



PUBLIC DISCLOSURE

June 29, 2021

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

First National Bank of Wauchula
14882

406 North 6th Avenue
Wauchula, FL 33873

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Tampa Field Office
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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, and should not 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.

Table of Contents

Overall CRA Rating..... 1
Description of Institution..... 2
Scope of the Evaluation..... 4
Discriminatory or Other Illegal Credit Practices Review..... 5
State Rating (Florida)..... 6
Lending Test 9
Community Development 12
Appendix A: Scope of Examination..... A-1
Appendix B: Summary of MMSA and State Ratings..... B-1
Appendix C: Definitions and Common Abbreviations..... C-1
Appendix D: Tables of Performance Data..... D-1

Overall CRA Rating

Institution's CRA Rating: This institution is rated **Outstanding**.

The lending test is rated: Outstanding.

The Outstanding Rating is based on the lending performance in the State of Florida.

The major factors that support this rating include:

- The lending test is based on more than reasonable loan-to-deposit (LTD) ratio; a majority of loans originated is in the assessment area; an excellent distribution of loans to borrowers of different income levels; reasonable distribution of loans in low- and moderate-income geographies; and, excellent responsiveness to Community Development (CD) needs in the AA through CD lending.

Loan-to-Deposit Ratio

Considering the bank's size, financial condition, and credit needs of the AA, the bank's loan-to-deposit ratio is more than reasonable.

The bank's quarterly average net loan-to-deposit (LTD) ratio since the preceding CRA evaluation (20 quarters starting March 2016 and ending December 2020) was 72.9 percent, ranging from a high of 83.7 percent in the fourth quarter of 2019 to a low of 62.8 percent in the second quarter of 2016. For the same period, the bank's LTD ratio was higher than the 71.5 percent ratio of three similarly situated community banks operating in two adjacent counties. Community banks selected offer similar lending and deposit products with total assets less than \$250 million.

Lending in Assessment Area

A majority of the bank's loans are inside its assessment area (AA).

The bank originated 75.0 percent of its total loans inside the bank's AA during the evaluation period. Our conclusion is based on a statistically random sample of a combined 92 loans for primary loan products originated during the evaluation period of January 1, 2018 to December 31, 2020. It should be noted a majority of loans made outside the AA (23) were located in a Non-MSA contiguous county.

Loans inside the AA are factored into the overall lending gap analysis of the geographic distribution of lending by income level of geography. Our review of the geographies that comprise the bank's AA and distribution of lending for home mortgage, small business and consumer loans, did not reveal any unexplained conspicuous gaps.

Lending Inside and Outside of the Assessment Area										
Loan Category	Number of Loans				Total #	Dollar Amount of Loans \$(000s)				Total \$(000s)
	Inside		Outside			Inside		Outside		
	#	%	#	%		\$	%	\$	%	
Home Mortgage	20	62.5	12	37.5	32	1,789	47.5	1,977	52.5	3,766
Small Business	20	66.7	10	33.3	30	1,087	57.2	814	42.8	1,901
Consumer	29	96.7	1	3.3	30	143	97.9	3	2.1	146
Total	69	75.0	23	25.0	92	3,019	51.9	2,794	48.1	5,813

Source: Sample of bank loans originated January 1, 2018-December 31, 2020

Description of Institution

First National Bank of Wauchula (FNB Wauchula) is a single-state institution established on January 12, 1960 and headquartered in Wauchula, Florida. The bank is a wholly owned subsidiary of First Hardee Holding Corporation, a one-bank holding company also located in Wauchula, Florida. Since inception, the bank has operated out of one office in Wauchula, Hardee County. FNB Wauchula has delineated Hardee County in its entirety as its AA, which consists of six census tracts.

As of December 31, 2020, FNB Wauchula reported total assets of \$79.6 million with total loans accounting for \$55.4 million or 69.5 percent of total assets. As of year-end 2020, home mortgage loans represented 49.5 percent of the total loan portfolio; business loans 38.5 percent; 8.6 percent in agricultural loans; and 3.4 percent in consumer loans. The bank's lending strategy continues to be focused on lending products to meet the credit needs of the community, given its capacity to lend.

The bank offers full-service banking, including an onsite 24-hour automated teller machine (ATM) access and drive-up facility which is also open on Saturday. Deposit services include a variety of personal and business checking and savings accounts, certificate of deposits and individual retirement accounts. Deposit products geared towards low- and moderate-income individuals include a senior checking account and personal checking account with no monthly maintenance fees and \$100 minimum deposit to open the account. Likewise, there are no monthly maintenance fees for savings accounts and only \$25 to open the account. The bank also offers a low-cost business checking account for those small businesses in the AA.

The bank's alternative delivery systems include online banking with bill-pay, 24-hour telephone banking and mobile banking which provide real-time access to accounts using a smart phone or other similar devices.

FNB Wauchula offers a variety of flexible loan products for mainly consumer, commercial and home mortgage lending. Agricultural loans are not a primary lending product for the bank due to a very large lending cooperative operating in the AA, and a member of the Farm Credit System specializing in these types of loans.

