



## **PUBLIC DISCLOSURE**

October 1, 2018

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

Edison National Bank  
Charter Number 23329  
13000 South Cleveland Avenue  
Fort Myers, Florida 33907

Office of the Comptroller of the Currency  
4042 Park Oaks Blvd, Suite 240  
Tampa, Florida 33610

**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, and should not 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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## Overall CRA Rating

**Institution's CRA Rating:** This institution is rated “**Outstanding**”.

Major factors that support this rating include:

- The bank's level of lending, as it reflects in the quarterly average net loan-to-deposit ratio, is reasonable given the bank's size, and performance context factors.
- A substantial majority of the bank's primary loan products originated over the evaluation period was within its assessment area.
- Based on the data in the tables and performance context factors described in appendix B, the overall borrower distribution of loans and geographic distribution of loans is reasonable.
- Community development loans offered are effective in helping the bank address community credit needs and had a positive impact on the bank's lending test rating.
- The overall level of community development activities enhances the credit availability in the assessment area and provides a positive impact in meeting the credit needs of the community.
- Qualified investments and community development services are effective and responsive in helping the bank address community development needs. The bank made a significant volume of investments and donations during the evaluation period. Financial services serving community development needs provide a significant impact in the community and are consistent with the bank's capacity and financial expertise.

## Definitions and Common Abbreviations

The following terms and abbreviations are used throughout this performance evaluation, including the CRA tables. The definitions are intended to provide the reader with a general understanding of the terms, not a strict legal definition.

**Affiliate:** Any company that controls, is controlled by, or is under common control with another company. A company is under common control with another company if the same company directly or indirectly controls both companies. A bank subsidiary is controlled by the bank and is, therefore, an affiliate.

**Aggregate Lending:** The number of loans originated and purchased by all reporting lenders in specified income categories as a percentage of the aggregate number of loans originated and purchased by all reporting lenders in the MA/assessment area.

**Census Tract (CT):** A small subdivision of metropolitan and other densely populated counties. Census tract boundaries do not cross county lines; however, they may cross the boundaries of metropolitan areas. Census tracts generally have a population between 1,200 and 8,000 people, with an optimal size of 4,000 people. Their physical size varies widely depending upon population density. Census tracts are designed to be homogeneous with respect to population characteristics, economic status, and living conditions to allow for statistical comparisons.

**Community Development:** Affordable housing (including multifamily rental housing) for low- or moderate-income individuals; community services targeted to low- or moderate-income individuals; activities that promote economic development by financing businesses or farms that meet Small Business Administration Development Company or Small Business Investment Company programs size eligibility standards or have gross annual revenues of \$1 million or less; activities that revitalize or stabilize low- or moderate-income geographies, distressed or underserved nonmetropolitan middle-income geographies, or designated disaster areas; or loans, investments, and services that support, enable or facilitate projects or activities under HUD Neighborhood Stabilization Program criteria that benefit low-, moderate-, and middle-income individuals and geographies in the bank's assessment area(s) or outside the assessment area(s) provided the bank has adequately addressed the community development needs of its assessment area(s).

**Community Reinvestment Act (CRA):** the statute that requires the OCC to evaluate a bank's record of meeting the credit needs of its local community, consistent with the safe and sound operation of the bank, and to take this record into account when evaluating certain corporate applications filed by the bank.

**Consumer Loan(s):** A loan(s) to one or more individuals for household, family, or other personal expenditures. A consumer loan does not include a home mortgage, small business, or small farm loan. This definition includes the following categories: motor

vehicle loans, credit card loans, home equity loans, other secured consumer loans, and other unsecured consumer loans.

**Family:** Includes a householder and one or more other persons living in the same household who are related to the householder by birth, marriage, or adoption. The number of family households always equals the number of families; however, a family household may also include non-relatives living with the family. Families are classified by type as either a married-couple family or other family, which is further classified into 'male householder' (a family with a male householder and no wife present) or 'female householder' (a family with a female householder and no husband present).

**Full Review:** Performance under the Lending, Investment, and Service Tests is analyzed considering performance context, quantitative factors (e.g., geographic distribution, borrower distribution, and total number and dollar amount of investments), and qualitative factors (e.g., innovativeness, complexity, and responsiveness).

**Geography:** A census tract delineated by the United States Bureau of the Census in the most recent decennial census.

**Home Mortgage Disclosure Act (HMDA):** The statute that requires certain mortgage lenders that conduct business or have banking offices in a metropolitan statistical area to file annual summary reports of their mortgage lending activity. The reports include such data as the race, gender, and the income of applicants, the amount of loan requested, the disposition of the application (e.g., approved, denied, and withdrawn), loan pricing, the lien status of the collateral, any requests for preapproval, and loans for manufactured housing.

**Home Mortgage Loans:** Such loans include home purchase, home improvement and refinancings, as defined in the HMDA regulation. These include loans for multifamily (five or more families) dwellings, manufactured housing and one-to-four family dwellings other than manufactured housing.

**Household:** Includes all persons occupying a housing unit. Persons not living in households are classified as living in group quarters. In 100 percent tabulations, the count of households always equals the count of occupied housing units.

**Limited Review:** Performance under the Lending, Investment, and Service Tests is analyzed using only quantitative factors (e.g., geographic distribution, borrower distribution, total number and dollar amount of investments, and branch distribution).

**Low-Income:** Individual income that is less than 50 percent of the area median income, or a median family income that is less than 50 percent, in the case of a geography.

**Market Share:** The number of loans originated and purchased by the institution as a percentage of the aggregate number of loans originated and purchased by all reporting lenders in the MA/assessment area.

**Median Family Income (MFI):** The median income determined by the U.S. Census Bureau every five years and used to determine the income level category of geographies. Also, the median income determined by the Federal Financial Institutions Examination Council (FFIEC) annually that is used to determine the income level category of individuals. For any given area, the median is the point at which half of the families have income above it and half below it.

