

Small Bank Performance Evaluation

PUBLIC DISCLOSURE

March 2, 1998

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

**First National Bank of Polk County
Charter Number 22311**

**7722 State Road 544 East
Winter Haven, Florida 33881**

**Office of the Comptroller of the Currency
8382 Baymeadows Road, Suite 1
Jacksonville, Florida 32256**

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 **First National Bank of Polk County** prepared by the **Office of the Comptroller of the Currency**, the institution's supervisory agency, as of March 2, 1998. 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.

- First National Bank of Polk County maintains a reasonable loan-to-deposit ratio compared to other banks of similar size.
- The majority of loans are originated to borrowers within the assessment area.
- Lending to borrowers of different income groups is reasonable given the demographics of the community.

The following table indicates the performance level of First National Bank of Polk County with respect to each of the five performance criteria.

SMALL INSTITUTION ASSESSMENT CRITERIA	<u>First National Bank of Polk County</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		X	
Geographic Distribution of Loans	Not Performed <i>(refer to page 6)</i>		
Response to Complaints	There were no CRA-related complaints received during the evaluation period		

DESCRIPTION OF INSTITUTION

First National Bank of Polk County (FNBP) was chartered in 1992. The bank is headquartered in Winter Haven, Florida. FNBP also operates two branches in the neighboring towns of Haines City and Davenport. The bank had total assets of \$64 million at December 31, 1997. The primary lending focus is residential mortgage loans, which represented 43% of total loans outstanding in 1997. There are no financial, legal or other factors that would impede the bank's ability to meet the credit needs of its assessment area. The last CRA examination for FNBP was March 1995.

DESCRIPTION OF ASSESSMENT AREA

The assessment area for this evaluation consists of eight census tracts that represent the northeastern section of Polk County. This includes a portion of Winter Haven and the communities of Haines City, Davenport, Lake Hamilton and Dundee. Total population for the assessment area is 49,822. The area is home to many seasonal retirees and the continuing development of residential retirement communities is a strong growth segment in this market. The main industries in the area are citrus production, trucking and retirement related services. Banking competition is strong with 4 regional banks and 5 locally-based banks all having offices in the area.

The assessment area is part of the Lakeland-Winter Haven Metropolitan Statistical Area (MSA #3980). The assessment area contains 1 moderate-income census tract and 6 middle-income census tracts. This is based on the 1990 Census Bureau median income of \$28,965 for the MSA. For 1997, the updated median income of the MSA is \$37,200¹. The assessment area meets the requirements of the regulation and does not arbitrarily exclude low- or moderate-income geographies.

In meetings with the Office of the Comptroller of the Currency, leaders of local community development organizations indicated credit needs for the assessment area as affordable housing for low- and moderate-income residents.

¹ Source: Housing and Urban Development (HUD)

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA:

- **Loan-to-Deposit Ratio**

FNBP maintains a reasonable loan-to-deposit ratio compared to similar-sized institutions. The bank’s average loan-to-deposit ratio for the evaluation period is 59% compared to other local banks (headquartered in Polk County) whose average loan-to-deposit ratio is 63%.

- **Lending in Assessment Area**

The bank makes a substantial majority of its loans within the assessment area. This conclusion is based on a sample of residential mortgage loans originated in 1997. The results are shown below.

Loans in the Assessment Area	Total Number of Loans	Total Dollar Volume of Loans
	88%	91%

- **Lending to Borrowers of Different Incomes**

*Lending to borrowers of different incomes is reasonable given the demographics of the community. Our analysis used the same residential mortgage loans sampled above. We compared the income distribution of the bank’s borrowers to the income distribution of families within the assessment area, using *updated* median income levels. The findings are presented below.*

	<i>FNBP Sampled Loans</i>	<i>Families in Assessment Area</i>
<i>Low Income</i>	16%	19%
<i>Moderate Income</i>	18%	24%
<i>Middle Income</i>	36%	25%
<i>Upper Income</i>	30%	32%

- **Geographic Distribution of Loans**

Not Performed. Because six of the seven census tracts in the assessment area are middle income, an analysis of the bank's geographic lending patterns would not provide meaningful information for this evaluation.

- **Response to Complaints**

There were no CRA-related complaints during the evaluation period.

COMPLIANCE WITH ANTIDISCRIMINATION LAWS AND REGULATIONS

Our examination of compliance with antidiscrimination laws and regulations revealed no substantive violations.