



Comptroller of the Currency
Administrator of National Banks

SMALL BANK

South Florida Field Office
5757 Blue Lagoon Drive, Suite 200
Miami, Florida 33126

PUBLIC DISCLOSURE

August 2, 1999

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

**Big Lake National Bank
Charter Number 20494**

**1409 South Parrott Avenue
Okeechobee, Florida 34974**

Office of the Comptroller of the Currency

**South Florida Field Office
5757 Blue Lagoon Drive, Suite 200
Miami, Florida 33126**

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.

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 Community Reinvestment Act (CRA) performance of **Big Lake National Bank** prepared by the **Office of the Comptroller of the Currency**, the institution's supervisory agency, as of **August 2, 1999**. The agency rates the CRA performance of an institution consistent with the provisions set forth in Appendix A to 12 CFR Part 25.

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

We evaluated Big Lake National Bank's (Big Lake NB's) CRA performance using the small bank performance criteria. Our evaluation covered the period from April 1997 through August 24, 1999, although we focused on lending activity from June 1997 through June 1999. Big Lake NB's last CRA performance evaluation was performed in April 1997 and resulted in a rating of Satisfactory. Our current evaluation finds that Big Lake NB's performance is Satisfactory. The primary reasons for this rating are:

- o The bank's average loan to deposit ratio is reasonable.
- o A substantial majority of the bank's loans were located inside its assessment area.
- o Residential loans originated reflect reasonable penetration among individuals of different incomes, especially low- and moderate-income individuals. The distribution of loans to businesses of different sizes is also reasonable.
- o The geographic distribution of loans reflects reasonable dispersion in the assessment area.

DESCRIPTION OF INSTITUTION

Big Lake NB is a community bank headquartered in Okeechobee, Florida. The bank is a subsidiary of a one bank holding company in Okeechobee. Big Lake NB has no affiliates. The bank's ten offices are located in the cities of Okeechobee (three), Clewiston (two), Arcadia, LaBelle, Lake Placid, Moore Haven, and Wauchula. Banking offices offer most traditional banking services and are accessible to most neighborhoods of the assessment area.

In May 1998, Big Lake NB purchased a bank in Clewiston. In November 1998, the bank purchased the deposits and fixed assets of two branches of another bank. The result of these purchases and of other expansion efforts is that the number of Big Lake NB branches grew from three at in 1997 to ten branches now. No branches were closed.

As of June 30, 1999, Big Lake NB had total assets of \$155 million. Loans totaled \$79 million while deposits totaled \$144 million. The percentage of net loans to total assets was 51%. Capital was 5.6% of total assets. Big Lake NB's primary lending focus is residential real estate and small business lending. The loan portfolio is comprised of 56% residential real estate, 28% commercial and commercial real estate, and 11% consumer/installment loans. The bank is profitable. No legal, financial, or other factors impede the bank's ability to meet the credit needs in its assessment area.

DESCRIPTION OF THE ASSESSMENT AREA

Big Lake NB's assessment area consists of Okeechobee, Desoto, Glades, Hendry, and Hardee counties plus part of Highland County. The southern half of Highland County is the portion that the bank may reasonably be expected to serve with its one branch in the city of Lake Placid. None of these counties are located in a Metropolitan Statistical Area. The contiguous assessment area meets the requirements of the regulation and does not arbitrarily exclude low- or moderate-income geographies.

According to the 1990 U.S. Census, the assessment area consists of 24 block numbering areas (BNAs) which are distributed as follows: -0- low income, 2 moderate income, 21 middle income, and 1 upper income BNAs. The percentage of BNAs in each income category are: -0-% low income, 8% moderate income, 88% middle income, and 4% upper income.

Note: A low income BNA has a median family income of less than 50% of the median family income, a moderate income tract has 50% to 80%, a middle income tract has 80% to 120%, and an upper income BNA has 120% or more of the median family income.

The 1998 updated Non-Metropolitan Statistical Area median family income for Big Lake NB's assessment area is \$33,300. Twenty-one percent of the families in the assessment area are

considered low income, 20% moderate income, 23% middle income, and 36% upper income.

The assessment area had a 1990 population of 122 thousand. The area has a large retiree population with about 18% of the people over 65 years of age. The population increases significantly in the winter months due to tourism and agriculture. Major industries include dairy, cattle, citrus, sugar cane, and tourism. Federal, state, and local government, including public education, are a major source of jobs. State correctional facilities are large employers. Hospitals and medical centers are also large employers. United States Sugar Corporation is a large employer in Hendry County. Lake Okeechobee is a main tourist attraction. Most businesses in the area are small.

The economy is stable and competition from other financial institutions is strong. The competition includes several community banks, affiliates of regional banks, and credit unions.

Assessment Areas' Credit Needs

During 1998, FDIC examiners contacted two community organizations that operate in Big Lake NB's assessment areas to identify local credit needs. During this review, an OCC examiner contacted a community organization that operates in the city of Okeechobee. These contacts revealed that loans are needed to purchase affordable single family homes and rental housing, and to finance small businesses.

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA:

LOAN TO DEPOSIT RATIO

Conclusion: Big Lake NB's average loan to deposit ratio since the last CRA examination is reasonable. The bank meets standards for satisfactory performance for this category.

Support of Conclusion:

Big Lake NB's quarterly average loan to deposit ratio since the last CRA examination was 65%. This ratio is lower than the average ratio of 76% of four similarly situated banks in the assessment area. These four community banks are similar in asset size and are located in Big Lake NB's assessment area. Big Lake NB's loan to deposit ratio dropped significantly after their November 1998 purchase of two local branches (deposits and fixed assets only) of a regional bank. Prior to the purchase, Big Lake NB's ratio was 71%. We also note that Big Lake NB sells residential mortgage loans to the secondary market. During the evaluation period, the bank sold 123 loans for \$9.5 million. Considering the recent purchase of branches and the ongoing sale of loans, Big Lake NB's loan to deposit ratio is reasonable.

