

## **PUBLIC DISCLOSURE**

**March 30, 2015**

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

**Calusa Bank  
3105 Tamiami Trail  
Punta Gorda, Florida**

**RSSD ID NUMBER: 3571015**

**FEDERAL RESERVE BANK OF ATLANTA  
1000 Peachtree Street, N.E.  
Atlanta, Georgia 30309-4470**

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 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.

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

Major factors supporting the institution's rating include:

- A substantial majority of loans were made in the assessment area.
- The bank's loan-to-deposit ratio is reasonable.
- The geographic distribution of loans reflects reasonable dispersion throughout the bank's assessment areas.
- The distribution of borrowers reflects reasonable penetration among borrowers of different income levels.

**SCOPE OF EXAMINATION**

The CRA performance evaluation assesses the bank's record of meeting the credit needs of its community, including low- and moderate-income neighborhoods, within the context of information such as asset size and financial condition of the institution, competitive factors, and the economic and demographic characteristics of its defined assessment area. This CRA performance review was based on the bank's lending performance in its assessment area using the Interagency Small Institution Examination Procedures. "Small institution" means an institution that, as of December 31<sup>st</sup> of either of the prior two calendar years, had assets of less than \$1.202 billion.<sup>1</sup> The rating was assessed using the following core criteria developed for evaluating CRA lending performance for small banks:

- Net Loan-to-Deposit Ratio
- Lending Inside the Assessment Area
- Lending to Borrowers of Different Incomes
- Geographic Distribution of Loans
- The bank's responsiveness to complaints it has received regarding its CRA activities, if applicable

The bank's assessment area encompasses two separate Metropolitan Statistical Areas (MSA). A full-scope review was conducted for the Punta Gorda, Florida MSA. A limited scope review was conducted for the North Port-Bradenton-Sarasota (Sarasota), Florida MSA.

The performance criterion for reviewing complaints was not evaluated because the bank did not receive any CRA-related complaints during the review period. The evaluation included an analysis of HMDA reportable loans originated between January 1, 2012 and December 31, 2013. Residential real estate loans represent the bank's major product line.

As part of this evaluation, one community contact was made with an economic development organization in Punta Gorda. This contact is familiar with the economic and demographic characteristics of the bank's assessment area. Information obtained from this contact was used to establish a context for the communities in which the bank operates and to gather information on the bank's performance. Specific information obtained from the community contacts is included in the full scope assessment area review section of the evaluation.

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<sup>1</sup> Board of Governors of the Federal Reserve (accessed on April 6, 2015); available from <http://www.federalreserve.gov/newsevents/press/bcreg/20131219c.htm>

**DESCRIPTION OF INSTITUTION**

Calusa Bank is a full-service community bank headquartered in Punta Gorda, Florida. The bank operates three branches located in Charlotte County and Sarasota County, offering various personal and business banking products. Lending products include commercial business loans, commercial real estate loans, residential real estate purchase loans, construction loans, mortgage refinances, and a limited variety of consumer loans and deposit products. The bank’s primary focus is on residential real estate and commercial lending. The bank promotes its products and services and provides access to online banking on its website at www.calusabank.com. As of December 31, 2014, Calusa Bank had total assets of \$165.6 million, total loans and leases of \$116.0 million, and total deposits of \$128.8 million.

Branch Offices

Calusa Bank’s branch network has not changed since the previous CRA examination. One branch is located in a moderate-income tract in Sarasota County. The other two branches are located in middle-income tracts in Charlotte County. All three branches have full-service ATMs.

Loan Portfolio

The following table shows the composition of the loan portfolio according to the Consolidated Reports of Condition and Income.

COMPOSITION OF LOAN PORTFOLIO						
Loan Type	Calusa Bank		Calusa National Bank			
	12/31/2014		12/31/2013		12/31/2012	
	\$ (000s)	Percent	\$ (000s)	Percent	\$ (000s)	Percent
Construction and Development	9,792	9.1%	9,987	9.7%	9,211	9.2%
Secured by One- to Four- Family Dwellings	64,558	59.8%	61,208	59.2%	61,729	61.4%
Other Real Estate: Farmland	287	0.3%	297	0.3%	304	0.3%
Multifamily	1,013	0.9%	768	0.7%	791	0.8%
Nonfarm nonresidential	25,803	23.9%	25,621	24.8%	23,352	23.2%
Commercial and Industrial	5,667	5.3%	4,623	4.5%	3,802	3.8%
Loans to Individuals	429	0.4%	485	0.5%	869	0.9%
Agricultural Loans	340	0.3%	394	0.4%	412	0.4%
<b>Total</b>	<b>\$107,889</b>	<b>100.00%</b>	<b>\$103,383</b>	<b>100.00%</b>	<b>\$100,470</b>	<b>100.00%</b>

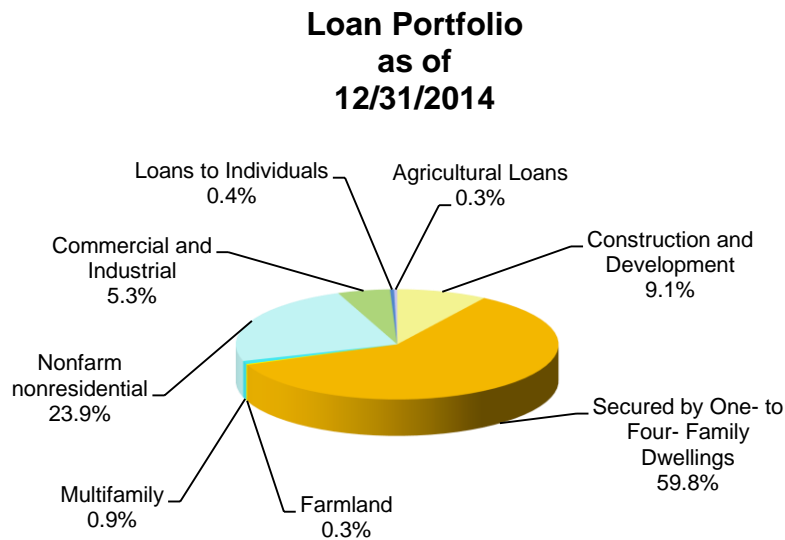
\* This table does not include the entire loan portfolio. Specifically, it excludes loans to depository institutions, bankers acceptances, lease financing receivables, obligations of state and political subdivisions, and other loans that do not meet any other category. Contra assets are also not included in this table.

As illustrated above, the bank’s loan portfolio grew by approximately 2.9 percent between 2012 and 2013 and the overall distribution of loan types remained relatively constant. As of December 31, 2013, one- to four-family residential, nonfarm nonresidential, and commercial and industrial lending combined to account for 88.4 percent of the portfolio. HMDA lending made up the majority of the lending activity, with 59 percent of the portfolio being attributable to one- to four-family residential loans.

Credit Products

Calusa Bank’s primary credit focus is residential lending. Residential loan products include home purchase loans and refinance loans. The bank also offers commercial credit products, including business lines of credit and commercial real estate loans, but these offerings do not represent the majority of the loan portfolio. Residential mortgage loans are the primary means by which Calusa Bank responds to the credit needs of its assessment area.

The chart below further illustrates that Calusa Bank’s loan portfolio mix was relatively unchanged during the review period. One- to four-family residential loans continue to be the primary credit product.



Calusa Bank complies with the requirements of the CRA. No known legal impediments exist that would restrict the bank from meeting the credit needs of its assessment areas. The bank received a “Satisfactory” rating at its previous evaluation conducted by the OCC dated November 2009 under the Small Institution Examination Procedures.

## **DESCRIPTION OF ASSESSMENT AREA**

Calusa Bank’s assessment area includes all of Charlotte County, which comprises the Punta Gorda MSA and 20 tracts in southern Sarasota County, which represents a portion of the North Port-Bradenton-Sarasota MSA. The bank’s CRA assessment area has not changed since the previous examination. The bank’s assessment area does not arbitrarily exclude any low- or moderate-income census tracts and is reasonable in relation to branch locations. For this evaluation, the Punta Gorda assessment area is reviewed using full-scope examination procedures, while the Sarasota assessment area is reviewed using limited scope examination procedures.

