



PUBLIC DISCLOSURE

July 06, 2015

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

Edison National Bank
Charter Number 23329

13000 South Cleveland Avenue
Fort Myers, FL 33907

Office of the Comptroller of the Currency
Tampa Field Office
4042 Park Oaks Blvd
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, 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.

INSTITUTION'S CRA RATING: This institution is rated Satisfactory

- Edison National Bank's (ENB) average loan to deposit ratio is reasonable in comparison to similarly situated peer bank averages.
- A substantial majority of consumer and business lending occurs within the assessment area.
- ENB's lending activities show satisfactory penetration among borrowers of different income levels and businesses of different sizes.
- The bank's lending reflects satisfactory distribution of consumer and business loans to different geographies.

SCOPE OF EXAMINATION

Based on loan originations during the period from January 2012 to December 2014, ENB's primary focus is consumer lending. Consumer and business loans represent 68 percent and 21 percent of the total number of loan originations, respectively. The bank has not changed its business strategy since the previous CRA examination. As such, our conclusions are based on results from random samples of consumer and business loans for this period.

Data Integrity

A data integrity review was conducted by the OCC in February 2015. The review verified the accuracy and reliability of data reported by the bank for HMDA loans and community development loans. The data was reviewed for years 2012, 2013, and 2014 through September 30, 2014. The OCC also reviewed investments and service activities occurring within the same time period, to determine if these qualified for community development consideration. It was determined that the bank's processes and controls for the collection and reporting of loan data and community development activities are satisfactory. Therefore, this CRA evaluation is based on reliable data.

DESCRIPTION OF INSTITUTION

ENB was chartered on August 29, 1997, and is wholly-owned by Edison Bancshares, Incorporated, which is a one-bank holding company. The bank's corporate structure is unchanged since the prior CRA examination. This full-service commercial bank's main office is located in n Fort Myers, Lee County, Florida. The bank serves Lee County with two offices in Fort Myers and offices on Sanibel Island and Captiva Island, Florida. ENB also provides Courier Services, which serves Lee County.

Office locations:

1300 South Cleveland Avenue, Fort Myers
2105 First Street, Fort Myers
14812 Captiva Drive SW, Captiva Island
1699 Periwinkle Way, Sanibel Island

The bank offers many services to its customers, including drive-up facilities, internet banking, and automated tell machine (ATM) access at each office location. As of December 2014, total assets are \$257 million, with net loans accounting for \$126 million, or 49 percent of total assets. ENB offers a variety of lending products but its strategic focus is on consumer and business lending.

There are no legal or financial constraints that would impede the bank's ability to meet the credit needs of its assessment area (AA). The bank's last CRA examination was performed as of November 30, 2009, and resulted in a "Satisfactory" rating. The evaluation period for this CRA examination covers the reporting period from January 1, 2012 through December 31, 2014.

DESCRIPTION OF ASSESSMENT AREA(S)

The bank's assessment area (AA) is the Cape Coral-Fort Myers metropolitan statistical area (MSA), which is the entire Lee County area. The MSA is located in the southwest region of the state on the Gulf of Mexico and is known for attracting tourist and retirees. Cape Coral is the largest city in the AA and the second largest city in the state in terms of area. Fort Myers is the county seat and the second largest city in the AA. Fort Myers is known for the winter homes of Thomas Edison and Henry Ford, which are both tourist attractions in the region. The area is also the location of spring training for baseball teams Boston Red Sox and Minnesota Twins, bringing thousands of tourists during the spring months.

The AA consists of five (5) low-income tracts, thirty-two (32) moderate-income tracts, eighty (80) middle-income tracts, forty-eight (48) upper-income tracts, and one (1) NA. This information is based on the 2010 U.S. Census Bureau median family income of \$63,248. According to the U.S. Census Bureau's 2010 census data, the AA has an estimated population of 618,754 with 162,925 families living within the region. Census data shows the AA has a large number of retirees (25.1 percent of households were retired) while 66.24 percent of families were wage earners. Moreover, 40 percent of households in the area collect Social Security. Approximately 10 percent of households earn below the poverty level. Family income is based on the Department of Housing and Urban Development (HUD) estimated median family income for the area. HUD estimated 2012, 2013, and 2014 median family income at \$57,000, \$56,300, and \$58,000, respectively. In regards to family income levels, 18.96 percent of families in the AA are classified as low-income, 18.96 percent moderate-income, 21.42 percent middle-income, and 40.66 percent upper-income.

