



SMALL BANK

Comptroller of the Currency
Administrator of National Banks
Washington, DC 20219

PUBLIC DISCLOSURE

November 28, 2005

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

**The Camden National Bank
Charter Number 8217**

**3 Water Street
Camden, AL 36726**

**Comptroller of the Currency
Georgia Field Office
1117 Perimeter Center West Suite W401
Atlanta, GA 30338**

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. The Camden National Bank's rating is based on the following information:

- The loan-to-deposit ratio is reasonable, meets the standards for satisfactory performance, and compares favorably with local peer banks.
- A majority of the bank's primary loan products are originated within the assessment area.
- Management's lending to borrowers of different incomes and businesses of different sizes is reasonable and meets the standards for satisfactory performance.
- The geographic distribution of loans reflects excellent dispersion throughout the assessment area.

DESCRIPTION OF INSTITUTION

The Camden National Bank (CNB) is an intrastate community bank wholly owned by First Camden Bancshares, Inc. CNB is headquartered in Camden, Alabama, a rural town that is the county seat of Wilcox County. The main office is located in downtown Camden. In September of 2004, the bank opened a full-service branch, The Butler County Bank, in nearby Greenville, Alabama. CNB has four ATMs including one stand alone ATM in the Piggly Wiggly grocery store on the Camden bypass and one at the Old School Truck Stop in neighboring Pine Hill, Alabama. CNB is the largest bank in Camden with \$98 million in total assets as of September 30, 2005. CNB offers traditional loan and deposit products with consumer loans comprising the majority of the bank's lending activities. At November 28, 2005, the loan portfolio composition was as follows:

Loan Type	% by Dollars of Loans Originated/Purchased	% by Number of Loans Originated/Purchased
Consumer Real Estate	43%	18%
Commercial Loans	34%	10%
Consumer Installment	21%	72%
Farm Loans	2%	Less than 1%

CNB is in satisfactory financial condition with no legal impediments that would prevent it from meeting the credit needs of the community. The previous CRA rating, assigned on September 14, 1999, was "Satisfactory." Current conclusions are based on a sample of loans from the bank's primary loan types that were originated between January of 2004 and November of 2005.

DESCRIPTION OF WILCOX AND BUTLER COUNTIES

The bank's assessment area (AA) is defined as all of Wilcox and Butler Counties in Alabama. These counties are contiguous and are located in a non-MSA designated area. Wilcox County consists of 5 census tracts that include 1 low-income and 4 moderate-income tracts. Butler County, which was added to the AA since the previous CRA exam, consists of 9 census tracts that include 4 moderate-income and 5 middle-income tracts. CNB's AA meets the technical requirements of the Act and does not arbitrarily exclude any low- or moderate-income areas. There are no upper-income census tracts in Wilcox or Butler counties.

Based on demographic information from the 2000 United States Census, there is a population of 34,582 in the AA consisting of 13,177 households and 9,295 families. The weighted average census median family income for the AA is \$36,638. The Department of Housing and Urban Development's (HUD) 2004 *updated* median family income is \$41,700 for the AA. Owner occupied housing in the AA is 64 percent with the median housing value at \$45,751. The local economy is depressed as approximately 30 percent of AA households are below the poverty level and 38 percent receive social security and public assistance.¹

Local banking competition consists of four community commercial banks and a credit union.

Wilcox County, located in the south-central part of Alabama, is largely rural and agricultural. The county's economy is driven by the agriculture and forest product industries. While cotton is still being produced in some parts of the county, cattle and pine trees are more important to the local economy. Weyerhaeuser Company, an international forest products company with annual sales of \$23 billion and the largest single employer in the county with 900 employees, operates a paper mill in Pine Hill that manufactures pulp, traditional paper, and packaging products. Other major employers are the Wilcox County School Board and Wilcox County Commission. The 2004 unemployment rate for this county was 12 percent.

Butler County, which borders Wilcox County, is located 40 miles south of Alabama's capitol city of Montgomery right off Interstate 65. The county seat is Greenville, where CNB opened its branch office during 2004. Key industries in Butler County are education, manufacturing, healthcare, and automobile parts. Butler County School system represents the largest employer with 450 employees followed by International Paper Company with 425 employees. Other major employers include WestPoint Stevens, Stabler Memorial Hospital, Hwashin America Corporation (auto chassis), and Key Safety Restraints (auto restraints). The unemployment rate was 9 percent for 2004.

Community Contact

As part of our assessment, we reviewed comments from a community contact performed earlier in 2005 with a representative from a local community development organization. He felt that financial institutions in the local area were meeting the credit needs of the community.

¹ 2000 U.S. Census Data.

CONCLUSIONS ABOUT PERFORMANCE CRITERIA

Overall, lending performance is satisfactory given the bank's size, financial condition, and ability to meet the credit needs of its assessment area.

