

# **PUBLIC DISCLOSURE**

July 7, 1997

## **COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION**

First Independence Bank of Florida  
06120461

Fort Myers, 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 Independence Bank of Florida prepared by the Federal Reserve Bank of Atlanta, the institution's supervisory agency, as of July 7, 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 Independence Bank of Florida was assigned a satisfactory rating based on its reasonable loan-to-deposit ratio and because the majority of the bank's loans are within its assessment area. Given the bank's resources, size, and location, loans reflect a reasonable penetration among individuals of different income levels and businesses of different sizes. Based on available resources, lending activities reflect a reasonable distribution throughout the bank's assessment area.

## DESCRIPTION OF INSTITUTION

First Independence Bank of Florida operates three banking offices, with branches located in Fort Myers Beach and Sanibel Island, Florida, and the main office located in unincorporated Lee County, Florida. The bank has identified itself as a commercial bank and has designated its target market as small businesses (defined by the bank as businesses with annual sales of less than \$1 million). On the March 31, 1997 Consolidated Reports of Condition and Income, the bank reported total assets of \$74.4 million. No legal or financial impediments exist that would hinder the bank from meeting the credit needs of its assessment area. Some of the larger financial institutions with offices in the bank's assessment area are Barnett Bank, First Union, AmSouth Bank of Florida, and SunTrust Bank, Gulf Coast. The bank received a satisfactory CRA rating at its previous evaluation as of January 16, 1996.

First Independence Bank of Florida offers a wide variety of credit products to meet community credit needs, with its primary focus on credit products and services to small businesses. Although the bank's lending efforts are concentrated on small business clientele, the bank does offer consumer and residential real estate financing.

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	3.1%
Secured by one- to four-family dwellings	35.9%
Other real estate:	
Farmland	.2%
Multifamily	.8%
Nonfarm nonresidential	31.6%
Commercial and industrial	18.3%
Loans to individuals	8.3%
All other	1.8%
<b>Total</b>	<b>100%</b>

## DESCRIPTION OF INSTITUTION

As illustrated by the table above, a large portion of the loan portfolio is made up of loans secured by one- to four-family dwellings followed by loans secured by nonfarm nonresidential properties, and commercial and industrial loans. Management stated that many of its consumer purpose loans are secured by nonfarm residential real estate. The loans secured by one- to four-family dwellings also include the purchase of \$4 million in residential real estate loans from a local bank.

## DESCRIPTION OF ASSESSMENT AREA: LEE COUNTY

Lee County is located in the southwestern portion of Florida. The county is part of the Fort Myers-Cape Coral Metropolitan Statistical Area (MSA #2700). The assessment area consists of 11 census tracts located in the southwestern section of Lee County. The bank's assessment area represents 11.8 percent of the total census tracts (93) in the MSA. According to the 1990 Census, the total population of the assessment area was 46,432, or 13.8 percent of the MSA population of 335,113.

The median family income of the assessment area is \$37,228, which is slightly higher than the MSA's median family income of \$32,310. Low-income census tracts are defined as census tracts having a median family income of less than 50 percent of the MSA's median family income. Moderate-income tracts have a median family income of at least 50 percent but less than 80 percent of the MSA's median family income. The bank's assessment area has one low-income tract, no moderate-income tracts, six middle-income tracts, and four upper-income tracts. The chart below shows the distribution of census tracts in the assessment area by tract income level and the distribution of the population by the income level of the tract.

TRACTS BY INCOME	TOTAL POPULATION NUMBER	PERCENT OF TOTAL POPULATION
Low-income	5	0%
Moderate-income	N/A	N/A
Middle-income	32,049	69%
Upper-income	14,378	31%
Total	46,432	100%

Based on 1990 Census data, the percentage of the assessment area population residing in the low-income census tract is almost nonexistent. The total population of the one low-income census tract in the bank's assessment area is five people. These inhabitants (a family of five) live on a houseboat moored at an island that accounts for the sole livable space in the coastal tract.

## DESCRIPTION OF ASSESSMENT AREA (CONTINUED)

Based on information from the Florida Department of Labor and Employment Security, the labor force in Lee County increased to approximately 168,137 in 1995 from 152,616 in 1990, representing an increase of 10.2 percent. The following table shows the largest employers in Lee County based on information from the Economic Development Office of Lee County as of March 31, 1997.

