

PUBLIC DISCLOSURE

May 27, 1997

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

West Coast Bank
06121504

Sarasota, Florida

Federal Reserve Bank of Atlanta
104 Marietta Street, N.W.
Atlanta, Georgia 30303

NOTE: This evaluation is not, nor should it be construed as, an assessment of the financial condition of this institution. The rating assigned to the 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 West Coast Bank prepared by the Federal Reserve Bank of Atlanta, the institution's supervisory agency, as of May 27, 1997. The agency rates the CRA performance of an institution consistent with the provisions set forth in Appendix A to 12 CFR Part 228.

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

The bank's average loan-to-deposit ratio is more than reasonable given the bank's size, financial condition, and assessment area credit needs. A majority of the sampled loans were in the bank's assessment area. The geographic distribution of the loans sampled reflects reasonable dispersion throughout the assessment area. Also, the distribution of borrowers reflects reasonable penetration among individuals of different income levels. No CRA-related complaints have been received since the previous examination.

DESCRIPTION OF INSTITUTION

West Coast Bank operates two banking offices in Sarasota, Florida. Total assets reported in the March 31, 1997 Consolidated Reports of Condition and Income (Call Report) were \$91.6 million. No legal or financial impediments exist that would prevent the bank from meeting the credit needs of its assessment area.

As depicted below in the loan distribution table, West Coast Bank is primarily a real estate lender; however, the bank offers a variety of banking products and services to meet community credit needs. The bank's March 31, 1997 Call Report reflected the following loan portfolio distribution:

LOAN TYPE	PERCENTAGE
Construction and development	6.1%
Secured by one- to four-family dwellings	55.4%
Other real estate: Nonfarm nonresidential	26.9%
Commercial and industrial	8.3%
Loans to individuals	1.7%
All other	1.6%
Total	100.0%

The bank's loan portfolio remains primarily variable rate and short term. The bank continues to focus its lending in the residential mortgage area, both in the secondary market (originating fixed-rate residential loans for sale to correspondent banks) and portfolio adjustable rate mortgage loans.

DESCRIPTION OF ASSESSMENT AREA: PORTIONS OF SARASOTA COUNTY

The bank's assessment area is located in Sarasota County, Florida, which is part of the Sarasota-Bradenton, Florida Metropolitan Statistical Area (MSA). Sarasota County is located on the west coast of Florida at the southern edge of the Tampa Bay region. Within a 60-mile radius of Sarasota County are two interstate highways, two deep water ports, and three international airports. The county includes five incorporated municipalities: Sarasota, Venice, Englewood, North Port, and Longboat Key.

Sarasota County consists of 42 census tracts, and only five are low- to moderate-income census tracts. Three are located near downtown Sarasota, one is in North Port, and one does not contain any households. 21 of the 42 census tracts in Sarasota County constitute West Coast Bank's assessment area. One of the 21 census tracts is low-income, two are moderate-income, nine are middle-income, and nine are upper-income. The assessment area does not arbitrarily exclude any low- or moderate-income geographies. Although only one census tract in the bank's assessment area is low-income, low-income families are located throughout the assessment area. Low-income families make up 51 percent of the families in the low-income tract, 34 percent of those in the moderate-income tracts, 14 percent of the families in the middle-income tracts, and 8 percent of those in the upper-income tracts. Additionally, 2,252 (5.3 percent) of the families in the assessment area are below the poverty level.

According to the 1990 Census data, the assessment area's population totaled 146,983. Of the total population, 4,064 (2.8 percent) people lived in the low-income tract; 12,113 (8.2 percent) lived in the moderate-income tracts; 75,675 (51.5 percent) lived in the middle-income tracts; and 55,131 (37.5 percent) lived in the upper-income tracts. Approximately 49 percent of the population is between the ages of 25 and 64.

According to 1990 Census data, 78,833 housing units were in the assessment area, of which 58.2 percent (45,887) were owner-occupied, 23.9 percent (18,855) were rental units, and 17.9 percent were vacant. The median housing value for the assessment area was \$89,795. The median family income for the assessment area was \$37,058, which was higher than \$33,128 for the Sarasota-Bradenton MSA and \$32,212 for the state of Florida.

DESCRIPTION OF ASSESSMENT AREA: PORTIONS OF SARASOTA COUNTY (CONTINUED)

The 1993 U. S. Census employment data for Sarasota County business patterns showed a total of 9,823 business establishments. Of the 9,823 business establishments, 9,461 (96.3 percent) were small businesses with fewer than 50 employees. The unemployment rate for Sarasota County as of April 1997 was 2.8 percent, which was about the same as the 2.7 percent unemployment rate for the Sarasota-Bradenton MSA and lower than the 5.0 percent unemployment rate for the state of Florida.

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA

Loan-to-Deposit Ratio

West Coast Bank's loan-to-deposit (LTD) ratio is considered more than reasonable given the bank's size, financial condition, and assessment area credit needs. The bank's average LTD ratio for the eight quarters since the previous examination is 83.75 percent. The ratio was compared with the ratios of four other financial institutions with home offices located in Sarasota, Florida. The eight-quarter average LTD ratios for these institutions ranged from 68.69 percent to 95.76 percent. The one bank in this group whose average LTD ratio was higher than West Coast Bank's has an asset size of \$1.9 billion. According to the December 31, 1996 Uniform Bank Performance Report, West Coast Bank's LTD ratio was 91.81 percent compared with a peer group average of 68.56 percent. The bank's peer group includes all insured commercial banks having assets between \$50 million and \$100 million with two or less banking offices, and located in a metropolitan area.