Consumer lending consists of unsecured, small dollar loans, personal lines of credit, Home Equity Lines of Credit, auto loans and for other personal uses. Home mortgage products offered by the bank include home purchase, home construction and home improvement loans generally made to borrowers that do not qualify under secondary market underwriting standards due to various factors. To address the home

mortgage credit needs of the community, the bank offers an adjustable rate mortgage (ARM) product with flexible terms which complements the balloon mortgage products already offered. In addition, FNB Wauchula continues to serve as a loan broker with an established regional mortgage company by arranging and closing long-term, fixed rate loans for which the bank would otherwise not be able to originate due to its limited lending capacity. Further, the bank continues to provide mortgage funds for homeownership or home repair to those qualified borrowers that received assistance from state housing funds, a crucial credit needs in the AA.

Small business lending includes business lines of credit, agricultural lending and variable and balloon mortgages. During the evaluation period and to address the lending needs of small businesses during the COVID-19 pandemic, FNB Wauchula originated 69 unsecured business loans totaling \$2.5 million offered through Small Business Administration (SBA) Paycheck Protection Program (PPP). Out of the 69 PPP loans, 44 were made in the bank's AA and reflected in the Community Development Test below.

In addition to originating PPP loans during the COVID-19 pandemic, and to assist customers, FNB Wauchula worked with business and retail customers with loan payment deferrals and waiving certain fees on money market accounts.

There are no financial or legal obstacles affecting FNB Wauchula's ability to meet its community credit needs. The last CRA evaluation of FNB Wauchula was completed in June 11, 2018 when the bank received a "Outstanding" rating.

Scope of the Evaluation

Evaluation Period/Products Evaluated

This Performance Evaluation (PE) assesses FNB Wauchula 's record of meeting the credit needs of the community in which it operates. We evaluated the bank using the Community Reinvestment Act Small Bank examination procedures, which includes a lending test. The lending test evaluates the bank's record of meeting the credit needs of its AA through its lending activities.

The OCC compared bank loan data for all applicable years in the Hardee County AA and state rating area to: demographic data using the U.S. Census American Community Survey (ACS); Federal Financial Institutions Examination Council (FFIEC) adjusted 2020 Non-MSA-Florida median family income; 2020 Dunn and Bradstreet (D&B) small business demographic data; and 2020 peer mortgage loan data reported under HMDA.

The evaluation period is January 1, 2018 through December 31, 2020. During the exam, the bank provided a report with data of all loan originations for the evaluation period. There was a total of 1,096 loans totaling \$53.98 million originated during the evaluation period. Based on this report, we determined all loan products with the exception of agricultural lending, was the focus of lending with consumer loans comprising 49.1 percent of total originations and home mortgage and business each reporting 25.5 percent. As such, our evaluation of the bank's lending performance will focus on all three loan products with more weight given to consumer lending.

Because the bank is not subject to the reporting requirements of Home Mortgage Disclosure Act (HMDA) or CRA small business lending, the overall lending distribution analysis was weighted more heavily on performance with demographic comparators rather than aggregate market share data.

Selection of Areas for Full-Scope Review

The State of Florida where the bank has an office, was selected for a full-scope review. The bank's one delineated non-MSA AA within the State of Florida is evaluated as a single area. Refer to the "Scope" section under the State Rating for the full-scope AA. Refer to appendix A, Scope of Examination, for the bank's full- scope AA.

Rating

The bank's overall rating is the State of Florida rating.

Discriminatory or Other Illegal Credit Practices Review

Pursuant to 12 CFR 25.28(c) or 195.28(c), respectively, in determining a national bank's or federal savings association's (collectively, bank) CRA rating, the OCC considers evidence of discriminatory or other illegal credit practices in any geography by the bank, or in any AA by an affiliate whose loans have been considered as part of the bank's lending performance. As part of this evaluation process, the OCC consults with other federal agencies with responsibility for compliance with the relevant laws and regulations, including the U.S. Department of Justice, the U.S. Department of Housing and Urban Development, and the Consumer Financial Protection Bureau as applicable.

The OCC has not identified that this institution has engaged in discriminatory or other illegal credit practices that require consideration in this evaluation./

The OCC will consider any information that this institution engaged in discriminatory or other illegal credit practices, identified by or provided to the OCC before the end of the institution's next performance evaluation in that subsequent evaluation, even if the information concerns activities that occurred during the evaluation period addressed in this performance evaluation.

State Rating

State of Florida

CRA rating for the State of Florida ¹: Outstanding.

The Lending Test is rated: Outstanding.

The major factors that support this rating include:

- Considering the bank's size, capacity to lend and credit needs of the AA, the bank's loan-to-deposit ratio is more than reasonable.
- The bank exhibits an excellent distribution of loans among individuals of different income levels and businesses of different sizes, given the product lines offered by the bank.
- Considering the bank's size, capacity to lend and credit needs of the AA, the bank exhibits a reasonable geographic distribution of loans to low- and moderate-income geographies.
- The bank exhibits excellent responsiveness to community development (CD) needs in the state through community development loans, as appropriate, considering the bank's capacity and the need and availability of such opportunities for community development in the bank's assessment area.

Description of Institution's Operations in Florida

FNB Wauchula provides a variety of loan and deposit products and services out of the one bank office located in Wauchula, Florida. The bank has delineated one AA, which consists of all census tracts in Hardee County, Florida. There are seven nonmetropolitan census tracts in the AA in which none are designated low-income, one as moderate-income, five distressed or underserved middle-income and one upper-income geographies.

Consumer lending represented the largest number of loan originations with 49.1 percent of all loans made during the evaluation period and home mortgage and business lending comprising 25.5 percent each, which is reflective of the bank's business strategy. As such, our evaluation of the bank's lending performance focused on all three loan products with more weight given to consumer lending. As part of our geographic and income distribution analysis, we used those loans originated in the AA during the evaluation period to include: 29 consumer loans, 20 business loans and 18 home mortgage loans for a total of 67 loans out of the 90 loans sampled.

