



LARGE BANK

Comptroller of the Currency
Administrator of National Banks

Washington, DC 20219

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Community Reinvestment Act
Performance Evaluation

The Citizens National Bank of Meridian
Charter Number: 7266

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Meridian, MS 39301

Office of the Comptroller of the Currency

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NOTE: This document is an evaluation of this institution's record of meeting the credit needs of its entire community, including low- and moderate-income neighborhoods, consistent with safe and sound operation of the institution. This evaluation is not, and should not be construed as, an assessment of the financial condition of this institution. The rating assigned to this institution does not represent an analysis, conclusion, or opinion of the federal financial supervisory agency concerning the safety and soundness of this financial institution.

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Overall CRA Rating

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

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

Performance Levels	Citizens National Bank of Meridian Performance Tests		
	Lending Test*	Investment Test	Service Test
Outstanding			
High Satisfactory	X		
Low Satisfactory		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.

The major factors that support this rating include:

- Overall lending levels reflect a good responsiveness to meeting the credit needs of the assessment area (AA).
- A substantial majority of the bank's loans are originated within its AA.
- Overall, CNB's geographic distribution of loans is good. The geographic distribution of HMDA loans is good. Their distribution of small loans to businesses and farms is excellent.
- Overall, the distribution of loans by income level of the borrower is adequate. The distribution of HMDA loans is adequate and distribution of small loans to businesses is good. The distribution of small loans to farms is good.
- Given the available Community Development (CD) opportunities and dollar amount of investments in the AA, the bank's performance is adequate.
- CNB's retail delivery systems are reasonably accessible to geographies and individuals of different income levels in the non-metropolitan AA.
- The bank's level of community development services is adequate.

Definitions and Common Abbreviations

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

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

Aggregate Lending: The number of loans originated and purchased by all reporting lenders in specified income categories as a percentage of the aggregate number of loans originated and purchased by all reporting lenders in the MA/assessment area.

Block Numbering Area (BNA): A statistical subdivision of a county for grouping and numbering blocks in non-metropolitan counties where local census statistical area committees have not established census tracts. A BNA does not cross county lines.

Census Tract (CT): A small subdivision of metropolitan and other densely populated counties. Census tract boundaries do not cross county lines; however, they may cross the boundaries of metropolitan areas. Census tracts usually have between 2,500 and 8,000 persons, and their physical size varies widely depending upon population density. Census tracts are designed to be homogeneous with respect to population characteristics, economic status, and living conditions to allow for statistical comparisons.

Community Development: Affordable housing (including multifamily rental housing) for low- or moderate-income individuals; community services targeted to low- or moderate-income individuals; activities that promote economic development by financing businesses or farms that meet the size eligibility standards of the Small Business Administration's Development Company or 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 a 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.

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

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

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

Geography: A census tract 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 area to file annual summary reports of their mortgage lending activity. The reports include such data as the race, gender, and the income of applications, the amount of loan requested, and the disposition of the application (e.g., approved, denied, and withdrawn).

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

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

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

Low-Income: Individual income that is less than 50 percent of the area median income, or a median family income that is less than 50 percent, in the case of a geography.

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

Median Family Income (MFI): The median income determined by the U.S. 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 Area (MA): Any primary metropolitan area (PMA), metropolitan area (MA), or consolidated metropolitan area (CMA), as defined by the Office of Management and Budget, with a population of 250,000 or more, and any other area designated as such by the appropriate federal financial supervisory agency.

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

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

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

Other Products: Includes any unreported optional category of loans for which the institution collects and maintains data for consideration during a CRA examination. Examples of such activity include consumer loans and other loan data an institution may provide concerning its lending performance.

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

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

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

Small Loan(s) to Business(es): A loan included in 'loans to small businesses' as defined in the Consolidated Report of Condition and Income (Call Report) and the Thrift Financial Reporting (TFR) instructions. These loans have original amounts of \$1 million or less and typically are either secured by nonfarm or nonresidential real estate or are classified as commercial and industrial loans. However, thrift institutions may also exercise the option to report loans secured by nonfarm residential real estate as "small business loans" if the loans are reported on the TFR as nonmortgage, commercial loans.

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

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

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

Description of Institution

Citizens National Bank (CNB) is an intrastate banking institution headquartered in Meridian, MS. As of 12/31/01, CNB had total assets of \$551 million. The bank's primary market is the non-metropolitan AA that includes the following contiguous counties in their entirety: Attala, Clarke, Jones, Lauderdale, Leake, Lowndes, Neshoba and Wayne Counties in MS. CNB has 22 full service banking facilities and 18 ATMS in this AA. The bank's second AA is the Hattiesburg MSA. CNB has a limited presence in this area. CNB opened a branch in the Hattiesburg MSA in November 1995. The bank has 1 banking office and 1 ATM in this AA. Also, this AA represents a small percentage of the bank's lending activity and deposit base.

CNB is independently owned and has no affiliates or subsidiaries.

The bank offers a full range of banking products and services. The type of loans that are available include agricultural, commercial, consumer, second mortgage real estate, 1-4 family residential real estate, and multi-family loans. As of 12/31/01, loans totaled \$276 million and deposits totaled \$498 million. Loans represent 50% of total assets. The distribution of CNB's loan portfolio follows: 1-4 family residential properties (56%); commercial (includes commercial real estate) (34%); consumer loans (9%), and agricultural (1%). Based on the bank's loan mix and their business strategy, CNB is primarily a residential real estate lender and to a lesser degree a commercial lender. CNB shifted its lending strategy in 1999 from commercial loans to real estate loans.

CNB's Tier 1 capital is \$48 million and their total capital to risk weighted assets equals 16.80%. There are no legal, financial or other factors impeding the bank's ability to help meet the credit needs in its AA.

CNB's CRA performance was rated "Satisfactory" in the last public evaluation dated March 29, 1999.

