



SMALL BANK

Comptroller of the Currency
Administrator of National Banks
Washington, DC 20219

PUBLIC DISCLOSURE

August 2, 2004

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

**Tarpon Coast National Bank
Charter Number 23519**

**1490 Tamiami Trail
Port Charlotte, FL 33948**

**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.

Tarpon Coast National Bank's [TCNB] loan-to-deposit ratio and volume of lending within the assessment area are reasonable. Loans to borrowers of different incomes and to businesses of different sizes are satisfactory. The geographic distribution of loans reflects an adequate penetration of census tracts within the assessment area. The bank has not received any consumer complaints or public comments relative to CRA performance.

DESCRIPTION OF INSTITUTION

Tarpon Coast National Bank was chartered on June 1, 1998. The bank is headquartered in Port Charlotte, Charlotte County, Florida. TCNB also operates two branches in Sarasota County – one in the city of North Port and the other in Englewood. As of June 30, 2004, TCNB had total assets of \$130 million. The bank's primary lending focus is residential mortgages and loans to small businesses. These represented 50% and 46%, respectively, of total loans outstanding as of June 30, 2004. There are no financial, legal or other impediments to the bank's ability to meet community credit needs. The evaluation period for this review is April 1999 through July 2004.

DESCRIPTION OF ASSESSMENT AREA

The assessment area [AA] for this evaluation consists of the 22 census tracts that comprise the northwestern portion of Charlotte County and southeastern portion of Sarasota County. Charlotte County is part of the Punta Gorda Metropolitan Statistical Area [MSA# 6580]. Sarasota County is part of the Sarasota-Bradenton MSA [MSA# 7510]. The assessment area encompasses the communities of Port Charlotte, Englewood and North Port. Three (3) census tracts in the AA are moderate-income, 1 is upper-income and the remaining 18 census tracts are middle-income. There are no low-income census tracts in the assessment area. This information is based on the 1990 Census Bureau median family income of \$29,522 for the Punta Gorda MSA and \$33,128 for the Sarasota-Bradenton MSA. The total assessment area meets the legal requirements of CRA and does not arbitrarily exclude low- or moderate-income census tracts.

The total population of the assessment area is 119,618. Punta Gorda is the governmental and legal center of Charlotte County. The economy of the area is primarily driven by retail trade and health care services. The area consists of a large number of retirees and elderly. Thirty-six percent (36%) of the population is age 65 or older. Fifty-five percent (55%) of households in the assessment area receive Social Security income; 37% receive retirement income. The largest non-governmental employers are Fawcett Memorial Hospital, Bon Secours/St. Joseph's Hospital and Charlotte Regional Medical Center. Small businesses (those with revenues less than \$1 million) represent 67% of all businesses in the assessment area. Banking competition is strong with large regional banks, local community banks and credit unions operating offices in these counties. Financial institutions operate more than 200 offices in Charlotte and Sarasota counties. As part of our examination, we contacted the director of an organization that supports housing

development in Charlotte and Sarasota counties. We discussed the credit needs of the community and the performance of financial institutions in meeting those needs. The discussion indicated that most financial institutions are performing favorably in meeting community credit needs.

CONCLUSIONS ABOUT PERFORMANCE CRITERIA

- **Loan to Deposit Ratio**

The bank's loan-to-deposit (LTD) ratio is reasonable. The bank's average LTD ratio over the evaluation period was 75%. The quarterly ratios ranged between 57% and 89%. For comparison, we obtained the quarterly LTD ratios for a selected peer group. The peer group consisted of financial institutions headquartered in Charlotte or Sarasota County with total assets less than \$250 million. The resultant peer group totaled nine banks. The average LTD ratio was 76% with a range between 59% and 86%.

- **Lending in Assessment Area**

The bank makes a majority of its loans within the assessment area. This conclusion is based on an analysis of loans originated during the evaluation period. Our analyses included data provided by the bank for all residential mortgages made in 2001 and 2002. This totaled 386 loans for \$49 million. We also sampled 30 business loans made during the evaluation period totaling \$4.9 million. A breakdown by loan product is detailed in the table below.