There is significant banking competition for financial services in Hardee County. According to FDIC's

¹ This rating reflects performance within the state. The statewide evaluations do not reflect performance in the parts of those states contained within a MMSA.

June 30, 2020 deposit market share report, FNB Wauchula had a 14.5 percent market share in Hardee County. There is only one other FDIC insured large community bank in the bank's AA. Wauchula State Bank operates two offices in Hardee County with a deposit market share of 85.5 percent. In addition, there are two Florida-based credit unions and Farm Credit with offices located in Hardee County.

In the Hardee County AA, there were 123 home mortgage lenders that report these types of loans on the HMDA LAR. The top mortgage lenders include MidFlorida with a 15.8 market share, Quicken Loans with an 8.0 percent market share and 21st Mortgage Corporation with a 5.5 percent market share.

For small business lending, there were 40 small business lenders in the AA and report these types of loans on the Large Bank CRA. The top small business lenders mainly consist of those banks that issue business credit cards and include American Express National Bank, JPMorgan Chase, NA and Citibank, NA.

During a CRA evaluation, it is customary for examiners to contact various persons and organizations within the institution's AA to gain insight regarding local economic conditions and credit needs. Prior to our exam, we obtained from another banking agency a recent interview of one local economic development organization that serves small businesses throughout the bank's AA. The contact mentioned the credit needs in the community is financial and credit support to support the county's growth and small businesses. Additional SBA funding was also mentioned in order to assist small business creation and retention since many small businesses may not qualify for tax incentives or other funding options.

Hardee County

Table A – Demographic Information of the Assessment Area						
Assessment Area: Hardee County						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	6	0.0	16.7	66.7	16.7	0.0
Population by Geography	27,468	0.0	14.7	80.4	4.9	0.0
Housing Units by Geography	9,642	0.0	16.4	78.5	5.0	0.0
Owner-Occupied Units by Geography	5,300	0.0	13.7	80.4	5.9	0.0
Occupied Rental Units by Geography	2,318	0.0	19.4	76.1	4.5	0.0
Vacant Units by Geography	2,024	0.0	20.2	76.4	3.5	0.0
Businesses by Geography	1,557	0.0	6.2	88.3	5.5	0.0
Farms by Geography	233	0.0	3.4	87.6	9.0	0.0
Family Distribution by Income Level	5,743	24.4	21.5	18.4	35.8	0.0
Household Distribution by Income Level	7,618	23.5	18.0	18.1	40.3	0.0
Median Family Income Non-MSAs-FL		\$46,899	Median Housing Value			\$83,719
			Median Gross Rent			\$634
			Families Below Poverty Level			21.3%

Source: 2015 ACS Census and 2020 D&B Data; Due to rounding, totals may not equal 100.0

FNB of Wauchula has one AA in the State of Florida. The AA encompasses the geographic boundaries of Hardee County and includes the cities of Bowling Green, Ona, Wauchula (county seat), and Zolfo

Springs. The AA meets the requirements of the regulation and does not arbitrarily exclude LMI geographies. According to 2010 U.S. Census data, the AA consists of seven nonmetropolitan census tracts of which none are low-income, one moderate-income, five middle-income, one upper-income and none have been assigned a no-income classification. All five nonmetropolitan middle-income tracts have been designated as distressed during the evaluation period due to continued high poverty rates in Hardee County. A distressed nonmetropolitan middle-income tract is an agency-designated area that encourages economic growth and development by attracting and retaining businesses and residents in order to stabilize and revitalize the county. The bank's office is located in a designated distressed middle-income nonmetropolitan tract.

The 2020 FFIEC Non-MSA-Florida Median Family Income is \$52,600. According to the 2019 ACS Census, the percentage of households living below the poverty level is 22.1 percent and ranks significantly higher than the State of Florida's rate of 12.7 percent.

Hardee County is located in Central Florida, approximately 65 miles southeast of Tampa and southwest of Orlando. Boarding counties include Desoto, Highlands, Hillsborough, Manatee and Polk. Hardee County is a noncoastal, rural nonmetropolitan area consisting of vast acres of agricultural and vacant land. Historically three industries drive the economy: citrus groves, cattle production and phosphate mining. Mining represents a significant area in the northeast section of Hardee County. Approximately one-third of the economy is dependent on agriculture, specifically citrus production. Although the economy continues to improve in 2020 with minimal impact from the pandemic, weaknesses still exist with low wages and income levels significantly below the state and national levels and the negative impact of greening on the agriculture (citrus) industry.

According to the U.S. Department of Labor, Bureau of Labor Statistics, the 2020 annual average unemployment rate for Hardee County was 6.5 percent which is lower than the State of Florida and national rates of 7.7 percent and 8.1 percent, respectively. Based on the 2019 ACS Census, average annual wages of \$37,751 in the Hardee County AA are significantly lower than the state's \$55,845. There is a large migrant population in the county; however, this population tends to be transient and not year-round residents.

According to the Hardee County Economic Development Council website, the largest employers are Mosaic, Lakeside Neurological, Walmart and Peace River Electric Corporation. The large industries in the county are agricultural, health care and social assistance, and retail trade. Mining and quarrying industry was also mentioned as a major employer. The website lists several incentives for businesses to invest in Hardee County to include one designated Federal Opportunity Zone, located in Zolfo Springs.

