



INTERMEDIATE SMALL BANK

Comptroller of the Currency
Administrator of National Banks

Washington, DC 20219

PUBLIC DISCLOSURE

June 20, 2011

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

New Traditions National Bank
Charter Number: 24847

600 Wilkinson Street
Orlando, FL 32803-0000

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: Satisfactory.

The major factors to support this rating include:

- New Traditions National Bank average quarterly loan-to-deposit (LTD) ratio is reasonable given its performance context and is comparable to several banks in the peer group.
- A substantial majority of business loans originated by New Traditions National Bank over the evaluation period was within its assessment area (AA).
- New Traditions National Bank’s lending activities show poor penetration among businesses of different sizes, which is mainly considered the result of the weak local economy and limited available lending opportunity within the AA.
- The geographic distribution of business lending reflects a reasonable dispersion throughout the AA.
- Community development performance demonstrates adequate responsiveness to the community development needs of the bank’s AA.
- The bank has received no complaints during this review period.

Scope of Examination

This Performance Evaluation (PE) assesses New Traditions National Bank (NTNB) record of meeting the credit needs of the communities in which it operates. We evaluated the bank as an Intermediate Small Bank using the Community Reinvestment Act (CRA) procedures which includes a lending test and a community development test. The bank’s lending performance is evaluated using the small bank lending test. The community development test evaluates a bank’s community development lending, investments and service activities.

We determined the bank’s primary loan product by considering both the number and dollar amount of loan originations since opening in August 25, 2008 through May 31, 2011. The number of originations by loan type is depicted below.

Loan Originations for the time period of 8/25/2008 through 5/31/11		
Loan Type	Number of Loans Originated/Purchased during evaluation period	% by Number of Loans Originated/Purchased during evaluation period
Consumer	36	8.00%
Commercial/CRE	312	69.33%
Home Equity	102	22.67%
Total originations	450	100%

As reflected above, the primary loan product was business loan originations including commercial and commercial real estate (CRE), which accounted for 312 (69%) in number and \$191 million (80%) in dollar volume in comparison to home equity lending originations for the same time period of 102 (23%) in number and \$43 million (18%) in dollar volume. The remaining loan originations consisted of consumer, i.e., auto, etc.

As such, our evaluation of the bank's lending performance will reflect only one loan product, business loans, as this was more representative of the bank's lending strategy during the evaluation period. Our conclusions were based on an analysis of a random sample of business loans originated during the evaluation period.

To evaluate the bank's performance under the community development, we reviewed qualified loans, investments and service activities during the evaluation period of August 25, 2008 through June 20, 2011.

NTNB is an intrastate, locally-owned, closely-held bank established on August 25, 2008 and headquartered in Orlando, Florida. The bank has one branch located in Maitland, Florida. The bank provides many services to its customers including: debit card services, free 24-hour Internet, electronic bank statements, remote deposits, courier services and cash management services for its business banking customers. The bank has one drive-up facility located at its main office. The bank does not have automated teller machines (ATM) access at any of their office locations. However, customers are not charged for any ATM withdrawals conducted at any Publix Presto ATM locations. NTNB also provides low-to-no cost checking to consumers and businesses.

NTNB provides a variety of lending programs, but generally its primary focus has been in commercial lending, which represents \$116 million or 75% of the total loan portfolio. The composition of the loan portfolio as of March 31, 2011 is charted below, and is based on total loans of \$155 million.

Composition of the Loan Portfolio as of 3/31/11		
Loan Type	Dollar Amount (000)	Percentage (%)
Consumer	\$1,460	1.0%
Commercial/CRE	\$116,239	75.0%
Residential RE	\$4,117	3.0%
Home Equity	\$33,137	21.0%

As of March 31, 2011, the bank had total assets of \$362 million with net loans comprising 42% of total assets, or \$152 million. There are no financial or legal impediments that would prevent the bank from meeting the credit needs of the community it serves.

Description of Assessment Area(S)

Description of the Orange County Assessment Area

The assessment area (AA) targets mainly Orange County, which is located in the Orlando-Kissimmee-Sanford, Florida, Metropolitan Statistical Area (MSA) #36740. The MSA is also known as “Metro Orlando” as Orlando is the hub city of the MSA. The AA consists of 237 census tracts located in Orange County in its entirety and five cities in Seminole County contiguous to Orange County. The cities in Seminole County include: Altamonte Springs, Casselberry, Longwood, Oviedo and Winter Springs. The bank has received approval from our agency to open an office in Altamonte Springs which is expected to open by the fourth quarter of 2011. The AA meets the requirements of the regulation and does not arbitrarily exclude low- or moderate-income geographies. Specific 2000 and 2011 demographic and economic data for the assessment area are detailed below.

