



**SMALL BANK**

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Comptroller of the Currency  
Administrator of National Banks

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Washington, DC 20219

## **PUBLIC DISCLOSURE**

November 2, 2009

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

#### **Calusa National Bank**

Charter Number 24732

3105 Tamiami Trail  
Punta Gorda, FL 33950

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.**

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

**SCOPE OF EXAMINATION**

Calusa National Bank (CNB) was evaluated under the small bank examination procedures, which includes a lending test. The lending test evaluates the bank's record of meeting the credit needs of its assessment areas (AA) through lending activities. Our conclusions were based on an analysis of the bank's residential real estate loans and business loans originated since the bank opened on April 24, 2007 through September 30, 2009. The majority of the bank's commercial loans are in the Charlotte AA as the bank has not had many opportunities for this type of lending in the Sarasota AA. The branch in the Sarasota AA has only been open for year, and commercial loan demand has been almost non-existent. Therefore, we only assessed the bank's residential real estate lending for the Sarasota AA.

**DESCRIPTION OF INSTITUTION**

Calusa National Bank was established on April 24, 2007. The bank is locally owned and headquartered in Punta Gorda, Charlotte County, Florida. In addition to its headquarters, the bank has two other full service branches located in Port Charlotte, Charlotte County, and North Port, Sarasota County. The bank's branches in Charlotte County are located in middle-income census tracts, while the branch in Sarasota County is located in a moderate-income census tract.

CNB's primary lending products are residential real estate and commercial lending. These lending products consist of 42% and 38% of total loans, respectively. In addition, the bank offers a variety of services to its customers, including drive-up facilities at its branches, access to ATMs and various deposit products to fit individual needs.

As of September 30, 2009, the bank had total assets of \$104MM with net loans accounting for 60% of total assets. This is CNB' 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(S)**

### *Charlotte Assessment Area*

This assessment area (AA) consists of 18 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, services and retail industry. 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 AA contains 2 moderate-income tracts, 15 middle-income tracts and 1 upper-income tract. 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 AA is 109,717. This AA meets the legal requirements of CRA and does not arbitrarily exclude low- or moderate-income census tracts.

The economy of this AA was greatly affected 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 per Moody's economic outlook data.

The largest private-sector employers in the AA are Walmart, Peace River Medical and Publix Supermarkets. Also, Port Charlotte recently became the spring training home of the Tampa Bay Rays.

There is a significant amount of banking competition in Charlotte County with 22 banks operating in 68 offices, per data from the FDIC as of June 30, 2009. CNB ranks thirteenth and has a 2.20% market share of deposits.

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.

### *Sarasota Assessment Area*

This AA consists of 11 census tracts in interior Sarasota County, which is part of the Bradenton-Sarasota-Venice MSA. Our AA includes the cities of Venice and Northport.

The AA contains 3 moderate-income tracts, 6 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 for the AA. The Department of Housing and Urban Development (HUD) estimates the 2009 median family income at \$62,300 for this MSA. The total population of the AA is 53,477. And, over 35% of the population is over the age of 65. This AA meets the legal requirements of CRA and does not arbitrarily exclude low- or moderate-income census tracts.

Much like the economy in the Charlotte AA, the Sarasota AA has been greatly affected by the downturn in the economy. The bank's branch is located in North Port, which has experienced the greatest number of foreclosures in all of Sarasota County. The amount of foreclosures and the decline in the economy have impacted the bank's ability to lend in this AA.

There is a tremendous amount of banking competition in Sarasota County with 53 banks operating in 329 offices, per data from the FDIC as of June 30, 2009. CNB ranks near the bottom at fifty-second with only 0.02% of the market share of deposits.

In contact meetings with the Office of the Comptroller of the Currency, the leader of a state-wide and local not-for-profit organization indicated 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**

CNB's average loan-to-deposit (LTD) ratio is reasonable at 91% and is comparable to peer group averages. The average LTD was calculated and averaged for each quarter from June 2007 through June 2009. The bank's average LTD ratio compares favorably with other local community banks of similar size. CNB ranks second among a total of six peer banks. The average LTD ratio of the peer banks is 82% with the highest average LTD ratio being 125% and the lowest average ratio at 53%.

### **Lending in Assessment Area**

- **Lending in Assessment Areas – Meets the Standard for Satisfactory Performance**

CNB makes a majority of its loans within the AA. Our conclusion is based on a sample of the bank's primary loan products originated since the bank opened on April 24, 2007, through September 30, 2009. As detailed in the table below, 83% by number, and 77% by dollar amount of these sampled loans, were within CNB's AA.

<b>Lending in Charlotte and Sarasota AA</b>										
Type of Loan	Number of Loans					Dollars of Loans (000's)				
	Inside		Outside		Total	Inside		Outside		Total
	#	%	#	%		\$	%	\$	%	
Mortgage Loans	47	79.66%	12	20.34%	59	\$8,042	72.68%	\$3,023	27.32%	\$11,065
Commercial Loans	23	88.46%	3	11.54%	26	\$5,691	83.15%	\$1,153	16.85%	\$6,844
Totals	70	82.35%	15	17.65%	85	\$13,733	76.68%	\$4,176	23.32%	\$17,909

**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**

Performance in Charlotte AA

*Calusa National Bank's lending activities show reasonable penetration among businesses of different sizes and to borrowers of different incomes in the Charlotte AA.*

Our findings were based on a sample of the bank's business loans made in the AA since the bank opened. The following charts show a breakdown of those loans according to business and loan sizes for the AA.

