

PUBLIC DISCLOSURE

August 10, 2006

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

**Community Bank of Cape Coral
Certificate Number: 57796**

**61 Hancock Bridge Parkway West
Cape Coral, Florida 33991**

**Federal Deposit Insurance Corporation
10 Tenth Street, N.E., Suite 800
Atlanta, Georgia 30309-3906**

NOTE: 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.

TABLE OF CONTENTS

I. General Information.....1

II. Institution Rating1

III. Description of Institution.....2

IV. Description of Assessment Area3

V. Conclusions5

VI. Definitions8

GENERAL INFORMATION

The Community Reinvestment Act (CRA) requires each federal financial supervisory agency to use its authority when examining financial institutions subject to its supervision, to assess the 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. Upon conclusion of such examination, the agency must prepare a written evaluation of the institution's record of meeting the credit needs of its community.

*This document is an evaluation of the CRA performance of **Community Bank of Cape Coral, Cape Coral, Florida** prepared by the **Federal Deposit Insurance Corporation**, the institution's supervisory agency, as of **August 10, 2006**. The agency rates the CRA performance of an institution consistent with the provisions set forth in Appendix A to 12 CFR Part 345.*

INSTITUTION RATING

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

The bank demonstrates a satisfactory responsiveness to the credit needs of its assessment area based on the following findings.

- The average net loan-to-deposit ratio of 81.7 percent reflects a satisfactory responsiveness to the credit needs of the community.
- A majority of the small business loans reviewed were inside the assessment area.
- Small business loans are reasonably dispersed among businesses of different revenue sizes.
- The geographic distribution of small business lending reflects a good penetration throughout the assessment area.
- There have been no CRA-related complaints filed since the bank opened for business.

DESCRIPTION OF INSTITUTION

Community Bank of Cape Coral (CBCC), established on August 11, 2004, is a state-chartered bank headquartered in Cape Coral, Florida. CBCC operates two full-service banking offices with automatic teller machine accessibility in Lee County. The main office is located in a middle-income geography and the branch office is located in an upper-income geography. Both of the offices are located in the Cape Coral-Fort Myers, Florida Metropolitan Statistical Area (MSA). To further serve its customers, the bank has established an Internet web site at www.bankcapecoral.com. In addition, a courier service is offered for commercial customers.

As of June 30, 2006, the bank reported total assets of \$96,598,000 of which \$53,987,000 or 55.9 percent represented loans. The composition of the loan portfolio as of June 30, 2006, is detailed below.

<i>Table 1 – Loan Distribution as of 06/30/2006</i>		
<i>Loan Type</i>	<i>Dollar Amount (000s)</i>	<i>Percent of Total Loans (%)</i>
<i>Construction and Land Development</i>	17,080	31.6
<i>Secured by Farmland</i>	-0-	0.0
<i>1-4 Family Residential</i>	9,850	18.3
<i>Multifamily Residential</i>	1,200	2.2
<i>Commercial</i>	21,640	40.1
<i>Total Real Estate Loans</i>	<i>49,770</i>	<i>92.2</i>
<i>Commercial and Industrial</i>	4,031	7.5
<i>Consumer</i>	186	0.3
<i>Total Loans</i>	<i>\$53,987</i>	<i>100.0%</i>

Source: Report of Condition 06/30/2006.

Residential products include refinance and purchase of residential raw land loans, home improvement loans, construction loans, and home equity lines of credit. The bank does not offer 15- and 30-year residential mortgage loans. To serve their customers who desire these types of loans, the bank has developed a relationship with Resource Mortgage Source. Resource Mortgage Source brokers mortgage loans for secondary market investors by offering a wide variety of mortgage products that can assist low- and moderate-income borrowers.

For businesses, the bank offers a wide variety of small business products including commercial- and farm-related real estate loans, equipment loans, letters of credit, loans to purchase raw land, and commercial revolving lines of credit.

In addition to the residential mortgage and small business products, the bank offers loans to purchase new and used automobiles and trucks, small unsecured loans to help customers pay unexpected living expenses, as well as other collateralized loans.

There are no legal or financial impediments that would impact the bank's performance under the CRA. This is the bank's first CRA evaluation.

DESCRIPTION OF ASSESSMENT AREA

Each financial institution must delineate an assessment area(s) within which it will be evaluated. Generally, assessment areas should consist of MSAs or contiguous political subdivisions such as counties, cities or towns, and must consist of whole geographies. They may not reflect illegal discrimination or arbitrarily exclude low- or moderate-income areas taking into consideration an institution's size and financial condition.

