



**SMALL BANK**

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Comptroller of the Currency  
Administrator of National Banks

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## **PUBLIC DISCLOSURE**

**April 21, 2003**

### **COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION**

**First National Bank Of Pasco  
Charter Number 20976**

**13315 U.S. Highway 301 South  
Dade City, FL 33525**

**Comptroller of the Currency  
North Florida Field Office  
8375 Dix Ellis Trail, Suite 403  
Jacksonville, FL 32256**

**NOTE: This document is an evaluation of this 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. This evaluation is not, nor should it be construed as, an assessment of the financial condition of this institution. The rating assigned to this institution does not represent an analysis, conclusion, or opinion of the federal financial supervisory agency concerning the safety and soundness of this financial institution.**

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## INSTITUTION'S CRA RATING

This institution is rated Satisfactory.

- First National Bank of Pasco's (FNBP) average loan-to-deposit ratio is good in comparison to similar-sized institutions.
- A substantial portion of consumer and residential real estate lending occurs within the assessment area.
- The lending distribution to low- and moderate-income borrowers is satisfactory in relation to the demographics of the community.
- The geographic distribution of consumer and residential real estate loans reflects very good penetration of census tracts within the bank's assessment area.

## DESCRIPTION OF INSTITUTION

First National Bank of Pasco was chartered in 1986. FNBP is wholly owned by Florida Bancshares, Incorporated, which is a one-bank holding company. The bank's corporate structure is unchanged since the prior CRA examination. The bank is headquartered in Dade City, Pasco County, Florida. FNBP also operates two offices in Zephyrhills, Pasco County, Florida. The bank offers drive-up facilities, Internet banking, and automated teller machine (ATM) access at all offices and the lobby of Pasco Regional Medical Center. FNBP offers a variety of lending programs but its primary focus has been residential real estate and consumer loans. As of March 31, 2003, total assets are approximately \$77 million. And net loans of \$54 million represent 70% of total assets. The composition of the loan portfolio is the following.

Loan Portfolio Composition March 31, 2003		
Loan Type	Dollar Amount (000)	% of Portfolio
<b>Residential Real Estate</b>	<b>29,373</b>	<b>54.7%</b>
<b>Consumer</b>	<b>12,517</b>	<b>22.9%</b>
Non-farm Non-residential	6,664	12.4%
Commercial and Industrial	2,252	4.4%
Farmland	2,850	5.4%
Other	50	.09%
Construction	42	.08%

There are no legal or financial constraints that would impede the bank's ability to meet the credit needs of its assessment area. The last CRA examination for FNBP was through March 1998, and the bank received a rating of "Satisfactory." The evaluation period for this CRA examination covers reporting period of March 31, 1998 to March 31, 2003.

## **DESCRIPTION OF ASSESSMENT AREA**

First National Bank of Pasco's assessment area (AA) consists of fifteen census tracts that represent east Pasco County and one adjacent census tract in southwest Hernando County. East Pasco County includes Dade City and the cities of Zephyrhills and Ladoochee. Dade City, the county seat of Pasco County, is located in the rolling hills of eastern Pasco County and typifies what many people think of as "old" or "historic" Florida.

The city has a population of 71,000 residents. The area is home to many seasonal retirees and the population increases significantly during the winter months. Dade City's local economy has historically been tied to agriculture, centered primarily in citrus and cattle production. St. Leo College and Pasco-Hernando Community College are located in the Greater Dade City area. According to Enterprise Florida 2002 statistical data for Pasco County, the county has a population of 361,468.

The major private sector employers are Pasco Beverage Company (600 employees), Pall Aeropower Corporation (545 employees), and Zephyrhills Spring Water Company (205 employees). Banking competition is strong with 23 financial institutions in Pasco County. The Federal Deposit Insurance Corporation's Market Share statistical data for June 30, 2002 ranks FNBP fourteenth in market share of deposits at 1.4%.

The assessment area is located in the Tampa-St. Petersburg Metropolitan Statistical Area (MSA #8280). Based upon the 1990 Census, median family income of \$31,244 for MSA, the AA consists of ten moderate-income census tracts and six middle-income tracts and meets the requirements of the regulation and does not arbitrarily exclude low- or moderate-income geographies.

