



SMALL BANK

Comptroller of the Currency
Administrator of National Banks

Washington, DC 20219

PUBLIC DISCLOSURE

July 7, 2008

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

Crockett National Bank

Charter Number 17828

502 South Koenigheim
San Angelo, Texas 76903

Office of the Comptroller of the Currency
Southern District
San Antonio – North Field Office
10001 Reunion Place, Suite 250
San Antonio, Texas 78216-4133

NOTE: This document is an evaluation of this institution's record of meeting the credit needs of its entire community, including low- and moderate-income neighborhoods consistent with safe and sound operation of the institution. This evaluation is not, nor should it be construed as, an assessment of the financial condition of this institution. The rating assigned to this institution does not represent an analysis, conclusion, or opinion of the federal financial supervisory agency concerning the safety and soundness of this financial institution.

INSTITUTION'S CRA RATING: This institution is rated “Satisfactory.”

Crockett National Bank’s (CNB) lending performance reflects a satisfactory response to community credit needs. Factors in our assessment include:

- The bank’s quarterly loan-to-deposit (LTD) ratio exceeds the standard given the bank’s size, financial condition, and assessment area (AA) credit needs.
- CNB originates a majority of loans within its AA.
- The distribution of loans to individuals of income levels and businesses of different sizes is generally satisfactory given the demographics of the AA.
- The geographic distribution of loans to moderate-income census tracts within the AA is generally reasonable, given the demographics of the AA.

Description of Institution

With total assets of \$265 million as of March 30, 2008, CNB is a wholly-owned subsidiary of Crockett County National Bancshares with assets of \$26 million. The main office is located in San Angelo, though the bank was chartered in Ozona. CNB has seven branches in San Angelo, with only one being full-service, and a full-service branch is in Ozona and Weatherford. The bank’s only automated teller machine (ATM) is located at the motor bank on Koenigheim Street in San Angelo. Competition in Tom Green and Crockett counties is strong due to the presence of many financial institutions, including banks, credit unions, and finance companies.

CNB’s loan portfolio is composed primarily of farmland, commercial real estate and residential real estate loans. As of March 31, 2008, net loans represent 78% of the bank’s total assets. Based on its financial condition, resources, the local economy, and product offerings, CNB has the ability to meet the various credit needs of its community. No legal impediments or other factors hinder the bank’s ability to provide credit in its AA. CNB received a “Satisfactory” rating at its previous CRA examination conducted in September 2003. There have been no complaints relating to CNB’s CRA performance since our prior evaluation. Table 1 below details the bank’s loan portfolio composition as of March 2008.

LOAN PORTFOLIO COMPOSITION		
Loan Category	\$000s	%
Residential Real Estate Loans	39,591	19%
Commercial Loans	17,617	8.4%
Commercial Real Estate Loans	42,554	20.4%
Construction & Land Development Loans	28,339	13.6%
Agricultural Loans	3,300	1.6%
Consumer Loans	3,390	1.6%
Obligations of State and Political Subdivisions	219	0.10%
Farmland Loans	73,590	35.3%
Total	208,600	100%

Source: Institution Consolidated Reports of Condition as of March 31, 2008

Description of Assessment Area

CNB's includes sixteen whole counties: Coke, Concho, Crockett, Irion, Menard, Parker, Pecos, Reagan, Runnels, Schleicher, Sterling, Sutton, Terrell, Tom Green, Upton, and Val Verde. Parker County is part of the Fort Worth-Arlington metropolitan statistical area (MSA), while Irion and Tom Green counties make up the San Angelo MSA. All other counties in the bank's service area are not located in a MSA.

In total, the bank's service area consists of fifty-seven contiguous census tracts in the San Angelo and Ozona area, and all thirteen contiguous census tracts in Parker County. These geographies delineate the bank's primary trade area. The service area encompasses the main office as well as its eight branches. Nine census tracts are considered upper-income, forty-four are middle-income, sixteen are moderate-income, and one is low-income.

For purposes of this evaluation, we segmented the bank's service area into the following three AAs: San Angelo MSA, Parker County, and Non-MSA. Segmenting the bank's service area into three AAs provides for more meaningful analysis when comparing the bank's lending performance to the respective AA demographic information.

