



SMALL BANK

Comptroller of the Currency
Administrator of National Banks

Washington, DC 20219

PUBLIC DISCLOSURE

August 10, 2009

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

CenterBank of Jacksonville, National Association
Charter Number 24043

1325 Hendricks Avenue
Jacksonville, FL 32207-0000

Office of the 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.

INSTITUTION'S CRA RATING: This institution is rated Satisfactory.

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

- The quarterly loan-to-deposit ratio since the prior examination is reasonable and comparable to peer group averages.
- A majority of the bank's lending is within its currently defined assessment area.
- The bank's lending activities shows reasonable penetration among businesses of different sizes.
- The geographic distribution of business lending in the assessment area is reasonable.

SCOPE OF EXAMINATION

We completed a full-scope review of CenterBank of Jacksonville, National Association's (CBJ) CRA performance. This evaluation covers the time period from June 30, 2003 to June 30, 2009. We reviewed the major loan product which is commercial and commercial real estate lending. Our sample included twenty-one commercial loans that originated between June 30, 2003 and June 30, 2009. A review of the Consolidated Reports of Condition (Call Report) was used to determine the primary loan products of the bank. Consumer complaints filed with the Customer Assistant Group were also reviewed. The loan-to-deposit ratio was reviewed since the last examination dated June 23, 2003, which included 24 quarters.

DESCRIPTION OF INSTITUTION

As of August 10, 2009, CenterBank of Jacksonville, N.A. was a \$186 million retail banking institution located in Jacksonville, Florida. CBJ opened for business in August 2001 and serves the credit and deposit needs of its customers from a single facility located at 1325 Hendricks Avenue in the San Marco area of Jacksonville, Florida. The facility has both drive-up services and an automated teller machine. The bank is 100% owned by CenterBank, Inc., a one-bank holding company located at the same address. There are no known financial or legal impediments that should hinder the bank from meeting the credit needs of its assessment area.

CBJ's primary lending focus is commercial and commercial real estate lending to small- and medium-sized businesses. They also offer consumer and residential real estate lending products to their retail customers. 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 June 30, 2009, net loans totaled \$152 million and comprised 82% of assets. The loan portfolio mix is displayed in the following table.

Loan Category	\$ (000)	Percent
Commercial/Commercial Real Estate	132	85%
Residential Real Estate	22	14%
Consumer Loans	1	1%
Total	155	100%

DESCRIPTION OF ASSESSMENT AREA(S)

CBJ's assessment area (AA) is designated as the 150 census tracts surrounding the bank's single facility. This area includes all of Duval County, Florida, which is included in the Jacksonville Metropolitan Statistical Area (MSA). Overall, the bank's assessment area consists of 11 low-income, 44 moderate-income, 69 middle-income, and 26 upper-income census tracts. In the AA, 21% of families were considered low-income, 19% were moderate-income, 23% were considered middle-income, and 37% were considered upper-income families. The AA meets the technical requirements of the Act and does not arbitrarily exclude low- or moderate-income census tracts. The main office is located in a middle-income census tract.

The June 2009 unemployment rate for Jacksonville was 10.5%, equaled to the state of Florida average of 10.6%. According to the 2000 census, CBJ's AA had an estimated population of 778,879. Also, according to that census, 22% of households in the AA received social security, 16% were retired and 12% of households were below the poverty level. Additionally, 93% of housing units in those areas were occupied, with 58% being owner-occupied. These figures were based on published demographic information.

The area's economy is balanced among distribution, financial services, biomedical technology, consumer goods, information services, manufacturing, insurance and other industries. The largest employers include Jacksonville Naval Air Station, Mayport Naval Station, Baptist Health System, Wal-Mart Stores, Inc., Publix Supermarkets, Inc., and Blue Cross/Blue Shield Association. The city also has a large and diverse manufacturing base. According to Forbes.com, in 2007, Jacksonville, Florida ranked 3rd in the top ten U.S. cities to relocate to find a job. Jacksonville was also the 10th fastest growing city in the U.S.