High home costs in Hardee County limits homeownership affordability, especially to low- and moderate-income borrowers. Housing prices continue to increase during the evaluation period, further impacting the ability to own a home in the AA, especially for low-and income borrowers. According to Zillow, Hardee County's median housing prices during the evaluation period (January 2018 through December 2020) increased 11.4 percent while wages remain well below state averages. Based on data from the Zillow website, the median housing value of homes as of December 2020 was \$127 thousand. Based on the FFEIC 2020 Non-MSA-Florida median family income of \$52,600, the maximum income level for low-income borrowers was under \$26,300 making the median housing value close to five times over the maximum low-income level. The maximum income level for moderate-income borrowers was \$42,080 making the median housing value three times over the maximum moderate-income level.

Scope of Evaluation in Florida

The bank has delineated one AA, which consists of all census tracts in Hardee County, Florida. The one AA in the State of Florida was selected for analysis using the full-scope procedures.

Performance context factors considered in our overall assessment of FNB Wauchula's lending performance and described in the Description of Institution section include high and increasing poverty levels for households residing in the AA. For each year during the evaluation period, all five middle-income geographies were designated by the banking agencies as distressed middle-income geographies reflecting the local economic conditions, particularly, the high poverty levels in Hardee County. In addition, one census tract in the AA has been designated a Federal Qualified Opportunity Zone.

Lending to businesses that were significantly impacted by COVID-19 was a major factor when evaluating FNB Wauchula's overall CRA performance.

Home mortgage information is considered in context because the analysis for non-HMDA reporting banks is typically based on a sample of loans, rather than on total bank originations over the evaluation period. In addition, the bank's overall lending performance is limited to demographic comparators as the bank is not a HMDA or Large Bank CRA reporter.

LENDING TEST

The bank's performance under the Lending Test in Florida is rated Outstanding.

Conclusions for Full-Scope Area Receiving a Full-Scope Review

Based on a full-scope review, the bank's performance in the Hardee County AA is outstanding.

Distribution of Loans by Income Level of the Geography

The bank exhibits reasonable geographic distribution of loans in the State.

Home Mortgage Loans

Refer to Table O in the State of Florida section of appendix D for the facts and data used to evaluate the geographic distribution of the bank's home mortgage loan originations and purchases.

Based on Table O, the bank's size and performance context considerations described in the Description of the Institution, the bank's overall geographic distribution of home mortgage loan originations for this evaluation period reflects reasonable distribution throughout the AA.

There are no low-income geographies in the Hardee County AA. The proportion of home mortgage loans made in the one moderate-income geography was somewhat lower than the percentage of owner-occupied housing units in the geography and near to the aggregate distribution of home mortgage loans made in moderate-income geographies by lenders that report these types of loans (HMDA Reporters).

As noted in the Description of Institution's Operations in Florida, a prominent industry in the AA is agricultural, particularly citrus. During the season, there is an influx of migrant workers employed in the

citrus industry and reside in the AA on a temporary basis. As such, opportunities for home ownership is limited as the distribution of renters (19.4 percent) significantly exceed the distribution of owner-occupied units (13.7 percent). The high level of vacant housing units (20.2 percent) further limits the supply of affordable housing units in the AA. Further, home mortgage lending is very competitive with 123 home mortgage lenders in the AA all competing for the same home mortgage loans.

Small Loans to Businesses

Refer to Table Q in the State of Florida section of appendix D for the facts and data used to evaluate the geographic distribution of the bank's originations and purchases of small loans to businesses.

Based on Table Q, the bank's size and performance context considerations described in the Description of the Institution, we concluded the bank's overall geographic distribution of small business loan originations for this evaluation period reflects reasonable distribution throughout the AA.

There are no low-income geographies in the Hardee County AA. The overall distribution of the bank's small business loans operating in the one moderate-income geography was near to the percentage of AA businesses operating in moderate-income geographies and somewhat lower than the aggregate distribution of small businesses operating in moderate-income geographies by lenders that report these types of loans (Large Bank Small Business CRA Reporters). Competition for small business lending is strong as other larger lenders compete heavily with the bank to lend in Hardee County.

Consumer Loans

Refer to Table U in the State of Florida section of appendix D for the facts and data used to evaluate the geographic distribution of the bank's consumer loan originations and purchases.

Based on Table U, the bank's size and performance context considerations described in the Description of the Institution, we concluded the overall distribution of consumer loan originations for the evaluation period reflects reasonable distribution.

There are no low-income geographies in the Hardee County AA. The proportion of the bank's consumer loans in the one moderate-income geography was somewhat lower than the percentage of AA households residing in moderate-income geographies. Opportunities to lend to households residing in the one moderate-income geography is limited with continued high poverty levels much higher than a substantial majority of counties within Florida. Further, only 14.7 percent of the population reside in the moderate-income geography with the level of competition for lending in Hardee County strong as three other larger financial institutions are all competing to make consumer loans in this one census tract. It is noted the bank's distribution of lending in all four distressed middle-income geographies, exceeds the proportion of households residing these geographies. These census tracts were designated distressed due to the continued high poverty levels.

Distribution of Loans by Income Level of the Borrower

The bank exhibits an excellent distribution of loans to individuals of different income levels and businesses of different sizes, given the product lines offered by the bank.

Home Mortgage Loans

Refer to Table P in the State of Florida section of appendix D for the facts and data used to evaluate the borrower distribution of the bank's home mortgage loan originations and purchases.

