



## **PUBLIC DISCLOSURE**

09/04/2018

# **COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION**

The First National Bank of Mount Dora  
Charter Number 13102

714 North Donnelly Street  
Mount Dora, FL 32757

Office of the Comptroller of the Currency

4042 Park Oaks Boulevard, Suite 240  
Tampa, FL 33610

**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, and should not 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.

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## Overall CRA Rating

**This institution is rated: Satisfactory.**  
**The Lending Test is rated: Satisfactory.**

Major factors that support this rating include:

- The bank's level of lending, as it reflects in the quarterly average net loan-to-deposit ratio, is reasonable given the bank's size, and performance context factors.
- A substantial majority of the bank's home mortgage and business lending originated over the evaluation period was within its assessment area.
- Based on the data in the tables and performance context factors described in appendix B, we concluded the bank's lending to borrowers of different income levels and businesses of different sizes reflects reasonable distribution.
- Based on the data in the tables and performance context factors described in appendix B, we concluded the geographic distribution of the bank's home mortgage and business loan originations across geographies of different income levels reflects reasonable distribution.
- Qualified investments were and responsive in helping the bank address community development needs. The bank made donations during the evaluation period to many nonprofit community-based organizations that serve low-and moderate-income individuals and small business residing in the community.
- Financial services serving community development needs provide a significant impact in the community and are consistent with the bank's capacity and financial expertise.
- FNBMD's branches and alternative delivery systems were effective and responsive in helping the bank provide services across the assessment area.

## Definitions and Common Abbreviations

The following terms and abbreviations are used throughout this performance evaluation, including the CRA tables. The definitions are intended to provide the reader with a general understanding of the terms, not a strict legal definition.

**Affiliate:** Any company that controls, is controlled by, or is under common control with another company. A company is under common control with another company if the same company directly or indirectly controls both companies. A bank subsidiary is controlled by the bank and is, therefore, an affiliate.

**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 MA/assessment area.

**Census Tract (CT):** 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 areas. Census tracts generally have a population between 1,200 and 8,000 people, with an optimal size of 4,000 people. 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:** Affordable housing (including multifamily 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 Small Business Administration Development Company or Small Business Investment Company programs size eligibility standards or have gross annual revenues of \$1 million or less; activities that revitalize or stabilize low- or moderate-income geographies, distressed or underserved nonmetropolitan middle-income geographies, or designated disaster areas; or loans, investments, and services that support, enable or facilitate projects or activities under HUD Neighborhood Stabilization Program criteria that benefit low-, moderate-, and middle-income individuals and geographies in the bank's assessment area(s) or outside the assessment area(s) provided the bank has adequately addressed the community development needs of its assessment area(s).

**Community Reinvestment Act (CRA):** the statute that requires the OCC to evaluate a bank's record of meeting the credit needs of its local community, consistent with the safe and sound operation of the bank, and to take this record into account when evaluating certain corporate applications filed by the bank.

**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.

**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 non-relatives 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 Review:** Performance under the Lending, Investment, and Service Tests is analyzed considering performance context, quantitative factors (e.g., geographic distribution, borrower distribution, and total number and dollar amount of investments), and qualitative factors (e.g., innovativeness, complexity, and responsiveness).

**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 conduct 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 applicants, the amount of loan requested, the disposition of the application (e.g., approved, denied, and withdrawn), loan pricing, the lien status of the collateral, any requests for preapproval, and loans for manufactured housing.

**Home Mortgage Loans:** Such loans include home purchase, home improvement and refinancings, as defined in the HMDA regulation. These include loans for multifamily (five or more families) dwellings, manufactured housing and one-to-four family dwellings other than manufactured housing.

**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 Review:** Performance under the Lending, Investment, and Service Tests is analyzed using only quantitative factors (e.g., geographic distribution, borrower distribution, total number and dollar amount of investments, and branch 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 MA/assessment area.

**Median Family Income (MFI):** The median income determined by the U.S. Census Bureau every five years and used to determine the income level category of geographies. Also, the median income determined by the Federal Financial Institutions Examination Council (FFIEC) annually that is used to determine the income level category of individuals. For any given area, the median is the point at which half of the families have income above it and half below it.

**Metropolitan Area (MA):** Any metropolitan statistical area or metropolitan division, as defined by the Office of Management and Budget, and any other area designated as such by the appropriate federal financial supervisory agency.

**Metropolitan Division:** As defined by Office of Management and Budget, a county or group of counties within a Core Based Statistical Area that contains an urbanized population of at least 2.5 million. A Metropolitan Division consists of one or more main/secondary counties that represent an employment center or centers, plus adjacent counties associated with the main/secondary county or counties through commuting ties.

**Metropolitan Statistical Area:** An area, defined by the Office of Management and Budget, as a core based statistical area associated with at least one urbanized area that has a population of at least 50,000. The Metropolitan Statistical Area comprises the Central County or counties containing the core, plus adjacent outlying counties having a high degree of social and economic integration with the central county or counties as measured through commuting.

**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

**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.

**Multifamily:** 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 multi-state 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 multi-state metropolitan area, the institution will receive a rating for the multi-state 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) 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.

