



Comptroller of the Currency
Administrator of National Banks

Miami Duty Station
5757 Blue Lagoon Drive, Suite 200
Miami, Florida 33126

PUBLIC DISCLOSURE

April 10, 1997

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

**Miami Duty Station
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 **April 10, 1997**. 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**.

Big Lake National Bank's (Big Lake) CRA performance was evaluated using the small bank performance criteria. Big Lake's last CRA evaluation was performed during August 1994 and the bank achieved a **Satisfactory** rating. While we evaluated the bank's performance since the time of the last CRA evaluation, lending activity for 1995 and 1996 was emphasized in this evaluation.

Big Lake's quarterly average loan to deposit ratio since the last CRA evaluation is reasonable and exceeds the ratios of three similarly situated banks near its assessment area. A substantial majority of the bank's loans are within its assessment area. The geographic distribution of the bank's loans reflects reasonable dispersion throughout the assessment area. The distribution of loans granted to borrowers of different income levels and businesses of different sizes is reasonable in relation to the demographics of the bank's assessment area and resources. The bank has received no complaints regarding its CRA performance.

The following table indicates the performance level of **Big Lake National Bank** with respect to each of the five performance criteria.

SMALL INSTITUTION ASSESSMENT CRITERIA	<u>BIG LAKE NATIONAL BANK</u> PERFORMANCE LEVELS		
	Exceeds Standards for Satisfactory Performance	Meets Standards for Satisfactory Performance	Does not meet Standards for Satisfactory Performance
Loan to Deposit Ratio		X	
Lending in Assessment Area	X		
Lending to Borrowers of Different Incomes and to businesses of Different sizes		X	
Geographic Distribution of Loans		X	
Response to Complaints	No complaints were received since the prior examination.		

DESCRIPTION OF INSTITUTION

Big Lake is a small, locally owned and operated community bank in Okeechobee, Florida. The bank has its main office and a branch in Okeechobee, and another branch in Lake Placid in Highlands county. The bank is 100% owned by Big Lake Financial Corporation, a one bank holding company.

Big Lake offers a wide variety of loan and deposit products and services for a bank of its size. The main office is in South Parrott Avenue in the city of Okeechobee. There is a second office in another section of the city. These offices offer full banking services and are reasonably accessible to the residents of the city of Okeechobee and surrounding areas.

As of December 31, 1996, total assets were \$59 million with loans amounting to \$37 million. Residential real estate and consumer installment loans comprised 49% and 16% of the portfolio respectively. Commercial, commercial real estate and agricultural/farmland loans account for the remaining 35%.

Big Lake acquired the deposits and branch site of another institution in the town of Lake Placid in December 1995 and established a branch. This new office offers full banking services to the Greater Lake Placid area in adjacent Highlands county. Since it is a relatively new and small market for the bank, loan volume has been modest accounting for only 4% of total loans as of 2/28/97. The branch has two lenders; one of which was hired in November 1996.

There are no impediments that hinder the bank's ability to meet the credit needs of its assessment area in a manner consistent with its resources, expertise, and business focus.

DESCRIPTION OF THE *OKEECHOBEE COUNTY ASSESSMENT AREA*

Big Lake's assessment area consists of Okeechobee county, a Non-Metropolitan Statistical Area (Non-MSA). This area has 6 Block Numbering Areas (BNAs), none of which are low or upper income geographies based on 1990 U.S. Census income figures. One of these BNAs is considered moderate-income (most families earn 50% to 79% of the median family income of Okeechobee county). The other five BNAs are considered middle-income (most families earn 80% to 119% of the median family income of Okeechobee county). The assessment area complies with the regulation.

According to the U.S. Census, the population of Okeechobee county was approximately 32,325 in 1994. The City of Okeechobee and its surrounding areas represent approximately 75% of the population of the county. The local economy is seasonal (high season is November - March). Its main industries include tourism, dairy, cattle, and citrus. A significant number of new jobs were recently created by a new state prison. The main tourist attraction is Lake Okeechobee.

DESCRIPTION OF THE *GREATER LAKE PLACID ASSESSMENT AREA*

Big Lake also has delineated the Greater Lake Placid area as an assessment area. The area is contiguous to the Okeechobee county assessment area. It consists of the City of Lake Placid and its surrounding areas in the southern portion of Highlands county.

This assessment area is in a Non-MSA and does not coincide with the boundaries of a political subdivision. However, this assessment area complies with the regulation because it represents an area that the bank can reasonably serve with its one office location. The delineation is also contiguous to the Okeechobee county assessment area, and it does not illegally exclude low-or moderate- income geographies. This assessment area consists of 4 BNAs. One is considered moderate-income, and three are considered middle-income based on the median family income of Highlands county.

According to the U.S. Census, the population of Highlands county was approximately 75,860 in 1994. Big Lake's assessment area has a population of approximately 17,756 or 23% of the population of the county. Due to its close proximity, this area has many of the same economic and demographic characteristics as Okeechobee county.

Other Information about the Assessment Areas

The statewide non-MSA median family income for Florida (updated by the U.S. Department of Housing and Urban Development for 1996) is \$31,600. Based on this median income, 19% of the families in **Okeechobee and Highlands counties** are considered low-income, 21% are moderate-income, 26% are middle-income, and 34% fall into the upper-income category. Information about the community's credit needs was obtained from two organizations involved in the Okeechobee and Lake Placid communities.

Big Lake is meeting the identified credit needs in a manner that is consistent with its resources. Our conversations with an Okeechobee County community development organization revealed that this community has a variety of credit needs especially financing for small business and home improvements. A recent community contact made with a similar organization in Lake Placid by another federal bank regulator found similar credit needs. Big Lake specializes in these types of credit.

