

Small Bank Performance Evaluation

PUBLIC DISCLOSURE

(May 27, 1997)

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

**National Bank of Commerce
Charter Number 20460
1201 South Orlando Avenue
Winter Park, Florida 32789**

**Office of the Comptroller of the Currency
Tampa Duty Station
5650 Breckenridge Park Drive, Suite 202
Tampa, FL 33610**

NOTE: This evaluation is not, nor should it be construed as, an assessment of the financial condition of this institution. The rating assigned to this institution does not represent an analysis, conclusion or opinion of the federal financial supervisory agency concerning the safety and soundness of this financial institution.

GENERAL INFORMATION

The Community Reinvestment Act (CRA) requires each federal financial supervisory agency to use its authority when examining financial institutions subject to its supervision, to assess the institution's record of meeting the credit needs of its entire community, including low- and moderate-income neighborhoods, consistent with safe and sound operation of the institution. Upon conclusion of such examination, the agency must prepare a written evaluation of the institution's record of meeting the credit needs of its community.

*This document is an evaluation of the Community Reinvestment Act (CRA) performance of **National Bank of Commerce** prepared by **Office of the Comptroller of the Currency**, the institution's supervisory agency, as of May 27, 1997). The agency rates the CRA performance of an institution consistent with the provisions set forth in Appendix A to 12 CFR Part 25.*

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

National Bank of Commerce maintains a more than reasonable loan-to-deposit ratio; makes a majority of loans within its assessment area; and has a reasonable distribution of loans to borrowers of different incomes and to businesses of different sizes; and has a reasonable dispersion of loans across all geographies within its assessment area. The bank has not received any consumer complaints or public comments relative to CRA performance.

The following table indicates the performance level of National Bank of Commerce with respect to each of the five performance criteria.

SMALL INSTITUTION ASSESSMENT CRITERIA	<u>National Bank of Commerce</u> PERFORMANCE LEVELS		
	Exceeds Standards for Satisfactory Performance	Meets Standards for Satisfactory Performance	Does not meet Standards for Satisfactory Performance
Loan-to-Deposit Ratio	X		
Lending in Assessment Area	X		
Lending to Borrowers of Different Incomes and to businesses of Different sizes		X	
Geographic Distribution of Loans		X	
Response to Complaints	This bank has received no complaints since the prior examination.		

DESCRIPTION OF INSTITUTION

National Bank of Commerce (NBC) was chartered in 1986 and is owned by Commerce National Corporation, a one-bank holding company. The main office is located in the city of Winter Park in Orange County, Florida. The bank also operates three other branch office locations within Orange County. The bank had total assets of \$118 million as reported on their March 31, 1997 Report of Condition and Income. The bank's primary lending focus is small business. Commercial loans represent 57% of total loans. There are no financial, legal or other impediments to the bank's ability to meet community credit needs. The evaluation period for this review is April 1994 through March 1997.

DESCRIPTION OF BANK'S ASSESSMENT AREA

The assessment area for this evaluation consists of 180 total census tracts which comprise Orange and Seminole Counties. Orange County contains 124 census tracts and Seminole County 56 tracts. Both counties are in the Orlando metropolitan statistical area (MSA) - 5960. The income level of the census tracts is as follows:

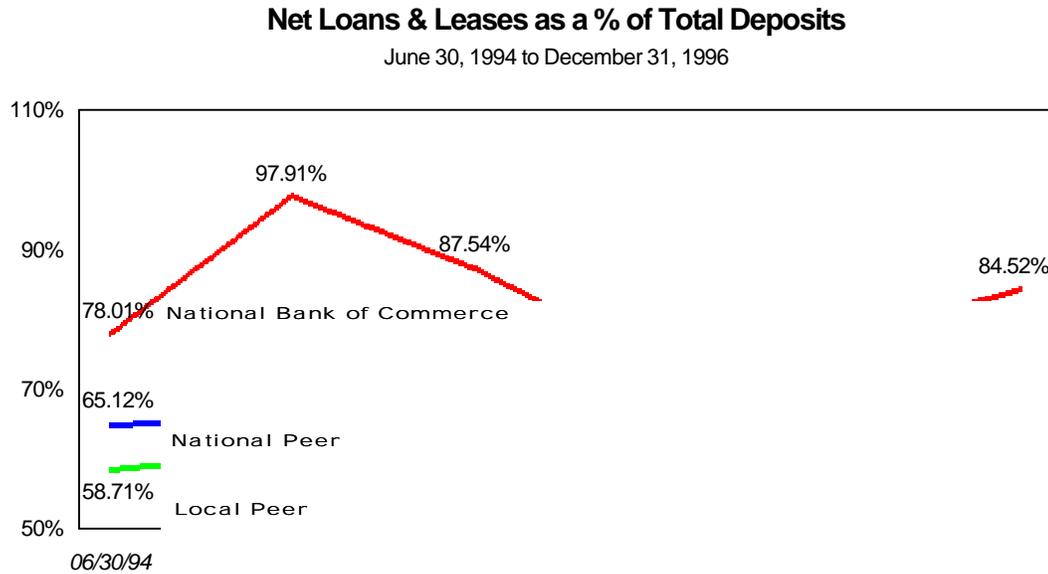
	<u>Tracts</u>	<u>% of Total</u>
Low Income	9	5%
Moderate Income	33	18%
Middle Income	91	51%
Upper Income	<u>46</u>	<u>26%</u>
	179	100%