## **PUNTA GORDA MSA FULL-SCOPE REVIEW**

### Population Information

According to 2010 census data, Charlotte County’s population was 159,978 persons, which represents approximately 1.0 percent of the state of Florida’s population of 18,801,310. From 2000 to 2010, Charlotte County’s population increased by 13 percent.<sup>2</sup> This population growth was primarily driven by the movement

<sup>2</sup> U.S. Census American FactFinder (accessed on April 6, 2015); available from

of retirees into the county. Per census data, Charlotte County has the second highest percentage of residents age 85 or older in the state of Florida; this age group is the fastest-growing in Charlotte County.<sup>3</sup> In 2013, 34.1 percent of the residents in the Charlotte County were 65 and over, compared to 17.3 percent of residents in the state of Florida.

Income Characteristics

For purposes of classifying borrower income, this evaluation uses the Federal Financial Institutions Examination Council’s (FFIEC) estimated median family income for the assessment area. The following table sets forth the estimated median family income for 2012 and 2013 for the Punta Gorda assessment area. It also provides a breakdown of the estimated annual income group ranges based on the annual median family income. As shown in the table below, the median family income in the Punta Gorda assessment area decreased by \$2,700, or 4.8 percent, from 2012 to 2013.

**Borrower Income Levels  
Punta Gorda, FL MSA**

FFIEC Estimated Median Family Income		Low	Moderate	Middle	Upper
		0 - 49.99%	50% - 79.99%	80% - 119.99%	120% - & above
<b>2012</b>	<b>\$55,800</b>	0 - \$27,899	\$27,900 - \$44,639	\$44,640 - \$66,959	\$66,960 - & above
<b>2013</b>	<b>\$53,100</b>	0 - \$26,549	\$26,550 - \$42,479	\$42,480 - \$63,719	\$63,720 - & above

As of the 2010 U.S. Census, there are 48,044 families in the Punta Gorda assessment area. Of those families, 16.4 percent are low-income, 19.6 percent are moderate-income, 25.3 percent are middle-income, and 38.6 percent are upper-income. Of total families in the assessment area, 7.3 percent have incomes below the poverty level.

Demographic Data by Census Tracts

There are 38 census tracts in the Punta Gorda assessment area, of which 3 (7.9 percent) are moderate-income, 27 (71.1 percent) are middle-income, and 8 (21.1 percent) are upper-income. There are no low-income tracts in the assessment area.

Housing Characteristics

According to 2010 U.S. Census data, there are 99,422 housing units in the Punta Gorda assessment area, of which 58.7 percent are owner-occupied, 13.7 percent are rental units, and 27.6 percent are vacant. The assessment area median housing value is \$184,926, compared to the statewide median value of \$205,600. The assessment area housing affordability ratio is 24.3 percent, compared to the state of Florida’s affordability ratio of 23.2 percent, meaning housing is slightly more affordable in the Punta Gorda assessment area than statewide.<sup>4</sup> The affordability ratio is defined as the median household income divided by the median housing

<http://factfinder.census.gov/>

<sup>3</sup> Bureau of Economic and Business Research (accessed on April 6, 2015); available from

<http://www.bebr.ufl.edu/news/sarasota-and-charlotte-still-tops-85-florida>

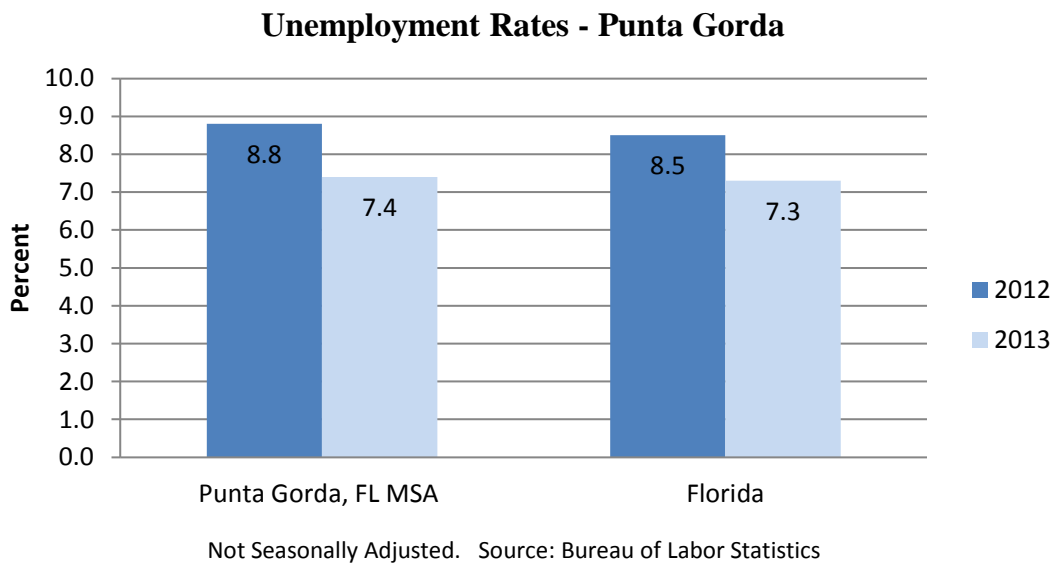
<sup>4</sup> The affordability ratio is defined as the median household income divided by the median housing value. A higher ratio means the housing is considered more affordable while a lower ratio means the housing is considered less affordable.

value. A higher ratio means the housing is considered more affordable while a lower ratio means the housing is considered less affordable. The median age of housing units in the assessment area is 24 years, which is generally consistent with the state median age of housing of 25 years. Mobile homes represent 11.8 percent of assessment area housing units, which is above the statewide percentage of 9.8 percent.

### Employment Statistics

The Punta Gorda economy has stabilized since the most recent recession and is beginning to grow, but access to credit remains an issue for some consumers. The assessment area's recovery has largely been spurred by a growing population of retirees. Employment data from the Bureau of Labor Statistics (BLS) indicates that employment in the Punta Gorda assessment area is primarily dependent on education, leisure and hospitality services, and retail trade.<sup>5</sup> Health services are also a considerable economic driver, with four major hospitals located in the county. Increased tourism and related economic activity have also been significant catalysts for growth during the review period.

As shown in the following table, the unemployment rate decreased from 2012 to 2013 but was about 15 percent higher than the state average throughout the review period.



### Competition

Calusa Bank operates in a highly competitive banking market on the coast of Florida that includes a mix of national, regional and local banks. According to the June 30, 2013 FDIC Deposit Market Share Report, Calusa Bank ranked 10<sup>th</sup> out of 21 financial institutions inside the Punta Gorda assessment area with deposit market share of 3.7 percent. Wells Fargo Bank had the largest presence with deposit market share of 21.9 percent, followed by Bank of America at 17.6 percent, and SunTrust Bank at 13.2 percent. The top five institutions together hold 66.8 percent of deposits inside the Punta Gorda assessment area.

<sup>5</sup> Charlotte County Economic Development. (accessed April 8, 2015); available from [http://floridasinnovationcoast.com/index.php/community\\_data/labor\\_data](http://floridasinnovationcoast.com/index.php/community_data/labor_data)

Community Contacts

As part of this examination, information was obtained from an economic development organization in Punta Gorda. The contact stated that the economic viability of the assessment area is largely dependent upon retiree income. The level of commercial development has been limited, but residential real estate has exhibited a fair amount of growth in recent years. After Hurricane Charley in 2004, a significant portion of the aid funds received from the government were used to construct affordable housing. In addition, the South Florida economy has stabilized since the most recent recession and the demand for single family housing appears to be expanding. Within moderate-income tracts, efforts are currently underway to revitalize certain communities and these efforts include the renovation of older housing. As such, ample opportunities exist for financial institutions to respond to the credit needs of low- and moderate-income borrowers throughout the assessment area. Stronger partnerships between financial institutions and nonprofit organizations would be helpful in bridging the gap between creditors and low- and moderate-income consumers who are in need of credit.

