



SMALL BANK

Comptroller of the Currency
Administrator of National Banks

PUBLIC DISCLOSURE

March 25, 2002

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

**Century National Bank
Charter Number 23895**

**65 North Orange Avenue
Orlando, FL 32801**

**Comptroller of the Currency
Southeastern District
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.

Century National Bank's (CNB) performance rating is supported by the following:

- a reasonable loan-to-deposit ratio;
- a substantial majority of loans are in the assessment area;
- lending to businesses of different sizes is reasonable; and,
- an excellent distribution of loans throughout the assessment area.

DESCRIPTION OF INSTITUTION

CNB is an independent community bank that opened for business on November 15, 1999 in Orlando, Florida. The bank's main office is located in downtown Orlando. The bank has a total of three offices in two contiguous counties in the Orlando Metropolitan Statistical Area (MSA). As of December 31, 2001, the bank had total assets of \$166 million with a loan portfolio totaling \$35 million, or 21% of total assets. The bank's loan portfolio mix was commercial real estate (54%), commercial and industrial (30%), consumer (10%), and 1-4 family residential (6%). Total deposits were \$149 million. The loan-to-deposit ratio was 24%. Total capital was \$24 million. Tier 1 capital to risk weighted assets was 16%.

The bank offers a variety of traditional loan products, with a concentration in commercial loans. CNB's primary lending focus is to small and medium sized businesses that are overlooked by larger financial institutions. The bank has two offices in Orange County and one office in Seminole County. There are no financial conditions, legal constraints, or other factors that hinder the bank's ability to meet the credit needs of its assessment area.

This is CNB's first CRA examination since commencing business on November 15, 1999.

DESCRIPTION OF ASSESSMENT AREA

CNB's assessment area meets the technical requirements of the Community Reinvestment Act and does not arbitrarily exclude low- or moderate-income census tracts. The bank's assessment area consists of two of the four counties in the Orlando Metropolitan Statistical Area (MSA). The two counties are Orange County and Seminole County, which are contiguous. The assessment area contains 180 census tracts. Nine census tracts are considered low-income, 33 are moderate-income, 91 are middle-income and 46 are considered upper-income. The one remaining tract has not been classified by income level.

The bank's assessment area is dominated by the tourism industry. Walt Disney World, the

world's largest tourist destination, is the area's largest employer. Other major industries and employers include Florida Hospital, Orlando Regional Healthcare System, AT&T Information Systems, and Orange County Public Schools. Prior to Walt Disney World's arrival, Orlando was formerly an area dominated by agricultural interests. While tourism provides an abundance of jobs, they are generally in the service sector with low wages. Orlando's strengths are its large and profitable tourism base, its well-developed convention infrastructure, and a growing cluster of high tech companies. Orlando's weaknesses are a high concentration of low-paying, low-skilled jobs, congested transportation infrastructure and relatively high-energy costs.

A hiring freeze at Walt Disney World and the slowing hotel rental growth indicate that 2002 will be a lean year. Growth had already begun to slow during 2001. Reasons for the slowdown in the tourism industry include a weak Euro dollar, which constrained European travel, a weaker stock market, and heightened competition from Las Vegas. The near term outlook for Orlando will be determined by the extent to which the slower national economy reduces tourist flows. Longer term, a diverse tourist product, business expansions and relocations and strong net migration will yield high growth.

The following table highlights the demographic composition of the bank's assessment area.

Demographic Information for Assessment Area: Orange County and Seminole County						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts/BNAs)	180	5	18	51	25	1
Population by Geography	965,020	3	13	56	27	1
Owner-Occupied Housing by Geography	223,228	1	11	55	33	0
Business by Geography	63,223	4	13	53	30	0
Farms by Geography	2,041	1	14	54	31	0
Family Distribution by Income Level	250,830	16	18	23	42	0
Distribution of Low- and Moderate-Income Families throughout AA Geographies	85,731	5	20	59	16	0
Median Family Income		34,389	Median Housing Value	88,084		
HUD Adjusted Median Family Income for 2001		52,000	Unemployment Rate (December 2001)	2.90%		
Households Below Poverty Level		9.35%				

(*) The NA category consists of geographies that have not been assigned an income classification.