Lending in the Assessment Area

The bank is most active in the area of residential real estate lending. During the examination, 69 home purchase loans (including construction-permanent loans) originated from September 1996 through March 1997 were geocoded and analyzed to determine the percentage of residential loans originated in the assessment area. The table below shows the levels of lending inside and outside the assessment area for home purchase loans:

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA (CONTINUED)

Lending in the Assessment Area (Continued)

HOME PURCHASE LOANS	INSIDE ASSESSMENT AREA	OUTSIDE ASSESSMENT AREA
Number of loans	43	26
Percent of total number	62	38
Dollar amount of loans	\$6,798,695	\$4,208,995
Percent of total amount	62	38

The table shows that a majority of the bank's lending activity occurs within the assessment area; therefore, the bank meets the standards for satisfactory performance in this category. Of the loans sampled, 43 (62 percent) were extended in the assessment area. Additionally, \$6,798,695 (62 percent) of the total dollar volume was extended in the bank's assessment area. Management stated that the loans originated outside the assessment area can be primarily attributed to the bank's relationship with developers in Manatee County and the Bradenton area. Also, the bank penetrates the east and north parts of the county more so than the south because four large community banks with holding companies primarily serve that area of the county.

Lending to Borrowers of Different Incomes

The distribution of the sampled home purchase loans to borrowers of different income levels compared to population representation is detailed in the following chart.

INCOME LEVEL OF BORROWER	PERCENTAGE OF MEDIAN FAMILY INCOME	FAMILIES IN ASSESSMENT AREA		HOME PURCHASE LOANS	
		NUMBER	PERCENT	NUMBER	PERCENT
Low-income	Less than 50	5,851	14	0	0
Moderate-income	50 to 79	7,581	18	2	5
Middle-income	80 to 119	9,760	23	11	25
Upper-income	120 and above	19,309	45	30	70

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Total		42,501	100	43	100
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CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA (CONTINUED)

Lending to Borrowers of Different Incomes (Continued)

As noted in the table above, middle-income and upper-income families make up a greater percentage of loans (95 percent) and the greatest percentage of the population (68 percent). However, the proportion of loans to low-income and moderate-income applicants was less than their percentage make up of the bank's assessment area.

The bank's 1996 HMDA data for 1996 shows a total of 159 applications for all HMDA reportable loans. Of the 159 applications low-income applicants only contributed 2.52 percent (4) of the applications (2 of the 4 applications were originated). Moderate-income applicants contributed 9.43 percent (15) of the applications (8 of the 15 applications were originated). Therefore, it can not be expected that low- to moderate-income families would receive HMDA related loans equal to their percentage of population.

The median housing value for the assessment area is \$89,795, which is higher than \$83,995 for the Sarasota-Bradenton MSA and \$76,487 for the state of Florida. The median family income of the assessment area is \$37,058. Low-income families earn less than \$18,529 annually. Moderate-income families earn between \$18,529 and \$29,646 annually. In addition, 35 percent of the households in the low-income census tract and 20 percent in moderate-income census tracts are below poverty level. Furthermore, 7 percent of the population in the low-income tract and 8 percent of the population in moderate-income tract are unemployed. Because of income constraints and a high poverty level, low-income and moderate-income individuals are unlikely to be able to afford a house in Sarasota County without the assistance of nonprofit organizations and government programs.

The bank participates in the Sarasota Area Bankers Coalition. This organization is made up of financial institutions in Sarasota County. The organization has been in existence for one year and is currently working to revitalize a 20-unit apartment complex, Maple Manor housing project, located in a low-income area. The bank has made one loan in the amount of \$50,000 to aid in the Maple Manor housing project.

Considering the demographics of the assessment area and economic factors, the bank's lending to borrowers of different incomes is reasonable and meets the standards for satisfactory performance.

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA (CONTINUED)

Geographic Distribution of Loans

The geographic distribution of loans reflects reasonable dispersion throughout the assessment area. The 21 census tracts in the assessment area include one low-income tract, two moderate-income tracts, nine middle-income tracts, and nine upper-income tracts. The following table illustrates the percentage of sampled loans made in each census tract income category.

CENSUS TRACT INCOME LEVEL	FAMILIES BY INCOME LEVEL OF CENSUS TRACT		HOME PURCHASE LOANS BY INCOME LEVEL OF CENSUS TRACT	
	NUMBER	PERCENT	NUMBER	PERCENTAGE
Low-income	1,046	3	0	0
Moderate-income	2,567	6	1	2
Middle-income	21,844	51	24	56
Upper-income	17,044	40	18	42
Total	42,501	100	43	100

Although lending in low-income and moderate-income tracts seems low, these tracts are located at the outermost boundary of the assessment area and contain numerous branches of competitors. Also, management stated that no development is occurring in those areas. In addition, there is a large number of rental units in the bank's assessment area. Of the 78,833 total housing units in the bank's assessment area rental units represent 24 percent (18,855). 49 percent of the housing units in the low-income tract and 48 percent of the housing units in moderate-income tracts are rental units. The inconvenient location of the bank, the presence of competitor institutions, and the volume of rental units in the bank's assessment area would likely have an adverse effect on the level of applications received from these tracts.

Complaints

No complaints relating to CRA performance have been filed against the bank since the previous examination.

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA (CONTINUED)

Compliance with Antidiscrimination Laws

No violations of the substantive provisions of the antidiscrimination laws and regulations were noted. No evidence of discrimination or illegal credit practices was noted during the review of bank policies and procedures. No practices have the intent or the effect of discouraging applicants.