



SMALL BANK

Comptroller of the Currency
Administrator of National Banks
Washington, DC 20219

PUBLIC DISCLOSURE

March 29, 2004

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

**Edison National Bank
Charter Number 23329**

**13000 South Cleveland Avenue
Fort Myers, FL 33907**

**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.

- Edison National Bank maintains a satisfactory loan-to-deposit ratio compared to similarly situated peer banks.
- A substantial portion of residential, consumer, and commercial lending occurs within the assessment area.
- Lending to borrowers of different income groups and businesses of different sizes is reasonable given the demographics of the assessment area.
- The geographic distribution of residential lending is low. However, the distribution of consumer and commercial lending is satisfactory.

DESCRIPTION OF INSTITUTION

Edison National Bank (ENB) was chartered on August 29, 1997. ENB 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. The 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 drive-up facilities, Internet banking, and automated teller machine (ATM) access at the Lee County and Sanibel branch offices and at the Lee County Sheriff's Office. ENB offers a variety of lending products but its primary focus, as illustrated in Table 1, has been residential real estate followed by consumer and commercial loans. As of December 31, 2003, total assets are \$128 million; net loans of \$85 million represent 66% of total assets.

Loan Type	% by Dollars of Loans Originated/Purchased during evaluation period	% by Number of Loans Originated/Purchased during evaluation period
Residential RE	69%	45%
Consumer Loans	5%	28%
Commercial Loans	12%	22%
Commercial RE	14%	5%
Total	100%	100%

Source: The bank's loan origination reports.

There are no legal or financial constraints that would impede the bank's ability to meet the credit needs of its assessment area. The last CRA examination for ENB was dated August 9, 1999 and the bank received a rating of "Satisfactory." The evaluation period for this CRA examination covers the reporting period from September 1999 to December 2003.

Description of the Fort Myers-Cape Coral Metropolitan Statistical Area

Edison National Bank's assessment area (AA) is the Fort Myers-Cape Coral Metropolitan Statistical Area (MSA), which represents the entire area of Lee County. The AA is comprised of 93 census tracts. Based upon the 1990 Census median family income of \$32,310 for the MSA, the AA consists of one low-income census tract, fourteen moderate-income census tracts, sixty-three middle-income census tracts, thirteen upper-income tracts, and two tracts classified as non-applicable (NA). The AA meets the requirements of the regulation and does not arbitrarily exclude low- or moderate-income geographies.

Lee County, known as a tourist center, is located in Southwest Florida where it is bordered by Charlotte Harbor and the Gulf of Mexico on the west. The three largest cities in the county are Cape Coral (102,286 residents), Fort Myers (48,208 residents) and Bonita Springs (32,797 residents). Fort Myers, the historical and governmental hub of Lee County, is located along the scenic Caloosahatchee River, which bisects the county. The historic Thomas Edison Winter Home/Laboratory and the Henry Ford Winter Home are located in Fort Myers. According to University of Florida's Bureau of Economic and Business Research 2003, Lee County has a population of 497,022.

Fort Myers' local economy is historically tied to retail trade, services, construction, and government. Retail and service revenues are primarily tied to tourism, which is the county's most important industry. The top five employers are Lee County School District, Lee Memorial Health System, Wal-Mart Corporation, Publix Supermarket, and Lee County Government. Banking competition is strong with 170 financial institutions in Lee County. In addition, the Federal Deposit Insurance Corporation's Market Share statistical data for June 30, 2003 ranks ENB fourteenth in market share of deposits at 1.4%. In contrast, only three banks represent approximately fifty percent of the market share. Eight universities and colleges offer classes in the county.

Table-2 highlights the demographic composition of the bank’s assessment area.

Table-2: Demographic Information for Assessment Area: Fort Myers-Cape Coral MSA						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA % of #
Geographies (Census Tracts)	93	1.08%	15.05%	67.74%	13.98%	2.15%
Population by Geography	335,113	1.29%	15.17%	73.72%	8.82%	0%
Owner-Occupied Housing by Geography	101,093	.5%	13.4%	74.9%	11.1%	0%
Business by Geography	37,249	.5%	9.42%	76.27%	13.81%	0%
Farms by Geography	1,159	0.52%	10.44%	77.57%	11.47%	0%
Percentage of Households (HH) within each Tract Category	140,046	1%	14.6%	74.5%	9.9%	0%
Percentage of Families by Income Level of Tract	100,231	1.01%	13.86%	74.72%	10.41%	0%
MSA/Mon-MSA Updated Median Family Income		\$52,100	Median Housing Value Unemployment Rate (January 2004) % of HH below Poverty Level		\$102,414 **3.3% 8%	

Source: **U.S. Department of Labor. All other Data from the 1990 US Census Statistics.