Demographic and Economic Characteristics of the AA:			
Population		Geographies	
Total Persons	1,130,524	Number of Census Tracts	237
Number of Households	428,022	% Low-Income Census Tracts (7)	2.95%
2011 Median Family Income (MFI)	\$57,400	% Moderate-Income Census Tracts (48)	20.25%
<i>Based on MFI</i>		% Middle-Income Census Tracts (105)	44.30%
Low-Income individuals earn	<\$28,699	% Upper-Income Census Tracts (77)	32.50%
Moderate-Income individuals earn	\$28,700-\$45,919		
Income Distribution		Businesses (Non-Farm)	
Number of Families	285,102	Number of Businesses located in the AA	206,844
Families residing in the AA by income category		% of Small Businesses located in the AA	75.22%
% Low-Income Families	18.34%	% of Large Businesses	3.01%
% Moderate-Income Families	17.95%	% of Business with no revenues reported	21.77%
% Middle-Income Families	22.32%	% of Biz in Low-Income Census Tracts	1.69%
% Upper-Income Families	41.39%	% of Biz in Moderate-Income Census Tracts	20.03%
		% of Biz in Middle-Income Census Tracts	41.81%
		% of Biz in Upper-Income Census Tracts	36.47%
<i>Source: 2000 Census, 2011 HUD updated income data and 2011 Dunn and Bradstreet data</i>			

According to the 2000 U.S. Census Bureau economic data, the AA has a total population of 1,130,524. Approximately 10% of the population is over 65 years of age and about 10% of households live below the poverty level. Housing units in the AA total 458 thousand with 326 thousand or 71%, classified as 1-4 family units of which 58% are owner-occupied. Multifamily housing represents 107 thousand or 24%, and rental housing represents 177 thousand or approximately 39% of total housing units in the AA. Approximately 6.5% or 30 thousand housing units are vacant. Additionally, there are 207 thousand non-farm businesses located throughout the AA which includes 45 thousand businesses that did not report annual revenues. Small businesses comprise

approximately 75%, or 156 thousand of the total non-farm businesses within the AA.

The AA is best known for its tourist industry. However, there are other industries in the AA that comprise a somewhat diversified economy. The AA is known for its high-technology industry and many corporate headquarters to well-known national and international companies are located throughout the AA. Orlando is consistently ranked as one of the top vacation destinations in the world. The top employer in Orlando is Walt Disney World with over 60,000 employees. Other top employers in the AA are generally connected to tourism. Top industries include the state and local government as well as full-service restaurants.

As with most metropolitan areas located in Florida, the economy in the AA has been significantly impacted by the downturn in the global and local economy. NTN's ability and opportunity to lend, especially to low- and moderate-income borrowers as well as to small businesses, has been somewhat impacted by the downturn in the economy. The entire state, and in particular Orange County, Orlando has experienced significant job losses, a volatile housing market and a record number of delinquencies, foreclosures and bankruptcies. However, as of May 31, 2011, a few economic indicators revealed some signs of recovery in Orange County as the unemployment rate continues to decline and housing prices showing stabilization. According to the U.S. Department of Labor, Bureau of Labor Statistics May 2011 report, the unemployment rate (not seasonally adjusted) for Orange County was 9.9%, which is below the state's unemployment rate of 10.6% and slightly higher than the 9.1% national rate.

The AA has experienced a volatile housing market in the past several years as home values quickly escalated in a short time period followed by a significant decline. According to Zillow.com, median home prices in Orange County continue to decline and as of May 31, 2011, the median home price was \$116 thousand, a 6.3% decline from the same period last year.

Competition for financial services within the bank's AA is intense. According to the FDIC deposit market share data as of June 30, 2010 there were a combined 39 financial institutions operating in 301 offices within Orange County. Major large bank competitors include: SunTrust Bank, Bank of America, N.A., and Wells Fargo Bank, N.A.

