



SMALL BANK

Comptroller of the Currency
Administrator of National Banks

PUBLIC DISCLOSURE

January 28, 2002

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

**Community National Bank of Mid-Florida
Charter Number 23732**

**3001 West Lake Mary Boulevard
Lake Mary, Florida 32746**

**Comptroller of the Currency
Southeastern District
North Florida Field Office
8375 North Dix Ellis Trail, Suite 403
Jacksonville, Florida 32256**

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 the 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 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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INSTITUTION'S CRA RATING

This institution is rated Satisfactory.

- Community National Bank of Mid-Florida maintains a reasonable loan-to-deposit ratio.
- A substantial majority of loans are originated within the bank's assessment area.
- Lending to borrowers of different income and businesses of different sizes is reasonable given the demographics of the area.
- The geographic distribution of loans throughout the bank's assessment area is reasonable.

DESCRIPTION OF INSTITUTION

Community National Bank of Mid-Florida (CNB) is a local and wholly owned independent community bank that opened for business on August 9, 1999 in Seminole County. The bank has three office locations. The main office is located at 3001 West Lake Mary Boulevard, Lake Mary, Florida. As of December 31, 2001, the bank had total assets of \$77 million with a loan portfolio approximating \$55 million. Lending activity is centered in non-farm and non-residential real estate loans (57%), construction and land development loans (19%), commercial and industrial loans (12%), residential real estate loans (9%) and consumer loans/other (3%). The percentage of net loans to total assets is 66%. Total deposits in the bank approximate \$70 million with capital accounts aggregating \$7 million.

The bank offers a variety of traditional deposit and loan products with small business; home equity and commercial real estate related loans being its primary credit targets. The bank also has one automated teller machine at its Sanford office location for customer convenience. There are no financial conditions, legal constraints, or other factors that hinder the bank's ability to help meet the credit needs of its assessment area. There have been no recent changes in the bank's corporate structure.

This is the first CRA examination of CNB since commencing business.

DESCRIPTION OF ASSESSMENT AREA

CNB's assessment area (AA) meets the technical requirements of the Act and does not arbitrarily exclude low- or moderate-income census tracts. The AA is defined as all of the Orlando Metropolitan Statistical Area (MSA) and part of the Daytona MSA. It can also be described as all census tracts (293) that comprise Seminole, Lake, Orange, Osceola, and Volusia Counties. According to the 1990 United States Census, the population of this combined area is

approximately 1.6 million people. The census median family income for the assessment area is \$33,242. The Department of Housing and Urban Development's (HUD) updated median family income estimate for the assessment area is \$50,132 for 2001. Owner occupied housing in the combined areas is 58% with the median housing value at \$80,725.

The Orlando MSA consists of Seminole, Lake, Orange and Osceola Counties. This AA contains 221 census tracts comprised of nine low-income, 48 moderate-income, 115 middle-income, and 48 upper-income census tracts as determined by the 1990 U. S. Census Report. One census tract was not categorized. This AA has a population of approximately 1.2 million people with a census median family income of \$34,389. The 2001 HUD median family income for the Orlando MSA is \$52,000. The level of owner-occupied housing units was reported as 57%, with the number of households living below the poverty level reported at 10%. The unemployment rate was low at 3%. The median housing value was \$84,135.

This AA was originally a citrus and agricultural center. Gradually other industries such as electronics, manufacturing, distribution and, most importantly, tourism began to thrive. Two significant factors have contributed to the growth experienced in the Orlando MSA. These factors are the influx and expansion of major employers such the Martin Marietta Corporation (a large defense contracting company), Walt Disney World, and the space industry.

The Daytona MSA consists of Volusia County. This AA contains 72 census tracts comprised of four low-income, 12 moderate-income, 45 middle-income, and 10 upper-income census tracts as determined by the 1990 U. S. Census Report. One census tract was not categorized. This AA has a population of approximately 400 thousand people with a census median family income of \$29,722. The 2001 HUD median family income for the Daytona MSA is \$44,400. The level of owner-occupied housing units was reported as 61% with the number of households living below the poverty level reported at 12%. The unemployment rate was low at 3%. The median housing value was \$69,188.

The city of Deland, Florida is the county seat of Volusia County. Volusia County is located northeast of Lake and Seminole counties and is contiguous to both. Deland is located approximately 35 miles north of the Greater Orlando area and 20 miles west of Daytona Beach. This area is greatly influenced by tourism due to its water recreational opportunities and by the presence of Stetson University, a private college established in 1883 and a major employer. Other major employers in the area are Boston Whaler, Inc., Sparton Electronics Group, U.S. Filters, TYCO/Kendall Company, and Metra Electronics Corporation.

Population growth in this AA was also spurred by the abundance of affordable housing relative to the average costs for the region, and its close proximity to the Greater Orlando Metropolitan Area.

COMMUNITY CONTACT - As part of our examination, we obtained information from community leaders regarding local economic conditions and community credit needs. Based on

information provided by REMAX Realty Resources, an independently owned real estate company, the primary credit needs are down payment assistance programs for first time home buyers and low- and moderate-income home buyers. One such program identified was the Seminole Housing Incentive Program (SHIP). SHIP was described as a good program, but required too much "red tape" for eligible buyers, realtors, and city and county administrators.