Assessment Area Demographics

The following table provides demographic characteristics of the bank's assessment area used to analyze the bank's CRA performance based on 2010 U.S. Census data. Certain components of the data in the table are discussed in this evaluation as they apply to specific parts of the analysis.



### Combined Demographics Report

Assessment Area: Punta Gorda

Income Categories	Tract Distribution		Families by Tract Income		Families < Poverty Level as % of Families by Tract		Families by Family Income	
	#	%	#	%	#	%	#	%
Low-income	0	0.0	0	0.0	0	0.0	7,896	16.4
Moderate-income	3	7.7	2,938	6.1	258	8.8	9,424	19.6
Middle-income	27	69.2	37,123	77.3	2,929	7.9	12,159	25.3
Upper-income	8	20.5	7,983	16.6	353	4.4	18,565	38.6
Unknown-income	1	2.6	0	0.0	0	0.0	0	0.0
<b>Total Assessment Area</b>	<b>39</b>	<b>100.0</b>	<b>48,044</b>	<b>100.0</b>	<b>3,540</b>	<b>7.4</b>	<b>48,044</b>	<b>100.0</b>
	<b>Housing Units by Tract</b>	<b>Housing Types by Tract</b>						
		<b>Owner-Occupied</b>			<b>Rental</b>		<b>Vacant</b>	
		#	%	%	#	%	#	%
Low-income	0	0	0.0	0.0	0	0.0	0	0.0
Moderate-income	7,337	3,656	6.3	49.8	2,060	28.1	1,621	22.1
Middle-income	75,519	44,647	76.5	59.1	10,543	14.0	20,329	26.9
Upper-income	16,566	10,074	17.3	60.8	1,011	6.1	5,481	33.1
Unknown-income	0	0	0.0	0.0	0	0.0	0	0.0
<b>Total Assessment Area</b>	<b>99,422</b>	<b>58,377</b>	<b>100.0</b>	<b>58.7</b>	<b>13,614</b>	<b>13.7</b>	<b>27,431</b>	<b>27.6</b>
	<b>Total Businesses by Tract</b>	<b>Businesses by Tract &amp; Revenue Size</b>						
		<b>Less Than or = \$1 Million</b>		<b>Over \$1 Million</b>		<b>Revenue Not Reported</b>		
		#	%	#	%	#	%	
Low-income	0	0.0	0	0.0	0	0.0	0	0.0
Moderate-income	826	7.0	771	6.9	24	6.3	31	9.1
Middle-income	9,464	79.7	8,864	79.5	323	84.6	277	81.2
Upper-income	1,581	13.3	1,513	13.6	35	9.2	33	9.7
Unknown-income	0	0.0	0	0.0	0	0.0	0	0.0
<b>Total Assessment Area</b>	<b>11,871</b>	<b>100.0</b>	<b>11,148</b>	<b>100.0</b>	<b>382</b>	<b>100.0</b>	<b>341</b>	<b>100.0</b>
<b>Percentage of Total Businesses:</b>			<b>93.9</b>		<b>3.2</b>		<b>2.9</b>	
	<b>Total Farms by Tract</b>	<b>Farms by Tract &amp; Revenue Size</b>						
		<b>Less Than or = \$1 Million</b>		<b>Over \$1 Million</b>		<b>Revenue Not Reported</b>		
		#	%	#	%	#	%	
Low-income	0	0.0	0	0.0	0	0.0	0	0.0
Moderate-income	6	6.1	6	6.2	0	0.0	0	0.0
Middle-income	52	53.1	51	52.6	1	100.0	0	0.0
Upper-income	40	40.8	40	41.2	0	0.0	0	0.0
Unknown-income	0	0.0	0	0.0	0	0.0	0	0.0
<b>Total Assessment Area</b>	<b>98</b>	<b>100.0</b>	<b>97</b>	<b>100.0</b>	<b>1</b>	<b>100.0</b>	<b>0</b>	<b>.0</b>
<b>Percentage of Total Farms:</b>			<b>99.0</b>		<b>1.0</b>		<b>.0</b>	

Based on 2013 D&B information according to 2010 ACS Boundaries.

**CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA**

Overview

Calusa Bank’s overall performance rating is satisfactory. The bank’s lending performance was evaluated by analyzing HMDA loans originated between January 1, 2012 and December 31, 2013. Residential real estate lending represents the primary line of business for the institution. The bank reported minimal commercial loan production during the review period; therefore, commercial lending was not analyzed.

The bank’s loan-to-deposit ratio is reasonable. A substantial majority of HMDA loans were originated inside the assessment area. Given the lack of low-income tracts and the minimal number of moderate-income tracts in the Punta Gorda MSA, the geographic distribution of loans reflects reasonable dispersion throughout the assessment area. The distribution of borrowers reflects reasonable penetration among borrowers of different income levels. For both the geographic and borrower distribution, home purchase loans were the primary focus of analysis due to very low lending volume for refinance loans and no lending volume for home improvement loans. Performance context information such as competition, demographics, the bank’s condition and other economic factors were also considered in the evaluation of lending performance.

Loan-to-Deposit Ratio

Calusa Bank’s average loan-to-deposit ratio is reasonable given its asset size, financial condition, and assessment area credit needs. The bank’s average net LTD ratio for the 20 quarters ending December 31, 2014 was 76.4 percent. The LTD ratio was compared with that of six other depository institutions of similar asset size with branch offices in the Punta Gorda assessment area. The LTD ratios for these institutions over the same time period ranged from 56.9 percent to 90.2 percent. Performance context information such as competition and business strategy were considerations in determining the reasonableness of the LTD ratio.

Assessment Area Concentration

During the review period, Calusa Bank originated a substantial majority of its HMDA loans inside the assessment area. As shown in the following table, 90.5 percent of the bank’s loans by number and 90.9 percent by dollar amount were extended to borrowers inside the assessment area. This percentage indicates the bank’s willingness to originate loans that meet credit needs of consumers inside the assessment area.

**Lending Inside and Outside the Assessment Area**

Loan Type	Inside				Outside			
	#	%	\$(000s)	%	#	%	\$(000s)	%
Home Purchase - Conventional	173	90.6	\$38,084	91.5	18	9.4	\$3,527	8.5
Refinancing	9	90	\$1,954	80	1	10	\$490	20
<b>Total HMDA</b>	<b>182</b>	<b>90.5</b>	<b>\$40,038</b>	<b>90.9</b>	<b>19</b>	<b>9.5</b>	<b>\$4,017</b>	<b>9.1</b>
<b>TOTAL LOANS</b>	<b>182</b>	<b>90.5</b>	<b>\$40,038</b>	<b>90.9</b>	<b>19</b>	<b>9.5</b>	<b>\$4,017</b>	<b>9.1</b>

Note: Affiliate loans not included

Geographic Distribution of Loans

The overall geographic distribution of the bank’s HMDA loans in Punta Gorda reflects reasonable dispersion throughout the assessment area. For this analysis, the bank’s geographic distribution of HMDA lending was compared to demographic information. Lending performance in low-income census tracts was not evaluated

because this assessment area does not contain any low-income tracts. The table below summarizes 2012 and 2013 HMDA loan originations inside the assessment area based on tract income levels.

