

SMALL BANK

Comptroller of the Currency
Administrator of National Banks

PUBLIC DISCLOSURE

February 4, 2002

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

**SunCoast National Bank
Charter Number 23772**

**8592 Potter Park Drive, Suite 200
Sarasota, FL 34238**

**Comptroller of the Currency
ADC - North Florida (Jacksonville)
8375 Dix Ellis Trail #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.

- SunCoast National Bank maintains a good loan-to-deposit ratio.
- The majority of the bank's loans are originated within its assessment area.
- The distribution of loans to borrowers of different incomes and to businesses of different sizes is reasonable given the demographics of the area.
- The geographic distribution of loans reflects an adequate penetration of geographies within the assessment area.

DESCRIPTION OF INSTITUTION

SunCoast National Bank (SNB) is located in the city of Sarasota, Sarasota County, Florida and is wholly-owned by SunCoast Bancorp, Inc. (SBI). SBI is also located in Sarasota and as of September 30, 2001 had \$40 million in total assets. SNB began operations in September 1999 and has two offices. The branch office opened in June 2001. As of December 31, 2001, SNB had total assets of \$41 million and net loans of \$29 million resulting in a net loans/total asset level of 71%. The bank's primary lending products are business loans, which represent 56% of total outstanding loan balances; and residential real estate mortgages, which represent 27% of total outstanding loan balances. There are currently no financial, legal, or other impediments to the bank's ability to meet community credit needs. For this review, we used an evaluation period from January 2000 through February 2002. This is SNB's first CRA evaluation.

DESCRIPTION OF BANK'S ASSESSMENT AREA

SNB's assessment area consists of 24 census tracts in the northern part of Sarasota County. The census tracts comprise part of the Sarasota-Bradenton Metropolitan Statistical Area (MSA #7510). Based on the 1990 U.S. Census Bureau median family income of \$33,128 for the MSA, the census tracts in the assessment area are designated as follows:

Low Income	1	4.0%
Moderate Income	2	8.5%
Middle Income	13	54.0%
Upper Income	8	33.5%
Total CT's	24	

It should be noted that there is only one low-income census tract in the entire MSA. The assessment area meets the requirements of the regulation and does not arbitrarily exclude any low- or moderate-income geographies. The assessment area is justified by the size of the bank and the location of offices. Both of SNB's offices are located in upper-income census tracts and adjacent to middle-income census tracts. Furthermore, banking competition is strong in the MSA with approximately 40 financial institutions operating more than 240 offices. It would be unreasonable to expect a bank of SNB's size and tenure to serve the entire geographic area of the Sarasota-Bradenton MSA.

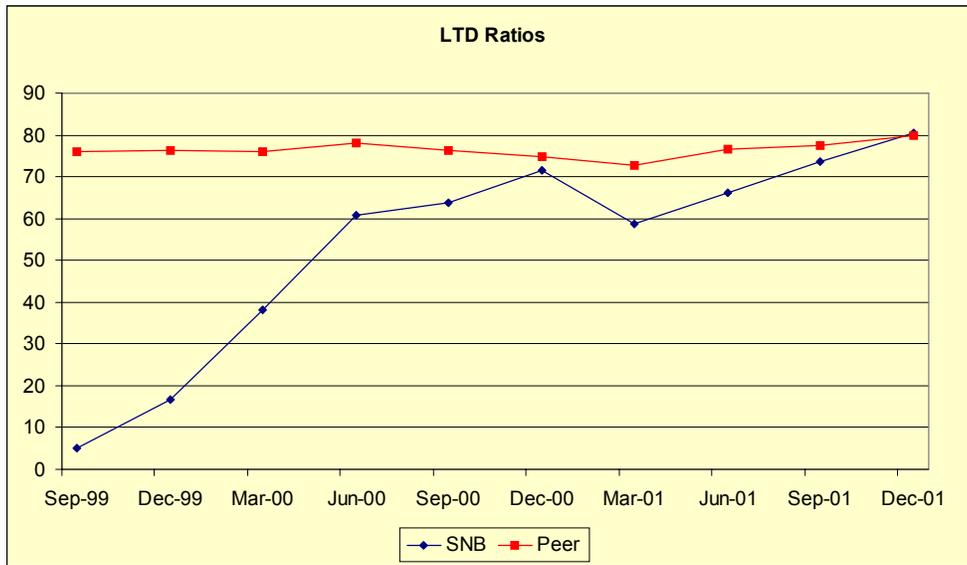
The assessment area has a total population of 168,803 based on 1990 U.S. Census Bureau data. The area has a large retirement population. Approximately 25% of the population are more than 65 years of age. Forty-two percent (42%) of all households receive social security and 23% also receive retirement income. Eighty-two percent (82%) of all housing units are occupied, while 62% are owner-occupied. Data from the Department of Housing and Urban Development (HUD) estimates the median family income for the MSA to be \$47,700 for 2000 and \$50,500 for 2001. The local economy is largely supported by tourism, retail trade and services. Major private employers include Tropicana North America, Sarasota Memorial Hospital and Publix