Based on Table P, the bank's size and performance context considerations described in the Description of the Institution, the bank's overall distribution of home mortgage loan originations for the evaluation period reflects a reasonable distribution.

The proportion of bank loans to low-income families residing in the AA is lower than the percentage of low-income families residing in the AA and exceeds the proportion of aggregate lending to low-income families by lenders that report these types of loans (HMDA reporters). The proportion of bank loans to moderate-income families in the AA is somewhat lower than the percentage of moderate-income families residing in the AA and exceeds the proportion of aggregate lending to moderate-income families by lenders that report these types of loans (HMDA reporters).

High poverty levels and rising home costs in Hardee County limits homeownership affordability, especially to low- and moderate-income borrowers. According to the 2019 ACS census, the poverty rate in Hardee County was 22.1 percent and wages reported well below state averages. For the period of January 1, 2018 to December 31, 2020, housing values increased by 11.1 percent according to Zillow. It was also noted the median housing value of a home in December 2020 was \$127 thousand. Based on the FFEIC 2020 Non-MSA Florida median family income, the maximum income level for low-income borrowers was under \$26,300 making the median housing value close to five times over the maximum low-income level. The maximum income level for moderate-income borrowers was \$42,080 making the median housing value three times over the maximum moderate-income level. This illustrates that low- and moderate-income borrowers would be challenged to qualify for a mortgage loan in the AA.

As noted in the performance context, home mortgage lending is very competitive with 123 home mortgage lenders in the Hardee County AA all competing for the same home mortgage loans. It is noted the bank office is located in a distressed middle-income geography and there are no low-income census tracts in the AA.

Small Loans to Businesses

Refer to Table R in the State of Florida section of appendix D for the facts and data used to evaluate the borrower distribution of the bank's originations and purchases of small loans to businesses.

Based on Table R, the bank's size and performance context considerations described in the Description of the Institution, we concluded the distribution of the bank's loans to small businesses reflects excellent distribution.

The bank's lending to small businesses operating in the AA exceeds the proportion of small businesses (gross annual revenues of \$1 million or less) operating in the AA and exceeds the aggregate distribution of small business loans by lenders reporting these types of loans (Large Bank Small Business CRA Reporters).

Consumer Loans

Refer to Table V in the State of Florida section of appendix D for the facts and data used to evaluate the borrower distribution of the bank's consumer loan originations and purchases.

Based on Table V, the bank's size and performance context considerations described in the Description of the Institution, we concluded the overall distribution of the bank's consumer loans reflects excellent distribution.

The bank's distribution of lending to both low- and moderate-income borrowers was excellent. The percentage of loans made to both low- and moderate-income borrowers exceeds the number of low- and moderate- income households residing in the AA. Our sample revealed a substantial majority of consumer loans made during the evaluation period were unsecured small dollar amount loans, a crucial credit needs for low- and moderate-income persons residing in the Hardee County AA.

Responses to Complaints

There have been no CRA related complaints received by the bank our office or within the State of Florida.

COMMUNITY DEVELOPMENT

Based on a review of the full-scope area the bank exhibits excellent responsiveness to community development (CD) needs in the state through community development loans, as appropriate, considering the bank's capacity and the need and availability of such opportunities for community development in the bank's AA. Performance related to community development activities had a positive effect on the bank's rating in the state. FNB Wauchula's CD activity addressed the crucial need of PPP financing to support businesses in the AA impacted by the COVID-19 pandemic.

Number and Amount of Community Development Loans

The Community Development Loans Table, shown below, sets forth the information and data used to evaluate the bank's level of CD lending. These tables include all CD loans, including multifamily loans that also qualify as CD loans.

<i>Community Development Loans</i>				
Assessment Area	Total			
	#	% of Total #	\$(000's)	% of Total \$
Hardee County	44	100.0	1,543	100.0

Conclusions for Area Receiving Full-Scope Review

CD lending in the full-scope AA reflects excellent responsiveness to the CD lending and community needs of the AA. During the evaluation a period, FNB Wauchula made 44 PPP loans totaling \$1.5 million to businesses operating in the moderate-income census tract and the five agency designated distressed nonmetropolitan middle-income tracts in the AA. Loan proceeds provided much needed funds for payroll and other operating expenses to support those businesses impacted by COVID-19. As previously mentioned in the Description of the Institution, all five nonmetropolitan middle-income tracts have been designated as distressed with one also a designated Opportunity Zone due to continued high poverty rates in Hardee County. A distressed nonmetropolitan middle-income tract is an agency-designated area that encourages economic growth and development by attracting and retaining businesses and residents in order to stabilize and revitalize the county. All 44 PPP loans supported revitalization and stabilization efforts during the pandemic.

Appendix A: Scope of Examination

The following table identifies the time period covered in this evaluation, affiliate activities that were reviewed, and loan products considered. The table also reflects the MSAs and non-MSAs that received comprehensive examination review, designated by the term “full-scope,” and those that received a less comprehensive review, designated by the term “limited-scope”.

