

PUBLIC DISCLOSURE

June 24, 1996

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

Branford State Bank
06120130

Branford, 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 Branford State Bank prepared by the Federal Reserve Bank of Atlanta, the institution's supervisory agency, as of June 24, 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.

Branford State Bank has a reasonable average loan-to-deposit ratio, and the majority of the bank's loans were made to individuals residing within the bank's assessment area. The credits extended were reasonably distributed across different geographies and to borrowers of different income levels. No evidence of discrimination or other illegal credit practices was noted during the examination.

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

SMALL INSTITUTION ASSESSMENT CRITERIA	BRANFORD STATE BANK		
	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

Branford State Bank operates one office and is the only financial institution in Branford, Florida. According to the March 31, 1996 Consolidated Reports of Condition and Income, the bank had total assets of \$31.8 million. Branford State Bank offers real estate loans, construction loans, commercial loans, agricultural loans, small business loans, new and used automobile loans, and personal consumer loans.

The bank acquired approximately \$7 million in deposits from a branch of First Federal Savings and Loan in 1993. This substantial addition resulted in a decline in the loan-to-deposit ratio from 56.0 percent as of December 31, 1992, to 48.0 percent as of December 31, 1993. As of March 31, 1996, the ratio has increased to 63.4 percent through aggressive lending efforts, focusing primarily on real estate loans secured by one- to four-family dwellings. Consumer loans and agricultural loans are also major products of the bank. The composition of Branford State Bank's loan portfolio, according to the March 31, 1996 Consolidated Reports of Condition and Income, is as follows:

LOAN TYPE	PERCENTAGE
Construction and development	0.2%
Secured by one- to four-family dwellings	57.6%
Other real estate:	
Farmland	10.1%
Nonfarm nonresidential	4.8%
Commercial and industrial	4.8%
Loans to individuals	19.7%
All other	2.8%
Total	100.0%

The April 30, 1995 safety and soundness examination conducted by the Federal Reserve Bank of Atlanta identified no legal or financial impediments that would prevent the bank from meeting the credit needs of its assessment area.

DESCRIPTION OF BRANFORD STATE BANK'S ASSESSMENT AREA

Branford State Bank is approximately 45 miles northwest of Gainesville and 100 miles southeast of Tallahassee. The bank's assessment area contains two block numbering areas (BNAs): 9706 in southern Suwannee County and 9602.98 in Lafayette County. Both BNAs are defined as middle-income. The assessment area does not seem to arbitrarily exclude any low- and moderate-income areas.

According to the 1990 Census, the assessment area's population was 8,040. The racial composition of the assessment area was 90 percent white, 6 percent black, 3 percent Hispanic, and 1 percent other races. The median family income for the area was \$22,738. 24 percent of families were considered low-income with an annual income of less than \$11,369 - 50 percent of the median family income. 17 percent of families were below poverty level. The assessment area contained 3,828 housing units; 41 percent of the units were mobile homes, 64 percent were owner-occupied; 15 percent were rental units, and 21 percent were vacant.

The major employers of the area are GoldKist, Suwannee County Schools, Advent Christian Village, and Occidental Chemical. Also, many of the residents travel to metropolitan areas such as Gainesville and Lake City for employment. Two community members, a local government official and a real estate broker, were contacted in connection with this CRA evaluation. The contacts stated that the dependence on the agricultural industry and the lack of well-paying jobs in the area have made it financially impossible for many families to afford homes. The contacts also expressed that local financial institutions are outstanding in meeting the credit needs of the community.

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA

The bank's loan-to-deposit ratio is reasonable and has been increasing since the previous examination. Branford State Bank's average loan-to-deposit ratio for the ten quarters since the previous examination is 57.2 percent. The bank's average loan-to-deposit ratio is comparable to other institutions of similar size in the assessment area and seems reasonable given the bank's capacity to lend, local demographic and economic factors, and the lending opportunities available.

