

PUBLIC DISCLOSURE

January 13, 1997

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

Interinvest Bank
06120209

Clearwater, 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 Intervest Bank prepared by the Federal Reserve Bank of Atlanta, the institution's supervisory agency, as of January 13, 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.

The bank's loan-to-deposit ratio is reasonable given the institution's size, financial condition, and assessment area credit needs. Since the previous examination, the bank has originated a total of 49 loans, all of which were reviewed. However, a substantial majority of the bank's loan originations are outside of the institution's assessment area, which is defined as the northern portion of Pinellas County. Only 33 percent of the loan originations were inside the assessment area. The loans originated inside the assessment area were reasonably dispersed throughout the area. Loans to borrowers of different incomes could not be analyzed because the incomes of most of the applicants could not be determined. No evidence of discrimination or other illegal credit practices was noted during the examination.

GENERAL INFORMATION (CONTINUED)

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

| SMALL INSTITUTION ASSESSMENT CRITERIA | INTERVEST 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 | Insufficient data to analyze income distribution. | | |
| Geographic distribution of loans | | X | |
| Response to complaints | No complaints were received since the previous examination. | | |

DESCRIPTION OF INSTITUTION

Intervest Bank operates its main office and three branches in Clearwater, Florida. Management plans to open an additional branch in St. Petersburg, Florida, by the summer of 1997. According to the September 30, 1996 Consolidated Reports of Condition and Income, the bank's total assets were \$90 million. No legal or financial impediments that would hinder the bank from meeting the credit needs of its assessment area were identified.

Although Intervest Bank has originated a limited number of loans, the bank offers a variety of credit products to meet community credit needs. Management reviews the bank's credit products annually to determine their effectiveness in addressing the financial needs of the community. The types of credit products offered by the bank, as listed in the bank's public file, include all-purpose consumer loans, real estate loans, and loans to businesses of various sizes. A review of the loan portfolio revealed that the bank offers and extends all of the types of credit listed.

The composition of the loan portfolio according to the September 30, 1996 Consolidated Reports of Condition and Income is as follows:

| LOAN TYPE | PERCENTAGE |
|--|---------------|
| Secured by one- to four-family dwellings | 6.1% |
| Other real estate: | |
| Multifamily | 7.4% |
| Nonfarm nonresidential | 79.1% |
| Commercial and industrial | 7.2% |
| All other (including loans to individuals) | .2% |
| Total | 100.0% |

The percentages in the table above reflect the dollar amounts of each loan type in the bank's loan portfolio. The table also illustrates that the majority of the bank's loan portfolio is made up of real estate secured business loans.

DESCRIPTION OF ASSESSMENT AREA

Intervest Bank is located in Clearwater, Florida. The bank has defined its assessment area as the northern portion of Pinellas County. The assessment area consists of 40 census tracts, which include one low-income tract, six moderate-income tracts, 24 middle-income tracts, and nine upper-income tracts.

According to 1990 Census data, the median family income for the assessment area was \$31,387, and the median family income of the Tampa-St. Petersburg-Clearwater, Florida Metropolitan Statistical Area (MSA) was \$31,244. The assessment area's population was 196,212. The racial composition of the residents in the bank's assessment area was 90.2 percent nonminority and 9.8 percent minority.

Characteristics of the families in the bank's assessment area according to the 1990 Census are shown in the table below.

INCOME SUMMARY

| | |
|-----------------------------------|----------|
| Median family income | \$31,387 |
| Total number of families | 53,955 |
| % of low-income families | 17.0 |
| % of moderate-income families | 19.7 |
| % of middle-income families | 24.2 |
| % of upper-income families | 39.1 |
| % of families below poverty level | 6.5 |

The 1993 U.S. Census data for county business patterns show a total of 24,569 businesses in Pinellas County. 23,452 (95 percent) of the businesses have fewer than 50 employees, and the service and retail trade industries are the largest employers in the area. According to the Bureau of Labor Statistics, the unemployment rate as of November 30, 1996, was 3.5 percent for Pinellas County and 4.8 percent for the state of Florida. The unemployment rate for the state of Florida has improved since the 1990 Census when the unemployment rate was 5.7 percent.

DESCRIPTION OF ASSESSMENT AREA (CONTINUED)

According to the 1990 Census data, 106,594 housing units were in the bank's assessment area. 53.7 percent were owner-occupied, 31.5 percent were rental units, and 14.8 percent were vacant units. The median housing age was 18 years, and the median housing value was \$73,776.

During the CRA examination, two community contacts were made with individuals who represent housing agencies in Clearwater, Florida. Both contacts stated that low-income housing and housing rehabilitation are some of the major needs in the community. The growth of the economy in the area should give local financial institutions the opportunity to offer credit products and services that will meet the credit needs of the community.

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA

Loan-to-Deposit Ratio Analysis

Based on information from the bank's Consolidated Reports of Condition and Income, the bank's average loan-to-deposit ratio for the five quarters ended September 30, 1996, was 63 percent. Of the 21 other financial institutions in the surrounding area, two are comparable in size. The average loan-to-deposit ratios for the two comparable banks during the same time period were 55 and 69 percent. Given the bank's size, resources, and current facilities, Intervest Bank's loan-to-deposit ratio meets the standards for satisfactory performance.

