

PUBLIC DISCLOSURE

September 2, 1997

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

**Community Bank of Naples, N.A.
Charter Number 23030**

**5150 Tamiami Trail, North
Naples, Florida**

Office of the Comptroller of the Currency

**South Florida Field Office
5757 Blue Lagoon Drive, Suite 200
Miami, Florida 33126**

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 **Community Bank of Naples, N.A.** prepared by **Office of the Comptroller of the Currency**, the institution's supervisory agency, as of September 2, 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.

Community Bank of Naples, N.A.'s CRA performance was evaluated using the small bank performance criteria. We emphasized residential lending activities for 1996 and 1997 in analyzing the distribution of credit. This is the bank's initial CRA public evaluation since opening for business in August 1996.

Community Bank of Naples, N.A.'s has a reasonable loan-to-deposit ratio; originated a substantial majority of their loans within its assessment area; has a reasonable distribution of loans to borrowers and business of different incomes; and has a reasonable geographic distribution of loans.

Neither Community Bank of Naples, N.A. nor the Comptroller of the Currency has received any complaints regarding the bank's CRA activities.

The following table indicates the performance level of **Community Bank of Naples, N.A.** with respect to each of the five performance criteria.

SMALL INSTITUTION ASSESSMENT CRITERIA	<u>COMMUNITY BANK OF NAPLES, N.A.</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	No complaints have been received since the bank's inception.		

DESCRIPTION OF INSTITUTION

Community Bank of Naples, N.A. (Community Bank) is a community bank located in Naples, Florida. The bank opened as a de-novo institution in August 1996 and has grown to \$40 million in total assets. They offer full banking services at a main office location in northwest Naples.

Community Bank's lending focus is residential and commercial real estate, small business purpose and consumer loans within the community. The bank's loan portfolio totaled \$17 million on June 30, 1997, consisting of 50% residential real estate, 25% business purpose loans, 16% real estate construction, and 9% consumer installment loans.

No legal impediments affect the bank's ability to meet the credit needs of the assessment area.

DESCRIPTION OF COLLIER COUNTY

Community Bank's assessment area consists of the western portions of Collier County designated as the "urban areas" by the Board of County Commissioners. This area is essentially all census tracts west of County Road 951. There are twenty-four census tracts in the assessment area.

The 1990 U.S. Census data used a median income of \$38,978 to divide the tracts by income level. Twelve (50%) of the census tracts are considered upper-income (incomes greater than 120% of median). Eleven tracts (46%) are considered middle-income with incomes of 80% to 119% of the median. No tracts are moderate-income tracts with incomes of 50% to 79% of the median. One tract (4%) is a low-income tracts with incomes below 50% of the median. Based upon the 1990 Census data, 44% of the families are considered upper-income, 23% as middle-income, 19% as moderate income, and 14% as low-income. The U.S. Department of Housing and Urban Development has updated the Metropolitan Statistical Area median family income for the Naples area to \$48,800 in 1996 and \$51,300 in 1997.

We obtained information about the community's credit needs from four local community groups and organizations. These contacts indicate that affordable housing loans, for both construction and resale, are one of the more pressing credit needs of the community. Other bank regulators made these contacts in connection with CRA examinations of other banking institutions in the area. A consortium of local banks, including Community Bank, formed to help meet the affordable housing needs.

The Naples area is a rapidly growing area with a large population of retirees and part-time seasonal residents who spend winters in the area. Many of the people moving to the area are wealthy and the influence behind the 32% increase in median income from 1990 to 1997. This growth resulted in construction and service industries becoming primary businesses in the area. Tourist dollars also contribute significantly to the area. The top five employers in the area consist of the local hospital, two grocery store chains and two large hotels.

The banking business in Naples is very competitive. In addition to well established larger banks such as Nationsbank, First Union, Northern Trust, and Barnett Bank (to name a few), two new community banks recently opened before Community Bank.

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA :

Loan-to-Deposit Ratio

Community Bank’s average quarterly loan-to-deposit ratio from September 30, 1996 through June 30, 1997 is 32%. This performance is reasonable considering 1) the bank recently opened and 2) two similarly situated new banks in the area grew to a 35% average loan-to-deposit ratio during the same period opened. Community Bank’s loan-to-deposit ratio has increased from 8.34% in September 1996 to 47.59% in June 1997.

Lending in Assessment Area

A substantial majority of the bank’s residential real estate loans originated are within its assessment area. Management reports show that they have originated 93% by dollar amount and 84% by number of loans within the assessment area.

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

Community Bank’s performance of lending to borrowers and businesses of different income levels is reasonable given the newness of the bank. The bank does participate in the local consortium to provide affordable housing loans but has not received any request to date. The following table shows the distribution of the thirty-one residential loans originated, within the assessment area, by income level for 1996 and 1997 year-to-date. Census data for 1990 shows 17% of the families are low-income, 19% are moderate-income, 23% middle-income, and 39% upper-income.

Borrower Income Level	Number of Loans	Dollar Amount (000's)	Percent of Loans	Percent of Dollar Amount
Upper	22	\$5,051	71%	86%
Middle	5	\$509	16%	9%
Moderate	4	\$294	13%	5%
Low	0	\$0	0%	0%

The bank has displayed good efforts to lend to small businesses of different sizes. We used loan size as a proxy for estimating lending to businesses of different sizes. As a result, approximately 90 business loans are outstanding totaling \$6 million and all considered small business loans. This is consistent with the bank’s market and strategic goals.

Geographic Distribution of Loans

The distribution of residential real estate loans among census tracts in the assessment area is reasonable. The bank's assessment area includes one low-income and no moderate-income tracts. Given the newness of the bank and that no affordable housing loan requests have been received, it is reasonable to expect that not all tracts would be reached yet.

Census Tract Income Level	Number of Loans	Percent of Loans Originated	Census Tract Characteristics in Assessment Area
Upper	18	58%	50%
Middle	13	42%	46%
Moderate	0	0%	0%
Low	0	0%	4%

Response to Complaints

Neither Community Bank nor the Comptroller of the Currency has received any complaints regarding the bank's CRA activities.

Compliance with Anti-discrimination Laws and Regulations

We performed a Consumer Compliance examination concurrently with this evaluation. We identified no evidence of discriminatory practices and no violations of anti-discriminatory laws and regulations.