



INTERMEDIATE SMALL BANK

Comptroller of the Currency
Administrator of National Banks

Washington, DC 20219

PUBLIC DISCLOSURE

March 05, 2012

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

CenterState Bank of Florida, National Association
Charter Number: 22311

1101 First Street South
Winter Haven, FL 33880

Office of the Comptroller of the Currency

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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

The Lending Test is rated: Satisfactory

The Community Development Test is rated: Outstanding

Summarize the major factors supporting the institution's rating.

- The loan-to-deposit ratio is *reasonable* compared to similarly situated institutions.
- The bank made a *substantial majority* of its loans to businesses within its assessment areas (AAs).
- The distribution of borrowers reflects *reasonable* penetration among borrowers of different incomes and businesses of different sizes.
- The geographic distribution of residential mortgage loans and small loans to businesses reflects reasonable dispersion of loans within the AAs including low- and moderate-income (LMI) geographies.
- The bank's community development (CD) performance demonstrates *excellent responsiveness* to community development needs in its AAs.

Scope of Examination

This performance evaluation assesses CenterState Bank of Florida, National Association's (CSB) record of meeting the credit needs of the communities in which it operates. We evaluated the bank as an Intermediate Small Bank (ISB) using Interagency Community Reinvestment Act examination (CRA) procedures. The ISB examination includes a lending test and a community development test. The lending test covers the bank's performance from January 1, 2010 through December 31, 2011, excluding community development loans. The evaluation period for community development loans and services and qualified investments begins July 1, 2008 and runs through March 5, 2012.

CSB offers a variety of loan products. Based on discussions with bank management and an evaluation of originations during the evaluation period, we determined CSB's primary loan products are residential real estate loans and loans to business. We based our evaluation of lending performance on residential mortgage loans reported under the Home Mortgage Disclosure Act (HMDA) and a sample of loans to businesses originated during the evaluation period. HMDA loan data was reviewed prior to beginning the CRA examination and determined to be accurate and reliable for use in the examination. The analysis of loans to businesses originated inside and outside of the bank's AAs was based on the initial sample of 60 loans. We increased the sample to 149 in order to sufficiently evaluate performance in all of the AAs under review. The review of loans to businesses was based on a sample of 149 loans reported on the Call Report under commercial and industrial or non-farm non-residential real estate.

CSB has ten AAs, all located in the State of Florida. We selected Polk County which is part of the Lakeland-Winter Haven Metropolitan Statistical Area (MSA) and the Orlando MSA AAs as full scope areas based on their significance to the bank in terms of

deposits and the volume of loans originated during the evaluation period. Of total bank deposits, 39.8% are in the Polk County AA and 22.3% are in the Orlando MSA AA. Of residential mortgage loans originated during the evaluation period, 55.2% were in the Polk County AA and 13.2% were in the Orlando MSA AA. Five of the remaining AAs will be evaluated using limited scope procedures. Three AAs were not evaluated because they were established during a four month period leading up to this review. Refer to the Description of Assessment Areas for more details.

Performance in the Polk County AA was given more weight than performance in the Orlando MSA AA, as this where the bank's headquarters are located. Additionally, CSB has an 11.2% deposit market in the Polk County AA versus a 1.0% deposit market share in the Orlando MSA AA. Limited scope areas were also considered in the overall rating relative to performance in the full scope areas.

Demographic data is based on the 2000 U.S. Census with area median family incomes updated as of 2011. Business demographic data is from Dun & Bradstreet as of 2011.

Description of Institution

CenterState Bank of Florida, N.A. (CSB) is wholly owned by CenterState Banks, Inc, a two-bank holding company headquartered in Davenport, Florida. The bank's main office is located in Winter Haven, Florida. CSB operates an additional 59 branch offices in 17 counties across Florida. Automated teller machines (ATMs) and drive-thru facilities are available at the main office and at 56 and 55 branch locations respectively. CSB offers a variety of loan and deposit products and services. As of year-end 2011, the bank had total assets of \$2.08 billion with average net loans and leases accounting for 53.5% of total assets. Of total loans outstanding at December 31, 2011, 35.0% were 1-4 family residential mortgage loans, 37.5% were non-farm non-residential real estate loans and 10.6% were commercial and industrial loans.

CSB has grown rapidly since the 2008 CRA examination, both in asset size and geographic reach. Acquisitions and mergers beginning January 2009 to the present:

- FDIC assisted acquisition of Ocala National Bank (Marion County) in January 2009.
- Branch opened in Vero Beach in June 2010 (Indian River County).
- FDIC assisted acquisitions of Old Cypress Community Bank (Hendry County) in July 2010.
- FDIC assisted acquisitions of Independent National Bank of Ocala (Marion County) and Community National Bank at Bartow (Polk County) in August 2010.
- Branch opened in Okeechobee (Okeechobee County) in September 2010.
- Merger with two former affiliate banks, CenterState Bank, N.A. (Pasco, Citrus, Lake, Hernando, and Sumter Counties) and CenterState Bank Central Florida, N.A. (Osceola and Orange County) in December 2010.
- Acquisition of four branches from TD Bank (Putnam County) in January 2011.
- Acquisition of Federal Trust Corporation (Orange, Seminole, and Volusia Counties) in November 2011.

- Full-service branch opened replacing a loan production office (St. Lucie County) in November 2011.
- FDIC assisted acquisitions of Central Florida State Bank (Marion County) and First Guaranty Bank and Trust Company (Duval County) in January 2012.

CSB closed no offices during the evaluation period. There are no financial, legal or regulatory constraints that would prevent the bank from meeting the credit needs of the community. CSB received a “Satisfactory” rating at their prior CRA examination dated June 30, 2008.

Description of Assessment Area(s)

The full-scope AAs of Polk County and the Orlando MSA are defined and described in detail below. The full-scope narratives include information on economic, demographic and competitive factors that may have impacted the bank’s performance as well as comments on community credit needs.

