

# **Small Bank Performance Evaluation**

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## **PUBLIC DISCLOSURE**

November 30, 1998

## **COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION**

**Guaranty National Bank of Tallahassee  
Charter Number 21162**

**111 South Monroe Street  
Tallahassee, Florida 32301**

**Office of the Comptroller of the Currency**

**Southeastern District  
Marquis One Tower, Suite 600  
245 Peachtree Center Avenue, N.E.  
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 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.**

## 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 **Guaranty National Bank** prepared by the **Office of the Comptroller of the Currency**, the institution's supervisory agency, as of November 30, 1998. The agency rates the CRA performance of an institution consistent with the provisions set forth in Appendix A to 12 CFR Part 25.*

**INSTITUTION'S CRA RATING:** This institution is rated **SATISFACTORY.**

The following major factors provide support for Guaranty National Bank of Tallahassee's rating:

- ▶ The loan-to-deposit ratio is reasonable given the bank's size, financial condition, and assessment area credit needs.
- ▶ A majority of loans and other lending related activities are in the bank's assessment area.
- ▶ The distribution of loans reflects reasonable dispersion among individuals of different income levels and businesses of different sizes throughout all sections of the assessment area.
- ▶ There were no complaints received by the bank or our office during the period of review. During this examination we performed a fair lending review of the bank's instalment lending to determine any discriminatory practices based on gender, age, or co-applicant requirement. No violations of the substantive provisions of anti-discrimination laws were identified.

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

SMALL INSTITUTION ASSESSMENT CRITERIA	<u>GUARANTY NATIONAL BANK OF TALLAHASSEE</u> 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 CRA examination.		

## **DESCRIPTION OF INSTITUTION**

Guaranty National Bank of Tallahassee (GNB) is a nationally-chartered financial institution located in Tallahassee, Florida. The bank is 100% owned by Evergreen Bancshares, Inc., a one-bank holding company. As of September 30, 1998, GNB had total assets of \$96.4 million and operated seven branches throughout the Leon County, Florida primary service area. However, to provide more efficient service, notices were given to close the Ocala Road Branch by year-end 1998 and the Magnolia Road Branch during first quarter 1999. Net loans represent 69% of deposits. The loan portfolio mix is as follows: commercial/commercial real estate (52%), residential real estate (35%), and installment (13%).

GNB offers a wide variety of consumer, business and real estate lending products. Additionally, a wide array of deposit services and products, including mutual funds, are offered to provide the community with full service banking. Currently, there are no legal impediments that would prevent the bank from meeting any credit or banking service needs of the community.

## **DESCRIPTION OF LEON COUNTY, FLORIDA**

Guaranty National Bank's assessment area consists of Leon County, Florida. This assessment area meets the requirements of the regulation and does not arbitrarily exclude low- or moderate-income geographies. The majority of Leon County is comprised of rural areas. The city of Tallahassee is the only incorporated area within the county and serves as the county seat and the state capital of Florida. Tallahassee is also the home of two major state universities, Florida State and Florida A&M. Based on the 1990 Census Bureau information, the Tallahassee, Florida Metropolitan Statistical Area consist of 42 tracts including 6 low-income, 7 moderate-income, 15 middle-income, 12 upper-income, and 2 tracts listed as NA.

The 1990 Census median family income was \$34,475 and the county population was 192,493. Updated 1998 median family income information obtained from the Department of Housing and Urban Development estimates the median family income for the Tallahassee, Florida MSA at \$45,900. Statistical data obtained from The Tallahassee-Leon County Planning Department for 1998 estimates the population of the Tallahassee Metropolitan Area at 277,454.

Leon County, and the surrounding areas, has benefited from Tallahassee being the state capital. The average annual unemployment for Leon County is 2.9%. Government employment, particularly state government, is the primary reason for low unemployment rates. Government employment accounts for 40% of all employment in Leon County with state employment accounting for 29%.

GNB has strong local competition from branches of five regional/multinational banks, and numerous community banks, credit unions and other financial service providers. During 1998, it was noted that the involvement of financial institutions are positively perceived within the local community. However, the community leaders did state a need for more affordable housing and

home improvement loans in the area.

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

The loan to deposit ratio is reasonable given the bank's size, financial condition, and assessment area credit needs. The average net loan to deposit ratio using quarter-end information from December 31, 1996 to June 30, 1998, is 69%. The bank's ratio compares favorably with other banks of similar size on a national level. This ratio is not as favorable when compared to other institutions chartered in Tallahassee, which had an average net loan-to-deposit ratio of 77%. However, management has made significant strides to meet the credit needs of the community since the 1996 CRA review. At that review, the net loan-to-deposit ratio was only 52%.

Data required under the Home Mortgage Disclosure Act (HMDA) was the primary information used to assess GNB's performance in the areas of lending in the assessment area, lending to borrowers of different incomes and businesses of different sizes, and the geographic distribution of loans. Based on 89 HMDA loans originated through September 30, 1998, 88% were made to borrowers who reside in the assessment area. Subsequent samples of 16 installment and 10 business loans disclosed that 69% and 100%, respectively, were extended to residents of the assessment area.

Guaranty National Bank's record of lending to borrowers of different income levels and businesses of different sizes is satisfactory. An analysis of HMDA information showed 6 loans or 7% were made to low-income borrowers, 10 or 11% were made to moderate-income borrowers, 6 or 7% were made to middle-income borrowers, and 69 or 75% were made to upper-income borrowers. Based on the percentage of low-, moderate-, middle-, and upper-income families in the assessment area, this level of lending reflects a reasonable penetration among individuals of different income levels. Similar results were obtained from the installment loan sample. To enhance their presence in the low- and moderate-income community, the bank participates in the Tallahassee Lender's Consortium which assists borrowers with affordable housing. For 1998, the bank extended \$262,350 in consortium-related loans.

A sample of ten business loans reflects the bank's commitment to lend to businesses of different sizes. Loans were granted to businesses with total assets ranging from \$53 thousand to \$1.9 million. Additionally, the bank's commercial loan portfolio included eight Small Business Administration loans as of May 31, 1998, totaling \$405,467.

The distribution of loans reflect a good dispersion throughout the assessment area. A review of HMDA data disclosed lending in all census tracts. Of the 79 loans made within the Assessment Area, 2 or 3% were made in low-income census tracts, 32 or 40% were made within moderate-income tracts, 25 or 32% were made in middle-income tracts, and 20 or 25% were made in upper-income tracts. Lending in the moderate-income tract was very favorable when compared to the 1990 Census Bureau information which showed 15% of total families residing in this tract.