**Metropolitan Area (MA):** Any metropolitan statistical area or metropolitan division, as defined by the Office of Management and Budget, and any other area designated as such by the appropriate federal financial supervisory agency.

**Metropolitan Division:** As defined by Office of Management and Budget, a county or group of counties within a Core Based Statistical Area that contains an urbanized population of at least 2.5 million. A Metropolitan Division consists of one or more main/secondary counties that represent an employment center or centers, plus adjacent counties associated with the main/secondary county or counties through commuting ties.

**Metropolitan Statistical Area:** An area, defined by the Office of Management and Budget, as a core based statistical area associated with at least one urbanized area that has a population of at least 50,000. The Metropolitan Statistical Area comprises the central county or counties containing the core, plus adjacent outlying counties having a high degree of social and economic integration with the central county or counties as measured through commuting.

**Middle-Income:** Individual income that is at least 80 percent and less than 120 percent of the area median income, or a median family income that is at least 80 percent and less than 120 percent, in the case of a geography

**Moderate-Income:** Individual income that is at least 50 percent and less than 80 percent of the area median income, or a median family income that is at least 50 percent and less than 80 percent, in the case of a geography.

**Multifamily:** Refers to a residential structure that contains five or more units.

**Other Products:** Includes any unreported optional category of loans for which the institution collects and maintains data for consideration during a CRA examination. Examples of such activity include consumer loans and other loan data an institution may provide concerning its lending performance.

**Owner-Occupied Units:** Includes units occupied by the owner or co-owner, even if the unit has not been fully paid for or is mortgaged.

**Qualified Investment:** A qualified investment is defined as any lawful investment, deposit, membership share, or grant that has as its primary purpose community development.

**Rated Area:** A rated area is a state or multi-state metropolitan area. For an institution with domestic branches in only one state, the institution's CRA rating would be the state rating. If an institution maintains domestic branches in more than one state, the institution will receive a rating for each state in which those branches are located. If an institution maintains domestic branches in two or more states within a multi-state metropolitan area, the institution will receive a rating for the multi-state metropolitan area.

**Small Loan(s) to Business(es):** A loan included in 'loans to small businesses' as defined in the Consolidated Report of Condition and Income (Call Report) instructions. These loans have original amounts of \$1 million or less and typically are either secured by nonfarm or nonresidential real estate or are classified as commercial and industrial loans.

**Small Loan(s) to Farm(s):** A loan included in 'loans to small farms' as defined in the instructions for preparation of the Consolidated Report of Condition and Income (Call Report). These loans have original amounts of \$500,000 or less and are either secured by farmland, or are classified as loans to finance agricultural production and other loans to farmers.

**Tier One Capital:** The total of common shareholders' equity, perpetual preferred shareholders' equity with non-cumulative dividends, retained earnings and minority interests in the equity accounts of consolidated subsidiaries.

**Upper-Income:** Individual income that is at least 120 percent of the area median income, or a median family income that is at least 120 percent, in the case of a geography.

## Description of Institution

Edison National Bank (Edison) is a \$329.2 million intrastate bank located in Fort Myers, Florida and chartered in 1997. Edison is wholly owned by Edison Bancshares, Inc., a one-bank holding company also headquartered in Fort Myers, Florida. Edison is the oldest locally-owned and chartered community bank in Lee County with one main office and three branches located in Fort Myers, Sanibel and Captiva. The bank did not open or close any offices since the last CRA evaluation.

As of June 30, 2018, Edison reported total loans of \$153.0 million and tier 1 capital of \$26.2 million. The bank's lending strategy continues to be focused on the business and residential real estate lending needs in the community, representing 28.1 percent and 65.2 percent, respectively, of the total loan portfolio. Consumer lending makes up the remaining 6.7 percent. Although the bank maintains a conservative lending strategy with a primary focus on establishing long lasting customer relationships and community engagement, it is noted that any home mortgage loan applications received, but do not meet the bank's underwriting standards, are forwarded to a large home mortgage lender that operates in the assessment area. It is also noted, the overall demand for residential real estate loans has declined in the bank's assessment area and described in the performance context in Appendix B.

The bank offers a variety of deposit and loan products for individuals and businesses. Banking services include alternative banking such as automated teller machines (ATMs) and internet, mobile and telephone banking. Details on the banking product and services the bank offers to its customers to include products that are responsive to the needs of low- and moderate-income individuals and small businesses, are described in the community development services below.

Edison's assessment area is located in Lee County and consists of the entire Cape Coral-Fort Myers MSA (#15980). The bank has delineated all census tracts in the MSA. Based on the 2010 Census, the assessment area consists of 166 census tracts. For 2017 and based on the 2015 American Community Survey (ACS) census bureau, the assessment area increased by one census tract and is designated as not applicable. It is noted, the composition of the census tracts income designations changed, especially for the low-and moderate-income census tracts which increased in number.

Banking is very competitive in the assessment area. Based on FDIC's June 30, 2017 deposit market share report for Lee County, Edison ranks 16<sup>th</sup> out of 35 financial institutions with a 1.71 percent market share. In Lee County for home mortgage loans made in 2017, the bank ranks 151<sup>st</sup> out of 888 home mortgage lenders. There were 138 small business lenders in 2016 in Lee County. The 2017 small business market share reports were not available. Refer to appendix B for further details on the deposit and lending market share in Lee County.

There were no legal, financial, or other factors impeding the bank's ability in helping meet the credit needs in its assessment area. The bank was rated Satisfactory at the prior CRA evaluation dated July 06, 2015.

