

PUBLIC DISCLOSURE

January 25, 1999

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

City First Bank
RSSD ID #246433

Tampa, Florida

Federal Reserve Bank of Atlanta
104 Marietta Street, N.W.
Atlanta, Georgia 30303-2713

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 City First Bank prepared by the Federal Reserve Bank of Atlanta, the institution's supervisory agency, as of January 25, 1999. 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's performance under the Community Reinvestment Act remains satisfactory. A substantial majority of the loans originated (88 percent) were to borrowers in the bank's assessment area. Also, loans extended in the assessment area were reasonably distributed, both by geography and by borrowers of different incomes and businesses of different revenue sizes. The bank's ten-quarter average loan-to-deposit ratio meets the standards for satisfactory performance. A review of the past four-quarters ending December 31, 1998 indicates that the loan-to-deposit ratio is on an increasing trend. No CRA-related complaints have been received by City First Bank since the previous examination.

DESCRIPTION OF INSTITUTION

City First Bank had \$88 million in total assets on September 30, 1998, and is a subsidiary of a one-bank holding company, City Financial Corporation of Tampa, Florida. Once again, significant growth has occurred in the bank's total assets since the previous CRA evaluation. Total assets grew by 49 percent between June 30, 1996 and September 30, 1998. Most of the growth occurred in the bank's investment portfolio. City First Bank is a community-oriented bank that offers traditional banking activities with primary emphasis on lending to small businesses.

City First Bank is located in the Westshore area of Tampa in Hillsborough County and has three offices. The main office, or Westshore office, is located at 405 N. Westshore Boulevard, and the South Dale Mabry branch is located at 1921 S. Dale Mabry, approximately two miles away. The West Hillsborough branch is located at 8603 W. Hillsborough Avenue. Two of these branches are located in middle-income census tracts and one branch is located in an upper-income census tract. All of the branches are located south of most of the low- and moderate-income census tracts. Most of the low- and moderate-income census tracts are in the downtown Tampa area, which is north of the bank's branches. Within this area are several regional and multi-regional banks that provide strong competition for consumer and small business loans.

The composition of the loan portfolio, according to the September 30, 1998 Consolidated Reports of Condition and Income (Call Report), is as follows:

COMPOSITION OF LOAN PORTFOLIO AS OF SEPTEMBER 30, 1998		
Loan Type	\$ (000)s	Percent
Construction and Development	\$1,965	6.6%
Secured by One- to Four- Family Dwellings	\$5,416	18.3%
Other Real Estate:		
Farmland	\$9	0.0%
Multifamily	\$479	1.6%
Nonfarm nonresidential	\$10,572	35.7%
Commercial and Industrial	\$9,658	32.6%
Loans to Individuals	\$1,509	5.1%
Agricultural Loans	\$0	0.0%
TOTAL	\$29,608	100.0%

As indicated by the table on the preceding page, nonfarm nonresidential loans (36 percent) and commercial and industrial loans (33 percent) make up the largest percentage of the loan portfolio. This is consistent with the bank's stated lines of business. While loans secured by one-to-four family dwellings represent 18.3 percent of the bank's loan portfolio, very little consumer real estate lending has occurred

DESCRIPTION OF INSTITUTION

since the previous examination. City First Bank originated less than 24 HMDA reportable transactions for 1997 and 1998.

At this examination, small business and consumer loans were analyzed to determine the bank's performance under the Community Reinvestment Act. Small business loans were selected because they represent the majority of the bank's loan portfolio and the highest number of loans originated in 1998. Consumer loans were chosen because they represented the second highest number of loans originated between January 1, and November 31, 1998. Because small business lending is the primary focus for City First Bank and it represents the majority of the bank's outstanding loan portfolio, small business loans are weighted more heavily than consumer loans when assigning an overall CRA rating.

DESCRIPTION OF ASSESSMENT AREA: Hillsborough County

The bank's assessment area is Hillsborough County, Florida, which is part of the Tampa-St. Petersburg-Clearwater Metropolitan Statistical Area (MSA). Hillsborough County encompasses 168 tracts. 15 of these tracts are low-income, 36 are moderate-income, 70 are middle-income and 47 are upper-income. Several of the low- and moderate-income census tracts are home to the Tampa International Airport and some highly industrialized business areas.

The table on the next page provides key demographic information that was used in analyzing the bank's CRA performance. Certain components of the data are discussed in the report as they apply to particular parts of the analysis.

