



**Comptroller of the Currency
Administrator of National Banks**

Jacksonville Duty Station
8382 Baymeadows Road, Suite #1
Jacksonville, Florida 32256

PUBLIC DISCLOSURE

February 10, 1997

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

**Citizens First National Bank
Charter Number 17788
500 North Summit Street
Crescent City, Florida 32012**

Office of the Comptroller of the Currency

**Southeastern District
Marquis One Tower, Suite 600
245 Peachtree Center Avenue, N.E.
Atlanta, Georgia 30303**

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 access 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 **Citizens First National Bank** prepared by the **Office of the Comptroller of the Currency**, the institution's supervisory agency, as of March 7, 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**.

The following factors provide upward for Citizens First National Bank's rating:

- ▶ The loan-to-deposit is competitive with that of other area financial institutions and reflects the bank's willingness to make loans.
- ▶ A substantial majority of loan originations are within the bank's assessment area. The distribution of these loans within the bank's assessment area is reasonable.
- ▶ The bank's lending patterns demonstrate a reasonable amount of loan activity to borrowers from different income categories, including low- and moderate income borrowers and small businesses.

The following table indicates the performance level of Citizens First National Bank with respect to each of the five performance criteria. The bank's level of performance under each of the criteria is indicated by the inclusion of an "X" in the appropriate column.

SMALL INSTITUTION ASSESSMENT CRITERIA	<u>Citizens First National Bank.</u> PERFORMANCE LEVELS		
	Exceeds Standards for Satisfactory Performanc e	Meets Standards for Satisfactory Performanc e	Does not meet Standards for Satisfactory Performanc e
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 have been received to date.		

DESCRIPTION OF INSTITUTION

Citizens First National Bank is a \$48 million commercial banking institution whose main office is located in Crescent City, Florida. Three branch offices are located in Palatka, East Palatka and Interlachen, Florida. The bank's mission encompasses operation of a sound and profitable institution while serving the banking needs of the Putnam County community. The percent of total assets represented by net loans is 71%. The composition of the portfolio is as follows: commercial/commercial real estate loans (41%), residential real estate loans (41%) and consumer instalment loans (18%).

Citizens First National Bank offers a full range of banking products and services to meet the needs of its customers. With four banking offices, the bank is accessible to all of Putnam County and has been rated in satisfactory compliance with CRA in the past. None of the areas of the county are arbitrarily excluded from applying for credit. Competition is strong with the presence of three branch offices of regional banks, one state bank, one savings and loan and several credit unions.

DESCRIPTION OF THE PUTNAM COUNTY ASSESSMENT AREA

Citizens First National Bank's assessment area consists of Putnam County, Florida which includes the cities of Palatka and Crescent City, the town of Interlachen, along with several other small rural communities. The 1990 U.S. Census has segmented Putnam County into 14 Block Numbering Areas (BNAs). Of these 14 areas, 2 are designated as moderate-income and none are designated as low-income. The 1996 Nonmetropolitan median family income for the state is \$31,600.

As of the 1990 census, the population of Putnam County was 65,070. Major employers are Georgia Pacific, Florida Power and Light, Seminole Electric, County of Putnam, and Miller Enterprises. Unemployment is high with 1995 Chamber of Commerce estimates placed at 6%. The southern end of the county, Crescent City and the western end, Interlachen, are considered retirement communities.

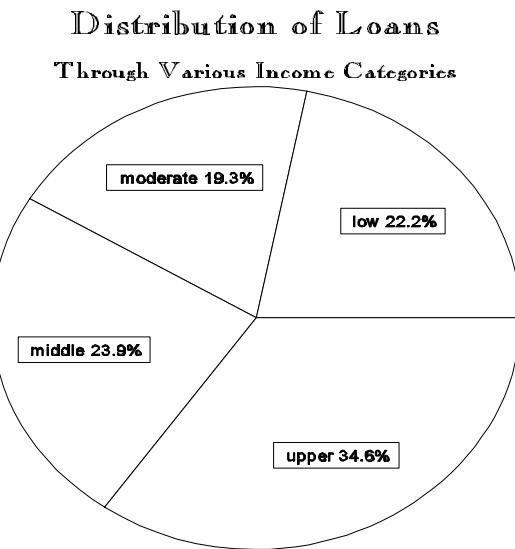
We performed two community contacts with local government officials during this examination. Both individuals cited a need for further economic development in the area through the attraction of small businesses and industry.

DISCUSSION OF INSTITUTION'S PERFORMANCE CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA

Since the previous CRA examination in June 1994, the bank's loan-to-deposit ratio has averaged 73.4%. During the five quarters from December 1995 to December 1996, the bank's average loan-to-deposit ratio was 75.3%. While this is slightly below the 80.3% average loan-to-deposit ratio of peer banks (community banks of similar size and proximity) during the same time period, it is comparable to the 76.2% ratio attained by the most similar financial institution in Putnam County during that time period. Citizens First National Bank's loan to deposit ratio is considered reasonable and demonstrates the bank's willingness and ability to lend given their size and financial condition.

A substantial majority of Citizens First National Bank loans are within its assessment area. A bank generated analysis of the total number of loans during 1996 disclosed that 87.6% were originated in Putnam County. The analysis, which was verified by examiners, reflects a satisfactory amount of lending activity throughout all 14 BNAs. The few BNAs that contained lower levels of lending were industrialized areas or sparsely populated.

We utilized bank gathered information on all consumer loans originated in 1996, along with the 1996 state NonMetropolitan median family income of \$31,600 to determine the distribution of loans made to borrowers from different income categories. Of the 477 loans made, 22.2% were to borrowers falling in the low-income category and 19.3% were made to the moderate-income category. The remaining loans were to borrowers designated either as middle- or high-income. This distribution of loans reflects a reasonable penetration among individuals from different income levels. The bank also makes loans of various sizes to both large and small businesses.



To date, the bank has not received any complaints concerning their performance under the CRA. A review of fair lending practices and policies did not reveal any evidence of disparate treatment. Adequate policies and procedures are in place to ensure compliance with fair lending laws and regulations.