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Comptroller of the Currency  
Administrator of National Banks

LARGE BANK

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## **PUBLIC DISCLOSURE**

**March 29, 1999**

### **COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION**

**Citizens National Bank  
Charter No: 7266**

**512 22nd Avenue  
Meridian, Mississippi 39202-0911**

**Office of the Comptroller of the Currency  
Birmingham Field Office  
100 Concourse Parkway, Suite 240  
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**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.**

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## 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 **Citizens National Bank** prepared by the **Office of the Comptroller of the Currency**, the institution's supervisory agency, as of **March 29, 1999**. The agency evaluates performance in assessment areas, as they are delineated by the institution, rather than individual branches. This assessment area evaluation may include the visits to some, but not necessarily all of the institution's branches. 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 RATING**

**Institution’s CRA Rating:** This institution is rated “Satisfactory.”

The following table indicates the performance level of **Citizens National Bank** with respect to the Lending, Investment, and Service Tests:

Performance Levels	Citizens National Bank Performance Tests		
	Lending Test*	Investment Test	Service Test
Outstanding			
High Satisfactory			
Low Satisfactory	X	X	X
Needs to Improve			
Substantial Noncompliance			

\* The Lending Test is weighted more heavily than the Investment and Service Tests when arriving at an overall rating.

Key Factors supporting the bank’s overall rating include:

- C CNB has demonstrated adequate responsiveness to identified credit needs particularly, small business and small farm financing. The bank has a good record of serving businesses and farms with gross revenues less than \$1 million. CNB has an adequate distribution of small business and small farm loans by income level of geography. The bank’s distribution of HMDA reportable loans to low- and moderate-income geographies and borrowers is poor. A high percentage of CNB’s loans are made in its assessment areas.
- C An adequate level of qualified community development investments was made within the bank’s assessment areas based on the bank’s size and limited community development opportunities within the bank assessment areas.
- C CNB’s delivery systems are reasonably accessible to geographies and individuals of different income levels within its AAs.

## **Description of Institution**

Citizens National Bank (CNB) is an independent intrastate bank headquartered in Meridian, Mississippi. As of December 31, 1998, CNB had total assets of \$456 million and operated 24 branches and three free-standing ATMs. The bank offers a variety of traditional loan products. CNB's business strategy historically has been small business lending. However, the bank has focused on growing its loan portfolio through real estate lending over the past several years. CNB's loan portfolio totaled \$206 million as of December 31, 1998. Approximately 73% of the loans are real estate related credits. Commercial, consumer and other loans represent 14%, 12% and 1% respectively. Fifty-four percent of the real estate loans are one-to-four family residential loans.

CNB had \$46 million in Tier 1 Capital representing 10.1% of the bank's total assets as of December 31, 1998. There are no known financial or legal impediments that would impair the bank's ability to meet the credit needs within its assessment areas. CNB's last CRA Performance Evaluation was dated March 24, 1997. The bank received a rating of "Satisfactory."

## **Description of Assessment Area**

CNB has two assessment areas. These include the Hattiesburg Mississippi MSA and nine nonmetropolitan whole counties (Attala, Clarke, Jones, Lauderdale, Leake, Lowndes, Neshoba, Noxubee, and Wayne). The assessment areas meet the requirements of the regulation and do not arbitrarily exclude low- or moderate-income geographies. The assessment areas are made up of 91 census tracts. Of those, there are six low-income tracts, seventeen moderate-income tracts, fifty-two middle-income tracts, and 16 upper-income tracts. Competition is very strong in the bank's assessment areas and includes several large branches of multi-state and regional banks. Also, there are numerous independent banks, finance companies, and credit unions within the bank's assessment areas. CNB's deposit market share in its AAs is 12%.

## **Scope of Review**

In assessing CNB's performance under the CRA, we performed a full scope review of the nonmetropolitan assessment area and a limited scope review of the Hattiesburg MSA. The overall bank rating was driven by their performance in the nonmetropolitan areas since the majority of the bank's lending activities, deposits and branches were in these areas. CNB has a limited presence in the Hattiesburg MSA and this AA does not represent a significant volume of the bank's lending or deposit base. We placed equal weight on HMDA and small business lending. Small business lending represents the majority of the bank's lending activities during this evaluation period. However, the bank's current strategy is real estate lending and the majority of their real estate portfolio is centered in residential real estate loans. Both products were identified as credit needs in the community.

This review covered the time period from January 1, 1997 to December 31, 1998 for all HMDA reportable, small business, small farm loans, and community development loans. Also, we analyzed the bank's qualified investment and retail banking services from January 1, 1997 through March 31, 1999. At the request of bank management, we also considered "Other Secured Loans for Purposes of Business" in assessing the bank performance. These loans are secured by residential real estate but are not HMDA or small business reportable. These loans did not represent a significant portion of the bank's total loan portfolio and did not add any significant support in arriving at the overall lending test rating.

### **Data Integrity**

We verified the accuracy of the 1997 and 1998 reported HMDA, small business and small farm loan data. We identified errors in the bank's HMDA, small business, and small farm loan data for 1997 and 1998. Bank management corrected the errors prior to this examination. The errors were not considered significant and did not warrant the refiling of the bank's HMDA or CRA registrars. Also, during the examination, we verified the accuracy of the bank's qualified investments, community development loans, and community development services. This CRA evaluation was based on accurate data.

