

PUBLIC DISCLOSURE

FEBRUARY 5, 1996

**COMMUNITY REINVESTMENT ACT
PERFORMANCE EVALUATION**

FIRST AMERICAN BANK OF INDIAN RIVER COUNTY
06-12-1592
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, Vero Beach, Florida, prepared by the Federal Reserve Bank of Atlanta, the institution's supervisory agency, as of February 5, 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 high percentages of loans in its primary product lines are within the assessment area. The geographic distribution of loans is reasonable throughout the assessment area in relation to the income levels of census tracts and borrowers. Loans to businesses and farms of different sizes account for most of the bank's commercial loan originations since the previous examination.

GENERAL INFORMATION (CONTINUED)

The following table indicates the performance level of First American Bank of Indian River County with respect to each of the five performance criteria.

SMALL INSTITUTION ASSESSMENT CRITERIA	<u>FIRST AMERICAN BANK OF INDIAN RIVER COUNTY</u> PERFORMANCE LEVELS		
		Exceeds Standards for Satisfactory Performance	Meets 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 prior examination.		

DESCRIPTION OF INSTITUTION

First American Bank of Indian River County has one office in Vero Beach, Florida, approximately 140 miles north of Miami. Vero Beach is the county seat of Indian River County. According to the December 31, 1995 Reports of Condition and Income, the bank had total assets of approximately \$35.8 million. The bank's primary product lines for lending are commercial credit and consumer loans. The bank is also an active residential and construction lender. Almost every competing bank serving this community has a retail facility within two miles of the bank on the same street. The bank's ability to meet various credit needs is limited by its asset size.

DESCRIPTION OF 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. 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 1980¹. According to 1990 census data, the bank's assessment area population is 90,208. Indian River County's population is projected to increase 30 percent² 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. Almost one third of the county's population is age 60 or older.

According to 1990 census data, approximately 8.4 percent of the population is African-American, and 3 percent is Hispanic. Other minority groups make up approximately 1.1 percent. Median household income was \$28,962 as of 1990. The table below summarizes the income distribution of households in the assessment area.

Income	Number of Households	Percentage of Households
Low Income	4,844	12.7
Moderate Income	5,537	14.5
Middle Income	5,925	15.6
Upper Income	21,809	57.2
Total Number of Households	38,115	100.0

¹Source: 1980 & 1990 Censuses: U. S. Census Bureau.

²Source: 1990 Florida Statistical Abstract, Bureau of Economic & Business Research.

DESCRIPTION OF INDIAN RIVER COUNTY (CONTINUED)

The table shows that over half of the assessment area's households are considered to be upper-income. There are no low-income and one moderate-income census tract in the assessment area.

The local economy of Indian River County is based on services, retail trade, construction, and agriculture, including citrus fruit production. Seasonal tourist traffic affects small businesses in the service and retail trade sectors. Citrus fruit production is the region's primary agricultural activity. A great number of very small businesses in the assessment area are engaged in some aspect of citrus production or distribution. The county's three largest employers are the county hospital, government, and schools.

Details of credit and development needs in the assessment area were obtained from three community contacts. The contacts noted that housing in older neighborhoods to the north of Vero Beach is generally in need of rehabilitation and that additional affordable housing is needed in urban areas throughout the county.

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA

For 1995, First American Bank of Indian River County had an average loan-to-deposit ratio of 76.6 percent. Residential mortgage loans that are originated and sold to investors are not reflected in the ratio. The average loan-to-deposit ratio for nine banks in the community (including First American Bank) was 77.1 percent in 1995. Several of the banks have statewide branches. Based on the bank's size, resources, and office facilities, its loan-to-deposit ratio meets the standards for satisfactory performance.

The bank's major credit product lines were sampled to determine the percentage of loan originations within the assessment area, the geographic distribution in relation to census tract income, and the distribution according to borrower income characteristics. The major product lines were business purpose and consumer motor vehicle lending. The percentages of the number and total dollars of the sampled loans that were originated inside and outside the assessment area are summarized in the table below.

Percentage of Activity:	Business Purpose		Consumer - Motor Vehicle	
	Number of Loans	Total Dollars	Number of Loans	Total Dollars
Inside Assessment Area	95%	95%	83%	80%
Outside Assessment Area	5%	5%	17%	20%

The percentages of business purpose and consumer loans for motor vehicles originated within the assessment area meet the standards for satisfactory performance.

The geographic distribution of sampled originations according to census tract income is reasonable given the bank's assessment area. There is one moderate-income census tract in the assessment area. In the sample reviewed, loan originations reasonably penetrated the census tracts located in the bank's assessment area. Additionally, the proportions of these loans in moderate-, middle-, and upper-income census tracts reflected the demographic make-up in the assessment area and met the standards for a satisfactory performance.

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA (CONTINUED)

The distribution of sampled originations by borrower income characteristics for motor vehicle loans to consumers is summarized in the following table.

	Low-Income	Moderate-Income	Middle-Income	Upper-Income
Percentages of:				
Assessment Area Households	12.7%	14.5%	15.6%	57.2%
Loans	11%	24%	20%	25%
Total Dollars	9%	18%	15%	58%

Analysis of the distribution of business purpose loans sampled in terms of revenue size was limited by the inconsistent documentation of business revenues in the sample. Using loan amounts as a proxy for revenue size, the review indicated that the bank makes commercial loans to both businesses and farms of different sizes and meets the standards for satisfactory performance.

No violations of any substantive provisions of the antidiscrimination laws and regulations were noted. Personnel involved in the lending process have sufficient knowledge of fair lending issues and how they relate to credit application, evaluation, and transaction processes. The bank's policy of fair treatment of all customers has been effectively communicated from top management to all staff. The board of directors regularly reviews reports of the reasons for adverse action to determine whether particular credit standards may have a disparate impact on different classes of applicants. Technical violations of procedural requirements of Regulation B - Equal Credit Opportunity Act were brought to management's attention and can easily be prevented in the future.

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.

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 FEBRUARY 5, 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)

FIRST AMERICAN BANK OF INDIAN RIVER
COUNTY

(Name of Bank)

VERO BEACH, FLORIDA

(Location)

FEDERAL RESERVE BANK OF ATLANTA

Cynthia C. Goodwin
ASSISTANT VICE PRESIDENT

Board of Directors
First American Bank of Indian River County
4000 20th Street
Vero Beach, Florida 32960

Dear Board Members:

Enclosed is the bank's Community Reinvestment Act Performance Evaluation prepared by Federal Reserve Examiner Jack Libbe 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.

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

PUBLIC DISCLOSURE

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

Name of Bank: FIRST AMERICAN BANK OF INDIAN RIVER COUNTY

City and State: VERO BEACH, FLORIDA

Date of Examination: FEBRUARY 5, 1996