The Department of Housing and Urban Development (HUD) estimates the 2002 MSA's median family income at \$50,500 for the Tampa-St. Petersburg MSA. Based upon this income, 26.8% of the families in the assessment area are classified as low-income, 25.26% are moderate-income, 24.52% are middle-income, and 23.43% are considered upper-income.

The following table highlights the demographic composition of the bank's assessment area.

Demographic Information for Assessment Area: Part of Pasco County					
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #
Geographies (Census Tracts/BNAs)	16	0	62.5%	37.5%	0
Population by Geography	69,868	0	75.35%	24.65%	0
Owner-Occupied Housing by Geography	36,956	0	75.36%	24.64%	0
Business by Geography	5,535	0	69.09%	30.91%	0
Farms by Geography	278	0	64.03%	35.97%	0
Percentage of Households (HH) within each Tract Category	28,243	0	77.31%	22.69%	0
<b>Median Family Income for 1990 U.S. Census</b> <b>*HUD 2003 Adjusted Median Family Income for MSA #8280</b>		<b>\$31,244</b> <b>\$49,700</b>	<b>Median Housing Value</b> <b>Unemployment Rate</b> <b>(January 2003)</b> <b>% of HH below Poverty Level</b>		<b>\$56,991</b> <b>**4.9%</b> <b>13.76%</b>

Source: \*2003 HUD updated MFI, \*\*U.S. Department of Labor, and All other Data: 1990 US Census,

## COMMUNITY CONTACT

In conjunction with our examination, we contacted a source outside of the bank to help assess the credit needs of the community and the performance of financial institutions in meeting those credit needs. The external contact is the director of an organization in Pasco County that provides affordable housing to low-income individuals in east Pasco County. Our discussion indicates a need for more affordable housing for low-income families. The organization receives good support from community banks, especially FNBP. The director also states that a great opportunity exists for financial institutions to purchase the organization's mortgages at better discount rates, which provides more housing construction funds.

# CONCLUSIONS ABOUT PERFORMANCE CRITERIA

## Loan-to-Deposit Ratio

- **Loan-To-Deposit Ratio - Meets the Standard for Satisfactory Performance**

*First National Bank of Pasco's average loan-to-deposit (LTD) ratio is good in comparison to similar-sized institutions.*

As of 12/31/2002, the bank's LTD ratio is 78.86% compared to national peer ratio of 75.25%. Quarterly data for the LTD ratio is available from March 1998 to December 2002. The average LTD ratio is calculated and averaged for each quarter since the last CRA exam dated April 13, 1998. During this period, the bank's average LTD ratio ranged from 71.85% to 83.3%, with an average of 78.96%. We compared the bank's average LTD ratio to the ratios of eight similarly situated banks located within the Tampa - St. Petersburg Metropolitan Statistical Area (MSA #8280). Similarly situated banks (peer) are banks with assets from \$50 to \$100 million and offer similar products and services. The bank's average LTD ratio of 78.96% is higher than the peer ratio of 76.24% for the evaluation period.

## Lending in Assessment Area

- **Lending in the Assessment Area - Meets the Standard for Satisfactory Performance**

*A substantial portion of residential real estate and consumer lending occurs within the assessment area.*

This conclusion is based upon an analysis of all residential mortgages originated and reported on the Home Mortgage Disclosure Act - Loan Application Register (HMDA-LAR) from January 1998 to March 2003 and a sample of consumer loan originations from January 2001 to March 2003. As detailed in Table-1 below, 75% of the total number and 73% of the total dollar amount of all residential real estate (RRE) loans reported on the HMDA-LARs were made to borrowers within the assessment area. In addition, 87% of the total number and 88% of the total dollar amount of consumer loans (CL) were made to borrowers in the AA.

