



SMALL BANK

Comptroller of the Currency
Administrator of National Banks

PUBLIC DISCLOSURE

April 02, 2001

**COMMUNITY REINVESTMENT ACT
PERFORMANCE EVALUATION**

**Marine National Bank Of Naples
Charter Number 23719**

**2325 Vanderbilt Beach Road
Naples, FL 34109**

**Comptroller of the Currency
South Florida Field Office
5757 Blue Lagoon Drive Suite 200
Miami, FL 33126**

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 Marine National Bank of Naples, Naples, Florida as prepared by **The Comptroller of the Currency**, the institution's supervisory agency, as of April 02, 2001. 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**.

We evaluated **Marine National Bank of Naples' (Marine's)** CRA performance using the small bank performance criteria. Marine is a new bank that opened October 12, 1999. This is the bank's first CRA evaluation. Our evaluation covered the period from October 1999 through March 31, 2001.

In order to assess the bank's performance from its lending activities, we used the bank's Home Mortgage Disclosure Act Loan/Application Register (HMDA-LAR) and sampled a total of 27 business loans made by the bank since inception. The HMDA-LAR and the sample covered the bank's two primary lending products: home-related mortgage loans and commercial/commercial real estate (business) loans.

Our performance evaluation finds that Marine's performance is "Satisfactory". The primary reasons for this rating are:

- The bank's average loan to deposit ratio since opening is reasonable.
- A majority of loans were made inside the assessment area.
- The distribution of loans sampled reflects a reasonable penetration to borrowers of different income levels and businesses of different sizes within the bank's assessment area.

DESCRIPTION OF INSTITUTION

Marine is a community bank located in the Naples, Florida. It is wholly owned by Marine Bancshares Inc., a one-bank holding company also located in Naples. Since its opening in October of 1999, total assets have grown to \$54 million as of March 31, 2001. Net loans equal \$31 million or 57% of total assets. Total deposits equal \$40 million.

The bank offers full banking services out of their only office. They also have drive-up facilities and one automated teller machine (ATM) at this office. The office is located in an upper-income census tract within their assessment area.

Marine offers a variety of credit products. The bank's primary lending focus is commercial/commercial real estate (including small business) and residential mortgage loans within the community. To a lesser degree, the bank makes consumer/installment loans. As of March 31, 2001, Marine's loan portfolio totaled \$31 million, with approximately \$17.5 million or 57% in commercial/commercial real estate. Another \$11 million or 35% of the portfolio is in residential mortgages. Consumer/installment loans equal \$1.8 million or 6% of the portfolio and construction and land development equal \$.5 million or 2%.

The bank competes locally with a host of small and large financial service providers including mortgage brokers and finance companies. Other competitors include branches of large multinational and regional financial institutions located within the Marine's assessment area. Marine also competes with smaller, independent institutions in the same market. No legal or other factors impede the bank's ability to meet the credit needs in its assessment area.

DESCRIPTION OF THE ASSESSMENT AREA

Marine's assessment area (AA) is a portion of the Collier County - Naples, Florida Metropolitan Statistical Area (MSA). The AA meets the requirements of the regulation and does not arbitrarily exclude low-or moderate-income geographies.

The boundaries of the AA are the Gulf of Mexico on the west, part of the Collier County line on the north, the eastern border of census tracts 112.01 and 104.04 on the east, and the southern border of census tracts 104.04, 105.01, 104.01, 7.00, and 3.02 on the south. This area encompasses most of the city of Naples and includes most of the area known as North Naples (in unincorporated Collier County). The AA is about 10 by 14 miles in area. The bank delineated its assessment area as only a part of the MSA due to the very large size of the MSA and the fact that the bank has only one location.

The Collier County/Naples MSA is very large geographically and includes three main cities: Naples, Marco Island and Immokalee. Naples (and its immediately surrounding area) is the business center and the leader in population growth and is located on the western edge of the county. Marco Island, a resort community, is approximately 20 miles south along the coast. Immokalee is 30 miles northeast of Naples. Agricultural concerns are concentrated in the

northeast section of the county, principally in the Immokalee area. The Florida Everglades comprises approximately 85 percent of the MSA, with nearly 50 percent of the county within the Big Cypress Preserve. This area consists of protected swamps and vacant wetland. The area is very sparsely populated and with no real economic activity.

Marine's AA consists of 16 census tracts. In relation to the median family income for the entire MSA, these 16 census tracts are distributed as follows: One low-income, no moderate-income, 7 middle-income, and 8 upper-income census tracts. The percentage of census tracts in each income category are: 6% low income, 44% middle income, and 50% upper income.