**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.

**Tier One Capital:** The total of common shareholders' equity, perpetual preferred shareholders' equity with non-cumulative dividends, retained earnings and minority interests in the equity accounts of consolidated subsidiaries.

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

## **Description of Institution**

The First National Bank of Mount Dora (FNBMD) was established in 1925 and is headquartered in Mount Dora, Lake County, Florida. The bank is a wholly-owned subsidiary of FNBMDMD Bancshares, Inc., a one bank holding company also located in Mount Dora. The bank has four full-service offices in Lake County Florida. All offices have automated teller machines (ATMs) and drive-up facilities. In addition, the bank operates a stand-alone ATM located in Lake County. The bank did not open or close any offices since the last CRA evaluation.

As of December 31, 2017, the bank had total assets of \$226.1 million with total loans accounting for \$97.9 million, or 43.2 percent of total assets. The bank's lending strategy continues to be focused on the business and residential real estate needs of the community, representing 43.1 percent and 41.8 percent, respectively, of the total loan portfolio. The remaining loans in the portfolio consist of farmland and consumer, representing 11.8 percent and 3.3 percent, respectively.

The bank offers a variety of deposit and loan products for individuals and businesses to include products that are responsive to the needs of low- and moderate-income individuals and small businesses. Banking services include alternative banking such as ATMs, internet, mobile and telephone banking. Trust, investment and brokerage services are also available at the main office and other branches by appointment where Trust staff will meet the customer at their preferred branch office.

Affordable loan products include mobile home loans and a flexible home mortgage program specifically targeted to low- and moderate-income persons, referred to the bank by a local nonprofit community development affordable housing organization. Likewise, FNBMD offers a variety of other home mortgage products, including long-term fixed rate loans, through participation in the secondary real estate market.

Details on small business, home mortgage products and services offered are described in the Community Development Services section below.

The bank's assessment area is comprised of forty-three (43) whole census tracts; thirty-eight census tracts are located in Lake County, Florida and five adjacent census tracts are located in northwest Orange County, Florida and part of the Orlando MSA. The bank's primary lending/trade area extends to a radius of ten miles from each branch office.

Banking is very competitive in Lake and Orange Counties. Based on the June 30, 2017 deposit market share data, FNBMD with ranks 22<sup>nd</sup> out of 41 financial institutions with a 0.5 percent market share. The 2017 peer home mortgage market share data for Lake and Orange Counties show FNBMD ranks 149<sup>st</sup> out of 823 home mortgage lenders with a 0.09 percent market share. There were 140 small business lenders.



Refer to appendix B for further details on the assessment area and deposit and lending market share.

There were no legal, financial, or other factors impeding the bank's ability in helping meet the credit needs in its assessment area. The bank was rated Satisfactory at the prior CRA evaluation dated March 3, 2014.

## **Scope of the Evaluation**

### **Evaluation Period/Products Evaluated**

This Performance Evaluation (PE) assesses the bank's record of meeting the credit needs of the community in which it operates. We used the Small Bank Community Reinvestment Act (CRA) examination procedures, which evaluates the bank's record of meeting the credit needs of its assessment area through its lending activities. In addition, management provided us with a list of Community Development (CD) investments and services for consideration. The CD test evaluates the bank's responsiveness to CD needs in its assessment area through qualified investments and services.

The evaluation period is January 1, 2015, through December 31, 2017 for lending activities and March 3, 2014 for qualified CD activities. The bank's lending test for the years 2015 and 2016 were evaluated on a combined basis. Due to the 2015 census changes effective in 2017, lending performance for 2017 was evaluated separately. It is noted the aggregate lending as shown in the tables for small business lending is skewed as the data is run on the county level and reflects only those banks subject to Large Bank CRA LAR Reporting Requirements. Due to the bank's asset size, the bank is not required to complete and file this report and therefore not included in the aggregate reports.

As previously noted, the bank's primary loan products based on dollar volume during the evaluation period was business and home mortgage lending. During the evaluation period the bank originated 153 business loans and 130 home mortgage loans or 45.9 and 54.1 percent, respectively, of total business and home mortgage originations.

We interviewed two local nonprofit community based organizations during the CRA examination that serve small businesses and low- and moderate-income persons. We also used demographic and economic data for the assessment area to assist in our efforts of identifying the community credit needs. Based on our interviews and demographic data, the need for affordable housing continues to be a critical need, as well as donations to nonprofit community-based organizations, financial literacy education for small businesses and low-and moderate-income individuals. Refer to appendix B for additional information on the community credit needs in the bank's assessment area.

## **Data Integrity**

Loan data reported by the bank on its HMDA and internal report of business loan originations for the evaluation period was tested for accuracy. The data was found to be accurate and reliable for analysis.

## **Selection of Areas for Full-Scope Review**

The Orlando-Kissimmee-Sanford, Florida AA, received the full-scope review.

## **Ratings**

The bank's overall rating is based primarily on the area that received the full-scope review.