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA (CONTINUED)

During the examination, 106 consumer loans and 50 home purchase loans originated in the last 12 months were geocoded and analyzed to determine the percentage of loans the bank originated in its assessment area. The analysis revealed that 78 (74 percent) of consumer loans and 25 (50 percent) of home purchase loans were made in the assessment area. The analysis also revealed that \$202,728 (67 percent) of the total dollar volume of consumer loans and \$1,351,050 (45 percent) of the total dollar volume of home purchase loans were made to individuals residing in the bank's assessment area. The demographic and economic factors have affected the bank's ability to make home purchase loans. Given that 41 percent of the housing units are mobile homes and 24 percent of the families have annual incomes less than \$11,369, fewer opportunities for real estate lending exist. Bank management explained that the bank makes as many loans as possible within the assessment area, but it also lends outside the area to maintain the bank's loan-to-deposit ratio and its business. The bank meets the standards for satisfactory performance in this category.

The distribution of loans to borrowers of different incomes was also analyzed. The comparison of 1990 Census income information to the percentage of loans made to individuals of different income levels shows a reasonable distribution. The following table details the distribution of loans by borrower income.

Income Level	Percentage of Median Family Income	Percentage of Families within Income Level	Consumer Loans		Home Purchase Loans	
			Number of Loans	% of Total	Number of Loans	% of Total
Low	Less than 50	24%	21	29%	1	4%
Moderate	50 - 79	20%	23	32%	6	24%
Middle	80 - 119	28%	11	15%	6	24%
Upper	120 and above	28%	17	24%	12	48%
Total		100%	72	100%	25	100%

As indicated above, the percentage of consumer loans made to low- and moderate-income individuals, and the percentage of home purchase loans made to moderate-income individuals exceeds the distribution of families in those categories. 68.8 percent of the low-income families in the assessment area are below poverty level which limits the demand for home purchase loans in that income category. Outside contacts stated that many of the residents are unable to afford homes. The bank addresses the credit needs of individuals of all income levels and meets standards for satisfactory performance in this category.

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA (CONTINUED)

The geographic distribution of loans across the assessment area is reasonable. Branford State Bank extended credit

throughout the two BNAs that constitute its assessment area. As previously mentioned, both BNAs are categorized as middle-income.

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

The bank's compliance with the substantive provisions of the antidiscrimination laws and regulations was assessed. No evidence of discrimination or other illegal credit practices was identified.

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 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.
- C ADD THE FOLLOWING LANGUAGE TO YOUR CRA PUBLIC NOTICE THAT IS POSTED IN YOUR OFFICE, NO LATER THAN 30 BUSINESS DAYS AFTER RECEIVING THE EVALUATION:

"YOU MAY OBTAIN THE PUBLIC SECTION OF OUR MOST RECENT CRA PERFORMANCE EVALUATION, WHICH WAS PREPARED BY THE FEDERAL RESERVE BANK OF ATLANTA, AT (YOUR MAIN OFFICE ADDRESS)."

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 JUNE 24, 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)

BRANFORD STATE BANK

(Name of Bank)

BRANFORD, FLORIDA

(Location)

FEDERAL RESERVE BANK OF ATLANTA

Cynthia C. Goodwin
ASSISTANT VICE PRESIDENT

Board of Directors
Branford State Bank
814 Suwannee Avenue
Branford, Florida 32008

Dear Board Members:

Enclosed is the bank's Community Reinvestment Act Performance Evaluation prepared by Federal Reserve Examiner Michael Broadston 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 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.
- C Add the following language to your CRA public notice that is posted in your office, no later than 30 business days after receiving the evaluation:

"You may obtain the public section of our most recent CRA Performance Evaluation, which was prepared by the Federal Reserve Bank of Atlanta, at (your main office address)."

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.

Board of Directors
Branford State Bank
Branford, Florida

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

PUBLIC DISCLOSURE

**COMMUNITY REINVESTMENT ACT
PERFORMANCE EVALUATION**

Name of Bank: BRANFORD STATE BANK

City and State: BRANFORD, FLORIDA

Date of Examination: JUNE 24, 1996