### **Needs Analysis**

We determined community credit and community development needs by contacting local government representatives from the City of Meridian and Hattiesburg. Also, we reviewed the 1995 U. S. Department of Housing and Urban Development (HUD) Consolidated Strategies and Plans for Hattiesburg, Mississippi. The primary needs identified include affordable housing (1-4 family) and small business financing, particular for start-up businesses. Also, job creation and improved education are recognized needs of the general area according to all community contacts. There are limited community development investments opportunities within the bank's assessment areas. There are currently two Community Development Corporations (CDCs) in the bank's assessment areas. One is located in Meridian (East Mississippi Community Development Corporation). CNB was very instrumental in getting this CDC started. Also, there is a CDC in the Hattiesburg MSA (Hattiesburg Development Partnership). However, there is ample opportunity to make community development grants, donations, and community development services in the AAs.

### **Fair Lending Review**

We performed a comparative file review of home purchase loans made from January 1, 1998 to December 31, 1998. Our review focused on determining whether race was a factor in the bank's underwriting decisions. We compared 11 black denied applicants to 100 white approved applicants. Based on this sample, no violations of the substantive provisions of the antidiscrimination laws and regulations were identified.

## **DESCRIPTIONS OF BANK'S OPERATIONS**

## **NONMETROPOLITAN STATISTICAL AREAS**

CNB operations in the nonmetropolitan areas include nine whole counties (Attala, Clarke, Jones, Lauderdale, Leake, Lowndes, Neshoba, Noxubee and Wayne). The bank's main office is headquartered in Meridian, Mississippi which is located in Lauderdale County. CNB operates 23 full service branches and 3 full service ATMs in these nonmetropolitan areas. There are 11 branches and 2 free-standing ATMs located in Lauderdale county; 2 branches and 1 free-standing ATM located in Neshoba county; 2 branches located in Clarke county; 1 branch located in Leake County; 2 branches located in Attala county; 1 branch located in Wayne county; 2 branches located in Jones county; 1 branch located in Lowndes county, and 1 branch located in Noxubee county.

There are 68 census tracts in the combined nonmetropolitan AAs. Of these, 1% are low income, 22% are moderate income, 59% middle income, and 18% upper income. The bank's deposit market share in these combined AAs approximates 11%.

The combined counties have a population of approximately 308,045 thousand persons and 83,274 families. Twenty-two percent of the families are low income, 15% are moderate income, 19% middle income, and 44% upper income. The statewide nonmetropolitan median family income is \$21,995.

Approximately 50% of CNB's loan and deposit balances are in Lauderdale County. Lauderdale county's local economy is fairly well diversified in terms of employment with the median family income of \$26,338. Major employers include Peavey Electronics which employs a more skilled labor force. Also, there are several local hospitals that employ a staff of highly skilled professionals. Unemployment in the Lauderdale county as of February 1999 was 4.2%, slightly below the state's unemployment average of 4.4%. Twenty-two percent of the families in Lauderdale County live below the poverty level. There have been three local companies in Lauderdale county that closed during this evaluation period. The closing of these facilities impacted consumer spending. These include Delco Remy, Colonial Baking, and Smith Bakery. Approximately 800 employees were affected by these plant closings. In 1997, there was a threat to close the Meridian Naval Air Station.

Within other counties in the bank's assessment the median family income ranged from \$17,344 to \$24,033. The local economies in the other nonmetropolitan counties are weak with local unemployment rates ranging from 3.5% to 12%. There has been little or no growth in the local economies in these areas over the past several years. The percentage of families living below the poverty level in the nonmetropolitan counties is high and ranged from 22% to 38%. These include: Noxubee (38%), Attala (32%), Leake (31%), Wayne (29%), Neshoba (27%), Clarke (24%), Lowndes (22%), Jones (22%), and Lauderdale (22%).

Competition in the combined nonmetropolitan counties is very strong and is dominated by several large branches of multi-state and regional banks, thirteen independent banks, fifty-six finance companies, and eleven credit unions.

### **HATTIESBURG MISSISSIPPI MSA**

We evaluated the bank's performance under the lending, investment and service tests. CNB operates one branch in the Hattiesburg AA which covers Forrest and Lamar counties. The bank opened this branch in 1995. The percentage of the bank's deposits in this AA approximates only 4%. The loan portfolio represented only 9% of CNB's total loan portfolio as of December 31, 1998. During this evaluation period, only 7% of the bank's total reported loans were originated in the Hattiesburg MSA. The bank's lending and service performance in the Hattiesburg MSA is consistent with the bank's overall performance. The bank's investment performance was not consistent and lower than the bank's overall performance. However, this performance did not affect the overall bank rating.

## CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS

### LENDING TEST

#### Lending Activity

CNB's performance in meeting the credit needs within the nonmetropolitan area is good. Most of the lending test rating was placed on the bank's lending responsiveness within the nonmetropolitan areas. As noted in the Needs Analysis section of this report, affordable one-to-four family residential housing and small business financing were identified as the major credit needs within the bank's AAs. The bank's level of HMDA lending is good. During this evaluation period, CNB reported 1,119 HMDA loans approximating \$79 million. Within the non-MSA AA, CNB ranked 4th in HMDA loans with a market share of 7%. This lending activity is considered good given the strong competition within the nonmetropolitan AA.

The bank's level of small business and small farm lending is adequate given its deposit market base. During the evaluation period, the bank made 2,313 small business loans totaling \$133 million and 333 small farm loans approximating \$4 million. FDIC data as of June 1998 shows that CNB had a 12% deposit market share for the non-MSA AA. CNB's overall market share of small business and small farms loans in the non-MSA AA, at 2% for each product, is significantly below the bank's deposit market share. CNB ranked 13th in both small business and small farm loans within the AA.