Scope of the Evaluation

Evaluation Period/Products Evaluated

This Performance Evaluation assesses the bank's performance under the Lending, Investment and Service Tests. In evaluating the bank's lending performance, we reviewed their residential mortgage loans subject to filing under HMDA and small loans to businesses and farms.

With the exception of CD loans, the evaluation period for the Lending Test is January 1, 1999 through December 31, 2001. For CD loans, the Investment Test and the Services Test, the evaluation period is March 30, 1999 through June 30, 2002.

Data Integrity

As part of this CRA evaluation, we tested the accuracy of CNB's small loans to businesses and HMDA loan data. We found that the bank's data was reliable for use during this examination. This evaluation is based on accurate data.

CD loans, investments and services submitted by bank management were verified to ensure that they met the regulatory definition for CD. Some items submitted by the bank for consideration were excluded from this evaluation because they did not meet the definition or purpose of CD.

Selection of Areas for Full-Scope Review

The non-metropolitan AA received a full-scope review and the Hattiesburg MSA received a limited-scope review. The non-metropolitan AA contains the vast majority of the bank's branches, lending activity and deposit base. The Hattiesburg MSA consists of 1 branch and has 5% of the bank's lending activity and their deposit base.

Refer to the table in Appendix A for more information.

Ratings

The bank's overall rating is based primarily on their performance in the non-metropolitan AA. In evaluating the bank's lending performance, more weight was placed on HMDA than on small loans to businesses or farms. Small loans to farms received the least weight of the three products. In 1999, the bank's business strategy shifted from small loans to businesses to real estate lending. Small loans to farms is not a significant lending product of the bank. In terms of individual HMDA products, home purchase and refinance loans received more weight than home improvement loans. This weighting is reflective of the bank's business strategy and lending performance during the evaluation period.

Other

As part of this examination, we conducted two community contacts. We also reviewed one contact that was conducted prior to the examination by another regulatory agency. The types of groups contacted include housing authority and community development organizations. The following credit needs were identified: affordable housing, small business loans, and home improvement loans. The groups also identified a need for affordable banking relationships such as deposit accounts.

The opportunity for financial institutions to make CD loans, investments and provide CD services in the non-metropolitan AA is limited. We identified 1 Community Development Corporation (CDC) and a few community-based organizations that provide affordable housing, economic development or community services in the AA. We did not identify any Small Business Investment Corporations (SBICs) or Community Development Financial Institutions (CDFIs). The bank is involved in the revolving loan fund with the East Mississippi Development Corporation. They also provide technical assistance on the organization's loan and board committees. As discussed in a previous Performance Evaluation, the bank provided an equity investment to the organization at its inception.

Fair Lending Review

An analysis of the most recent public comments, consumer complaint information, and HMDA data was performed according to the OCC's risk based fair lending approach. Based on its analysis of the information, the OCC decided that a comprehensive fair lending examination would not be conducted in connection with the CRA evaluation this year. The latest comprehensive fair lending exam was performed in April 2000.

Conclusions with Respect to Performance Tests

LENDING TEST

Conclusions for Areas Receiving Full-Scope Reviews

The bank's performance under the lending test is rated "High Satisfactory". Based on full-scope reviews, the bank's performance in the non-metropolitan AA is good.

Lending Activity

Refer to Tables 1 Lending Volume in Appendix C for the facts and data used to evaluate the bank's lending activity.

Overall lending levels reflect a good responsiveness to meeting the credit needs of the AA. Relative to its deposit market rank, CNB's HMDA lending levels are good and its small loans to businesses lending levels are excellent. The small loans to farms lending levels are adequate. As of June 30, 2001 CNB ranked number 1 in deposits in the non-metropolitan AA with a 12.36% market share. There are 19 financial institutions with banking offices throughout the AA.

Based on 2000 HMDA aggregate data, CNB ranked number 3 in overall volume of HMDA lending with a market share of 6.10%. In the AA there are 185 HMDA lenders. In terms of HMDA products, CNB ranked number 5 in home purchase loans (5.85%), number 8 in home improvement loans (5.85%) and number 1 in refinance loans (6.82%).

In terms of CRA loans, CNB ranked number 2 in the non-metropolitan AA in making small loans to businesses with a 15.11% market share. In the AA, there are 50 lenders making small loans to businesses. The number 1 ranked institution had a market share of 15.15% and only made 4 more loans than CNB.

Regarding small loans to farms, CNB ranked number 7 in the non-metropolitan AA in making these loans with a market share of 4.87%. In the AA, there are 15 lenders making small loans to farms.

Distribution of Loans by Income Level of the Geography

Overall, CNB's geographic distribution of loans is good. The geographic distribution of HMDA loans is good. The bank's distribution of small loans to businesses and farms is excellent.

Multi-family loans were not reviewed during this evaluation period. The bank originated and/or purchased a minimal number of multi-family loans. As a result, an analysis would not be meaningful.

In evaluating the bank's geographic distribution of loans in low-income tracts, we considered the fact that the bank's AA has only 1 low-income tract. This tract contains 1,333 housing units, of which only 465 are owner-occupied. This factor could limit the bank's ability to originate loans in this tract.

Home Mortgage Loans

Refer to Tables 2, 3, 4 and 5 in Appendix C for the facts and data used to evaluate the geographic distribution of the bank's home mortgage loan originations and purchases.

Overall, the geographic distribution of HMDA loans is good.

The overall geographic distribution of *home purchase loans* is good. The bank's percent of home purchase loans in low-income tracts is lower than the percent of owner-occupied units in these tracts. The percent of home purchase loans in moderate-income tracts is somewhat lower than the percent of owner-occupied units in moderate-income tracts. The bank's market share in low-income tract exceeds their overall market share. The bank's market share in moderate-income tracts is near their overall market share.

The overall geographic distribution of *home improvement loans* is adequate. CNB made no loans in low-income tracts this evaluation period. However, only 465 owner-occupied units are located in these tract. The percent of home improvement loans in moderate-income tracts is somewhat lower than the percent of owner-occupied units in moderate-income tracts. The bank's market share in moderate-income tracts is near their overall market share.

