

PUBLIC DISCLOSURE

June 23, 1997

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

Bank of St. Petersburg
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 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 prepared by the Federal Reserve Bank of Atlanta, the institution's supervisory agency, as of June 23, 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 satisfactory rating is based on a reasonable average loan-to-deposit ratio and its record of lending inside its assessment area. The bank has a six-quarter average loan-to-deposit ratio of 63.6 percent and a 70.8 percent ratio as of March 31, 1997. The percentage of loans originated inside the bank's assessment area is considered satisfactory at 72.9 percent. Loans by income of borrowers and by income characteristics of the census tracts in the assessment area reflect a reasonable distribution throughout the assessment area. The bank has demonstrated a record of lending to businesses of different sizes and is willing to extend loans to small businesses in relatively small amounts. The bank's record of lending meets the standards for satisfactory performance considering factors such as the size of the bank and competition from other financial institutions in the assessment area. No CRA-related complaints have been received since the previous examination.

DESCRIPTION OF INSTITUTION

Bank of St. Petersburg operates one full-service office in St. Petersburg, Florida. The bank has drive-through teller windows and expanded hours on Fridays for the drive-through lanes and the lobby. The bank is also open on Saturdays. The bank had total assets of \$31.8 million according to the March 31, 1997 Consolidated Reports of Condition and Income. No impediments that would hinder the ability of the bank to make credit available to businesses and consumers in the assessment area were noted. The bank received a satisfactory CRA rating at its previous examination as of January 8, 1996.

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

The composition of the loan portfolio according to the March 31, 1997 Consolidated Reports of Condition and Income is as follows:

LOAN TYPE	PERCENTAGE
Construction and development	5.6
Secured by one- to four-family dwellings	6.5
Other real estate: Multifamily	5.6
Nonfarm nonresidential	61.1
Commercial and industrial	18.4
Loans to individuals	2.2
All other	0.6
TOTAL	100.0

The table shows that the largest portion of the loan portfolio is made up of loans secured by other real estate followed by commercial and industrial loans. Small business loans were reviewed for the CRA analysis. In addition, consumer motor vehicle loans were reviewed because these loans make up the

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largest portion of loans to individuals.

DESCRIPTION OF ASSESSMENT AREA: PORTIONS OF PINELLAS COUNTY

The bank's assessment area is located in the Tampa/St. Petersburg/Clearwater Metropolitan Statistical Area (MSA), which is the 23rd largest MSA in the country by population. The assessment area is made up of 116 census tracts in St. Petersburg, Florida, in south Pinellas County. According to the 1990 census, the population of the MSA was 2,067,959 and the population of the assessment area was 492,088. The median family income was \$31,244 in the MSA and \$31,827 in the assessment area. The median household income for the assessment area was \$25,231. Household and family incomes are derived from the combined incomes of all contributing members of the family or household. The median family income in the assessment area was higher than the overall MSA income of \$31,244 but lower than the state's median family income of \$32,212.¹ The table below shows the number and percentage of families² in each income group in the assessment area:

ASSESSMENT AREA FAMILIES BY INCOME GROUP					
	Low	Moderate	Middle	Upper	Total
Number	23,496	26,009	31,739	54,174	135,418
Percentage	17.4	19.2	23.4	40.0	100.0

The following table shows the distribution of the census tracts in the assessment area by income category:

ASSESSMENT AREA CENSUS TRACTS BY INCOME GROUP					
	Low	Moderate	Middle	Upper	Total
Number	6	23	57	30	116
Percentage	5.2	19.8	49.1	25.9	100.0

These tables indicate that upper-income families constitute the largest segment of families in the

¹Updated income data indicates that the median family income as of 1996 was \$39,400 for the MSA and \$31,600 for the state.

²Families exclude a single person living alone or two or more unrelated individuals living together.

assessment area and that middle-income tracts make up the largest segment of census tracts.

DESCRIPTION OF ASSESSMENT AREA: PORTIONS OF PINELLAS COUNTY (CONTINUED)

As of 1995, the population of Pinellas County was 876,200. 361,443 individuals, 16 years old and older, were employed, 34.3 percent of whom were involved in service industries. Many of the service organizations are focused on retirees and the tourist trade. The second largest employers are retail trade establishments, which employ 26.8 percent of total employed individuals. The unemployment rate for the county as of 1995 was 4.6 percent.³

1990 census information shows that the assessment area contained 266,622 housing units, 152,445 (57.2 percent) of which were owner-occupied. 166,760 (62.5 percent) were one- to four-family residences, and 25,396 (9.5 percent) were mobile homes. The median housing value was \$68,307, and the median age of the housing stock in the assessment area was 34 years. The affordability ratio for the assessment area was 0.369 compared with the state's ratio of 0.359. The affordability ratio represents the relationship between the cost of single-family, owner-occupied housing and the median income of households in a given area. Values closer to 1.0 indicate a greater chance of residents being able to afford a house.

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA

Loan-to-Deposit Ratio Analysis

The average loan-to-deposit ratio for the six quarters ended March 31, 1997, was 63.6 percent. Nine other banks with assets less than \$100 million currently operate in Pinellas County; their assets range from \$18.7 million to \$93.3 million. These banks have six-quarter average loan-to-deposit ratios ranging from 52.4 percent to 78.3 percent. The two banks closest in size to Bank of St. Petersburg have assets of \$28.3 million and \$39.3 million. The average loan-to-deposit ratios for these two banks are 60.0 percent and 52.4 percent. The bank's average ratio compares favorably to those of the other small banks in the area and meets the standards for satisfactory performance.

