

PUBLIC DISCLOSURE

August 11, 1997

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

First American Bank of Indian River County
06121592

Vero Beach, Florida

Federal Reserve Bank of Atlanta
104 Marietta Street, N.W.
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 the 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 American Bank of Indian River County prepared by the Federal Reserve Bank of Atlanta, the institution's supervisory agency, as of August 11, 1997. The agency rates the CRA performance of an institution consistent with the provisions set forth in Appendix A to 12 CFR Part 228.

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

First American Bank of Indian River County was assigned a satisfactory rating because its loan-to-deposit ratio is reasonable and a majority of its loan originations are within its assessment area. Also, given the bank's resources, size, and location, loans reflect a reasonable penetration among individuals of different income levels and businesses of different sizes. The geographic distribution of loans is reasonable throughout the assessment area in relation to the income levels of census tracts and available resources. No evidence of illegal discrimination was detected during the examination.

DESCRIPTION OF INSTITUTION

First American Bank of Indian River County is located in Vero Beach, Florida. In addition to the main office, the bank operates a branch office that opened in May 1996. On the March 31, 1997 Consolidated Reports of Condition and Income, the bank reported total assets of \$43 million. No legal or financial impediments exist that would hinder the bank from meeting the credit needs of its assessment area. At the February 5, 1996 CRA examination, the bank was rated satisfactory.

The bank's primary loan products are commercial and consumer loans. The bank is also an active residential and construction lender. The bank's competitors, which include both regional and large local banks, maintain branches in close proximity to the bank's offices. Some of the larger financial institutions within close proximity to the bank's offices are Barnett Bank, First Union National Bank, Great Western Bank, and SunTrust Bank, South Florida. The bank's ability to meet the various credit needs of its assessment area is somewhat limited by its small asset size and the strength of its competitors.

The composition of the loan portfolio according to the March 31, 1997 Consolidated Reports of Condition and Income is as follows:

LOAN TYPE	PERCENTAGE
Construction and development	.8%
Secured by one- to four-family dwellings	33.4%
Other real estate:	
Farmland	.3%
Multifamily	.5%
Nonfarm nonresidential	4.4%
Commercial and industrial	30.9%
Loans to individuals	22.8%
All other	6.9%
Total	100.0%

As illustrated by the above table, a large portion of the loan portfolio is made up of loans secured by one- to four-family dwellings, followed by commercial and industrial loans and loans to individuals. The bank is primarily a small business lender.

DESCRIPTION OF ASSESSMENT AREA: INDIAN RIVER COUNTY

The bank defines its assessment area as all of Indian River County. Indian River County is located in the Treasure Coast region of Florida's Atlantic coast, approximately 140 miles north of Miami. Vero Beach is the county seat of Indian River County. The county is made up of 24 census tracts, but is not part of a metropolitan statistical area.

As a whole, the county's population has increased by approximately 50 percent since 1980. According to 1990 census data, the population of the bank's assessment area was 90,208. Indian River County's population is projected to increase 30 percent by the year 2000. Net migration has accounted for 90 percent or more of the population growth in the state and the region since 1970.

According to the 1990 census data, the assessment area's median family income was \$33,569, and the median household income was \$28,962. The bank's assessment area has one low-income census tract, one moderate-income census tract, eight middle-income census tracts, and fourteen upper-income census tracts. The low-income census tract contains no population; it was previously part of a middle-income census tract that was subdivided. The following table shows the distribution of the assessment area's population by the income level of the census tracts in which they live.

CENSUS TRACT TYPE	POPULATION	PERCENTAGE OF TOTAL POPULATION
Low-income	0	0%
Moderate-income	4,390	4.9%
Middle-income	38,134	42.2%
Upper-income	47,684	52.9%
Total	90,208	100.0%

The table shows that 95 percent of the assessment area's population lives in middle- and upper-income census tracts and over half of the population lives in upper-income tracts.

DESCRIPTION OF ASSESSMENT AREA: INDIAN RIVER COUNTY (CONTINUED)

The local economy of Indian River County is based on services, retail trade, construction, and agriculture, including citrus fruit production. Citrus fruit production is the region's primary agricultural activity, and a great number of small businesses in the assessment area are engaged in some aspect of citrus production or distribution.

