



SMALL BANK

Comptroller of the Currency
Administrator of National Banks

PUBLIC DISCLOSURE

June 23, 2003

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

**CenterBank of Jacksonville, National Association
Charter Number 24043**

**1325 Hendricks Avenue
Jacksonville, FL 32247**

**Comptroller of the Currency
North Florida Field Office
8375 Dix Ellis Trail, Suite 403
Jacksonville, FL 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.

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INSTITUTION'S CRA RATING

This institution is rated Satisfactory.

CenterBank of Jacksonville, N.A.'s performance rating is supported by the following.

- The loan-to-deposit ratio is reasonable.
- The majority of loans and other lending activities are in the bank's assessment area.
- The distribution of borrowers reflects reasonable penetration among businesses of different sizes.
- There has been a reasonable dispersion of its lending activities throughout the assessment area during the evaluation period.

DESCRIPTION OF INSTITUTION

As of June 23, 2003, CenterBank of Jacksonville, N.A. (CBJ) was a \$78 million retail banking institution located in Jacksonville, Florida. The bank serves the credit and deposit needs of its customers from a single facility located in the San Marco area of Jacksonville, Florida, at 1325 Hendricks Avenue. The facility has both drive-up services and an ATM. The bank is 100% owned by CenterBank, Inc., a \$78 million one-bank holding company located at the same address as the bank. There are no known financial or legal impediments that should hinder the bank from meeting the credit needs of its assessment area. CBJ opened for business in August 2001. This evaluation covers the time period from August 2001 to May 2003. This is the bank's first Public Evaluation.

CBJ's primary lending focus is commercial and real estate lending to small- and medium-sized businesses. They also offer consumer and real estate lending products. Additionally, a wide array of deposit products and services such as Telebanking, Internet banking and courier services are offered to provide the community with full service banking.

On March 31, 2003, net loans totaled \$52 million and comprised 83% of assets. The composition of the loan portfolio was as follows.

PORTFOLIO TYPE	Dollar amount (millions)	% of portfolio
COMMERCIAL/COMMERICAL REAL ESTATE	\$ 44	85
RESIDENTIAL REAL ESTATE	\$ 6	11
CONSUMER	\$ 2	4

DESCRIPTION OF ASSESSMENT AREA

CBJ's assessment area (AA) is designated as the 22 census tracts surrounding the bank's single facility. This area is located on the south side of the St. Johns River and extends from the St. Johns River and Arlington Expressway to the north, the St. Johns River to the west, Interstate 295 to the south and southeast, and Southside Boulevard to the east. Included in the AA are San Marco, San Jose, the north portion of Mandarin, and the majority of the area known as Southside Jacksonville. The AA meets the technical requirements of the Act and does not arbitrarily exclude low- or moderate-income census tracts.

The AA is located in Jacksonville, Duval County, Florida, which is included in the Jacksonville Metropolitan Statistical Area (MSA). According to the U.S. Census Bureau in 2000, the AA's 22 census tracts include 7 moderate-income, 10 middle-income, and 5 upper-income. None of the census tracts are designated low-income. In the AA, 20% of families were considered low-income, 18% were moderate-income, 23% were considered middle-income, and 39% were considered upper-income families. The 2003 Housing and Urban Development estimate of MSA median family income for Jacksonville was \$54,900.

Jacksonville is located in the northeast corner of Florida at the mouth of the St. Johns River. It is approximately 25 miles south of the Georgia State line at the intersection of I-95 and I-10. The April 2003 unemployment rate for Jacksonville was 5.1%, equaled to the state of Florida average of 5.1%. According to the 2000 census, CBJ's AA had an estimated population of 133,171. Also, according to that census, 22% of households in the AA received social security, 14% were retired and 10% of households were below the poverty level. Additionally, 93% of housing units in those areas were occupied, with 54% being owner-occupied. These figures were based on published demographic information.

Major industries in the Jacksonville area include services, Federal government, insurance and grocery stores. The largest employers include Jacksonville Naval Air Station, Mayport Naval Station, Winn Dixie Stores, Inc., Blue Cross/Blue Shield of Florida, Inc., and Publix Supermarkets, Inc.

The following table highlights the demographic composition of the AA.