**Geographic Distribution of HMDA Loans**

Assessment Area: Punta Gorda

PRODUCT TYPE	Tract Income Levels	Bank Lending & Demographic Data Comparison 2012, 2013					Bank & Aggregate Lending Comparison											
		Bank				Owner Occupied Units %	2012			2013								
		Count		Dollar			Count		Dollar		Count		Dollar		Dollar			
		#	%	\$(000s)	\$ %	#	%	%	\$(000s)	\$ %	\$ %	#	%	%	\$(000s)	\$ %	\$ %	
HOME PURCHASE	Low	0	0.0%	\$0	0.0%	0.0%	0	0.0%	0.0%	\$0	0.0%	0.0%	0	0.0%	0.0%	\$0	0.0%	0.0%
	Moderate	0	0.0%	\$0	0.0%	6.3%	0	0.0%	3.9%	\$0	0.0%	1.8%	0	0.0%	4.2%	\$0	0.0%	1.8%
	Middle	94	56.3%	\$16,816	45.2%	76.5%	32	45.1%	75.9%	\$4,995	31.4%	68.1%	62	64.6%	75.2%	\$11,821	55.4%	58.8%
	Upper	73	43.7%	\$20,418	54.8%	17.3%	39	54.9%	20.2%	\$10,910	68.6%	30.1%	34	35.4%	20.6%	\$9,508	44.6%	39.4%
	Unknown	0	0.0%	\$0	0.0%	0.0%	0	0.0%	0.0%	\$0	0.0%	0.0%	0	0.0%	0.0%	\$0	0.0%	0.0%
	<b>Total</b>	<b>167</b>	<b>100.0%</b>	<b>\$37,234</b>	<b>100.0%</b>	<b>100.0%</b>	<b>71</b>	<b>100.0%</b>	<b>100.0%</b>	<b>\$15,905</b>	<b>100.0%</b>	<b>100.0%</b>	<b>96</b>	<b>100.0%</b>	<b>100.0%</b>	<b>\$21,329</b>	<b>100.0%</b>	<b>100.0%</b>
REFINANCE	Low	0	0.0%	\$0	0.0%	0.0%	0	0.0%	0.0%	\$0	0.0%	0.0%	0	0.0%	0.0%	\$0	0.0%	0.0%
	Moderate	0	0.0%	\$0	0.0%	6.3%	0	0.0%	2.9%	\$0	0.0%	1.9%	0	0.0%	4.0%	\$0	0.0%	1.6%
	Middle	4	44.4%	\$785	40.2%	76.5%	2	33.3%	76.4%	\$462	33.5%	70.6%	2	66.7%	75.2%	\$323	56.4%	79.5%
	Upper	5	55.6%	\$1,169	59.8%	17.3%	4	66.7%	20.7%	\$919	66.5%	27.5%	1	33.3%	20.8%	\$250	43.6%	18.9%
	Unknown	0	0.0%	\$0	0.0%	0.0%	0	0.0%	0.0%	\$0	0.0%	0.0%	0	0.0%	0.0%	\$0	0.0%	0.0%
	<b>Total</b>	<b>9</b>	<b>100.0%</b>	<b>\$1,954</b>	<b>100.0%</b>	<b>100.0%</b>	<b>6</b>	<b>100.0%</b>	<b>100.0%</b>	<b>\$1,381</b>	<b>100.0%</b>	<b>100.0%</b>	<b>3</b>	<b>100.0%</b>	<b>100.0%</b>	<b>\$573</b>	<b>100.0%</b>	<b>100.0%</b>

As the table shows, the bank did not extend loans to borrowers in moderate-income tracts during the review period. The bank’s lack of loan dispersion in moderate-income tracts is reasonable given the limited amount of opportunity in Punta Gorda, which includes only three moderate-income tracts. It is reasonable that the majority of the bank’s lending is in middle-income tracts given that the majority of the assessment area consists of middle-income tracts (27 or 69.2 percent). During this time frame, the level of aggregate lending in the moderate-income tracts is also limited.

The difference in lending volume between aggregate banks and Calusa Bank is likely a function of Calusa Bank’s relative newness to the Punta Gorda market. The bank was established in Punta Gorda in 2007, during the onset of one of the worst financial crises since the Great Depression. By then, the assessment area was dominated by several large national and regional banks, as well as community banks that had been established well before the onset of the economic crisis. These banks benefited from the existence of long standing relationships with consumers residing in the assessment area. Thus, the absence of loans originated in moderate-income tracts is reasonable, given the high levels of competition from well-established banks and the very limited number of moderate-income tracts within the assessment area.

Lending to Borrowers of Different Incomes

The distribution of lending reflects reasonable penetration among low- and moderate-income borrowers. For this analysis, the distribution of HMDA lending to borrowers of different income levels was compared to demographic information. The following table provides data on the bank’s distribution of HMDA loans to borrowers of different income levels.

Borrower Distribution of HMDA Loans

Assessment Area: Punta Gorda

PRODUCT TYPE	Borrower Income Levels	Bank Lending & Demographic Data Comparison 2012, 2013					Bank & Aggregate Lending Comparison											
		Bank				Families by Family Income %	2012					2013						
		Count		Dollar			Bank		Agg			Bank		Agg				
		#	%	\$(000s)	\$ %	#	%	%	\$(000s)	\$ %	\$ %	#	%	%	\$(000s)	\$ %	\$ %	
HOME PURCHASE	Low	3	1.8%	\$166	0.4%	16.4%	1	1.4%	6.2%	\$53	0.3%	3.2%	2	2.1%	5.7%	\$113	0.5%	2.3%
	Moderate	7	4.2%	\$866	2.3%	19.6%	2	2.8%	16.6%	\$141	0.9%	11.3%	5	5.2%	14.4%	\$725	3.4%	8.0%
	Middle	27	16.2%	\$3,938	10.6%	25.3%	16	22.5%	19.5%	\$2,400	15.1%	16.7%	11	11.5%	19.9%	\$1,538	7.2%	14.2%
	Upper	130	77.8%	\$32,264	86.7%	38.6%	52	73.2%	49.2%	\$13,311	83.7%	60.2%	78	81.3%	52.2%	\$18,953	88.9%	55.8%
	Unknown	0	0.0%	\$0	0.0%	0.0%	0	0.0%	8.5%	\$0	0.0%	8.7%	0	0.0%	7.7%	\$0	0.0%	19.7%
	<b>Total</b>	<b>167</b>	<b>100.0%</b>	<b>\$37,234</b>	<b>100.0%</b>	<b>100.0%</b>	<b>71</b>	<b>100.0%</b>	<b>100.0%</b>	<b>\$15,905</b>	<b>100.0%</b>	<b>100.0%</b>	<b>96</b>	<b>100.0%</b>	<b>100.0%</b>	<b>\$21,329</b>	<b>100.0%</b>	<b>100.0%</b>
REFINANCE	Low	0	0.0%	\$0	0.0%	16.4%	0	0.0%	8.2%	\$0	0.0%	5.3%	0	0.0%	8.7%	\$0	0.0%	3.7%
	Moderate	0	0.0%	\$0	0.0%	19.6%	0	0.0%	16.3%	\$0	0.0%	12.0%	0	0.0%	13.1%	\$0	0.0%	6.1%
	Middle	2	22.2%	\$270	13.8%	25.3%	1	16.7%	21.0%	\$101	7.3%	17.4%	1	33.3%	21.1%	\$169	29.5%	11.2%
	Upper	7	77.8%	\$1,684	86.2%	38.6%	5	83.3%	44.2%	\$1,280	92.7%	54.5%	2	66.7%	46.7%	\$404	70.5%	37.5%
	Unknown	0	0.0%	\$0	0.0%	0.0%	0	0.0%	10.2%	\$0	0.0%	10.9%	0	0.0%	10.5%	\$0	0.0%	41.5%
	<b>Total</b>	<b>9</b>	<b>100.0%</b>	<b>\$1,954</b>	<b>100.0%</b>	<b>100.0%</b>	<b>6</b>	<b>100.0%</b>	<b>100.0%</b>	<b>\$1,381</b>	<b>100.0%</b>	<b>100.0%</b>	<b>3</b>	<b>100.0%</b>	<b>100.0%</b>	<b>\$573</b>	<b>100.0%</b>	<b>100.0%</b>
HOME IMPROVEMENT	Low	0	0.0%	\$0	0.0%	16.4%	0	0.0%	14.5%	\$0	0.0%	2.8%	0	0.0%	8.9%	\$0	0.0%	4.5%
	Moderate	0	0.0%	\$0	0.0%	19.6%	0	0.0%	27.4%	\$0	0.0%	14.8%	0	0.0%	19.3%	\$0	0.0%	11.5%
	Middle	0	0.0%	\$0	0.0%	25.3%	0	0.0%	24.8%	\$0	0.0%	23.1%	0	0.0%	28.1%	\$0	0.0%	24.5%
	Upper	0	0.0%	\$0	0.0%	38.6%	0	0.0%	30.8%	\$0	0.0%	54.8%	0	0.0%	40.0%	\$0	0.0%	50.5%
	Unknown	0	0.0%	\$0	0.0%	0.0%	0	0.0%	2.6%	\$0	0.0%	4.5%	0	0.0%	3.7%	\$0	0.0%	9.0%
	<b>Total</b>	<b>0</b>	<b>0.0%</b>	<b>\$0</b>	<b>0.0%</b>	<b>100.0%</b>	<b>0</b>	<b>0.0%</b>	<b>100.0%</b>	<b>\$0</b>	<b>0.0%</b>	<b>100.0%</b>	<b>0</b>	<b>0.0%</b>	<b>100.0%</b>	<b>\$0</b>	<b>0.0%</b>	<b>100.0%</b>

