

PUBLIC DISCLOSURE

August 10, 1998

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

**Sarasota Bank
Certificate Number: 33644
Two North Tamiami Trail, Suite 100
Sarasota, Florida 34236**

**Federal Deposit Insurance Corporation
One Atlantic Center, Suite 1500
1201 West Peachtree Street, N.E.
Atlanta, Georgia 30309-3415**

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.

TABLE OF CONTENTS

I.	General Information	1
II.	Institution Rating	
	a. Overall Rating	2
III.	Description of Institution	2
IV.	Description of Assessment Area	4
V.	Conclusions	6

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 **Sarasota Bank** prepared by the Federal Deposit Insurance Corporation, the institution's supervisory agency, as of **August 10, 1998**. The agency rates the CRA performance of an institution consistent with the provisions set forth in Appendix A to 12 CFR Part 345.*

INSTITUTION RATING

INSTITUTION'S CRA RATING: This institution is rated Outstanding.

- ¶ The institution's average net loan-to-deposit ratio of 73 percent reflects adequate overall lending by the bank;
- ¶ Lending within the assessment area exceeds standards for satisfactory performance as 97 percent of the number and 93 percent of the dollar volume of loans sampled were originated within the bank's assessment area;
- ¶ Lending to businesses of different sizes exceeds standards for satisfactory performance as 80 percent of the number and 91 percent of the dollar volume of loans sampled were originated to entities with gross annual revenues of \$1 million or less; and
- ¶ The geographic distribution of loans sampled exceeds standards for satisfactory performance and reflects a reasonable dispersion throughout the assessment area.

DESCRIPTION OF INSTITUTION

Sarasota Bank (SB) is wholly owned by Sarasota Bancorporation, Inc., Sarasota, Florida, a one-bank holding company. SB provides for the credit and economic development needs of its community in a manner consistent with its size, financial capacity, location, resources, and economic conditions. No legal or financial impediments exist which would prohibit the bank from meeting the credit needs of the community.

Subject bank is chartered as a full-service bank offering a wide variety of deposit and loan services. At present, the bank occupies one office which is located in Sarasota, Florida. The main office is located in a moderate-income census tract and is equipped with a two-lane drive through facility.

As of March 31, 1998, subject bank had total assets of \$67 million. Gross loans totaled \$45 million representing 67 percent of total assets. As shown in Table 1 on the following page, the composition of the bank's loan portfolio reflects management's efforts to meet the various credit needs of its community, as evidenced by the numerous credits extended for housing, consumer, and business-related purposes.

DESCRIPTION OF INSTITUTION (Continued)

Table 1

LOAN CATEGORY	% OF TOTAL
Real Estate (RE) Construction/Develop.	2%
1-4 Family Residential RE	20%
Other RE: Multifamily & Farmland	9%
Other RE: Non-farm, Non-Residential	38%
Commercial & Industrial Loans	19%
Loans to Individuals	12%
TOTAL	100%

The above data was obtained from the March 31, 1998, Uniform Bank Performance Report

As outlined in the loan categories *Other Real Estate: Non-Farm, Non-Residential and Commercial & Industrial Loans* in Table 1, SB has originated a substantial number of commercial-related loans. However, the bank offers other types of loans such as home equity lines of credit, consumer purchase loans, debt consolidation loans, construction loans, and government insured small business loans. Real estate-secured loans, including single-family and multi-family residential loans, are also offered by the bank. The bank does not offer 30-year, fixed-rate residential loans; however, management has implemented referral relationships with several financial centers within the community for these types of loans. These entities also assist loan applicants with long term financing and credit card counseling assistance.

On October 16, 1992, the institution was approved as a qualified Small Business Administration (SBA) lender. The bank offers SBA loans under the 7A and Low Documentation loan programs. The SBA program augments the bank's conventional product line and offers an attractive alternative to small businesses in need of long-term financing for capital improvements. Since the last examination dated October 16, 1995, SB has originated 10 loans totaling \$590,426.

DESCRIPTION OF ASSESSMENT AREA

Unless otherwise noted, demographic information contained herein was obtained from the 1990 United States Census and the 1995 Executive Summary report taken from the U. S. Department of Housing and Urban Development website. Refer to Table 2 at the end of this section for assessment area-specific demographic data.

