

PUBLIC DISCLOSURE

February 3, 1997

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

Friendship Community Bank
06121106

Ocala, 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 Friendship Community Bank prepared by the Federal Reserve Bank of Atlanta, the institution's supervisory agency, as of February 3, 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 average loan-to-deposit ratio for the previous five quarters is satisfactory and is similar to the ratios for banks of similar asset size in the area. A majority of the bank's consumer and residential real estate loans are in the assessment area and are reasonably distributed in the three census tracts that make up the assessment area. These three tracts are all middle-income. The loan review also indicated that credit was extended to applicants in all income groups. No complaints have been filed regarding the bank's CRA performance since the previous examination.

GENERAL INFORMATION (CONTINUED)

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

SMALL INSTITUTION ASSESSMENT CRITERIA	FRIENDSHIP COMMUNITY 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

Friendship Community Bank operates one full-service office in Ocala, Florida. The bank has a drive-through teller window with expanded weekday and Saturday hours, but does not have an automated teller machine. The bank had total assets of \$26.3 million according to the September 30, 1996 Consolidated Reports of Condition and Income. No impediments that would hinder the ability of the bank to make credit available in its assessment area were noted.

The bank offers a variety of credit products to meet the needs of its assessment area. These products are listed in the bank's public file and are primarily for consumer purposes, small business needs, and the purchase, refinance, and construction of one- to four-family residences.

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

LOAN TYPE	PERCENTAGE
Construction and development	5.8%
Secured by one- to four-family dwellings	67.5%
Nonfarm nonresidential	15.3%
Commercial and industrial	6.9%
Loans to individuals	4.5%
Total	100.0%

The table shows that the largest portion of the loan portfolio is made up of loans secured by one- to four-family dwellings. Loans secured by one- to four-family dwellings and consumer installment loans were reviewed for this analysis.

DESCRIPTION OF ASSESSMENT AREA

The bank's assessment area is made up of three middle-income census tracts in Marion County, Florida. The bank's only office is situated in the middle of these tracts just outside the city limits of Ocala. The area contains numerous retirement communities and horse farms.

According to the 1990 census, the median family income of the assessment area was \$26,578. Although the three tracts are designated as middle-income, other income groups are also represented in the assessment area. The table below shows the number and percentage of families in each income group in the assessment area.

ASSESSMENT AREA FAMILIES BY INCOME GROUP					
	Low	Moderate	Middle	Upper	Total
Number	736	1,518	1,904	2,598	6,756
Percentage	10.9%	22.5%	28.2%	38.4%	100.0%

Based on the 1990 census, the population in the assessment area was 18,498, 90.8 percent of which was white.

The major employers in Marion County are service providers and retail and wholesale trade establishments, followed by manufacturers. The two largest employers are a medical center and Lockheed Martin, a defense contractor. A van conversion facility is third followed by an emergency vehicle service. In 1994, the unemployment rate in Marion County was 8 percent¹.

1990 census information shows that the assessment area contained 9,956 housing units, 7,651 (76.8 percent) of which were owner-occupied. 7,988 (80.2 percent) of the total housing units were one- to four-family residences, and 1,867 (18.8 percent) were mobile homes. The median housing value was \$64,554, and the median age of the housing stock in the assessment area was 15 years.

¹1994 Florida County Profile, Florida Department of Commerce, Bureau of Economic Analysis

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA

Loan-to-Deposit Ratio Analysis

The average loan-to-deposit ratio for the five quarters ended September 30, 1996, was 48.8 percent. This ratio is considered to be reasonable and compares favorably with the loan-to-deposit ratios of two small competitors. The competitors have average loan-to-deposit ratios of 42.7 percent and 47.3 percent. Other banks in the area have higher ratios, but are significantly larger in asset size and have multiple branches. The bank's assessment area has a large number of retirees who typically are not heavy users of credit.

Lending in Assessment Area

98 loans were selected for the analysis. 71 were loans secured by one- to four-family residences, and 27 were consumer installment loans. Six loans were missing information necessary to identify them by location and were excluded from this analysis, leaving a review sample of 92. These loans were reviewed to determine the level of lending inside the assessment area. The tables below show the levels of lending inside and outside the assessment area for both loan types.

DISTRIBUTION OF LOANS IN AND OUT OF ASSESSMENT AREA - RESIDENTIAL LOANS		
	Inside	Outside
Number of Loans	42	25
Number Percentage	62.7%	37.3%
Dollar Amount of Loans	\$1,811,819	\$1,394,050
Dollar Percentage	56.5%	43.5%

DISTRIBUTION OF LOANS IN AND OUT OF ASSESSMENT AREA - INSTALLMENT LOANS		
	Inside	Outside
Number of Loans	13	12
Number Percentage	52%	48%
Dollar Amount of Loans	\$123,951	\$120,413
Dollar Percentage	51%	49%

This level of lending in the assessment area meets the standard for satisfactory performance.

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA (CONTINUED)

Lending to Borrowers of Different Incomes and Businesses of Different Sizes

Although the three census tracts in the assessment area are designated as middle-income, all income groups are represented in the assessment area. 10.9 percent of the families are low-income, 22.5 percent are moderate-income, 28.2 percent are middle-income, and 38.4 percent are upper-income. The tables below show the distribution of the bank's loans by the income level of the borrower.

DISTRIBUTION OF LOANS BY BORROWER INCOME - RESIDENTIAL LOANS					
Income Level	Low	Moderate	Middle	Upper	Total
Number	3	8	11	19	41
Percentage	7.3%	19.5%	26.8%	46.4%	100.0%

DISTRIBUTION OF LOANS BY BORROWER INCOME - CONSUMER LOANS					
Income Level	Low	Moderate	Middle	Upper	Total
Number	2	4	1	4	11
Percentage	18.2%	36.4%	9.0%	36.4%	100.0%

The data in the tables above indicate that the bank is extending credit to borrowers of all income levels and that the distribution is reasonable considering the actual mix of family incomes in the assessment area.

Geographic Distribution of Loans

The three census tracts that make up the assessment area are all middle-income. However, the geographic distribution of loans reflects reasonable dispersion because the bank extended loans in all census tracts in the area. The bank meets the standards for satisfactory performance in this category.

Complaints

No complaints regarding the bank's CRA performance have been received since the previous examination.

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA (CONTINUED)

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 bank loan files, policies, and procedures. No practices that would discourage applicants intentionally or unintentionally were identified during the examination; however, minor violations of technical aspects of Regulation B - Equal Credit Opportunity Act were noted. These violations had no negative effect on the bank's CRA performance.

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 3, 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)

FRIENDSHIP COMMUNITY BANK

(Name of Bank)

OCALA, FLORIDA

(Location)

FEDERAL RESERVE BANK OF ATLANTA

Cynthia C. Goodwin
ASSISTANT VICE PRESIDENT

Board of Directors
Friendship Community Bank
8375 S.W. State Road 200
Ocala, Florida 34481-9604

Dear Board Members:

Enclosed is the bank's Community Reinvestment Act Performance Evaluation prepared by Federal Reserve Examiner Eloise McDonough 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

FEDERAL RESERVE BANK OF ATLANTA

Cynthia C. Goodwin
ASSISTANT VICE PRESIDENT

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 Friendship Community Bank, Ocala, Florida, as of February 3, 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

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 Friendship Community Bank, Ocala, Florida, as of February 3, 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

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 Friendship Community Bank, Ocala, Florida, as of February 3, 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: FRIENDSHIP COMMUNITY BANK

City and State: OCALA, FLORIDA

Date of Examination: FEBRUARY 3, 1997

FEDERAL RESERVE BANK OF ATLANTA