**Table-1 Analysis of Lending IN/OUT of the AA**

Assessment Area Lending												
Loan Type	Originations In Assessment Area				Originations Out of Assessment Area				Total Originations In & Out of Assessment Area			
	#	% of #	\$000's	% of \$	#	% of #	\$000's	% of \$	#	% of #	\$000's	% of \$
Residential Real Estate (RRE)	687	75%	35,498	73%	235	25%	13,383	27%	922	100%	48,881	100%
Consumer (CL)	20	87%	420	88%	3	13%	32	12%	23	100%	420	100%
Total RRE & CL	707	75%	35,918	73%	238	25%	13,415	27%	945	100%	49,301	100%

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

- **Lending to Borrowers of Different Incomes and Businesses of Different Sizes- Meets the Standard for Satisfactory Performance**

The lending distribution to low- and moderate-income borrowers is satisfactory given the demographics of the community. The bank's primary products are residential real estate and consumer loans. Our analysis is based upon the same sample of consumer loans and RRE within the assessment area in Table-1. Some of the RRE loan originations do not have income data. Therefore, our analysis of RRE lending includes 676 RRE loans.

We compared the income distribution of the bank's borrowers to the income distribution of families within the assessment area using the 2002 HUD median family income levels. As illustrated in Table-2 and Table-3 below, the percentages of loans to low-income families are reasonable. The percentages of loans to moderate-income families are very good. In Table-4, the sample of consumer loans shows a high percentage of the total number of consumer loans to low-income and moderate-income households. And the percentage of the total dollar amount of the loans to those households is reasonable.

**Table-2: Analysis of Lending to RRE Borrowers of Different Income Levels**

Lending to Borrowers of Different Income - Analysis of RRE Loans Originated from January 1, 1998 to March 31, 2003 By Number and Dollar Amount ('000)																
Income Level of Families by Category	Percentage of Families Within Each Income Category	Loan Types														
		Home Purchase Loans				Home Improvement Loans				Refinance Loans				Multi-family Loans		
		#	% of #	\$	% of \$	#	% of #	\$	% of \$	#	% of #	\$	% of \$	#	% of #	\$
<b>Low Income Families</b>	26.8%	82	17%	2,741	11%	8	32%	58	21%	31	21%	1,039	15%	0	0%	0
<b>Moderate Income Families</b>	25.26%	173	34%	7,204	28%	7	28%	56	20%	47	32%	1,689	24%	0	0%	0
<b>Middle Income Families</b>	24.52%	123	25%	6,623	26%	6	24%	36	13%	40	27%	2,209	31%	0	0%	0
<b>Upper Income Families</b>	23.43%	118	23%	8,594	33%	3	12%	116	44%	28	19%	2,063	29%	0	0%	0
<b>NA*</b>	0%	7	1%	597	2%	1	4%	5	2%	2	1%	36	1%	10	100%	2,332
<b>Totals by Loan Type</b>	100%	503	100%	25,759	100%	25	100%	271	100%	148	100%	7,036	100%	10	100%	2,332

(\*): The NA category consists of HMDA loan originations that do not include income information.

**Table-3: Summary of All RRE Loans Combined to Families of Different Income Levels**

Summary of Residential Lending to Borrowers of Different Income Levels Originations from January 1, 1998 to March 31, 2003 By Number and Dollar Amount ('000)					
Income Level of Families Within Each Category	Percentage of Families Within Each Income Category	Totals of All Loans			
		#	% of #	\$	% of \$
Low-Income Families	26.8%	121	18%	3,838	11%
Moderate-Income Families	25.26%	227	33%	8,949	26%
Middle-Income Families	24.52%	169	25%	7,768	23%
Upper-Income Families	23.43%	149	22%	10,773	31%
NA*	NA	20	2%	2,970	9%
<b>Totals by Loan Type</b>	<b>100%</b>	<b>686</b>	<b>100%</b>	<b>34,298</b>	<b>100%</b>

(\*): The NA category consists of HMDA loan originations that do not include income information.

**Table-4: Analysis of Consumer Lending to Households of Different Income Levels**

Lending to Households of Different Income Analysis of Consumer Loans Originated from January 1, 1998 to March 31, 2003 By Number and Dollar Amount ('000)						
Income Level of Households Within AA	# of Households in AA	% of Households AA	Loans			
			#	% of #	\$	% of \$
Low-Income	8,392	29.71%	8	40%	119	28%
Moderate-Income	6,136	21.73%	5	25%	34	8%
Middle-Income	6,080	21.53%	5	25%	225	54%
Upper-Income	7,635	27.03%	2	10%	42	10%
<b>Totals</b>	<b>28,243</b>	<b>100%</b>	<b>20</b>	<b>100%</b>	<b>420</b>	<b>100%</b>