This breakdown is based on the 1990 U.S. Census median family income of \$34,389 for the Orlando MSA. One tract is a former naval base for which income information is not available. Therefore, this census tract was not considered in the geographic distribution analysis performed as part of this review.

Orange and Seminole County have a combined total population of 965,020 with steady growth projected in the future. The local economy is dependent on tourism, retail sales, and light industry. Employment is centered around those industries. During our review, we contacted one local community organization. They indicated the primary credit needs for the community are affordable housing and home ownership education and counseling.

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA

Loan-to-Deposit Ratio: *The bank's loan-to-deposit (LTD) ratio exceeds the standard for satisfactory performance.* For this performance criterion, we determine whether the bank reinvests deposits bank into the community through loans. For the period June 1994 to December 1996, the bank's average LTD ratio is 82%. This ratio is well above banks of similar size, both nationally (average LTD = 68%) and locally (average LTD = 62%). The graph below illustrates NBC's historical LTD ratio compared to national and local peer ratios.



Lending in Assessment Area: *The bank makes a substantial amount of loans within its assessment area.* For this performance criterion, we determine the extent of the bank's lending in the area they designate as their primary market, or assessment area. We based our conclusion on analyses performed by the bank, which we verified for accuracy. The bank's analysis, illustrated below, includes all loan originations between April 1994 and December 1996.

Bank's Analysis	1994	1995	1996
Loans In Assessment Area	94%	96%	91%

Lending to Borrowers of Different Incomes and to Businesses of Different Sizes: *The bank's record of lending to borrowers of different incomes is reasonable.* For a portion of this performance criterion, we review the bank's record of lending to borrowers of different income levels. Our analysis included all personal loan originations between April

1994 and December 1996. We compared the income distribution of the borrowers to the distribution of families within the assessment area. The chart below illustrates our findings.

	NBC Sampled Borrowers	Families in Assessment Area
Low Income	16.8%	16.5%
Moderate Income	15.7%	17.7%
Middle Income	19.9%	23.4%
Upper Income	47.6%	42.4%

The bank's record of lending to businesses of different sizes is reasonable. We also review the distribution of loans to businesses of different sizes based on total annual revenue. The majority of loans the bank originates are to small businesses. We define small businesses as those with total annual revenues less than \$1 million. Our analysis included all business loan originations between April 1994 and December 1996. The results are shown below.

Total Annual Revenue	Percentage of Total Business Loans
< \$50 thousand	10.1%
\$50 - 499 thousand	54.9%
<u>\$500 - 999 thousand</u>	<u>12.1%</u>
< \$1 million (Small Business)	77.2%
> \$1 million (Large Business)	22.8%

Geographic Distribution of Loans: *The geographic distribution of loans reflects a reasonable dispersion throughout the assessment area.* For this performance criterion, we determine whether the bank lends throughout its assessment area in a reasonable pattern, regardless of the income level of the individual census tracts. Our analysis includes all business loan originations between April 1994 and December 1996. Our conclusion is based on the distribution of loans compared to the proportion of such census tracts within the assessment area. The chart on the following page supports our conclusion.

Income Level of Tract	% of Total Tracts in Assessment Area	% of Total Loans in Tracts
Low Income	5.0%	4.5%
Moderate Income	18.0%	15.8%
Middle Income	51.0%	47.8%
Upper Income	26.0%	32.0%

Response to Complaints: NBC received no complaints relative to Community Reinvestment Act performance during this evaluation period.

COMPLIANCE WITH ANTIDISCRIMINATION LAWS AND REGULATIONS

During our examination, we found did not detect any evidence of non-compliance with antidiscrimination laws and regulations.