DESCRIPTION OF ASSESSMENT AREA: Hillsborough County (Continued)

DEMOGRAPHIC ANALYSIS						
Distribution of Tracts	Number			Percent		
Low-Income Tracts	15			8.9%		
Moderate-Income Tracts	36			21.4%		
Middle-Income Tracts	70			41.7%		
Upper-Income Tracts	47			28.0%		
<i>Total Assessment Area</i>	<i>168</i>			<i>100.0%</i>		
Housing Units - Tract Distribution	Owner-Occupied		Rental		Vacant	
Low-Income Tracts	3,045	1.5%	7,599	6.3%	1,711	4.0%
Moderate-Income Tracts	28,244	13.8%	25,810	21.5%	11,148	26.0%
Middle-Income Tracts	88,026	42.9%	55,664	46.4%	17,117	39.9%
Upper-Income Tracts	85,647	41.8%	30,837	25.7%	12,892	30.1%
<i>Total</i>	<i>204,962</i>	<i>100.0%</i>	<i>119,910</i>	<i>100.0%</i>	<i>42,868</i>	<i>100.0%</i>
Housing Units - Percentage in Tract						
Low-Income Tracts	24.6%		61.5%		13.8%	
Moderate-Income Tracts	43.3%		39.6%		17.1%	
Middle-Income Tracts	54.7%		34.6%		10.6%	
Upper-Income Tracts	66.2%		23.8%		10.0%	
<i>Total Assessment Area</i>	<i>55.7%</i>		<i>32.6%</i>		<i>11.7%</i>	
Population - Tract Distribution	Families		Households		Population	
Low-Income Tracts	6,679	3.0%	10,746	3.3%	31,112	3.7%
Moderate-Income Tracts	34,684	15.7%	53,692	16.5%	146,492	17.6%
Middle-Income Tracts	94,965	42.9%	143,731	44.2%	357,694	42.9%
Upper-Income Tracts	84,883	38.4%	117,069	36.0%	298,756	35.8%
<i>Total</i>	<i>221,211</i>	<i>100.0%</i>	<i>325,238</i>	<i>100.0%</i>	<i>834,054</i>	<i>100.0%</i>
Population - Percentage by Income						
Low-Income	39,610	17.9%	67,436	20.7%		
Moderate-Income	37,269	16.8%	48,974	15.1%		
Middle-Income	48,104	21.7%	61,548	18.9%		
Upper-Income	96,228	43.5%	147,280	45.3%		
<i>Total</i>	<i>221,211</i>	<i>100.0%</i>	<i>325,238</i>	<i>100.0%</i>		
Families - Tract Distribution	Families < Poverty Level		Low-Income	Moderate-Income	Middle-Income	Upper-Income
Low-Income Tracts	16.5%		11.1%	2.7%	1.3%	0.7%
Moderate-Income Tracts	31.4%		29.3%	24.7%	14.7%	7.1%
Middle-Income Tracts	39.2%		43.7%	48.4%	50.8%	36.5%
Upper-Income Tracts	12.9%		15.9%	24.2%	33.2%	55.7%
<i>Total</i>	<i>100.0%</i>		<i>100.0%</i>	<i>100.0%</i>	<i>100.0%</i>	<i>100.0%</i>
Families - Percentage in Tract						
Low-Income Tracts	52.1%		66.0%	15.0%	9.6%	9.4%
Moderate-Income Tracts	19.1%		33.4%	26.5%	20.4%	19.6%
Middle-Income Tracts	8.7%		18.2%	19.0%	25.7%	37.0%
Upper-Income Tracts	3.2%		7.4%	10.6%	18.8%	63.2%
<i>Total Assessment Area</i>	<i>9.5%</i>		<i>17.9%</i>	<i>16.8%</i>	<i>21.7%</i>	<i>43.5%</i>
Households Receiving Public Assistance	6.1%					
Median Family Income	\$33,645					
Population Age	Age 65 and Over			Age 18 and Over		
	12.2%			75.8%		

Totals in percentage columns are calculated independently and may not be exactly equal to the sum of the components due to rounding of the components. These rounding errors are immaterial and have no effect on related analyses or conclusions.

DESCRIPTION OF ASSESSMENT AREA: Hillsborough County (Continued)

The 1994 U.S. Census employment data for county business patterns showed a total of 23,896 business establishments in Hillsborough County. Of the 23,896 businesses, 22,436 (94 percent) were businesses with fewer than 50 employees. According to the Bureau of Labor Statistics data, the unemployment rate for Hillsborough County was 2.5 percent for November 1998 compared to 4.9 percent in November 1996. The November 1998 unemployment rate for Hillsborough County was considerably lower than the State of Florida's unemployment rate of 4.3 percent for this same time period.

The following table reflects total businesses according to Dunn and Bradstreet Business demographics for Hillsborough County. 87 percent of the commercial entities in the bank's assessment area are considered small businesses because they earn less than \$1 million in annual gross revenues. As a result, it is expected that the greater percentage of small business loans would be to small businesses. As indicated by the chart below, most of the businesses (77.4 percent) are located in middle- and upper-income census tracts. As a result, it is expected that the greater percentage of loans would be originated in these areas.