The AAs designated meet the requirements of the regulation and do not exclude any low- to moderate-income geographies. However, the current Non-MSA AA is extremely large. With only one branch in this AA, it is not likely that management can reasonably service all communities in the Non-MSA AA. An adjustment should be made to the boundaries of the Non-MSA AA to include only those areas that management can be reasonably expected to serve.

Description of San Angelo MSA

San Angelo is the county seat of Tom Green County, and the San Angelo MSA includes all of Irion and Tom Green County. Irion County is composed of three communities: the County Seat of Mertzon, as well as Sherwood and Barnhart. San Angelo has a fairly diverse economy. Over the past decade, San Angelo has seen a transition in its economy from manufacturing to more business and personal services. While the town still has major manufacturers in steel fabrication, medical devices, and smaller manufacturing operations, recent long-term growth sectors have included education, healthcare, trade/transportation/utilities, leisure and hospitality, and the business service sector. Outside the city is Goodfellow Air Force Base, which specializes in intelligence and firefighter training. San Angelo is also home to Angelo State University, a growing presence in the community. The Concho River and a strong historic atmosphere in San Angelo help to draw tourism into the area.

The demographics of the combined counties show 1.36% of households are low-income, 18.01% are moderate-income, and 14.83% are below the poverty level. One census tract is identified as moderate-income, which is located northwest of the downtown area. Table 2 on the following page provides more information on the AA.

Table 2	
DEMOGRAPHIC AND ECONOMIC CHARACTERISTICS OF SAN ANGELO AA	
<i>Population</i>	
Number of Persons	107,781
Number of Families	27,594
Number of Households	40,223
<i>Geographies</i>	
Number of Census Tracts	24
% Low-Income Census Tracts	4.17%
% Moderate-Income Census Tracts	16.67%
% Middle-Income Census Tracts	58.33%
% Upper-Income Census Tracts	20.83%
<i>Median Family Income (MFI)</i>	
2000 MFI for AA	\$41,614
2007 HUD-Adjusted MFI	\$49,100
<i>Economic Indicators</i>	
Unemployment Rate	3.46%
Median Housing Value	\$64,591
% of Owner-occupied Properties	57.71%
% of Households Below Poverty Level	14.83%

Source: US Census Data

Description of Parker County AA

CNB has one branch in Weatherford, Texas, which is located in a middle-income census tract. Weatherford is a small community located 25 miles west of Fort Worth on Interstate 20, and is part of the Fort Worth-Arlington MSA. Incorporated in 1858, Weatherford is the county seat for Parker County and has its roots in farming and ranching. Weatherford's close proximity to Fort Worth allows many residents to commute to work. Much of Weatherford's commercial and industrial growth is attributable to its proximity to Fort Worth.

Of the total households in Parker County, 6.89% are moderate-income, 73.49% middle-income, and 19.62% are upper-income. Demographic data shows that 8.91% of the population is below the poverty level. There are no low-income census tracts within Parker County and only one moderate-income tract, which is situated in the western portion of Weatherford, and bordered by South Lamar Street, West Park Avenue, and IH-20. Table 3 on the following page provides more information on the Parker County AA.

Table 3	
DEMOGRAPHIC AND ECONOMIC CHARACTERISTICS OF PARKER COUNTY AA	
<i>Population</i>	
Number of Persons	88,495
Number of Families	24,461
Number of Households	31,151
<i>Geographies</i>	
Number of Census Tracts	13
% Low-Income Census Tracts	0%
% Moderate-Income Census Tracts	7.69%
% Middle-Income Census Tracts	76.92%
% Upper-Income Census Tracts	15.38%
<i>Median Family Income (MFI)</i>	
2000 MFI for AA	\$52,992
2007 HUD-Adjusted MFI	\$60,500
<i>Economic Indicators</i>	
Unemployment Rate	2.06%
Median Housing Value	\$93,390
% of Owner-occupied Properties	73.59%
% of Households Below Poverty Level	8.91%