COMPANY	NUMBER OF EMPLOYEES
Lee County School District	7,125
Lee Memorial Health System	4,500
Columbia/HCA Healthcare Corporation	3,500
Publix Supermarkets	3,005
South Seas Resorts Company	1,900
Lee County Government	1,850

The four major types of industries in Lee County are as follows:

TYPE OF INDUSTRY	NUMBER OF EMPLOYEES	NUMBER OF ESTABLISHMENTS <sup>1</sup>
Service and Other	42,499	3,599
Retail Trade	33,649	2,587
Construction	10,959	1,362
Finance, Insurance, and Real Estate	8,784	1,263

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<sup>1</sup>The 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 (CONTINUED)**

The 1993 U.S. Census employment data for county business patterns shows a total of 10,221 business establishments in Lee County. 9,826 (96 percent) of the establishments have fewer than 50 employees. 61 percent of the business establishments with fewer than 50 employees are in the industry categories of retail trade and service and other industries. The high percentage of businesses with fewer than 50 employees is indicative of the need for small business loans. According to the State of Florida local area unemployment statistics for April 1997, the unemployment rate for Lee County was 3.3 percent, which was lower than the 5 percent unemployment rate for the state.

According to the 1990 Census data, 42.4 percent of the 38,134 housing units in the bank's assessment area were owner-occupied, 42.1 percent were vacant, and 15.5 percent were renter-occupied. The high percentage of vacant units in the assessment area is indicative of the large seasonal population of the area. 40.9 percent of the housing units in the assessment area are multifamily units with 5 units or more, and 35.8 percent have one unit. The high percentage of multifamily units is representative of the large number of beach front condominiums in the bank's assessment area. The median age of the housing stock in the assessment area is 24 years. In addition, the assessment area has a lower percentage of homes built before 1950 than the MSA or the state.

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

### **Lending in Assessment Area**

A sample of 88 small business loans and 55 unsecured consumer loans was reviewed. These loan types were chosen because small business loans are the bank's major product, and the consumer loans had the next highest volume of activity. The analysis revealed that 49 (56 percent) of the small business loans and 33 (60 percent) of the consumer loans were originated in the bank's assessment area. The loans originated outside the assessment area were all made to borrowers living within the other 82 tracts of the Ft. Myers-Cape Coral MSA. The extent of the bank's lending in its assessment area is considered reasonable and meets the standards for satisfactory performance.

## CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA (CONTINUED)

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

42 of the 49 small business loans in the bank's assessment area included income information by either business revenue or borrower's income. 19 (38.8 percent) of the loans were to businesses with revenues of \$1 million or less. The remaining 23 loans (46.9 percent) were reported by the borrower's income. Of the 23 small business loans reported by borrower's income, 7 were to borrowers with incomes below \$25,000. These borrowers are considered low- and moderate-income business borrowers. Only one of the 42 small business loans was extended for an amount in excess of \$100,000, indicating management's willingness to make loans to small businesses.

The following table compares the distribution of the consumer loans to the percentage of families in the assessment area by income level.

INCOME LEVEL OF BORROWER	PERCENTAGE OF LOANS IN ASSESSMENT AREA	PERCENTAGE OF TOTAL FAMILIES
Low-income	44%	11.6%
Moderate-income	26%	17.0%
Middle-income	15%	23.7%
Upper-income	15%	47.7%

The distribution of consumer 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.

## CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA (CONTINUED)

### Geographic Distribution of Loans

The following table shows the distribution of the consumer and small business loans by census tract type compared to the distribution of the population of the assessment area.

CENSUS TRACT TYPE	PERCENTAGE OF CONSUMER LOANS	PERCENTAGE OF SMALL BUSINESS LOANS	PERCENTAGE OF TOTAL POPULATION
Low-income	0%	0%	0%
Moderate-income	N/A	N/A	N/A
Middle-income	79%	61%	69%
Upper-income	21%	39%	31%

The geographic distribution analysis indicates that the distribution of loans originated in the bank's assessment area mirrors the income characteristics of the census tracts in the assessment area. The geographic distribution is reasonable and meets the standards for satisfactory performance.

### Loan-to-Deposit Ratio

The bank's loan-to-deposit ratio is reasonable and meets the standards for a satisfactory performance. The bank's average loan-to-deposit ratio for the six quarters ended March 31, 1997, was 78.9 percent, and as of March 31, 1997, the loan-to-deposit ratio was 69.8 percent. The average loan-to-deposit ratios of five similarly situated banks in the area ranged from 55.7 percent to 71.8 percent. The bank's average loan-to-deposit ratio falls above the range of this peer group.

### 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 illegal credit practices was noted during the review of bank policies and procedures. No practices have the intent or the effect of discouraging applicants for credit.