The overall geographic distribution of *refinance loans* is good. The bank's percent of refinance loans in low-income tracts is near the percent of owner-occupied units in these tracts. The percent of refinance loans in moderate-income tracts is somewhat lower than the percent of owner-occupied units in moderate-income tracts. The bank's market share in low-income tract exceeds their overall market share. The bank's market share in moderate-income tracts is near their overall market share.

Small Loans to Businesses

Refer to Table 6 in Appendix C for the facts and data used to evaluate the geographic distribution of the bank's origination/purchase of small loans to businesses.

CNB's geographic distribution of small loans to businesses is excellent.

The bank's percent of loans in low-income tracts exceeds the percentage of businesses located in these tracts. The bank's percent of loans in moderate-income tracts is near the percentage of businesses located in moderate-income tracts. The bank's market share in low-income tracts exceeds their overall market share. Their market share in moderate-income tracts exceeds their overall market share.

Small Loans to Farms

Refer to Table 7 in Appendix C for the facts and data used to evaluate the geographic distribution of the bank's origination/purchase of small loans to farms.

CNB's geographic distribution of small loans to farms is excellent.

CNB made no loans in the low-income tract. According to 1990 census data, there are only two farms located in this tract. The bank's percent of loans in moderate-income tracts exceeds the percentage of businesses located in moderate-income tracts. Their market share in moderate-income tracts exceeds their overall market share.

Lending Gap Analysis

We evaluated the lending distribution in this AA to determine if any unexplained conspicuous gaps existed. We reviewed lending reports detailing the volume of HMDA and small loans to businesses in low- and moderate-income geographies. No unexplained conspicuous gaps were identified. This performance had a positive effect on the bank's overall geographic distribution analysis.

Inside/Outside Ratio

A substantial majority of the bank's loans are originated within its AAs. Overall, 93% of CNB's loan originations are within their AA. By loan product, 92% of HMDA loans, 94% of small loans to businesses, and 93% of small loans to farms was inside the AA. This analysis was performed on the entire bank rather than by AA. This performance had a positive effect on the bank's overall geographic distribution analysis.

Distribution of Loans by Income Level of the Borrower

Overall, the distribution of loans by income level of the borrower is adequate. The distribution of HMDA loans is adequate. The distribution of small loans to businesses is good and the distribution of small loans to farms is good.

In evaluating the distribution of HMDA loans by the income level of the borrower, we considered the high percentage of families that live below the poverty level. According to 1990 Census data, approximately 20% of the families in the AA live below the poverty level. This means that 92% of the low-income families live below the poverty level which makes it difficult for them to afford and maintain a home.

Home Mortgage Loans

Refer to Tables 8, 9, and 10 in Appendix C for the facts and data used to evaluate the borrower distribution of the bank's home mortgage loan originations and purchases.

The distribution of HMDA loans by the income level of the borrower is adequate.

The overall distribution of *home purchase loans* is adequate. The bank's percent of home purchase loans to low-income borrowers is significantly lower than the percent of low-income families that live in the AA. The bank's percent of home purchase loans to moderate-income borrowers is near the percent of moderate-income families that live in the AA. The bank's market share to low-income borrowers is somewhat lower than their overall market share. The bank's market share to moderate-income borrowers is somewhat lower than their overall market share.

The overall distribution of *home improvement loans* is good. The bank's percent of home improvement loans to low-income borrowers is lower than the percent of low-income families that live in the AA. The bank's percent of home improvement loans to moderate-income borrowers is somewhat lower than the percent of moderate-income families that live in the AA. The bank's market share to low-income borrowers exceeds their overall market share. The bank's market share to moderate-income borrowers is near their overall market share.

The overall distribution of *refinance loans* is poor. The bank's percent of refinance loans to low-income borrowers is significantly lower than the percent of low-income families that live in the AA. The bank's percent of refinance loans to moderate-income borrowers is lower than the percent of moderate-income families that live in the AA. The bank's market share to low-income borrowers is lower than their overall market share. The bank's market share to moderate-income borrowers is lower than their overall market share.

Small Loans to Businesses

Refer to Table 11 in Appendix C for the facts and data used to evaluate the borrower distribution of the bank's origination/purchase of small loans to businesses.

The distribution of small loans to businesses is good. CNB's percentage of small loans to small businesses (businesses with annual revenues \$1 million or less) is near the percentage of small businesses in the AA. Their market share of small loans to small businesses exceeds their overall market share of small loans to all businesses. A high percentage of the bank's loans to small businesses are for amounts of \$100 thousand or less.

Small Loans to Farms

Refer to Table 12 in the appendix C for the facts and data used to evaluate the borrower distribution of the bank's origination/purchase of small loans to farms.

The distribution of small loans to farms is good. CNB's percentage of small loans to small businesses (businesses with annual revenues \$1 million or less) is somewhat lower than the percentage of small businesses in the AA. Their market share of small loans to small businesses exceeds their overall market share of small loans to all businesses. A substantial majority of the bank's loans to small businesses are for amounts of \$100 thousand or less.

Community Development Lending

Refer to Table 1 Lending Volume in Appendix C for the facts and data used to evaluate the bank's level of community development lending. This table includes all CD loans, including multifamily loans that also qualify as CD loans. In addition, Table 5 includes geographic lending data on all multi-family loans, including those that also qualify as CD loans. Table 5 does not separately list CD loans.

CNB made 1 CD loan totaling \$290 thousand during this evaluation period. This loan represents 0.61% of Tier I capital and had a neutral impact on the lending test rating. CNB's loan represents part of a participation in a \$1.4 million project to renovate an office building into luxury condominiums. The project is located downtown Meridian (Lauderdale County) in a moderate-income tract. This project is part of the city of Meridian's formal plan to revitalize the downtown area. This loan is a CD development loan because it helps to stabilize and revitalize a moderate-income tract.