The bank has designated Northwest Lee County as its assessment area. The assessment area encompasses the communities of Cape Coral, North Fort Myers, North Fort Myers Shores, and Pine Island. All of the communities are located in the Cape Coral-Fort Myers MSA.

The assessment area consists of 40 geographies including 4 moderate-income, 30 middle-income, and 6 upper-income geographies. The 4 moderate-income geographies are located in Cape Coral (1) and North Fort Myers (3). The assessment area consists of whole geographies and does not arbitrarily exclude any low- or moderate-income areas. CBCC is a small institution that serves the communities immediately surrounding its offices.

According to the 2000 U. S. Census, the population of the assessment area is 174,935 with 52,700 families. The 2000 median family income for the assessment area was \$45,919. The updated HUD-adjusted median family income for the Cape Coral-Fort Myers MSA for 2005 is \$53,700. Table 2 illustrates the income distribution of families in the assessment area according to 2000 U. S. Census data.

<i>FAMILY INCOME LEVEL</i>	<i>NUMBER OF FAMILIES</i>	<i>PERCENT OF FAMILIES</i>
Low	8,809	16.7
Moderate	11,278	21.4
Middle	13,432	25.5
Upper	19,181	36.4
Total	52,700	100.0%

Approximately 5.9 percent of the families in the assessment area earn incomes below the poverty level.

There are 88,340 housing units within the assessment area, of which 69 percent are owner-occupied, 15.1 percent are rented, and approximately 15.9 percent are vacant. Of the total housing units available, approximately 69 percent are 1-4 family units, 10.0 percent are 5 or more units, 20.5 percent are mobile homes, and 0.5 percent are other units.

The median housing value in the assessment area is \$101,061, and the median gross rent is \$646 per month. The median housing value is higher than the statewide value of \$93,200. The rent is slightly higher than the statewide median gross rent of \$641. The median age of the housing stock is 18 years, which is newer than the statewide figure of 21 years. Only 1.2 percent of the housing units were built prior to 1950.

Based on April 30, 2006, data from the U.S. Department of Labor, the unemployment rate for the Cape Coral-Fort Myers MSA is 2.1 percent. The statewide unemployment rate for Florida was 2.8 percent. Service, retail trade, and government sectors contribute the largest shares of employment in the assessment area. Lee Memorial Health System and Wal-Mart are the area's largest employers employing around 7,000 personnel. The tourism and resort industries, restaurants, lounges, hotels and motels, and amusement and recreational establishments also contribute substantially to the assessment area's economy.

According to 2005 business demographic data from Dun & Bradstreet, the assessment area consists of 16,642 businesses. Table 3 illustrates the distribution of small businesses by revenue size across geography income levels.

Table 3 – Distribution of Small Businesses By Income Category of the Geography				
<i>Geographies Income Levels</i>	<i>Businesses That Did Not Report Revenues</i>	<i>Businesses With Revenues < One Million</i>	<i>Businesses With Revenues > One Million</i>	<i>Total Businesses</i>
	#	#	#	#
<i>Moderate</i>	190	488	17	695
<i>Middle</i>	3,955	8,951	327	13,233
<i>Upper</i>	851	1,800	63	2,714
<i>Total</i>	<i>4,996</i>	<i>11,239</i>	<i>407</i>	<i>16,642</i>

Community Contact

A recent community contact indicated that local financial institutions are meeting the credit and financial needs of the assessment area. No specific unmet credit needs were discussed during the community contact interview.

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA

Small banks (banks with total assets less than \$250 million) are rated using five criteria: lending to borrowers of different incomes, geographic distribution of loans, lending within the assessment area, loan-to-deposit ratio, and response to consumer complaints.

Scope of Test

This evaluation considers the bank's small business lending activity from June 1, 2005, through May 31, 2006. This product was selected for analysis because it represents the largest loan product at 47.6 percent of the portfolio. Included within the small business loan portfolio are commercial mortgages and commercial and industrial loans.

The review of the 2005 Home Mortgage Disclosure Act Loan Application Register revealed that ninety-one percent of the 1-4 family mortgage originations were for business purposes; therefore, these loans were excluded from the analysis.