According to information from the Lee County Southwest Florida Economic Development Office, the primary industries in Lee County are Trade, Transportation and Utilities (19 percent), Leisure and Hospitality (14 percent), Professional and Business Services (12 percent), and Education and Health Services (10 percent). In 2013, the major employers in the AA were Lee Memorial Health System (10,425 employees), Lee County School District (10,333 employees), Publix Super Markets (4,404 employees), and Lee County Administration (2,358 employees).

The AA was severely impacted by the downturn in the real estate market, however strong gains in consumer services are supporting Cape Coral-Fort Myers' recovery. With leisure/hospitality and retail, two key industries hiring briskly, the metro area has added jobs at twice the U.S. rate over the past year. In-migration and fewer foreclosures have boosted homebuilding and construction payrolls. Foreclosure inventories are declining at a much faster rate than they are in the rest of Florida. Last year, for the first time, single-family house price appreciation exceeded the U.S. average; house prices rose 10 percent, almost twice the U.S. average. However, despite the strong growth, house prices still have a long way to climb. The housing correction during the Great Recession was severe, and single-family prices are still 34 percent below their prerecession level compared to 11 percent for the rest of the U.S.

Data from the U.S. Bureau of Labor Statistics (BLS) shows that from May 2010 to May 2015, unemployment rates for Lee County MSA decreased significantly, from 12 percent to 5.2 percent as the economy has recovered. Florida's state average unemployment is slightly higher at 5.7 percent while the national average is 5.3 percent as of June 2015.

Banking competition in the AA is strong with many community banks, regional banks, large banks and credit unions operating in the market. Federal Deposit Insurance Corporation data, as of June 30, 2014, shows 35 financial institutions with a total of 224 offices in the AA. These institutions hold a total of \$12.8 billion in deposits. The leading banks are Wells Fargo, Bank of America, SunTrust, and Fifth Third Bank, with a combined market share of 53 percent. ENB is ranked 19th with a market share of 1.69 percent.

During the CRA examination, we reviewed a community contact form, completed in May 2014, which summarized a recent meeting with a local community group to help assess the lending needs for the AA. The organization helps small business owners take advantage of new opportunities to grow their business through a diverse collection of programs and services. According to this contact, one of the most pressing financial needs facing small businesses in the AA include access to capital funding. Opportunities for financial institutions include offering small dollar amount loans to small businesses, especially in amounts under \$100,000. Additionally, there are opportunities for banks to collaborate with the few microloan programs that are available in the area.

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA

Loan-to-Deposit Ratio

- **Loan-to-Deposit Ratio – Meets the Standard for Satisfactory Performance**

ENB's average loan-to-deposit (LTD) ratio is reasonable at 59.60 percent in comparison to peer averages of 73.13 percent. The average loan-to-deposit ratio was calculated and averaged for each quarter since the last CRA examination in November 2009, through December 2014. We compared the bank's average LTD ratio to eight peer banks, all within the AA (Lee County) or neighboring counties outside of the AA (Collier and Charlotte). Total Assets from the peer banks ranged from \$93 million to \$364 million, with two outliers over \$900 million. As of March 2015, Total Assets for ENB were \$257 million. Due to the recession, the average LTD ratio for ENB has steadily decreased since the previous CRA examination from 78.56 percent in 2009. Total Deposits have remained stable, while loans have decreased due to slow loan demand. This is directionally consistent with the peer group, as the average peer LTD has decreased from 87.53 percent in 2009.

Lending in Assessment Area

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

A substantial majority of consumer and business lending originated inside the AA. This conclusion is based on analysis of a random sample of 18 business loans and 57 consumer loans that originated January 1, 2012, through December 31, 2014. As detailed in Table 1 below, 88.19 percent by number and 81.80 percent by dollar amount of consumer loans made during our evaluation period were within the AA.

Loan Type	Number of Loans					Dollars of Loans				
	Inside		Outside		Total	Inside		Outside		Total
	#	%	#	%		\$	%	\$	%	
Home Purchase	75	86.21	12	13.79	87	28,889	79.15	7,610	20.85	36,499
Home Improvement	16	94.12	1	5.88	17	2,145	99.95	1	.05	2,146
Refinance	36	90.00	4	10.00	40	13,284	85.50	2,252	14.50	15,536
Totals	127	88.19	17	11.81	144	44,318	81.80	9,863	18.25	54,181

Source: HMDA

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

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

Lending to borrowers of different incomes and to businesses of different sizes is reasonable. Our conclusion is based on the sample noted in Table 1 for consumer loans originated within the AA during the evaluation period.

As illustrated in Table 2A below, 70.59 percent of the total number and 85.52 percent of the total dollar amount of business loans originated to small businesses. A small business is a business with revenues less than or equal to \$1 million. The analysis shows that the percentage of loans by number to small businesses almost equals the percent of such business reporting revenues in the AA.

