

# **PUBLIC DISCLOSURE**

January 22, 1996

## **COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION**

Indian Rocks State Bank  
06120806

Largo, 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 **Indian Rocks State Bank** prepared by the **Federal Reserve Bank of Atlanta**, the institution's supervisory agency, as of **January 22, 1996**. 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.

The bank has a reasonable loan-to-deposit ratio, and a reasonable percentage of the bank's loan originations are within its assessment area. The bank's assessment area consists of 20 census tracts located in the western portion of Pinellas County. Only one low- to moderate-income census tract is within the bank's assessment area. A sample of loan originations showed no loans made in the low- to moderate-income census tract; however, the bank's distribution of loans among borrowers of different income levels is representative of the income distribution among households within the assessment area. No violations of the substantive provisions of the antidiscrimination laws were noted.

**GENERAL INFORMATION (CONTINUED)**

The following table indicates the performance level of Indian Rocks State Bank with respect to each of the five performance criteria.

SMALL INSTITUTION ASSESSMENT CRITERIA	<u>Indian Rocks State Bank</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 previous examination.		

## DESCRIPTION OF INSTITUTION

Indian Rocks State Bank is located in Largo, Florida, and operates two branches. On the September 30, 1995 Consolidated Reports of Condition and Income, the bank's total assets were reported at \$65.6 million. The most recent safety and soundness examination performed by the Federal Reserve Bank identified no legal or financial impediments that would prevent the institution from meeting the credit needs within its assessment area. The primary focus of the bank is real estate secured lending. The bank also does a substantial amount of commercial lending benefitting small family-owned businesses and professionals.

The bank offers the following types of credit: secured and unsecured commercial loans; residential real estate loans; and consumer loans including automobile and boat loans, home improvement loans, unsecured loans, mobile home and recreational vehicle loans, and loans secured by liquid collateral. The terms of residential mortgage loans are limited to five years or less. Customers who request longer repayment terms are referred to a local correspondent. According to the September 30, 1995 Consolidated Reports of Condition and Income, the bank's loan portfolio mix is as follows:

<b>LOAN PORTFOLIO MIX</b>	<b>DOLLAR AMOUNT (THOUSANDS)</b>	<b>PERCENTAGE</b>
Nonfarm Nonresidential	\$14,166	49.1%
Commercial & Industrial	3,153	10.9%
Multifamily	58	.2%
1-4 Family Residential	9,770	33.9%
Construction & Development	100	.4%
Loans to Individuals	1,444	5.0%
All Other Loans	158	.5%
<b>TOTAL LOANS &amp; LEASES</b>	<b>\$28,849</b>	<b>100%</b>

As illustrated by the table above, a majority of the portfolio is made up of commercial purpose (nonfarm nonresidential and commercial and industrial) and one- to four-family residential loans. Although commercial lending makes up the largest percentage of the loan portfolio, the bank considers itself a retail lender with a concentration in short-term residential mortgage lending.

## **DESCRIPTION OF INDIAN ROCKS STATE BANK'S ASSESSMENT AREA**

Indian Rocks State Bank is located in the city of Largo, which is approximately 45 miles south of Tampa. The assessment area includes the following census tracts: 251.09 - 251.19, 252.05 - 252.07, 253.01, 253.04 - 253.06, 276.01, and 277.02. These 20 census tracts are located in the western portion of Pinellas County. Only 1 of the 20 census tracts is identified as a low- to moderate-income census tract. The 1990 median family income for the assessment area is \$34,031. According to the 1994 Home Mortgage Disclosure Act (HMDA) data, the average adjusted median family income for the assessment area is \$41,094.

According to 1990 census information, the population of the assessment area is 87,736. Minorities constitute 5.8 percent of the population. The following table shows the population breakdown by race.