Community Contact

Contact with a community-based organization indicates a strong demand for more affordable housing. Also, financial institutions have many opportunities to assist this organization to meet more of the community’s affordable housing needs by providing operating funds, serving on their Board of Directors, providing flexible line of credit, and providing mortgages to their constituents.

CONCLUSIONS ABOUT PERFORMANCE CRITERIA

Loan-to-Deposit Ratio

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

Edison National Bank’s average loan-to-deposit (LTD) ratio is reasonable in comparison to similar-sized institutions.

As of 12/31/03, the bank’s LTD ratio is 71.91% compared to national peer ratio of 78.91%. The average LTD ratio is calculated and averaged for each quarter since the last CRA exam dated August 9,1999. Based upon quarterly data for the LTD ratio from September 1999 to December 2003, the bank’s average LTD ratio ranged from 51.82% to 77.38%. And the average LTD ratio for the period is 64.5%. We compared the bank’s average LTD ratio to the average ratio of 26 similarly situated peer banks for the period. Similarly situated banks are banks with assets from \$100 to \$150 million, 1-4 family residential loans represent 40% to 60% of the loan portfolio, no agricultural loans, and other similar products and services. The bank’s average LTD ratio of 64.5% is reasonable as compared to similarly situated peer banks’ average ratio of 71.4% for the evaluation period.

Lending in Assessment Area

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

A substantial portion of residential real estate, consumer, and business lending occurs within the assessment area (AA).

Our conclusion is based upon an analysis of all residential mortgages originated and reported on the Home Mortgage Disclosure Act - Loan Application Register (HMDA-LAR) from January 2000 to December 2002, a random sample of business loans originations, and a random sample of consumer loan originations for the same time period. As detailed in Table-3 below, 94% of the total number and 93% of the total dollar amount of all residential real estate (RRE) loans reported on the HMDA-LARs were made to borrowers within the assessment area. In addition, 94% of the total number and 94% of the total dollar amount of business loans were made to borrowers in the AA. Also, one hundred percent of the consumer loan sample is within the AA.

Table-3: Lending in Fort Myers-Cape Coral MSA										
Loan Type	Number of Loans					Dollars of Loans (000)				
	Inside		Outside		Total	Inside		Outside		Total
	#	%	#	%		\$	%	\$	%	
RRE Loans	150	94%	10	6%	160	31,012	93%	2,210	7%	33,222
Business Loans	45	94%	3	6%	48	3,340	94%	203	6%	3,543
Consumer Loans	39	100%	0	0%	39	664	100%	0	0%	664
Totals	234	94.7%	13	5.3%	247	35,016	93.6%	2,413	6.4%	37,429

Source: RRE data reported under HMDA from January 1, 2000 to December 31, 2002. Business and Consumer loan data are from the bank's loan origination reports.

Lending to Borrowers of Different Incomes and to Businesses of Different Sizes

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

The lending distribution to low- and moderate-income borrowers is reasonable given the demographics of the community. The bank's primary products are residential real estate, consumer, and business loans. Although consumer loan originations represent only 5% of the total dollar amount of loan originations, this loan type is considered a primary product because it represents 28% of the total number of loan originations. And, the higher percentage indicates the bank makes many small consumer loans. Our analysis is based upon 141 HMDA reportable RRE, a random sample of 45 business loans, and a random sample of 39 consumer loans within the assessment area.

We compared the income distribution of the bank's borrowers to the income distribution of families within the assessment area using income levels based on Housing and Urban Development 2002 updated MSA/Non-MSA median family income of \$52,100. As illustrated in Table-4 below, the percentages of the number of RRE loans to low- and moderate-income families are much lower than the percentage of AA families in the low-income and moderate-income categories. However, the bank's level of RRE lending to low- and moderate-income

families appears reasonable in light of the high cost of housing in the AA and type of home loan products offered by the bank. The weighted average of median housing value in the AA is \$102,414. And, ENB does not offer high loan-to-value products such as VA and FHA loans. Management also believes competitors more aggressively market special products for low- and moderate-income families.

On the other hand, consumer and small business lending is very good. The bank origination reports do not collect revenue data for business loans. Therefore, our analysis utilizes loan size as a proxy for income. As illustrated in Table-5, 82.22% of the loan sample represents loan amounts under \$100,000. The higher number of small loans appears to indicate greater lending to small businesses. As shown in Table-6, the percentages of the number of consumer loans to low- and moderate-income borrowers are well above the percent of AA households in the low- and moderate-income tracts.