Product Innovation and Flexibility

The bank offers one flexible loan product that is targeted to low- or moderate-income individuals or areas. This product, Home Opportunity Mortgage (HOM), was tested in one market in 1997 and rolled out to all the other markets in 2000 and 2001. The Home Opportunity Mortgage is available for home purchase and refinance loan customers. The program offers a 2% down payment, 98%/95% loan to value (home purchase and refinance), a housing ratio of 30% and a total debt to income ratio of 42%. The applicant must be low or moderate-income and live in a low or moderate-income tract.

The bank's traditional loan product requires a 10% down payment, 90% loan to value, a housing ratio of 25% and a total debt to income ratio of 36%.

This product helps CNB to meet an identified credit need in the AA, affordable housing. During 2000 and 2001, CNB originated 49 HOM loans totaling \$1,866 thousand.

Conclusions for Areas Receiving Limited-Scope Reviews

Based on a limited-scope review, the bank's performance under the lending test in the Hattiesburg MSA is weaker than the bank's overall "High Satisfactory" performance under the lending test. In the Hattiesburg MSA, the bank's geographic distribution of loans by income level is weaker than their performance in the non-metropolitan AA. Refer to Tables 1 through 12 in Appendix C for the facts and data that support these conclusions.

The bank's performance in the limited-scope area did not have a significant impact on the lending test conclusions.

INVESTMENT TEST

Conclusions for Areas Receiving Full-Scope Reviews

The bank's performance under the investment test is rated "Low Satisfactory". Based on a full-scope review, the bank's performance in the non-metropolitan AA is adequate.

Refer to Table 13 in Appendix C for the facts and data used to evaluate the bank's level of qualified investments.

During this evaluation period, CNB made \$741 thousand in qualified investments to CD organizations. CNB's investment represents 1.56% of their Tier I capital. Given the available CD opportunities and dollar amount of investments in the AA, the bank's performance is adequate. Refer to the Scope of the Evaluation section for additional information on the available CD opportunities in this AA. These investments are not considered innovative or complex in nature but are responsive to identified needs in the community.

Of the total investment amount, \$321 thousand (43%) was invested during the evaluation period. The remaining \$420 thousand (57%) represent the outstanding amounts of 2 qualified CD bonds from prior periods. These bond issues continue to have a positive impact on the AA as it provided job opportunities and services for low- and moderate-income individuals.

Of the total amount invested during the evaluation period, \$300 thousand represents the value of a building that CNB donated to a CD organization. The remaining \$21 thousand consists of qualified grants and donations to CD organizations. These organizations are involved in providing affordable housing or community services to low- or moderate-income individuals. These investments were not considered innovative or complex in nature.

Conclusions for Area Receiving Limited-Scope Reviews

Based on limited-scope reviews, the bank's performance under the investment test in the Hattiesburg MSA is weaker than the bank's overall "Low Satisfactory" performance under the investment test. In the Hattiesburg MSA, CNB's made \$1 thousand in grants and donations during this evaluation period. Refer to Table 13 in Appendix C for the facts and data that support these conclusions.

The bank's performance in the limited-scope AA did not have a significant impact on the bank's overall Investment test rating.

SERVICE TEST

Conclusions for Areas Receiving Full-Scope Reviews

The bank's performance under the Service Test is rated "Low Satisfactory". Based on a full-scope review, the bank's performance in the non-metropolitan AA is adequate.

Retail Banking Services

Refer to Table 14 in Appendix C for the facts and data used to evaluate the distribution of the bank's branch delivery system and branch openings and closings.

CNB's retail delivery systems are reasonably accessible to geographies and individuals of different income levels in the non-metropolitan AA.

The bank operates 22 banking offices throughout the non-metropolitan AA. It also operates 1 branch in the Hattiesburg MSA AA. CNB has no banking offices in low-income tracts. However, CNB has 4 of its branches located within a mile of the low-income tract. In moderate-income tracts, the bank's percentage of branches exceeds the percentage of the population residing in those tracts.

In terms of where the low- or moderate-income families reside, the vast majority of low- or moderate-income families reside in the moderate- and middle-income tracts. In middle-income tracts, CNB's percentage of branches exceeds the percentage of the population that resides in these tracts.

CNB offers a range of banking products and services. Their banking hours do not vary significantly from one location to another but are tailored to meet the needs of the market. CNB also offers full banking services on Saturdays, until noon, in all of their branches except the Waynesboro branch (moderate-income tract).

In general, these consolidations did not adversely affect the delivery of retail banking services to low- and moderate-income persons and geographies. Since the last evaluation period, the bank opened three new offices and all were located in upper-income tracts. During the same period, the bank consolidated four branches into other branches in its AA. Two of the consolidated branches were located in moderate-income tracts and two were located in middle-income tracts. In each of the consolidations, the consolidated branch was within a mile of the new banking office.

Community Development Services

The bank's level of community development services is adequate. This assessment is based on the limited opportunities in the AA and the type of organizations that benefit from the services provided. The type of services provided include:

- serving on the Board of Directors for organizations that provide affordable housing or community services for low- or moderate-income individuals or that provide economic development by financing small businesses.
- Housing Expos and Workshops - The bank continues to participate in housing workshops and expos, which attempt to attract potential homebuyers. Bank representatives discuss credit options and other banking services with attendees. During the evaluation period the bank participated in 5 workshops/expos held in Lauderdale, Attala, and Noxubee Counties, as well as the Hattiesburg MSA. Approximately 1,750 people participated in the expos/workshops during this evaluation period.
- Philadelphia Loan Façade Program - The Philadelphia President is assisting a task force to develop a special loan pool to renovate store-fronts in the City's downtown district. The President was instrumental in developing the underwriting criteria and helping to underwrite the credits.

Conclusions for Areas Receiving Limited-Scope Reviews

Based on a limited-scope review, the bank's performance under the Service Test in the Hattiesburg MSA is weaker than the bank's overall "Low Satisfactory" rating performance under the Service Test. CNB has 1 branch and ATM in this AA. In addition, the bank's CD services in this AA are limited. The bank's performance in the limited-scope AA did not have a significant impact on the bank's overall Service test rating.

