



**SMALL BANK**

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Comptroller of the Currency  
Administrator of National Banks

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Washington, DC 20219

## **PUBLIC DISCLOSURE**

**June 22, 2009**

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

National Bank of Southwest Florida  
Charter Number 24661

2120 Kings Highway  
Port Charlotte, FL 33980-0000

Office of the 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.

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

- National Bank of Southwest Florida's average loan-to-deposit ratio is reasonable in comparison to peer group averages.
- A majority of business and residential real estate lending occurs in the assessment area.
- National Bank of Southwest Florida's lending activities show reasonable penetration among businesses of different sizes and to borrowers of different incomes.
- The geographic distribution of lending within the assessment area is reasonable.

**SCOPE OF EXAMINATION**

National Bank of Southwest Florida's primary focus is small business and residential real estate lending in the assessment area. As such, our conclusions were based on an analysis of all of the bank's residential real estate loans (30) originated since the bank opened on June 4, 2007, through June 8, 2009. Our analysis also included a review of all business loans (26) originated during the same time period.

**DESCRIPTION OF INSTITUTION**

National Bank of Southwest Florida (NBSWFL) was established on June 4, 2007. The bank is locally owned and headquartered in Port Charlotte, Charlotte County, Florida. NBSWFL's only office offers many services to its customers including drive-up facilities, automated teller machine (ATM), check card services and 24-hour Internet banking.

NBSWFL offers a variety of lending programs, but generally its primary focus has been in business and residential lending which represents 72% and 27%, or \$11 million and \$4 million, respectively, of the loan portfolio. Additionally, the bank offers a variety of mortgage products, including long-term fixed rate loans through participation in the secondary real estate market.

As of March 31, 2009, the bank had total assets of \$29 million with net loans accounting for 50% of total assets. This is the bank's first Community Reinvestment Act (CRA) evaluation. There are no financial, legal or other impediments that would prevent the bank from meeting the credit needs of the community.

**DESCRIPTION OF ASSESSMENT AREA**

The assessment area (AA) for this evaluation consists of all 23 census tracts within Charlotte County. This county is part of the Punta Gorda metropolitan statistical area (MSA # 39460) which includes Port Charlotte and the city of Punta Gorda. The major industries of Charlotte County are health care, service and retail industries. The area is

known as a retirement destination. Charlotte County has a relatively large population of retirees with over 35% of the population being over the age of sixty-five.

The assessment area contains 2 moderate-income tracts, 19 middle-income tracts and 2 upper-income tracts. There are no low-income census tracts. This information is based on the 2000 Census Bureau median family income of \$43,146 for the Punta Gorda MSA. The Department of Housing and Urban Development (HUD) estimates the 2009 median family income at \$54,400 for this MSA. The total population of the assessment area is 141,627. The assessment area meets the legal requirements of CRA and does not arbitrarily exclude low- or moderate-income census tracts.

The economy of the assessment area was greatly effected by the downturn in the residential and commercial real estate market which started shortly before the bank opened in 2007. A declining economy and falling home prices greatly impacted the bank's ability to originate loans due to the low demand in the AA. Home prices continue to drop, as building activity has fallen 94% since May 2006. The largest employers in the assessment area are Wal-Mart, Peace River Medical, and Publix Supermarket. Port Charlotte also recently became the spring training home of the Tampa Bay Rays.

There is a significant amount of banking competition in Charlotte County with 21 banks operating in 68 offices, per data from the FDIC as of June 30, 2008. NBSWFL ranks 18<sup>th</sup> and has 0.47% of the market share of deposits in Charlotte County.

In contact meetings with the Office of the Comptroller of the Currency, the leader of a local not-for-profit organization for affordable housing indicated that the primary need of the community is affordable housing.

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

### **Loan-to-Deposit Ratio**

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

*NBSWFL's average loan-to-deposit (LTD) ratio is reasonable at 51% and is comparable to peer group averages. The average loan-to-deposit ratio was calculated and averaged for each quarter since the bank was opened in June 2007 through March 2009. We compared the bank's average LTD ratio to all banks headquartered in Charlotte County, Florida. The average LTD for the past eight quarters for NBSWFL was 51%, which is comparable to the peer banks' average LTD of 85% for the same time period, given the bank's size and limited time the bank has been in the market. The peer banks are more established in the market place; given the current economy it will take some time for NBSWFL to build a loan portfolio of similar size. And, loan demand for NBSWFL has increased, which is evident in the bank's 68% LTD as of May 31, 2009.*

### **Lending in Assessment Area**

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

A majority of home mortgage and business lending occurs in the bank's assessment area. This conclusion is based on an analysis of 100% of the bank's home mortgage and commercial loans originated since the bank opened on June 4, 2007 through June 8, 2009. As detailed in the table below, 73% by number and 55% by dollar amount of these sampled loans made since the bank opened were within NBSWFL's assessment area.

<b>Lending in Charlotte County</b>										
Type of Loan	Number of Loans					Dollars of Loans (000's)				
	Inside		Outside		Total	Inside		Outside		Total
	#	%	#	%		\$	%	\$	%	
Mortgage Loans	23	76.67%	7	23.33%	30	\$1,865	60.58%	\$1,214	39.42%	\$3,079
Commercial Loans	18	69.23%	8	30.77%	26	\$7,032	53.82%	\$6,034	46.18%	\$13,066
Totals	41	73.21%	15	26.79%	56	\$8,897	55.11%	\$7,248	44.89%	\$16,145

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

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

NBSWFL's lending activities show reasonable penetration among businesses of different sizes and to borrowers of different incomes. Our sample, as noted above, was based on 100% of business loans made in the AA since the bank opened. The following charts show a breakdown of those loans according to business and loan size for the assessment area.