CSB holds a 2.1% market share of all deposits in the State of Florida. There are five limited scope AAs and three AAs not evaluated during this examination. Refer to the table below for details:

Assessment Area	Metropolitan Statistical Area(MSA)/Non-MSA Areas Included	Limited scope
Hernando-Pasco	Portion of the Tampa-St. Petersburg-Clearwater FL MSA 45300	✓
Indian River	Sebastian-Vero Beach FL MSA 42680	✓
Ocala	Ocala, FL MSA 36100	✓
Northern Non-MSA	Counties of Citrus, Putnam and Sumter	✓
Southern Non-MSA	Counties of Hendry and Okeechobee	✓
Duval	Portion of the Jacksonville FL MSA 27260	X
St. Lucie	Portion of the Port St. Lucie FL MSA 38940	X
Volusia	Deltona-Dayton Beach-Ormond Beach FL MSA 19660	X

Full-Scope Areas

Polk County

CSB’s AA is Polk County, which wholly comprises the Lakeland-Winter Haven MSA 29460 (Lakeland MSA). The AA contains 110 census tracts and has a total population of 483,924 persons. Of this population, there are 132,948 families and 187,162 households residing in the AA. The 2000 Census Bureau Median Family Income (MFI) for the Lakeland MSA of \$42,423 was used to determine the tract income level for each census tract in the AA. The 2011 MFI for the Lakeland MSA, as estimated by the Department of Housing and Urban Development (HUD), is \$53,800. The HUD estimated MFI is used to designate the income category of each CSB borrower. The U.S. Census Bureau Small Area Income and Poverty Estimates for 2010 show 17.5% of families have incomes below the poverty level. This is an increase of 4.7% since 2007, the year for which data was available during the prior CRA examination.

The AA meets the legal requirements of CRA and does not arbitrarily exclude low- or moderate-income geographies. Additional information on the AA by income and census tract categories is detailed in the following tables.

Census Tract Category	# of Census Tracts	% of Total
Low Income	1	0.91%
Moderate Income	28	25.45%
Middle Income	63	57.28%
Upper Income	18	16.36%
Total	110	100.00%

Income Category	Families in the AA
Low Income Families	18.23%
Moderate Income Families	19.44%
Middle Income Families	22.60%
Upper Income Families	39.73%
Total	100.00%

Tract Category	Families residing in tracts
Low Income Tracts	0.33%
Moderate Income Tracts	17.79%
Middle Income Tracts	59.29%
Upper Income Tracts	22.59%
Total	100.00%

According to data from the 2000 census, the AA has 226,376 housing units. Of these, 62.8% are 1-4 family units and 28.8%, are mobile homes and trailers. Owner-occupied units comprise 60.7% of total housing units in the AA. The median housing value at that time was \$69,369 and the median age of the housing stock was 33 years. Home foreclosures have dramatically impacted the housing market in the Orlando MSA. According to Zillow, the estimated median home value in Polk County, as of January 1, 2012, was \$89 thousand, a 6% decline from the same period in 2011 and over a 45% decline from the same period in 2008. RealtyTrac.com indicates that, as of February 2012, 1 in 278 housing units were in some stage of foreclosure compared to 1 in 341 for the state of Florida, and 1 in 637 units in the U.S.

According to Enterprise Florida, there are 275,449 persons in the county's labor force. Data from the U.S. Bureau of Labor and Statistics shows the November 2011 unemployment rate for Polk County was 11.0% compared to 7.2% in July 2008. The November 2011 rate is slightly higher than the state average of 10.1% and significantly higher than the nationwide average of 8.2% for the same period. Enterprise Florida reports the major business and industry sectors in Polk County are Trade, Transportation and Utilities (23.1%), Education and Health Services (14.9%), and Professional and Business Services (13.5%). Major employers are Publix Supermarkets (headquartered in Lakeland), Wal-Mart, and Lakeland Regional Hospital.

Banking competition in the AA is strong with community banks, regional banks, large national banks and credit unions operating in the market. Data from the Federal Deposit Insurance Corporation (FDIC) as of June 30, 2011 shows that there are 18 financial institutions operating 135 offices in Polk County. Seven of the 18 banks are headquartered in Polk County. These institutions hold a total of \$5.6 billion in deposits. The top five banks hold 74.3% of the deposits in the county. CSB was ranked 4th with a deposit market share of 11.2%. Leading banks in the AA are Wells Fargo Bank, N.A., SunTrust, Bank of America, N.A., and CSB.

During our examination, we spoke with a local organization to discuss credit needs of the community and the responsiveness of financial institutions. The organization is primarily involved in providing homeownership assistance to LMI persons living in Polk County. Assistance includes funds for down payments and closing costs. The organization develops single-family homes for purchase by LMI families. Organization representatives indicated there is a need for affordable mortgage products and underwriting criteria has become overly rigorous for LMI borrowers, including high down-payment and higher credit scores requirements in conjunction with homeownership counseling. Foreclosure prevention counseling is also needed.

Orlando MSA

CSB’s AA is comprised of Lake, Orange, and Osceola counties, three of four counties that make up the Orlando-Kissimmee-Sanford MSA 36740 (Orlando MSA). The AA contains 253 census tracts with a total population of 1,279,365 persons. Of this population, there are 330,489 families and 485,715 households residing in the AA. The 2000 Census Bureau MFI for the Orlando MSA was \$50,857. The 2011 MFI for the Orlando MSA, as estimated by the Department of Housing and Urban Development (HUD), was \$57,400.

The U.S. Census Bureau Small Area Income and Poverty Estimates show significant increases in poverty rates in the AA between 2007, the year for which data was available during the prior CRA examination, and 2010. Please refer to the table below for details. These dramatic increases in poverty rates are an indication that opportunities to lend for consumer purposes were significantly more limited than in the prior evaluation period.

