

# **PUBLIC DISCLOSURE**

January 8, 1996

## **COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION**

Bank of St. Petersburg  
I.D. #06121351

St. Petersburg, 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 the 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 Bank of St. Petersburg, St. Petersburg, Florida, prepared by the **Federal Reserve Bank of Atlanta**, the institution's supervisory agency, as of **January 8, 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.

Based on available resources, lending activities reflect a reasonable penetration of all segments of the bank's assessment area, and a large percentage of loans originated by the bank are secured by properties within its assessment area, including low- and moderate-income areas. The bank is in substantial compliance with all provisions of the antidiscrimination laws and regulations.

The bank is primarily a small business lender in its assessment area. Since the previous examination, the bank has redefined its assessment area to include the census tracts in St. Petersburg (Pinellas County) that are primarily south of the Ulmerton Road line. The examination results indicate that the majority of the bank's small business loan originations (over 80 percent) are in its assessment area. In addition, a substantial percentage of these loan originations are in low- and moderate-income census tracts.

**GENERAL INFORMATION (CONTINUED)**

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

SMALL INSTITUTION ASSESSMENT CRITERIA	Bank of St. Petersburg		
	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 prior examination.		

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## DESCRIPTION OF INSTITUTION

### Bank Profile

Bank of St. Petersburg operates one office located on Pasadena Avenue near South Pasadena in Pinellas County. Currently, there are no plans to open any branch offices. The bank is at the southern tip of the city limits of St. Petersburg. As of December 31, 1995, the bank's total assets were \$31 million.

### Types of Credit Offered

Bank products are reviewed annually for their effectiveness in addressing financial needs of the community and satisfying the business plan of the bank. The bank offers the following types of credit:

1. Business loans: Short-term loans including construction; lines of credit typically secured by business assets; standby letters of credit; and loans for other purposes. Long-term loans include equipment or mini-permanent mortgage loans and loans for other long-term needs.
2. Personal loans: residential mortgage loans - fixed or adjustable with balloon term; first mortgage loans; second mortgage loans; home improvement loans; mobile home loans; automobile loans; educational loans; and loans for other purposes.
3. Loans to nonprofit organizations and government-related organizations, such as community development associations.

A review of the loan portfolio revealed that the bank generally offers and extends all types of credit listed.

### Loan Portfolio Composition

The composition of the loan portfolio according to the December 31, 1995 Consolidated Reports of Condition and Income is as follows:

Loan Types	Percentage
Secured by nonfarm nonresidential properties	52.9
Commercial and industrial	26.6
Secured by 1-4 family residential properties	10.8
Secured by multifamily residential properties	4.9
Real estate construction	2.0
Others	2.8

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St. Petersburg, Florida  
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## **DESCRIPTION OF INSTITUTION (CONTINUED)**

As of December 31, 1995, the bank has a 57.2 percent loan-to-deposit ratio. Since the last examination, there have been no significant changes in the types of loans offered and extended. Although the bank makes direct consumer loans, a large percentage of its loan portfolio consists of loans to small businesses.

The bank's marginal earnings performance has limited its lending capacity. As a result, the bank is just now returning to a level of profitability that will allow it to consider offering broader product lines to investigate other lending opportunities.

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## DESCRIPTION OF ST. PETERSBURG MARKET SOUTH OF ULMERTON ROAD

Pinellas County is situated on the central west coast of Florida between the Gulf of Mexico to the west and Tampa Bay to the east and south. The Tampa Bay region is made up of four counties that surround Tampa Bay: Pinellas, Hillsborough, Pasco, and Manatee. The primary concentration of development has taken place around Tampa Bay and along the Gulf Coast. The major cities in the area are Tampa in Hillsborough County and St. Petersburg and Clearwater in Pinellas County. Pinellas County is divided into 24 municipalities and several unincorporated areas. The five major municipalities - St. Petersburg, Clearwater, Largo, Dunedin, and Pinellas Park - account for approximately 56 percent of the total population. Hillsborough County is the most populous county in the area and contains the largest city, Tampa. The second most populous county in the area is Pinellas, which is geographically the second smallest county in Florida. This makes Pinellas County the most densely populated county in Florida with over 3,074 residents per square mile.

The population of the bank's assessment area was 500,387 as of the 1990 census. The median population age for the bank's assessment area is 42 years. Approximately 25 percent of the assessment area's population is over 65 years old. The following table shows the population breakdown by race:

Population Segment	Number	Percentage
Race		
African-American	50,685	10.3%
Hispanic	10,334	2.1%
White	423,196	86.0%

Historically, Pinellas County has been more retirement-oriented than Hillsborough County, where growth in commerce and industry has attracted many younger residents. Manatee, Pasco, and Pinellas Counties' history as retirement areas has contributed to their more mature populations. Recent years have shown a slight drop in average age because of the increase in office and manufacturing employment opportunities. This is particularly true of Pinellas County, where the retirement population is being replaced by younger, working- age, families.

## **DESCRIPTION OF ST. PETERSBURG MARKET SOUTH OF ULMERTON ROAD (CONTINUED)**

The economy has been primarily tourist and retirement oriented in the coastal counties and manufacturing and commercially oriented in Hillsborough County. Pinellas County has begun to attract a larger share of new businesses, particularly in the high tech industries. However, retail trade and the service industry continue to dominate the employment arena. The area where the Bank of St. Petersburg is located consists of mostly commercial businesses with very little residential areas. The Bank of St. Petersburg has traditionally sought small business as its primary target.