¹Updated income data indicates that the median family income as of 1996 was \$39,400 for the MSA and \$31,600 for the state.

²Families exclude a single person living alone or two or more unrelated individuals living together.

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

Lending in Assessment Area

49 loans made since the previous examination were selected for the CRA analysis. The level of the bank's lending inside its assessment area for 28 motor vehicle loans and 21 business loans was evaluated. One of the motor vehicle loans lacked information necessary to identify its location and was therefore excluded from the analysis, leaving a review sample of 27. The tables below illustrates the bank's lending inside its assessment area for both types of loans reviewed:

DISTRIBUTION OF LOANS IN AND OUT OF ASSESSMENT AREA - BUSINESS LOANS		
	Inside	Outside
Number of Loans	16	5
Number Percentage	76%	24%
Dollar Amount of Loans	\$1,241,912	\$910,216
Dollar Percentage	58%	42%

DISTRIBUTION OF LOANS IN AND OUT OF ASSESSMENT AREA - MOTOR VEHICLE LOANS		
	Inside	Outside
Number of Loans	19	8
Number Percentage	70%	30%
Dollar Amount of Loans	\$227,077	\$77,637
Dollar Percentage	75%	25%

The five business loans and eight consumer loans outside the bank's assessment area were to residents of

surrounding Florida cities or the immediate St. Petersburg area. The bank designated only the southern portion of St. Petersburg, south of Ulmerton Road, as its assessment area. The majority of these 13 loans were to residents in close proximity to the bank but still outside of the assessment area.

The tables indicate that a majority of the bank's loans were extended inside its assessment area; therefore, the bank meets the standards for satisfactory performance.

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA (CONTINUED)

Lending to Borrowers of Different Incomes and Businesses of Different Sizes

The table below shows the distribution of the 19 motor vehicle loans inside the bank's assessment area by borrowers' income.

DISTRIBUTION OF LOANS BY BORROWER INCOME - MOTOR VEHICLE LOANS					
	Low	Moderate	Middle	Upper	Total
Number	2	4	7	6	19
Percentage	11%	21%	36%	32%	100%

A comparison of the distribution of the motor vehicle loans by borrower income to the actual distribution of families by income in the assessment area as shown in the table on page 3 shows that the distribution of loans generally reflects the distribution of families by income. The loans to low-income borrowers are slightly less than the representation of low-income families in the population. However, considering the bank's relatively small size, its small volume of consumer lending, and the high level of competition from regional financial institutions as well as other automobile lenders, this distribution is reasonable and meets the standards for satisfactory performance.

In addition to the motor vehicle loans, the sample of 16 business loans made inside the assessment area was reviewed to determine the level of lending to small businesses and the distribution of the loans by loan size. 100 percent of the sample of small business loans were to businesses with revenues less than \$1 million. 11 (69 percent) of the loans were in amounts less than \$100,000, and the remaining five (31 percent) were

in amounts between \$100,000 and \$250,000.

Geographic Distribution of Loans

The distribution of the bank's loans by income level of the census tracts in the assessment area was examined. The loans inside the assessment area are shown in the tables below by the type of census tract in which the borrower resides or the business is located.

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA
 (CONTINUED)

Geographic Distribution of Loans (Continued)

DISTRIBUTION OF BUSINESS LOANS BY CENSUS TRACT INCOME LEVEL

	Low	Moderate	Middle	Upper	Total
Number of Loans	1	3	2	10	16
Percentage	6%	19%	12%	63%	100%

DISTRIBUTION OF MOTOR VEHICLE LOANS BY CENSUS TRACT INCOME LEVEL

	Low	Moderate	Middle	Upper	Total
Number of Loans	0	2	8	9	19
Percentage	0%	11%	42%	47%	100%

The tables indicate that most of the banks lending is in upper-income tracts. The lending in upper-income tracts compared to the number of upper-income tracts in the assessment area as shown on the table on page 3 shows that the lending in the upper-income tracts for both loan types exceeds the representation of upper-income tracts in the assessment area. The distribution of business loans in low- and moderate-income tracts closely reflects the representation of those types of tracts in the assessment area. Motor vehicle loans in low- and moderate-income tracts are less than the representation of these tracts in the assessment area. However, mitigating factors justify the geographic distribution of the banks lending. The banks one office is situated in an upper-income tract that is contiguous to four middle-income tracts and one other upper-income tract. The concentration of moderate- and low-income tracts is approximately seven miles to the east near downtown St. Petersburg, where many large regional banks and community banks currently operate. Considering these factors, the banks small size, and its single branch location, this distribution is reasonable and meets the standards for satisfactory performance in this category.

Complaints

No complaints regarding the banks CRA performance have been received since the previous examination.

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CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA
(CONTINUED)

Compliance with Antidiscrimination Laws

The bank is in compliance with the substantive provisions of the fair lending laws and regulations. No evidence of discrimination or the use of illegal credit practices was identified during the review of loan files and loan policies. No practices that would discourage applicants intentionally or unintentionally from obtaining credit were noted during the examination.