## Geographic Distribution of Loans

- **Geographic Distribution of Loans – Exceeds the Standard for Satisfactory Performance**

*The geographic distribution of residential and consumer lending patterns in all census tracts is very good and reflective of office locations. We used the same loan sample of HMDA loan origination within the AA in Table-1. We compared the geographic distribution of residential loans originated to the level of owner-occupied housing within each geographic area as indicated in Table-5 below. The number of owner-occupied housing reveals the opportunities available for residential real estate lending. The lower the level, the fewer opportunities are available for residential loans. In the moderate-income census tracts, 75.36% of units are owner-occupied, which indicates a high opportunity for residential lending. FNBP has a substantial majority of the number of all residential loan types in the moderate-income tracts and a substantial majority of the dollar amount of home purchase*

and multi-family loans is in the moderate-income tracts. Additionally, Table-6 illustrates a substantial majority of the combined number and dollar amount of all RRE loans are in the moderate-income tracts. As shown in Table-7, a substantial majority of the percentage of the total number and dollar amount of consumer loans exceeds the percentage of households in the moderate-income tracts.

**Table 5: Geographic Analysis of HMDA Loan Originations**

Geographic Analysis of HMDA Residential Loans Originated between January 1, 1998 to March 31, 2003 By Number and Dollar Amount ('000)																
Census Tracts Designation	LOW				MODERATE				MIDDLE				UPPER			
% of Owner-Occupied Housing In Each Tract	(0%)				(75.36%)				(24.64%)				(0%)			
Loan Type	#	%	\$	%	#	%	\$	%	#	%	\$	%	#	%	\$	%
Home Purchase Loans	NA	NA	NA	NA	453	90%	21,885	85%	50	10%	3,874	15%	NA	NA	NA	NA
Home Improvement Loans	NA	NA	NA	NA	23	92%	156	58%	2	8%	115	42%	NA	NA	NA	NA
Home Refinance Loans	NA	NA	NA	NA	123	83%	4,986	71%	25	17%	2,050	29%	NA	NA	NA	NA
Multi-Family Loans	NA	NA	NA	NA	9	90%	2,167	93%	1	10%	165	7%	NA	NA	NA	NA

**Table 6: Summary of Geographic Distribution of HMDA RRE loans**

Geographic Analysis of HMDA Residential Loans Originated between January 1, 1998 to March 31, 2003 By Number and Dollar Amount ('000)																
Census Tracts Designation	LOW				MODERATE				MIDDLE				UPPER			
% of Owner-Occupied Housing In Each Tract	(0%)				(75.36%)				(24.64%)				(0%)			
	#	%	\$	%	#	%	\$	%	#	%	\$	%	#	%	\$	%
All Loans	NA	NA	NA	NA	608	89%	29,194	82%	78	11%	6,204	18%	NA	NA	NA	NA

**Table-7: Geographic Distribution Analysis of Consumer Loans**

Geographic Analysis of Consumer Loans Originated between March 31, 1998 and March 31, 2003 By Number and Dollar Amount ('000)																
Census Tracts	LOW				MODERATE				MIDDLE				UPPER			
Number and % of Households in Each Category	0 (0%)				21,835 (77.31%)				6,408 (22.69%)				0 (0%)			
Consumer Non-HMDA Reportable Loans	#	% of #	\$	% of \$	#	% of #	\$	% of \$	#	% of #	\$	% of \$	#	% of #	\$	% of \$
	NA	NA	NA	NA	17	85%	368	88%	3	15%	52	12%	NA	NA	NA	NA

## **Responses to Complaints**

- **Response to Consumer Complaints - Not Applicable**

We reviewed complaint records maintained by the bank and by our agency. First National Bank of Pasco has not received any CRA related complaints during this evaluation period.

## **Fair Lending Review**

An analysis of 1998-2002 public comments, consumer complaints, and HMDA information was performed according to the OCC's risk based fair lending approach. Based on its analysis of information, the OCC decided that a comprehensive fair lending examination would not need to be conducted in connection with the CRA evaluation this year. The latest comprehensive fair lending examination was performed during our April 13, 1998 consumer compliance examination.