Source: U.S. Census Data

Description of Non-MSA

The bank's Non-MSA AA includes thirteen whole counties: Coke, Concho, Crockett, Menard, Pecos, Reagan, Runnels, Schleicher, Sterling, Sutton, Terrell, Upton, and Val Verde. For purposes of this evaluation, these counties are evaluated collectively and referred to as the Non-MSA AA. CNB has one branch in the Non-MSA AA, located in Ozona, Texas. The Ozona branch is located in Crockett County and is considered to be in a distressed and/or underserved area, along with thirteen additional census tracts in the bank's Non-MSA AA. Many of the counties in the Non-MSA AA border the counties of Irion and Tom Green, which comprise the San Angelo MSA.

As previously stated, the current Non-MSA AA is too large. The only branch in this AA is located in the city of Ozona. The Ozona branch holds about 20% of CNB's total deposits as of June 30, 2008, while 47% of the census tracts that comprise the combined AAs (the bank's service area) fall in the Non-MSA AA. This is one indicator that the bank is including too large an area in their Non-MSA AA.

Ozona is located approximately 83 miles southwest of San Angelo, is the county seat of Crockett County, and the original charter location of Crockett National Bank. Crockett County has an agricultural based economy. Crockett County is the second largest producer of sheep and wool

in the world, and the third largest producer of mohair. The economy is also fueled by the oil and gas industry. The rest of the Non-MSA AA is similar in economic status, with agriculture and oil and gas accounting for the primary source of employment for local residents. Income derived from hunting/leisure activities also provides another source of revenue to the area.

The demographics of the combined counties in the Non-MSA AA show 40.83% of total households are moderate-income, 50.64% middle-income, and 8.53% are upper-income. The number of households below the poverty level is approximately 21%. There are no low-income tracts within the AA. There are 11 moderate-income tracts, comprised of portions of Menard, Pecos, Runnels, and Val Verde counties, as well as all of Terrell County. The following Table 4 provides more information on the AA.

Table 4	
DEMOGRAPHIC AND ECONOMIC CHARACTERISTICS OF NON-MSA AA	
<i>Population</i>	
Number of Persons	99,588
Number of Families	25,519
Number of Households	33,301
<i>Geographies</i>	
Number of Census Tracts	31
% Low-Income Census Tracts	0%
% Moderate-Income Census Tracts	35.48%
% Middle-Income Census Tracts	58.06%
% Upper-Income Census Tracts	6.45%
<i>Median Family Income (MFI)</i>	
2000 MFI for AA	\$33,389
2007 HUD-Adjusted MFI	\$41,800
<i>Economic Indicators</i>	
Unemployment Rate	3.04%
2000 Median Housing Value	\$46,788
% of Owner-occupied Properties	56.65%
% of Households Below Poverty Level	21.03%

Source: U.S. Census Data

Conclusions about Performance Criteria

CNB’s level of lending meets the standards for satisfactory performance in meeting the credit needs of the AA. We evaluated the institution using five criteria established for small banks. The criterion includes individual assessments of the average level of total loans as a fraction of total deposits, the level of loans originated within the AA, the reasonableness of loan dispersion

to individuals and businesses of different income levels and geographies, and management's response to complaints received. Additionally, we review any evidence of discriminatory or other illegal credit practices inconsistent with helping to meet community credit needs.

Sampling/Comparison Information

Our review focused on the bank's three primary product lines: commercial/small business loans, farm/ranch land loans, and residential real estate loans. In evaluating the bank's LTD ratio, we compared CNB to five similarly situated banks headquartered in and around the bank's AA using historical balance sheet information. To determine the lending performance inside and outside of the AA, we randomly sampled a total of 85 commercial and land loans dating from 2006 through 2008. In testing the bank's residential real estate lending inside and outside of the AA, we relied on the bank's reported Home Mortgage Disclosure Act (HMDA) data over the same time period. We verified the accuracy of the bank's HMDA data by reviewing prior audits and conducting our own data integrity check. To determine the bank's performance in lending to borrowers of differing incomes, sizes, and geographies, we expanded the initial sample to obtain a minimum of 20 loans originated within each AA for each primary loan product, with the exception of farm/ranch land loans. For our geographic analysis of the bank's farm/ranch land lending, we compared the bank's performance against aggregate data from the combined AAs. For the purpose of our evaluation, we combined commercial and commercial real estate loans into one sample. CNB originated all loans in our samples since the previous CRA examination.