## **Scope of the Evaluation**

### **Evaluation Period/Products Evaluated**

The bank was examined using the Community Reinvestment Act (CRA) small bank examination procedures, which include a lending test and a community development (CD) test. The lending test evaluates the bank's record of meeting the credit needs of its assessment area through its lending activities. In addition, as an option for the bank, management provided us with a list of CD loans, investments and services for consideration to enhance the overall lending performance rating. The CD test evaluates the bank's responsiveness to CD needs in its assessment area through qualified loans, investments and services.

The evaluation period is January 1, 2015, through December 31, 2017, for the lending test and qualified CD activities. The bank's lending test for the years 2015 and 2016 were evaluated on a combined basis. Due to the 2015 census changes effective in 2017, lending performance for 2017 was evaluated separately. As previously noted, the 2015 census changes for the bank's assessment area impacted the composition to low- and moderate-income geographies (increase in the number of both) and reflects current economic conditions for Lee County. As such, our focus and lending test conclusions will primarily be based on the bank's 2017 lending performance in the assessment area. Refer to the community profile in appendix B for detailed demographics and other performance context information.

As previously noted, the bank's primary loan products during the evaluation period was business and home mortgage lending with an emphasis on business lending. During the evaluation period the bank originated 151 business loans and 98 home mortgage loans or 60.6 percent and 39.4 percent, respectively, of total loan originations. Due to the volume of business loan originations, our review of the bank's lending performance weighted business lending more than home mortgage lending.

We interviewed two local nonprofit community based organizations during the CRA examination that serve small businesses and low- and moderate-income persons. We also used demographic and economic data for the assessment area to assist in our efforts of identifying the community credit needs. Although there are areas in Lee County that are viewed as wealthy suburban areas there were many credit needs identified within the community, especially for low- and moderate-income persons and small businesses located in the assessment area. Based on our interviews and demographic data, the need for affordable housing continues to be a critical need, as well as donations to nonprofit community-based organizations, financial literacy education for small businesses and low-and moderate-income individuals, and flexible

small business loans. Refer to appendix B for additional information on the community credit needs in the bank's assessment area.

### **Data Integrity**

Loan data reported by the bank on its HMDA was tested for accuracy during the data integrity examination conducted prior to the start of this CRA evaluation. The data was found to be accurate and reliable for analysis. We also tested the accuracy of the bank's business loan origination report and found that data to be accurate and reliable for analysis. We reviewed all the bank's CD loans, investments and services covering the evaluation period. All CD transactions and activities included in the performance evaluation were validated as meeting CD regulatory definitions.

### **Selection of Areas for Full-Scope Review**

The Cape Coral-Fort Myers MSA (Lee County Assessment Area) received the full-scope review.

### **Ratings**

The bank's overall rating is based primarily on the area that received the full-scope review or the Cape Coral-Fort Myers MSA.

## **Discriminatory or Other Illegal Credit Practices Review**

Pursuant to 12 C.F.R. §25.28(c) or §195.28(c), respectively, in determining a national bank's or federal savings association's (collectively, bank) CRA rating, the OCC considers evidence of discriminatory or other illegal credit practices in any geography by the bank, or in any assessment area by an affiliate whose loans have been considered as part of the bank's lending performance. As part of this evaluation process, the OCC consults with other federal agencies with responsibility for compliance with the relevant laws and regulations, including the U.S. Department of Justice, the U.S. Department of Housing and Urban Development, and the Consumer Financial Protection Bureau, as applicable.

The OCC has not identified that this institution [or any affiliate whose loans have been considered as part of the institution's lending performance] has engaged in discriminatory or other illegal credit practices that require consideration in this evaluation.

The OCC will consider any information that this institution engaged in discriminatory or other illegal credit practices, identified by or provided to the OCC before the end of the institution's next performance evaluation in that subsequent evaluation, even if the information concerns activities that occurred during the evaluation period addressed in this performance evaluation.

## Conclusions with Respect to Performance Tests

### LENDING TEST

Based on the data in the Tables and the following performance context considerations, the bank meets the standard for satisfactory performance for the lending test. CD lending had a positive impact on the overall lending test. Overall, the level of CD investment and services enhances the credit availability in the assessment area and provides a positive impact in meeting the credit needs of the community.

### Loan-to-Deposit Ratio

The bank's level of lending, as reflected in the quarterly average net loan-to-deposit (LTD) ratio, is reasonable given the bank's size and performance context factors. The bank's quarterly average net LTD ratio since the preceding CRA evaluation (10 quarters starting September 2015 and ending December 2017) was 53.81 percent. For the same period, Edison's ratio was lower than the 76.48 percent ratio of four similarly situated banks operating in the bank's assessment area and adjacent county. The quarterly average high net LTD ratio for these four banks was 101.21 percent and the low was 57.93 percent. Peer banks used in the analysis reported total assets less than \$420 million and offered similar lending and deposit products.

### Lending in Assessment Area

Loan Category	Number of Loans				Total #	Dollar Amount of Loans \$(000s)				Total \$(000s)
	Inside		Outside			Inside		Outside		
	#	%	#	%	\$	%	\$	%		
Home Mortgage	98	91.59	9	8.41	107	45,481	87.72	6,364	12.28	51,845
Business	59	92.19	5	7.81	64	15,709	93.44	1,102	6.56	16,811
<b>Total</b>	<b>157</b>	<b>91.81</b>	<b>14</b>	<b>8.19</b>	<b>171</b>	<b>61,190</b>	<b>89.13</b>	<b>7,466</b>	<b>10.87</b>	<b>68,656</b>

*Source: Evaluation Period: 1/1/2015 - 12/31/2017 HMDA Data and sample from bank prepared business loan origination report.*

A substantial majority of the bank's primary loan products originated over the evaluation period was within its assessment area. This conclusion is based on an analysis of HMDA and a sample of business loans originated during the period of January 1, 2015, through December 31, 2017. As detailed in Table D above, 91.81 percent by number, and 89.13 percent by dollar amount, of originated loans were within Edison's assessment area.