A high percentage of CNB's loans were made within the nonmetropolitan areas. During this evaluation period, 95%, 91%, and 93% respectively of the total number of small business, small farm, and HMDA reportable loans were made in the nonmetropolitan assessment area. There were no conspicuous gaps in the bank's lending patterns.

#### Geographic Distribution

##### *Residential Mortgage Loans*

The geographical distribution of HMDA reportable loans in the nonmetropolitan areas is adequate with the exception of refinanced loans as shown in Tables 2, 3 and 4. Home purchase loans made in low income geographies approximates the percentage of owner-occupied units in low income geographies. There is only one low income census tract in the bank's AA. CNB's home purchase market share of 16.67% in low income geographies exceeds its overall market share of 4.95% for home purchase loans. Home purchase loans made in moderate income geographies is below the percentage of owner-occupied units in these geographies. However, CNB's moderate income market share of 5.12% is above its overall market share of 4.95%.

There were no home improvement loans made in the bank's only low income census tract. Home improvement loans to moderate income geographies are slightly below the percentage of owner-occupied units. The bank's home improvement market share of 11.03% exceeds the bank's overall market share for home improvement loans of 8.60%.

There were no refinanced loans made in low income geographies. Refinanced loans made in moderate income geographies are below the percentage of owner-occupied units in these geographies. CNB's refinanced loan market share for moderate income of 6.64% is below its overall market share of 10.44%. The majority of the bank's refinanced loans originated during this evaluation period were to middle and upper income geographies. Most of the consideration for HMDA lending was focused on home purchase lending because affordable one-to-four family housing was identified as a credit need in the bank's AAs.

### ***Small Business Lending***

As shown in Table 5, CNB has an adequate geographical distribution of loans to small businesses in low income and moderate income geographies. Small business loans made in low income geographies exceed the percentage of businesses in these geographies. CNB made 1.64% of its small business loans in low income geographies. However, the bank's market share in low income geographies of .96% is below its overall market share of 2.17%. Loans made in moderate income geographies are below the percentage of small businesses in these geographies. The bank's small business moderate income market share of 1.79% is comparable to the bank's overall market share of 2.17%.

### ***Small Farm Lending***

The geographical distribution of small farm loans to low and moderate income geographies is good (Refer to Table 6). There were no small farm loans in low income geographies. However, the percentage of small farms in low income geographies represents less than ½ of 1%. Loans to moderate income geographies exceed the percentage of farms in these geographies. CNB's moderate income market share for small farm loans of 5.38% exceeds its overall market share of 2.24%.

## **Distribution by Borrower Characteristics**

### ***Residential Mortgage Loans***

CNB's residential lending to low- and moderate-income borrowers is poor (Refer to Tables 7, 8, and 9). Home purchase loans to low income borrowers were well below the percentage of families that are considered low income. Only 1.8% of home purchase loans were made to low income borrowers compared to the 22% of low income families in the AA. CNB's market share for low income borrowers of 2.42% is below its overall market share of 4.95%. The low percentage of lending to low income individuals can partially be explained by the high poverty level throughout the bank's AA. Approximately 92% of low income families in the bank's AA live below the poverty level. This represents 17 thousand families; approximately 20% of the total number of families in the AA. These individuals may have a more difficult

time qualifying for a HMDA related loan. Home purchase lending to moderate income borrowers is also well below the percentage of families that are considered moderate income. CNB's moderate income market share of 1.89% is below its overall market share for home purchase loans of 4.95%.

Home improvement lending to low income borrowers is below the percentage of families that are considered low income. The bank's low income market share of 6.47% is below its overall market share for home improvement loans of 8.60%. Loans to moderate income borrowers are below the percentage of families that are considered moderate income. CNB's moderate income market share of 5.44% is below its overall market share of 8.60%.

Refinanced loans to low income borrowers are well below the percentage of families considered low income. CNB refinanced low income market share of 3.45% is below its overall market share of 10.44%. Refinanced loans to moderate income borrowers are well below the percentage of families that are considered moderate income. The bank's moderate income market share for refinanced loans of 6.64% is below the bank's overall market share of 10.44% for refinanced loans. The majority of the bank's refinanced loans were to middle and upper income borrowers.

### ***Small Business Lending***

CNB's lending to small businesses is good. During this evaluation period, 76% of CNB's business loans were to small businesses (businesses with annual gross revenues of \$1 million or less). The bank's percentage of loans was lower than the 91% of businesses in its AA that are categorized as small. However, CNB's performance was good relative to other banks in its AA. Approximately 54% of the aggregate market granted their loans to small businesses. The bank's market share of 1.99% for small businesses compares favorably to its market share of 2.17% for all small businesses. Of the loans CNB made to small businesses during this evaluation period, approximately 86% of the total number were originated for amounts of \$100,000 or less. The average loan size approximating \$58,000. This performance reflects the bank's overall emphasis on small business lending and indicates their responsiveness to making small loans to businesses.

### ***Small Farm Lending***

CNB's lending to small farms is excellent as shown in Table 11. CNB's originated approximately 95% of its farm loans to small farms (farms with annual revenues of \$1 million or less). This performance mirrors the percentage of farms in the bank's AAs. CNB's performance exceeds the overall market which granted 88% of their loans to small farms. The bank's small farm market share of 1.93% is comparable to its overall market share of 2.24% for all farms. Of the loans made to small farms during this evaluation period, approximately 99% of the total number were originated for amounts of \$100,000 or less. The average loan size was \$12,000.