Our office recently met with a locally-based community organization to gain a better understanding of the most pressing credit needs within the bank's AA. The primary community credit need in communities located within the AA include financing for affordable housing, or more specifically, financing for the rehabilitation of existing 1-4 single family and multi-family unit projects in order to keep individuals and families in their homes. Non-profit organizations that receive funding for affordable housing programs have had set-backs or funds have been delayed due to economic and other factors. However, there are a number of opportunities for financial institutions such as providing loans to businesses to fund projects directed toward improving affordable housing opportunities in the AA as well as providing volunteer time to assist in credit counseling and foreclosure prevention classes.

Conclusions with Respect to Performance Tests

LENDING TEST

The bank’s performance under the Lending Test is rated “Satisfactory”.

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

NTNB average quarterly loan-to-deposit (LTD) ratio is reasonable given its performance context and is comparable to several banks in the peer group. The average LTD was calculated and averaged for each quarter since the bank opened in August 2008. The peer group used for this analysis consists of all de novo community banks opened less than three years with total assets less than \$500 million and located throughout the State of Florida. NTNB’s average LTD quarterly ratio for the past 11 quarters was 38% which is comparable to the other de novo banks low- quarterly average LTD ratio of 57%.

The bank is reporting an upward trend, with the LTD ratio reported over 50% each month since December 2010 through June 2011 or the most recent seven months. The primary reason the bank’s loan-to-deposit ratio is below its peer group, is the management team’s ability to attract deposits based on prior established business relationships coupled with the relatively low loan demand as a result of local economic conditions. As the bank becomes more established in its assessment area, and the economy improves, the bank’s loan portfolio will continue to grow. However, because the bank’s relationship-approach to deposit taking attracts relatively low cost deposits, its loan-to-deposit ratio, although expected to increase, will remain moderate.

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

A substantial majority of business loans originated by New Traditions National Bank over the evaluation period was within its AA. This conclusion is based on an analysis of a random sample of 60 business loans for the period of August 25, 2008 through May 31, 2011. As detailed in the table below, approximately 90% by number and 85% by dollar amount of sampled loans were within NTNB assessment area.

Lending in the Assessment Area										
Type of Loan	Number of Loans					Dollars of Loans (000's)				
	Inside		Outside		Total	Inside		Outside		Total
	#	%	#	%	#	\$	%	\$	%	\$
Commercial Loans	54	90.00%	6	10.00%	60	\$23,443	85%	\$4,094	15.00%	\$27,537

Source: Loan sample for business loans for the time period of August 25, 2008 through May 31, 2011.

- **Lending to Borrowers of Different Incomes and Business of Different Sizes – Does not meet the Standard for Satisfactory Performance**

NTNB lending activities show poor penetration among businesses of different sizes. Our sample as noted above was based on the 54 business loans made in the assessment area during the evaluation period. The following chart depicts a breakdown of these loans according to business size.

Borrower Distribution to Businesses in the Assessment Area				
Business Revenues (or Sales)	<= \$1,000,000	> \$1,000,000	Revenue Unavailable	Total
% of AA Non-farm Businesses	75.22%	3.01	21.77%	100.00%
% of Bank Loans in AA by #	45.00%	55.00%	0.00%	100.00%
% of Bank Loans in AA by \$	62.00%	38.00%	0.00%	100.00%

Source: Loan sample for business loans for the time period of August 25, 2008 through May 31, 2011, and 2011 Dunn and Bradstreet data

As depicted in the tables above, the percentage of loans to small businesses is significantly lower than the percent of such businesses operating in the AA. Based on our sample, NTNB originated only 45% of total number of loans and 62% of total dollar volume of loans to small businesses (those with total revenues of \$1 million or less).

In comparison, businesses in the assessment area that reported revenues, 75% or 156 thousand are considered small businesses. NTNB identified this weakness in their lending program in the second quarter of 2011 and designated two lending officers, one for Orange County and one for Seminole County, to focus on serving the lending needs of the small businesses in the AA. It should also be noted that there is a large percentage (22%) of unreported income for businesses in the AA, so these business may in fact actually reflect revenues in excess of \$1,000,000.

Additionally, the overall assessment for this evaluation also considers the significant impact of the protracted weak economy on available lending opportunities. As discussed, competition in this small local area is intense, and consequently the bank has pursued commercial lending with larger businesses in order to obtain loan growth consistent with strategic objectives. As noted above, the bank has dedicated lending officers that will continue to actively pursue small business lending opportunities within the two counties.