Refer to Table 14 in Appendix C for the facts and data that support these conclusions.

Appendix A: Scope of Examination

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

Time Period Reviewed	Lending Test (excludes CD Loans): 01/01/99 to 12/31/01 Investment and Service Tests and CD Loans: 03/30/99 to 06/30/02	
Financial Institution		Products Reviewed
The Citizens National Bank (CNB) Meridian, MS		HMDA, Small Loans to Businesses and CD Loans
Affiliate(s)	Affiliate Relationship	Products Reviewed
None		
List of Assessment Areas and Type of Examination		
Assessment Area	Type of Exam	Other Information
Non-metropolitan AA Hattiesburg MSA	Full-Scope Limited-Scope	Attala, Clarke, Jones, Lauderdale, Leake, Lowndes, Neshoba, and Wayne counties.

Appendix B: Market Profiles for Full-Scope Areas

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Market Profiles for Areas Receiving Full-Scope Reviews

Non-metropolitan AA	B-2
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Non-metropolitan AA

Demographic Information for Full-Scope Area: Non-metropolitan AA						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts/BNAs)	68	1.47	22.06	58.82	17.65	0
Population by Geography	308,045	1.03	21.39	51.19	26.38	0
Owner-Occupied Housing by Geography	82,095	0.57	17.09	54.37	27.97	0
Businesses by Geography	11,728	1.13	26.71	48.64	23.52	0
Farms by Geography	559	0.36	17.53	62.61	19.50	0
Family Distribution by Income Level	83,274	22.18	15.43	18.70	43.69	0
Distribution of Low- and Moderate-Income Families throughout AA Geographies	31,315	1.71	28.25	52.78	17.26	0
Median Family Income HUD Adjusted Median Family Income for 2002 Households Below the Poverty Level	= \$21,994 = \$35,900 = 24.88%		Median Housing Value Unemployment Rate		\$42,244 = 3.57%	

(*) The NA category consists of geographies that have not been assigned an income classification.

Source: 1990 U.S. Census, and 2002 HUD updated MFI.

CNB has 22 branches and 18 ATMS in the non-metropolitan AA. This AA is the bank's primary market area and includes the vast majority of CNB's lending activity and deposit base. The AA includes the following contiguous counties in MS: Attala, Clarke, Jones, Lauderdale, Leake, Lowndes, Neshoba and Wayne. CNB's AA complies with the technical requirements of the regulation and does not arbitrarily exclude any geography, especially low- or moderate-income tracts.

Major competition is provided by 18 other financial institutions. On an aggregate base, these institutions have 128 banking offices and a total deposit base of \$3.2 billion. The majority of the institutions operating in the AA are small community banks. However, 3 large regional institutions (Trustmark National Bank, National Bank of Commerce of MS and BankPlus) also operate in the area. In addition, three large interstate banks (AmSouth Bank, BancorpSouth Bank and Union Planters Bank N.A.) provide additional competition in the AA. In terms of asset size, CNB has no similar situated institutions that operate in its AA.

CNB ranks number 1 in deposits in the AA and number 3 and number 2 in making HMDA and small loans to businesses, respectively. CNB is primarily a real estate lender. In recent years, the bank's lending strategy shifted from small loans to business to real estate lending.

The local economy in the AA is highly dependent on manufacturing (textile). Since 2000, the AA has lost more than 2,000 jobs. Industries such as Burlington Industries, Delco, Sunbeam and Knitting Mill are no longer in operation. As of May 2002, the average unemployment rate for the non-metropolitan AA is 9.3%. The unemployment rates range from a low in Jones County of 4.2% to a high in Clarke County of 19.3%. This rate is well above the state average of 6.8% and to the national average of 5.5%

Refer to the Scope of the Evaluation section of the Performance Evaluation for additional information on the identified credit needs and the community development lending, investment, and service opportunities in this AA.

Appendix C: Tables of Performance Data

Content of Standardized Tables

References to the “bank” include activities of any affiliates that the bank provided for consideration (refer to appendix A: Scope of the Examination). For purposes of reviewing the lending test tables, the following are applicable: purchased loans are treated as originations/purchases and market share is the number of loans originated and purchased by the bank as a percentage of the aggregate number of reportable loans originated and purchased by all lenders in the MA/assessment area. Tables without data are not included in this PE.

The following is a listing and brief description of the tables:

- Table 1. Lending Volume** - Presents the number and dollar amount of reportable loans originated and purchased by the bank over the evaluation period by MA/assessment area.
- Table 2. Geographic Distribution of Home Purchase Loans** - Compares the percentage distribution of the number of loans originated and purchased by the bank in low-, moderate-, middle-, and upper-income geographies to the percentage distribution of owner-occupied housing units throughout those geographies. The table also presents market share information based on the most recent aggregate market data available.
- Table 3. Geographic Distribution of Home Improvement Loans** - See Table 2.
- Table 4. Geographic Distribution of Home Mortgage Refinance Loans** - See Table 2.
- Table 5. Geographic Distribution of Multifamily Loans** - Compares the percentage distribution of the number of multifamily loans originated and purchased by the bank in low-, moderate-, middle-, and upper-income geographies to the percentage distribution of multifamily housing units throughout those geographies. The table also presents market share information based on the most recent aggregate market data available.
- Table 6. Geographic Distribution of Small Loans to Businesses** - The percentage distribution of the number of small loans (less than or equal to \$1 million) to businesses originated and purchased by the bank in low-, moderate-, middle-, and upper-income geographies compared to the percentage distribution of businesses (regardless of revenue size) throughout those geographies. The table also presents market share information based on the most recent aggregate market data available.