BUSINESS DEMOGRAPHICS						
Percentage in Tract	Total Businesses		Businesses with Revenue:			
			Under \$1 Million		\$1 Million and Greater	
Low-Income Tracts	691	2.3%	597	2.3%	94	2.5%
Moderate-Income Tracts	5,758	19.3%	4,726	18.1%	1,032	27.7%
Middle-Income Tracts	11,594	38.9%	10,294	39.4%	1,300	34.8%
Upper-Income Tracts	11,485	38.5%	10,214	39.1%	1,271	34.1%
Tract Not Reported	301	1.0%	266	1.0%	35	0.9%
<i>Total</i>	<i>29,829</i>	<i>100.0%</i>	<i>26,097</i>	<i>100.0%</i>	<i>3,732</i>	<i>100.0%</i>

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA

Lending in the Assessment Area

An analysis of the bank’s record of lending inside its assessment areas was conducted. The review consisted of an analysis of 31 loans to consumer - secured by motor vehicles, 33 loans to consumer – other secured, 25 loans to consumers - unsecured, and 92 small business loans. For purposes of the analysis, all of the loans to consumers were combined. For one of the loans to consumers – other secured and two of the small business loans, tract information was not available.

The following table shows the percentage of lending inside and outside the bank’s assessment areas for both loan types:

LENDING INSIDE AND OUTSIDE ASSESSMENT AREA										
Loan Type	IN				OUT				TOTALS	
	Number	Percent	\$ (000s)	Percent	Number	Percent	\$ (000s)	Percent	Number	\$ (000s)
Small Business	81	90.0%	\$7,476	80.7%	9	10.0%	\$1,783	19.3%	90	\$9,259
Consumer	76	86.4%	\$1,223	88.8%	12	13.6%	\$155	11.2%	88	\$1,378
TOTAL	157	88.2%	\$8,699	81.8%	21	11.8%	\$1,938	18.2%	178	\$10,637

The table shows that a majority of the loans are inside the bank’s assessment area. The bank’s record of lending inside its assessment area indicates that it exceeds the standards for satisfactory performance.

Lending to Borrowers of Different Incomes and Businesses of Different Sizes

An analysis of the bank’s record of lending to borrowers of different incomes and to businesses of different revenue sizes was conducted. The following table shows the distribution of consumer lending by income levels of borrowers:

CONSUMER LENDING BY BORROWER INCOME		
Borrower Income Level		
Low-Income	17	22.4%
Moderate-Income	16	21.1%
Middle-Income	13	17.1%
Upper-Income	28	36.8%
Income Not Available	2	2.6%
Total	76	100.0%

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA (Continued)

Lending to Borrowers of Different Incomes and Businesses of Different Sizes (Continued)

The bank lends to borrowers of different incomes in a manner consistent to the demographic composition of the assessment area. Of the 74 consumer loans in the assessment area for which the borrower's income was available, 17 (22 percent) were extended to low-income individuals, 16 (21 percent) to moderate-income individuals, 13 (17 percent) to middle-income individuals, and 28 (37 percent) to upper-income individuals, which compares favorably to the distribution of families by income level. Of total families in the assessment area, 18 percent are low-income, 17 percent are moderate-income, 22 percent are middle-income, and 43 percent are upper-income. Overall, the lending analysis of the bank's assessment area indicates an excellent penetration of consumer loans among borrowers of different income levels.

The bank's record of making loans to businesses of different revenue sizes and of various loan amounts was also evaluated. The following table shows the number of loans to businesses with revenues under and over \$1 million, as well, as a breakdown of the loans by loan amount in three categories.

SMALL BUSINESS LENDING		
Lending by Business Revenue		
\$1 Million or Less	58	71.6%
Over \$1 Million	22	27.2%
Not Available	1	1.2%
Loan Size:		
\$100,000 or Less	63	77.8%
\$100,001 - \$250,000	10	12.3%
\$250,001 - \$1 Million	8	9.9%
<i>Total</i>	<i>81</i>	<i>100.0%</i>

Of the 80 business loans where business revenues or borrower income was relied upon in the credit decision, 58 (72 percent) were made to small businesses with revenues less than \$1,000,000, although businesses of this size represent 87 percent of the commercial entities in the assessment area. 78 percent of the loans were for loan amounts of less than \$100,000. The analysis of the bank's record of business lending indicates a willingness by City First Bank to lend to businesses of different sizes, particularly to small businesses, and also shows its record of making small business loans in small amounts. Of the 90 business loans that were in the loan sample, 23 (25.6 percent) were in amounts less than \$15,000. This analysis of consumer and small business loans indicates that the bank meets

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA (Continued)

standards for satisfactory performance in this part of the analysis, as greater weight was given to the bank's small business lending performance.