Time Period Reviewed:	01/01/2018 – 12/31/2020	
Bank Products Reviewed:	Home mortgage, small business, and consumer loans	
Affiliate(s)	Affiliate Relationship	Products Reviewed
N/a		
List of Assessment Areas and Type of Examination		
Rating and Assessment Areas	Type of Exam	Other Information
Florida		
Hardee County	Full-Scope	

Appendix B: Summary of MMSA and State Ratings

RATINGS for FNB of Wauchula	
Overall Bank:	Lending Test Rating:
FNB of Wauchula:	Outstanding
State of Florida:	Outstanding

Appendix C: Definitions and Common Abbreviations

The following terms and abbreviations are used in this performance evaluation, including the CRA tables. The definitions are intended to provide the reader with a general understanding of the terms, not a strict legal definition.

Affiliate: Any company that controls, is controlled by, or is under common control with another company. A company is under common control with another company if the same company directly or indirectly controls both companies. For example, a bank subsidiary is controlled by the bank and is, therefore, an affiliate.

Aggregate Lending (Aggt.): The number of loans originated and purchased by all reporting lenders (HMDA or CRA) in specified income categories as a percentage of the aggregate number of loans originated and purchased by all reporting lenders in the state/assessment area.

Census Tract (CT): A small, relatively permanent statistical subdivision of a county delineated by a local committee of census data users for the purpose of presenting data. Census tracts nest within counties, and their boundaries normally follow visible features, but may follow legal geography boundaries and other non-visible features in some instances, Census tracts ideally contain about 4,000 people and 1,600 housing units.

Combined Statistical Area (CSA): A geographic entity consisting of two or more adjacent Core Based Statistical Areas with employment interchange measures of at least 15. An employment interchange measure is a measure of ties between two adjacent entities. The employment interchange measure is the sum of the percentage of workers living in the smaller entity who work in the larger entity and the percentage of employment in the smaller entity that is accounted for by workers who reside in the larger entity.

Community Development (CD): Affordable housing (including multifamily rental housing) for low- or moderate-income individuals; community services targeted to low- or moderate-income individuals; activities that promote economic development by financing businesses or farms that meet Small Business Administration Development Company or Small Business Investment Company programs size eligibility standards or have gross annual revenues of \$1 million or less; or activities that revitalize or stabilize low- or moderate-income geographies, distressed or underserved nonmetropolitan middle-income geographies, or designated disaster areas.

Community Reinvestment Act (CRA): The statute that requires the OCC to evaluate a bank's record of meeting the credit needs of its entire community, including LMI areas, consistent with the safe and sound operation of the bank, and to take this record into account when evaluating certain corporate applications filed by the bank.

Consumer Loan(s): A loan(s) to one or more individuals for household, family, or other personal expenditures. A consumer loan does not include a home mortgage, small business, or small farm loan. This definition includes the following categories: motor vehicle loans, credit card loans, other secured consumer loans, and other unsecured consumer loans.

Family: Includes a householder and one or more other persons living in the same household who are related to the householder by birth, marriage, or adoption. The number of family households always equals the number of families; however, a family household may also include non-relatives living with the family. Families are classified by type as either a married-couple family or other family, which is further classified into ‘male householder’ (a family with a male householder and no wife present) or ‘female householder’ (a family with a female householder and no husband present).

Full-Scope Review: Performance under the Lending, Investment, and Service Tests is analyzed considering performance context, quantitative factors (e.g., geographic distribution, borrower distribution, and total number and dollar amount of investments), and qualitative factors (e.g., innovativeness, complexity, and responsiveness).

Geography: A census tract delineated by the United States Bureau of the Census in the most recent decennial census.

Home Mortgage Disclosure Act (HMDA): The statute that requires certain mortgage lenders that conduct business or have banking offices in a metropolitan statistical area to file annual summary reports of their mortgage lending activity. The reports include such data as the race, gender, and the income of applicants, the amount of loan requested, the disposition of the application (e.g., approved, denied, and withdrawn), the lien status of the collateral, any requests for preapproval, and loans for manufactured housing.

Home Mortgage Loans: A closed-end mortgage loan or an open-end line of credit as these terms are defined under 12 CFR 1003.2, and that is not an excluded transaction under 12 CFR 1003.3(c)(1) through (c)(10) and (c)(13).

Household: Includes all persons occupying a housing unit. Persons not living in households are classified as living in group quarters. In 100 percent tabulations, the count of households always equals the count of occupied housing units.

Limited-Scope Review: Performance under the Lending, Investment, and Service Tests is analyzed using only quantitative factors (e.g., geographic distribution, borrower distribution, total number and dollar amount of investments, and branch distribution).

Low-Income Individual: Individual income that is less than 50 percent of the area median income.

Low Income Geography: A census tract with a median family income that is less than 50 percent.

Market Share: The number of loans originated and purchased by the institution as a percentage of the aggregate number of loans originated and purchased by all reporting lenders in the state/assessment area.

Median Family Income (MFI): The median income determined by the U.S. Census Bureau every five years and used to determine the income level category of geographies. The median is the point at which half of the families have income above, and half below, a range of incomes. Also, the median income determined by the Federal Financial Institutions Examination Council (FFIEC) annually that is used to determine the income level category of individuals. For any given area, the median is the point at which half of the families have income above, and half below, a range of incomes.

Metropolitan Division: As defined by Office of Management and Budget, a county or group of counties within a Core Based Statistical Area that contains an urbanized population of at least 2.5 million. A Metropolitan Division consists of one or more main/secondary counties that represent an employment center or centers, plus adjacent counties associated with the main/secondary county or counties through commuting ties.

Metropolitan Statistical Area: An area, defined by the Office of Management and Budget, as a core based statistical area associated with at least one urbanized area that has a population of at least 50,000. The Metropolitan Statistical Area comprises the central county or counties containing the core, plus adjacent outlying counties having a high degree of social and economic integration with the central county or counties as measured through commuting.