Borrower Income Level	Low		Moderate		Middle		Upper	
	% of AA Families	% of Number of Loans	% of AA Families	% of Number of Loans	% of AA Families	% of Number of Loans	% of AA Families	% of Number of Loans
Purchase	16.34%	3.55%	20.25%	4.26%	24.98%	8.51%	38.44%	51.76%
Home Improvement		0%		0.71%		2.13%		0.71%
Refinance		3.55%		2.84%		3.55%		18.43%
Total	16.34%	7.1%	20.25%	7.81%	24.98%	14.19%	38.44%	70.90%

Source: Loan data reported under HMDA from January 1, 2000 to December 31, 2002; % of AA Families statistical data from 1990 U.S. Census data.

Loan Size (000's)	Number of Loans	Percent of Number	Dollar Volume of Loans (000)	Percent of Dollar Volume
\$0 - \$100,000	37	82.22%	1,166	34.91%
\$100,001 - \$250,000	4	8.89%	835	25%
\$250,001 - \$500,000	4	8.89%	1339	40.09%
\$500,001 - \$1,000,000	0	0%	0	0%
Over \$1,000,000	0	0%	0	0%

Source: Random loan sample from bank reports.

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	19.6%	24.32%	18.5%	21.62%	22.2%	10.81%	39.7%	43.24%

Source: % of number of loans from a random sample of bank reports; % of AA Households from U.S. Census data.

Geographic Distribution of Loans

- **Geographic Distribution of Loans – Meets the Standard for Satisfactory Performance**

The geographic distribution of residential lending is low. However, distribution of consumer and business lending patterns is reasonable.

We used the same loan sample of HMDA loan originations within the AA in Table-3. We compared the geographic distribution of residential loans originated to the level of owner-occupied housing within each geographic area. The number of owner-occupied housing reveals the opportunities available for residential real estate lending. The lower the level, the fewer opportunities are available for residential loans. As shown in Table-7, the bank did not originate any RRE loans in the low-income tract, which is not unreasonable compared to 0.53% of units that are owner-occupied. But the distribution of RRE loans in the moderate-income census tracts is low. In the moderate-income tracts, 13.44% of units are owner-occupied compared to only 2.64% of the number of RRE loan originations by the bank. In 2000, the bank strategically located the downtown branch to be more accessible to the low- and moderate-income census tracts. However, management believes the lower percentage of RRE lending in the low- and moderate-income tracts is primarily attributed to aggressive lending of competitors within the census tracts.

On the other hand, Table-8 illustrates excellent distribution of loans to small businesses. Although only .5% of AA businesses are located in the low-income tract, 8.89% of business loan originations were made in the low-income tract. In addition, 20% of business loan originations were in the moderate-income tracts, which is well above the 9.42% of AA businesses in the tracts. Table-9 shows reasonable consumer lending to low- and moderate-income tracts. ENB has no consumer loans in the low-income census tract, which appears reasonable in comparison to only 1% of AA households located within the low-income tract. Conversely, the 20.5% percent of the number of consumer loans in the moderate-income tracts compares very well to 14.6% percent of households in the moderate-income tracts.

Census Tract Income Level	Low		Moderate		Middle		Upper	
Loan type	% of AA Owner Occupied Housing	% of Number of Loans	% of AA Owner Occupied Housing	% of Number of Loans	% of AA Owner Occupied Housing	% of Number of Loans	% of AA Owner Occupied Housing	% of Number of Loans
Purchase	.53%	0%	13.44%	1.32%	74.89%	35.1%	11.14%	30.47%
Home Improvement		0%		0%		1.99%		2.65%
Refinance		0%		1.32%		20.53%		6.62%
Total	.53%	0%	13.44%	2.64%	74.89%	57.62%	11.14%	39.74%

Source: Loan data reported under HMDA from 1-1-00 to 12-31-02; % of AA Owner Occupied Housing data from 1990 U.S. Census data.

Table-8: Geographic Distribution of Loans to Businesses in the Fort Myers-Cape Coral MSA								
Census Tract Income Level	Low		Moderate		Middle		Upper	
Loan Type	% 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
Business	0.5%	8.89%	9.42%	20%	76.27%	35.56%	13.81%	35.55%

Source: % of AA Business data is from 1990 U.S. Census data. % of Number of Loans data are from loan sample.

Table-9: Geographic Distribution of Consumer Loans in the Fort Myers-Cape Coral MSA								
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	1.0%	0%	14.6%	20.51%	74.5%	51.29%	9.9%	28.20

Source: % of number of loans from a random sample of loan data; % of AA Household data U.S. Census data.

Response to Consumer Complaints - Not Applicable

We reviewed complaint records maintained by the bank and by our agency. Edison National Bank has not received any CRA related complaints during this evaluation period.

Fair Lending or Other Illegal Credit Practices Review

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