<b>Borrower Distribution to Businesses in Charlotte County</b>				
Business Revenues (or Sales)	<= \$1,000,000	> \$1,000,000	Unavailable	Total
% of AA Businesses	67.00%	3.00%	30.00%	100.00%
% of Bank Loans in AA by #	78.00%	22.00%	0.00%	100.00%
% of Bank Loans in AA by \$	69.00%	31.00%	0.00%	100.00%

<b>Borrower Distribution of Loans to Businesses in Charlotte County</b>				
Loan Size	Number of loans	Percent of #	Dollar Volume of Loans (000's)	% of \$
\$0-\$100,000	4	22.00%	\$136	2.00%
\$100,001-\$250,000	6	33.00%	\$1,263	18.00%
\$250,001-\$500,000	4	22.00%	\$1,665	24.00%
\$500,001-\$1,000,000	3	17.00%	\$2,379	34.00%
Over \$1,000,000	1	6.00%	\$1,590	22.00%
Total	18	100.00%	\$7,033	100.00%

As depicted in the tables above, the bank's lending activities by total number and dollar amount compare favorably to the percentage of small businesses located or operating in the assessment area. Based on our sample, NBSWFL originated 78% of total number of loans and 69% of total dollar volume of loans to small businesses (those with total revenues of \$1 million or less). In comparison, businesses in the AA that reported revenues (30% did not report revenues), 67% are considered small businesses. Additionally, the analysis noted 10 loans, or 55% of all business loans in the AA, had original amounts of \$250 thousand or less. Likewise, 14 loans, or 77% of the business loan portfolio, had original amounts of \$500 thousand or less.

*The bank's lending to borrowers of different incomes is reasonable.* Our analysis is based on 100% of the bank's residential mortgage loans made in the AA since the bank opened. We compared the income distribution of the bank's borrowers to the income distribution of the families within Charlotte County using the HUD's median family income levels for 2007, 2008, and 2009. The distribution of lending is depicted below.

<b>Borrower Distribution of Residential Real Estate Loans in Charlotte County</b>								
Borrower Income Level	Low		Moderate		Middle		Upper	
	% of AA Families	% of Number of Loans	% of AA Families	% of Number of Loans	% of AA Families	% of Number of Loans	% of AA Families	% of Number of Loans
% of Total	15.59%	8.70%	20.59%	21.74%	25.42%	13.04%	38.40%	56.52%

Approximately 16% of the families residing within Charlotte County are classified as low-income, and 9% of residential mortgages at the bank were made to low-income borrowers. Additionally, 21% of families residing within the assessment area are classified moderate-income and the bank originated 22% of residential mortgages to moderate-income borrowers. The bank's lending to moderate-income families is similar to moderate-income family population in the assessment area. In order to

accommodate its customers, especially low- and moderate-income families, the bank also offers a variety of long-term residential mortgage products indirectly by accepting and processing real estate applications to be sold in the secondary market. Since opening in 2007, the bank made 25 of these types of loans totaling \$4 million. The loans under this program are not included in the bank’s mortgage loans that were analyzed for our lending test.

**Geographic Distribution of Loans**

- **Geographic Distribution of Loans-Meets the Standard for Satisfactory Performance**

*The geographic distribution of lending is reasonable.* Our analysis was based on the bank’s entire residential mortgage loan portfolio originated since the bank opened in 2007. The following tables reflect the distribution of originated loans within the bank’s AA by income designation of census tract.

Geographic Distribution of Residential Real Estate Loans in Charlotte County								
Census Tract Income Level	Low		Moderate		Middle		Upper	
	% of AA Owner Occupied Housing	% of Number of Loans	% of AA Owner Occupied Housing	% of Number of Loans	% of AA Owner Occupied Housing	% of Number of Loans	% of AA Owner Occupied Housing	% of Number of Loans
% of Total	0.00%	0.00%	5.11%	0.00%	82.99%	95.65%	11.90%	4.35%

The bank is located in a middle-income census tract and therefore most of its lending occurs within this income tract. There are no low-income tracts, and there are only two moderate-income tracts which are geographically small. This also limits lending opportunity in these tracts. Consequently, the bank extended 96% of its residential mortgage loans within the middle-income tracts, which account for 83% of all owner-occupied housing in the assessment area.

To address the assessment area’s need for affordable housing, the bank offers financing for the purchase of manufactured homes. During the evaluation period, 78% of all residential loans originated were for the purchase of manufactured homes. Additionally, through participation in the secondary market, NBSWFL offers a variety of mortgage products, including long-term fixed rate loans.

<b>Geographic Distribution of Commercial Loans in Charlotte County</b>								
Census Tract Income Level	Low		Moderate		Middle		Upper	
	% of AA Businesses	% of Number of Loans	% of AA Businesses	% of Number of Loans	% of AA Businesses	% of Number of Loans	% of AA Businesses	% of Number of Loans
% of Total	0.00%	0.00%	5.11%	16.67%	85.74%	83.33%	9.16%	0.00%

There are no low-income census tracts, but in moderate-income census tracts the percentage of business loans made exceeds the percent of businesses located in these tracts. NBSWFL extended 17% of its business loans to businesses that reported revenues and are located in moderate-income census tracts. By comparison, these census tracts account for 5% of all businesses within the assessment area.

Additionally, the bank's percentage of business loans made within middle income census tracts is comparable to the geographic distribution of businesses within the assessment area. The bank did not extend any business loans within the upper-income census tracts.

**Responses to Complaints**

- There were no CRA related complaints received by the bank or our office during the period of review.

**Fair Lending or Other Illegal Credit Practices Review**

We found no evidence of discriminatory or other illegal credit practices inconsistent with helping to meet community credit needs.