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

Based on the data in Tables P and R, and performance context considerations discussed in appendix B, the bank's lending to borrowers of different income levels and businesses of different sizes reflects reasonable distribution. As part of our analysis, we used a sample of 59 business loans and all 2015-2017 HMDA loans (98) originated in the assessment area.

### **Home Mortgage Loans**

Based on Table P and performance context considerations described in appendix B, we concluded the distribution of lending to low-and moderate-income borrowers in the assessment area reflects poor distribution.

- For 2015-2016 combined, the proportion of loans to low- and moderate-income borrowers is lower than the proportion of low-and moderate-income families residing in the assessment area and lower than the aggregate distribution of loans to those borrowers.
- For 2017, the distribution of home mortgage loans to low- and moderate-income borrowers reflects reasonable distribution. The proportion of loans to low- and moderate-income borrowers is lower than the proportion of low- and moderate-income families residing in the assessment area. The distribution of loans to low-income families residing in the assessment area exceeds the aggregate distribution of loans to those borrowers and for moderate-income families, lower than the aggregate distribution of loans to those borrowers.
- High home costs in the bank's MSA limits homeownership affordability, especially to low- and moderate-income borrowers. The MSA's median housing value was \$192,233. The maximum income level for low-income borrowers was under \$28,950 making the median housing value near seven times over the maximum low-income level. The maximum income level for moderate-income borrowers was under \$46,320 making the median housing value greater than four times over the maximum moderate-income level. In addition, as noted in the performance context, competition is intense with 888 home mortgage lenders in the assessment area all vying for the same loans.

### **Small Loans to Businesses**

Based on Table R and the performance context considerations described in appendix B, we concluded the distribution of the bank's originations to small businesses reflects excellent distribution.

- For 2015-2016 combined, the proportion of loans the bank made to small businesses in the assessment area was comparable to the proportion of small businesses (gross annual revenues of \$1 million or less) and significantly

exceeds the 2016 aggregate distribution of loans to those businesses in the assessment area that report these types of loans (Large Bank CRA banks).

- For 2017, the distribution of the bank's loans to small businesses by revenue and the aggregate distribution of small business lending was comparable to the bank's combined 2015-2016 small business lending. Market share data for 2017 was not available during the CRA analysis period.

## **Geographic Distribution of Loans**

Based on the data in Tables O, Q, and the performance context considerations discussed in appendix B, we concluded the geographic distribution of the bank's home mortgage and business loan originations across geographies of different income levels reflects reasonable distribution. We used the same sample for our analysis of the geographic distribution of loans as we did for our analysis of lending to borrowers of different incomes and to businesses of different sizes.

### **Home Mortgage Loans**

Based on Table O and performance context considerations described in appendix B, we concluded the geographic distribution of the bank's home mortgage originations reflects poor distribution.

- For 2015-2016 combined, the bank did not make any home mortgage loans in low-income geographies, which is considered reasonable as there are few opportunities to lend in these geographies with only 1.3 percent owner-occupied units in low-income geographies in the assessment area. The distribution and aggregate home mortgage lending in moderate-income geographies was lower than the proportion of owner-occupied housing units in moderate-income geographies. Based on demographic data, there are some lending opportunities in moderate-income geographies; however, the supply of affordable housing units in the assessment area is very limited. Further, home mortgage lending is very competitive with 888 home mortgage lenders in the assessment area all competing for the same home mortgage loans. It is noted the bank's offices are located in middle- and upper- income geographies.
- For 2017, the distribution and aggregate home mortgage lending in low- and moderate-income geographies is comparable to the combined 2015-2016 lending.

### **Small Loans to Businesses**

Based on Table Q and the performance context considerations described in appendix B, we concluded the geographic distribution of the bank's originations to businesses located in low- and moderate-income geographies reflects excellent distribution.

- For 2015-2016 combined, the distribution of the bank's business loans in low-income geographies was comparable to the proportion of loans located in low-income tracts and equals the aggregate distribution of loans made in these geographies. The distribution of the bank's business loans made in moderate-income geographies is lower than the proportion of loans located in moderate-income geographies and lower than the aggregate distribution of loans made in these geographies.
- For 2017, the distribution of the bank's business loans in low- and moderate-income geographies significantly exceeds the proportion of small businesses located in these geographies and significantly exceeds the 2016 aggregate distribution of business loans located in low- and moderate-income geographies for those lenders that report business loans (Large Bank CRA banks). The 2017 market share report for Lee County was not available.

### **Community Development Lending**

Edison's community development lending has a positive impact on the lending test given the performance context and its capacity. During the evaluation period, the bank made five qualified CD loans totaling \$252,000 to three nonprofit community-based service organizations predominately servicing low- and moderate-income persons. These nonprofit community-based service organizations located in Lee County provide basic services to low- and moderate-income persons and are identified as a crucial community need. Four working capital loans were made to support current operating cash flow shortfalls until receipt of grants and donations. In addition, the bank financed the purchase of two vacant lots for future expansion to a current facility that provides temporary housing and other basic services to abuse victims.

### **Responses to Complaints**

- The bank received no complaints related to its CRA performance during the evaluation period.

### **Qualified Community Development Investments and Services**

Due to the favorable results of Edison's lending performance in the assessment area and its performance context, we expanded our analysis to include the bank's performance relating to CD investments and services.

Overall, Edison's level of CD investments, CD services and alternative delivery systems and other products and services, enhances the credit availability in the assessment area and provides a positive impact in meeting the credit needs of the community.