### **Community Development Lending**

CNB made one community development loan during this evaluation period totaling \$50,000. The loan promotes economic development by retaining jobs for hourly workers whose general wage level fit low- and moderate-income categories. The loan was made to the East Central Mississippi Community Development Corporation (CDC). Proceeds were used to purchase property for redevelopment of an industrial site. The property was transferred to a local small business which expanded its current facilities. The business allowed 180 employees to retain their jobs as the plant has threatened to close or relocate to another city. The redevelopment of the industrial site was part of the City of Meridian Revitalization Plan.

### **Flexible Lending**

The bank had one mortgage loan program which is considered flexible. This program was very responsive to identified credit needs during this evaluation period and is described below.

- C **Home Opportunity Mortgage.** In 1996, CNB created a special mortgage loan program, the Home Opportunity Mortgage. The requirements of the program include more flexible underwriting standards when compared to traditional mortgage products offered by the bank. The program requires a 2% down payment versus 10% traditionally required by the bank. Also, applicants are allowed housing and debt to income ratios of 30% and 42% versus ratios of 25% and 36% traditionally required by the bank. This product is available to all applicants who make \$26,000 and below. Also, the applicants must purchase a home in a low or moderate income census tract in the bank's assessment areas. In 1997, CNB made 17 loans totaling \$597,000 under this program. This program was discontinued in 1998 because all funds allocated by CNB's Board of Directors to this program had been expended.

## **INVESTMENT TEST**

CNB has an adequate level of qualified investment in its assessment area. This level is considered adequate based on the asset size of the bank and limited opportunities available within the bank's AA. Opportunities identified during this evaluation include investments in Community Development Corporations (CDCs) that make loans and invest in small business development. During this evaluation period, the bank made one qualified investments totaling \$290,000. This investment promoted economic development by retaining job for low income individuals in the bank's AA. Also, there was one investment made during the prior CRA evaluation period that had an outstanding balance of \$156,000 as of December 31, 1998. This investment represents a bond issue where proceeds were used to make improvements to a local industrial park in an area targeted for redevelopment as part of the City of Meridian's Revitalization Plan. As a result of the improvements, one local manufacturing plant expanded its facilities, therefore creating new jobs for low- and

moderate-income wage earners. Equal weight was given to both investments in arriving at the bank's investment rating. The qualifying investment made during this evaluation period includes:

- C **\$290,000 - Lauderdale County Industrial Revenue Bond.** The purpose of this issue was to finance site improvements, rail spur lines, and other improvements of the G. V. "Sonny" Montgomery Industrial Park. This investment promoted economic development by retaining jobs for predominately hourly workers whose general wage level fit low- and moderate-income categories. Also, this investment is part of an area targeted for redevelopment by a local government plan. During this evaluation period, one of the major tenants (a small manufacturing plant) at this industrial park threaten to close down its facilities and relocate to another city. The proceeds of this bond enabled this company to expand its facilities, remain in Meridian and allowed 180 low income persons to retain their jobs.

In addition, the bank made donations and grants to several community development organizations totaling \$26,250. The majority of the donations and grants were to the United Way. The bank's donations to this nonprofit organization were allocated to facilities that serve low- and moderate individuals and promote community development in low- and moderate-income areas. The funds were allocated to youth programs, a homeless shelter, a battered center for women, and a drug recovery center.

## SERVICE TEST

### Accessibility of Services

The bank's delivery systems are reasonably accessible to different geographies and persons of different income levels (Refer to Table 13). Given the demographics of the area, the bank has an adequate distribution of branches in geographies of different income levels. CNB operates 23 branches and three free standing ATMs throughout the non-MSA AA. There is only one low income geography in the AA and the bank does not have a branch in this geography. This geography represents only 1% of the population in the bank's assessment areas. Approximately 38% of the bank's branches are located in moderate income geographies. Also, 33% of the bank's free standing ATMs are in moderate income geographies.

Banking hours for the majority of the branches are tailored to the needs of the particular location with extended hours on Friday. All branches are opened on Saturdays until noon with the exception of the Wayne County branch. The bank has two branches that are depository facilities only (College Park and Industrial Branches). Both are these facilities are located in moderate income geographies. The services provided at these locations do not adversely effect low- and moderate-income persons or geographies. The bank has other branches within close proximity of these locations. All other branches are full service. Since the previous examination's public evaluation dated March 24, 1997, CNB closed one branch (Enterprise), a depository facility which was located in a moderate income census tract. The closing of this branch had nominal impact to low- and moderate income families and geographies. The bank has another full service

branch that is located less than five miles from the closed branch. During this evaluation period, the bank opened one full service branch in a local new mall (Bonita Lakes), which is located in a middle income geography.

### **Alternative Delivery Systems**

The bank's alternative delivery systems include 15 ATMs that are located within the non-MSA AA. CNB does not track the income level or geographic location of the customers utilizing these facilities.

### **Community Development Services**

The bank has provided an adequate level of community development services. This level is considered adequate both in the number of services provided and the number of low and moderate income individuals served. Bank officers have provided technical assistance to fourteen different organizations during this evaluation period. Primary services include providing financial expertise to a variety of community development organizations through board memberships and credit counseling. These services were provided to consumers and small businesses.

