



**SMALL BANK**

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Comptroller of the Currency  
Administrator of National Banks

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Washington, DC 20219

## **PUBLIC DISCLOSURE**

April 13, 2009

### **COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION**

CenterState Bank Central Florida, N.A.  
Charter Number 21730

920 North John Young Parkway  
Kissimmee, Florida 34741

Office of the Comptroller of the Currency

North Florida Field Office  
8375 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 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 Outstanding.**

- CenterState Bank of Central Florida's (CSBCFL) average loan-to-deposit ratio is reasonable and comparable to peer group averages.
- A substantial majority of business lending occurs in the assessment area.
- CSBCFL's lending activities show excellent penetration among businesses of different sizes.
- The geographic distribution of business lending in the assessment area is excellent.

## **DESCRIPTION OF INSTITUTION**

CenterState Bank Central Florida (CSBCFL) was established in September 1989 as First National Bank of Osceola County. On June 30, 2000, the bank was acquired by CenterState Banks of Florida, Inc., a multi-bank holding company. The bank changed its name to CSBCFL in the latter part of 2006; however, it still remains a separate bank operating as a wholly-owned subsidiary of the holding company. CSBCFL, headquartered in Kissimmee, Florida, is the only local bank with headquarters in Osceola County. The bank has six full service offices in Florida, five in Osceola County (Kissimmee, St. Cloud and Poinciana) and one office located in Orlando. Three of the branches are located in moderate-income census tracts and the other three are located in middle-income tracts. For economic reasons, the Ocoee branch located in Orange County was closed on March 28, 2009. The branch was located in an upper-income census tract.

The bank offers many services to its customers, including drive-up facilities and automated teller machine (ATM) access at all locations, debit card services and 24-hour internet and telephone banking. In addition, CSBCFL provides low- to no-cost checking accounts. While the bank offers home mortgage and consumer lending products, its strategic focus is on commercial lending, which represents 73%, or \$147 million of the loan portfolio.

As of March 31, 2009, the bank had total assets of \$282 million with net loans accounting for 71% of total assets. There are no financial, legal or other impediments that would prevent the bank from meeting the credit needs of the community. CSBCFL's last Community Reinvestment Act (CRA) evaluation was in November 2004, where they were given a "Satisfactory" rating for meeting community credit needs.

## **DESCRIPTION OF ASSESSMENT AREA**

The assessment area (AA) for this review consists of 66 census tracts that include all of Osceola County and a portion of Orange County, both of which are part of the Orlando-Kissimmee, Florida Metropolitan Statistical Area (MSA #36740). Osceola County is the sixth largest county in Florida and is the fastest growing area in central Florida. The largest city in the AA and Osceola County is Kissimmee which is located in the South Orlando metro area. Kissimmee is in the middle of central Florida and is considered the gateway city to Disney World and other world famous attractions. From a business perspective, Kissimmee is centrally located where the Interstate 4 corridor crosses the Florida Turnpike. Major industries include tourism, trade, education and health and social services.

Economically, Osceola County has experienced slowdown in job growth during 2008 and year-to-date 2009 and, based on the Bureau of Labor Statistics, the unemployment rate was 10.7 percent in February 2009. As a result of the national economy being in decline, the economy in the AA was negatively impacted by a slowdown in the tourist industry and residential and commercial construction. Most job losses in 2008 were in the construction, professional and business services and trade, transportation and utilities industries. However, the MSA showed job growth in education and health along with leisure and hospitality sectors.

The assessment area contains 20 moderate-income tracts, 33 middle-income tracts and 13 upper-income tracts. There are no low-income census tracts. The census tract designations are based

on the 2000 U.S. Census median family income of \$47,851 for the Orlando-Kissimmee MSA. The Department of Housing and Urban Development (HUD) estimates the 2008 median family income at \$59,200 for the MSA. The assessment area has a total population of 375,332 based on the 2000 Census. The assessment area meets the legal requirements of the Act and does not arbitrarily exclude low- or moderate-income census tracts.

There is a significant amount of banking competition in Osceola County, with 18 banks operating 66 offices. According to FDIC deposit market share data as of June 30, 2008, major competitors in the county include Bank of America, N.A, SunTrust Bank, Wachovia Bank, N.A., Colonial Bank and Washington Mutual Bank.

Contact by the OCC with two locally based not-for-profit organizations stated the performance of local financial institutions were satisfactory; however, banks should continue to participate in affordable housing and small business lending programs. Specifically, banks can assist in this effort by providing borrower financing, funding construction and permanent financing for rental properties, providing operating grants and volunteering time to financial and homebuyer counseling programs.