Type of Income Census Tracts	Number of Census Tracts	Percentage of Total Number of Census Tracts	Number of Households in Census Tracts	Percentage of Households in Census Tracts
Low (less than \$27,450)	0	0	0	0
Moderate (\$27,450 to \$43,919)	7	32%	17,519	31%
Middle (\$43,920 to \$65,879)	10	45%	25,963	46%
Upper (\$65,880 and greater)	5	23%	12,603	23%

The banking environment in the assessment area is highly competitive. Bank of America, Wachovia, AmSouth, SouthTrust, Compass Bank and SunTrust represent multinational and regional banks. They, along with local community banks such as CNB National Bank, First Guaranty Bank and Trust of Jacksonville, and Peoples First Community and local credit unions, afford community residents numerous alternatives for meeting their particular banking needs.

As part of our examination, we met with a representative from the community regarding local economic conditions and community credit needs. Based on information provided by a representative from the Small Business Administration, the primary lending needs in the area are centered in small business loans. Our contact indicates that the area financial institutions are positively perceived for their involvement in the local community; however, there is still a need for lending to small businesses.

CONCLUSIONS ABOUT PERFORMANCE CRITERIA

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

The bank's loan-to-deposit ratio is satisfactory based on its size, the assessment of credit needs and the fact that it is a new institution in process of establishing its niche in the highly competitive service area. CBJ's average net loan-to-deposit ratio using quarter-end information from September 30, 2001 to March 31, 2003, was 76.07%. A group of similarly situated banks within the same market area had an overall average of 79.37% during the same time period. Similarly situated banks include five banks considered CBJ's peer due to their location, size and types of services offered. CBJ's national peer group average was 86.15%. As of June 23, 2003, CBJ's loan-to-deposit ratio was 93.5%.

Lending in Assessment Area - Meets the Standard for Satisfactory Performance

A majority of the bank's lending is within its currently defined assessment area. Because the bank focuses on commercial lending, we performed an analysis of a sample of 26 commercial loans originated by the bank between August 2001 and May 2003. We found that 20 loans were originated within the bank's assessment area (AA) and are detailed as follows.

Lending in the Assessment Area - Commercial Lending					
	# of Loans in Sample	%	\$ of Loans (000)	%	
Inside AA	20	77	3,379	72	
Outside AA	6	23	1,315	28	
Totals	26	100	4,694	100	

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

With respect to the bank's primary product lines, business loans were the only product reviewed for analytical purposes. Presently, the bank does not have a significant amount of residential-related or consumer loans to perform a meaningful analysis of lending to borrowers of different income levels therein.

Overall, the bank's lending to businesses of different sizes is reasonable. A random sample of 20 business loans originated from August 2001 to May 2003 was reviewed and analyzed. Of that number, 11 loans, or 55%, were made to businesses having annual revenues of less than \$1 million.

Total Annual Revenue	Percentage of Total Business Loans Sampled		
	Number of Loans	Dollar Volume	% Businesses in Assessment Area
<\$500 thousand	20%	21%	60%
\$500 to \$999 thousand	<u>35%</u>	<u>25%</u>	<u>6%</u>
<\$1 million (Small Business)	55%	46%	66%
>\$1 million (Large Business)	45%	54%	8%*

* Based on the 2000 census, 26% of businesses did not report revenue.

Geographic Distribution of Loans – Meets the Standard for Satisfactory Performance

There is a reasonable distribution of loans extended within the assessment area. The following table reflects the distribution of sampled loans within the bank’s assessment area by income designation of census tract.

Geographic Analysis of Loans Originating Between August 2001 and May 2003			
Type of Census Tract	Number of Loans Within the Type of Census Tract	Dollar Amount of Loans Within the Type of Census Tract	Percentage of Total Businesses in Census Tract Type
Moderate-Income	40%	20%	25%
Middle-Income	30%	32%	39%
Upper-Income	30%	48%	36%

The sample analysis disclosed that CBJ has originated loans in 30% of the AA’s census tracts. This distribution is reasonable given the geographic size of the bank’s assessment area, target market customers and the relatively short amount of time that the bank has been open for business. It is also consistent with the bank’s current available financial and human resources and types of families, households and businesses in the AA.

Responses to Complaints

CBJ has not received any written complaints concerning its performance in helping to meet the credit needs within its assessment area.

Fair Lending Review

An analysis of 2001 through 2002 public comments and consumer complaint information was conducted according to the OCC's risk based fair lending approach. Based on this analysis, the OCC decided that a comprehensive fair lending examination would not need to be conducted in connection with the CRA evaluation this year. The bank has not had a comprehensive fair lending examination performed since opening for business.