Table 2A - Borrower Distribution of Loans to Businesses in MSA 159800 Cape Coral-Fort Myers				
Business Revenues (or Sales)	≤\$1,000,000	>\$1,000,000	Unavailable/Unknown	Total
% of AA Businesses	73.57	2.73	23.70	100%
% of Bank Loans in AA by #	70.59	29.41	0	100%
% of Bank Loans in AA by \$	85.52	14.18	0	100%

Source: Random Loan Sample; 2014 Business Geodemographic Data

The bank’s lending to borrowers of different income levels is also reasonable. This conclusion is based on an analysis of the 48 consumer loans that originated with the AA during this evaluation period. We compared the income distribution of the bank’s consumer loans to the percent of households of the AA for each income level.

The bank has made reasonable penetration to low-income borrowers. As shown in Table 2B below, 21.63 percent of AA households are in the low-income level, and the bank made 0.00 percent of the total number of loan originations to low-income borrowers. Furthermore, the bank has made satisfactory penetration to moderate-income borrowers in the AA. The bank made 2.17 percent of loans to moderate-income households, which exceeds 17.33 percent of households in the moderate-income level.

Table 2B - Borrower Distribution of Consumer Loans in MSA 159800 Cape Coral-Fort Myers

Borrower Income Level	Low		Moderate		Middle		Upper	
	% of AA Households	% of Number of Loans	% of AA Households	% of Number of Loans	% of AA Households	% of Number of Loans	% of AA Households	% of Number of Loans
Purchase	21.63%	0.00%	17.33%	0.00%	20.33%	0.00%	40.71%	96.00%
Refinance	21.63%	0.00%	17.33%	0.00%	20.33%	0.00%	40.71%	93.33%
Home Improvement	21.63%	0.00%	17.33%	12.50%	20.33%	0.00%	40.71%	87.50%
Total	21.63%	0.00%	17.33%	2.17%	20.33%	0.00%	40.71%	93.66%

Source: Random Loan Sample and 2010 U.S. Census data. 4.17% of Loans are NA.

Geographic Distribution of Loans

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

Geographic distribution of loans reflects a reasonable penetration of geographies within the AA. Our conclusions are based on the same loan sample noted in Table 1 for the 17 business loans and 48 consumer loans that originated within the AA during the evaluation period.

As depicted in Table 3A and 3B below, the distribution of loans reflects excellent business and satisfactory consumer lending in the low- and moderate-income census tracts. In the low-income tracts, the bank made 5.88 percent of the total number of loans, which is well above the 3.41 percent of businesses in those tracts. Also, the bank made 17.65 percent of its total number of loans in the moderate-income tracts, which is well above the 14.66 percent% of businesses in those tracts. Given a random sample of 57 consumer loans (48 inside the AA), this is reasonable due to the fact that the AA contains only five low-income census tracts and only 3.2 percent of households are located within those tracts. On the other hand, 4.17 percent of the total number of loans originated in moderate-income tracts, which compares well to the 17.36 percent of households in those tracts.

Table 3A - Geographic Distribution of Business Loans in the MSA 159800 Cape Coral-Fort Myers								
Census Tract Income Level	Low		Moderate		Middle		Upper	
	% of AA Business	% of Number of Loans	% of AA Business	% of Number of Loans	% of AA Business	% of Number of Loans	% of AA Business	% of Number of Loans
% of Total	3.41%	5.88%	14.66%	17.65%	52.08%	41.18%	29.77%	35.29%

Source: Random Loan Sample; D & B data

Table 3B - Geographic Distribution of Consumer Loans in AA								
Census Tract Income Level	Low		Moderate		Middle		Upper	
	% of AA Households	% of Number of Loans	% of AA Households	% of Number of Loans	% of AA Households	% of Number of Loans	% of AA Households	% of Number of Loans
Purchase	3.20%	0.00%	17.36%	4.00%	53.52%	12.00%	25.92%	84.00%
Refinance	3.20%	0.00%	17.36%	6.67%	53.52%	26.67%	25.92%	66.67%
HIL	3.20%	0.00%	17.36%	0.00%	53.52%	25.00%	25.92%	75.00%
Total	3.20%	0.00%	17.36%	4.17%	53.52%	18.75%	25.92%	77.08%

Source: Random loan sample; 2010 U.S. Census data.

Responses to Complaints

During the evaluation period, there were no CRA related complaints.

Fair Lending or Other Illegal Credit Practices Review

We found no evidence of discriminatory or other illegal credit practices inconsistent with helping to meet community credit needs.