Following is a list and description of some of the community development services provided in the bank's AAs:

- C **Habitat for Humanity** - This is a nonprofit organization that provides affordable housing to low and moderate income persons. CNB provides technical assistance to this organization by contributing accounting and bookkeeping services for the Meridian Habitat for Humanity. This service is provided at no cost to Habitat for Humanity.
- C **East Mississippi Community Development Corporation** - This is a Community Development Corporation that provides access to capital for small businesses that cannot qualify for traditional bank loans. Two members of executive management provide technical expertise by serving on the Loan Review Committee of this CDC.
- C **Homebuyer/Homeowner Workshops** - Bank representatives participated in several homeowner workshops targeting low- and moderate-income families in Lauderdale, Noxubee, and Lowndes counties in 1997 and 1998. Bank officers use these opportunities to discuss credit programs and other services with these individuals.
- C **United Way** - Several bank officers serve as Board members of this organization and provide technical assistance by assisting in fund raising for this organization. Most of the agency's programs are targeted to low and moderate income individuals.

## **APPENDIX A DEFINITIONS AND COMMON ABBREVIATIONS**

The following terms and abbreviations are used throughout this Performance Evaluation. 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 by another company. A company is under common control with another company if both companies are directly or indirectly controlled by the same company. A bank subsidiary is controlled by the bank and is, therefore, an affiliate.

**Block Numbering Area (BNA):** Statistical subdivisions of counties in which census tracts have not been established. BNA's have been established by the United States Census Bureau in conjunction with state agencies.

**Census Tracts:** Small, locally, defined statistical areas within metropolitan statistical areas. These areas are determined by the United States Census Bureau in an attempt to group homogenous populations. A census tract (CT) has defined boundaries per ten year census and an average population of 4,000.

**Community Development (CD):** Affordable housing for low- or moderate income individuals; community services targeted to low- or moderate-income individuals; activities that promote economic development by financing business or farms that meet the size eligibility standards of the Small Business Administration's Development Company of Small Business Investment Company Programs (13 CFR 121.301) or have gross annual revenues of \$1 million or less; or activities that revitalize or stabilize low-or moderate-income geographies.

**Community Reinvestment Act (CRA):** The statute that requires the OCC to evaluate the bank's record of meeting the credit needs of its local community 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.

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

**Geography:** A census tract or a block numbering area 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 do business or have banking offices in a metropolitan statistical area to file annual summary of 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, and the disposition of the application (e.g., approved, denied, withdrawn).

**Home Mortgage Loans:** Such loans include home purchase and home improvement loans, as defined in the HMDA regulation. This definition also includes multifamily (five or more families) dwelling loans, loan for the purchase of manufactured homes and refinancing of home improvement and home purchase loans.

**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, branch distribution).

**Low-Income:** Income levels that are less than 50% of the median family income.

**Median Family Income(MFI):** The median family income determined by the United States Census Bureau every ten years and used to determine the income level category of geographies. Also, the median income determined by the Department of Housing and Urban Development 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 it and half below it.

**Metropolitan Statistical Area (MSA):** Area defined by the Director of the United States Office of Management and Budget. MSAs consist of one or more counties including large population centers and nearby community that have a high degree of interaction.

**Middle-Income:** Income levels that are at least 80% and less than 120% of the MFI.

**Moderate-Income:** Income levels that are at 50% and less than 80% of the MFI.

**Small Business Loans:** Loans with original amounts of \$1 million or less that are (1) secured by nonfarm nonresidential properties; or (2) commercial and industrial loans to U. S. addresses.

**Small Farm Loans;** Loans with original amounts of \$500 thousand or less that are (1) secured by farmland; or (2) to finance agricultural production and other loans to farmers.

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

**Upper-income:** Individuals and geographies having a median family income of 120% or more of the area median income.

## Appendix B: Tables of Performance Data

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### Content of Standardized Tables

The tables cover the entire CRA evaluation period. References to the “bank” include activities of any affiliates that the bank provided for consideration (refer to: Scope of Review). For purposes of reviewing the Lending Test tables, the following are applicable: purchased loans are treated as originations; market rank is based on the number of loans made by the bank as compared to all other lenders in the MSA/assessment area; and market share is the number of loans originated by the bank as a percentage of the aggregate number of reportable loans originated by all lenders in the MSA/assessment area. The following is a listing and brief description of the tables included in each set:

- Table 1. Lending Volume** - Presents the number and dollar amount of reportable loans originated by the bank over the evaluation period by MSA/assessment area.
- Table 2. Geographic Distribution of HMDA Home Purchase Loan Originations** - Compares the percentage distribution of the number of loans originated 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 market rank and market share information based on the most recent aggregate market data available.
- Table 3. Geographic Distribution of HMDA Home Improvement Loan Originations** - See Table 2.
- Table 4. Geographic Distribution of HMDA Refinance Loan Originations** - See Table 2.
- Table 5. Geographic Distribution of Small Business Loan Originations** - The percentage distribution of the number of small loans (<\$1 million) to businesses originated by the bank in low-, moderate-, middle- and upper-income geographies compared to the percentage distribution of businesses (regardless of revenue size) throughout those geographies. The table also presents market rank and market share information based on the most recent aggregate market data available.
- Table 6. Geographic Distribution of Small Farm Loan Originations** - The percentage distribution of the number of small loans (<\$500,000) to farms originated 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 market rank and market share information based on the most recent aggregate market data available.

