



**SMALL BANK**

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Comptroller of the Currency  
Administrator of National Banks

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Washington, DC 20219

## **PUBLIC DISCLOSURE**

**November 30, 2009**

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

Edison National Bank  
Charter Number 23329

13000 South Cleveland Avenue  
Fort Myers, FL 33907-0000

Office of the Comptroller of the Currency

North Florida Field Office  
8375 Dix Ellis Trail, Suite 403  
Jacksonville, FL 32256-8273

**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 2007 to September 2009, ENB's primary focus is business and consumer lending. Business and consumer loans represent 57% and 37% of the total number of loan originations, respectively. And, the bank has not changed its business strategy since the last CRA examination. As such, our conclusions are based on random samples of business and consumer loans for this period.

**DESCRIPTION OF INSTITUTION**

Edison National Bank 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 is headquartered at its main office in Fort Myers, Lee County, Florida. ENB also operates a branch in downtown Fort Myers known as Lee County Bank and a branch on Sanibel Island known as Bank of the Islands.

The bank offers many services to its customers, including drive-up facilities, Internet banking, and automated teller machine (ATM) access at the Lee County and Sanibel branch offices. As of September 30, 2009, total assets are \$177 million with net loans accounting for \$125 million, or 71% of total assets. ENB offers a variety of lending products but its strategic focus is on business and consumer lending, which is unchanged since the prior CRA examination. From January 1, 2007 to September 30, 2009, business and consumer loans represent 57% and 37% of the total number of loan originations, respectively.

There are no legal or financial constraints that would impede the bank's ability to meet the credit needs of its assessment area. The bank's last CRA examination was performed as of March 29, 2004, and obtained a "Satisfactory" rating. The evaluation period for this CRA examination covers the reporting period from April 2004 to September 2009.

## 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. This MSA is located in the southwest region of the state on the Gulf of Mexico and 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. The city is also known for its 400 miles of canals, more than any city in the world according to Wikipedia. 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 AA consists of two (2) low-income tracts, twenty-one (21) moderate-income tracts, sixty-seven (67) middle-income tracts and twenty-seven (27) upper-income tracts. This information is based on the 2000 U.S. Census Bureau median family income of \$46,411. According to the U.S. Census Bureau's 2000 census data, the AA has an estimated population of 440,888 with 128,423 families living within the region. Census data shows the AA has a large number of retirees (27% of households were retired) while 64% of families were wage earners. And, 42% of households in the area collect Social Security. Approximately 9% 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 2007, 2008 and 2009 median family income at \$54,700, \$59,900 and \$60,700, respectively. In regards to family income levels, 17.16% of families in the AA are classified as low-income, 19.96% moderate-income, 23.32% middle-income and 39.56% upper-income.

The local economy is primarily driven by the service industry, which employs 31% of the population, followed by the retail sector (11%), and construction sector (10%). According to information from the Lee County Southwest Florida Economic Development Office, the major employers in the AA are Lee County School District (10,405 employees), Lee Memorial Health System (8,800 employees), Publix Super Market (4,215 employees) and Lee County Administration (2,559 employees). The AA meets the legal requirements of CRA and does not arbitrarily exclude low- and moderate-income census tracts.

The AA has been severely impacted by the downturn in the real estate market since 2007. Southwest Florida was hit hard by the declining real estate market. After years of double digit property value increases beginning in late 2006, the market started to slow to a crawl. As of April 23, 2009, the area was listed number one among the top 25 cities with the highest foreclosure rates in the nation, according to RealtyTrac. This has also caused the closing of many businesses, which resulted in high unemployment for the area.

As of October 30, 2009, the U. S. Bureau of Labor Statistics reports an unemployment rate (not seasonally adjusted) of 13.7% for Lee County, which is well above Florida's state average of 11.2% and the national average of 10%. The deteriorated real estate market and economy has affected the bank's lending, especially 1-4 family residential loans for home purchase mortgages, refinance and home improvement (HMDA reportable loans).

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, 2009, shows 43 financial institutions with a total of 241 offices in the AA. These institutions hold a total of \$12 billion in deposits. The leading banks are Wachovia, Bank of America, Colonial, SunTrust and Fifth Third Bank with a combined market share of 58%. ENB is ranked 19<sup>th</sup> with a market share of 1.36%.

During the evaluation period, we contacted a local community group to help assess the lending needs for the AA. Our meeting with the community group indicates the primary need for the community is affordable housing. But, banks are reluctant to partner with such groups to provide mortgage lending for these individuals. Also, individuals attempting to get home improvement financing are finding it difficult to qualify. Many low- and moderate-income individuals don't have the assets and need credit repair. This, coupled with tightening of credit standards, has resulted in mortgage financing coming to a virtual standstill. Although HMDA reportable 1-4 family residential loans are not a primary product, ENB is actively involved with Community Housing and Resource, Incorporated and the Lee County Government Neighborhood Stabilization program. These organizations help to provide affordable housing in the AA.