- Table 7.** **Geographic Distribution of Small Loans to Farms** - The percentage distribution of the number of small loans (less than or equal to \$500,000) to farms originated and purchased by the bank in low-, moderate-, middle-, and upper-income geographies compared to the percentage distribution of farms (regardless of revenue size) throughout those geographies. The table also presents market share information based on the most recent aggregate market data available.
- Table 8.** **Borrower Distribution of Home Purchase Loans** - Compares the percentage distribution of the number of loans originated and purchased by the bank to low-, moderate-, middle-, and upper-income borrowers to the percentage distribution of families by income level in each MA/assessment area. The table also presents market share information based on the most recent aggregate market data available.
- Table 9.** **Borrower Distribution of Home Improvement Loans** - See Table 8.
- Table 10.** **Borrower Distribution of Refinance Loans** - See Table 8.
- Table 11.** **Borrower Distribution of Small Loans to Businesses** - Compares the percentage distribution of the number of small loans (less than or equal to \$1 million) originated and purchased 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. In addition, the table presents the percentage distribution of the number of loans originated and purchased 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 12.** **Borrower Distribution of Small Loans to Farms** - Compares the percentage distribution of the number of small loans (less than or equal to \$500,000) originated and purchased 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. In addition, the table presents the percentage distribution of the number of loans originated and purchased 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 13.** **Qualified Investments** - Presents the number and dollar amount of qualified investments made by the bank in each MA/AA. The table separately presents investments made during prior evaluation periods that are still outstanding and investments made during the current evaluation period. Prior-period investments are reflected at their book value as of the end of the evaluation period. Current period investments are reflected at their original investment amount even if that amount is greater than the current book value of the investment. The table also presents the number and dollar amount of unfunded qualified investment commitments.

Table 14. Distribution of Branch Delivery System and Branch Openings/Closings

- Compares the percentage distribution of the number of the bank's branches in low-, moderate-, middle-, and upper-income geographies to the percentage of the population within each geography in each MA/AA. The table also presents data on branch openings and closings in each MA/AA.

Table 1. Lending Volume

LENDING VOLUME		Geography: MISSISSIPPI				Evaluation Period: January 01,1999 TO December 31, 2001						
MA/Assessment Area:	% of Rated Area Loans (#) in MA/AA	Home Mortgage		Small Loans to Businesses		Small Loans to Farms		Community Development Loans"		Total Reported Loans		% of Rated Area Deposits in MA/AA**"
		#	\$'000's)	#	\$'000's)	#	\$'000's)	#	\$'000's)	#	\$'000's)	
Full Review:												
Non-metropolitan AA	95.29	1,428	117,081	1,742	122,101	164	3,509	1	209	3,335	242,900	95.10
Limited Review:												
Hattiesburg MSA	4.71	116	11,070	49	6,683	0	0	0	0	165	15,270	4.90

* Loan Data as of December 31, 2001. Rated area refers to either the state or multi-state MA rating area.

(**) The evaluation period for Community Development Loans is from March 30, 1999 to June 30, 2002.

(***) Deposit Data as of June 30, 2001. Rated area refers to either the state, multi-state MA, or institution, as appropriate.

Table 2. Geographic Distribution of Home Purchase Loans

Geographic Distribution: HOME PURCHASE					Geography: MISSISSIPPI				Evaluation Period: January 01,1999 TO December 31, 2001						
MA/Assessment Area:	Total Home Purchase Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Market Share (%) by Geography*				
	#	% of Total**	% 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
Full Review:															
Non-metropolitan AA	533	95.01	0.57	0.19	17.09	9.76	54.37	27.97	27.97	63.23	5.85	11.11	5.02	3.47	8.93
Limited Review:															
Hattiesburg MSA	28	4.99	9.36	0.00	7.21	0.00	58.82	46.43	24.62	53.57	0.40	0	0	0.39	0.52

* Based on 2000 Peer Mortgage Data: Southeast Region 1.

** Home purchase loans originated and purchased in the MA/AA as a percentage of all home purchase loans originated and purchased in the rated area.

*** Percentage of Owner Occupied Units is the number of owner occupied housing units in a particular geography divided by the number of owner occupied housing units in the area based on 1990 Census information.

Table 3. Geographic Distribution of Home Improvement Loans

Geographic Distribution: HOME IMPROVEMENT				Geography: MISSISSIPPI				Evaluation Period: January 01,1999 TO December 31, 2001								
MA/Assessment Area:	Total Home Improvement Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Market Share (%) by Geography*					
	#	% of Total**	% 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	
Full Review:																
Non-metropolitan AA	162	97.01	0.57	0.00	17.09	11.73	54.37	54.94	27.97	33.33	5.85	0	4.79	6.17	5.79	
Limited Review:																
Hattiesburg MSA	5	2.99	9.36	0.00	7.21	0.00	58.82	60.00	24.62	40.00	0.24	0.00	0.00	0.00	0.79	

* Based on 2000 Peer Mortgage Data: Southeast Region 1.

** Home improvement loans originated and purchased in the MA/AA as a percentage of all home improvement loans originated and purchased in the rated area.

*** Percentage of Owner Occupied Units is the number of owner occupied housing units in a particular geography divided by number of owner occupied housing units in the area based on 1990 Census information.

Table 4. Geographic Distribution of Home Mortgage Refinance Loans

Geographic Distribution: HOME MORTGAGE REFINANCE				Geography: MISSISSIPPI				Evaluation Period: January 01, 1999 TO December 31, 2001								
MA/Assessment Area:	Total Home Mortgage Refinance Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Market Share (%) by Geography [*]					
	#	% of Total ^{**}	% 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	
Full Review:																
Non-metropolitan AA	730	89.79	0.57	0.55	17.09	10.14	54.37	38.08	27.97	51.23	6.92	25	5.13	5.94	8.87	
Limited Review:																
Hattiesburg MSA	83	10.21	9.36	1.20	7.21	1.20	58.82	50.60	24.62	46.99	1.43	0.92	0	1.26	2.31	

^{*} Based on 2000 Peer Mortgage Data: Southeast Region 1.

^{**} Home mortgage refinance loans originated and purchased in the MA/AA as a percentage of all home mortgage refinance loans originated and purchased in the rated area.