- Table 7. Borrower Distribution of HMDA Home Purchase Loan Originations** - Compares the percentage distribution of the number of loans originated by the bank to low-, moderate-, middle- and upper-income borrowers to the percentage distribution of families by income level in each MSA/assessment area. The table also presents market rank and market share information based on the most recent aggregate market data available.
- Table 8. Borrower Distribution of HMDA Home Improvement Loan Originations** - See Table 7.
- Table 9. Borrower Distribution of HMDA Refinance Loan Originations** - See Table 7.
- Table 10. Borrower Distribution of Small Business Loan Originations** - Compares the percentage distribution of the number of small loans (<\$1 million) originated by the bank to businesses with revenues of \$1 million or less to the percentage distribution of businesses with revenues of \$1 million or less. The table also presents the percentage distribution of the number of loans originated by the bank by loan size, regardless of the revenue size of the business. Market share information is presented based on the most recent aggregate market data available.
- Table 11. Borrower Distribution of Small Farm Loan Originations** - Compares the percentage distribution of the number of small loans (<\$500 thousand) originated by the bank to farms with revenues of \$1 million or less to the percentage distribution of farms with revenues of \$1 million or less. The table also presents the percentage distribution of the number of loans originated by the bank by loan size, regardless of the revenue size of the farm. Market share information is presented based on the most recent aggregate market data available.
- Table 12. Qualified Investments** - Presents the number and dollar amount of qualified investments made by the bank in each MSA/assessment area.
- Table 13. Distribution of Branch and ATM Delivery System** - Compares the percentage distribution of the number of the bank's retail branches and ATMs in low-, moderate-, middle- and upper-income geographies to the percentage of the population within each geography.

**Table 14. Geographic and Borrower Distribution of Consumer Loan Originations (OPTIONAL)**  
- For geographic distribution, the table 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 the population within each geography. For borrower distribution, the table 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 of households by income level in each MSA/assessment area.

**Table 1. Lending Volume**

LENDING VOLUME													State: Mississippi		Evaluation Period: JANUARY 1, 1997 TO DECEMBER 31, 1998	
MSA/Assessment Area:	% of Total Bank Deposits in Rated Area	Home Mortgage		Small Business		Small Farm		Community Development		Total Reported Loans		% of Total Reported Bank Loans in Rated Area				
		#	\$ (000's)	#	\$ (000's)	#	\$ (000's)	#	\$ (000's)	#	\$ (000's)					
Full-Scope:																
Nonmetropolitan Areas	96%	1,119	78,904	2,313	133,093	333	3,867	1	50	3,766	215,914	93%				
Limited Scope:																
Hattiesburg MS MSA	4%	139	12,273	27	3,044	0	0	0	0	166	15,317	7%				

**Table 2. Geographic Distribution of Home Purchase Loan Originations**

Geographic Distribution: HOME PURCHASE													State: Mississippi		Evaluation Period: JANUARY 1, 1997 TO DECEMBER 31, 1998	
MSA/Assessment Area:	Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Overall Market Rank*	Market Share by Geography*					Total Home Purchase Loans	
	% Owner Occ Units	% BANK Loans	% Owner Occ Units	% BANK Loans	% Owner Occ Units	% BANK Loans	% Owner Occ Units	% BANK Loans		Overall	Low	Mod	Mid	Upp	#	% of Total
Full-Scope:																
Nonmetropolitan Areas	.57%	.58%	17.09%	11.24%	54.37%	26.51%	27.97%	61.67%	7	4.95	16.67	5.12	2.76	7.21	347	93%
Limited Scope:																
Hattiesburg MS MSA	9.36%	0%	7.21%	4.00%	58.82%	24.00%	24.61%	72.00%	25	.57	0	.74	.34	.96	25	7%

(\*) Based on 1997 Aggregate HMDA Data only.

**Table 3. Geographic Distribution of Home Improvement Loan Originations**

Geographic Distribution: HOME IMPROVEMENT										State: Mississippi		Evaluation Period: JANUARY 1, 1997 TO DECEMBER 31, 1998					
MSA/Assessment Area:	Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Overall Market Rank*	Market Share by Geography*					Total Home Improvement Loans		
	% Owner Occ Units	% BANK Loans	% Owner Occ Units	% BANK Loans	% Owner Occ Units	% BANK Loans	% Owner Occ Units	% BANK Loans		Overall	Low	Mod	Mid	Upp	#	% of Total	
Full-Scope:																	
Nonmetropolitan Areas	.57%	0%	17.09%	13.69%	54.37%	54.17%	27.97%	32.14%	3	8.60	0	11.03	7.75	9.32	168	92%	
Limited Scope:																	
Hattiesburg MS MSA	9.36%	6.67%	7.21%	6.67%	58.82%	66.67%	24.61%	19.99%	9	2.42	4.00	2.33	2.28	2.36	15	8%	

(\*) Based on 1997 Aggregate HMDA Data only.