Loan-to-Deposit Ratio

The bank's average loan-to-deposit (LTD) ratio is reasonable and meets the standards for satisfactory performance. Since September 30, 1999, CNB's quarterly LTD ratio averaged 76 percent as compared to peer averages for the same period of 71 percent. This peer group represents four banking institutions in the assessment area having total assets between \$28 million and \$151 million.

Lending in Assessment Area

CNB originates a majority of its loans within the assessment area. In a sample of 60 primary loan types originated during 2004 and 2005, 39 loans or 65 percent were located within the AA.

Loan Type	Number of Loans					Dollars of Loans				
	Inside		Outside		Total	Inside		Outside		Total
	#	%	#	%		\$(000)	%	\$	%	
Home Loans	15	75%	5	25%	20	869	73%	328	27%	1,197
Consumer Loans	12	60%	8	40%	20	73	63%	43	37%	116
Business Loans	12	60%	8	40%	20	1,600	70%	682	30%	2,282
Totals	39	65%	21	35%	60	2,542	71%	1,053	29%	3,595

Lending to Borrowers of Different Incomes and to Businesses of Different Sizes

Overall, the distribution of borrowers reflects excellent penetration among individuals of different income levels and businesses of different sizes. In a sample of 20 residential real estate loans, distribution to low- and moderate-income borrowers meets the standards for satisfactory performance compared with the distribution of low- and moderate-income families in the AA².

Borrower Income Level	Low		Moderate		Middle		Upper	
Loan Type	% of AA Families	% of Number of Loans	% of AA Families	% of Number of Loans	% of AA Families	% of Number of Loans	% of AA Families	% of Number of Loans
Home	35%	35%	17%	15%	20%	15%	28%	35%

² 2000 U.S. Census Data.

In a sample of 20 consumer loans, CNB’s performance exceeds satisfactory standards.

Table 3A - Borrower Distribution of Consumer Loans in Wilcox & Butler Counties								
Borrower Income Level	Low		Moderate		Middle		Upper	
	% of AA Households	% of Number of Loans	% of AA Households	% of Number of Loans	% of AA Households	% of Number of Loans	% of AA Households	% of Number of Loans
Consumer Loans	36%	45%	15%	25%	16%	25%	33%	5%

Our sample of 20 business loans originated in 2004 and 2005 revealed 14 loans, or 70 percent, were to small businesses with annual revenues of less than \$1 million. These results exceed the standards for satisfactory performance with 63 percent of Wilcox and Butler County businesses reporting annual revenues of less than \$1 million.³

Geographic Distribution of Loans

The geographic distribution of residential real estate loans reflects excellent lending throughout the census tracts within the AA. Lending in low- and moderate-income tracts exceeds the owner occupied demographics and the standards needed for satisfactory performance.

Table 4 - Geographic Distribution of Residential Real Estate Loans in Wilcox & Butler Counties								
Census Tract Income Level	Low		Moderate		Middle		Upper	
Loan type	% of AA Owner Occupied Housing	% of Number of Loans	% of AA Owner Occupied Housing	% of Number of Loans	% of AA Owner Occupied Housing	% of Number of Loans	% of AA Owner Occupied Housing	% of Number of Loans
Home Loans	4%	10%	61%	75%	35%	15%	0%	0%

CNB’s geographic distribution of commercial real estate loans to businesses in low- and moderate-income census tracts is satisfactory compared to the demographics of the AA.

Table 4A - Geographic Distribution of Loans to Businesses in Wilcox & Butler Counties								
Census Tract Income Level	Low		Moderate		Middle		Upper	
Loan Type	% of AA Businesses	% of Number of Loans	% of AA Businesses	% of Number of Loans	% of AA Businesses	% of Number of Loans	% of AA Businesses	% of Number of Loans
Business	3%	10%	59%	60%	38%	30%	0%	0%

The geographic distribution of consumer loans reflects excellent lending throughout the census

³ Source: CRA Wiz reports.

tracts within the AA. Lending in low- and moderate-income tracts exceeds the percentage of AA households and the standards needed for satisfactory performance.

Table 4B - Geographic Distribution of Consumer Loans in Wilcox & Butler Counties								
Census Tract Income Level	Low		Moderate		Middle		Upper	
	% of AA Households	% of Number of Loans	% of AA Households	% of Number of Loans	% of AA Households	% of Number of Loans	% of AA Households	% of Number of Loans
Consumer Loans	3%	20%	61%	75%	36%	5%	0%	0%

Responses to Complaints

CNB received no CRA related complaints since the prior examination.

Fair Lending or Other Illegal Credit Practices Review

We found no evidence of illegal discrimination or other illegal credit practices.