County	2007	2010
Lake	9.0	13.5
Orange	11.6	16.4
Osceola	11.2	16.3

The AA meets the legal requirements of CRA and does not arbitrarily exclude low- or moderate-income geographies. Additional information on the AA by income and census tract categories is detailed in the tables below.

Census Tract Category	# of Census Tracts	% of Total
Low Income	7	2.77
Moderate Income	67	26.48
Middle Income	124	49.01
Upper Income	55	21.74
Total	253	100.00

Income Category	Families in the AA
Low Income Families	20.42%
Moderate Income Families	19.91%
Middle Income Families	22.94%
Upper Income Families	36.73%
Total	100.00%

Tract Category	Families residing in tracts
Low Income Tracts	1.34
Moderate Income Tracts	21.48
Middle Income Tracts	48.68
Upper Income Tracts	28.50
Total	100.00%

According to data from the 2000 census, the AA has 683,551 housing units. Of those, 71.1% are 1-4 family units. Only 9.8% of the total units are mobile homes and trailers. Owner-occupied units comprise 60.8% of units in the AA. The median housing value at that time was \$105,369 and the median age of the housing stock was 31 years. Home foreclosures have dramatically impacted the housing market in the Orlando MSA.

According to Zillow, the estimated median home value for the Orlando Metro area as of January 1, 2012 was \$120 thousand, a nearly 5% decline from the same period in 2011 and a 42% decline from the same period in 2008. RealtyTrac.com indicates that, as of February 2012, three of the four counties that comprise the Orlando MSA have higher rates of foreclosure than the overall rate for the State of Florida. All four counties and the State of Florida have rates far above the national average.

County	Foreclosures to Housing Units
Lake	1 in 352
Orange	1 in 318
Osceola	1 in 265
Seminole	1 in 256
Florida	1 in 341
U.S.	1 in 637

According to Enterprise Florida, there are 604,314 persons in Orange County's labor force. Data from the U.S. Department of Labor and Statistics shows the November 2011 unemployment rate for Orlando MSA was 9.7% compared to 6.2% in July 2008. The November 2011 rate is slightly lower than the state average of 10.1%, but higher than the national average of 8.2%. The Metro Orlando Economic Development Commission reports the major business and industry sectors in the Orlando metro area are Leisure and Hospitality (20.6%), Professional & Business Services (15.6%), Education and Health Services (12.1%) and Retail Trade (12%). Major private-sector employers are Walt Disney World, Publix Super Markets, Adventist Health Systems, Orlando Health, Universal Orlando Resort and Lockheed Martin Corporation.

Banking competition in the AA is strong with community banks, regional banks, large national banks and credit unions operating in the market. Data from the FDIC as of June 30, 2011 shows that there are 46 banks and savings institutions operating 468 offices in Orange County. The top five banks hold approximately 67.1% of the deposits in the county. CSB was ranked 11th with a deposit market share of 1.3%. Leading banks in the AA are SunTrust Bank, Bank of America, N.A., and Wells Fargo, N.A.

During our examination, we spoke with a local organization to discuss credit needs of the community and the responsiveness of financial institutions. The organization is primarily involved in developing affordable multi-family rental housing in Central Florida and indicated there continues to be a need for quality, affordable housing.

Conclusions with Respect to Performance Tests

LENDING TEST

CSB's performance under the Lending Test is rated **Satisfactory**. CSB's performance in the State of Florida meets the standard for satisfactory performance.

In determining the overall and component lending test ratings, we considered the bank's financial condition and business strategy, economic environment, high unemployment and poverty rates, and the impact of high foreclosure rates in their AAs during the evaluation period. We also considered that the manner in which CSB structures refinances of residential mortgage loans may have had a negative impact on the volume of home mortgage lending reported under HMDA. The manner in which refinance loans are structured is favorable to the borrower, but it is not considered a refinance under HMDA.

The Southern Non-MSA area is excluded from the evaluation of lending to businesses, as small business loans are not a primary product for branches in the area. There were no loans originated in Hendry County and only five loans originated in Okeechobee County during the evaluation period. A commercial lender was hired in Hendry County in late 2011 in order to build business in the area. However, an analysis of small business lending in the area would not be meaningful at this time.

The Southern Non-MSA AA is also excluded from our evaluation of the geographic distribution of loans. There are no LMI census tracts in Hendry or Okeechobee Counties.

Loan-to-Deposit Ratio– Meets the standards for Satisfactory Performance

The banks average loan-to-deposit (LTD) ratio is reasonable given the bank's size, financial condition, rapid expansion, and AA credit needs. The bank's quarterly average LTD ratio was calculated from the third quarter of 2008 through the fourth quarter of 2011. The resulting average LTD ratio is 65.1% compared to an average of 81.1% for five institutions identified by CSB as their primary local competitors. These institutions and their LTDs are, respectively, Bank of Central Florida (82.1%), Citizens Bank and Trust (85.5%), Community Southern Bank (65.2%), Florida Traditions Bank (89.2%) and Platinum Bank (84.3%). CSB's lower LTD is reflective of rapid growth, particularly through the acquisition of deposits from failed banks, weak economic conditions, lower demand and declining home values as a result of high foreclosure rates in Florida during the evaluation period. While the comparative banks are smaller in asset size than CSB, this represents the most direct competitors. However, these banks have not experienced the same level of merger and acquisition activity during this performance period, which may also have contributed to the higher average LTD for this group. Additionally, post several acquisitions, CSB initiated sales of loan pools to better position the portfolio, which also resulted in lower LTD.

Lending in Assessment Area – Exceeds the Standard for Satisfactory Performance

The bank makes a substantial majority of its loans within the AA. We based our conclusions on an analysis of residential mortgages originated during the evaluation period and reported under HMDA and a random sample of 60 business loans originated during the same period. Our results for both loan types are summarized below.