^{***} Percentage of Owner Occupied Units is the number of owner occupied housing units in a particular geography divided by number of owner occupied housing units in the area based on 1990 Census information.

Table 5. Geographic Distribution of Multifamily Loans

Geographic Distribution: MULTIFAMILY				Geography: MISSISSIPPI				Evaluation Period: January 01, 1999 TO December 31, 2001								
MA/Assessment Area:	Total Multifamily Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Market Share (%) by Geography [*]					
	#	% of Total ^{**}	% of MF Units***	% BANK Loans	% MF Units***	% BANK Loans	% MF Units***	% BANK Loans	% MF Units***	% BANK Loans	Overall	Low	Mod	Mid	Upp	
Full Review:																
Non-metropolitan AA	3	100	0.65	33.33	30.65	0	36.28	66.67	32.42	0	0	0	0	0	0	
Limited Review:																
Hattiesburg MSA	0	0	32	0	3.10	0	41.19	0	23.71	0	0	0	0	0	0	

^{*} Based on 2000 Peer Mortgage Data: Southeast Region 1.

^{**} Multifamily loans originated and purchased in the MA/AA as a percentage of all multifamily loans originated and purchased in the rated area.

^{***} Percentage of multifamily units is the number of multifamily housing units in a particular geography divided by number of multifamily housing units in the area based on 1990 Census information.

Table 6. Geographic Distribution of Small Loans to Businesses

Geographic Distribution: SMALL LOANS TO BUSINESSES				Geography: MISSISSIPPI				Evaluation Period: January 01, 1999 TO December 31, 2001								
MA/Assessment Area:	Total Small Business Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Market Share (%) by Geography*					
	#	% of Total**	% of Businesses ***	% BANK Loans	% of Businesses ***	% BANK Loans	% of Businesses ***	% BANK Loans	% of Businesses ***	% BANK Loans	Overall	Low	Mod	Mid	Upp	
Full Review:																
Non-metropolitan AA	1,742	97.26	1.13	1.61	26.71	22.45	48.64	54.99	23.52	20.95	6.42	25.71	7.80	5.88	7.18	
Limited Review:																
Hattiesburg MSA	49	2.74	13.38	4.08	5.12	2.04	46.29	42.86	35.21	51.02	0.64	0.51	0.75	0.44	0.83	

* Based on 2000 Peer Small Business Data: US & PR.

** Small loans to businesses originated and purchased in the MA/AA as a percentage of all small loans to businesses originated and purchased in the rated area.

*** Source Data - Dun and Bradstreet (2001).

Table 7. Geographic Distribution of Small Loans to Farms

Geographic Distribution: SMALL LOANS TO FARMS					Geography: MISSISSIPPI			Evaluation Period: January 01, 1999 TO December 31, 2001							
MA/Assessment Area:	Total Farm Loans	Low-Income Geographies		Moderate-Income Geographies	Middle-Income Geographies		Upper-Income Geographies		Market Share (%) by Geography [*]						
	#	% of Total ^{**}	% of Farms***	% BANK Loans	% of Farms***	% BANK Loans	% of Farms***	% BANK Loans	Overall	Low	Mod	Mid	Upp		
Full Review:															
Non-Metropolitan AA	164	100	0.36	0	17.53	42.68	62.61	53.05	19.50	4.27	4.87	0	15.12	3.04	4.12
Limited Review:															
Hattiesburg MSA	0	0	4.69	0	8.59	0	63.28	0	23.44	0	0	0	0	0	0

^{*} Based on 2000 Peer Small Business Data: US & PR.

^{**} Small loans to farms originated and purchased in the MA/AA as a percentage of all small loans to farms originated and purchased in the rated area.

^{***} Source Data - Dun and Bradstreet (2001).

Table 8. Borrower Distribution of Home Purchase Loans

Borrower Distribution: HOME PURCHASE				Geography: MISSISSIPPI				Evaluation Period: January 01, 1999 TO December 31, 2001							
MA/Assessment Area:	Total Home Purchase Loans		Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers		Market Share*				
	#	% of Total**	% Families ***	% BANK Loans****	% Families ***	% BANK Loans****	% Families ***	% BANK Loans****	% Families ***	% BANK Loans****	Overall	Low	Mod	Mid	Upp
Full Review:															
Non-metropolitan AA	533	95.01	22.18	3.88	15.43	12.62	18.70	15.92	43.69	67.57	6.60	4.89	4.30	4.17	9.46
Limited Review:															
Hattiesburg MSA	28	4.99	24.26	0	16.11	25.00	18.07	14.29	41.56	60.71	0.46	0	0.57	0	0.73

* Based on 2000 Peer Mortgage Data: Southeast Region 1.

** As a percentage of loans with borrower income information available. No information was available for 3.29% of loans originated and purchased by CNB.

*** Percentage of Families is based on the 1990 Census information.

**** Home purchase loans originated and purchased in the MA/AA as a percentage of all home purchase loans originated and purchased in the rated area.

Table 9. Borrower Distribution of Home Improvement Loans

Borrower Distribution: HOME IMPROVEMENT 2001				Geography: MISSISSIPPI				Evaluation Period: January 01, 1999 TO December 31,							
MA/Assessment Area:	Total Home Improvement Loans		Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers		Market Share*				
	#	% of Total**	% Families ***	% BANK Loans ***	% Families ***	% BANK Loans****	% Families ***	% BANK Loans****	% Families ***	% BANK Loans****	Overall	Low	Mod	Mid	Upp
Full Review:															
Non-metropolitan AA	162	97.01	22.18	9.38	15.43	11.25	18.70	23.13	43.69	56.25	6.28	6.35	5.46	5.74	6.87
Limited Review:															
Hattiesburg MSA	5	2.99	24.26	0	16.11	0	18.07	20	41.56	80	0.27	0	0	0	0.49

* Based on 2000 Peer Mortgage Data: Southeast Region 1.

** As a percentage of loans with borrower income information available. No information was available for 1.25% of loans originated and purchased by CNB.