According to the 1990 U.S. Census, the Collier County MSA Weighted Average Census Median Family Income was \$38,428 in 1990. A low income census tract has a median family income of less than 50% of this figure, a moderate income tract has 50% to 80%, a middle income tract has 80% to 120%, and an upper income census tract has 120% or more of the MSA's median family income. The 2000 updated median family income for the MSA is \$59,100. This updated figure is used to categorize the percentage of families within the MSA by different income levels. For the bank's assessment area, 13% of the families are considered low-income, 18% are moderate-income, 24% middle-income, and 45% are upper-income families, based on the updated median income figure. The median housing price is high at \$169M. Owner occupied housing equals 50% of all housing.

The Collier County/Naples area is one of the fastest growing areas in the state of Florida. The area is home to approximately 200,000 persons. This number increases to almost 400,000 during the winter months with the influx of wealthy retirees from other parts of the country, mainly the Midwest. (The permanent population of the bank's assessment area is 79,000.) The influx of wealthy retirees helps account for the community's high growth and affluence. Collier County has the highest median family income in Florida despite the fact that only about 40 percent of the population in the county are actually wage earners. Everyone else is retired and/or has passive/investment income sources.

Rapid population growth has led to real estate construction and development increasingly becoming primary businesses in the area. Tourist dollars also contribute significantly to the area. Shopping centers, restaurants, and hotels are numerous and provide substantial employment opportunities for the county's residents. In addition to retail, tourism and services industries, other major area employers are in the health care service industry including hospitals, nursing care facilities, and home health care services.

The local economy is strong although the county does not have a very diversified economy. Due to the strong economy, unemployment is very low. Construction and real estate development are the big industries in Collier County. New projects being built are mostly retail space, golf resorts and exclusive communities, instead of affordable housing. This creates a housing shortage for those persons employed in the service and hospitality industries. They have trouble affording a home in the area. Housing rents are high and are driven by the low supply of lower-end housing stock.

Assessment Area Credit Needs

Information regarding lending opportunities, constraints, and credit needs in the bank's assessment area were obtained from two community/economic development organizations recently contacted by examiners. These contacts revealed that loans to build, rehabilitate, and purchase affordable housing are primary credit needs in the area. Financing of small businesses to promote economic development was also identified as a credit need in the area.

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA

LOAN TO DEPOSIT RATIO

Conclusion: We rate this performance category as “satisfactory.” Marine's average quarterly loan to deposit ratio since the bank opened is reasonable.

Support of Conclusion: Marine's quarterly average loan to deposit ratio from December 31, 1999 through March 31, 2001 was 46%. While the average loan to deposit ratio was low, it improved substantially throughout the evaluation period. Marine NB had a certificate of deposit promotion in December of 1999 that brought in a very large volume of deposits. This resulted in a very low loan to deposit ratio of 10% on 12/31/99. It then took the bank until late in 2000 to fully use the funds from the deposit promotion to fund loan growth. The loan to deposit ratio grew to 77% on 12/31/00 and 80% on 3/31/01.

The bank's quarterly average ratio is lower than the average ratio of two other similarly situated banks in the assessment area. These two community banks are similar in asset size (between \$27 and \$49 million in total assets) and have main offices in Naples. The first bank had a 61% average loan to deposit ratio while the second bank had a 62% average ratio. Marine's ratio is reasonable considering the newness of the bank and the substantial improvement in the ratio over the evaluation period.

LENDING IN THE ASSESSMENT AREA

Conclusion: We rate this performance category as satisfactory. A majority of the loans made since the bank opened were inside of its assessment area. Marine's primary loan types are residential mortgage and business loans.

Support of Conclusion:

Residential Mortgage Loans - 2000

NUMBER OF LOANS	
INSIDE Assessment Areas	OUTSIDE Assessment Areas
21 or 55%	17 or 45%
AMOUNT OF LOANS	
INSIDE Assessment Areas	OUTSIDE Assessment Areas
\$7,691,000 or 67%	\$3,786,000 or 33%

Business Loans (Sample of 26) - October 1999 Through March 2001

NUMBER OF LOANS	
INSIDE Assessment Areas	OUTSIDE Assessment Areas
20 or 74%	7 or 26%
AMOUNT OF LOANS	
INSIDE Assessment Areas	OUTSIDE Assessment Areas
\$5,767,000 or 51%	\$5,568,000 or 49%

**LENDING TO BORROWERS OF DIFFERENT INCOMES
AND TO BUSINESSES OF DIFFERENT SIZES**

Conclusion: We rate this performance category as satisfactory. Lending to borrowers of different incomes and to businesses of different sizes is reasonable. We reviewed the distribution of the bank's primary product lines (residential mortgage loans and business loans).

Support of Conclusion:

Residential Mortgage Loans

The following table shows the distribution of residential mortgage loans based on borrower income. The table shows distribution of loans in the assessment area. Marine made a total of 18 home loans (with income information available) in its assessment area in 2000 for a total of \$6,157,000.