Table 1 - Lending in the Assessment Areas										
Loan Type	Number of Loans					Dollar Volume of Loans (\$000)				
	Inside		Outside		Total	Inside		Outside		Total
	#	%		%		\$	%	\$	%	
Residential Mortgages	605	90.30	65	9.70	670	67,782	87.95	9,283	12.05	77,065
Business Loans	60	100.00	0	0.00	60	11,695	100.00	0	0.00	11,695
Total Loans	665	91.10	65	8.90	730	79,477	89.54	9,283	10.46	88,760

Sources: Bank loan data

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

The bank’s record of lending reflects a reasonable distribution of loans among borrowers of different incomes and businesses of different sizes. The distribution of loans in full-scope AAs reflects reasonable penetration among borrowers of different incomes and businesses of different sizes. The bank’s performance related to the distribution of loans in limited-scope areas is stronger than performance in the full-scope areas. The performance in limited-scope AAs had a positive impact on the overall conclusion for performance by distribution of loans among borrowers of different incomes and businesses of different sizes.

To evaluate residential mortgage lending, we compared the bank’s performance to the percent of families in the AA with low-, moderate-, middle- and upper-incomes. We considered economic impacts including unemployment and foreclosure statistics in this analysis for the performance context. For business loans, we considered both loan size and the bank’s performance to the percent of businesses with gross annual revenues of \$1 million or less where data was available. We considered loan size as a proxy to evaluate lending to businesses of different sizes, as gross revenue was not consistently available for sampled loans. The bank has no minimum loan requirement for loans to businesses, which is also a favorable indicator that CSB is making loans to meet the needs of small businesses. The underlying assumption being that small businesses would require smaller loan amounts to meet their business needs.

Full Scope Areas

Polk County

The bank’s record of lending reflects a reasonable penetration among borrowers of

different income levels. The bank’s level of lending to low-income and moderate-income borrowers is lower by comparison to the percent of low- or moderate-income families in the AA. However, this level of performance is reasonable with consideration given to the challenges of making home purchase and refinance loans and the level of local banking competition as discussed within the “Description of the Assessment Area” section of this evaluation.

High levels of foreclosures have reduced market values of housing stock in the AA, reduced the number of credit-worthy borrowers, and weakened demand for home purchase and refinance loans. Lower values impact many borrowers’ ability to refinance and others’ willingness or ability to sell resulting in lower demand for credit. Despite limited lending opportunities, as illustrated within the geographic distribution of lending section of the evaluation, CSB had a higher market share of loans in LMI areas, than within the entire Polk County, which is indicative of the bank’s willingness to serve low-income and moderate-income borrowers.

Borrower Income Level	Low Income		Moderate Income		Middle Income		Upper Income		Income not Available
	% of Families In the AA	% of CSB Loans (by #)	% of Families In the AA	% of CSB Loans (by #)	% of Families In the AA	% of CSB Loans (by #)	% of Families In the AA	% of CSB Loans (by #)	% of CSB Loans (by #)
Residential mortgage loans	18.23	4.99	19.44	15.51	22.60	22.44	39.73	55.12	1.94

Sources: 2000 US Census, bank loan data.

The bank’s record of lending reflects a reasonable penetration among businesses of different sizes. As indicated in the table below, income information was not available for approximately 25.09% of businesses within the county. And, we were unable to determine gross revenues for 48.39% of the business loans sampled in the Polk County AA. It should be noted that banks are not required to document gross revenue information for CRA analyses purposes. Additionally, income is considered not applicable for business loans when personal income is relied on, in cases such as personal real estate investment purposes, or for loans to new and/or start-up companies with only income projections available.

Given the significant percentage of loans without available income within the county and as part of the sample, emphasis was placed on loan size as a proxy to determine business income and size. Our analysis of the sampled 31 business loans originated within the AA during the evaluation period shows the bank made a majority of their business loans in smaller dollar amounts. We identified loans in amounts as little as \$1,500. Discussions with bank management indicate that CSB has no minimum loan amount. This is a favorable indication that CSB originates loans in amounts that help to meet the needs of smaller businesses. A detailed breakdown by loan amount is presented in the following table.

Table 2B - Borrower Distribution of Loans to Businesses in the Polk County AA				
Business Revenues (or Sales)	<\$1,000,000	>\$1,000,000	Data Not Available	Total
% of AA Businesses by #	72.96	1.95	25.09	100.00
% of CSB Loans in AA by #	22.58	29.03	48.39	100.00
% of CSB Loans in AA by \$	11.22	46.89	41.89	100.00

Sources: 2011 Dun and Bradstreet business data, bank loan data.

Table 2C - Borrower Distribution of Loans to Businesses by Loan Size in the Polk County AA				
Loan Size (000's)	Number of Loans	Percent of Number	Dollar Volume of Loans	Percent of Dollar Volume
\$0 - \$100,000	20	64.52	842	12.72
\$100,001 - \$250,000	4	12.90	623	9.41
\$250,001 - \$500,000	4	12.90	1,402	21.17
\$500,001 - \$1,000,000	1	3.23	1,000	15.10
Over \$1,000,000	2	6.45	2,755	41.60
Totals	31	100.00	6,622	100.00

Source: Bank loan data

Orlando MSA

The bank's record of lending reflects a reasonable penetration among borrowers of different income levels. While the bank's level of lending to both low-income and moderate-income borrowers is lower in comparison to the distribution of families by income level within the county; as supported by statistical data, the demand for residential loan products has been significantly impacted by the economy.

As noted in the following chart, the bank's level of lending to low-income borrowers is significantly lower by comparison to the percent of low-income families in the AA. The level of lending to moderate-income borrowers is lower but considered reasonable in comparison to the percent of moderate-income families in the AA. As mentioned, in evaluating this criterion, we considered the impact of performance context factors discussed in the Description of the Assessment Area. The level of lending was considered reasonable given high levels of foreclosures have reduced market values of housing stock in the AA, reduced the number of credit-worthy borrowers, and weakened demand for home purchase and refinance loans. Lower values impacted many borrowers' ability to refinance and others' willingness or ability to sell resulting in lower demand for credit. As indicated in subsequent sections of this evaluation, management has pursued community development investments and services to meet the banking needs and offset the economic impact on the low-income and moderate-income families.