The bank's assessment area has an average adjusted median family income of \$38,230. The average adjusted median family income for the low- and moderate-income census tracts is \$24,356. Bank of St. Petersburg has 118 census tracts in its assessment area. 29, or 25 percent, of these tracts are low- and moderate-income census tracts. 103,538 people, or 20.7 percent of the population, live in low- and moderate-income tracts.

According to economic market data, the assessment area has 271,046 housing units; 56.7 percent are owner-occupied, 26.1 percent were rented, and 17.2 percent are vacant. The median housing value for this assessment area is \$68,271. 26,007, or approximately 17 percent, of the owner-occupied units are located in low- and moderate-income census tracts. The median age of the housing stock is 32 years.

One community contact was made during the examination. According to the contact, current credit products offered by financial institutions meet the needs voiced by the community. No other credit products were identified as needed in the community. Bank of St. Petersburg has contacted this individual as well.

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

Bank of St. Petersburg has identified small business lending as its major product line. According to Home Mortgage Disclosure Act (HMDA) data, during 1994, the bank originated only 7 home purchase and refinance loans, and during 1995, this number dropped to 6 loans originated. First and junior liens on one- to four-family dwellings represent approximately 11 percent of total loans. Consumer loans represent approximately 3 percent of total loans and thus were not considered a major product line.

Because the bank is not a leader in residential mortgages, it has concentrated more on small business and commercial loans. The bank originates a substantial number of small dollar loans and loans to small businesses with gross revenues under \$1 million.

During the examination, 48 small business loans were sampled to determine how many of these loans are in the bank's assessment area and whether low- to moderate-income census tracts are being adequately served. Based on the sample, 83 percent of the loans originated are in the bank's assessment area. In addition, 34 percent of the small business loans are in low- and moderate-income census tracts. The percentage of low- and moderate-income tracts in the bank's assessment area is approximately 24 percent. Additionally, the examiners reviewed the bank's own geo-analysis of total loans in its portfolio. 39 percent of the number and 43 percent of the dollar volume of loans in the bank's portfolio were located within a 3-mile radius of the bank. When the radius was increased to 5 miles, the percentages increased to 52 percent of the number and 55 percent of the dollar volume of total loans.

The bank's four quarter average (1995) loan-to-deposit ratio is 57.9 percent. Bank of St. Petersburg's loan-to-deposit ratio is slightly lower than that of its peer group as show on the September 30, 1995 Uniform Bank Performance Report. Given the bank's size, resources, and current office facility, the loan-to-deposit ratio meets the standards for satisfactory performance. The Pinellas County area has numerous financial institutions, including many affiliated with major bank holding companies, that provide heavy competition. Bank of St. Petersburg seems to have found its niche in the small business lending area.

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

The bank has no community development loans or qualified investments. However, bank management has reviewed various redevelopment projects and determined that it could not make a long-term commitment because of the cost. Many of the bank's officers and loan personnel are actively involved in the community and provide community services to various entities. In particular, one assistant vice president assists with the Community Service Foundation, which provides services for assistance with rental and utility payments, mediation for families facing eviction or foreclosure, and training on obtaining a mortgage or lease, how to budget, home maintenance, and how to apply for a mortgage or lease.

The bank solicits credit applications from all segments of its community, including low- and moderate-income neighborhoods. The examination revealed no evidence of any practices intended to discourage individuals from applying for the types of credit the bank offers. Bank of St. Petersburg's fair lending policy has been incorporated into all bank loan policies. Extensive fair lending training is provided to all employees periodically. Senior management took a proactive approach fair lending when it implemented a second review process for all denied applications.

Bank management has adopted policies and procedures to ensure that underwriting guidelines are applied uniformly. The examination indicated that credit decisions have been based on objective, economic, and nondiscriminatory criteria. No violations of the substantive provisions of antidiscrimination laws and regulations were identified.

A judgmentally selected sample of loan application files was reviewed to determine the level of compliance with the requirements of the Equal Credit Opportunity Act, the Home Mortgage Disclosure Act, and the Fair Housing Act. No evidence of unlawful or prohibited practices regarding credit decisions 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.

**FEDERAL RESERVE BANK OF ATLANTA**

ASSISTANT VICE PRESIDENT

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

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CYNTHIA C. GOODWIN

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(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 8, 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)

BANK OF ST. PETERSBURG  
\_\_\_\_\_  
(Name of Bank)

ST. PETERSBURG, FLORIDA  
\_\_\_\_\_  
(Location)

# FEDERAL RESERVE BANK OF ATLANTA

**Cynthia C. Goodwin**  
ASSISTANT VICE PRESIDENT

Board of Directors  
Bank of St. Petersburg  
777 Pasadena Avenue South  
St. Petersburg, Florida 33707

Dear Board Members:

Enclosed is the bank's Community Reinvestment Act Performance Evaluation prepared by Federal Reserve Examiner Elizabeth M. Hipple, 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, please feel free to contact Ms. Gale Williams at (404) 589-7223.

Very truly yours,

Cynthia C. Goodwin

Enclosures

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Name of Bank: Bank of St. Petersburg

City and State: St. Petersburg, Florida

Date of Examination: January 8, 1996