## **Discriminatory or Other Illegal Credit Practices Review**

Pursuant to 12 C.F.R. §25.28(c) or §195.28(c), respectively, in determining a national bank's or federal savings association's (collectively, bank) CRA rating, the OCC considers evidence of discriminatory or other illegal credit practices in any geography by the bank, or in any assessment area by an affiliate whose loans have been considered as part of the bank's lending performance. As part of this evaluation process, the OCC consults with other federal agencies with responsibility for compliance with the relevant laws and regulations, including the U.S. Department of Justice, the U.S. Department of Housing and Urban Development, and the Bureau of Consumer Financial Protection, as applicable.

The OCC has not identified that this institution [or any affiliate whose loans have been considered as part of the institution's lending performance] has engaged in discriminatory or other illegal credit practices that require consideration in this evaluation.

The OCC will consider any information that this institution engaged in discriminatory or other illegal credit practices, identified by or provided to the OCC before the end of the institution's next performance evaluation in that subsequent evaluation, even if the information concerns activities that occurred during the evaluation period addressed in this performance evaluation.

## Conclusions with Respect to Performance Tests

### LENDING TEST

Based on the data in the Tables, the bank's size and performance context considerations, the bank meets the standard for satisfactory performance under the lending test.

### LENDING TEST

#### Loan-to-Deposit Ratio

The bank's level of lending, as reflected in the quarterly average net loan-to-deposit (LTD) ratio, is reasonable given the bank's size and performance context factors. The bank's quarterly average net LTD ratio since the preceding CRA evaluation (16 quarters starting March 2014 and ending December 2017) was 57.42 percent. For the same period, FNBMD's ratio was lower than the 77.44 percent ratio of three similarly situated banks operating in the bank's assessment area; Lake and Orange Counties. The quarterly average high net LTD ratio for these three banks was 92.89 percent and the low was 64.75 percent. Peer banks used in the analysis reported total assets less than \$530 million and offered similar loan, deposit and trust products.

#### Lending in Assessment Area

Loan Category	Number of Loans				Total #	Dollar Amount of Loans \$(000s)				Total \$(000s)
	Inside		Outside			Inside		Outside		
	#	%	#	%		\$	%	\$	%	
Home Mortgage	119	91.5	11	8.5	130	16,447	92.2	1,388	7.8	17,835
Business	127	83.0	26	17.0	153	15,453	74.6	5,260	25.4	20,713
<b>Total</b>	<b>246</b>	<b>86.9</b>	<b>37</b>	<b>13.1</b>	<b>283</b>	<b>31,900</b>	<b>82.8</b>	<b>6,648</b>	<b>17.2</b>	<b>38,548</b>

*Source: Evaluation Period: 1/1/2015 - 12/31/2017 Bank Data*

A substantial majority of the bank's home mortgage and business lending originated over the evaluation period was within its assessment area. This conclusion is based on an analysis of HMDA and business loans originated during the period of January 1, 2015 through December 31, 2017. As detailed in the table above, 86.9 percent by

number, and 82.8 percent by dollar amount, of originated loans were within FNBMD's assessment area.

### **Lending to Borrowers of Different Incomes and to Businesses of Different Sizes**

Based on the data in Tables P and R, and performance context considerations discussed below and in appendix B, the bank's lending to borrowers of different income levels and businesses of different sizes reflects reasonable distribution. Our analysis was based on 2015-2017 home mortgage loans (119) and business loans (127) originated in the assessment area during the evaluation period. For home mortgage lending, FNBMD originated 66 loans in 2015-2016 combined and 53 home mortgage loans in 2017. For business lending, the bank originated 78 in 2015-2016 combined and 49 business loans in 2017.

### **Home Mortgage Loans**

Based on Table P and performance context considerations described below and in appendix B, we concluded the distribution of lending to low-and moderate-income borrowers in the assessment area reflects excellent distribution.

- For 2015-2016 combined, the bank's distribution of loans to low- and moderate-income borrowers was near to the proportion of low-and moderate-income families residing in the assessment area and significantly stronger than the aggregate distribution of loans to those borrowers.
- For 2017, the bank's distribution of loans of loans to low-income borrowers was somewhat lower than to the proportion of low-income families residing in the assessment area. The distribution of loans to moderate-income borrowers is near to the distribution of loans to moderate-income families residing in the assessment area. The bank's proportion of loans to low- and moderate-income families in the assessment area is significantly stronger than the aggregate distribution of loans to those borrowers.
- High home costs in the bank's MSA limits homeownership affordability, especially to low- and moderate-income borrowers. The MSA's median housing value was \$166,718. The maximum income level for low-income borrowers was under \$28,900 making the median housing value near six times over the maximum low-income level. The maximum income level for moderate-income borrowers was under \$46,240 making the median housing value near four times over the maximum moderate-income level. In addition, as noted in the performance context, competition is intense with 788 home mortgage lenders in the Lake and Orange Counties all vying for the same loans.

## **Small Loans to Businesses**

Based on Table R and the performance context considerations described in appendix B, we concluded the distribution of the bank's originations to small businesses reflects excellent distribution.

- For 2015-2016 combined, the distribution of bank's loans to small businesses in the assessment area was near to the proportion of small businesses (gross annual revenues of \$1 million or less) and significantly stronger than the aggregate distribution of loans to those businesses in the assessment area.
- For 2017, the distribution of loans of bank to small businesses by revenue and the aggregate distribution of small business lending in the assessment area was comparable to the bank's 2015-2016 small business lending.