Supermarkets. Interviews with local organizations were done by federal regulators to identify credit needs within the community. Primary needs included start-up loans for small businesses and home-improvement loans in low or moderate-income neighborhoods.

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA

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

SNB's loan-to-deposit (LTD) ratio is good. The bank's quarterly average LTD ratio from September 1999 through December 2001 is 54%. By comparison, the national average LTD ratio 76% for banks less than \$250 million in total assets and in operation less than 3 years. While SNB's ratio is comparatively low, it should be noted that on a quarterly basis, SNB's LTD ratio has steadily increased. Refer to the chart below.



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

The bank makes a majority of its loans within the assessment area. This conclusion is based on an analysis of business loans and residential mortgage-related loans originated during the evaluation period. This totaled 20 mortgage loans for \$12,615,000 and 20 business loans for \$4,540,174. The results of our analysis are summarized below:

Loan Product	Total Number Originated in Assessment Area	Total Dollar Volume Originated in Assessment Area
Residential Mortgages	80%	56%
Business Loans	75%	65%

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

The bank's record of lending to borrowers of different incomes is satisfactory given the demographics of the community. This analysis used the aforementioned residential mortgage loans originated within the assessment area. We obtained income information for each borrower and compared that to the distribution of families within the assessment area, based on 2000-2001 HUD Median Family Income data. The analysis is summarized below, by the total *number* of loans.

Income Category	Residential Mortgages	Families within the Assessment Area
Low Income	12%	14%
Moderate Income	0%	18%
Middle Income	19%	24%
Upper Income	69%	44%

The bank has a satisfactory record of lending to businesses of different sizes. Using the same business loans originated within the assessment area discussed in the previous performance criteria, we determined that the bank makes loans to businesses of varying sizes, including small businesses. We obtained annual revenue information from our sample of business loans originated within the assessment area. The analysis showed 47% of the total number of loans and 30% of the total dollar volume of loans made were to small businesses (those with total revenues less than \$1 million). In comparison, 86% of all businesses operating within the assessment area are considered small businesses.

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

The geographic distribution of loans reflects a satisfactory penetration of geographies within the assessment area. For this analysis we used the sample of residential mortgages made in the assessment area. We compared the geographic distribution of the loans to the level of owner-

occupied housing within each geographic area. The level of owner-occupied housing is an indicator of the opportunities available for residential mortgage financing. The lower the level, the fewer opportunities available for home improvements, refinances or other mortgage loans. This factor is also evaluated in the context of the bank’s tenure, size, location of branches and the level of competition in the area. The results are summarized in the table below.

<i>Census Tract Designation</i>	<i>SNB Residential Mortgages</i>		<i>% of Owner-Occupied Housing</i>
	<i>Total Number</i>	<i>Total Dollar Volume</i>	
<i>Low Income</i>	0%	0%	2%
<i>Moderate Income</i>	0%	0%	9%
<i>Middle Income</i>	80%	61%	55%
<i>Upper Income</i>	20%	39%	34%

Next, we analyzed the geographic distribution of our sample of business loans. Ninety-three percent (93%) of the total number of business loans sampled were made to businesses located in middle-income census tracts and 7% to business in upper-income census tracts. Economic data shows that 50% of all businesses in the assessment area are located in middle-income census tracts, 29% are in upper-income census tracts, 19% are located in moderate-income census tracts and 1% are in low-income census tracts.

■ **Response to Complaints - Not Applicable**

We reviewed complaint records maintained by our agency and those maintained by the bank. There were no complaints made relative to the Community Reinvestment Act during this evaluation period.

COMPLIANCE WITH ANTIDISCRIMINATION LAWS

An analysis of 2000-2001 public comments and consumer complaints was performed according to the OCC's risk-based fair lending approach. Based on analysis of the information, the OCC decided that a comprehensive fair lending examination did not need to be conducted in connection with the CRA evaluation this year.