This table shows home purchase lending relative to the performance of aggregate lenders and the income of families throughout the assessment area. During 2012 and 2013, the bank performed below aggregate with regards to loans extended to low- and moderate-income borrowers. In 2012, 4.2 percent of the bank's home purchase loans were extended to low- and moderate-income borrowers, compared to 22.8 percent for aggregate lenders. In 2013, 7.3 percent of the bank's home purchase loans were extended to low- and moderate-income borrowers, compared to 20.1 percent for aggregate banks.

As noted in the previous section, the discrepancy in lending volume between the aggregate lenders and Calusa Bank is likely a function of very high levels of competition in the assessment area, and Calusa Bank's relative newness to the Punta Gorda market. When the bank commenced operations in Punta Gorda in 2007, it had to contend with contracting demand for credit (due to the economic recession) and intense competition from well-established banks in the assessment area. Wells Fargo Bank, Bank of America, SunTrust Bank, Charlotte State Bank and Trust, and Florida Community Bank hold approximately 66 percent of the deposits inside the Punta Gorda assessment area.

Calusa Bank only has two branches in Charlotte County, the first of which was established on 2007. Thus, competitor banks in the area have benefited from long standing relationships with low- and moderate-income consumers. These relationships were established long before the financial crisis of 2007, which was the year that Calusa Bank arrived in the Punta Gorda market. It is also important to note that the bank does not maintain long-term 30-year fixed rate mortgages in its loan portfolio due to interest rate risk. The bank has a correspondent lending relationship with another financial institution in which the other institution makes the credit decision for all fixed-rate loans processed by Calusa Bank. Since the bank only retains adjustable rate mortgage (ARM) loans, its portfolio is skewed towards higher income borrowers and does not capture the loans to low- and moderate-income borrowers that have been sold to the correspondent. While Calusa Bank is not able to recognize the fixed-rate loans as HMDA-reportable originations, this relationship, along with the aforementioned performance context factors, help explain the bank's lending performance.

**RESPONSE TO SUBSTANTIATED COMPLAINTS**

Calusa Bank has not received any CRA related complaints since the last examination.

**FAIR LENDING OR OTHER ILLEGAL CREDIT PRACTICES REVIEW**

No evidence of prohibited discrimination or the use of other illegal credit practices was noted during the examination. The bank is in compliance with the substantive provisions of antidiscrimination laws and regulations.

## **NORTH PORT-BRADENTON-SARASOTA MSA LIMITED-SCOPE REVIEW**

The following assessment area was reviewed using limited-scope examination procedures. Through these procedures, conclusions regarding the institution's CRA performance are drawn from the review of available facts and data, including performance and demographic information. The limited-scope review revealed the bank's CRA performance in this assessment is consistent with the areas that received a full-scope review. Please refer to the tables in Appendix B for additional information regarding this area.

### **DESCRIPTION OF INSTITUTION'S OPERATIONS IN NORTH PORT-BRADENTON-SARASOTA, FLORIDA**

The bank's assessment area includes 20 of 95 census tracts in Sarasota County. Of these 20 census tracts, 5 (25.0 percent) are moderate-income, and 15 (75.0 percent) are middle-income. There are no low-income tracts in the assessment area. During the review period, the bank had one branch location in this assessment area. Calusa Bank ranked 37<sup>th</sup> out of 38 financial institutions with a deposit market share of .07 percent. Bank of America had the largest presence with deposit market share of 15.9 percent, followed by Wells Fargo Bank with 15.6 percent, and SunTrust Bank with 15.3 percent. The top five institutions together hold 58.3 percent of deposits inside the Sarasota assessment area. As such, competition directly impacts the bank's ability to serve the credit needs of the assessment. Census data indicate that there are 19,571 families in the Sarasota assessment area, of which 21.2 percent are low-income, 22.8 percent are moderate-income, 22.8 percent are middle income, and 33.0 percent are upper-income. Of these families, 6.6 percent have incomes below the poverty level. The bank's lending presence in the assessment area is very limited. In 2012 and 2013, the bank originated a total of 6 HMDA loans (all home purchase).

### **CONCLUSION(S) WITH RESPECT TO PERFORMANCE CRITERIA IN NORTH PORT-BRADENTON-SARASOTA, FLORIDA**

The bank's lending distribution in this assessment area was higher than the bank's overall performance. The bank's geographic distribution of loans exceeded the performance of aggregate banks in moderate-income tracts for 2013. The bank's distribution of loans to moderate-income borrowers exceeded the performance of aggregate banks for 2013. However, a very limited amount of data was used to assess the bank's performance in this assessment area. The bank originated one loan in this assessment area during 2012 and five loans during 2013, for a total of six HMDA loans during the review period.

APPENDIX A

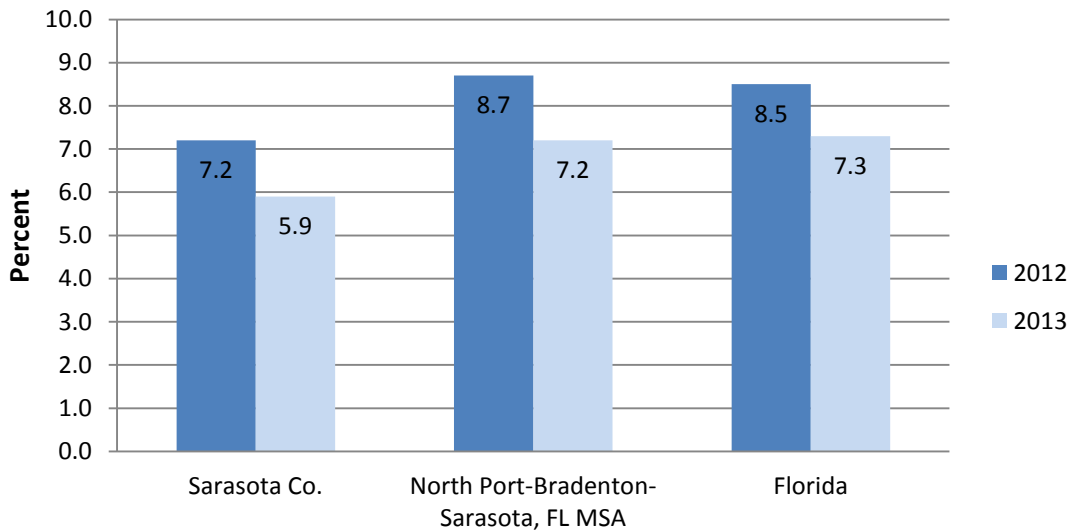
<b>SCOPE OF EXAMINATION</b>			
<b>TIME PERIOD REVIEWED</b>			
January 1, 2012 to December 31, 2013			
<b>FINANCIAL INSTITUTION</b>		<b>PRODUCTS REVIEWED</b>	
Calusa Bank (Punta Gorda, Florida)		HMDA loans	
<b>AFFILIATE(S)</b>	<b>AFFILIATE RELATIONSHIP</b>	<b>PRODUCTS REVIEWED</b>	
N/A	N/A	N/A	
<b>LIST OF ASSESSMENT AREAS AND TYPE OF EXAMINATION</b>			
<i>ASSESSMENT AREA</i>	<i>TYPE OF EXAMINATION</i>	<i>BRANCHES VISITED</i>	<i>OTHER INFORMATION</i>
Punta Gorda, Florida Metropolitan Statistical Area (MSA)	Full-Scope Review	3105 Tamiami Trail Punta Gorda, Florida	N/A
NorthPort-Bradenton-Sarasota (Sarasota), Florida MSA	Limited Scope Review		