## **Geographic Distribution of Loans**

Based on the data in Tables O, Q, and the performance context considerations discussed below and in appendix B, we concluded the geographic distribution of the bank's home mortgage and business loan originations across geographies of different income levels reflects reasonable distribution. We used the same sample for our analysis of the geographic distribution of loans as we did for our analysis of lending to borrowers of different incomes and to businesses of different sizes.

## **Home Mortgage Loans**

Based on Table O and performance context considerations described in appendix B, we concluded the geographic distribution of the bank's home mortgage originations reflects reasonable distribution.

- For 2015-2016 combined, the bank did not make any home mortgage loans in low-income geographies, which is considered reasonable as there were very few opportunities to lend in these geographies with only 0.6 percent owner-occupied units in the assessment area. The bank's distribution and aggregate home mortgage lending in moderate-income geographies was lower than the proportion of owner-occupied housing units in moderate-income geographies and aggregate lending in those geographies.
- For 2017, there were no low-income geographies in the assessment area. The bank's distribution of home mortgage loans in moderate-income geographies was near to the distribution of owner-occupied units located in moderate-income geographies in the assessment area and stronger than the aggregate lending made in those geographies.
- Based on demographic data, there were limited lending opportunities in low- and moderate-income geographies in the assessment area due to a limited supply of

affordable housing units mainly due to the high housing costs. Out of the 101,983 housing units, 24.0 percent are located in moderate-income geographies of which 19.6 are owner-occupied units, 32.6 percent rentals, and 29.8 percent are vacant units. In addition, it was noted through our community interviews, existing affordable housing units are old and in deteriorating condition. Further, home mortgage lending is very competitive with 788 home mortgage lenders in Lake and Orange Counties all competing for the same home mortgage loans.

### **Small Loans to Businesses**

Based on Table Q and the performance context considerations described in appendix B, we concluded the geographic distribution of the bank's originations to businesses located in low- and moderate-income geographies reflects reasonable distribution.

- For 2015-2016 combined, the bank did not make any business loans in low-income geographies, which is considered reasonable as there are few small businesses located in low-income tracts (0.7 percent). The distribution of the bank's business loans made in moderate-income geographies is comparable to the distribution of small businesses located in moderate-income geographies and comparable to the aggregate distribution of small business loans made in those geographies. Small business lending is very competitive in Lake and Orange Counties with 140 lenders all vying for the same small business loans.
- For 2017, there were no low-income geographies in the assessment area. The distribution of the bank's business loans made in moderate-income geographies is significantly stronger than the distribution of small businesses located in those geographies and significantly stronger than the aggregate distribution of small business loans located in those geographies.

### **Responses to Complaints**

The bank received no complaints related to its CRA performance during the evaluation period.

### **Qualified Community Development Investments and Services**

Overall, FNBMD's level of CD investments, CD services and alternative delivery systems and other products and services, enhances the credit availability in the assessment area and provides a positive impact in meeting the credit needs of the community.

### **Investments/Donations**

- During the evaluation period, the bank made qualified donations that were effective and responsive in helping the bank address community credit needs.

- FNBMDB made 102 donations totaling \$23,890 to 22 nonprofit community-based organizations located in the bank's assessment area. A substantial majority of donations were made to community-based service organizations that predominately serve low- and moderate-income persons and to nonprofit economic organizations that support small businesses. Community-based service organizations provide free meals, health, education and counseling services as well as basic housing needs for the homeless, abused, and at-risk families. Nonprofit economic organizations provide much needed support and financial literacy education to small businesses in the community. Both have been identified by our community contacts as a crucial community credit need.

## Services

- The bank's products and alternative delivery systems and CD services are effective and responsive in helping the bank address CD needs. Financial services serving CD needs provide a significant impact in the community and are consistent with the bank's capacity and financial expertise.
- During the evaluation period, bank staff and senior management provided leadership roles with three nonprofit community-based organizations. FNBMDB used their financial expertise by serving on BOD and Advisory Committees. In addition, bank staff served on Advisory Committees and providing financial literacy education for two schools in which the majority of students are eligible to receive free or reduced lunch. Community-based service organizations served during the evaluation predominately serve low- and moderate-income persons and small businesses by increased home ownership opportunities for low –and moderate-income persons; provide free meals, health education and counseling services as well as basic housing needs for the homeless; and, economic development and revitalization projects that engage in activities that promotes small business opportunities and job creation, including for low-and moderate residents.
- One notable example of involvement is continued membership on the Board of a local nonprofit affordable housing community development organization in which FNBMDB was a co-founding member bank. The nonprofit in conjunction with local government offers an affordable housing mortgage program to 1<sup>st</sup> time homebuyers to address the affordable housing needs of the low- and moderate-income persons residing in the bank's assessment area. The program provides participants with down payment and closing cost assistance as well as homeownership and credit counseling. FNBMDB has actively participated in the affordable housing lending program consortium since inception by providing long term, flexible home mortgage financing (see below). Affordable housing in the assessment area has been identified as a crucial community credit need.