## **Investments**

- Qualified investments and donations were effective and responsive in helping the bank address community credit needs. During the evaluation period, the bank made a significant volume of qualified investments and donations.
- During the evaluation period, Edison invested in 35 minority-owned banks totaling \$8.72 million. These financial institutions play a vital role in promoting the viability of underserved communities. Minority-owned banks provide loans and services to minority populations and the communities they serve. Generally, a bank receives positive consideration for CD investments benefitting the bank's assessment area, state-wide or a broader regional area. These types of investments are favorably considered in CD investment performance regardless of location of the bank. None of the 35 investments were to minority-owned banks in Lee County; however, due to these types of investments meeting a critical CD need throughout the United States, Edison is provided the same consideration as if originated in its assessment area.
- Over the evaluation period of three years, Edison made 46 donations totaling \$83,650 to 16 nonprofit community-based organizations located in the bank's assessment area. All donations, with the exception of two, were made to community-based service organizations that predominately serve low- and moderate-income persons. These organizations provide free meals, health, education and counseling services as well as basic housing needs for the homeless, abused, and at-risk families. Donations were also made to a nonprofit community-based affordable housing organization whose purpose is to provide affordable home ownership opportunities to low- and moderate-income persons. Both affordable housing and community-based services that serve low- and moderate-income persons have been identified by our community contacts as a crucial community credit need.

## **Services**

- The bank's products and alternative delivery systems and CD services are effective and responsive in helping the bank address CD needs. Financial services serving CD needs provide a significant impact in the community and are consistent with the bank's capacity and financial expertise.
- During the evaluation period, bank employees, senior management and a member of the board of directors provided leadership roles with four nonprofit community-based organizations. Edison used their financial expertise by serving as a Chairperson of the Board for three nonprofit organizations and providing assistance with grant writing, fundraising efforts, and reviewing grant eligibility requests from a local nonprofit organization that receive such grants. Nonprofit organizations served during the evaluation period include community-based service organizations that predominately serve low- and moderate-income

persons and broader economic development organizations that engage in activities that promotes job creation, including for low- and moderate-income residents.

- Edison offers the use of its main office boardroom free of charge to various local nonprofit organizations for its periodic meetings and other functions.
- Edison's delivery systems are readily accessible throughout the assessment area. The bank operates four offices; three with ATMs and drive-up facilities. All offices are open Monday to Friday. Branch locations are located in upper- and middle-income geographies. The bank offers alternative delivery systems to include ATM/debit cards free of charge for any ATM transactions conducted at the bank locations and Publix Presto ATMs. Other no-cost alternative delivery systems include 24-hour online internet, mobile and telephone banking. Personal account holders also receive free of charge online bill pay. These systems provide additional availability and access to banking services for low- and moderate-income persons and small businesses.
- The bank offers a wide array of loan products and services typical for a community bank. The bank offers deposit products that are attractive to low- and moderate-income persons and small businesses. For example, the bank offers a checking account that features electronic statements and notices, online banking and checks available on recycled paper for occasional use. A \$50 deposit is required to open the account and a low service fee of \$2 is charged monthly. A basic business account is offered for those small businesses with minimal checking activity. A \$50 deposit is required to open the account, and a low service fee of \$15 is charged monthly and waived with a minimum daily balance of \$2,500. In addition, there is no charge on the first 200 items (deposits credited and deposited and paid items) otherwise each additional item is \$.25.
- The bank offers small business loan products that are secured and unsecured. Although the bank offers home mortgage loans, those applications that do not meet Edison's underwriting standards are forwarded to a large home mortgage lender that operates in the assessment area.

## Appendix A: Scope of Examination

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The following table identifies the time period covered in this evaluation, affiliate activities that were reviewed, and loan products considered. The table also reflects the metropolitan and nonmetropolitan areas that received comprehensive examination review (designated by the term “full-scope”) and those that received a less comprehensive review (designated by the term “limited-scope”).

<b>Time Period Reviewed</b>	Lending Test and CD Loans, Investments and Services:1/01/2015 through 12/31/2017	
<b>Financial Institution</b>		<b>Products Reviewed</b>
Edison National Bank (Edison) Ft Myers, FL		Home mortgage and Business Loans
<b>Affiliate(s)</b>	<b>Affiliate Relationship</b>	<b>Products Reviewed</b>
N/A	N/A	N/A
<b>List of Assessment Areas and Type of Examination</b>		
<b>Assessment Area</b>	<b>Type of Exam</b>	<b>Other Information</b>
Cape Coral-Ft Myers MSA- # 15980	Full-Scope	

## Appendix B: Community Profiles for Full-Scope Areas

**Table A - Demographic Information of the Assessment Area**

Assessment Area: Cape Coral-Ft Myers MSA 2010 Census

Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	166	3.0	19.3	48.2	28.9	0.6
Population by Geography	618,754	3.5	19.3	53.0	24.3	0.0
Housing Units by Geography	363,892	3.0	16.8	51.1	29.2	0.0
Owner-Occupied Units by Geography	183,928	1.3	14.2	55.6	28.9	0.0
Occupied Rental Units by Geography	61,823	8.8	26.8	47.3	17.1	0.0
Vacant Units by Geography	118,141	2.4	15.5	46.1	35.9	0.0
Businesses by Geography	68,907	3.6	14.7	51.5	30.0	0.2
Farms by Geography	2,217	1.5	17.5	55.1	25.8	0.1
Family Distribution by Income Level	162,925	19.0	19.0	21.4	40.7	0.0
Household Distribution by Income Level	245,751	21.6	17.3	20.3	40.7	0.0
Median Family Income-Cape Coral-Fort Myers MSA		\$58,950	Median Housing Value			\$243,186
			Median Gross Rent			\$972
			Families Below Poverty Level			7.8%