Table 2 - Borrower Distribution of Residential Real Estate Loans – Orlando MSA AA									
Borrower Income Level	Low Income		Moderate Income		Middle Income		Upper Income		Data Not Available
Loan Type	% of Families In the AA	% of CSB Loans (by #)	% of Families In the AA	% of CSB Loans (by #)	% of Families In the AA	% of CSB Loans (by #)	% of Families In the AA	% of CSB Loans (by #)	
Residential mortgage loans	20.42%	4.00%	19.91%	12.00%	22.94%	14.67%	36.72%	68.00%	1.33%

Sources: 2000 US Census, bank loan data.

The bank’s record of lending reflects a reasonable penetration among businesses of different sizes. This was based on an analysis of the sampled 30 business loans originated within the AA during the evaluation period. We determined that the bank makes loans to businesses of varying sizes, including to small businesses. The analysis showed the majority of the total number and total dollar amount of business loans sampled were to small businesses and compares favorably to the percent of businesses in the AA that are small (gross annual revenues of \$1 million or less). Data not available for income for businesses within the AA and for the sample of CSB loans in the AA are also fairly significant and make it difficult to fully assess lending patterns.

Table 2B - Borrower Distribution of Loans to Businesses in the Orlando MSA AA				
Business Revenues (or Sales)	<\$1,000,000	>\$1,000,000	Data Not Available	Total
% of AA Businesses by #	70.48%	1.86%	27.66%	100.00%
% of CSB Loans in AA by #	60.00%	20.00%	20.00%	100.00%
% of CSB Loans in AA by \$	59.13%	28.14%	12.73%	100.00%

Sources: 2011 Dun and Bradstreet business data, Bank loan data.

Consequently, as previously indicated, we also relied on the size of loans as a proxy to evaluate the bank’s record of lending to meet the needs of small businesses. Of loans sampled, CSB made a majority of their business loans in dollar amounts less than \$250 thousand. As in the Polk AA, CSB has no minimum loan amount. This is a favorable indicator that CSB makes loans in dollar amounts that meet the needs of small businesses. A detailed breakdown by loan amount is presented below.

Table 2C - Borrower Distribution of Loans to Businesses by Loan Size in the Orlando MSA AA				
Loan Size (000's)	Number of Loans	Percent of Number	Dollar Volume of Loans	Percent of Dollar Volume
\$0 - \$100,000	11	36.67%	347	4.95%
\$100,001 - \$250,000	8	26.67%	1,295	18.48%
\$250,001 - \$500,000	10	33.33%	3,861	55.10%
\$500,001 - \$1,000,000	0	0.00%	0	0.00%
Over \$1,000,000	1	3.33%	1,504	21.47%
Totals	30	100.00%	7,007	100.00%

Source: Bank loan data.

Limited Scope Areas

The bank's performance related to the distribution of loans to borrowers of different incomes in the Hernando-Pasco, Northern Non-MSA, Ocala and Southern Non-MSA limited scope areas are stronger than the bank's performance in the full-scope AAs. The borrower distribution in the Indian River limited scope AA is not inconsistent with the bank's performance in the full scope areas, given there is one branch that was opened in June 2010.

Table 2 - Borrower Distribution of Residential Real Estate Loans in Limited-Scope Areas										
Borrower Income Level	Low Income		Moderate Income		Middle Income		Upper Income		Income Not Available	
	% of Families In the AA	% of CSB Loans (by #)	% of Families In the AA	% of CSB Loans (by #)	% of Families In the AA	% of CSB Loans (by #)	% of Families In the AA	% of CSB Loans (by #)	% of Families In the AA	% of CSB Loans (by #)
Hernando-Pasco	21.93	6.90	23.77	27.59	24.06	24.14	30.24	31.03	0.00	10.34
Indian River	17.61	0.00	19.63	7.84	22.39	13.73	40.37	72.55	0.00	5.88
Northern Non-MSA	18.62	11.11	20.22	38.89	22.81	22.22	38.35	11.11	0.00	16.67
Ocala	17.12	11.48	19.85	18.03	23.46	21.31	39.57	49.18	0.00	0.00
Southern Non-MSA	21.26	10.00	19.18	20.00	22.29	10.00	37.29	60.00	0.00	0.00

Sources: 2000 U.S. Census data, bank loan data.

As depicted on the following page, the distribution of loans to businesses of different sizes in the limited scope areas is not inconsistent with the bank's performance in the full-scope AAs. We considered both the gross annual revenues of the borrowers and loan size in our evaluation of the distribution of loans to businesses of different sizes, as we did for the full-scope AAs.

Table 2B - Borrower Distribution of Loans to Businesses in the Hernando-Pasco AA				
Business Revenues (or Sales)	<\$1,000,000	>\$1,000,000	Data Not Available	Total
% of AA Businesses by #	71.65	1.34	27.01	100.00
% of CSB Loans in AA by #	47.62	23.81	28.57	100.00
% of CSB Loans in AA by \$	35.80	35.60	28.60	100.00
Table 2B - Borrower Distribution of Loans to Businesses in the Indian River AA				
Business Revenues (or Sales)	<\$1,000,000	>\$1,000,000	Data Not Available	Total
% of AA Businesses by #	53.40	1.58	45.02	100.00
% of CSB Loans in AA by #	56.52	26.09	17.39	100.00
% of CSB Loans in AA by \$	53.24	45.60	1.16	100.00
Table 2B - Borrower Distribution of Loans to Businesses in the Northern Non-MSA AA				
Business Revenues (or Sales)	<\$1,000,000	>\$1,000,000	Data Not Available	Total
% of AA Businesses by #	71.78	1.47	26.75	100.00
% of CSB Loans in AA by #	40.91	4.55	54.54	100.00
% of CSB Loans in AA by \$	22.51	0.56	76.93	100.00
Table 2B - Borrower Distribution of Loans to Businesses in the Ocala AA				
Business Revenues (or Sales)	<\$1,000,000	>\$1,000,000	Data Not Available	Total
% of AA Businesses by #	73.16	1.78	25.06	100.00
% of CSB Loans in AA by #	38.10	33.33	28.57	100.00
% of CSB Loans in AA by \$	46.32	41.19	12.49	100.00

Sources: 2011 Dun and Bradstreet business data, Bank loan data.

