



**LARGE BANK**

---

Comptroller of the Currency  
Administrator of National Banks

---

Washington, DC 20219

## **PUBLIC DISCLOSURE**

October 14, 2011

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

The Citizens National Bank of Meridian  
Charter Number: 7266

512 22nd Avenue  
Meridian, MS 39301-5853

Office of the Comptroller of the Currency

Julie Pleimling, ADC Birmingham Field Office  
3595 Grandview Parkway Suite 655  
Birmingham, AL 35243-1934

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

## Table of Contents

<b>OVERALL CRA RATING .....</b>	<b>1</b>
<b>DEFINITIONS AND COMMON ABBREVIATIONS .....</b>	<b>2</b>
<b>DESCRIPTION OF INSTITUTION .....</b>	<b>6</b>
<b>SCOPE OF THE EVALUATION.....</b>	<b>7</b>
<b>FAIR LENDING OR OTHER ILLEGAL CREDIT PRACTICES REVIEW.....</b>	<b>8</b>
<b>CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS.....</b>	<b>9</b>
LENDING TEST .....	9
INVESTMENT TEST .....	15
SERVICE TEST .....	16
<b>APPENDIX A: SCOPE OF EXAMINATION.....</b>	<b>1</b>
<b>APPENDIX B: MARKET PROFILES FOR FULL-SCOPE AREAS .....</b>	<b>1</b>
<b>APPENDIX C: TABLES OF PERFORMANCE DATA .....</b>	<b>1</b>

## 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	The Citizens National Bank of Meridian Performance Tests		
	Lending Test*	Investment Test	Service Test
Outstanding	X		
High Satisfactory			X
Low Satisfactory		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:

- CNB’s lending levels reflect good responsiveness to meeting the needs of the assessment areas (AA).
- A high percentage of CNB’s loans were made inside its AAs. Overall, 84 percent of all loans made during this evaluation period were made inside the bank’s AAs.
- The geographic distribution of loans is good. The distribution of loans by income level is also good.
- The bank is a leader in making community development (CD) loans in its AAs which had a positive impact on the overall Lending Test rating and resulted in an Outstanding rating.
- Based on the ample opportunities in the AAs, the bank’s level of CD investments is adequate.
- CNB’s retail delivery systems are readily accessible to all portions of the AAs including low- and moderate-income geographies and low- and moderate-income individuals.
- The bank’s level of CD services is relatively high based on the number of services provided.

## 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.

**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.

Effective September 1, 2005, the Board of Governors of the Federal Reserve System, Office of the Comptroller of the Currency, and the Federal Deposit Insurance Corporation have adopted the following additional language as part of the revitalize or stabilize definition of community development. Activities that revitalize or stabilize-

- (i) Low-or moderate-income geographies;
- (ii) Designated disaster areas; or
- (iii) Distressed or underserved nonmetropolitan middle-income geographies designated by the Board, Federal Deposit Insurance Corporation, and Office of the Comptroller of the Currency, based on-
  - a. Rates of poverty, unemployment, and population loss; or
  - b. Population size, density, and dispersion. Activities that revitalize and stabilize geographies designated based on population size, density, and dispersion if they help to meet essential community needs, including needs of low- and moderate-income individuals.

**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 householder 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 delineated by the United States Bureau of the Census in the most recent decennial census.

**Home Mortgage Disclosure Act (HMDA):** The statute that requires certain mortgage lenders that do business or have banking offices in a metropolitan statistical area to file annual summary 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). Beginning in 2004, the reports also include additional data on loan pricing, the lien status of the collateral, any requests for preapproval and loans for manufactured housing.

**Home Mortgage Loans:** Such loans include home purchase, home improvement and refinancings, as defined in the HMDA regulation. These include loans for multifamily (five or more families) dwellings, manufactured housing and one-to-four family dwellings other than manufactured housing.

**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 metropolitan statistical area or metropolitan division, as defined by the Office of Management and Budget and any other area designated as such by the appropriate federal financial supervisory agency.

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

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

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

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

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

**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.

**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 at least 120 percent of the area median income, or a median family income that is at least 120 percent, in the case of a geography.

## Description of Institution

The Citizens National Bank of Meridian (CNB) is an intrastate financial institution headquartered in Meridian, MS. As of June 30, 2011, the bank had total assets of \$1.135 billion and deposits of \$956 million. CNB has 27 banking offices, 23 automated teller machines (ATMs) and 4 remote ATMs located in 4 AAs throughout the state of MS. CNB also branded 51 additional ATMs located in CEFCO, Shell or Texaco convenience stores throughout MS and AL.