CNB wants to be known in the community as a small business lender and, as a result, has developed loan products and services to meet their credit needs.

The following table highlights the demographic composition of the bank's assessment area.

Demographic and Economic Characteristics of Assessment Area (AA)	
<i>Population</i>	
Number of Families	430,104
% Low-Income Families	18%
% Moderate-Income Families	20%
% Middle-Income Families	24%
% Upper-Income Families	38%
<i>Geographies</i>	
Number of Census Tracts	293
% Low-Income Census Tracts	4%
% Moderate-Income Census Tracts	20%
% Middle-Income Census Tracts	55%
% Upper-Income Census Tracts	20%
% Not Categorized	1%
<i>Median Family Income (MFI)</i>	
1990 MFI for AA	\$33,242
2001 HUD Adjusted MFI	\$50,132
<i>Economic Indicators</i>	
Unemployment Rate	2.57%
1990 Median Housing Value	\$80,725
% of Households Below Poverty Level	10%

In addition to CNB, competition for financial services is keen and includes several branches of multi-national and regional banks, local community banks, savings banks, credit unions, and other nonbank financial service providers.

CONCLUSIONS ABOUT PERFORMANCE CRITERIA

- **Loan-To-Deposit Ratio - Meets the Standard for Satisfactory Performance**

CNB's loan-to-deposit ratio is reasonable in view of the community's credit needs, demand for credit, keen competition among area financial institutions, and length of time since commencing business. The bank's average loan-to-deposit ratio over the last eight quarters is approximately 69% as compared to peer averages for the same period of 73%. During these quarters, the loan-to-deposit ratio increased significantly from 36% as of September 1999, to a high of 77% as of December 31, 2001. The current ratio compares favorably to four similarly situated community banks having an average loan-to-deposit ratio of 63%, 93%, 72%, and 81%, respectively. These peer banks have total assets ranging from \$31 million to \$166 million.

■ **Lending in Assessment Area - Exceeds the Standard for Satisfactory Performance**

A substantial majority of the bank's loans are within its defined assessment area. A sample analysis of 20 new business loans originating between August 9, 1999 through December 31, 2001 reveals that all were granted within the assessment area (AA) and is detailed as follows:

Assessment Area Lending								
	In Assessment Area				Out of Assessment Area			
Loan Type	#	%	\$000's	%	#	%	\$000's	%
Business Loans	20	100	1,136	100	0	0	0	0

■ **Lending to Borrowers of Different Incomes and to Businesses of Different Sizes - Meets the Standard for Satisfactory Performance**

With respect to the bank's primary product lines, small loans to businesses were the only product reviewed for analytical purposes. Presently, the bank does not have a significant loan portfolio regarding any residential-related, consumer, or farm loans to perform a meaningful analysis of lending to borrowers of different income levels.

Overall, the bank's lending to businesses of different sizes is reasonable. A random sample of 20 business loans originating since August 9, 1999 was reviewed and analyzed. These loans totaled \$3.2 million and ranged in amounts from \$3 thousand to \$725 thousand. In the sample reviewed, a majority of the business loans by dollar volume were loans to small businesses. It was determined that 80% of the number, and 92% of the dollar amount of loans, were to small businesses with annual revenues of less than \$1 million. In addition, sixteen loans representing 80% of the loans sampled were originations of \$100 thousand or less.

The bank's performance compares favorably to the demographic data that reveals businesses with annual revenues less than \$1 million represent 87% of all businesses in the assessment area.

There are 86,221 businesses having annual revenues of less than \$1 million. CNB considers its primary market to be small business lending and, as a result, has targeted its marketing efforts to reach those commercial customers.

■ **Geographic Distribution of Loans - Meets the Standard for Satisfactory Performance**

There is a reasonable distribution of business loans extended within the assessment area. The following table reflects the distribution of sampled loans within the bank’s assessment area by income designation of census tract.

Geographic Analysis of Loans Originating between August 9, 1999 and December 31, 2001 By Number and Dollar Amount (000,)																
GEORGRAPHY	LOW				MODERATE				MIDDLE				UPPER			
Small Business Demographic Data by number and %	2,617 3%				14,987 17%				49,955 58%				18,662 22%			
Loan Type	#		\$		#		\$		#		\$		#		\$	
Business Loans	1	5%	16	1%	3	15%	327	10%	8	40%	904	28%	8	40%	1,974	61%

The current distribution is reasonable given the geographic size of the assessment area which includes all of the Orlando MSA and Volusia County in the Daytona MSA, target market customers, and the amount of time since the bank has been open for business. The geographic distribution is also considered reasonable and consistent with the bank’s available financial and human resources, and types of families, households and businesses in the AA.

■ **Response to Consumer Complaints - Not Applicable**

CNB has not received any consumer complaints since opening for business.

COMPLIANCE WITH ANTIDISCRIMINATION LAWS

An analysis of the most recent year’s public comments and consumer complaint information was performed according to the OCC's risk based fair lending approach. The analysis of this data revealed no basis for the OCC to conduct a comprehensive fair lending examination in connection with the CRA evaluation this year. The bank has not had a comprehensive fair lending examination performed since opening for business.