Source: 2010 U.S. Census and 2016 D&B Data

Due to rounding, totals may not equal 100.0

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

**Table A - Demographic Information of the Assessment Area**

Assessment Area: Cape Coral-Ft Myers MSA 2015 ACS Census - Updated 2017

Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	167	4.2	25.1	35.9	33.5	1.2
Population by Geography	663,675	4.7	27.1	42.3	25.9	0.0
Housing Units by Geography	374,333	3.5	21.3	40.9	34.4	0.0
Owner-Occupied Units by Geography	174,162	2.1	18.6	44.2	35.1	0.0
Occupied Rental Units by Geography	78,125	8.5	32.9	38.0	20.5	0.0
Vacant Units by Geography	122,046	2.3	17.6	38.0	42.1	0.0
Businesses by Geography	72,229	2.7	21.7	40.1	35.3	0.2
Farms by Geography	2,342	2.9	25.5	46.2	25.3	0.0
Family Distribution by Income Level	165,635	20.7	18.5	19.7	41.1	0.0
Household Distribution by Income Level	252,287	22.6	17.2	18.8	41.4	0.0
Median Family Income MSA - 15980 Cape Coral-Fort Myers, FL MSA		\$57,627	Median Housing Value			\$192,233
			Median Gross Rent			\$970
			Families Below Poverty Level			11.1%

Source: 2015 ACS Census and 2017 D&B Data

Due to rounding, totals may not equal 100.0

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

The Cape Coral-Fort Myers MSA comprises Lee County and is located in Southwest Florida on the Gulf Coast. The city of Fort Myers is the county seat and the largest city in the MSA is Cape Coral. Edison's assessment area consists of all 167 census tracts located in the MSA. The assessment area meets the requirements of CRA and does not arbitrarily exclude low- and moderate-income geographies.

In 2016 and based on the 2010 Census, there were 166 census tracts in Lee County. Of the 166 census tracts, five (3.0 percent) were designated as low-income, 32 (19.3 percent) as moderate-income, 80 (48.2 percent) as middle-income, 48 (28.9 percent) as upper-income and one (0.6 percent) designated as not applicable. In 2017 and based on the 2015 ACS census, the composition of the census tract income designations changed by increasing the number of low- and moderate-income tracts by two and ten, respectively. The current assessment area consists of 167 census tracts with seven (4.2 percent) designated as low-income, 42 (25.1 percent) as moderate-income, 60 (35.9 percent) as middle-income, 56 (33.5 percent) as upper-income and two (1.2 percent) designated as not applicable.

It is noted in addition to the increase in low- and moderate-income census tracts, 18 middle-income tracts designated in 2016 are now designated as moderate-income, two upper-income tracts are now designated as moderate-income, and five moderate-income tracts are now low-income tracts.

Based on the 2015 ACS census data, the population for the MSA was 663,675 of which 165,635 are families, 252,287 households and 170,046 are persons over the age of 65. Approximately 61 percent of households in the bank's assessment area receive a wage/salary, 45 percent receive social security and 25 percent receive retirement income. The FFIEC 2017 estimated median family income was \$57,900. The percentage of households living below poverty level increased from 10.40 percent in 2010 to 13.10 percent in 2015. The number of families that live below the poverty level is 11.1 percent.

As mentioned in the Description of the Institution, banking is competitive in the assessment area. FDIC deposit market share data dated June 30, 2017, for Lee County, shows Edison with a 1.71 percent market share, making it the 16<sup>th</sup> largest deposit holder out of 35 financial institutions all operating out of 211 offices in Lee County. Top competitors include Wells Fargo, N.A., Bank of America, N.A. and SunTrust Bank with a combined market share of 45.29 percent.

The 2017 peer home mortgage market share data for Lee County, shows Edison with a 0.07 percent market share and ranks 151<sup>st</sup> out of 888 home mortgage lenders. Top competitors include: Wells Fargo, Quicken Loans and Suncoast Credit Union with a combined market share of 19.13 percent. Based on the 2016 peer business market share data (2017 was not available) for financial institutions that reported small business loans (Large Bank CRA banks) there were 138 small business lenders in the bank's assessment area. The top two market share competitors in the assessment area are Citibank, N.A. and American Express, FSB, both predominately small business credit card lenders with a combined market share of 43.15 percent and an average loan size of \$13,500.

According to Moody's Analytics, the Cape Coral-Fort Myers MSA has an economy driven by three major industries; retirement communities, medical centers, and tourism. The MSA's economy was impacted by of Hurricane Irma in 2017 with job losses and businesses

damaged. The area lost 14,000 jobs as a result of the storm, but is expected to fully recover all jobs by 2019. According to the Bureau of Labor Statistics, as of December, 2017, the unemployment rate for the Cape Coral-Fort Myers MSA was 3.4 percent, which was below the National and State of Florida unemployment rates of 4.1 percent and 3.9 percent, respectively.

Large employers in the Cape Coral-Fort Myers MSA include Lee County School District, Lee Memorial Healthcare, Lee County Local Government, Publix Super Markets, Winn-Dixie and Wal-Mart Stores, and Florida Gulf Coast University. Hertz Inc., a Fortune 500 Company, is one of the companies that are headquartered in the MSA. The largest industry sectors providing employment in the assessment area include Government Services, Retail Trade, Leisure and Hospitality Services, and Professional and Business Services.

Based on the 2015 ACS census, the median housing value was \$192,233 and median monthly rent \$970. The number of housing units in Lee County was 374,333 with 122,046 (32.6 percent) reported as vacant. Approximately 67 percent of total housing units are owner-occupied with a substantial majority of those units located in middle- and upper-income geographies (79.3 percent). High home costs in the bank's assessment area limits homeownership affordability, especially to low- and moderate-income borrowers. Based on the median housing value and 2017 estimated median family income, the maximum income level for low-income borrowers is under \$28,950 making the median housing value near seven times over the maximum low-income level. The maximum income level for moderate-income borrowers is under \$46,320 making the median housing value greater than four times over the maximum moderate-income level.

