

Small Bank Performance Evaluation

PUBLIC DISCLOSURE

September 3, 1996

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

Community National Bank of Sarasota County
Charter Number 21390

201 Center Road
Venice, Florida 34292

Office of the Comptroller of the Currency
Tampa Duty Station
5650 Breckenridge Park Drive, Suite 202
Tampa, Florida 33610

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 the 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 Community National Bank of Sarasota County prepared by Office of the Comptroller of the Currency, the institution's supervisory agency, as of June 30, 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.

Community National Bank of Sarasota County maintains a reasonable loan-to-deposit ratio; makes a majority of their loans within the assessment area; and has a reasonable distribution of loans to borrowers of different incomes and businesses of different sizes. Neither the bank nor our agency has received any consumer complaints or public comments relative to their CRA performance since our last CRA examination on July 16, 1993.

The following table indicates the performance level of Community National Bank of Sarasota County with respect to each of the five performance criteria.

SMALL INSTITUTION ASSESSMENT CRITERIA	<u>Community National Bank of Sarasota County</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	Not reviewed.		
Response to Complaints	No complaints were received by the bank or our agency since the prior examination.		

DESCRIPTION OF INSTITUTION

Community National Bank of Sarasota County (CNB) was chartered in 1988. The bank is located in Sarasota County in the city of Venice. The bank is a wholly-owned subsidiary of Community National Bank Corporation, a one bank holding company. The bank has two full-service branches located in Venice. As of June 30, 1996, the bank has \$42 million in total assets. The bank offers traditional lending products. Their primary focus is business lending which represents 56% of total loans outstanding. Consumer lending accounts for the remaining 44% of total loans. There are no legal or financial impediments that would impair CNB's ability to help meet the community's credit needs.

DESCRIPTION OF THE BANK'S ASSESSMENT AREA

CNB's assessment area meets the requirements of the regulation and does not arbitrarily exclude low or moderate income geographies. The bank's assessment area represents the portion of the Sarasota/Manatee county metropolitan statistical area (MSA) known as the south Sarasota County area. It includes the communities of south Sarasota, Osprey, Laurel, Nokomis, Venice, Englewood, and North Port. The assessment area consists of ten census tracts. Based on 1990 census information, nine of the tracts are middle income and one tract is upper income.

The assessment area is primarily a retirement community with a population of 81,268. The population is 42% over 65 years of age. Sixty percent (60%) of all households receive social security and 38% also receive retirement income. Eighty percent (80%) of all housing units are occupied and 67% are owner occupied. The Department of Housing and Urban Development (HUD) estimates the 1995 median family income at \$41,000. Low income families in the assessment area are predominantly retirees. In some cases, this segment of the population does not meet the true definition of low income families because they have significant equity, live on fixed incomes and typically do not request credit.

The local economy is largely supported by tourism, followed by banking and other services with some light industry. The major employers are Bon Secours Hospital, City of Venice, Sarasota County School System, Nielsen Ratings, Vinyl Tech and Joelson Pipe. Contact with community organizations identified a need for venture capital loans to attract and help new business, education and credit counseling for low income borrowers and downpayment assistance loans.

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA :

☛ Loan to Deposit Ratio

The bank's average loan-to-deposit ratio is reasonable at 63.09%. CNB's average loan-to-deposit ratio is comparable to similarly situated banks with a 68.86% average loan-to-deposit ratio. We calculated the average loan-to-deposit ratios for all quarters since the July 16, 1993 Community Reinvestment Act examination. "Similarly situated" banks consisted of 21 community banks located within Sarasota County and neighboring counties.

☛ Comparison of Credit Extended Inside and Outside the Assessment Area

The bank originates a majority of its loans within the assessment area (AA). We based our conclusion on an analysis of all residential and business loan originations for year-to-date June 30, 1996. A total of 25 residential loans and 49 business loans were analyzed. We verified and used documentation provided by the bank to complete our analysis. The bank made 71% of their total number of business loans in their assessment area. The following table illustrates residential lending within the assessment area.

Residential Lending	Inside the AA	Outside the AA
Number of Loans	76%	24%
\$ Amount of Loans	75%	25%

☛ Lending to Borrowers of Different Income and to Businesses of Different Sizes

The bank's lending to borrowers of different income is reasonable. We reviewed all residential loans originated for the first six months of 1996. Our analysis showed that the income distribution of the bank's borrowers was consistent with the income characteristics of the assessment area. The following table illustrates this comparison.

Income Category	CNB Loan Distribution by Borrower Income	Assessment Area Income Distribution*
Low Income	4%	13.19%
Moderate Income	24%	21.31%
Middle Income	28%	27.11%
Upper Income	44%	38.38%

* Based on the 1995 HUD estimated median family income

The bank's lending to businesses of different sizes is reasonable. We sampled 20 loans originated within the first six months of 1996. The sample represents 41% of all business loans originated within that period. Since business revenue information was not readily available, we used loan amounts to proxy business size. It has been determined that there is a direct correlation between the size of the business and the amount of credit obtained. We therefore analyzed loans made within a range of dollar amounts. Our findings showed that CNB lends to businesses of all sizes with a significant number of loans (70%) to smaller businesses (loans less than \$200,000).

	Number of Loans
\$0 - \$50,000	40%
\$51,000 - \$100,000	10%
\$101,000 - \$150,000	15%
\$151,000 - \$200,000	5%
\$201,000 +	30%

☛ Geographic Distribution of Loans

Not reviewed. Because nine of the ten census tracts in the assessment area are designated middle income and the other census tract is designated upper income, an analysis of geographic lending patterns would not provide any meaningful information.

☞ Responses to Consumer Complaints

No complaints were received by the bank or our agency since the prior CRA examination.

Compliance with Antidiscrimination Laws and Regulations

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