**Table 4. Geographic Distribution of Home Mortgage Refinance Loan Originations**

Geographic Distribution: HOME MORTGAGE REFINANCE										State: Mississippi		Evaluation Period: JANUARY 1, 1997 TO DECEMBER 31, 1998					
MSA/Assessment Area:	Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Overall Market Rank*	Market Share by Geography*					Total Home Mortgage Refinance Loans		
	% Owner Occ Units	% BANK Loans	% Owner Occ Units	% BANK Loans	% Owner Occ Units	% BANK Loans	% Owner Occ Units	% BANK Loans		Overall	Low	Mod	Mid	Upp	#	% of Total	
Full-Scope:																	
Nonmetropolitan Areas	.57%	0%	17.09%	9.27%	54.37%	38.74%	27.97%	51.99%	1	10.44	0	6.64	8.58	14.43	604	86%	

Limited Scope:																
Hattiesburg MS MSA	9.36%	2.02%	7.21%	2.02%	58.82%	39.39%	24.61%	56.57%	11	1.63	0	1.05	1.57	2.02	99	14%

(\*)Based on 1997 Aggregate HMDA Data only.

**Table 5. Geographic Distribution of Small Business Loan Originations**

Geographic Distribution: SMALL BUSINESS																	State: Mississippi		Evaluation Period: JANUARY 1, 1997 TO DECEMBER 31, 1998				
MSA/Assessment Area:	Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Overall Market Rank*	Market Share by Geography*					Total Small Business Loans								
	% of Businesses	% BANK Loans	% of Businesses	% BANK Loans	% of Businesses	% BANK Loans	% of Businesses	% BANK Loans		Overall	Low	Mod	Mid	Upp	#	% of Total							
Full-Scope:																							
Nonmetropolitan Areas	1.41%	1.64%	32.64%	18.42%	43.92%	62.04%	22.03%	17.90%	13	2.17	.96	1.79	2.71	1.28	2,313	99%							
Limited Scope:																							
Hattiesburg MS MSA	17.91%	0%	5.97%	7.41%	47.80%	62.96%	28.32%	29.63%	15	.19	0	0	.43	0	27	1%							

(\*) Based on 1997 Aggregate Small Business Data only.

**Table 6. Geographic Distribution of Small Farm Loan Originations**

Geographic Distribution: SMALL FARM																	State: Mississippi		Evaluation Period: JANUARY 1, 1997 TO DECEMBER 31, 1998				
MSA/Assessment Area:	Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Overall Market Rank*	Market Share by Geography*					Total Small Farm Loans								
	% of Farms	% BANK Loans	% of Farms	% BANK Loans	% of Farms	% BANK Loans	% of Farms	% BANK Loans		Overall	Low	Mod	Mid	Upp	#	% of Total							
Full-Scope:																							

Charter Number: 7266

Nonmetropolitan Areas	.48%	0%	26.09%	29.73%	51.21%	64.26%	22.22%	6.01%	13	2.24	0	5.38	2.02	.74	333	100%
Limited Scope:																
Hattiesburg MS MSA	8.82%	0%	11.76%	0%	61.76%	0%	17.66%	0%	0	0	0	0	0	0	0	0%

(\*) Based on 1997 Aggregate Small Farm Data only.

**Table 7. Borrower Distribution of Home Purchase Loan Originations**

Borrower Distribution: HOME PURCHASE																	State: Mississippi		Evaluation Period: JANUARY 1, 1997 TO DECEMBER 31, 1998				
MSA/ Assessment Area:	Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers		Overall Market Rank**	Market Share by Borrower Income**					Total Home Purchase Loans								
	% of Families	% BANK Loans*	% of Families	% BANK Loans*	% of Families	% BANK Loans*	% of Families	% BANK Loans*		Overall	Low	Mod	Mid	Upp	#	% of Total							
Full-Scope:																							
Nonmetropolitan Areas	22.18%	1.80%	15.43%	5.41%	18.71%	18.62%	43.68%	74.17%	7	4.95	2.42	1.89	3.61	7.52	347	93%							
Limited Scope:																							
Hattiesburg MS MSA	24.26%	0%	16.11%	4.17%	18.06%	8.33%	41.58%	87.50%	25	.57	0	.30	.46	.76	25	7%							

(\*) As a percentage of loans with borrower income information available. No information was available for 4.03% of loans originated by CNB.

(\*\*) Based on 1997 Aggregate HMDA Data only.

**Table 8. Borrower Distribution of Home Improvement Loan Originations**

Borrower Distribution: HOME IMPROVEMENT																	State: Mississippi		Evaluation Period: JANUARY 1, 1997 TO DECEMBER 31, 1998				
MSA/ Assessment Area:	Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers		Overall Market Rank**	Market Share by Borrower Income**					Total Home Improvement Loans								
	% of Families	% BANK Loans*	% of Families	% BANK Loans*	% of Families	% BANK Loans*	% of Families	% BANK Loans*		Overall	Low	Mod	Mid	Upp	#	% of Total							
Full-Scope:																							
Nonmetropolitan Areas	22.18%	10.56%	15.43%	10.56%	18.71%	18.01%	43.68%	60.87%	3	8.60	6.47	5.44	7.98	9.73	168	92%							
Limited Scope:																							
Hattiesburg MS MSA	24.26%	7.14%	16.11%	7.14%	18.06%	35.71%	41.58%	50.01%	9	2.42	0	0	2.56	2.78	15	8%							

(\*) As a percentage of loans with borrower income information available. No information was available for 4.37% of loans originated by CNB.

(\*\*) Based on 1997 Aggregate HMDA Data only.

