



SMALL BANK

Comptroller of the Currency
Administrator of National Banks
Washington, DC 20219

PUBLIC DISCLOSURE

February 07, 2005

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

**Big Lake National Bank
Charter Number 20494**

**1409 South Parrott Avenue
Okeechobee, FL 34973**

**Comptroller of the Currency
South Florida
9800 Northwest 41st Street, Suite 120
Miami, FL 33178**

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.

We evaluated Big Lake National Bank's ("Big Lake NB") CRA performance using the small bank performance criteria. Our evaluation period covered the period August 2, 1999, the date of the last CRA examination, to January 31, 2005, although we focused on lending activity from January 1, 2003 through January 31, 2005. The primary reasons supporting this rating are:

- Lending in the bank's assessment area exceeds the standard for satisfactory performance.
- The distribution of loans among borrowers of different income levels and businesses of different sizes exceeds the standard for satisfactory performance.
- The bank's loan-to-deposit ratio met the standard for satisfactory performance.
- The geographic distribution of loans does not meet the standard for satisfactory performance.

DESCRIPTION OF INSTITUTION

Big Lake NB is a community bank headquartered in Okeechobee, Florida. The bank has no affiliates and is wholly owned by Big Lake Financial Corporation, a holding company, also located in Okeechobee. The bank operates nine branches in South Central Florida including two in Okeechobee and one each in Arcadia, Clewiston, Labelle, Lake Placid, Moore Haven, Port St. Lucie, and Wauchula. Since the last examination, the bank closed a branch in Okeechobee and opened two branches, one in Okeechobee and one in Port St. Lucie. The Port St. Lucie branch opened July 16, 2004 and is the bank's only branch in St. Lucie County. As such, limited emphasis was placed on this portion of the assessment area. All opened, closed, and existing branches are located in middle-income census tracts.

The bank offers a variety of deposit and loan products for individuals and businesses, as described in the CRA Public File. However, the bank's primary loan type is residential mortgage loans. This includes loans to finance the purchase of various forms of manufactured housing, which represents a significant portion of housing units in the assessment area.

As of September 30, 2004 the bank had total assets of \$258 million and total deposits of \$236 million. Total loans, which represent 68% of total assets, equaled \$176 million and consisted of 60% residential real estate, 33% commercial and commercial real estate, 6% consumer, and 1% other loans.

There are no legal, financial, or other factors to impede the bank's ability to meet the credit needs in its assessment area. At its last CRA examination, dated August 2, 1999, the bank was rated satisfactory.

DESCRIPTION OF ASSESSMENT AREA

Big Lake NB's assessment area is comprised of the contiguous areas of Okeechobee, Desoto, Hendry, Hardee, and Highland Counties and a portion (36 census tracts) of western St. Lucie County. The assessment area meets regulatory requirements and does not arbitrarily exclude any low- or moderate-income areas.

The whole counties in the assessment area are generally rural in nature and are not part of a Metropolitan Statistical Area ("MSA"). The Department of Housing and Urban Development's ("HUD") 2004-estimated median family income for all non-MSA areas in Florida was \$41,700. St. Lucie County is part of MSA 38940 (Fort Pierce-Port St. Lucie). The HUD estimated median family income for MSA 2710 was \$51,700 in 2004. Within the overall assessment area, approximately 20% of families are considered low-income, 20% moderate-income, 24% middle-income, and 35% upper-income.

Based on the 2000 Census, the assessment area consists of 77 census tracts only three (4%) of which are low-income. These low-income tracts are located in the St. Lucie County portion of the assessment area, in Fort Pierce. Of the remaining tracts, 16 (21%) are moderate-income, 53 (69%) are middle-income and 5 (6%) are upper-income. Of the 16 moderate-income tracts, nine or 56% are in St. Lucie County and four of the five upper-income tracts are also in St. Lucie County.