Middle-Income: Individual income that is at least 80 percent and less than 120 percent of the area median income, or a median family income that is at least 80 percent and less than 120 percent, in the case of a geography

Moderate-Income: Individual income that is at least 50 percent and less than 80 percent of the area median income, or a median family income that is at least 50 percent and less than 80 percent, in the case of a geography.

Multifamily: Refers to a residential structure that contains five or more units.

Owner-Occupied Units: Includes units occupied by the owner or co-owner, even if the unit has not been fully paid for or is mortgaged.

Qualified Investment: A qualified investment is defined as any lawful investment, deposit, membership share, or grant that has as its primary purpose community development.

Rating Area: A rated area is a state or multi-state metropolitan statistical area. For an institution with domestic branches in only one state, the institution's CRA rating would be the state rating. If an institution maintains domestic branches in more than one state, the institution will receive a rating for each state in which those branches are located. If an institution maintains domestic branches in two or more states within a multi-state metropolitan statistical area, the institution will receive a rating for the multi-state metropolitan statistical area.

Small Loan(s) to Business(es): A loan included in 'loans to small businesses' as defined in the Consolidated Report of Condition and Income (Call Report) instructions. These loans have original amounts of \$1 million or less and typically are either secured by nonfarm or nonresidential real estate or are classified as commercial and industrial loans.

Small Loan(s) to Farm(s): A loan included in 'loans to small farms' as defined in the instructions for preparation of the Consolidated Report of Condition and Income (Call Report). These loans have original amounts of \$500,000 or less and are either secured by farmland or are classified as loans to finance agricultural production and other loans to farmers.

Tier 1 Capital: The total of common shareholders' equity, perpetual preferred shareholders' equity with non-cumulative dividends, retained earnings and minority interests in the equity accounts of consolidated subsidiaries.

Upper-Income: Individual income that is at least 120 percent of the area median income, or a median family income that is at least 120 percent, in the case of a geography.

Appendix D: Tables of Performance Data

Content of Standardized Tables

A separate set of tables is provided for each state. All multistate metropolitan statistical areas, if applicable, are presented in one set of tables. References to the “bank” include activities of any affiliates that the bank provided for consideration (refer to appendix A: Scope of the Examination). For purposes of reviewing the Lending Test tables, the following are applicable: (1) purchased are treated as originations; and (2) “aggregate” is the percentage of the aggregate number of reportable loans originated and purchased by all HMDA or CRA-reporting lenders in the MMSA/assessment area. Deposit data are compiled by the FDIC and are available as of June 30th of each year. Tables without data are not included in this PE.

The following is a listing and brief description of the tables included in each set:

- Table O. Assessment Area Distribution of Home Mortgage Loans by Income Category of the Geography** - Compares the percentage distribution of the number of loans originated and purchased by the bank in low-, moderate-, middle-, and upper-income geographies to the percentage distribution of owner-occupied housing units throughout those geographies. The table also presents aggregate peer data for the years the data is available.
- Table P. Assessment Area Distribution of Home Mortgage Loans by Income Category of the Borrower** - Compares the percentage distribution of the number of loans originated and purchased by the bank to low-, moderate-, middle-, and upper-income borrowers to the percentage distribution of families by income level in each MMSA/assessment area. The table also presents aggregate peer data for the years the data is available.
- Table Q. Assessment Area Distribution of Loans to Small Businesses by Income Category of the Geography** - The percentage distribution of the number of small loans (less than or equal to \$1 million) to businesses that were originated and purchased by the bank in low-, moderate-, middle-, and upper-income geographies compared to the percentage distribution of businesses (regardless of revenue size) in those geographies. Because aggregate small business data are not available for geographic areas smaller than counties, it may be necessary to compare bank loan data to aggregate data from geographic areas larger than the bank’s assessment area.
- Table R. Assessment Area Distribution of Loans to Small Businesses by Gross Annual Revenue** - Compares the percentage distribution of the number of small loans (loans less than or equal to \$1 million) originated and purchased by the bank to businesses with revenues of \$1 million or less to: 1) the percentage distribution of businesses with revenues of greater than \$1 million; and, 2) the percentage distribution of businesses for which revenues are not available. The table also presents aggregate peer small business data for the years the data is available.
- Table S. Assessment Area Distribution of Loans to Farms by Income Category of the Geography** - The percentage distribution of the number of small loans (less than or equal to \$500,000) to farms originated and purchased by the bank in low-, moderate-, middle-,

and upper-income geographies compared to the percentage distribution of farms (regardless of revenue size) throughout those geographies. The table also presents aggregate peer data for the years the data is available. Because aggregate small farm data are not available for geographic areas smaller than counties, it may be necessary to use geographic areas larger than the bank's assessment area.

- Table T. Assessment Area Distribution of Loans to Farms by Gross Annual Revenues -** Compares the percentage distribution of the number of small loans (loans less than or equal to \$500 thousand) originated and purchased by the bank to farms with revenues of \$1 million or less to: 1) the percentage distribution of farms with revenues of greater than \$1 million; and, 2) the percentage distribution of farms for which revenues are not available. The table also presents aggregate peer small farm data for the years the data is available.
- Table U. Assessment Area Distribution of Consumer Loans by Income Category of the Geography -** Compares the percentage distribution of the number of loans originated and purchased by the bank in low-, moderate-, middle-, and upper-income geographies to the percentage distribution of households in those geographies.
- Table V. Assessment Area Distribution of Consumer Loans by Income Category of the Borrower -** Compares the percentage distribution of the number of loans originated and purchased by the bank to low-, moderate-, middle-, and upper-income borrowers to the percentage distribution of households by income level in each MMSA/assessment area.