From June 1, 2005, through May 31, 2006, the bank originated a universe of 30 commercial loans totaling \$9,149,000. From this universe, the examiner selected all 30 of the commercial loans to evaluate the bank's CRA performance. Small business loan data was obtained from the bank's internal records. The analysis of the lending performance included a review of both number and dollar volume of lending in each category reviewed. All of the tables present an analysis of both number and dollar volume of loans originated. Dollar volume will be addressed when materially different from the percentages noted in the table or when it is otherwise meaningful to the analysis.

LENDING WITHIN THE ASSESSMENT AREA

Lending levels reflect a satisfactory responsiveness to assessment area credit needs. Table 4 illustrates the distribution of lending inside and outside of the assessment area. The distribution of loans reflects that a majority (80 percent) were originated within the assessment area.

<i>Loan Category or Type</i>	<i>Number of Loans</i>				<i>Total</i>	<i>Dollars in Loans (000s)</i>				
	<i>Inside</i>		<i>Outside</i>			<i>Inside</i>		<i>Outside</i>		<i>Total</i>
	<i>#</i>	<i>%</i>	<i>#</i>	<i>%</i>		<i>\$</i>	<i>%</i>	<i>\$</i>	<i>%</i>	
<i>Small Business Loans</i>	24	80.0	6	20.0	30	6,107	66.8	3,042	33.2	\$9,149

LENDING TO BUSINESSES OF DIFFERENT SIZES

This performance criterion analyzes lending to businesses of different sizes. Only loans extended within the assessment area are included in this analysis.

CBCC has shown a satisfactory response to the credit needs of small businesses. Of the 24 small business loans located in its assessment area, 79.2 percent were to businesses with gross annual revenues of \$1 million or less. This performance is satisfactory considering that 67.5 percent of the businesses in the assessment area reported revenues of \$1 million or less in 2005. However, 30.0 percent of businesses in the assessment area did not report revenues. Table 5 illustrates the distribution of small business loan originations by gross annual revenues during the review period.

<i>Table 5 – Distribution of Small Business Loans By Gross Annual Revenues</i>					
<i>Gross Annual Revenues</i>	<i>Businesses in the Assessment Area</i>	<i>Twelve Months Ending 05/31/2006</i>			
		<i>#</i>	<i>%</i>	<i>\$(in 000s)</i>	<i>%</i>
<i>\$(in 000s)</i>	<i>%</i>	<i>#</i>	<i>%</i>	<i>\$(in 000s)</i>	<i>%</i>
<i>≤ \$1,000</i>	67.5	19	79.2	3,907	64.0
<i>> \$1,000</i>	2.5	5	20.8	2,200	36.0
<i>Revenues Not Reported</i>	30.0	0	0	0	0.0
<i>Total</i>	<i>100.0 %</i>	<i>24</i>	<i>100.0 %</i>	<i>\$6,107</i>	<i>100.0 %</i>

Source: 2005 Dun & Bradstreet Data and Bank Records

GEOGRAPHIC DISTRIBUTION OF LENDING

A factor considered in the analysis of the bank's lending distribution is to determine the dispersion of loans among geographies that comprise the bank's assessment area. The most weight in this criterion is placed on the bank's lending within low- and moderate-income geographies.

The bank's geographic distribution of small business lending reflects a satisfactory penetration throughout the assessment area. The bank originated one loan, or 4.2 percent of all loans originated, within the four moderate-income geographies within their assessment area. This performance is considered reasonable since these moderate-income geographies are located in the northern section of Cape Coral and North Fort Myers where the bank does not have an office. Additionally, according to business demographics, only 4.2 percent of all businesses in the assessment area are located in these moderate-income geographies.

Table 6 on the following page illustrates the distribution of small business loan originations across moderate-, middle- and upper-income geographies during the review period.

Table 6 – Distribution of Small Business Loans By Income Category of the Geography					
Geography Income Level	Businesses in Census Tracts	Twelve Months Ending 05/31/2006			
		Census Tract	%	#	%
Moderate (4)	4.2	1	4.2	1,000	16.4
Middle (30)	79.5	19	79.2	4,508	73.8
Upper (6)	16.3	4	16.6	599	9.8
Total (40)	100.0%	24	100.0%	\$6,107	100.0%

Source: 2005 Dun & Bradstreet Data and Bank Records.