Big Lake has strong competition from affiliates of regional banks and savings and loans headquartered outside the area. Even though Big Lake participates in Florida's State Home Ownership Incentive Program (SHIP) for home loans to low-and moderate- income families, its competitors may be more active in government-sponsored loan programs because of their more substantial financial resources.

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA :

Loan to Deposit Ratio

Big Lake's average quarterly loan to deposit ratio since the last CRA evaluation is reasonable at 68%. This ratio exceeds the average loan to deposit ratio of three similarly situated community banks near the assessment area (60%). While these three banks are similar in many respects to Big Lake, two of them have had impediments in their lending capacity during the evaluation period which may have resulted in lower loan to deposit ratios.

Lending in the Assessment Area

A substantial majority of the bank's loans are within its assessment area, as illustrated in the following table. These figures do not include lending activity in the greater Lake Placid assessment area because bank management does not yet track these loans. Loan penetration within the bank's assessment area would be higher, if loans from the greater Lake Placid assessment area were included.

Residential Mortgages	IN # of Loans	OUT # of Loans	IN \$ Amount	OUT \$ Amount
12/31/95	95%	5%	94%	6%
12/31/96	93%	7%	92%	8%
Consumer Loans				
12/31/95	90%	10%	91%	9%
12/31/96	85%	15%	73%	27%
Commercial Loans				
12/31/95	93%	7%	89%	11%
12/31/96	88%	12%	76%	24%

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

The distribution of loans granted to borrowers of different income levels and businesses of different sizes is reasonable in relation to the demographics of the bank's assessment area and resources.

We sampled 48 housing-related loans and 20 consumer/installment loans originated in 1996 and through 2/28/97. **Both samples included loans from the Okeechobee and Greater Lake Placid assessment areas.** The distribution of these loans amongst borrowers of different income levels is illustrated in the following two tables.

Income levels are based on the statewide non-MSA median family income for Florida which were updated by the U.S. Department of Housing and Urban Development for 1996. See the **Description of the Assessment Area** section of this evaluation for more details.

Housing-related Loans

Borrower Income Level	Number of Loans	% of Number of Loans
Low	3	6%
Moderate	10	21%
Middle	14	29%
Upper	21	44%

Consumer/Installment Loans

Borrower Income Level	Number of Loans	% of Number of Loans
Low	4	20%
Moderate	4	20%
Middle	6	30%
Upper	6	30%

These tables show that the percentage of housing-related loans and consumer/installment loans to low-and moderate-income borrowers was 27% and 40%, respectively, in terms of number of loans. These percentages approximate the percentage of low-and moderate-income families in the assessment areas of Okeechobee and Highlands counties (40%).

The lower percentage of housing-related loans to low-and moderate-income borrowers relative to the demographics of the community is justified when considering the bank's small asset size and limited resources for flexible credit programs which would attract more low-and moderate-income borrowers.

Big Lake is an active small business lender. Management estimates that of the 275 loans in its commercial loan system, approximately 272 or 99% are to small businesses (businesses with annual revenues of less than \$1 million). This is consistent with the demographics of the assessment area which show that 93% of the local businesses have revenues of under \$1 million. Moreover, our previous examinations of the bank’s loan portfolio support management’s estimate of significant lending to small businesses.

Geographic Distribution of Loans

The lending pattern reflects reasonable credit dispersion throughout the assessment area in relation to the demographics of the bank’s assessment area and resources.

As discussed in the **Description of the Assessment Area** section of this evaluation, the assessment area does not have low or upper income census tracts. As stated before, the bank only tracks the geographic distribution of loans in the Okeechobee county assessment area since that is where 96% of their loans are made. As a result the following table and analysis only pertains to the geographic distribution of loans in the Okeechobee county assessment area.

Residential Mortgages

Income Level of Block Numbering Area	12/31/95 % Number of Loans	12/31/95 % of \$ Amount of Loans	12/31/96 % Number of Loans	12/31/96 % of \$ Amount of Loans
Moderate	5%	3%	4%	3%
Middle	95%	97%	96%	97%

Consumer Loans

Income Level of Block Numbering Area	12/31/95 % Number of Loans	12/31/95 % of \$ Amount of Loans	12/31/96 % Number of Loans	12/31/96 % of \$ Amount of Loans
Moderate	5%	4%	5%	6%
Middle	95%	96%	95%	94%

Commercial Loans

Income Level of Block Numbering Area	12/31/95 % Number of Loans	12/31/95 % of \$ Amount of Loans	12/31/96 % Number of Loans	12/31/96 % of \$ Amount of Loans
Moderate	11%	17%	10%	11%
Middle	89%	83%	90%	89%

These tables show that the percentage of residential and consumer loans made in moderate-income BNAs in 1995 and 1996 is approximately 5%. The distribution of commercial loans in moderate-income BNAs is approximately 10%.

The percentage of loans extended in moderate-income BNAs is lower than the percentages of BNAs (17%) that are moderate-income in Okeechobee county. There are several reasons that justify the lower distribution in moderate-income BNAs: 1) the percentages get somewhat distorted when dealing with only six BNAs and only two income levels, 2) the moderate-income BNA is the least populated of all six BNAs thus limiting lending opportunities, 3) one middle-income BNA has a high concentration of new conventional housing - a major product of the bank, 4) the bank's limited resources and number of branches limit its ability to reach all segments of a BNA, and 5) the larger banks in the area have the resources to offer a wider selection of credit products with flexible credit features for low-and moderate- income persons.

Response to Complaints

Big Lake has not received any complaints regarding its CRA performance.

Compliance with Anti-discrimination Laws and Regulations

The consumer compliance examination performed concurrent with this evaluation noted substantial compliance with anti-discrimination laws and regulations.