Source: 1990 US Census and 2001 HUD updated MFI

COMMUNITY CONTACTS - As part of our examination, we contacted a local community development organization to determine available credit needs within the bank's community. The organization we contacted administers a government-supported program that provides a cost-effective way for small manufacturers and processors to access the bond market. Based on information obtained through our community contact, the primary needs in the assessment area are affordable mortgage programs for low- and moderate-income families and small business loans.

Competition for financial services within the bank's assessment area is intense and includes several branches of multi-national and regional banks, local community banks, savings banks, credit unions, and other nonbank financial service providers.

CONCLUSIONS ABOUT PERFORMANCE CRITERIA

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

CNB's loan-to-deposit ratio is reasonable in view of the community's credit needs, demand for credit, intense competition among area financial institutions, and the relatively short length of time the bank has been open. The bank's average loan-to-deposit ratio over the last nine quarters ending December 31, 2001 was 22%, compared to peer bank averages for the same period of 77%. Peer banks are defined as similarly sized banks located in the United States. The primary reason the bank's loan-to-deposit ratio is below its peer group is its ability to attract deposits faster than its ability to profitably and safely reinvest those funds in quality loans. As the bank becomes more established in its assessment area, the bank's loans will grow. However, because the bank's relationship-approach to deposit taking attracts relatively low cost deposits, its loan-to-deposit ratio, although expected to increase, will remain moderate. The bank's current loan-to-deposit ratio is 24%.

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

A substantial majority of the bank's loans are within its defined assessment area. A sample analysis of 50 business loans originating between November 15, 1999 and December 31, 2001 reveals that a substantial number of loans originated during that time frame were within the assessment area (AA) as detailed in the table below.

Assessment Area Lending								
Loan Type	In Assessment Area				Out of Assessment Area			
	#	% of Number	\$000's	% of \$Amount	#	% of Number	\$000's	% of \$Amount
Business Loans	46	92%	8,703	94%	4	8%	588	6%

- **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 loan portfolio regarding any residential-related, consumer, or farm loans to perform a meaningful analysis of lending to borrowers of different income levels.

Overall, the bank's lending to businesses of different sizes is reasonable. A random sample of 50 business loans (original loan amount of \$1 million or less) out of 132 business loans originated since November 15, 1999, were reviewed and analyzed. Our analysis revealed that all loans in the sample (38% of the total number of business loans) were made to small businesses grossing annual revenues of \$1 million or less.

Demographic data reveals small businesses with annual revenues less than \$1 million represent 87% of all businesses in the assessment area. In addition, 15 loans, or 30% of the loans sampled, were originations of \$100 thousand or less.

The bank considers its primary market to be small businesses and other commercial customers and, as a result, has targeted its marketing efforts to reach those customers.

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

The geographic distribution of the number of loans reflects excellent dispersion throughout the assessment area. The bank's percentage of small business loans (by number) originated in low-income geographies exceeds the percent of small businesses in low-income geographies. The bank's percentage of small business loans (by number) originated in moderate-income geographies exceeds the percent of small businesses located in moderate-income geographies. The table below reflects the excellent distribution of sampled loans within the bank's assessment area by income designation of census tract.

Geographic Analysis of Loans Originating between November 16, 1999 to December 31, 2001 By Number and Dollar Amount ('000)																
Census Tracts	LOW				MODERATE				MIDDLE				UPPER			
Business Demographic Data by number	2,108 (4%)				7,280 (13%)				29,384 (54%)				15,611 (29%)			
Loan Type	#	%	\$	%	#	%	\$	%	#	%	\$	%	#	%	\$	%
Business Loans	5	10%	341	4%	14	28%	1,185	13%	15	30%	3,237	35%	16	32%	4,528	48%

- **Response to Consumer Complaints - Not Applicable**

CNB has not received any consumer complaints since opening for business on November 15, 1999.

COMPLIANCE WITH ANTIDISCRIMINATION LAWS

An analysis of 2000 and 2001 public comments and consumer complaint information was performed according to the OCC's risk based fair lending approach. The analysis of this data revealed no basis for the OCC to conduct a comprehensive fair lending examination in connection with the CRA evaluation this year. The bank has not had a comprehensive fair lending examination performed since opening for business.