- FNBMD's branches and alternative delivery systems are effective and responsive in helping provide services across the community. All offices and facilities are readily accessible to all geographies throughout the assessment area and to persons of different income levels. The main office and stand-alone ATM are both located in moderate-income geographies.
- Alternative delivery systems include ATMs and drive-up facilities at all branches and a stand-alone ATM located in Mount Dora. All branches are open Monday to Friday. The bank offers alternative delivery systems to include ATM/debit cards free of charge for any ATM transactions conducted at bank locations and Publix Presto ATMs. Other alternative delivery systems include 24-hour online internet, mobile and automated telephone banking. These systems provide additional availability and access to banking services for low- and moderate-income persons and small businesses.
- The bank offers a wide array of affordable loan products attractive to low- and moderate-income persons and small businesses. For home mortgage loans the bank offers flexible lending options with its "no minimum mortgage loan amount" loan and closing costs that are not tied to the amount of the loan. For small businesses, the bank offers unsecured and farm loans.
- One notable loan program consists of flexible underwriting standards specifically geared for low- and moderate-income persons who were referred to the bank by the local non-profit community based affordable housing organization noted above. Loans to participants in the local affordable housing program receive a 30-year fixed- rate low cost loan with no loan-to-value and private mortgage insurance requirements as well as no points and low closing costs. Due to a lack of government funding for program during the evaluation period, the bank was limited on the volume of loans originated. Once funding for the program resumed in 2016, the bank originated two loans with a combined total of four loans totaling \$327 thousand made during the evaluation period.
- Due to FNBMD's size and therefore capacity to lend long term home mortgage loans, the bank offers responsive affordable residential real estate products with mortgage financing through participation in the secondary real estate market. Affordable home mortgage loans offered include: Federal Housing Administration (FHA), Veterans Administration (VA), and conventional 30-year fixed rate home mortgage loan programs. During the evaluation period, the bank's participation in the secondary market resulted in assisting 200 home mortgage applicants (10 were FHA and VA), in which 147 loans totaling \$28.4 million were made. Loan Officers provide valuable assistance to potential homebuyers throughout the entire home purchase process.



## Appendix A: Scope of Examination

The following table identifies the time period covered in this evaluation, affiliate activities that were reviewed, and loan products considered. The table also reflects the metropolitan and nonmetropolitan areas that received comprehensive examination review (designated by the term "full-scope") and those that received a less comprehensive review (designated by the term "limited-scope").

<b>Time Period Reviewed</b>	Lending Test (excludes CD loans): 01/01/15 to 12/31/17	
<b>Financial Institution</b> First National Bank of Mt. Dora	<b>Products Reviewed</b> Business, Residential	
First National Bank of Mount Dora (FNBMD) Mount Dora, Florida	Business and Home Mortgage Loans.	
<b>Affiliate(s)</b> N/A	<b>Affiliate Relationship</b> N/A	<b>Products Reviewed</b> N/A
N/A	N/A	N/A
<b>List of Assessment Areas and Type of Examination</b>		
<b>Assessment Area</b>	<b>Type of Exam</b>	<b>Other Information</b>
FNBMD Mount Dora Assessment Area-portions of Lake and Orange Counties.	Full-Scope	

## Appendix B: Community Profiles for Full-Scope Areas

Table A – Demographic Information of the Assessment Area						
Assessment Area: FNBMD Mount Dora AA-2010 Census						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	43	2.3	25.6	55.8	16.3	0.0
Population by Geography	203,070	0.7	22.3	53.2	23.8	0.0
Housing Units by Geography	97,162	0.8	24.3	55.9	19.0	0.0
Owner-Occupied Units by Geography	65,036	0.6	20.8	57.1	21.6	0.0
Occupied Rental Units by Geography	16,493	1.9	36.2	47.0	14.8	0.0
Vacant Units by Geography	15,633	0.6	26.2	60.4	12.9	0.0
Businesses by Geography	18,343	0.7	23.1	50.7	25.5	0.0
Farms by Geography	951	0.9	17.2	52.4	29.4	0.0
Family Distribution by Income Level	55,641	19.9	20.4	22.3	37.4	0.0
Household Distribution by Income Level	81,529	24.2	20.1	19.3	36.4	0.0
Median Family Income MSA - 36740 Orlando-Kissimmee-Sanford, FL MSA		\$58,474	Median Housing Value			\$166,718
			Median Gross Rent			\$939
			Families Below Poverty Level			7.9%
<i>Source: 2010 U.S. Census and 2016 D&amp;B Data. Due to rounding, totals may not equal 100.0</i>						

Table A – Demographic Information of the Assessment Area						
Assessment Area: FNBMD Mount Dora AA 2015 ACS Census-Effective 2017						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	43	0.0	30.2	55.8	14.0	0.0
Population by Geography	207,119	0.0	23.8	50.6	25.6	0.0
Housing Units by Geography	101,983	0.0	24.0	54.8	21.2	0.0
Owner-Occupied Units by Geography	63,538	0.0	19.6	54.8	25.7	0.0
Occupied Rental Units by Geography	19,329	0.0	32.6	53.8	13.6	0.0
Vacant Units by Geography	19,116	0.0	29.8	56.2	14.0	0.0
Businesses by Geography	19,373	0.0	27.5	46.6	25.8	0.0
Farms by Geography	980	0.0	21.8	52.0	26.1	0.0
Family Distribution by Income Level	55,639	20.2	21.5	19.5	38.9	0.0
Household Distribution by Income Level	82,867	24.8	18.6	18.7	37.9	0.0
Median Family Income MSA - 36740 Orlando-Kissimmee-Sanford, FL MSA		\$57,304	Median Housing Value			\$126,898
			Median Gross Rent			\$946
			Families Below Poverty Level			10.3%
<i>Source: 2015 ACS Census and 2017 D&amp;B Data. Due to rounding, totals may not equal 100.0.</i>						