## SCOPE OF EXAMINATION

CSBCFL's primary focus is small business lending in the AA. As of March 31, 2009, business lending represented 73% of all loans in the portfolio. As such, this conclusion was based on an analysis of a random sample of business loans originated during January 1, 2007 through March 31, 2009.

## CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA

### Lending Test

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

*CSBCFL's average loan-to-deposit (LTD) ratio is reasonable at 75% and is comparable to peer averages.* The average loan-to-deposit ratio was calculated and averaged for each quarter since the last CRA examination in November 2004 through December 31, 2008. We compared the bank's average LTD ratio to all banks with total assets less than \$250 million and located in the counties where the bank has offices. The average LTD ratio for the past 16 quarters for CSBCFL was 75% which is comparable to the eight peer banks' average LTD ratio of 83% for the same time period.

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

*A substantial majority of business lending occurs in the assessment area.* This conclusion is based on analysis of a random sample of 55 business loans originated during January 1, 2007 through March 31, 2009. As detailed in the table below, 89% by number and 80% by dollar amount of sampled loans made during our evaluation period were within CSBCFL's assessment area.

<b>Lending in the Assessment Area</b>
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Type of Loan	Number of Loans				Dollars of Loans (000's)					
	Inside		Outside		Total	Inside		Outside		Total
	#	%	#	%		\$	%	\$	%	
Commercial Loans	49	89%	6	11%	55	\$17,401	80%	\$4,324	20%	\$21,725

- **Lending to Businesses of Different Sizes - Exceeds the Standard for Satisfactory Performance**

CSBCFL's lending activities show excellent penetration among businesses of different sizes. Our sample, as noted above, was based on the 55 business loans made in the assessment area during the evaluation period. The following charts show a breakdown of those loans according to business and loan size for the assessment area.

Borrower Distribution to Businesses in the Assessment Area				
Business Revenues (or Sales)	<= \$1,000,000	> \$1,000,000	Revenue Unavailable	Total
% of AA Businesses	66.00%	2.00%	32.00%	100.00%
% of Bank Loans in AA by #	75.50%	24.50%	0.00%	100.00%
% of Bank Loans in AA by \$	71.00%	29.00%	0.00%	100.00%

Borrower Distribution of Loans to Businesses in the Assessment Area				
Loan Size	Number of loans	Percent of #	\$ Volume of Loans (000's)	% of \$s
\$0-\$100,000	13	27.00%	\$650	4.00%
\$100,001-\$250,000	15	31.00%	\$2,730	16.00%
\$250,001-\$500,000	12	24.00%	\$4,755	27.00%
\$500,001-\$1,000,000	6	12.00%	\$4,183	24.00%
\$1,000,001-\$2,500,000	3	6.00%	\$5,083	29.00%
Total	49	100.00%	\$17,401	100.00%

As depicted in the tables above, the percentage of loans to small businesses exceeds the percent of such businesses operating in the AA. Based on our sample, CSBCFL originated 75.50% of total number of loans and 71.00% of total dollar volume of loans to small businesses (those with total revenues of \$1 million or less). In comparison, businesses in the assessment area that reported revenues (32% did not report revenues), 66% are considered small businesses. Additionally, the analysis noted 28 loans, or 57% of all AA business loans sampled, had original amounts of \$250 thousand or less. Likewise, 40 loans, or 82% of all AA business loans sampled, had original amounts of \$500 thousand or less.

- **Geographic Distribution of Loans - Exceeds the Standard for Satisfactory Performance**

*The geographic distribution of lending is excellent.* Our analysis was based on the same sample of business loans originated during the evaluation period. The following table reflects the distribution of sampled loans within the bank’s assessment area by income designation of census tract.

Geographic Distribution of Business Loans in the Assessment Area								
Census Tract Income Level	Low		Moderate		Middle		Upper	
	% of AA Businesses	% of Number of Loans	% of AA Businesses	% of Number of Loans	% of AA Businesses	% of Number of Loans	% of AA Businesses	% of Number of Loans
% of Total	0.00%	0.00%	28.00%	30.61%	52.00%	65.31%	20.00%	4.08%

There are no low-income tracts but in moderate-income census tracts, the percentage of loans made exceeds the percent of businesses located there. The business loan sample shows the bank extended 30.61% of its business loans to businesses that reported revenues and are located in moderate-income census tracts. By comparison, these census tracts account for 28% of all businesses within the assessment area. Likewise, lending to middle-income census tracts also shows a similar pattern of distribution as shown in the chart above.

- **Responses to Complaints** - There were no CRA related complaints received by the bank or our office during the period of review.

### **Fair Lending or Other Illegal Credit Practices Review**

We found no evidence of illegal discrimination or other illegal credit practices.