**APPENDIX B – LIMITED SCOPE TABLES AND CHARTS**

**Borrower Income Levels  
North Port-Bradenton-Sarasota, FL MSA**

FFIEC Estimated Median Family Income		Low	Moderate	Middle	Upper
		0 - 49.99%	50% - 79.99%	80% - 119.99%	120% - & above
<b>2012</b>	<b>\$59,900</b>	0 - \$29,949	\$29,950 - \$47,919	\$47,920 - \$71,879	\$71,880 - & above
<b>2013</b>	<b>\$59,900</b>	0 - \$29,949	\$29,950 - \$47,919	\$47,920 - \$71,879	\$71,880 - & above

**Unemployment Rates - Sarasota**



Not Seasonally Adjusted. Source: Bureau of Labor Statistics



APPENDIX B – LIMITED SCOPE TABLES AND CHARTS (Continued)

Combined Demographics Report

Assessment Area: Sarasota

Income Categories	Tract Distribution		Families by Tract Income		Families < Poverty Level as % of Families by Tract		Families by Family Income		
	#	%	#	%	#	%	#	%	
Low-income	0	0.0	0	0.0	0	0.0	4,160	21.3	
Moderate-income	5	25.0	4,158	21.2	331	8.0	4,470	22.8	
Middle-income	15	75.0	15,413	78.8	978	6.3	4,464	22.8	
Upper-income	0	0.0	0	0.0	0	0.0	6,477	33.1	
Unknown-income	0	0.0	0	0.0	0	0.0	0	0.0	
<b>Total Assessment Area</b>	<b>20</b>	<b>100.0</b>	<b>19,571</b>	<b>100.0</b>	<b>1,309</b>	<b>6.7</b>	<b>19,571</b>	<b>100.0</b>	
	Housing Units by Tract	Housing Types by Tract							
		Owner-Occupied			Rental		Vacant		
		#	%	%	#	%	#	%	
Low-income	0	0	0.0	0.0	0	0.0	0	0.0	
Moderate-income	10,389	6,193	23.3	59.6	1,174	11.3	3,022	29.1	
Middle-income	31,041	20,378	76.7	65.6	3,821	12.3	6,842	22.0	
Upper-income	0	0	0.0	0.0	0	0.0	0	0.0	
Unknown-income	0	0	0.0	0.0	0	0.0	0	0.0	
<b>Total Assessment Area</b>	<b>41,430</b>	<b>26,571</b>	<b>100.0</b>	<b>64.1</b>	<b>4,995</b>	<b>12.1</b>	<b>9,864</b>	<b>23.8</b>	
	Total Businesses by Tract	Businesses by Tract & Revenue Size							
		Less Than or = \$1 Million		Over \$1 Million		Revenue Not Reported			
		#	%	#	%	#	%	#	%
Low-income	0	0.0	0	0.0	0	0.0	0	0.0	
Moderate-income	810	18.3	766	18.0	10	15.9	34	27.9	
Middle-income	3,624	81.7	3,483	82.0	53	84.1	88	72.1	
Upper-income	0	0.0	0	0.0	0	0.0	0	0.0	
Unknown-income	0	0.0	0	0.0	0	0.0	0	0.0	
<b>Total Assessment Area</b>	<b>4,434</b>	<b>100.0</b>	<b>4,249</b>	<b>100.0</b>	<b>63</b>	<b>100.0</b>	<b>122</b>	<b>100.0</b>	
<b>Percentage of Total Businesses:</b>			<b>95.8</b>		<b>1.4</b>		<b>2.8</b>		
	Total Farms by Tract	Farms by Tract & Revenue Size							
		Less Than or = \$1 Million		Over \$1 Million		Revenue Not Reported			
		#	%	#	%	#	%	#	%
Low-income	0	0.0	0	0.0	0	0.0	0	0.0	
Moderate-income	2	7.1	2	7.1	0	0.0	0	0.0	
Middle-income	26	92.9	26	92.9	0	0.0	0	0.0	
Upper-income	0	0.0	0	0.0	0	0.0	0	0.0	
Unknown-income	0	0.0	0	0.0	0	0.0	0	0.0	
<b>Total Assessment Area</b>	<b>28</b>	<b>100.0</b>	<b>28</b>	<b>100.0</b>	<b>0</b>	<b>.0</b>	<b>0</b>	<b>.0</b>	
<b>Percentage of Total Farms:</b>			<b>100.0</b>		<b>.0</b>		<b>.0</b>		

Based on 2013 D&B information according to 2010 ACS Boundaries.

APPENDIX B – LIMITED SCOPE TABLES AND CHARTS (Continued)

Geographic Distribution of HMDA Loans  
Assessment Area: Sarasota

PRODUCT TYPE	Tract Income Levels	Bank Lending & Demographic Data Comparison 2012, 2013					Bank & Aggregate Lending Comparison											
		Bank				Owner Occupied Units %	2012			2013								
		Count		Dollar			Count		Dollar		Count		Dollar					
		#	%	\$(000s)	\$ %		Bank #	Bank %	Agg %	Bank \$(000s)	Bank \$ %	Agg \$ %	Bank #	Bank %	Agg %	Bank \$(000s)	Bank \$ %	Agg \$ %
HOME PURCHASE	Low	0	0.0%	\$0	0.0%	0.0%	0	0.0%	0.0%	\$0	0.0%	0.0%	0	0.0%	0.0%	\$0	0.0%	0.0%
	Moderate	2	33.3%	\$114	13.4%	23.3%	0	0.0%	8.4%	\$0	0.0%	4.7%	2	40.0%	9.9%	\$114	17.1%	5.8%
	Middle	4	66.7%	\$736	86.6%	76.7%	1	100.0%	91.6%	\$184	100.0%	95.3%	3	60.0%	90.1%	\$552	82.9%	94.2%
	Upper	0	0.0%	\$0	0.0%	0.0%	0	0.0%	0.0%	\$0	0.0%	0.0%	0	0.0%	0.0%	\$0	0.0%	0.0%
	Unknown	0	0.0%	\$0	0.0%	0.0%	0	0.0%	0.0%	\$0	0.0%	0.0%	0	0.0%	0.0%	\$0	0.0%	0.0%
	<b>Total</b>	<b>6</b>	<b>100.0%</b>	<b>\$850</b>	<b>100.0%</b>	<b>100.0%</b>	<b>1</b>	<b>100.0%</b>	<b>100.0%</b>	<b>\$184</b>	<b>100.0%</b>	<b>100.0%</b>	<b>5</b>	<b>100.0%</b>	<b>100.0%</b>	<b>\$666</b>	<b>100.0%</b>	<b>100.0%</b>
REFINANCE	Low	0	0.0%	\$0	0.0%	0.0%	0	0.0%	0.0%	\$0	0.0%	0.0%	0	0.0%	0.0%	\$0	0.0%	0.0%
	Moderate	0	0.0%	\$0	0.0%	23.3%	0	0.0%	9.4%	\$0	0.0%	6.9%	0	0.0%	10.6%	\$0	0.0%	6.6%
	Middle	0	0.0%	\$0	0.0%	76.7%	0	0.0%	90.6%	\$0	0.0%	93.1%	0	0.0%	89.4%	\$0	0.0%	93.4%
	Upper	0	0.0%	\$0	0.0%	0.0%	0	0.0%	0.0%	\$0	0.0%	0.0%	0	0.0%	0.0%	\$0	0.0%	0.0%
	Unknown	0	0.0%	\$0	0.0%	0.0%	0	0.0%	0.0%	\$0	0.0%	0.0%	0	0.0%	0.0%	\$0	0.0%	0.0%
	<b>Total</b>	<b>0</b>	<b>0.0%</b>	<b>\$0</b>	<b>0.0%</b>	<b>100.0%</b>	<b>0</b>	<b>0.0%</b>	<b>100.0%</b>	<b>\$0</b>	<b>0.0%</b>	<b>100.0%</b>	<b>0</b>	<b>0.0%</b>	<b>100.0%</b>	<b>\$0</b>	<b>0.0%</b>	<b>100.0%</b>
HOME IMPROVEMENT	Low	0	0.0%	\$0	0.0%	0.0%	0	0.0%	0.0%	\$0	0.0%	0.0%	0	0.0%	0.0%	\$0	0.0%	0.0%
	Moderate	0	0.0%	\$0	0.0%	23.3%	0	0.0%	25.8%	\$0	0.0%	4.6%	0	0.0%	10.7%	\$0	0.0%	3.6%
	Middle	0	0.0%	\$0	0.0%	76.7%	0	0.0%	74.2%	\$0	0.0%	95.4%	0	0.0%	89.3%	\$0	0.0%	96.4%
	Upper	0	0.0%	\$0	0.0%	0.0%	0	0.0%	0.0%	\$0	0.0%	0.0%	0	0.0%	0.0%	\$0	0.0%	0.0%
	Unknown	0	0.0%	\$0	0.0%	0.0%	0	0.0%	0.0%	\$0	0.0%	0.0%	0	0.0%	0.0%	\$0	0.0%	0.0%
	<b>Total</b>	<b>0</b>	<b>0.0%</b>	<b>\$0</b>	<b>0.0%</b>	<b>100.0%</b>	<b>0</b>	<b>0.0%</b>	<b>100.0%</b>	<b>\$0</b>	<b>0.0%</b>	<b>100.0%</b>	<b>0</b>	<b>0.0%</b>	<b>100.0%</b>	<b>\$0</b>	<b>0.0%</b>	<b>100.0%</b>