*** Percentage of Families is based on the 1990 Census information.

**** Home improvement loans originated and purchased in the MA/AA as a percentage of all home improvement loans originated and purchased in the rated area.

Table 10. Borrower Distribution of Home Mortgage Refinance Loans

Borrower Distribution: HOME MORTGAGE REFINANCE					Geography: MISSISSIPPI			Evaluation Period: January 01, 1999 TO December 31, 2001							
MA/Assessment Area:	Total Home Mortgage Refinance Loans		Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers		Market Share*				
	#	% of Total**	% Families ***	% BANK Loans ***	% Families ***	% BANK Loans****	% Families ***	% BANK Loans****	% Families ***	% BANK Loans****	Overall	Low	Mod	Mid	Upp
Full Review:															
Non-Metropolitan AA	730	89.79	22.18	1.58	15.43	5.16	18.70	16.62	43.69	76.65	7.79	2.55	2.29	6.57	11.23
Limited Review:															
Hattiesburg MSA	83	10.21	24.26	3.80	16.11	8.86	18.07	18.99	41.56	68.35	1.55	0.85	0.74	1.83	1.85

* Based on 2000 Peer Mortgage Data: Southeast Region 1.

** As a percentage of loans with borrower income information available. No information was available for 4.47% of loans originated and purchased by CNB.

*** Percentage of Families is based on the 1990 Census information.

**** Home mortgage refinance loans originated and purchased in the MA/AA as a percentage of all home mortgage refinance loans originated and purchased in the rated area.

Table11. Borrower Distribution of Small Loans to Businesses

Borrower Distribution: SMALL LOANS TO BUSINESSES				Geography: MISSISSIPPI			Evaluation Period: January 01, 1999 TO December 31, 2001		
MA/Assessment Area:	Total Small Loans to Businesses	Businesses With Revenues of \$1 million or less	Loans by Original Amount Regardless of Business Size					Market Share*	
	#	% of Total**	% of Businesses***	% BANK Loans****	\$100,000 or less	>\$100,000 to \$250,000	>\$250,000 to \$1,000,000	All	Rev \$1 Million or Less
Full Review:									
Non-metropolitan AA	1,742	97.26	87.18	68.37	83.18	9.87	6.95	6.42	7.27
Limited Review:									
Hattiesburg MSA	49	2.74	88.20	89.80	71.43	8.16	20.41	0.64	1.13

* Based on 2000 Peer Small Business Data: US.

** Small loans to businesses originated and purchased in the MA/AA as a percentage of all small loans to businesses originated and purchased in the rated area.

*** Businesses with revenues of \$1 million or less as a percentage of all businesses (Source D&B - 2001).

**** Small loans to businesses with revenues of \$1 million or less as a percentage of all loans reported as small loans to businesses. No information was available for 4.63% of small loans to businesses originated and purchased by the CNB.

Table12. Borrower Distribution of Small Loans to Farms

Borrower Distribution: SMALL LOANS TO FARMS			Geography: MISSISSIPPI			Evaluation Period: January 01, 1999 TO December 31, 2001			
MA/Assessment Area:	Total Small Loans to Farms		Farms With Revenues of \$1 million or less		Loans by Original Amount Regardless of Farm Size			Market Share	
	#	% of Total**	% of Farms***	% BANK Loans****	\$100,000 or less	>\$100,000 to \$250,000	>\$250,000 to \$500,000	All	Rev \$1 Million or Less
Full Review:									
Non-metropolitan AA	164	100	93.92	49.39	96.95	1.83	1.22	4.87	4.97
Limited Review:									
Hattiesburg MSA	0	0	89.84	0	0	0	0	0	0

* Based on 2000 Peer Small Business Data: US.

** Small loans to farms originated and purchased in the MA/AA as a percentage of all small loans to farms originated and purchased in the rated area.

*** Farms with revenues of \$1 million or less as a percentage of all farms (Source D&B - 2001).

**** Small loans to farms with revenues of \$1 million or less as a percentage of all loans reported as small loans to farms. No information was available for 48.78 of small loans to farms originated and purchased by CNB.

Table 13. Qualified Investments

QUALIFIED INVESTMENTS			Geography: MISSISSIPPI			Evaluation Period: March 30, 1999 TO June 30, 2002			
MA/Assessment Area:	Prior Period Investments*		Current Period Investments		Total Investments			Unfunded Commitments**	
	#	\$(000's)	#	\$(000's)	#	\$(000's)	% of Total	#	\$(000's)
Full Review:									
Non-metropolitan AA	2	420	32	321	34	741	99.90	0	0
Limited Review:									
Hattiesburg MSA	0	0	3	1	3	1	0.10	0	0

* 'Prior Period Investments' means investments made in a previous evaluation period that are outstanding as of the examination date.

** 'Unfunded Commitments' means legally binding investment commitments that are tracked and recorded by the institution's financial reporting system.

Table 14. Distribution of Branch Delivery System and Branch Openings/Closings

DISTRIBUTION OF BRANCH DELIVERY SYSTEM AND BRANCH OPENINGS/CLOSINGS Geography: MISSISSIPPI Evaluation Period: March 30,1999 TO June 30,2002																	
MA/Assessment Area:	Deposits	Branches						Branch Openings/Closings						Population			
	% of Rated Area Deposits in AA	# of BANK Branches	% of Rated Area Branches in AA	Location of Branches by Income of Geographies (%)				# of Branch Openings	# of Branch Closings	Net change in Location of Branches (+ or -)				% of Population within Each Geography			
				Low	Mod	Mid	Upp			Low	Mod	Mid	Upp	Low	Mod	Mid	Upp
Full Review:																	
Non-metropolitan AA	100	22	94.44	0	31.82	40.91	27.27	3	4	0	-2	-2	+3	1.03	21.39	51.19	26.38
Limited Review:																	
Hattiesburg MSA	0	1	05.56	0	0	0	100	0	0	0	0	0	0	17.42	6.76	52.17	23.64