Loan-to-Deposit Ratio

CNB's LTD ratio exceeds the standard for satisfactory performance, especially given its asset size, financial condition, and lending opportunities available in the AA. Since the last CRA examination, the LTD ratio has risen steadily, within the range of 87.55% to 108.25%. During this period, the ratio averaged 100.52%. This compares very well with other AA banks with similar lending opportunities. CNB ranks first out of five other comparable banks in terms of highest LTD ratio, as noted in Table 5 below.

Table 5		
LOAN-TO-DEPOSIT RATIO COMPARISON		
<i>Institution</i>	Assets as of 3/31/08 (000's)	Average LTD Ratio %
<i>Crockett National Bank</i>	265,391	100.52
Texas State Bank, San Angelo	160,656	53.31
San Angelo National Bank, San Angelo	343,590	45.89
Ozona National Bank, Ozona	173,644	53.41
The First National Bank of Sonora, Sonora	190,954	78.09
The First National Bank of Mertzon, Mertzon	160,758	25.97

Lending in Assessment Area

CNB originates a majority of loans within its AA, making 83% of a total sample of 544 loans within the AA. The bank made 75% of the dollar volume of all loans sampled to borrowers located in the AA. The following Table 6 shows CNB's record of lending in the AA.

Table 6				
LENDING IN ASSESSMENT AREA				
	In AA		Out of AA	
<i>Loan Type</i>	<i>#</i>	<i>%</i>	<i>#</i>	<i>%</i>
Residential	390	85	69	15
Commercial	40	68	19	32
Farm/Ranch Land	20	77	6	23
Total In/Out Sample	450	83%	94	17%

Lending to Borrowers of Different Incomes and Businesses of Different Sizes

Overall, CNB's level of lending to borrowers of different incomes and businesses of different sizes is reasonable. In two of the three AAs, the bank meets the satisfactory performance standards for residential real estate. Residential real estate lending to low-income borrowers in the bank's Non-MSA AA is well below area demographics. In all three AAs, the bank meets the satisfactory performance standards for commercial lending. For evaluation under this criterion, small business is defined as businesses with less than \$1 million in annual revenue. We did not evaluate CNB's loans secured by farm/ranch land using this criterion because the majority of these properties are non-income producing, rendering the income test meaningless.

San Angelo MSA

CNB's level of lending to borrowers of different incomes and businesses of different sizes within Tom Green County and Irion County meets the standards for satisfactory performance. Our sample indicates reasonable lending penetration to low- and moderate-income borrowers within this AA. Performance in lending to small business is reasonable in light of AA demographics.

Table 7								
BORROWER DISTRIBUTION OF 1-4 FAMILY REAL ESTATE –SAN ANGELO MSA								
<i>Borrower Income Level</i>	<i>Low</i>		<i>Moderate</i>		<i>Middle</i>		<i>Upper</i>	
% of AA Families	19.37		18.37		22.73		39.53	
	% of Number	% of Amount	% of Number	% of Amount	% of Number	% of Amount	% of Number	% of Amount
2006-2008	13.21	8.2	14.41	10.81	15.62	13.11	54.65	63.18

Source: US Census Data; Bank HMDA Data

% of Number – 2.10% Not Available

% of Amount – 4.71% Not Available

As shown in Table 7 above, 19.37% of the AA families are low-income and 18.37% are moderate-income. Comparatively, the bank originated 13.2% of its residential real estate loans to low-income borrowers and 14.4% to moderate-income borrowers. With seven locations in San Angelo, CNB has the strongest presence in this AA.

Table 8		
BORROWER DISTRIBUTION OF LOANS TO BUSINESSES – SAN ANGELO MSA		
Business Revenues	≤\$1,000,000	>\$1,000,000
% of AA Businesses	93.7%	6.3%
% of Bank Loans in AA #	85%	15%
% of Bank Loans in AA \$	91.7%	8.3%

Source: US Census Data; Bank Records

As illustrated in Table 8 above, 93.7% of AA businesses have annual revenues of \$1 million dollars or less. Comparatively, 85% of the number and 81.7% of the dollar amount of commercial loans sampled in the San Angelo MSA AA were made to businesses with annual revenues of \$1 million dollars or less.