**Table 9. Borrower Distribution of Home Mortgage Refinance Loan Originations**

Borrower Distribution: HOME MORTGAGE REFINANCE				State: Mississippi				Evaluation Period: JANUARY 1, 1997 TO DECEMBER 31, 1998								
MSA/ Assessment Area:	Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers		Overall Market	Market Share by Borrower Income**					Total Home Mortgage Refinance Loans	
	% of Families	% BANK Loans*	% of Families	% BANK Loans*	% of Families	% BANK Loans*	% of Families	% BANK Loans*	Rank**	Overall	Low	Mod	Mid	Upp	#	% of Total
Full-Scope:																
Nonmetropolitan Areas	22.18 %	1.44 %	15.43 %	3.60 %	18.71 %	13.87 %	43.68 %	81.09 %	1	10.44	3.45	2.19	7.26	13.03	604	86%
Limited Scope:																
Hattiesburg MS MSA	24.26 %	1.01 %	16.11 %	4.04 %	18.06 %	11.11 %	41.57 %	83.84 %	11	1.63	0	.58	.70	2.47	99	14%

(\*) As a percentage of loans with borrower income information available. No information was available for 6.97% of loans originated by CNB.

(\*\*) Based on 1997 Aggregate HMDA Data only.

**Table 10. Borrower Distribution of Small Business Loan Originations**

Borrower Distribution: SMALL BUSINESS												State: Mississippi		Evaluation Period: JANUARY 1, 1997 TO DECEMBER 31, 1998	
MSA/Assessment Area:	Businesses with Revenues of \$1 million or less			Loans by Original Amount Regardless of Business Size			Market Share****		Total Small Business Loans						
	% of Businesses*	% BANK Loans**	% Market Loans***	\$100,000 or Less	> \$100,000 to \$250,000	> \$250,000 to \$1,000,000	All	Rev \$1 million or less	#	% of Total	Avg Loan Size				
Full-Scope:															
Nonmetropolitan Areas	90.52%	76.04%	54.00%	86.42%	8.21%	5.36%	2.17	1.99	2,313	99%	\$58				
Limited Scope:															
Hattiesburg MS MSA	90.15%	77.78%	71.94%	66.67%	22.22%	11.11%	.19	.26	27	1%	\$113				

(\*) As a percentage of businesses with known revenues.

(\*\*) As a percentage of loans with revenue information available. No information was available for 5.85% of loans originated by CNB.

(\*\*\*) The market consists of all other Small Business reporters in CNB's assessment area and is based on 1997 Aggregate Small Business Data only.

(\*\*\*\*) Based on 1997 Aggregate Small Business Data only.

**Table 11. Borrower Distribution of Small Farm Loan Originations**

Borrower Distribution: SMALL FARM												State: Mississippi			Evaluation Period: JANUARY 1, 1997 TO DECEMBER 31, 1998							
MSA/Assessment Area:	Farms with Revenues of \$1 million or less			Loans by Original Amount Regardless of Farm Size			Market Share****		Total Small Farm Loans													
	% of Farms*	% BANK Loans**	% Market Loans***	\$100,000 or Less	> \$100,000 to \$250,000	> \$250,000 to \$500,000	All	Rev \$1 million or less	#	% of Total	Avg Loan Size											
Full-Scope:																						
Nonmetropolitan Areas	95.74%	94.59%	88.00%	98.79%	1.20%	0%	2.24	1.93	333	100%	\$12											
Limited Scope:																						
Hattiesburg MS MSA	93.44%	0%	91.46%	0%	0%	0%	0	0	0	0%	\$0											

(\*) As a percentage of farms with known revenues.

(\*\*) As a percentage of loans with revenue information available. No information was available for 5.41% of loans originated by CNB.

(\*\*\*) The market consists of all other Small Farm reporters in CNB's assessment area and is based on 1997 Aggregate Small Farm Data only.

(\*\*\*\*) Based on 1997 Aggregate Small Farm Data only.

**Table 12. Qualified Investments**

QUALIFIED INVESTMENTS										State: Mississippi			Evaluation Period: JANUARY 1, 1997 TO MARCH 31, 1999						
MSA/Assessment Areas:	Prior Period Investments*			Current Period Investments			Total Investments												
	#	\$ (000's)	%**	#	\$ (000's)	%**	#	\$ (000's)	% of Total \$'s										
Full-Scope:																			
Nonmetropolitan Areas	1	156	33.05%	14	316	66.95%	15	472	100%										
Limited Scope:																			
Hattiesburg MS MSA	0	0	0%	0	0	0%	0	0	0%										

(\*) "Prior Period Investments" means investments made in a previous evaluation period that remain outstanding.

(\*\*) Percentage of the dollars invested in that MSA/Assessment Area that are prior period investments or current period investments.

**Table 13. Distribution of Branch and ATM Delivery System**

DISTRIBUTION OF BRANCH AND ATM DELIVERY SYSTEM														State: Mississippi				Evaluation Period: JANUARY 1, 1997 TO MARCH 31, 1999			
MSA/Assessment Area:	Deposits	Branches						ATMs				Population									
	% of Total BANK Deposits	# of BANK Branches	% of Total BANK Branches	Location of Branches by Income of Geographies				# of BANK ATMs	% of Total BANK ATMs	Location of ATMs by Income of Geographies				% of the Population within Each Geography							
				Low	Mod	Mid	Upp			Low	Mod	Mid	Upp	Low	Mod	Mid	Upp				
Full-Scope:																					
Nonmetropolitan Areas	96%	23	96%	0%	38%	46%	16%	15	94%	0%	33%	53%	14%	1%	21%	51%	27%				
Limited Scope:																					
Hattiesburg MS MSA	4%	1	4%	0%	0%	0%	100%	1	6%	0%	0%	0%	100%	17%	7%	52%	24%				