The bank is located in the Bradenton-Sarasota Metropolitan Statistical Area (MSA), number 7510. SB has defined its assessment area (AA) as the neighborhoods surrounding its one banking office in downtown Sarasota. The boundaries of the delineation are: Gulf of Mexico to the west; Interstate 75 to the east; Sarasota/Manatee county line to the north; and Preymore Street to the south. This delineation encompasses 25 contiguous census tracts. The AA consists of : 1 low-income, 2 moderate-income, 12 middle-income, and 10 upper-income census tracts. Delineation of the bank's AA is reasonable, and the AA does not arbitrarily exclude any low- or moderate-income areas.

The bank's AA is located within Sarasota County. Sarasota County is located on Florida's west coast immediately south of the Tampa Bay region. The county is bordered on the north by Manatee County, on the south by Charlotte County, on the east by Desoto County, and on the west by the Gulf of Mexico. The county's incorporated municipalities include the cities of Sarasota, North Port, Venice, and a portion of the Town of Longboat Key. The city of Sarasota is the county's largest incorporated city and is located in the northwest corner of the county.

The county, like most of south Florida, has become a popular tourist and retirement destination. Sarasota County's greatest natural assets are climate and geography. The beaches on the western coast of the county have drawn several wealthy retirees to the area. The county is now home to a large concentration of elderly. In the 1993 publication "*Florida County Comparisons*", published by the Florida Department of Commerce, Sarasota County has the fourth largest population of residents ages 65 and over in the state of Florida. In 1995, 32 percent of the county's population was over 65 years of age in comparison to 18 percent for the State of Florida as a whole. Fifty-four percent of the people in the county are over 45 years in age. The population in the city of Sarasota is somewhat younger. However, the percentage of persons over 65 years of age living in the city also exceeds the statewide percentage.

The 1990 Census placed the county's population at 277,776. The Bureau of Economic and Business Research (BEBR), University of Florida, estimates the 1995 total county wide population at 301,900. In 1990, the official Census placed the city of Sarasota's population at 50,961, and BEBR estimate for 1995 places the city of Sarasota's population at 54,027.

The county's largest employers are found in the health care industry. The county's other primary employers include the biomedical, pharmaceutical, healthcare, and medical device industries. The University of South Florida supports at least 80 research and development facilities,

DESCRIPTION OF ASSESSMENT AREA (Continued)

including the Institute for Biomolecular Science and the Centers for Microelectronics Research. Other large employers include the airline industry with a large presence by Trans World Airlines, Inc., and the insurance industry.

TABLE 2

AA DEMOGRAPHIC & ECONOMIC CHARACTERISTICS		
TOTAL POPULATION:	MSA 7510	489,483
MEDIAN FAMILY INCOME:	MSA 7510	\$33,128
PERCENTAGE OF FAMILIES BY INCOME LEVEL:		
	Low-Income	14%
	Moderate-Income	18%
	Middle-Income	23%
	Upper-Income	45%
PERCENTAGE OF FAMILIES BELOW POVERTY LEVEL:		6%
PERCENTAGE OF TOTAL HOUSING UNITS BY TYPE:		
	1-4 Family Residential Units	66%
	Multi-Family Units	25%
	Mobile Home & Other Units	9%
OCCUPANCY STATUS OF HOUSING UNITS AS A PERCENTAGE:		
	Owner-occupied Housing Units	46%
	Rental Housing Units	20%
	Vacant/Boarded-up Housing Units	34%
HOUSING CHARACTERISTICS:		
	Median Housing Value	\$144,841
	Median Gross Rent	\$572
	Median Age of Housing Stock	14 Years

SB competes locally with a host of small and large financial institutions and entities, including mortgage brokers, finance companies, and trust organizations. Branches of most of the larger multinational and regional financial institutions are located within or just outside the AA and are considered major competitors.

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA

Identification of Sample Utilized for this Evaluation

Commercial (business-purpose) loans were determined to be the bank's major product category by both dollar volume and number. Between August 1997 and July 1998, subject bank originated 105 business-purpose loans totaling \$13,492,733. These loans represent 29 percent of the total dollar amount of the bank's loan portfolio as of August 10, 1998. Based on sampling guidelines, 35 business-purpose loans totaling \$5,523,079 were used in evaluating the bank's CRA performance.

