTITUTION

As of June 30, 1999, Ocala National Bank (ONB) is a \$56 million institution located in Ocala, Florida. The bank is 100% wholly owned by ONB Financial Services, Inc., a one bank holding company. The bank has two branches, on College Road and on 36th Avenue in Ocala, Florida with automated teller machines at each office. Net loans represent 71% of assets. The loan portfolio is comprised of commercial/commercial real estate loans (50%), residential real estate loans (33%), consumer loans (14%), agriculture loans (2%) and other (1%).

The bank offers a wide variety of credit products to consumers and businesses. ONB also offers a wide range of deposit services, including checking and savings accounts, to meet the needs of its consumer and commercial customers. Currently, there are no legal impediments that would prevent the bank from meeting any credit or banking service needs of the community.

DESCRIPTION OF MARION COUNTY

ONB designates all of the Ocala Metropolitan Statistical Area (MSA) as its assessment area. This area is comprised of all of Marion County. This assessment area meets the requirements of the regulation and does not arbitrarily exclude low or moderate income geographies. Based on 1990 Census Bureau information, the Ocala MSA has 46 Census tracts including one low- income, 4 moderate -income, 33 middle- income, and 7 upper -income tracts. The 1990 census median family income was \$26,089.

Marion County's 1990 Census population was 194,833 while the 1995 population was estimated to be 224,612. The county continues to grow at the approximately 3% per year and remains one of the fastest growing areas in the state. The city of Ocala had an estimated 43,207 people or 19% of the county population. The other four municipalities within Marion County are Belleview, Dunnellon, Reddick and McIntosh. These four areas had an estimated population of 6,075, or 3% of the county's population. Unincorporated areas of the county makeup 78% of the population. This information is based on estimated population data from the Ocala/Marion County Economic Development Council.

Unemployment in the county has averaged 3%. The county's major private sector employers include Munroe Regional Medical Center (1800 employees), Emergency One (1,600), Publix Super Markets (1,200) and Ocala Regional Medical Care (1,050). The largest industries are retail trade with 24.3% of the workforce, service industry with 23.5%, and government with 17.5%.

Competition in the county is provided by branches of five regional banks, four other community banks, various credit unions and finance companies. Contacts made with local community leaders indicated that the involvement of financial institutions is positively perceived within the local community. The community leaders stated the local population's banking needs are being adequately met with the volume and business strategies of all financial institutions. They do see a continuing need for more affordable housing in the area, but feel financial institutions are actively involved in trying to meet that need.

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA:

Loan to Deposit Ratio

The loan to deposit ratio exceeds satisfactory levels given the bank's size, financial condition, and assessment of area credit needs. The loan to deposit ratio as of June 30, 1999, was 72.52%. The average net loan to deposit ratio, using quarter end information from September 30, 1997 to March 30, 1999 was 80.06%. This compares favorably to other institutions of similar size and structure in the local community. The peer group of the four community banks under \$100 million in Marion County had an average loan to deposit ratio of 60.68% during the same time period.

In addition, ONB compared favorably with national peer group banks with total assets under \$100 million. Over the last five quarters, ONB's average loan to deposit ratio was 79.36%. This ratio was considerably higher than the national peer group average ratio of 69.43%.

Lending In Assessment Area

A reasonable number of ONB's loans are within their assessment area. A sample of 48 loans consisting of 13 residential real estate, 20 consumer and 15 Commercial/ agriculture loans were reviewed. Of this sample, 96% were found to be in the assessment area. This is consistent with the bank's internal, fourth quarter, 1998, reports of new loans, which showed 88% of the 313 new loans to be made within the assessment area.

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

The dispersion of loans to borrowers of different income levels and businesses of different sizes is reasonable. Of the sample of 48 residential real estate and consumer loans, 46 or 95.83% of the sample were made within the assessment area. Borrowers were categorized as low-, moderate-, or upper- income based on the 1998 MSA median family income for Florida of \$34,600. The following table shows the results of this analysis.

	Low income	Moderate income	Middle income	Upper income
Percentage of households	1%	9%	77%	13%
Percentage of loans in sample	9%	13%	34%	44%

As of June 30, 1999, ONB had \$20MM, or 50% of their loan portfolio, in commercial/ commercial real estate. We reviewed a sample of 14 commercial/commercial real estate loans and found 100% to be to small businesses. Small Businesses are defined as having annual gross earnings of \$1 million or less.

Geographic Distribution of Loans

The geographic distribution of loans reflects reasonable dispersion throughout the assessment area. We used ONB's geo-analysis information from the periods of January 1, 1998 to December 31, 1998 to determine geographic distribution of their lending activity. During that time, ONB made 275 consumer loans. The following table details loans originated during the 1998 time period.

Loans made within each of the four income levels by census tracts					
	1990 Census Information			As of December 1998	
Income Level	# of Tracts	Population	% of Pop.	# of Loans Originated	% of Loans Originated
Low	1	2,754	1.41%	1	.36%
Moderate	4	17,331	8.9%	22	8%
Middle	33	147,782	75.85%	215	78.18%
Upper	7	26,966	13.84%	37	13.46%
NA	1				
TOTAL	46	194,833	100%	275	100%

Response to Complaints

There were no complaints received by the bank or our office during the period of review. The bank has satisfactory policies and procedures in place to prevent discriminatory practices. During this examination we performed a comparative analysis of loan terms for unsecured installment lending based on gender. Factors used in the comparison included interest rate, maturity, finance charge and income. No violations of the substantive provisions of anti-discrimination laws were identified.