Lending in the Assessment Area	Residential Loans		Business Loans	
	# of Loans	\$ Volume of Loans	# of Loans	\$ Volume of Loans
In the AA	79%	75%	60%	45%
Out of the AA	21%	25%	40%	55%

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

TCNB has reasonable penetration among individuals of different income levels. Our analysis used the residential mortgage loans originated within the assessment area from the above sample. We then compared the income distribution of the bank's borrowers to the income distribution of families within the assessment area, using *updated* median family income levels. The updated 2002 median family income for the Punta Gorda and Sarasota-Bradenton MSAs is \$44,900 and \$53,400 respectively.¹ The findings are presented below.

<i>Income Category</i>	<i>Residential Mortgages 2001-2002</i>	<i>Families within the</i>
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¹ As estimated by the Department of Housing and Urban Development [HUD].

Residential Mortgages 2001-2002			
	# of Loans	\$ Volume of Loans	
Low-Income	7.9%	3.3%	15.2%
Moderate-Income	16.5%	12.2%	22.5%
Middle-Income	26.4%	21.7%	27.3%
Upper-Income	47.5%	59.8%	35.0%
No Income Data	1.7%	3.0%	N/A

TCNB has reasonable penetration among businesses of different sizes. We obtained annual revenue information for business loans used in our analysis. Our analysis determined that the bank makes loans to businesses of varying sizes within each assessment area, but particularly to small businesses (those with less than \$1 million in annual revenues). Sixty-eight percent (68%) of the total number and 64% of the total dollar of business loans sampled were made to small businesses. In comparison, economic data shows 67% of all businesses in the MSA are considered small businesses. TCNB also makes a large portion of their business loans in smaller dollar amounts. Our sample included loans with original amounts ranging from \$22,000 to \$470,000. A breakdown of loans by size is given below.

Loan Size	# of Loans	\$ Volume of Loans
< \$100,000	56.0%	14.9%
\$100,001 - \$250,000	32.0%	47.2%
\$250,001 - \$500,000	12.0%	37.9%
> \$500,000	0.0%	0.0%
Total	100.0%	100.0%

- **Geographic Distribution of Loans**

The geographic distribution of loans reflects a satisfactory penetration of geographies within the assessment area. For this analysis we used our combined samples of business loans, residential mortgages and consumer loans made in the assessment area. The results show that the distribution of the bank's loans is reasonable given the proportion of census tracts within the assessment area. The results are summarized in the table below.

<i>Geographic Distribution of Residential Loans</i>			
Tract Category	# of Loans	\$ Volume of Loans	OOH¹ in the AA
<i>Low-Income</i>	N/A	N/A	N/A
<i>Moderate-Income</i>	12.5%	10.7%	10.2%
<i>Middle-Income</i>	87.2%	88.5%	85.8%
<i>Upper-Income</i>	<u>0.3%</u>	<u>0.8%</u>	<u>4.0%</u>
<i>Total</i>	100.0%	100.0%	100.0%

¹ OOH – Owner Occupied Housing

<i>Geographic Distribution of Business Loans</i>			
Tract Category	# of Loans	\$ Volume of Loans	Businesses in the AA
<i>Low-Income</i>	N/A	N/A	N/A
<i>Moderate-Income</i>	24.0%	16.9%	8.3%
<i>Middle-Income</i>	76.0%	83.1%	81.5%
<i>Upper-Income</i>	<u>0.0%</u>	<u>0.0%</u>	<u>10.2%</u>
<i>Total</i>	100.0%	100.0%	100.0%

- **Response to Complaints**

TCNB received no complaints relative to Community Reinvestment Act performance.

COMPLIANCE WITH ANTIDISCRIMINATION LAWS

We found no evidence of illegal discrimination or other illegal credit practices.