Table 2C - Borrower Distribution of Loans to Businesses by Loan Size in the Hernando-Pasco AA				
Loan Size (000's)	Number of Loans	Percent of Number	Dollar Volume of Loans	Percent of Dollar Volume
\$0 - \$100,000	13	61.90	489	20.72
\$100,001 - \$250,000	5	23.81	716	30.32
\$250,001 - \$500,000	3	14.29	1,156	48.96
\$500,001 - \$1,000,000	0	0.00	0	0.00
Over \$1,000,000	0	0.00	0	0.00
Totals	21	100.00	2,361	100.00
Table 2C - Borrower Distribution of Loans to Businesses by Loan Size in the Indian River AA				
Loan Size (000's)	Number of Loans	Percent of Number	Dollar Volume of Loans	Percent of Dollar Volume
\$0 - \$100,000	13	56.52	461	7.32
\$100,001 - \$250,000	7	30.44	1,300	20.66
\$250,001 - \$500,000	0	0.00	0	0.00
\$500,001 - \$1,000,000	0	0.00	0	0.00
Over \$1,000,000	3	13.04	4,530	72.02
Totals	23	100.00	6,291	100.00

Table 2C - Borrower Distribution of Loans to Businesses by Loan Size in the Northern Non-MSA AA				
Loan Size (000's)	Number of Loans	Percent of Number	Dollar Volume of Loans	Percent of Dollar Volume
\$0 - \$100,000	16	72.73	540	11.31
\$100,001 - \$250,000	3	13.63	593	12.43
\$250,001 - \$500,000	0	0.00	0	0.00
\$500,001 - \$1,000,000	2	9.09	1,664	34.87
Over \$1,000,000	1	4.55	1,975	41.39
Totals	22	100.00		100.00

Table 2C - Borrower Distribution of Loans to Businesses by Loan Size in the Ocala AA				
Loan Size (000's)	Number of Loans	Percent of Number	Dollar Volume of Loans	Percent of Dollar Volume
\$0 - \$100,000	13	61.91	588	10.42
\$100,001 - \$250,000	1	4.76	238	4.23
\$250,001 - \$500,000	5	23.81	1,970	34.92
\$500,001 - \$1,000,000	0	0.00	0	0.00
Over \$1,000,000	2	9.52	2,845	50.43
Totals	21	100.00	5,641	100.00

Source: Bank loan data.

Geographic Distribution of Loans– Meets the Standard for Satisfactory Performance

The geographic distribution of loans reflects reasonable dispersion of loans to borrowers and business located throughout the AA, including LMI geographies. The distribution of loans in the full scope areas is reasonable. The distribution of CSB’s loans reflects lending in most tracts. There were no conspicuous gaps noted in the bank’s geographic lending distribution. The bank’s performance related to the distribution of loans in the limited scope areas is stronger than their performance in the full scope AAs. Performance in the limited scope areas had a positive impact on the overall conclusion for performance related to the geographic distribution of loans.

For residential mortgage loans, we compared the bank’s performance to the distribution of owner-occupied housing units by tract income level. For business loans, we compared the bank’s performance to the distribution of businesses by tract income level. For the gap analysis, we reviewed residential mortgage loans only. Small business loans were sampled and are not necessarily reflective of all loans to businesses originated during the evaluation period.

Full Scope Areas

Polk County

The geographic distribution of loans reflects a reasonable dispersion among tracts of different income levels. CSB made no loans in the single low-income geography. The geographic distribution of loans in moderate-income tracts is reasonable considering the performance context factors mentioned above and in the Description of the Assessment

Area. Competition for mortgage loans is very strong, but CSB compared favorably in terms of market share of loans originated and reported under HMDA in 2010. CSB ranked 4th in deposit market share among 18 institutions in the AA compared to 8th of 325 bank and non-bank financial institutions reporting originations under HMDA in 2010. More notable, CSB ranked 10th among 110 bank and non-bank financial institutions reporting originations in LMI geographies in the AA in 2010. Despite limited lending opportunities, CSB had a higher market share of loans in LMI areas, than within the entire Polk County.

The results of our analyses are summarized in the following table.

Table 3 - Geographic Distribution of Residential Real Estate Loans in the Polk County AA								
Census Tract Income Level	Low Income		Moderate Income		Middle Income		Upper Income	
Loan Type	% of AA Owner Occupied Housing	% of Number of CSB Loans	% of AA Owner Occupied Housing	% of Number of CSB Loans	% of AA Owner Occupied Housing	% of Number of CSB Loans	% of AA Owner Occupied Housing	% of Number of CSB Loans
Polk County AA	2.87	0.00	23.09	8.59	42.68	74.79	31.36	16.62

Sources: 2000 US Census, bank loan data

The geographic distribution of loans to businesses is more than reasonable. CSB made no loans in the sole low-income geography; however, less than 1% of businesses are located in the low-income geography. CSB made a greater percentage of their loans in moderate-income geographies than there are businesses located in those geographies.