Table O: Assessment Area Distribution of Home Mortgage Loans by Income Category of the Geography																			2018-2020		
Assessment Area:	Total Home Mortgage Loans				Low-Income Tracts			Moderate-Income Tracts			Middle-Income Tracts			Upper-Income Tracts			Not Available-Income Tracts				
	#	\$ (000)	% of Total	Overall Market	% of Owner-Occupied Housing Units	% Bank Loans	Aggregate	% of Owner-Occupied Housing Units	% Bank Loans	Aggregate	% of Owner-Occupied Housing Units	% Bank Loans	Aggregate	% of Owner-Occupied Housing Units	% Bank Loans	Aggregate	% of Owner-Occupied Housing Units	% Bank Loans	Aggregate		
Hardee County	20	1,789	100	368	0.0	0.00	0.0	13.7	10.0	11.1	80.4	85.0	82.3	5.9	5.0	6.5	0.0	0.0	0.0		

Source: 2015 ACS Census; Sample of loans originated 1/01/2018 - 12/21/2020; 2020 HMDA Aggregate Data.

Table P: Assessment Area Distribution of Home Mortgage Loans by Income Category of the Borrower																			2018-2020		
Assessment Area:	Total Home Mortgage Loans				Low-Income Borrowers			Moderate-Income Borrowers			Middle-Income Borrowers			Upper-Income Borrowers			Not Available-Income Borrowers				
	#	\$ (000)	% of Total	Overall Market	% Families	% Bank Loans	Aggregate	% Families	% Bank Loans	Aggregate	% Families	% Bank Loans	Aggregate	% Families	% Bank Loans	Aggregate	% Families	% Bank Loans	Aggregate		
Hardee County	20	1,789	100	368	24.4	10.0	2.2	21.5	15.0	10.6	18.4	0.00	19.0	35.7	70.0	47.0	0.0	5.0	21.2		

Source: 2015 ACS Census; Sample of loans originated 01/01/2018 - 12/21/2020; 2020 HMDA Aggregate Data.

Table Q: Assessment Area Distribution of Loans to Small Businesses by Income Category of the Geography **2018-2020**

Assessment Area:	Total Loans to Small Businesses				Low-Income Tracts			Moderate-Income Tracts			Middle-Income Tracts			Upper-Income Tracts			Not Available-Income Tracts		
	#	\$ (000)	% of Total	Overall Market	% Businesses	% Bank Loans	Aggregate	% Businesses	% Bank Loans	Aggregate	% Businesses	% Bank Loans	Aggregate	% Businesses	% Bank Loans	Aggregate	% Businesses	% Bank Loans	Aggregate
Hardee County	20	1,087	100	321	0.0	0.0	0.0	6.1	5.0	7.8	88.3	85.0	85.4	5.6	10.0	6.9	0.0	0.0	0.0

Source: 2020 D&B Data; Sample of business loans originated 01/01/2018 - 12/21/2020; 2019 CRA Aggregate Data., "--" data not available.

S/B 1,087

Table R: Assessment Area Distribution of Loans to Small Businesses by Gross Annual Revenues **2018-20**

Assessment Area:	Total Loans to Small Businesses				Businesses with Revenues <= 1MM			Businesses with Revenues > 1MM		Businesses with Revenues Not Available	
	#	\$(000's)	% of Total	Overall Market	% Businesses	% Bank Loans	Aggregate	% Businesses	% Bank Loans	% Businesses	% Bank Loans
Hardee County	20	1,087	100	321	85.5	90.0	34.3	3.3	5.0	11.1	5.0

Source: 2020 D&B Data; Sample of business loans originated 01/01/2018 - 12/21/2020; 2019 CRA Aggregate Data.

Table U: Assessment Area Distribution of Consumer Loans by Income Category of the Geography													2018-2020	
Assessment Area:	Total Consumer Loans			Low-Income Tracts		Moderate-Income Tracts		Middle-Income Tracts		Upper-Income Tracts		Not Available-Income Tracts		
	#	\$ (000's)	% of Total	% of Households	% Bank Loans	% of Households	% Bank Loans	% of Households	% Bank Loans	% of Households	% Bank Loans	% of Households	% Bank Loans	
Hardee County	29	143	100	0.0	0.0	15.4	10.3	79.1	79.3	5.5	10.4	0.0	0.0	
<i>Source: 2015 ACS Census; Sample of bank loans originated 01/01/2018 - 12/21/2020.</i>														

Table V - Assessment Area Distribution of Consumer Loans by Income Category of the Borrower													2018-2020	
Assessment Area:	Total Consumer Loans			Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers		Not Available-Income Borrowers		
	#	\$ (000's)	% of Total	% of Households	% Bank Loans	% of Households	% Bank Loans	% of Households	% Bank Loans	% of Households	% Bank Loans	% of Households	% Bank Loans	
Hardee County	29	143	100	23.5	27.6	18.0	24.1	18.1	27.6	40.4	17.2	0.0	3.5	
<i>Source: 2015 ACS Census; Sample of bank loans originated 01/01/2018 - 12/21/2020.</i>														