The bank's assessment area is comprised of forty-three (43) whole census tracts in which thirty-eight census tracts are located in Lake County, Florida and five adjacent census tracts are located in northwest Orange County, Florida. The assessment area reflects FNBMD's primary footprint which extends to a radius of ten miles from each branch office. The assessment area is located in the central region of the state and part of the Orlando-Kissimmee-Sanford, Florida Metropolitan Statistical Area (Orlando MSA), which consists of Lake, Orange, Osceola, and Seminole Counties. Based on the 2015 ACS census data, there were no low-income tracts, thirteen (13) moderate-income tracts, twenty-four (24) middle-income tracts and six (6) upper-income tracts in the assessment area. The assessment area meets the requirements of CRA and does not arbitrarily exclude low- or moderate-income census tracts.

Lake County has the second smallest population in the Orlando MSA and is considered an attractive place for financially secure retirees. Management and the Board believe the extension of the western part of the Orlando beltway is further defining Mount Dora as an Orlando bedroom community, and this is expected to have a positive impact on the bank's future deposit and loan growth.

Based on the 2015 ACS census data, the population for the assessment area is 207,119 of which 55,639 are families, 82,867 households and 57,261 persons are over the age of 65. Approximately 59.0 percent of households in the bank's assessment area receive a wage/salary, 49.4 percent receive social security and 28.22 percent receive retirement income. The FFIEC 2017 estimated median family income was \$58,400. Based on the 2010 and 2015 Census, the percentage of households living below poverty level increased from 10.7 percent in 2010 to 13.56 percent in 2015. In the MSA, the number of families that live below the poverty level is 10.3 percent.

As mentioned in the Description of the Institution, banking is competitive. FDIC deposit market share data dated June 30, 2017, for Lake and Orange Counties, shows FNBMD with a 0.5 percent market share, making it the 22nd largest deposit holder out of 41 financial institutions all operating out of 365 offices. Top competitors include SunTrust Bank, Bank of America, N.A. and Wells Fargo Bank, N.A. with a combined market share of 61.1 percent.

The 2017 peer home mortgage market share data for Lake and Orange Counties shows FNBMD with a 0.09 percent market share and ranks 149<sup>st</sup> out of 823 home mortgage lenders. Top competitors include: Wells Fargo, Quicken Loans and FBC Mortgage, LLC with a combined market share of 15.4 percent. Based on the 2017 peer business market share data there were 140 small business lenders in the bank's assessment area. The top three market share competitors in the assessment area are American Express, FSB, Citibank, N.A. and Bank of America, N.A. all predominately small business credit card lenders with a combined market share of 48.3 percent and an average loan size of \$16, 700.

According to the Bureau of Labor Statistics, as of December 2017, the unemployment rate for Lake County was 3.5 percent, a 1.0 percent decline from the same period last year, and below the National and State of Florida unemployment rate of 4.1 percent and 3.9 percent, respectively. Large employers in Lake County include Florida Hospital Waterman, Central Florida Health, Leesburg Regional Medical Center, Golf Management Solution and Lake County Government. The largest industry sectors providing employment in the assessment

area include Educational/Health and Social Services, Leisure and Hospitality Services and Retail Trade.

Based on the 2015 ACS Census, there are 101,983 housing units in the assessment area, in which 62.3 percent are owner-occupied with a substantial majority located in middle- and upper-income geographies (80.5 percent). Out of the 101,983 housing units, 24.0 percent are located in moderate-income geographies of which 19.6 are owner-occupied units, 32.6 percent rentals, and 29.8 percent are vacant units.

High home costs in the bank's assessment area limits homeownership affordability, especially to low- and moderate-income borrowers. Based on the median housing value of \$166,718 and the 2016 median family income of \$57,800, the maximum income level for low-income borrowers was under \$28,900 making the median housing value near six times over the maximum low-income level. The maximum income level for moderate-income borrowers was under \$46,240 making the median housing value near four times over the maximum moderate-income level. It is noted the median housing value based on the 2015 ACS, significantly declined to \$126,898.

An important aspect of a CRA examination is to identify the credit needs of the bank's assessment area. We interviewed two local nonprofit community-based organizations that serve small businesses and low- and moderate-income persons. We also used demographic and economic data for the assessment area to assist in our efforts of identifying the community credit needs. It was noted there are credit needs identified within the community especially for low- and moderate-income persons and small businesses located in the assessment area. There is a critical need for decent affordable housing in Lake County to serve the workforce, veterans and the elderly. It was also noted in order to gain access to credit for housing and small businesses, financial education is a critical credit need to improve credit histories and asset building. Community credit needs include donations to nonprofit community-based service organizations to support day-to-day operations as they provide basic services (health, food, shelter and vocational and financial education) to low-and moderate-income persons, especially with the increase in the poverty levels (13.46 percent based on the 2015 ACS Census) .