Table 3B - Geographic Distribution of Loans to Businesses in the Polk County AA								
Census Tract Income Level	Low Income		Moderate Income		Middle Income		Upper Income	
Loan Type	% of AA Businesses	% of Number of CSB Loans	% of AA Businesses	% of Number of CSB Loans	% of AA Businesses	% of Number of CSB Loans	% of AA Businesses	% of Number of CSB Loans
Polk County	0.28	0.00	19.26	26.71	57.67	31.36	22.79	41.93

Source: 2011 Dun and Bradstreet data, bank loan data

Orlando MSA

The geographic distribution of loans reflects a reasonable dispersion of loans to borrowers located throughout the AA. CSB made no mortgage loans in low-income census tracts. However, the overall percent of owner-occupied housing in the AA is less than 1%. The distribution of loans in moderate-income census tracts is reasonable considering the performance context factors mentioned above and in the Description of the Assessment Area. As in Polk County, competition for mortgage loans is very strong. CSB is ranked 11th in deposit market share among 46 institutions in the AA, but holds only 1% of total deposits. Of 545 bank and non-bank financial institutions

reporting originations under HMDA in 2010, CSB ranked 117th overall. Additionally, CSB held a higher market share in LMI geographies in the AA and ranked 108th among 263 bank and non-bank financial institutions reporting originations in 2010.

Table 3 - Geographic Distribution of Residential Real Estate Loans in the Orlando MSA AA								
Census Tract Income Level	Low Income		Moderate Income		Middle Income		Upper Income	
Loan Type	% of AA Owner Occupied Housing	% of Number of CSB Loans	% of AA Owner Occupied Housing	% of Number of CSB Loans	% of AA Owner Occupied Housing	% of Number of CSB Loans	% of AA Owner Occupied Housing	% of Number of CSB Loans
Orlando MSA AA	0.71%	0.00%	22.15%	12.00%	54.24%	68.00%	22.90%	20.00%

Sources: 2000 US Census; Bank loan data

The geographic distribution of loans reflects more than reasonable dispersion to businesses located throughout the AA. CSB made no loans in low-income geographies, but only 1.4% of businesses are located in these geographies. CSB made proportionally more loans in moderate-income geographies than there are businesses located in those geographies.

Table 3B - Geographic Distribution of Loans to Businesses in the Orlando MSA AA								
Census Tract Income Level	Low Income		Moderate Income		Middle Income		Upper Income	
Loan Type	% of AA Businesses	% of Number of CSB Loans	% of AA Businesses	% of Number of CSB Loans	% of AA Businesses	% of Number of CSB Loans	% of AA Businesses	% of Number of CSB Loans
Orlando MSA	1.36%	0.00%	23.57%	30.00%	50.36%	66.67%	24.71%	3.33%

Source: 2011 Dun & Bradstreet data, bank loan data

Limited Scope Areas

The bank's performance related to the geographic distribution of loans to borrowers in limited scope areas is stronger than the bank's performance in full scope areas. CSB made proportionately more loans in moderate-income geographies in the Hernando-Pasco, Indian River, and Northern Non-MSA AAs than there are owner occupied housing units in those geographies. CSB made no loans in LMI geographies in the Ocala AA, however, opportunities to lend were very limited. Only 3.2% of owner-occupied units are located in LMI geographies in Ocala.

Table 3 - Geographic Distribution of Residential Real Estate Loans in the Limited Scope Areas								
Census Tract Income Level	Low Income		Moderate Income		Middle Income		Upper Income	
Loan Type	% of AA Owner Occupied Housing	% of Number of CSB Loans	% of AA Owner Occupied Housing	% of Number of CSB Loans	% of AA Owner Occupied Housing	% of Number of CSB Loans	% of AA Owner Occupied Housing	% of Number of CSB Loans
Hernando-Pasco	0.00	0.00	42.17	48.28	46.86	41.38	10.97	10.34
Indian River	0.00	0.00	13.47	13.73	61.60	49.02	24.93	37.25
Northern Non-MSA	0.00	0.00	4.47	16.67	77.33	77.78	18.20	5.55
Ocala	0.36	0.00	2.80	0.00	79.14	80.33	17.70	19.67

Source: 2000 US Census data, bank loan data

The bank’s performance related to the geographic distribution of loans to businesses in the Hernando-Pasco and Indian River limited scope areas is not inconsistent with performance in the full scope areas. The bank’s performance in the Northern Non-MSA and Ocala AAs is weaker than the bank’s performance in full scope areas, but still considered reasonable given performance context factors.

Table 3B - Geographic Distribution of Loans to Businesses in the Limited Scope Areas								
Census Tract Income Level	Low Income		Moderate Income		Middle Income		Upper Income	
Loan Type	% of AA Businesses	% of Number of CSB Loans	% of AA Businesses	% of Number of CSB Loans	% of AA Businesses	% of Number of CSB Loans	% of AA Businesses	% of Number of CSB Loans
Hernando-Pasco	0.00	0.00	37.65	57.14	45.19	38.10	17.16	4.76
Indian River	0.00	0.00	12.68	30.43	60.31	60.87	27.01	8.70
Northern Non-MSA	0.00	0.00	6.15	4.55	74.90	68.18	18.95	27.27
Ocala	0.64	0.00	4.25	0.00	73.28	76.19	21.84	23.81

Source: 2000 US Census; Bank loan data

Responses to Complaints

CSB received one complaint during the evaluation period related to their CRA performance. The bank responded in a reasonable manner. The complaint had a neutral impact on the bank’s CRA rating.

COMMUNITY DEVELOPMENT TEST

The bank's performance under the Community Development Test is rated Outstanding.

The bank's community development performance demonstrates excellent responsiveness to the needs of its AA through CD loans, qualified investments (QIs) and CD services, considering the bank's capacity and the need and availability of such opportunities for community development in the bank's AA. The bank's performance in full scope areas demonstrated excellent responsiveness to community needs. The bank's performance in limited scope areas is not inconsistent with performance in the full scope areas and had a neutral impact on the bank's overall CD test rating.