According to the 2000 Census, the total population of the assessment area is 422 thousand. The area has a large retiree community with approximately 42% of the population collecting Social Security. There are 197 thousand housing units in the assessment area, of which 124 thousand or 63% are owner-occupied. Of total housing units, 25% are mobile homes or trailers. This percentage is much higher in certain portions of the assessment area such as Okeechobee County where the level of mobile homes or trailers is 48%, Glades County where it is 55%, and Hendry County where it is 43%. Conversely, in the St. Lucie County portion of the assessment area, the level of mobile homes or trailers is only 13%. An important need in the assessment area is financing to purchase this form of affordable housing.

Because of the acceptance and popularity of modular-homes, mobile homes and trailers in the rural portion of the assessment area, housing is generally affordable, particularly to moderate-income families. However, according to a community contact made during this examination, even this form of housing can be too costly for low-income families, many of whom are on fixed income and are now trying to recover from the effects of the 2004 hurricanes that ravaged the area. Median housing values in the rural counties range from a low of \$55,000 to a high of \$66,000, based on the 2000 Census. Our review of current real estate listings and manufactured housing prices confirmed that 2000 Census values have remained generally consistent through 2004.

However, St. Lucie County is experiencing a housing boom with the construction of many new large housing developments. Although the 2000 Census reported a median housing value of \$81,000 in the assessment area portion of the county, according to the National Association of Realtors, the 2004 median home price in St. Lucie County was \$164,900. New housing prices

generally begin in the \$250,000 range, making them unaffordable to most low- and moderate-income families, without some form of assistance.

The area economy is stable and recovering well from the effects of the 2004 hurricanes. Major industries include cattle, citrus, sugar cane, tourism, and construction. Federal, state, and local governments (including public education) are major sources of jobs. A state correctional facility is a large employer as are local hospitals and medical centers. U.S. Sugar Corporation is a large employer in Hendry County. Most businesses are small, and there is a known need for financing to support new and existing small businesses.

Banking competition is strong in the assessment area. While there are many small community banks and credit unions operating in the assessment area, there are also branch offices of the largest banks in the country.

CONCLUSIONS ABOUT PERFORMANCE CRITERIA

Loan-to-Deposit Ratio

Big Lake NB's loan-to-deposit ratio meets the standard for satisfactory performance.

The bank's quarterly average loan-to-deposit ratio since the last CRA examination is 73%. This ratio is slightly lower than the 78% average ratio for three similarly situated banks operating within the bank's assessment area. However, it should be noted that Big Lake NB regularly sells mortgage loans on the secondary market. For the years 2001 through and including 2004, on average, the bank sold 94 mortgage loans totaling \$8.3 million each year.

Lending in Assessment Area

Big Lake NB's level of lending inside its assessment area exceeds the standard for satisfactory performance.

Based on our sample of home purchase mortgage loans (during the examination period the bank was not a Home Mortgage Disclosure Act ("HMDA") reporter) and small loans to businesses, a substantial majority of the bank's loans were originated inside the bank's assessment area. Lending inside the assessment area is more than reasonable. Overall, 93% by number and 91% by dollar of loans were originated in Big Lake NB's assessment area.

Table 1 - Lending in Assessment Area										
Loan Type	Number of Loans					Dollars of Loans				
	Inside		Outside		Total	Inside		Outside		Total
	#	%	#	%		\$	%	\$	%	
Home Purchase	25	93	2	7	27	1,554	87	231	13	1,785
Small Business	16	94	1	6	17	1,704	95	86	5	1,790
Totals	41	93	3	7	44	3,258	91	317	9	3,575

Source: Sample of loans (January 1, 2003-January 31, 2005).

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

Big Lake NB's lending to borrowers of different income levels and to businesses of different sizes exceeds the standard of satisfactory performance.

The bank's level of home purchase loans to borrowers of different income levels is more than reasonable. The level of loans to low-income borrowers is near to the level of low-income families in the assessment area. The level of loans to moderate-income borrowers significantly exceeds the level of moderate-income families in the assessment area.