During the recession, Lee County's economy was significantly impacted by the large volume of foreclosures. Attom Data Solutions recently reported the bank's assessment area continues to report significant increases in the volume of foreclosures in Cape Coral and Fort Myers. Major factors for the increased volume include the loss of jobs as a result of the Hurricane Irma, home prices rising faster than wages, and loosening of lending standards resulting in riskier loans which impacts the borrower's repayment capacity. Riskier mortgage loan types include balloon loans and interest only monthly payments converting to monthly principal and interest payments.

An important aspect of a CRA examination is to identify the credit needs of the bank's assessment area. We interviewed two local nonprofit community-based organizations that serve small businesses and low- and moderate-income persons. We also used demographic and economic data for the assessment area to assist in our efforts of identifying the community credit needs. Although there are areas in Lee County that are viewed as a wealthy suburban area, there are many credit needs identified within the community especially for low- and moderate-income persons and small businesses located in the assessment area. Community credit needs mentioned include donations to nonprofit community-based service organizations to support day-to-day operations as they provide basic services (health, food, shelter and vocational and financial education) to low-and moderate-income persons. Affordable housing was also identified as a critical need due to the limited supply of units for homeownership and rentals with the high housing costs and low wages. For small businesses, our contacts noted the most critical needs in the assessment area include: access to capital for start-up and existing businesses, micro-loan programs (small dollar business loans) and technical assistance/financial education by financial institutions in the community.

## Appendix C: Tables of Performance Data

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### Content of Standardized Tables

A separate set of tables is provided for each state. All multistate metropolitan areas are presented in one set of tables. References to the “bank” include activities of any affiliates that the bank provided for consideration (refer to appendix A: Scope of the Examination). For purposes of reviewing the lending test tables, the following are applicable: (1) purchased loans are treated as originations/purchases; (2) “aggregate” is the percentage of the aggregate number of reportable loans originated and purchased by all lenders in the MA/assessment area. Deposit data are compiled by the FDIC and are available as of June 30<sup>th</sup> of each year. Tables without data are not included in this PE. Tables are identified by both letters and numbers, which results from how they are generated in supervisory analytical systems.

The following is a listing and brief description of the tables included in each set:

- Table O. Assessment Area Distribution of Home Mortgage Loans by Income Category of the Geography** - Compares the percentage distribution of the number of loans originated and purchased by the bank in low-, moderate-, middle-, and upper-income geographies to the percentage distribution of owner-occupied housing units throughout those geographies. The table also presents aggregate peer data for the years the data is available.
- Table P. Assessment Area Distribution of Home Mortgage Loans by Income Category of the Borrower** - Compares the percentage distribution of the number of loans originated and purchased by the bank to low-, moderate-, middle-, and upper-income borrowers to the percentage distribution of families by income level in each MA/assessment area. The table also presents aggregate peer data for the years the data is available.
- Table Q. Assessment Area Distribution of Loans to Small Businesses by Income Category of the Geography** - The percentage distribution of the number of small loans (less than or equal to \$1 million) to businesses originated and purchased by the bank in low-, moderate-, middle-, and upper-income geographies compared to the percentage distribution of businesses (regardless of revenue size) throughout those geographies. Because small business data are not available for geographic areas smaller than counties, it may be necessary to compare bank loan data to aggregate data from geographic areas larger than the bank’s assessment area.
- Table R. Assessment Area Distribution of Loans to Small Businesses by Gross Annual Revenue** - Compares the percentage distribution of the number of small loans (less than or equal to \$1 million) originated and purchased by the bank to businesses with revenues of \$1 million or less to the percentage distribution of businesses with revenues of \$1 million or less.

In addition, the table presents the percentage distribution of the number of loans originated and purchased by the bank by loan size, regardless of the revenue size of the business. The table also presents aggregate peer data for the years the data is available

<b>Table O : Assessment Area Distribution of Home Mortgage Loans by Income Category of the Geography</b>																			<b>2015-2016</b>	
Assessment Area:	Total Home Mortgage Loans				Low-Income Tracts			Moderate-Income Tracts			Middle-Income Tracts			Upper-Income Tracts			Not Available-Income Tracts			
	#	\$ (000's)	% of Total	Overall Market	% of Owner-Occupied Housing Units	% Bank Loans	Aggregate	% of Owner-Occupied Housing Units	% Bank Loans	Aggregate	% of Owner-Occupied Housing Units	% Bank Loans	Aggregate	% of Owner-Occupied Housing Units	% Bank Loans	Aggregate	% of Owner-Occupied Housing Units	% Bank Loans	Aggregate	
Lee County 2015-2016	73	34,000	100.0	28,289	1.3	0.0	1.3	14.2	2.7	12.3	55.6	21.9	55.5	28.9	75.3	30.9	0.0	0.0	0.0	
<i>Source: 2010 U.S Census; 01/01/2015 - 12/31/2016 HMDA Data, 2016 HMDA Aggregate Data. Due to rounding, totals may not equal 100.0</i>																				

<b>Table O : Assessment Area Distribution of Home Mortgage Loans by Income Category of the Geography</b>																			<b>2017</b>	
Assessment Area:	Total Home Mortgage Loans				Low-Income Tracts			Moderate-Income Tracts			Middle-Income Tracts			Upper-Income Tracts			Not Available-Income Tracts			
	#	\$	% of Total	Overall Market	% of Owner-Occupied Housing Units	% Bank Loans	Aggregate	% of Owner-Occupied Housing Units	% Bank Loans	Aggregate	% of Owner-Occupied Housing Units	% Bank Loans	Aggregate	% of Owner-Occupied Housing Units	% Bank Loans	Aggregate	% of Owner-Occupied Housing Units	% Bank Loans	Aggregate	
Lee County-2017	25	11,481	100.0	27,858	2.1	0.0	1.6	18.6	8.0	20.4	44.2	20.0	46.2	35.1	72.0	31.7	0.0	0.0	0.1	
<i>Source: 2015 ACS Census; 01/01/2017 - 12/31/2017 HMDA Data, 2017 HMDA Aggregate Data, Due to rounding, totals may not equal 100.0</i>																				