LOAN-TO-DEPOSIT RATIO

The bank's loan-to-deposit (LTD) ratio is satisfactory given its asset composition, assessment area, and demographics. CBCC's average net LTD ratio was calculated using quarterly Call Reports filed since the inception of the bank. The average ratio was calculated at 81.7 percent, with the most recent of 61.9 percent as of March 31, 2006. The March 31, 2006, ratio is commensurate with the bank's peer ratio of 80.8 percent. The bank's performance was measured against peer data for comparison purposes. The institution's peer ratio is comprised of FDIC insured banks located within the State of Florida that are similar to CBCC in asset size, branch structure, and age. The peer banks have an asset size of between \$75 million and \$125 million. On March 31, 2006, seven institutions meeting these criteria had an average LTD ratio of 80.8 percent, ranging from a low of 50 percent to a high of 101 percent.

RESPONSE TO COMPLAINTS

There have been no CRA-related complaints since the inception of the bank.

COMPLIANCE WITH ANTI-DISCRIMINATION LAWS

No evidence of discriminatory lending practices was noted.

DEFINITIONS

GEOGRAPHY TERMS

Census Tract (Geographies): Small subdivisions of metropolitan and other densely populated counties. Census tract boundaries do not cross county lines; however, they may cross the boundaries of metropolitan statistical areas. They usually have between 2,500 and 8,000 persons, and 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.

Metropolitan Area (MA): One or more large population centers and adjacent communities that have a high degree of economic and social integration. Each MA must contain either a place with a minimum population of 50,000 of Census Bureau-defined urbanized area and a total MA population of at least 100,000 (75,000 in New England). An MA comprises one or more central counties and may include one or more outlying counties that have close economic and social relationships with the central county. In New England, MAs are composed of cities and towns rather than whole counties.

Metropolitan Statistical Area (MSA): One or more metropolitan areas that have economic and social ties.

Primary Metropolitan Statistical Area (PMSA): A large urbanized county or cluster of counties that demonstrate very strong internal economic and social links, in addition to close ties to other portions of the larger area. If an area qualifies as an MA and has more than one million persons, PMSAs may be defined within it.

Consolidated Metropolitan Statistical Area (CMSA): The larger area of which PMSAs are component parts.

Non-Metropolitan Area: All areas outside of metropolitan areas. The definition of non-metropolitan area is not consistent with the definition of rural areas. Urban and rural classifications cut across the other hierarchies; for example, there is generally both urban and rural territory within both metropolitan and non-metropolitan areas.

Urban Area: All territories, populations, and housing units in urbanized areas and in places of 2,500 or more persons outside urbanized areas. More specifically, “urban” consists of territory, persons, and housing units in: places of 2,500 or more persons incorporated as cities, villages, boroughs (except in Alaska and New York), and towns (except in the New England states, New York, and Wisconsin) but excluding the rural portions of “extended cities”; census designated place of 2,500 or more persons; and other territory, incorporated or unincorporated, including in urbanized areas.

Rural Area: Territories, populations and housing units that are not classified as urban.

HOUSING TERMS

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).

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.

Housing Unit: Includes a house, an apartment, a mobile home, a group of rooms, or a single room that is occupied as separate living quarters.

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.

INCOME TERMS

Median Income: The median income divides the income distribution into two equal parts, one having incomes above the median and other having incomes below the median.

Area Median Income: The median family income for the MSA, if a person or geography is located in an MSA; or the statewide non-metropolitan median family income, if a person or geography is located outside an MSA.

Family Income: Includes the income of all members of a family that are age 15 and older.

Household Income: Includes the income of the householder and all other persons that are age 15 and older in the household, whether related to the householder or not. Because many households consist of only one person, median household income is usually less than median family income.

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.

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 and less than 80 percent in the case of a geography.

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 and less than 120 percent in the case of a geography.

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

HUD Adjusted Income Data: The U.S. Department of Housing and Urban Development (HUD) issues annual estimates which update median family income from the metropolitan and non-metropolitan areas. HUD starts with the most recent U.S. Census data and factors in information from other sources to arrive at an annual estimate that more closely reflects current economic conditions.

OTHER TERMS

Home Mortgage Disclosure Loan Application Register (HMDA LAR): The HMDA LARs record all applications received for residential purchase, refinance, home improvement and temporary-to-permanent construction loans.

Small Business Loan: A loan included in “loans to small businesses” as defined in the Consolidated Report of Condition and Income (Call Report). These loans have original amounts of \$1 million or less and are either secured by non-farm nonresidential properties or are classified as commercial and industrial loans.

Small Farm Loan: 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, including farm residential and other improvements, or are classified as loans to finance agricultural production and other loans to farmers.