<b>POPULATION SEGMENT</b>	<b>NUMBER</b>	<b>PERCENTAGE</b>
White	82,675	94.2%
African-American	3,005	3.4%
Hispanic	1,387	1.6%
Asian	512	.6%
American-Indian	157	.2%
<b>Total</b>	<b>87,736</b>	<b>100%</b>

Of the total population, 48,802 people are between the ages of 16 and 65. According to census data, there are 40,176 individuals in the labor force. Employment data based on the 1992 County Business Patterns from the U.S. Census shows 24,110 business establishments in Pinellas County. The service industry and the retail trade industry dominate the employment arena with 41 percent and 25 percent of total establishments, respectively. Of the 24,110 establishments, 22,991 (95 percent) have fewer than 50 employees.

According to 1990 census data, there are 47,747 housing units in the assessment area. 62 percent are owner-occupied, 20 percent are renter-occupied, and 18 percent are vacant units.

During the examination, community contacts were made with two local government officials involved in affordable housing and community development. According to the contacts, the local financial institutions are willing to provide financial support for the growth and development of the community. One of the contacts stated that banks need to have a greater presence in low- and moderate-income neighborhoods.

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

The bank's average loan-to-deposit ratio for the four quarters ended December 31, 1995, was 52.8 percent. Although this average is below the average loan-to-deposit ratio for all banks in the assessment area (74.7 percent), the bank's ratio has been steadily increasing since the previous examination. Indian Rocks State Bank is a small independent institution and competes with several large national banks for business within the assessment area. The bank is a community-oriented institution whose mission is to serve its customer base on a competitive basis given its financial size. The bank does not participate in the secondary market or make mortgages with terms greater than five years. These two factors contribute to the bank's lower loan-to-deposit ratio when compared with its national peer group and with other institutions located in the assessment area.

During the examination, examiners analyzed a sample of the bank's consumer real estate loans and small business loans. 42 real estate loans and 29 business loans were sampled. The analysis provided information on the percentage of loans extended by the bank that were within the assessment area, the distribution of loans among income levels of borrowers, and the distribution of loans among the income levels of the census tracts. Of the 42 real estate loans that were sampled, 69 percent of the loans were located within the bank's assessment area. 48 percent of the small business loans were within the assessment area. The bank's compliance officer explained that some customers live within the assessment area, but the actual businesses are outside of the assessment area, thereby skewing the number of loans inside versus outside the bank's assessment area. Overall, the bank's performance in this category is satisfactory.

The income analysis was performed only on the real estate loans because limited documentation was provided on business loans, and the number of loans extended was too small to produce a statistically significant sample. Of the 29 consumer real estate loans extended within the bank's assessment area, 35 percent were made to low- and moderate-income individuals, 24 percent were made to middle-income individuals, and 41 percent were made to upper-income individuals. According to economic data on the community, 34.5 percent of all households are classified in the low- to moderate-income category, 19.8 percent are middle-income, and 45.7 percent are upper-income households. The bank's distribution of loans by borrower income level is similar to the assessment area's distribution of income levels of households. The bank's assessment area contains 1 low- to moderate-income census tract, 13 middle-income census

## **CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA (CONTINUED)**

tracts, and 6 upper-income census tracts. The analysis performed by the examiners revealed that 52 percent of the loan originations were in middle-income census tracts, and 48 percent were in upper-income tracts. Although no loans in the sample were made in the low- to moderate-income census tract, 35 percent of the loan originations were to low- to moderate-income individuals. Given the income composition of the census tracts and the compensating factor of originations among borrower income levels, the bank's performance in this category seems adequate.

Since the previous examination, no complaints have been filed against the bank. According to the guidelines of the CRA, the bank has fulfilled the requirements of the performance criteria.

During this examination, no violations of the substantive provisions of the antidiscrimination laws and regulations were identified. Based on judgementally selected samples of loan originations, credit decisions are based on objective, nondiscriminatory criteria. The bank has a fair lending policy, a loan policy, and articulated lending standards to guide the loan officers in the decision making process and to help ensure compliance with antidiscrimination laws and guidelines.