The five major types of industries in Indian River County are as follows:

TYPE OF INDUSTRY	NUMBER OF EMPLOYEES	NUMBER OF ESTABLISHMENTS¹
Service and other	10,499	1,048
Retail trade	7,775	700
Construction	2,240	403
Finance, insurance, and real estate	2,009	319
Wholesale trade	1,018	166

U.S. Census employment data for county business patterns shows a total of 2,855 business establishments in Indian River County as of 1993. 2,771 (97 percent) of the establishments had fewer than 50 employees. The three largest employers in Indian River County are the School District of Indian River County, Indian River Memorial Hospital, and the county government. According to the Bureau of Labor Statistics, the unemployment rate for Indian River County was 7 percent as of May 1997, which was higher than the 4.8 percent unemployment rate for the state. Information from the Bureau of Labor Statistics shows that from June through September of each year, the county's unemployment rate is generally above 10 percent. This may be attributed to the seasonal nature of the citrus industry, which employs a large number of people.

¹The table shows a count of business establishments and not an actual count of firms. An establishment is categorized by its size, not by the size of the business that owns it. Information is collected during only one month (March) of each year.

DESCRIPTION OF ASSESSMENT AREA: INDIAN RIVER COUNTY (CONTINUED)

During this examination, two members of the community were contacted to discuss economic conditions in Indian River County. The individuals contacted represented community development interests. The contacts said that the county has experienced continued economic growth and that existing community credit needs present local financial institutions with ample opportunity to become involved in community development. The contacts stated that the local financial institutions participate in community development activities.

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA

Lending in Assessment Area

A sample of 40 small business and 92 motor vehicle loans was reviewed. These loan types were chosen because the bank is predominantly a small business lender, and motor vehicle loans had the next highest volume of activity. The analysis revealed that 35 (88 percent) of the small business loans and 78 (85 percent) of the motor vehicle loans were extended in the bank's assessment area. The extent of the bank's lending in its assessment area is considered reasonable and meets the standards for satisfactory performance.

Lending to Borrowers of Different Income Levels and Businesses of Different Sizes

Revenue information was reported for 24 of the 35 small business loans in the bank's assessment area. 14 of the businesses reported revenues of less than \$250,000. In addition, all of the small business loans with revenue information were for loan amounts of \$100,000 or less.

The bank obtained borrower income information for 61 of the 78 motor vehicle loans extended in the assessment area. The percentage distribution of those 61 loans by the income level of the borrower compared to the distribution of families in the assessment area by income level is summarized in the following table.

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA (CONTINUED)

Lending to Borrowers of Different Income Levels and Businesses of Different Sizes (Continued)

INCOME LEVEL OF BORROWER	PERCENTAGE OF MOTOR VEHICLE LOANS ORIGINATED IN ASSESSMENT AREA	PERCENTAGE OF FAMILIES IN ASSESSMENT AREA
Low-income	26%	10%
Moderate-income	23%	15%
Middle-income	20%	20%
Upper-income	31%	55%
Total	100%	100%

The distribution of the motor vehicle loans reflects good penetration among borrowers of all income levels, especially low- and moderate-income borrowers in the bank's assessment area. Overall, the bank's performance in this category meets the standards for satisfactory performance.

Geographic Distribution of Loans

The following table shows the percentage distribution of the motor vehicle and small business loans made in the assessment area by census tract income level.

CENSUS TRACT TYPE	PERCENTAGE OF MOTOR VEHICLE LOANS IN ASSESSMENT AREA	PERCENTAGE OF SMALL BUSINESS LOANS IN ASSESSMENT AREA	PERCENTAGE OF POPULATION IN ASSESSMENT AREA
Moderate-income	2%	3%	5%
Middle-income	38%	37%	42%
Upper-income	60%	60%	53%
Total	100%	100%	100%

The table shows that the geographic distribution of the sampled loans is consistent with the census tract characteristics of the assessment area. The bank meets the standards for satisfactory performance in this category.

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA (CONTINUED)

Loan-to-Deposit Ratio

The bank's loan-to-deposit ratio is reasonable and meets the standards for satisfactory performance. Based on information from the bank's Consolidated Reports of Condition and Income, the bank's average loan-to-deposit ratio for the five quarters ended March 31, 1997, was 73.8 percent. As of June 30, 1997, the loan-to-deposit ratio had increased to 78.1 percent. The bank's loan-to-deposit ratio was compared with the loan-to-deposit ratios of two other banks in Indian River County, one of similar asset size and with one office and one of greater asset size with three offices. The loan-to-deposit ratios of these two banks were 82.6 percent and 70.5 percent, respectively. First American Bank of Indian River County's loan-to-deposit ratio compares favorably with the ratios of these two banks.

Complaints

No complaints relating to CRA performance have been filed against the bank since the previous examination.

Compliance with the Antidiscrimination Laws

The bank is in compliance with the substantive provisions of the antidiscrimination laws and regulations. No evidence of discrimination or the use of any illegal credit practices was noted during the review of loan applications, bank policies, and procedures. No practices have the intent or the effect of discouraging applicants for credit.