Borrower Distribution of HMDA Loans  
Assessment Area: Sarasota

PRODUCT TYPE	Borrower Income Levels	Bank Lending & Demographic Data Comparison 2012, 2013					Bank & Aggregate Lending Comparison											
		Bank				Families by Family Income %	2012			2013								
		Count		Dollar			Count		Dollar		Count		Dollar					
		#	%	\$(000s)	\$ %		Bank #	Bank %	Agg %	Bank \$(000s)	Bank \$ %	Agg \$ %	Bank #	Bank %	Agg %	Bank \$(000s)	Bank \$ %	Agg \$ %
HOME PURCHASE	Low	0	0.0%	\$0	0.0%	21.3%	0	0.0%	7.5%	\$0	0.0%	4.1%	0	0.0%	5.9%	\$0	0.0%	3.2%
	Moderate	2	33.3%	\$129	15.2%	22.8%	0	0.0%	19.2%	\$0	0.0%	15.3%	2	40.0%	18.6%	\$129	19.4%	14.1%
	Middle	2	33.3%	\$91	10.7%	22.8%	0	0.0%	19.7%	\$0	0.0%	19.0%	2	40.0%	20.2%	\$91	13.7%	18.2%
	Upper	2	33.3%	\$630	74.1%	33.1%	1	100.0%	43.3%	\$184	100.0%	51.6%	1	20.0%	43.3%	\$446	67.0%	53.6%
	Unknown	0	0.0%	\$0	0.0%	0.0%	0	0.0%	10.2%	\$0	0.0%	10.0%	0	0.0%	12.0%	\$0	0.0%	10.9%
	<b>Total</b>	<b>6</b>	<b>100.0%</b>	<b>\$850</b>	<b>100.0%</b>	<b>100.0%</b>	<b>1</b>	<b>100.0%</b>	<b>100.0%</b>	<b>\$184</b>	<b>100.0%</b>	<b>100.0%</b>	<b>5</b>	<b>100.0%</b>	<b>100.0%</b>	<b>\$666</b>	<b>100.0%</b>	<b>100.0%</b>
REFINANCE	Low	0	0.0%	\$0	0.0%	21.3%	0	0.0%	10.2%	\$0	0.0%	6.9%	0	0.0%	11.7%	\$0	0.0%	6.3%
	Moderate	0	0.0%	\$0	0.0%	22.8%	0	0.0%	16.8%	\$0	0.0%	12.6%	0	0.0%	18.3%	\$0	0.0%	11.8%
	Middle	0	0.0%	\$0	0.0%	22.8%	0	0.0%	23.4%	\$0	0.0%	21.3%	0	0.0%	23.1%	\$0	0.0%	18.2%
	Upper	0	0.0%	\$0	0.0%	33.1%	0	0.0%	37.6%	\$0	0.0%	47.2%	0	0.0%	35.8%	\$0	0.0%	37.7%
	Unknown	0	0.0%	\$0	0.0%	0.0%	0	0.0%	11.9%	\$0	0.0%	12.0%	0	0.0%	11.0%	\$0	0.0%	26.0%
	<b>Total</b>	<b>0</b>	<b>0.0%</b>	<b>\$0</b>	<b>0.0%</b>	<b>100.0%</b>	<b>0</b>	<b>0.0%</b>	<b>100.0%</b>	<b>\$0</b>	<b>0.0%</b>	<b>100.0%</b>	<b>0</b>	<b>0.0%</b>	<b>100.0%</b>	<b>\$0</b>	<b>0.0%</b>	<b>100.0%</b>
HOME IMPROVEMENT	Low	0	0.0%	\$0	0.0%	21.3%	0	0.0%	16.1%	\$0	0.0%	5.7%	0	0.0%	20.2%	\$0	0.0%	3.3%
	Moderate	0	0.0%	\$0	0.0%	22.8%	0	0.0%	41.9%	\$0	0.0%	23.5%	0	0.0%	15.5%	\$0	0.0%	8.6%
	Middle	0	0.0%	\$0	0.0%	22.8%	0	0.0%	21.0%	\$0	0.0%	23.5%	0	0.0%	20.2%	\$0	0.0%	12.6%
	Upper	0	0.0%	\$0	0.0%	33.1%	0	0.0%	19.4%	\$0	0.0%	44.4%	0	0.0%	44.0%	\$0	0.0%	75.5%
	Unknown	0	0.0%	\$0	0.0%	0.0%	0	0.0%	1.6%	\$0	0.0%	2.9%	0	0.0%	0.0%	\$0	0.0%	0.0%
	<b>Total</b>	<b>0</b>	<b>0.0%</b>	<b>\$0</b>	<b>0.0%</b>	<b>100.0%</b>	<b>0</b>	<b>0.0%</b>	<b>100.0%</b>	<b>\$0</b>	<b>0.0%</b>	<b>100.0%</b>	<b>0</b>	<b>0.0%</b>	<b>100.0%</b>	<b>\$0</b>	<b>0.0%</b>	<b>100.0%</b>

## APPENDIX C – DEFINITIONS AND GENERAL INFORMATION

### Definitions

ATM	Automated Teller Machine
CDC	Community Development Corporation
CDFI	Community Development Financial Institution
CRA	Community Reinvestment Act (Regulation BB)
FDIC	Federal Deposit Insurance Corporation
FFIEC	Federal Financial Institutions Examination Council
HMDA	Home Mortgage Disclosure Act (Regulation C)
HUD	Department of Housing and Urban Development
LMI	Low- and Moderate-Income
LTD	Loan-to-Deposit
LTV	Loan-to-Value Ratio
MD	Metropolitan Division
MSA	Metropolitan Statistical Area
OMB	Office of Management and Budget
REIS	Regional Economic Information System
SBA	Small Business Administration
USDA	United States Department of Agriculture

### Rounding Convention

Because the percentages presented in tables were rounded to the nearest tenth in most cases, some columns may not total exactly 100 percent.