TO THE INSTITUTION EXAMINED:

THIS COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION WAS PREPARED BY THE FEDERAL RESERVE BANK OF ATLANTA. THE FOLLOWING ACTIONS MUST BE TAKEN TO FULFILL THE CRA'S REQUIREMENTS.

- C AT A MINIMUM, PLACE THE EVALUATION IN YOUR CRA PUBLIC FILE LOCATED AT YOUR HEAD OFFICE (AND A DESIGNATED OFFICE IN EACH OF YOUR LOCAL COMMUNITIES) NO LATER THAN 30 BUSINESS DAYS AFTER RECEIVING THE EVALUATION.
- C PROVIDE A COPY OF THE EVALUATION TO THE PUBLIC UPON REQUEST (YOU ARE PERMITTED TO CHARGE A FEE NOT TO EXCEED THE COST OF REPRODUCTION AND MAILING IF APPLICABLE) NO LATER THAN 30 BUSINESS DAYS AFTER RECEIVING THIS LETTER.

**FEDERAL RESERVE BANK OF ATLANTA**

ASSISTANT VICE PRESIDENT

\_\_\_\_\_  
(Date)

\_\_\_\_\_  
CYNTHIA C. GOODWIN

\_\_\_\_\_  
(Title)

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COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

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TO THE FEDERAL RESERVE BANK OF ATLANTA

A COPY OF THE COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION PREPARED AS OF THE CLOSE OF BUSINESS JANUARY 22, 1996, BY AN EXAMINER FOR THE FEDERAL RESERVE BANK OF ATLANTA HAS BEEN RECEIVED AND WILL BE MADE AVAILABLE TO THE PUBLIC IN THE MANNER STATED IN THE LETTER WHICH ACCOMPANIED THE EVALUATION.

\_\_\_\_\_  
(Signature of Authorized Officer)

\_\_\_\_\_  
(Title)

INDIAN ROCKS STATE BANK

\_\_\_\_\_  
(Name of Bank)

LARGO, FLORIDA

\_\_\_\_\_  
(Location)



# FEDERAL RESERVE BANK OF ATLANTA

**Cynthia C. Goodwin**  
ASSISTANT VICE PRESIDENT

Board of Directors  
Indian Rocks State Bank  
Post Office Box 7  
Indian Rocks Beach, Florida 34635-0007

Dear Board Members:

Enclosed is the bank's Community Reinvestment Act Performance Evaluation prepared by Federal Reserve Examiner Lisa L. Bullard using the guidelines established by the Federal Financial Institutions Examination Council. This evaluation was prepared in accordance with the Community Reinvestment Act (CRA), as amended by the Financial Institutions Reform, Recovery, and Enforcement Act of 1989, and must be made available to the public. The following actions must be taken to fulfill the CRA's requirements.

- C At a minimum, place the evaluation in your CRA public file located at your head office (and a designated office in each of your local communities) no later than 30 business days after receiving this letter.
- C Provide a copy of the evaluation to the public upon request (you are permitted to charge a fee not to exceed the cost of reproduction and mailing if applicable) no later than 30 business days after receiving this letter.

Please acknowledge receipt of this evaluation by signing and returning the attached blue form. The format and content of the evaluation should not be altered or abridged in any manner. You may wish to comment on this information detailing actions the bank has taken since the examination to meet its obligations under the CRA. Any written comments concerning the evaluation placed in the public file should also be forwarded to this office. If you believe any of the information included in the public evaluation is proprietary, please contact this Reserve Bank so that the appropriate action can be taken.

Our Community Affairs staff is available to assist you in determining and responding to community credit needs. Please feel free to contact Mr. Courtney Dufries at (404) 589-7226. If you have any questions concerning this report or any other compliance matter, contact Ms. Gale Williams at (404) 589-7223.

Very truly yours,

Cynthia C. Goodwin

Enclosures

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COMMUNITY REINVESTMENT ACT  
PERFORMANCE EVALUATION

**Name of Bank:** Indian Rocks State Bank

**City and State:** Largo, Florida

**Date of Examination:** January 22, 1996