Parker County AA

CNB’s level of lending to borrowers of different incomes and businesses of different sizes within Parker County, which is part of the Fort Worth-Arlington MSA, meets the standards for satisfactory performance. Our sample indicates that CNB’s level of lending to low- and moderate-income borrowers within this AA is well below demographics. The bank’s performance in lending to small business is also reasonable in light of AA demographics.

Table 9								
BORROWER DISTRIBUTION OF 1-4 FAMILY REAL ESTATE – PARKER COUNTY AA								
Borrower Income Level	Low		Moderate		Middle		Upper	
% of AA Families	18.97		20.20		24.16		36.66	
Loans by Year	% of Number	% of Amount	% of Number	% of Amount	% of Number	% of Amount	% of Number	% of Amount
2006-2008	0	0	9.68	2.62	16.13	3.62	74.19	93.75

Source: US Census Data; Bank HMDA Data

As illustrated in Table 9 above, CNB’s residential real estate lending to low- and moderate-income families is below that of AA demographics. Census demographic data indicates that approximately 19% of families in the Parker County AA are low-income and 20.2% are moderate-income. Comparatively, CNB originated no residential real estate loans to low-income borrowers and only 9.7% to moderate-income borrowers. As a mitigating factor, CNB has only one branch located in the Parker County AA. This branch is also relatively new, just over one year old. Additionally, supported by our contact with the Weatherford Housing Authority, we were unable to identify any housing developments in Parker County that cater specifically to low- or moderate-income individuals.

Table 10		
BORROWER DISTRIBUTION OF LOANS TO BUSINESSES – PARKER COUNTY AA		
Business Revenues	≤\$1,000,000	>\$1,000,000
% of AA Businesses	95.1%	4.9%
% of Bank Loans in AA #	100%	0%
% of Bank Loans in AA \$	100%	0%

Source: US Census Data; Bank Records

As illustrated in Table 10 above, 93.1% of AA businesses have annual revenues of \$1 million dollars or less. All of the commercial loans sampled in the Parker County AA were made to businesses with annual revenues of \$1 million dollars or less.

Non - MSA AA

The bank’s level of residential real estate lending to borrowers of different incomes within the Non – MSA AA is well below area demographics. HMDA data indicates a poor penetration of residential real estate lending to low-income borrowers within this AA. The bank’s residential real estate lending to moderate-income borrowers is also below area demographics but is more in line with the standard for satisfactory performance. CNB’s lending to small businesses within this AA meets the standards for satisfactory performance.

As indicated in the section “*Description of the Assessment Area,*” the bank’s Non-MSA AA as currently delineated is too large. With only a single branch located in this AA, the ability of the institution to reasonably serve the entire Non-MSA AA is questionable.

Table 11								
BORROWER DISTRIBUTION OF 1-4 FAMILY REAL ESTATE – NON-MSA AA								
Borrower Income Level	Low		Moderate		Middle		Upper	
% of AA Families	25.06		18.86		20.17		35.91	
Loans by Year	% of Number	% of Amount	% of Number	% of Amount	% of Number	% of Amount	% of Number	% of Amount
2006-2008	3.85	1.60	7.69	10.61	30.77	21.39	53.85	63.85

Source: US Census Data; Bank HMDA Data

% of Number – 3.85% Not Available

% of Amount – 2.55% Not Available

Based on the bank’s HMDA data represented in Table 11 above, 3.8% of the number and 1.6% of the dollar amount of residential real estate loans were originated to low-income borrowers. US Census data indicates that 25% of families within this AA are considered low-income. Unlike the other AAs, low-income families represent the second largest category based on Census demographics in the Non-MSA AA.