LENDING IN THE ASSESSMENT AREAS

Conclusion: A substantial majority of the loans made during the evaluation period were inside the assessment area, thus the bank exceeds standards for satisfactory performance for this category.

Support of Conclusion:

March 31, 1997 through June 30, 1999
Residential Mortgage Loans Only

AMOUNT OF LOANS	
INSIDE Assessment Area	OUTSIDE Assessment Area
\$256,947,621 or 95%	\$ 13,238,058 or 5%
NUMBER OF LOANS	
INSIDE Assessment Area	OUTSIDE Assessment Area
6638 or 94%	391 or 6%

We obtained these figures from Big Lake NB's geo-coding report. We performed independent testing to verify the accuracy of the data. For the bank's other primary loan type, business loans, we sampled 20 loans to determine their location. The results of our limited sample follow:

March 31, 1997 through July 31, 1999
Business Loans Only

DOLLAR AMOUNT OF LOANS	
INSIDE Assessment Area	OUTSIDE Assessment Area
\$ 4,544,000 or 89%	\$ 545,000 or 11%
NUMBER OF LOANS	
INSIDE Assessment Area	OUTSIDE Assessment Area
19 or 95%	1 or 5%

**LENDING TO BORROWERS OF DIFFERENT INCOMES
AND TO BUSINESSES OF DIFFERENT SIZES**

Conclusion: Lending to borrowers of different incomes and businesses of different sizes is reasonable, therefore, this performance category meets standards for satisfactory performance.

Support of Conclusion:

**Distribution of 40 Sampled Residential Mortgage Loans
Based on Borrower Income
March 31, 1997 through June 30, 1999**

Income Levels	Distribution of 1-4 Family Residential Mortgage Loans # of Loans as % of Total	Distribution of 1-4 Family Residential Mortgage Loans \$ of Loans as % of Total	% of Families in these Income Levels in the Assessment Area
Low Income	12%	10%	21%
Moderate Income	23%	18%	20%
Middle Income	25%	23%	23%
Upper Income	40%	49%	36%
TOTAL	100%	100%	100%

Note: Big Lake NB is not a Home Mortgage Disclosure Act reporter because it is not located in a Metropolitan Statistical Area.

Residential Mortgage Loans

Residential real estate loans are a primary loan type originated by Big Lake NB in its assessment area during the evaluation period. Included in the residential loan totals are seven loans for \$228,850 to borrowers who qualified for the State Housing Initiative Program (SHIP) as administered by the Board of Okeechobee County Commissioners. SHIP provides down payment and closing cost assistance for low- to moderate-income individuals.

The distribution of residential loans to borrowers of different incomes reflects reasonable penetration among individuals of different income levels, especially among low- and moderate-income borrowers. These loans helped meet affordable housing credit needs in the community.

**Distribution of 20 Sampled Business Loans Originated
March 31, 1997 through July 31, 1999**

LOAN TYPE	# Loans	% of Total	\$ (000s)	% of Total
Small Business(a)	19	95%	4,936	97%
Large Business	1	5%	153	3%
TOTAL	20	100%	5,089	100%

(a) Loans to businesses with gross annual revenues less than \$1 million.

Business Loans

Business loans are also a primary loan type originated by Big Lake NB. Business credits include commercial real estate, commercial and industrial, construction, and equipment loans. Big Lake NB's origination of small business loans helps address identified community credit needs.

GEOGRAPHIC DISTRIBUTION OF LOANS

Conclusion: Loans originated in the assessment area reflect reasonable dispersion among BNAs of different income levels, thus the bank meets standards for satisfactory performance for this category.

Support of Conclusion:

The following table shows the geographic distribution of the 5,656 residential mortgage loans originated for a total of \$223,965,005 in the assessment area during the evaluation period. The table shows that the bank originated a reasonable percentage of loans in the moderate-income Block Numbering Areas (BNAs) of the assessment area. There are no low-income BNAs in the assessment area.

**Distribution of all Residential Loan Originations
March 31, 1997 through June 30, 1999
Compared to Distribution of BNAs in the Assessment Area**

Income Level of BNA	Distribution of Bank Loans in the BNA (Number of Loans)	Distribution of Bank Loans in the BNA (Amount of Loans)	Distribution of BNAs In Assessment Area
Low	N/A	N/A	N/A
Moderate	5%	5%	8%
Middle	89%	89%	88%
Upper	6%	6%	4%
TOTAL	100%	100%	100%

Figures on residential loans are from Big Lake NB's geo-coding report. For business loans, we selected a sample of 20 loans to determine their geographic location. The sample demonstrates that Big Lake NB has good penetration of moderate income BNAs as shown in the table below.

**Distribution of 20 Sampled Business Loan Originations
March 31, 1997 through July 31, 1999
Compared to Distribution of BNAs in the Assessment Area**

Income Level of BNA	Distribution of Bank Loans in the BNA (Number of Loans)	Distribution of Bank Loans in the BNA (Amount of Loans)	Distribution of BNAs In Assessment Area
Low	N/A	N/A	N/A
Moderate	15%	10%	8%
Middle	50%	67%	88%
Upper	35%	33%	4%
TOTAL	100%	100%	100%

RESPONSE TO COMPLAINTS

BIG LAKE NB has not received any complaints regarding its CRA performance.

COMPLIANCE WITH ANTIDISCRIMINATION LAWS AND REGULATIONS

For our fair lending portion of the examination, we reviewed residential loans made using the benchmark approach. No violations of the substantive provisions of the antidiscrimination laws and regulations were identified. Fair lending policies and training are satisfactory.