### 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 CRA performance of **Calusa Bank** prepared by the **Federal Reserve Bank of Atlanta**, the institution's supervisory agency, as of **March 30, 2015**. The agency rates the CRA performance of an institution consistent with the provisions set forth in Appendix A to 12 CFR Part 228.

## APPENDIX D – GLOSSARY

**Aggregate lending:** The number of loans originated and purchased by all reporting lenders in specified income categories as a percentage of the aggregate number of loans originated and purchased by all reporting lenders in the metropolitan area/assessment area.

**Census tract:** A small subdivision of metropolitan and other densely populated counties. Census tract boundaries do not cross county lines; however, they may cross the boundaries of metropolitan statistical areas. Census tracts usually have between 2,500 and 8,000 persons, and their physical size varies widely depending upon population density. Census tracts are designed to be homogeneous with respect to population characteristics, economic status, and living conditions to allow for statistical comparisons.

**Community development:** All Agencies have adopted the following language. Affordable housing (including multi-family rental housing) for low- or moderate-income individuals; community services targeted to low- or moderate-income individuals; activities that promote economic development by financing businesses or farms that meet the size eligibility standards of the Small Business Administration's Development Company or Small Business Investment Company programs (13 CFR 121.301) or have gross annual revenues of \$1 million or less; or, activities that revitalize or stabilize low- or moderate-income geographies.

Effective September 1, 2005, the Board of Governors of the Federal Reserve System, Office of the Comptroller of the Currency, and the Federal Deposit Insurance Corporation have adopted the following additional language as part of the revitalize or stabilize definition of community development. Activities that revitalize or stabilize-

- I. Low-or moderate-income geographies;
- II. Designated disaster areas; or
- III. Distressed or underserved nonmetropolitan middle-income geographies designated by the Board, Federal Deposit Insurance Corporation, and Office of the Comptroller of the Currency, based on-
  - a. Rates of poverty, unemployment, and population loss; or
  - b. Population size, density, and dispersion. Activities that revitalize and stabilize geographies designated based on population size, density, and dispersion if they help to meet essential community needs, including needs of low- and moderate-income individuals.

Effective January 19, 2010, the Board of Governors of the Federal Reserve System, the Office of the Comptroller of the Currency, and the Federal Deposit Insurance Corporation revised the definition of community development to include loans, investments, and services by financial institutions that-

- I. Support, enable or facilitate projects or activities that meet the "eligible uses" criteria described in Section 2301(c) of the Housing and Economic Recovery Act of 2008 (HERA), Public Law 110-289, 122 Stat. 2654, as amended, and are conducted in designated target areas identified in plans approved by the United States Department of Housing and Urban Development in accordance with the Neighborhood Stabilization Program (NSP);
- II. Are provided no later than two years after the last date funds appropriated for the NSP are required to be spent by grantees; and
- III. Benefit low-, moderate-, and middle-income individuals and geographies in the bank's assessment area(s) or areas outside the bank's assessment area(s) provided the bank has adequately addressed the community development needs of its assessment area(s).

**Consumer loan(s):** A loan(s) to one or more individuals for household, family, or other personal expenditures. A consumer loan does not include a home mortgage, small business, or small farm loan. This definition includes the following categories: motor vehicle loans, credit card loans, home equity loans, other secured consumer loans, and other unsecured consumer loans.

## APPENDIX D – GLOSSARY (Continued)

**Family:** Includes a householder and one or more other persons living in the same household who are related to the householder by birth, marriage, or adoption. The number of family households always equals the number of families; however, a family household may also include nonrelatives living with the family. Families are classified by type as either a married-couple family or other family, which is further classified into ‘male householder’ (a family with a male householder and no wife present) or ‘female householder’ (a family with a female householder and no husband present).

**Full-scope review:** Performance is analyzed considering performance context, quantitative factors (for example, geographic distribution and borrower distribution), and qualitative factors.

**Geography:** A census tract delineated by the United States Bureau of the Census in the most recent decennial census.

**Home Mortgage Disclosure Act (HMDA):** The statute that requires certain mortgage lenders that do business or have banking offices in a metropolitan statistical area to file annual summary reports of their mortgage lending activity. The reports include such data as the race, gender, and the income of applications, the amount of loan requested, and the disposition of the application (for example, approved, denied, and withdrawn).

**Home mortgage loans:** Includes home purchase and home improvement loans as defined in the HMDA regulation. This definition also includes multi-family (five or more families) dwelling loans, loans for the purchase of manufactured homes and refinancings of home improvement and home purchase loans.

**Household:** Includes all persons occupying a housing unit. Persons not living in households are classified as living in group quarters. In 100 percent tabulations, the count of households always equals the count of occupied housing units.

**Limited-scope review:** Performance is analyzed using only quantitative factors (for example, geographic distribution, and borrower distribution).

**Low-income:** Individual income that is less than 50 percent of the area median income, or a median family income that is less than 50 percent, in the case of a geography.

**Market share:** The number of loans originated and purchased by the institution as a percentage of the aggregate number of loans originated and purchased by all reporting lenders in the metropolitan area/assessment area.

**Metropolitan area (MA):** A metropolitan statistical area (MSA) or a metropolitan division (MD) as defined by the Office of Management and Budget. An MSA is a core area containing at least one urbanized area of 50,000 or more inhabitants, together with adjacent communities having a high degree of economic and social integration with that core. An MD is a division of an MSA based on specific criteria including commuting patterns. Only an MSA that has a population of at least 2.5 million may be divided into MDs.

**Middle-income:** Individual income that is at least 80 percent and less than 120 percent of the area median income, or a median family income that is at least 80 percent and less than 120 percent, in the case of a geography.

**APPENDIX D – GLOSSARY (Continued)**

**Moderate-income:** Individual income that is at least 50 percent and less than 80 percent of the area median income, or a median family income that is at least 50 percent and less than 80 percent, in the case of a geography.

**Multi-family:** Refers to a residential structure that contains five or more units.

**Other products:** Includes any unreported optional category of loans for which the institution collects and maintains data for consideration during a CRA examination. Examples of such activity include consumer loans and other loan data an institution may provide concerning its lending performance.

**Owner-occupied units:** Includes units occupied by the owner or co-owner, even if the unit has not been fully paid for or is mortgaged.

**Qualified investment:** A qualified investment is defined as any lawful investment, deposit, membership share, or grant that has as its primary purpose community development.

**Rated area:** A rated area is a state or multistate metropolitan area. For an institution with domestic branches in only one state, the institution's CRA rating would be the state rating. If an institution maintains domestic branches in more than one state, the institution will receive a rating for each state in which those branches are located. If an institution maintains domestic branches in two or more states within a multistate metropolitan area, the institution will receive a rating for the multistate metropolitan area.

**Small loan(s) to business(es):** A loan included in 'loans to small businesses' as defined in the Consolidated Report of Condition and Income (Call Report) and the Thrift Financial Reporting (TFR) instructions. These loans have original amounts of \$1 million or less and typically are either secured by nonfarm or nonresidential real estate or are classified as commercial and industrial loans. However, thrift institutions may also exercise the option to report loans secured by nonfarm residential real estate as "small business loans" if the loans are reported on the TFR as nonmortgage, commercial loans.

**Small loan(s) to farm(s):** A loan included in 'loans to small farms' as defined in the instructions for preparation of the Consolidated Report of Condition and Income (Call Report). These loans have original amounts of \$500,000 or less and are either secured by farmland, or are classified as loans to finance agricultural production and other loans to farmers.

**Upper-income:** Individual income that is more than 120 percent of the area median income, or a median family income that is more than 120 percent, in the case of a geography.