

Small Bank Performance Evaluation

PUBLIC DISCLOSURE

March 1, 1999

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

**Tarpon Coast National Bank
Charter Number 23519
1490 Tamiami Trail
Port Charlotte, FL 33948**

**Office of the Comptroller of the Currency
North Florida Field Office
8382 Baymeadows Road, Suite 1
Jacksonville, FL 32256**

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 **Tarpon Coast National Bank** prepared by **Office of the Comptroller of the Currency**, the institution's supervisory agency, as of June 13, 1996. 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.

Given the bank's size and time in operation, Tarpon Coast National Bank's 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 is 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.

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

| SMALL INSTITUTION ASSESSMENT CRITERIA | <u>Tarpon Coast National Bank</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 examination. | | |

DESCRIPTION OF INSTITUTION

Tarpon Coast National Bank (TCNB) was chartered June 1, 1998. The bank is located in Charlotte County, Florida and operates one office in the community of Port Charlotte. As of December 31, 1998, TCNB had total assets of \$22 million. The bank's primary lending focus is small businesses. Commercial, commercial real estate and industrial loans represent 71% of total loans at the end of 1998. Loans for residential mortgages and other consumer purposes (e.g., autos, boats) represented 24% of total loans. 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 June 1998 through March 1999.

DESCRIPTION OF BANK'S ASSESSMENT AREA

The assessment area for this evaluation consists of the ten census tracts that comprise the northwestern portion of Charlotte County. This area encompasses the communities of Port Charlotte and Charlotte Harbor. Two census tracts are moderate-income and the remaining 8 census tracts are middle-income. This is based on the 1990 Census Bureau median family income of \$29,522. The assessment area also includes one census tract from neighboring Sarasota County. This middle-income census tract borders Charlotte County to the north and encompasses the city of North Port. The total assessment area meets the legal requirements of CRA and does not arbitrarily exclude low- or moderate-income census tracts.

The bank's assessment area is located in the Charlotte County/Punta Gorda Metropolitan Statistical Area (MSA #6580) and the Sarasota/Bradenton Metropolitan Statistical Area (MSA #7510). The total population of the assessment area is 68,229. 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 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 94% of all businesses in the assessment area. Banking competition is strong with large regional banks, local community banks and credit unions having offices in the area.

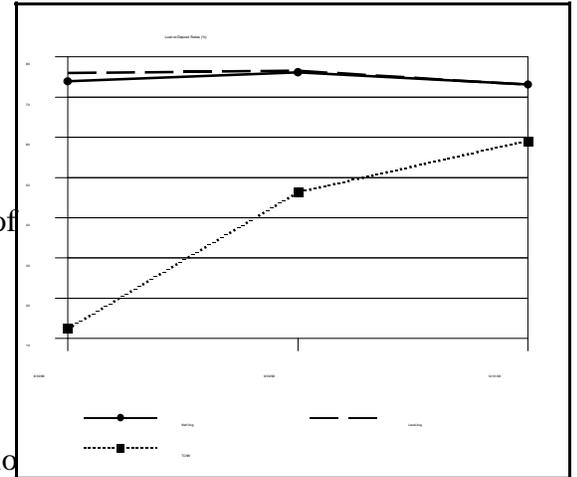
The area consists of a large number of retirees and elderly. Thirty-two percent (32%) of the population is age 65 or older. Fifty-two percent (52%) of households in the assessment area receive Social Security income; 35% receive retirement income. The 1998 updated median family income (as estimated by HUD) for the Punta Gorda and Sarasota/Bradenton MSA's is \$38,700 and \$43,300, respectively.

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA

C Loan to Deposit Ratio

The loan-to-deposit (LTD) ratio is reasonable.

The bank's average LTD ratio is 39%. This ratio is lower than the average loan-to-deposit ratios for banks of similar size both nationally (74%) and locally (75%). However, it is typical for new banks to have lower LTD ratios than mature banks due to their need to attract deposits to fund future loan growth. And while the average LTD ratio is low, it should be noted (as illustrated in the graph) that on a quarterly basis, the ratio is increasing.



C Lending in Assessment Area

The bank makes a majority of its loans within the assessment area. This conclusion is based on a sample of business loans made within the last 90 days. The sample totalled 22 loans. The results are shown below.

| Business Loans in Assessment Area | |
|-----------------------------------|-----|
| Total Number | 45% |
| Total Dollar Volume | 52% |

We also sampled residential mortgages and other consumer loans (e.g., cars, boats). This sample totalled 17 loans. Our analysis showed 41% of the total number and 57% of the total dollar volume of loans were made within the assessment area. The variances between the number and dollar volumes of loans in the assessment area means TCNB made several loans of smaller amounts outside of the assessment area. It should be noted, however, that the majority of these loans were made in the Punta Gorda area (southeast of Port Charlotte) and the majority of *all* loans were made within the Charlotte County/Punta Gorda MSA.

C Lending to Borrowers of Different Incomes and to Businesses and Farms of Different Sizes

Lending to borrowers of different incomes is reasonable given the demographics of the community. Our analysis used the residential mortgage and consumer loans within the assessment area from the above sample. We 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 findings are presented below.

| Income Level | Families in Assessment Area | TCNB Loan Distribution |
|---------------------|------------------------------------|-------------------------------|
| Low | 15% | 0% |
| Moderate | 23% | 42% |
| Middle | 27% | 29% |
| Upper | 35% | 29% |

Lending to businesses of different sizes is reasonable. For this analysis we used the aforementioned sample of business loans made within the assessment area. Specific revenue information was not readily available for these loans. Therefore, our analysis used the amount of the loan as a proxy for the size of the business. The assumption is that smaller businesses will generally require smaller loan amounts. The results of our analysis are shown below.

| Loan Amount | Percent of Loans |
|-----------------------------------|-------------------------|
| < \$100,000 | 40% |
| \$100,000-\$250,000 | 30% |
| > \$250,000-\$500,000 | 10% |
| > \$500,000-\$1,000,000 | 4% |

C 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>Census Tract Designation</i> | <i>% of Tracts in Assessment Area</i> | <i>TCNB Loan Distribution</i> |
|---------------------------------|---------------------------------------|-------------------------------|
| <i>Low</i> | <i>0%</i> | <i>NA</i> |
| <i>Moderate</i> | <i>18%</i> | <i>6%</i> |
| <i>Middle</i> | <i>82%</i> | <i>94%</i> |
| <i>Upper</i> | <i>0 %</i> | <i>NA</i> |

C Response to Complaints

TCNB received no complaints relative to Community Reinvestment Act performance.

COMPLIANCE WITH ANTIDISCRIMINATION LAWS AND REGULATIONS

Our examination of compliance with antidiscrimination laws and regulations revealed no substantive violations.