Geographic Distribution of Loans

An analysis was conducted to determine the geographic distribution of the bank's consumer loans and small business loans. Overall, the bank penetrated 66 (39 percent) of the 168 census tracts in its assessment area. As far as tract level, 3 (20 percent) of the 15 low-income tracts had loan activity; 11 (31 percent) of the 36 moderate-income tracts had loan activity; 27 (39 percent) of the 70 middle-income census tracts had loan activity, and 25 (53 percent) of the 47 upper-income census tracts had loan activity. A majority of the census tracts within the bank's assessment area are a moderate to significant distance from the bank's three branches. In particular, many of the low- and moderate-income census tracts are at least five to ten miles away from a City First Bank branch and four of the low-income census tracts have no or very little population.

The table below shows where the loans were made among the four categories of census tracts.

GEOGRAPHIC DISTRIBUTION		
Tract Income Level	Small Business	
Low-Income Tracts	7	8.6%
Moderate-Income Tracts	20	24.7%
Middle-Income Tracts	24	29.6%
Upper-Income Tracts	30	37.0%
<i>Total</i>	<i>81</i>	<i>100.0%</i>
	Consumer	
Low-Income Tracts	1	1.3%
Moderate-Income Tracts	2	2.6%
Middle-Income Tracts	38	50.0%
Upper-Income Tracts	35	46.1%
<i>Total</i>	<i>76</i>	<i>100.0%</i>

The bank has very limited penetration of consumer loans in low-income census tracts; however, only 3 percent of total families in the assessment area are located in low-income census tracts. Furthermore, 52 percent of the families in low-income census tracts reside below the poverty level. As a result, the bank has fewer opportunities to lend in these census tracts because of the small number of families and the high poverty level. Also, the percentage of consumer loans in moderate-income census tracts is low when compared to the percentage of families and population that reside in these tracts. Possible reasons for the low penetration is the lack of any City First Bank branches within a reasonable distance of these tracts,

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA (Continued)

and the closeness of other competing bank branches to low- and moderate-income census tracts. Consumer lending in middle- and upper-income census tracts is reasonable.

The distribution of small business loans by geographies compares favorably to the distribution of small businesses by geographies. 2.3 percent of the businesses are located in low-income census tracts and the bank originated 8.6 percent of the small business loans in these geographies. In moderate-income census tracts, the bank originated 24.7 percent of its small business loans and these tracts contain 19.3 percent of the businesses. The bank's lending activity reflects excellent distribution throughout the assessment area, when taking into consideration the location of the bank branches, the geographic concentration of business districts, and the number of families in each income-group of census tracts. The bank's geographic distribution of consumer and small business loans exceeds the standards for satisfactory performance, as greater weight was given to the bank's small business lending performance.

Loan-to-Deposit Ratio

The bank's average loan-to-deposit ratio for the 10 quarters since the previous examination was 38 percent. However, the actual ratios at the end of the past four-quarters for 1998, as shown in the table below are improving, and reflect an increasing trend.

1998 QUARTERLY LOAN-TO-DEPOSIT RATIOS			
QUARTER ENDING	NET LOANS (THOUSANDS)	DEPOSITS (THOUSANDS)	LOAN-TO-DEPOSIT RATIO
March 31, 1998	\$23,991	\$69,845	34%
June 30, 1998	\$27,022	\$68,615	38%
September 30, 1998	\$29,388	\$71,808	41%
December 31, 1998	\$32,264	\$78,201	42%

Other banks in the Hillsborough County area of similar asset size have average loan-to-deposit ratios ranging from 36 percent to 78 percent. Bank management indicated that several certificate of deposit (CD) campaigns have been marketed to attract new deposits. Additionally, many deposit account holders have placed their deposits in smaller community banks with the advent of a high volume of mergers that have occurred in the Tampa-St. Petersburg area. City First Bank has benefited from the growth in these deposits. Since the previous examination, total assets have grown from \$56 million to over \$88 million.

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA (Continued)

Such growth has impacted the overall loan-to-deposit ratio because deposit growth has outpaced loan growth significantly. From June 30, 1996 to September 30, 1998, deposits grew by \$19.8 million whereas loans outstanding grew by \$8.4 million. Based on City First Bank's size, resources, and office facilities, the loan-to-deposit ratio meets the standards for satisfactory performance.

Complaints

No CRA-related complaints have been received since the previous examination.

Compliance with 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 the bank policies and procedures. No practices have the intent or the effect of discouraging applicants for credit.