<b>Borrower Distribution to Businesses in Charlotte AA</b>				
Business Revenues (or Sales)	<= \$1,000,000	> \$1,000,000	Unavailable/Unknown	Total
% of AA Businesses	67.48%	2.93%	29.59%	100.00%
% of Bank Loans in AA by #	60.87%	34.78%	4.35%	100.00%
% of Bank Loans in AA by \$	54.09%	44.06%	1.84%	100.00%

<b>Borrower Distribution of Loans to Businesses by Loan Size in Charlotte AA</b>				
Loan Size	Number of loans	Percent of #	Dollar Volume of Loans	% of Dollars
Less than \$100,000	10	43.48%	537,500	9.44%
\$100,000 - \$250,000	4	17.39%	696,100	12.23%
\$250,000 - \$500,000	6	26.09%	2,247,500	39.49%
\$500,000 - \$1,000,000	3	13.04%	2,210,000	38.83%
Over \$1,000,000	0	0.00%	0	0.00%
<b>Total</b>	<b>23</b>	<b>100.00%</b>	<b>5,691,100</b>	<b>100.00%</b>

As depicted in the tables above, the distribution of loans to businesses reflects reasonable penetration among businesses of different sizes. Sixty-one percent of the bank’s loans to businesses originated and purchased since the bank opened were made to small businesses. Small businesses are businesses with gross annual revenues of less than one million dollars. Additionally, 14 loans, or 61% of all business loans made in the AA, had original amounts of \$250 thousand or less. Likewise, 20 loans, or 87% of the business loans, had original amounts of \$500 thousand or less.

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

<b>Borrower Distribution of Residential Real Estate Loans in Charlotte AA</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	15.81%	9.09%	20.38%	22.73%	25.06%	18.18%	38.75%	50.00%

The distribution of home loans to borrowers reflects reasonable penetration among borrowers of different income levels. Approximately 16% of the families in the Charlotte AA are classified as low-income, and 9% of the bank’s residential mortgages were made to low-income borrowers. Additionally, 20% of the families residing within the AA are classified as moderate-income and the bank originated 23% of residential mortgages to moderate-income borrowers. The bank’s performance in helping to meet the overall need for affordable housing for moderate-income borrowers is good. They are able to do this, in part, by purchasing interest free loans at a discount from Habitat for Humanity of Charlotte County. CNB is the largest purchaser of Habitat for Humanity loans in Charlotte County.

Performance in Sarasota AA

*The bank’s lending to borrowers of different incomes in the Sarasota AA is reasonable.* Our analysis is based on a sample of the bank’s residential mortgage loans made in the AA since the bank opened. We compared the distribution of borrowers’ income to the income distribution of the families within the Sarasota AA using the HUD’s median family income levels for 2007, 2008, and 2009. The table below shows the distribution of lending.

Borrower Distribution of Residential Real Estate Loans in Sarasota AA								
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	15.98%	8.00%	21.40%	12.00%	25.79%	28.00%	36.83%	52.00%

The distribution of home loans to borrowers reflects reasonable penetration among borrowers of different income levels. Approximately 16% of the families in the Sarasota AA are classified as low-income, and 8% of the bank’s residential mortgages were made to low-income borrowers. Additionally, 21% of the families residing within the AA are classified as moderate-income and the bank originated 12% of residential mortgages to moderate-income borrowers. CNB’s branch in the Sarasota AA has only been open for one year, which has affected the bank’s ability to lend in this AA compared to the Charlotte AA.

**Geographic Distribution of Loans**

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

Performance in Charlotte AA

*The geographic distribution of lending is reasonable in the Charlotte AA.* The bank’s geographic distribution of loans in this AA reflects excellent dispersion through census tracts of different income levels. Our analysis was based on a sample of the bank’s residential mortgage portfolio originated since the bank opened in April 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 AA								
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%	6.74%	9.09%	81.56%	81.82%	11.70%	9.09%

The percentage of home purchase loans originated in moderate-income census tracts is excellent. Only 7% of owner occupied housing in the AA is in moderate-income tracts, but 9% of CNB loans were made to borrowers in those tracts. The bank's branches in the Charlotte AA are in middle-income tracts which accounts for about 82% of their residential real estate loans.

Geographic Distribution of Commercial Loans in Charlotte AA								
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%	6.53%	4.35%	85.64%	82.61%	7.83%	13.04%

The bank's percentage of business loans made within moderate-income census tracts is comparable to the geographic distribution of businesses within the assessment area. CNB extended 4% of its business loans to businesses in moderate-income tracts. By comparison, these census tracts account for 7% of all businesses. Additionally, the bank's percentage of business loans made within middle income tracts is comparable to the geographic distribution of businesses within the AA.

Performance in Sarasota AA

*The geographic distribution of lending is reasonable in the Sarasota AA.* The bank's geographic distribution of loans in this AA reflects reasonable dispersion through census tracts of different income levels. Our analysis was based on a sample of the bank's residential mortgage portfolio originated since the bank opened in April 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 Sarasota AA								
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%	28.77%	20.00%	57.05%	80.00%	14.18%	0.00%

CNB extended 20% of residential real estate loans to borrowers in moderate-income census tracts. In comparison, borrowers in moderate-income tracts account for 29% of all owner-occupied housing in the AA. The limited time the branch has been open has affected their penetration of the Sarasota AA.

**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.