## **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 78.56% in comparison to peer averages of 87.53%. The average loan-to-deposit ratio was calculated and averaged for each quarter since the last CRA examination in March 2004 through September 30, 2009. We compared the bank's average LTD ratio to all banks with total assets less than \$250 million in the AA. The average LTD ratio for the past 22 quarters for ENB was 78.56%, which is reasonable compared to the six peer banks' average LTD ratio of 87.53% for the same time period.*

### **Lending in Assessment Area**

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

*A substantial majority of business and consumer lending originated in the assessment area. This conclusion is based on analysis of a random sample of 27 business loans and 29 consumer loans that originated January 1, 2007 through September 30, 2009. As detailed in Table 1 below, 91% by number and 94% by dollar amount of sampled business and consumer loans made during our evaluation period were within the AA.*

<b>Table 1 - Lending in AA</b>										
Loan Type	Number of Loans					Dollars of Loans (000)				
	Inside		Outside		Total	Inside		Outside		Total
	#	%	#	%		\$	%	\$	%	
Business	25	92.59%	2	7.41%	27	\$5,417	93.3%	\$363	6.7%	\$5,780
Consumer	26	89.66%	3	10.34%	29	\$982	95.21%	\$47	4.79%	\$1,029
<b>Totals</b>	<b>51</b>	<b>91.07%</b>	<b>5</b>	<b>8.93%</b>	<b>56</b>	<b>\$6,399</b>	<b>93.98%</b>	<b>\$410</b>	<b>6.02%</b>	<b>\$6,809</b>

Source: Random Loan Sample and 2000 US Census data.

### 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 conclusions are based on the sample noted above in Table 1 for the 25 business loans that originated within the assessment area during the evaluation period.

As illustrated in Table 2A below, 64% of the total number and 77.15% 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 businesses reporting revenues in the AA.

<b>Table 2A - Borrower Distribution of Loans to Businesses in AA</b>				
Business Revenues (or Sales)	≤\$1,000,000	>\$1,000,000	Unavailable/ Unknown	Total
% of AA Businesses	64.79%	3.17%	32.04%	100%
% of Bank Loans in AA by #	<b>64.00%</b>	36.00%	0.00%	100%
% of Bank Loans in AA by \$	<b>77.15%</b>	22.85%	0.00%	100%

Source: Random Loan Sample; 2008 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 same 26 consumer loans that originated within 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, 17.16% of AA households are in the low-income level, and the bank made 15.38% of the total number of loan originations to low-income borrowers. Furthermore, the bank has made excellent penetration to moderate-income borrowers in comparison to the percentage of moderate-income level households in the assessment area. The bank made 23.08% of loans to moderate-income households, which exceeds 19.96% of households in the moderate-income level.

**Table 2B - Borrower Distribution of Consumer Loans in AA**

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
Consumer Loans	17.16%	<b>15.38%</b>	19.96%	<b>23.08%</b>	23.32%	<b>26.92%</b>	39.56%	<b>34.62%</b>

Source: Random Loan Sample and 2000 U.S. Census data.

## Geographic Distribution of Loans

### Geographic Distribution of Loans - Meets the Standard for Satisfactory Performance

Geographical distribution of loans reflects a reasonable penetration of geographies within the assessment area. Our conclusions are based on the same loan sample noted in Table 1 for the 25 business loans and 26 consumer loans that originated within the assessment area during the evaluation period.

As depicted in Table 3A below, the distribution of loans reflects excellent business lending in the low- and moderate-income census tracts. In the low-income tracts, the bank made 4% of the total number of loans, which is well above the 0.99% of businesses in those tracts. Also, the bank made 28% of its total number of loans in the moderate-income tracts, which is well above the 14.45% of businesses in those tracts. Table 3B illustrates reasonable penetration of consumer loans for low- and moderate-income tracts. Our sample does not show any consumer lending in the low-income tracts. Given a small random sample of 26 loans, this is reasonable due to the fact that the AA contains only two low-income census tracts and only 1.15% of households are located within those tracts. On the other hand, 15.38% of the total number of loans originated in moderate-income tracts, which compares well to the 17.01% of households in those tracts.

Table 3A - Geographic Distribution of Business Loans in the AA								
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	0.99%	<b>4.00%</b>	14.45%	<b>28.00%</b>	59.54%	<b>44.00%</b>	25.02%	<b>24.00%</b>

Source: Random Loan Sample; 2008 Business Geodemographic Data

<b>Table 3B - Geographic Distribution of Consumer Loans in AA</b>								
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
Consumer Loans	1.51%	<b>0%</b>	17.01%	<b>15.38%</b>	61.02%	<b>42.31%</b>	20.46%	<b>42.31%</b>

*Source: Random loan sample; data collected by bank; 2000 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.