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

The geographic distribution of business lending reflects a reasonable dispersion throughout the AA. Our analysis was based on the same sample of 54 business loans originated in the AA during the evaluation period. The table on the following page reflects the distribution of sampled loans by income designation of census tract.

Geographic Distribution of Business Loans in the Assessment Area								
Census Tract Income Level	Low		Moderate		Middle		Upper	
	% of AA Businesses	% of Number of Loans	% of AA Businesses	% of Number of Loans	% of AA Businesses	% of Number of Loans	% of AA Businesses	% of Number of Loans
% of Total	1.69%	7.55%	20.03%	15.09%	41.81%	32.08%	36.47%	45.28%

Source: Loan sample for business loans for the time period of January 1, 2008 through June 30, 2010, and 2009 Dunn and Bradstreet data

As shown in the table above, the geographic distribution of loans to businesses located in low-and moderate-income census tracts exceeds or is near the percentage of businesses located in these tracts. The lending analysis showed the bank extended 7.55% of its business loans to businesses located in low-income tracts. By comparison, 1.69% of all businesses in the AA are located in low-income tracts. Additionally, the bank extended over 15.09% of its businesses loans to businesses located in moderate-income census tracts. By comparison, moderate-income census tracts account for approximately 20.03% of all businesses in the AA. Lending to middle-and upper-income census tracts also shows a reasonable pattern of distribution.

Responses to Complaints

There we no CRA related complaints received by the bank or our office during the period of review.

COMMUNITY DEVELOPMENT TEST

The bank’s performance under the Community Development Test is rated “Satisfactory”.

The bank’s community development (CD) performance demonstrates adequate responsiveness to the needs of its AA through community development loans, qualified investments (QI) and community development services, considering the bank’s capacity and the need and availability of such opportunities for community development in the bank’s AA.

We reviewed information provided by NTNB 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.

Community Development Loans

Number of Loans	\$ Volume of Loans
2	\$4,127,660

NTNB has an adequate level of CD lending that showed responsiveness to community needs. CD lending for NTNB consists primarily of a \$2,978 thousand loan to finance affordable housing in Osceola County which is located in a contiguous county to the bank's AA and included in the Orlando-Kissimmee-Sanford MSA. The bank participated in a loan to purchase a multi-family apartment complex in Kissimmee/Osceola County. This multi-family apartment complex is also affiliated with various other affordable housing programs through the State of Florida, i.e., rents are subsidized by the Florida Housing Finance Corporation. The other CD loan totaling \$1,150 thousand was to refinance a restaurant located in a moderate-income census tract. The newly opened restaurant provided 76 jobs in the local area that included 74 making less than 80% of the AA's median income. This level of CD loans equates to 12% of total equity capital, as of March 31, 2011.

Qualified Investments

Number of QI	\$ Volume of QI
1	\$1,073,029
8	\$7,850

NTNB has an adequate level of qualified investments in the AA. The bank made one investment in a Ginnie Mae (GNMA) loan pool which is collateralized by ten mortgages to low- and moderate-income borrowers within their assessment area with the exception of one \$94 thousand mortgage located in a city within Seminole County that is not in the bank's AA. However, the city is located in the Orlando-Kissimmee-Sanford MSA. NTNB made eight monetary donations totaling \$7,850 to community development organizations within its AA during the evaluation period. These qualified investments totaling \$1,081 thousand equates to 3% of the bank's total capital, as of March 31, 2011

Community Development Services

NTNB has an adequate level of service activity in their AA. The bank has for the evaluation period, served organizations that meet the definition of community development through the involvement of two officers. These officers have served as Board members of two separate non-profit organizations situated in the AA and whose mission is to provide food, clothing and financial assistance to families in need. In addition, one of the officers also provides annual basic finance training to those students involved in the "Elevate Orlando" program. This program provides support and resources to urban high school students located in low-income areas.

NTNB provides low-to-no cost checking to consumers and businesses. For example, the bank offers a personal checking account to those customers age 50 and over with no minimum balance to open and no monthly maintenance fees. Additionally, the bank offers a business checking account with a minimum opening deposit of \$250, with a \$5

monthly maintenance fee and earnings credit that may offset all or a portion of the monthly account analysis charges. These products are considered responsive to LMI and small businesses.

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.