<b>Table P: Assessment Area Distribution of Home Mortgage Loans by Income Category of the Borrower</b>																			<b>2015-2016</b>	
Assessment Area:	Total Home Mortgage Loans				Low-Income Borrowers			Moderate-Income Borrowers			Middle-Income Borrowers			Upper-Income Borrowers			Not Available-Income Borrowers			
	#	\$ (000's)	% of Total	Overall Market	% Families	% Bank Loans	Aggregate	% Families	% Bank Loans	Aggregate	% Families	% Bank Loans	Aggregate	% Families	% Bank Loans	Aggregate	% Families	% Bank Loans	Aggregate	
Lee County 2015-2016	73	34,000	100.0	28,289	19.0	1.4	3.3	19.0	4.1	13.7	21.4	4.1	19.1	40.7	86.3	48.9	0.0	4.1	15.0	

*Source: 2010 U.S Census ; 01/01/2015 - 12/31/2016 HMDA Data, 2016 HMDA Aggregate Data. Due to rounding, totals may not equal 100.0*

<b>Table P: Assessment Area Distribution of Home Mortgage Loans by Income Category of the Borrower</b>																			<b>2017</b>	
Assessment Area:	Total Home Mortgage Loans				Low-Income Borrowers			Moderate-Income Borrowers			Middle-Income Borrowers			Upper-Income Borrowers			Not Available-Income Borrowers			
	#	\$	% of Total	Overall Market	% Families	% Bank Loans	Aggregate	% Families	% Bank Loans	Aggregate	% Families	% Bank Loans	Aggregate	% Families	% Bank Loans	Aggregate	% Families	% Bank Loans	Aggregate	
Lee County 2017	25	11,481	100.0	27,858	20.7	4.0	2.9	18.5	4.0	14.3	19.7	4.0	19.8	41.1	84.0	46.5	0.0	4.0	16.5	

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**Table Q: Assessment Area Distribution of Loans to Small Businesses by Income Category of the Geography** **2015-2016**

Assessment Area:	Total Loans to Businesses				Low-Income Tracts			Moderate-Income Tracts			Middle-Income Tracts			Upper-Income Tracts			Not Available-Income Tracts		
	#	\$	% of Total	Overall Market	% Businesses	% Bank Loans	Aggregate	% Businesses	% Bank Loans	Aggregate	% Businesses	% Bank Loans	Aggregate	% Businesses	% Bank Loans	Aggregate	% Businesses	% Bank Loans	Aggregate
Lee County 2015-2016	33	8,154	100.0	20,877	3.6	3.0	3.0	14.7	3.0	12.3	51.5	42.5	47.7	30.0	51.5	36.9	0.2	0.0	0.0

Source: 2016 D&B Data; Sample from bank prepared 2015-2016 origination report; 2016 CRA Aggregate Data. Due to rounding, totals may not equal 100.0

**Table Q: Assessment Area Distribution of Loans to Small Businesses by Income Category of the Geography** **2017**

Assessment Area:	Total Loans to Small Businesses				Low-Income Tracts			Moderate-Income Tracts			Middle-Income Tracts			Upper-Income Tracts			Not Available-Income Tracts		
	#	\$ (000s)	% of Total	Overall Market	% Businesses	% Bank Loans	Aggregate	% Businesses	% Bank Loans	Aggregate	% Businesses	% Bank Loans	Aggregate	% Businesses	% Bank Loans	Aggregate	% Businesses	% Bank Loans	Aggregate
Lee County -2017	26	7,555	100.0	20,877	2.7	7.7	3.0	21.7	30.8	12.3	40.1	26.9	47.7	35.3	34.6	36.9	0.2	0.0	0.0

Source: 2017 D&B Data; Sample from bank prepared 01/01/2017-12/31/2017 origination report; 2016 CRA Aggregate Data (2017 not available). Due to rounding, totals may not equal 100.0

<b>Table R: Assessment Area Distribution of Loans to Small Businesses by Gross Annual Revenues</b>											<b>2015-2016</b>	
Assessment Area:	Total Loans to Small Businesses				Businesses with Revenues <= 1MM			Businesses with Revenues > 1MM		Businesses with Revenues Not Available		
	#	\$	% of Total	Overall Market	% Businesses	% Bank Loans	Aggregate	% Businesses	% Bank Loans	% Businesses	% Bank Loans	
Lee County 2015-2016	33	8,154	100.0	20,877	89.8	63.7	44.2	3.5	24.2	6.7	12.1	
<i>Source: 2016 D&amp;B Data; Sample from bank prepared 2015-2016 origination report; 2016 CRA Aggregate Data, Due to rounding, totals may not equal 100.0</i>												

<b>Table R: Assessment Area Distribution of Loans to Small Businesses by Gross Annual Revenues</b>											<b>2017</b>	
Assessment Area:	Total Loans to Small Businesses				Businesses with Revenues <= 1MM			Businesses with Revenues > 1MM		Businesses with Revenues Not Available		
	#	\$	% of Total	Overall Market	% Businesses	% Bank Loans	Aggregate	% Businesses	% Bank Loans	% Businesses	% Bank Loans	
Lee County- 2017	26	7,555	100.0	20,877	90.0	69.2	44.2	3.5	26.9	6.4	3.9	
<i>Source: 2017 D&amp;B Data; Sample from bank prepared 01/01/2017-12/31/2017 origination report; 2016 CRA Aggregate Data (2017 not available). Due to rounding, totals may not equal 100.0</i>												