An external compliance auditor routinely prepares a "CRA self-analysis" based on the same performance criteria used herein. A review of the information revealed similar results.

Loan to Deposit Ratio

The bank's average net loan-to-deposit ratio (LTDR) reflects the institution's overall level of lending which meets standards for satisfactory performance.

The average net LTDR is calculated by adding the LTDRs for each quarter since the last evaluation and dividing the sum by the total number of quarters. SB's LTDR has remained relatively stable throughout the past nine quarters. As of March 31, 1998, SB's average net LTDR of 73 percent was compared to a similar-sized community bank operating within the bank's assessment area. The similar-size bank has total assets of \$47 million, operates 1 branch, and has a calculated average net LTDR of 75 percent.

Lending in Assessment Area

SB exceeds standards for satisfactory performance under this section as a substantial number of loans sampled, by dollar amount and volume, are located within the bank's assessment area.

As shown in Table 3, from a sample of 35 business-purpose loans totaling \$5,523,079, 97 percent of the number and 93 percent of the dollar volume were originated to businesses within the bank's AA. Accordingly, subject bank has demonstrated a strong effort in meeting the credit needs of local businesses within its community.

CONCLUSIONS (Continued)

Additionally, the dollar percentage of loans originated to businesses with gross annual revenues over \$1 million is low at 9 percent. Of the seven loans over \$1 million, the average loan amount was \$64,000, compared to \$174,000 for loans under \$1 million. These trends demonstrate SB's commitment to providing for the credit needs of the small business person.

Geographic Distribution of Loans

The geographic distribution of loans sampled among census tracts exceeds standards for satisfactory performance and reflects a reasonable dispersion throughout the AA. No conspicuous gaps or irregular lending patterns were identified.

Table 5 details by number and dollar volume the geographic distribution of the bank's business-related loans sampled within its AA. As shown below, of the loans sampled, the majority of the bank's loans by number and dollar percentage are distributed between low- and moderate-income census tracts. Although low- and moderate-income census tracts comprise only 12 percent of the total number of census tracts within the bank's AA, statistical sampling captured 53 percent by number and 60 percent by dollar volume of loans originated to these two groups. As Table 5 details, the bank has extended 2 loans in the only low-income census tract within the bank's AA. The number and dollar percentages of loan originations located in low-income census tracts compare favorably to the percentage of low-income census tracts in the bank's AA. A plotting of the sampled loans revealed that originations were primarily concentrated in census tracts around the bank's office which is located in a moderate-income census tract. A large percentage of loans, by number and dollar volume, were originated within moderate-income census tracts. This concentration significantly exceeds the percentage of such census tracts within the community. The number and volume of loans made in middle- and upper-income census tracts is noticeably lower than the census tracts within the community. The preceding trends indicate that SB has successfully targeted low- and moderate-income geographies within its AA.

TABLE 5

Census Tract (CT) Type	# of CTs	% of CTs	# of Loans	% of Loans	Total Dollar	Total %
Low-Income CT	1	4%	2	6%	\$ 275,000	5%
Moderate-Income CT	2	8%	16	47%	\$ 2,815,886	55%
Middle-Income CT	12	48%	10	29%	\$ 586,892	11%
Upper-Income CT	10	40%	6	18%	\$ 1,468,301	29%
Totals	25	100%	34	100%	\$5,146,079	100%

CONCLUSIONS (Continued)

Within its AA, the bank has extended four multi-family loans, three of which are located in low- or moderate-income census tracts. All four loans are apartment complexes with 5 to 8 units. The loans total \$678,000 and service low- and moderate-income individuals. These loans are not included in Table 5.

Response to Complaints

The implementing regulations of CRA requires subject bank to maintain files that are readily available for public inspection. No public comments regarding the bank's performance in helping to meet the credit needs of its community have been received by SB since the last evaluation.

OTHER INFORMATION

Compliance With Antidiscrimination Laws

No substantive violations of the antidiscrimination laws and regulations were identified.