Table 12		
BORROWER DISTRIBUTION OF LOANS TO BUSINESSES – NON-MSA AA		
Business Revenues	≤\$1,000,000	>\$1,000,000
% of AA Businesses	95.4%	4.6%
% of Bank Loans in AA #	100%	0%
% of Bank Loans in AA \$	100%	0%

Source: US Census Data; Bank Records

As illustrated in Table 12 above, 95.4% of AA businesses have annual revenues of \$1 million or less. All of the commercial loans sampled in the Non-MSA AA were made to businesses with annual revenues of \$1 million or less.

Geographic Distribution of Loans

CNB's performance in lending to borrowers and business in different geographies meets the standards for satisfactory performance. Overall, the following tables indicate that the bank makes loans to businesses, farms, and households in moderate-income census at a level that meets the standards for satisfactory performance.

San Angelo MSA

Table 13 below compares owner-occupied units within the AA to loans originated in the San Angelo MSA. Census data shows that just less than 1% of all owner-occupied units are located in a low-income census tract, and 15.9% are in a moderate-income census tract. CNB's lending performance is comparable to AA demographics. The dispersion of residential real estate loans to families located in low- and moderate-income tracts within the San Angelo AA is reasonable.

Table 13								
GEOGRAPHIC DISTRIBUTION OF 1-4 FAMILY REAL ESTATE– SAN ANGELO MSA								
Borrower Income Level	Low		Moderate		Middle		Upper	
% of AA Families	0.93		15.85		54.08		29.15	
Loans by Year	% of Number	% of Amount	% of Number	% of Amount	% of Number	% of Amount	% of Number	% of Amount
2006-2008	0.30	0.12	14.11	9.97	57.06	51.72	28.53	38.19

Source: US Census Data; Bank HMDA Data

Table 14 on the following page compares the percentage of businesses located within different income level tracts, based on census data, to CNB's distribution of lending within the San Angelo MSA. Census data shows that 1.9% of all businesses are located in a low-income census tract within the San Angelo MSA, and 16.6% in a moderate-income census tract. CNB's lending within these geographies indicates a reasonable dispersion, comparable to AA demographics.

Table 14								
GEOGRAPHIC DISTRIBUTION OF LOANS TO BUSINESSES – SAN ANGELO MSA								
<i>Census Tract Income Level</i>	<i>Low</i>		<i>Moderate</i>		<i>Middle</i>		<i>Upper</i>	
% of AA Businesses	1.9		16.6		54.2		27.4	
	% of Number	% of Amount	% of Number	% of Amount	% of Number	% of Amount	% of Number	% of Amount
2006-2008	0	0	15	13.1	60	61.81	25	25.09

Parker County AA

Table 15 below compares owner-occupied units within CNB’s Parker County AA to loans originated by the bank. Census data shows that just under 6% of all owner-occupied units are located in moderate-income census tracts within this AA. CNB’s lending to individuals in moderate-income tracts is above that of census demographics and indicates a reasonable dispersion.

Table 15								
GEOGRAPHIC DISTRIBUTION OF 1-4 FAMILY REAL ESTATE – PARKER COUNTY AA								
<i>Census Tract Income Level</i>	<i>Low</i>		<i>Moderate</i>		<i>Middle</i>		<i>Upper</i>	
% of AA Owner-Occupied	0		5.90		71.93		22.18	
Loans by Year	% of Number	% of Amount	% of Number	% of Amount	% of Number	% of Amount	% of Number	% of Amount
2006-2008	0	0	12.90	5.55	77.42	79.82	9.68	14.63

Source: US Census Data; Bank HMDA Data

Table 16 below compares the percentage of total businesses located within different income level tracts to the bank’s distribution of lending in this AA. Census data indicates that approximately 5% of businesses in the Parker County AA are located in a moderate income census tract. Comparable to demographic data, the bank originated 5% of the number and 15.7% of the dollar amount sampled to businesses in moderate income census tracts.