**Distribution of Residential Mortgage Loans In Assessment Area
Based on Borrower Income
In Year 2000**

Income Levels	Distribution of 1-4 Family Residential Mortgage Loans # of Loans as % of Total	Distribution of 1-4 Family Residential Mortgage Loans \$ of Loans as % of Total	% of Families in these Income Levels in the Assessment Area
Low Income	0%	0%	13%
Moderate Income	11%	4%	18%
Middle Income	17%	6%	24%
Upper Income	72%	90%	45%
TOTAL	100%	100%	100%

This table shows that none of the 18 residential loans made in 2000 were to low income individuals. The high cost of housing in the bank's assessment area limits the opportunities for lending to low income persons. Eleven percent of the number of residential loan made were to moderate income borrowers. Overall, the distribution of residential loans to borrowers of different incomes reflects reasonable penetration among individuals of different income levels, including moderate-income borrowers. These loans helped meet affordable housing credit needs in the community.

Business Loans

The following table summarizes the distribution of a sample of 20 business loans made in the assessment area by Marine for a total of \$5,767,000. The last column shows the percent of businesses in the assessment area that are small (annual gross revenues under \$1 million):

**Distribution of Business Loan Originations in Assessment Area
From October 1999 through March 2001**

LOAN TYPE	# Loans	% of Total	\$ (000s)	% of Total	% of Small Businesses
Small Business(a)	14	70%	2,677	46%	90%
Large Business	6	30%	3,090	54%	10%
TOTAL	60	100%	7,911	100%	100%

(a) Loans to businesses with gross annual revenues less than \$1 million.

Business credits include commercial/industrial and commercial real estate loans. Small business

loans represented 70% by number and 46% by dollar volume of the 20 business loans sampled. In the bank's assessment area, 90% of all businesses are small businesses. Marine's origination of these credits is reasonable and helps address identified community credit needs for small business loans.

GEOGRAPHIC DISTRIBUTION OF LOANS

Conclusion: We rate this performance category as satisfactory. The loans originated in the assessment area reflect reasonable dispersion among census tracts of different income levels.

The assessment area has one low income census tract and no moderate income census tracts. The low income census tract in the assessment area has no loan penetration due to the tract's small volume of owner-occupied housing and businesses and due to Marine's small size (\$54 million total assets, one location). These limitations hinder Marine from penetrating the one small low income census tract in its assessment area.

Support of Conclusion:

Residential Mortgage Loans

The following table shows the geographic distribution of the 21 residential mortgage loans for a total of \$7,691,000 originated in the assessment area.

Note: this table does not include moderate income census tracts since there are none in the bank's assessment area.

**Distribution of Home Loan Originations/Purchases in 2000 Compared to
Distribution of Census Tracts in the Bank's Assessment Area**

Income Level Of Census Tract	Distribution of Bank Loans in the Census Tract (Number of Loans)	Distribution of Bank Loans in the Census Tract (Amount of Loans)	Distribution of Owner-Occupied Housing in the Assessment Area
Low	0%	0%	0.4%
Middle	24%	10%	61.4%
Upper	76%	90%	38.2%
Total	100%	100%	100%

This table shows that no residential loans were made in the low income census tract, however, only 0.4% of owner-occupied housing in the assessment area is located in the area's sole low income tract. Therefore, there are relatively few opportunities to lend for this loan type in the census tract.

Business Loans

The following table shows the geographic distribution of a sample of 20 business loans totaling \$5,767,000 made in the assessment area during the evaluation period.

Note: this table groups middle- and upper-census tracts together because business distribution data was not available separately for middle and upper tract income categories.

Distribution of 20 Business Loans Made from October 1999 through March 2000 Compared to the Distribution of Businesses in Each Tract Income Category

Income Level Of Census Tract	Distribution of Bank Loans in the Census Tract (Number of Loans)	Distribution of Bank Loans in the Census Tract (Amount of Loans)	Distribution of Businesses in Each Tract Income Category
Low	0%	0%	1%
Middle/Upper	100%	100%	99%
Total	100%	100%	100%

This table shows that no business loans (out of our sample of 20) were made in the low income census tract, however, only 1% of all businesses in the assessment area are located in the area's one low income tract. Therefore, there are also relatively few opportunities to lend for this loan type.

RESPONSE TO COMPLAINTS

Marine has not received any complaints regarding its CRA performance during this evaluation period.

COMPLIANCE WITH ANTIDISCRIMINATION LAWS AND REGULATIONS

An analysis of public comments and consumer complaint information was performed according to the OCC's risk based fair lending approach. The analysis of the information revealed no basis for the OCC to conduct a comprehensive fair lending examination in connection with the CRA evaluation this year.

We performed limited testing of the technical provisions of the Equal Credit Opportunity Act, in relation to adverse actions taken. No evidence of discriminatory practices was revealed by our review.