## Appendix C: Tables of Performance Data

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### Content of Standardized Tables

A separate set of tables is provided for each state. All multistate metropolitan areas are presented in one set of tables. References to the "bank" include activities of any affiliates that the bank provided for consideration (refer to appendix A: Scope of the Examination). For purposes of reviewing the lending test tables, the following are applicable: (1) purchased loans are treated as originations/purchases; (2) "aggregate" is the percentage of the aggregate number of reportable loans originated and purchased by all lenders in the MA/assessment area. Deposit data are compiled by the FDIC and are available as of June 30<sup>th</sup> of each year. Tables without data are not included in this PE. Tables are identified by both letters and numbers, which results from how they are generated in supervisory analytical systems.

The following is a listing and brief description of the tables included in each set:

- Table O. Assessment Area Distribution of Home Mortgage Loans by Income Category of the Geography** - Compares the percentage distribution of the number of loans originated and purchased by the bank in low-, moderate-, middle-, and upper-income geographies to the percentage distribution of owner-occupied housing units throughout those geographies. The table also presents aggregate peer data for the years the data is available.
- Table P. Assessment Area Distribution of Home Mortgage Loans by Income Category of the Borrower** - Compares the percentage distribution of the number of loans originated and purchased by the bank to low-, moderate-, middle-, and upper-income borrowers to the percentage distribution of families by income level in each MA/assessment area. The table also presents aggregate peer data for the years the data is available.
- Table Q. Assessment Area Distribution of Loans to Small Businesses by Income Category of the Geography** - The percentage distribution of the number of small loans (less than or equal to \$1 million) to businesses originated and purchased by the bank in low-, moderate-, middle-, and upper-income geographies compared to the percentage distribution of businesses (regardless of revenue size) throughout those geographies. Because small business data are not available for geographic areas smaller than counties, it may be necessary to compare bank loan data to aggregate data from geographic areas larger than the bank's assessment area.
- Table R. Assessment Area Distribution of Loans to Small Businesses by Gross Annual Revenue** - Compares the percentage distribution of the number of small loans (less than or equal to \$1 million) originated and purchased by the bank to businesses with revenues of \$1 million or less to the percentage distribution of businesses with revenues of \$1 million or less. In addition, the table presents the percentage distribution of the number of loans originated and purchased by the bank by loan size, regardless of the revenue size of the business. The table also presents aggregate peer data for the years the data is available.

**Table O : Assessment Area Distribution of Home Mortgage Loans by Income Category of the Geography 2017**

Assessment Area:	Total Home Mortgage Loans				Low-Income Tracts			Moderate-Income Tracts			Middle-Income Tracts			Upper-Income Tracts			Not Available-Income Tracts		
	#	\$	% of Total	Overall Market	% of Owner-Occupied Housing Units	% Bank Loans	Aggregate	% of Owner-Occupied Housing Units	% Bank Loans	Aggregate	% of Owner-Occupied Housing Units	% Bank Loans	Aggregate	% of Owner-Occupied Housing Units	% Bank Loans	Aggregate	% of Owner-Occupied Housing Units	% Bank Loans	Aggregate
FNBMD AA	53	8,161	100.0	8,298	0.0	0.0	0.0	19.6	18.9	16.4	54.8	62.3	50.3	25.7	18.9	33.2	0.0	0.0	0.0

Source: 2015 ACS Census; 01/01/2017 - 12/31/2017 HMDA Data, 2017 HMDA Aggregate Data, Due to rounding, totals may not equal 100.0

**Table O : Assessment Area Distribution of Home Mortgage Loans by Income Category of the Geography 2015-16**

Assessment Area:	Total Home Mortgage Loans				Low-Income Tracts			Moderate-Income Tracts			Middle-Income Tracts			Upper-Income Tracts			Not Available-Income Tracts		
	#	\$ (000's)	% of Total	Overall Market	% of Owner-Occupied Housing Units	% Bank Loans	Aggregate	% of Owner-Occupied Housing Units	% Bank Loans	Aggregate	% of Owner-Occupied Housing Units	% Bank Loans	Aggregate	% of Owner-Occupied Housing Units	% Bank Loans	Aggregate	% of Owner-Occupied Housing Units	% Bank Loans	Aggregate
FNBMD AA	66	8,286	100.0	8,497	0.6	0.0	0.2	20.8	7.6	18.5	57.1	77.3	49.5	21.6	15.2	31.8	0.0	0.0	0.0

Source: 2010 U.S Census; 01/01/2015 - 12/31/2016 HMDA Data, 2016 HMDA Aggregate Data. Due to rounding, totals may not equal 100.0