Table 2 – Borrower Distribution of Residential Real Estate Loans in Assessment Area								
Borrower Income Level	Low		Moderate		Middle		Upper	
Loan Type	% of AA Families	% of Number of Loans	% of AA Families	% of Number of Loans	% of AA Families	% of Number of Loans	% of AA Families	% of Number of Loans
Home Purchase	20.76	16.00	20.77	40.00	23.54	24.00	34.93	20.00

Source: Loan sample (January 1, 2003-January 31, 2005); 2000 U.S. Census data.

The bank's level of loans to businesses with revenues of \$1 million or less (small businesses) is also more than reasonable. In terms of dollars, the level of loans to small businesses exceeds the level of small businesses in the assessment area. By number, the level of loans to small business is near to the level of small businesses in the assessment area.

Table 2A - Borrower Distribution of Loans to Businesses in Assessment Area				
Business Revenues (or Sales)	≤\$1,000,000	>\$1,000,000	Unavailable/ Unknown	Total
% of AA Businesses	65.17	3.19	31.64	100%
% of Bank Loans in AA by #	56.25	6.25	37.50	100%
% of Bank Loans in AA by \$	79.76	3.52	16.72	100%

Source: Loan sample (January 1, 2003-January 31, 2005); Dunn and Bradstreet data.

Geographic Distribution of Loans

Big Lake NB's geographic distribution of loans does not meet the standards of satisfactory performance, based primarily on home purchase loan performance.

Overall, the geographic distribution of home purchase loans is not reasonable. The bank's level of home purchase lending in low-income geographies is reasonable given performance context. There are minimal opportunities for home mortgage lending in low-income geographies, where there are only approximately 1,200 owner-occupied housing units. Also, as noted in the description of the assessment area, all of the low-income census tracts are located in the St. Lucie County portion of the assessment area, where the bank opened its first office in mid-2004, near the end of the evaluation period.

However, the bank's level of home purchase lending in moderate-income geographies is not reasonable. The percentage of the bank's home purchase loans in moderate-income geographies is significantly lower than the level of owner-occupied housing units in the moderate-income geographies of the assessment area, even if consideration is given to the fact that about 56% of the moderate-income geographies in the assessment area are in St. Lucie County.

Census Tract Income Level	Low		Moderate		Middle		Upper	
Loan type	% of AA Owner Occupied Housing	% of Number of Loans	% of AA Owner Occupied Housing	% of Number of Loans	% of AA Owner Occupied Housing	% of Number of Loans	% of AA Owner Occupied Housing	% of Number of Loans
Home Purchase	.97	0	13.61	4.00	79.78	96.00	5.64	0

Source: Loan sample (January 1, 2003-December 31, 2005; 2000 U.S. Census data.

The bank's geographic distribution of loans to businesses is reasonable. Performance in low-income geographies is reasonable, given performance context. As with home purchase lending, there is little opportunity for lending in low-income geographies. There are only 762 businesses located in the low-income census tracts of the assessment area and as previously noted, the low-income tracts are located in the St. Lucie County portion of the assessment area, which is new to the bank. Business lending in moderate-income geographies is more than reasonable. The level of lending in moderate-income geographies exceeds the level of businesses located in the moderate-income geographies of the assessment area.

Table 3A - Geographic Distribution of Loans to Businesses in the assessment Area								
Census Tract Income Level	Low		Moderate		Middle		Upper	
Loan Type	% 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
Small Business	2.93	0	22.21	25.00	69.57	75.00	5.30	0

Source: Loan sample (January 1, 2003-January 31, 2005); D & B data..

Responses to Complaints

The bank has not received any complaints regarding its CRA performance since the last examination.

Fair Lending or Other Illegal Credit Practices Review

We found no evidence of illegal discrimination or other illegal credit practices.