Table 16								
GEOGRAPHIC DISTRIBUTION OF LOANS TO BUSINESSES – PARKER COUNTY AA								
<i>Census Tract Income Level</i>	<i>Low</i>		<i>Moderate</i>		<i>Middle</i>		<i>Upper</i>	
% of AA Businesses	0		4.9		71		24.1	
	% of Number	% of Amount	% of Number	% of Amount	% of Number	% of Amount	% of Number	% of Amount
2006-2008	0	0	5	15.72	70	51.64	25	32.64

Non - MSA AA

CNB exhibits a poor dispersion of lending to borrowers and businesses in moderate-income geographies within the Non-MSA AA. However, as stated throughout this evaluation, the current Non-MSA AA is too large. The majority of the moderate-income geographies in CNB's service area are located in the Non-MSA AA. The service area contains a total of 16 moderate-income census tracts, 11 of which are located in the Non-MSA AA. Based on bank-specific information, namely number of branches, percentage of deposits, and amount of lending in the Non-MSA AA, many of these geographies should not be included in this AA. It is important to note that although classified as middle income by the Census Bureau, 14 of the middle-income census tracts in this AA are considered distressed and/or underserved by the FFIEC.

Table 17 below compares owner-occupied units within CNB's Non-MSA AA to loans actually originated by the bank. Census data shows that 39.1% of owner-occupied units are located in moderate-income census tracts within this AA. Comparatively, at 3.9%, the bank exhibits a poor dispersion of real estate loans to moderate income census tracts within this AA.

Table 17								
GEOGRAPHIC DISTRIBUTION OF 1-4 FAMILY REAL ESTATE – NON-MSA AA								
<i>Census Tract Income Level</i>	<i>Low</i>		<i>Moderate</i>		<i>Middle</i>		<i>Upper</i>	
% of AA Owner-Occupied	0		39.08		52.11		8.80	
Loans by Year	% of Number	% of Amount	% of Number	% of Amount	% of Number	% of Amount	% of Number	% of Amount
2006-2008	0	0	3.85	4.55	96.15	95.45	0	0

Source: US Census Data; Bank HMDA Data

Table 18 below compares the percentage of businesses located within different income level tracts to CNB's geographic distribution of lending within the Non-MSA AA. Census data shows that 39.4% of businesses are located in moderate-income census tracts within this AA. Comparatively, the bank exhibits a very poor dispersion of lending to businesses located in moderate-income census tracts. However, although classified as middle-income, the bank serves several counties in this AA that are considered distressed and/or underserved. Based on our sample of commercial loans within the Non-MSA AA, 80% were made to businesses within distressed/underserved tracts.

Table 18								
GEOGRAPHIC DISTRIBUTION OF LOANS TO BUSINESSES – NON-MSA AA								
<i>Census Tract Income Level</i>	<i>Low</i>		<i>Moderate</i>		<i>Middle</i>		<i>Upper</i>	
% of AA Businesses	0		39.4		52.1		8.5	
	% of Number	% of Amount	% of Number	% of Amount	% of Number	% of Amount	% of Number	% of Amount
2006-2008	0	0	0	0	100	100	0	0

Combined AA

Because the majority of CNB's farm ranch/land loans are secured by non-income producing properties across all three AAs, we combined the AAs when conducting our geographic analysis of this sector. Overall, CNB's agriculture and farmland lending within the moderate-income geography indicates a reasonable dispersion of lending, and supports a satisfactory rating.

Table 19 below compares the percentage of farms located within different income level tracts to the bank's geographic distribution of lending within the combined AA. Census data shows that only 0.4% of businesses are located in a low-income census tract, and 9.5% are in a moderate-income census tract. The bank's agriculture and farmland lending within these geographies indicates a reasonable dispersion of lending.

Table 19								
GEOGRAPHIC DISTRIBUTION OF AGRICULTURE/FARMLAND – COMBINED AA								
<i>Census Tract Income Level</i>	<i>Low</i>		<i>Moderate</i>		<i>Middle</i>		<i>Upper</i>	
% of AA Businesses	0.4		9.5		73.7		16.3	
	% of Number	% of Amount	% of Number	% of Amount	% of Number	% of Amount	% of Number	% of Amount
Total	0.0	0.0	5	3.37	80	89.92	15	6.71

Responses to Complaints

CNB has not received any complaints or public comments regarding its CRA performance during this evaluation period.

Fair Lending Review

We found no evidence of discriminatory or other illegal credit practices inconsistent with helping to meet community credit needs.