We reviewed information provided by CSB for community development activities within the AA during the evaluation period. The information was reviewed to validate that the activities supported community development and were responsive to community needs.

Number and Amount of Community Development Loans

Full Scope Areas

Polk County

The bank's level of CD loans showed excellent responsiveness to community needs. During the evaluation period, CSB originated eight loans totaling \$14.3 million that were for CD purposes. The loans provided financing for affordable housing for qualified low- or moderate-income families, expansion of a licensed day-care facility that serves a predominantly low- or moderate-income population, financing to an entity that provides legal services to LMI individuals, and financing of a new library, city hall, and fire station in a designated Recovery Zone.

Orlando MSA

The bank's level of CD loans demonstrates excellent responsiveness to community needs. During the evaluation period, CSB originated two loans totaling \$2.3 million that were for community development purposes. The loans provided rental housing for low-income seniors and social services for other low- or moderate income residents in the AA. We considered that CSB has only a 1.0% market share in the Orlando MSA.

Limited Scope Areas

CSB's performance related to CD loans in the limited scope AAs is not inconsistent with their performance in full scope areas. CSB made nine loans totaling \$2.0 million in three of the five limited scope AAs during the evaluation period. No CD loans were made in the Hernando-Pasco or Indian River AAs. Performance in limited scope areas related to CD loans had a neutral impact on the overall community development test rating.

Number and Amount of Qualified Investments

Full Scope Areas

Polk County

The bank's level of qualified investments showed adequate responsiveness to community needs. During the evaluation period, CSB made 10 qualified investments totaling \$1.2 million. The majority of the total dollar investment (\$1.1 million) is in the form of a Government National Mortgage Association (GNMA) mortgage-backed security for which the underlying mortgages are all located in the AA and all of the loans were made to LMI borrowers. Residential mortgage loans for LMI borrowers was cited as a community need in the Polk County AA. The remaining investments were responsive to community needs and provided support to nine separate organizations. These organizations provide services that include permanent affordable housing for LMI families, emergency shelter, food, clothing and medical care for LMI families.

Orlando MSA

The bank's level of qualified investments showed adequate responsiveness to community needs. During the evaluation period, CSB made four qualified investments totaling \$4.6 million. CSB invested the vast majority of the funds in mortgage-backed securities. The underlying mortgages went entirely to LMI borrowers and all were located within the bank's assessment area. Three small dollar grants were made to a food bank, an organization that provides educational scholarships to LMI children, and a group home for children in foster care.

Limited Scope Areas

The bank's performance related to qualified investments in limited scope areas is not inconsistent with its performance in full scope areas. CSB purchase five mortgage-backed securities totaling \$2.0 million in limited scope areas. The underlying mortgages for all five securities were to LMI borrowers and were located in CSB AAs. CSB also made nine small dollar grants and in-kind donations to nine organizations. Their activities include building and rehabilitating permanent affordable housing for LMI families, revitalizing targeted LMI areas, operating a small business incubator that provides technical support to resident businesses, and providing social services for LMI children. The bank's performance in limited scope areas related to qualified investments had a neutral impact on the bank's overall community development test rating.

Extent to Which the Bank Provides Community Development Services

Full Scope Areas

Polk County

The bank demonstrated excellent responsiveness in its delivery of CD services, given

its size and capacity to provide such services. Bank personnel have engaged in community development services that are responsive to community needs. Eight bank managers, including members of the senior management team, provide financial expertise and services to organizations that provide affordable housing for LMI persons, scholarships to LMI students, short term financial assistance for LMI persons, and free medical and dental services for LMI families.

Orlando MSA

The extent to which the bank provides community development services is excellent given its size and capacity to provide such services.

Bank personnel have engaged in community development services that are responsive to community needs. Activities include service on the boards of local organizations with a primary purpose of community development. Bank personnel also provided technical assistance by serving on the finance committees or loan approval committees for affordable housing organizations. Bank personnel also participated in financial literacy workshops for low-income residents in the AA.

Limited Scope Areas

The bank’s performance related to CD services in limited scope areas is stronger than the bank’s performance in full scope areas. Nineteen bank managers and staff provided financial expertise and related services to 19 different qualified CD organizations across all limited scope areas under review. These organizations provide services for LMI individuals and families that include affordable housing, housing counseling, financial counseling and education programs, health services, emergency shelter, and economic development in LMI areas and distressed and underserved nonmetropolitan middle-income areas. The bank’s performance in limited scope areas had a positive impact on the bank’s overall CD test rating.

Responsiveness to Community Development Needs

CSB demonstrated excellent responsiveness to identified community development needs. The delivery systems of the bank are reasonably accessible to geographies and individuals of different income levels in its AAs.

Polk County

The types of products and services offered by CSB are excellent and responsive to the needs of LMI persons in the community. Banking services include a free checking account that has no monthly service charge, no minimum balance required, no per check charge and free online bill payment. The bank’s branch network also provides availability to LMI persons in the community. Four (31%) of 13 branches are located in moderate-income geographies. LMI geographies make up 26% of all geographies in the AA. All four locations are full service branches with ATM and drive-through facilities.

Orlando MSA

The types of services available at CSB are excellent and responsive to the needs of LMI persons in the community. Banking services include a free checking account that has no monthly service charge, no minimum balance required, no per check charge and free online bill payment. CSB has 13 branches in the Orlando MSA AA, of which five (39%) are located in moderate-income geographies. LMI geographies make up 26% of all geographies in the AA. All five locations are full service branches with ATM and drive-through facilities.

Limited Scope Areas

The types of delivery systems, products and services offered in limited scope areas is not inconsistent with delivery systems, products and services offered in full scope areas. Of 22 branches located in limited scope areas, four (18%) are located in LMI geographies. LMI geographies comprise 15% (33) of total geographies (213) in limited scope areas. Three branches in the Southern Non-MSA AA and two branches in the Northern Non-MSA are located in distressed non-metropolitan middle-income geographies.

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.