The banking environment in the assessment area is highly competitive with 34 banks operating 174 offices. According to FDIC deposit market share data as of June 30, 2008, major competitors in Duval County include Bank of America, N.A., Wachovia Bank, N. A., Everbank, SunTrust Bank, Compass Bank and Regions Bank represent multinational and regional banks. They, along with local community banks such as The Jacksonville Bank and First Guaranty Bank & Trust of Jacksonville 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 a locally based not-for-profit organization that receives a great amount of funding from banks. The

organization advances affordable housing, economic development and community building strategies for their membership and attempts to increase power of low-to-moderate income people to achieve greater economic, social, and racial justice.

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

CBJ's average net loan-to-deposit (LTD) ratio is reasonable at 96.26% and is comparable to its peer bank average. The net average loan-to-deposit ratio was calculated using the quarter-end ratio since the last CRA examination (June 2003) through March 2009. A group of similarly situated banks within the same market area had an overall average of 96.89% during the same time period. Similarly situated banks include six banks considered CBJ's peer due to their location, size and types of services offered. As of March 31, 2009, CBJ's national peer group average net loan-to-deposit ratio was 85.43% compared to CBJ's ratio of 95.33%.

Lending in Assessment Area - Meets the Standard for Satisfactory Performance

A majority of the bank's lending is within its currently defined assessment area. This conclusion is based on an analysis of a random sample of 21 business loans originated by the bank between June 2003 and June 2009. As detailed in the table below, 83% by number and 81% by dollar amount of sampled loans originated during our evaluation period were within CBJ's assessment area.

Lending in Duval County AA										
Loan Type	Number of Loans				Dollars of Loans					
	Inside		Outside		Total	Inside		Outside		Total
	#	%	#	%		\$	%	\$	%	
Commercial Loans	17	83	4	17	21	18,594	81	3,787	19	22,381

Source: Loan Sample

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

CBJ's lending activities show reasonable penetration among businesses of different sizes. As depicted in the tables below, the percentage of loans to small businesses meets the percent of such businesses operating in the AA. Based on our sample, CBJ originated 65% of total number of loans and 75% of dollar volume of loans to small businesses (those with total revenues of \$1 million or less). In comparison, businesses in the AA that reported revenues, 64% are considered small businesses. (Thirty-two percent did not report revenues).

Our sample, as noted above, was based on 17 business loans made in the assessment area during the evaluation period. 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.

Borrower Distribution to Businesses in Duval County AA				
Business Revenues (or Sales)	<= \$1,000,000	> \$1,000,000	Unavailable	Total
% of AA Businesses	63.58%	4.03%	32.39%	100.00%
% of Bank Loans in AA by #	64.71%	35.29%	0.00%	100.00%
% of Bank Loans in AA by \$	74.55%	25.45%	0.00%	100.00%

Source: *Loan sample and 2000 Census Data*

Borrower Distribution of Loans to Businesses by Loan Size in Duval County AA				
Loan Size (000's)	Number of Loans	Percent of Number	Dollar Volume of Loans	Percent of Dollar Volume
\$0 - \$100,000	0	0.00%	0	0.00%
\$100,001 - \$250,000	0	0.00%	0	0.00%
\$250,001 - \$500,000	4	23.53%	1,555,617	8.37%
\$500,001 - \$1,000,000	7	41.18%	5,193,149	27.93%
Over \$1,000,000	6	35.29%	11,845,989	63.70%
Total	17	100.00%	18,594,755	100.00%

Source: *Loan sample*

Geographic Distribution of Loans – Meets the Standard for Satisfactory Performance

The geographic distribution of lending is reasonable. 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. CBJ originated 12% of sampled business loans in low-income census tracts and 53% in moderate-income census tracts. By comparison, these census tracts accounted for 34% of all businesses (that reported revenues) within the assessment area.

Geographic Distribution of Commercial Loans in Duval County AA									
Census Tract Income Level	Low		Moderate		Middle		Upper		% of Total
	% of AA Businesses	% of Number of Loans							
6.65%	11.76%	26.99%	52.95%	43.66%	11.76%	22.70%	23.53%		

Source: *Loan sample and 2000 Census Data*

Responses to Complaints

We reviewed records of consumer complaints regarding CBJ made to our agency and those maintained by the bank in the public file. There were no complaints made relative to the Community Reinvestment Act during this evaluation period.

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.