**Table P: Assessment Area Distribution of Home Mortgage Loans by Income Category of the Borrower 2017**

Assessment Area:	Total Home Mortgage Loans				Low-Income Borrowers			Moderate-Income Borrowers			Middle-Income Borrowers			Upper-Income Borrowers			Not Available-Income Borrowers		
	#	\$	% of Total	Overall Market	% Families	% Bank Loans	Aggregate	% Families	% Bank Loans	Aggregate	% Families	% Bank Loans	Aggregate	% Families	% Bank Loans	Aggregate	% Families	% Bank Loans	Aggregate
FNBMD AA	53	8,161	100.0	8,298	20.2	11.3	4.5	21.5	20.8	13.8	19.5	9.4	23.1	38.9	52.8	41.5	0.0	5.7	17.2

Source: 2015 ACS Census; 01/01/2017 - 12/31/2017 HMDA Data, 2017 HMDA Aggregate Data, N/A-data not available. Due to rounding, totals may not equal 100.0



**Table P: Assessment Area Distribution of Home Mortgage Loans by Income Category of the Borrower** **2015-16**

Assessment Area:	Total Home Mortgage Loans				Low-Income Borrowers			Moderate-Income Borrowers			Middle-Income Borrowers			Upper-Income Borrowers			Not Available-Income Borrowers		
	#	\$ (000's)	% of Total	Overall Market	% Families	% Bank Loans	Aggregate	% Families	% Bank Loans	Aggregate	% Families	% Bank Loans	Aggregate	% Families	% Bank Loans	Aggregate	% Families	% Bank Loans	Aggregate
FNBMD AA	66	8,286	100.0	8,497	19.9	12.1	4.2	20.4	16.7	16.0	22.3	12.1	21.1	37.4	50.0	40.2	0.0	9.1	18.5

Source: 2010 U.S Census; 01/01/2015 - 12/31/2016 HMDA Data, 2016 HMDA Aggregate Data, N/A- data not available.

**Table Q: Assessment Area Distribution of Loans to Small Businesses by Income Category of the Geography** **2017**

Assessment Area:	Total Loans to Small Businesses				Low-Income Tracts			Moderate-Income Tracts			Middle-Income Tracts			Upper-Income Tracts			Not Available-Income Tracts		
	#	\$ (000s)	% of Total	Overall Market	% Businesses	% Bank Loans	Aggregate	% Businesses	% Bank Loans	Aggregate	% Businesses	% Bank Loans	Aggregate	% Businesses	% Bank Loans	Aggregate	% Businesses	% Bank Loans	Aggregate
FNBMD AA	49	5,856	100.0	4,427	0.0	0.0	0.0	27.5	36.7	28.6	46.6	36.7	48.2	25.8	26.5	23.2	0.0	0.0	0.0

*Source: 2017 D&B Data; 01/01/2017-12/31/2017 Bank loan origination report; 2017 CRA Aggregate Data. Due to rounding, totals may not equal 100.0*

**Table Q: Assessment Area Distribution of Loans to Small Businesses by Income Category of the Geography 2015-2016**

Assessment Area:	Total Loans to Businesses				Low-Income Tracts			Moderate-Income Tracts			Middle-Income Tracts			Upper-Income Tracts			Not Available-Income Tracts		
	#	\$	% of Total	Overall Market	% Businesses	% Bank Loans	Aggregate	% Businesses	% Bank Loans	Aggregate	% Businesses	% Bank Loans	Aggregate	% Businesses	% Bank Loans	Aggregate	% Businesses	% Bank Loans	Aggregate
FNBMD AA	78	9,597	100.0	4,776	0.7	0.0	1.2	23.2	19.2	22.1	50.8	66.7	49.1	25.3	14.1	27.6	0.0	0.0	0.0

Source: 2016 D&B Data; 01/01/2015-12/31/2016 Bank Loan Origination Report; 2016 CRA Aggregate Data. Due to rounding, totals may not equal 100.0

**Table R: Assessment Area Distribution of Loans to Small Businesses by Gross Annual Revenues**

**2017**

Assessment Area:	Total Loans to Small Businesses				Businesses with Revenues <= IMM			Businesses with Revenues > IMM		Businesses with Revenues Not Available	
	#	\$	% of Total	Overall Market	% Businesses	% Bank Loans	Aggregate	% Businesses	% Bank Loans	% Businesses	% Bank Loans
Mt Dora AA	49	5,856	100.0	4,427	90.3	85.7	48.3	3.3	14.3	6.3	0.0

*Source: 2017 D&B Data; 01/01/2017-12/31/2017 Bank Loan Origination data; 2017 CRA Aggregate Data. Due to rounding, totals may not equal 100.0*

**Table R: Assessment Area Distribution of Loans to Small Businesses by Gross Annual Revenues** **2015-2016**

Assessment Area:	Total Loans to Small Businesses				Businesses with Revenues <= 1MM			Businesses with Revenues > 1MM		Businesses with Revenues Not Available	
	#	\$	% of Total	Overall Market	% Businesses	% Bank Loans	Aggregate	% Businesses	% Bank Loans	% Businesses	% Bank Loans
FNBMD AA	78	9,597	100.0	4,776	90.1	88.5	45.8	3.4	11.5	6.6	0.0

*Source: 2016 D&B Data; 01/01/2015-12/31/2016 Bank loan origination report;; 2016 CRA Aggregate Data. Due to rounding, totals may not equal 100.0*