Lending in Assessment Area

During the examination, 49 loans originated since the last examination were reviewed to determine the percentage of loans inside the bank's assessment area. The types of loans reviewed were real estate loans, small business loans, consumer loans, participation loans, and multifamily loans. Of the loans reviewed, 16 (33 percent) were extended inside the bank's assessment area and 32 (67 percent) were extended outside the bank's assessment area. Although the loans originated outside the bank's assessment area were in close proximity, the bank's performance in this category does not meet standards for satisfactory performance. Bank management will consider expanding the assessment area to better reflect the bank's effective lending patterns.

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA (CONTINUED)

Lending to Borrowers of Different Incomes and to Businesses of Different Sizes

This performance criterion could not be analyzed because income information was insufficient. Many of the loans were secured by certificates of deposit; therefore, the applicant's income information was not required.

Geographic Distribution of Loans

The geographic distribution of the bank's lending indicates no arbitrary exclusion of any particular geography in the assessment area. 64.5 percent of the assessment area's residents live in middle-income tracts, and 62.5 percent of the loans were originated in middle-income tracts. 20.3 percent of the population lives in upper-income tracts, and these tracts received 25 percent of the loans. Moderate-income tracts, which are home to 14 percent of the population, received 12.5 percent of the loans. No loans were made in the low-income tract, but only 1.2 percent of the population lives in this tract. The geographic distribution meets standards for satisfactory performance.

| CENSUS TRACT TYPE | PERCENTAGE OF POPULATION IN ASSESSMENT AREA | % OF TOTAL LOANS IN ASSESSMENT AREA | # OF CENSUS TRACTS IN ASSESSMENT AREA |
|-------------------|---|-------------------------------------|---------------------------------------|
| Low-income | 1.2% | 0% | 1 |
| Moderate-income | 14.0% | 12.5% | 6 |
| Middle-income | 64.5% | 62.5% | 24 |
| Upper-income | 20.3% | 25.0% | 9 |
| Total | 100.0% | 100.0% | 40 |

Complaints

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

Compliance with the Antidiscrimination Laws

Bank management has developed and implemented loan policies and procedures for the types of credit the bank offers. The examination revealed no evidence of any practices intended to discourage individuals from applying for the types of credit the bank offers. 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 and the Fair Housing Act. No violations of the substantive provisions of the antidiscrimination laws and regulations were 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 (AND A DESIGNATED OFFICE IN EACH OF YOUR LOCAL COMMUNITIES) 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 JANUARY 13, 1997, 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)

INTERVEST BANK

(Name of Bank)

CLEARWATER, FLORIDA

(Location)

FEDERAL RESERVE BANK OF ATLANTA

Cynthia C. Goodwin
ASSISTANT VICE PRESIDENT

Board of Directors
Interinvest Bank
Post Office Box 5088
Clearwater, Florida 34618

Dear Board Members:

Enclosed is the bank's Community Reinvestment Act Performance Evaluation prepared by Federal Reserve Examiner Gayle Askew 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 (and a designated office in each of your local communities) 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

FEDERAL RESERVE BANK OF ATLANTA

Cynthia C. Goodwin
ASSISTANT VICE PRESIDENT

March 7, 1997

Ms. Patricia Hartje
Regional Compliance Manager
Office of the Comptroller of the Currency
Marquis One Tower, Suite 600
245 Peachtree Center Avenue, N.E.
Atlanta, Georgia 30303

Dear Ms. Hartje:

Enclosed for your information is a copy of the Community Reinvestment Act Performance Evaluation for Intervest Bank, Clearwater, Florida, as of January 13, 1997.

A copy of our letter of transmittal to the bank's board of directors is also enclosed.

Very truly yours,

Cynthia C. Goodwin

Enclosures

FEDERAL RESERVE BANK OF ATLANTA

Cynthia C. Goodwin
ASSISTANT VICE PRESIDENT

March 7, 1997

Mr. Joel Palmer
Assistant Director II
Regional Operations - Compliance
Office of Thrift Supervision
1475 Peachtree Street, N.E.
Atlanta, Georgia 30309

Dear Mr. Palmer:

Enclosed for your information is a copy of the Community Reinvestment Act Performance Evaluation for Intervest Bank, Clearwater, Florida, as of January 13, 1997.

A copy of our letter of transmittal to the bank's board of directors is also enclosed.

Very truly yours,

Cynthia C. Goodwin

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FEDERAL RESERVE BANK OF ATLANTA

Cynthia C. Goodwin
ASSISTANT VICE PRESIDENT

March 7, 1997

Mr. Jimmy Loyless
Regional Director
Federal Deposit Insurance Corporation
One Atlantic Center, Suite 1600
1201 West Peachtree Street, N.E.
Atlanta, Georgia 30309-3449

Dear Mr. Loyless:

Enclosed for your information is a copy of the Community Reinvestment Act Performance Evaluation for Intervest Bank, Clearwater, Florida, as of January 13, 1997.

A copy of our letter of transmittal to the bank's board of directors is also enclosed.

Very truly yours,

Cynthia C. Goodwin

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PUBLIC DISCLOSURE

**COMMUNITY REINVESTMENT ACT
PERFORMANCE EVALUATION**

Name of Bank: INTERVEST BANK

City and State: CLEARWATER, FLORIDA

Date of Examination: JANUARY 13, 1997