The bank's largest AA is the non-Metropolitan Statistical Area (nonMSA) AA which includes 9 counties including Attala, Clarke, Jones, Lauderdale, Leake, Lowndes, Neshoba, Noxubee and Wayne counties. CNB's headquarters is in Lauderdale County. Nineteen of the bank's 27 branches and the vast majority of its deposits and loans are concentrated in this AA.

CNB's other 3 AAs include the Hattiesburg and Jackson MSAs in its entirety and the MS portion of the Memphis TN-AR-MS multi-state MSA which includes Desoto, Marshall, Tate and Tunica counties in MS. CNB has a limited presence in these AAs. The bank's AAs meet the requirements of the regulation and do not arbitrarily exclude any areas including low- and moderate-income geographies.

CNB is wholly owned by Citizens National Banc Corp., a one bank holding company also headquartered in Meridian. Citizens Banc Corp also owns a subsidiary trust, Citizens National Statutory Trust I which primarily serves as a stock issuance and transfer agency for the corporation. The statutory trust has no CRA impact on the bank's performance. As of 12/31/2010, CNB accounted for 99.5 percent of the holding company's assets. During this evaluation period, the bank had no merger or acquisition activity.

CNB is primarily a commercial lender. A breakdown of CNB's June 30, 2011 portfolio shows construction and land development (10.71 percent), residential real estate (32.23 percent), commercial loans (52.40 percent), consumer loans (4.21 percent) and all other loans (0.44 percent). Total loans of \$701 million represented 62 percent of total assets and Tier I capital was \$120 million.

CNB offers a home purchase and/or refinance loan product which has a 3 year balloon. Residential real estate loans with longer terms or fixed-rates are underwritten, approved and funded by investors. For 2009 and 2010, 688 secondary mortgage loans were approved by investors. These loan totals are not included on the bank's Home Mortgage Disclosure Act Loan Activity Register (HMDA LAR).

CNB's CRA performance was last evaluated as June 30, 2008. The bank's overall performance was rated "Satisfactory". There are no legal, financial or other factors that impede the bank from meeting the credit needs of the community.



## Scope of the Evaluation

### Evaluation Period/Products Evaluated

The scope of this evaluation included all loans subject to filing under the HMDA and all small loans to businesses and small loans to farms subject to filing under CRA data collection. CD loans, investments and services include all activities that meet the regulatory definition.

The evaluation period under the lending test includes all loans originated or purchased from January 1, 2008 until June 30, 2011. The evaluation period for CD loans, investments and services includes all activities from July 1, 2008 until October 14, 2011.

### Data Integrity

We reviewed the bank's data collection, reporting and monitoring processes and determined that the processes had not changed since our last examination. The bank's processes were considered reasonable at our last examination.

We also reviewed the results of internal monitoring reports to assess the accuracy of HMDA and CRA loan data. The data was accurate and considered reliable for use in this examination. This examination is based on accurate loan data.

### Selection of Areas for Full-Scope Review

The nonMSA AA was selected to receive a full-scope review as the vast majority of the bank's branching network, deposits and lending activity was in this AA. Approximately, 70 percent of the bank's branches, 74 percent of its deposits and 81 percent of its lending activity is in the nonMSA AA. The Jackson, Memphis and Hattiesburg MSA AAs were selected to receive a limited-scope review. Refer to the table in appendix A for more information.

### Ratings

The bank's overall rating is based primarily on the nonMSA AA which received a full-scope review.

In terms of individual loan products, CNB made 1,937 small loans to businesses, 978 HMDA loans and 444 small loans to farms during this evaluation period. Therefore, we placed more weight on small loans to businesses followed by HMDA loans. Of the three products, small loans to farms received the least weight.

In terms of individual HMDA loans, 21 percent were home purchase loans, 18 percent were home improvement loans, 59 percent refinance loans and 2 percent multi-family loans. Therefore, more weight will be placed on refinance loans, and home purchase and home improvement loans will receive equal weight. Multi-family loans were not reviewed as a nominal number of loans were made (17) and any analysis performed would be meaningless.

This weighting is reflective of the bank's lending strategy and overall lending performance during this evaluation period.

## **Other**

There is ample opportunity to make CD loans and investments and provide CD services in the nonMSA AA. We identified 2 Community Development Corporations (CDCs), 3 Community Development Financial Institutions (CDFIs), and several CD organizations that provide affordable housing and community services to low- and moderate-income individuals.

During this examination, we contacted a CDC that operates in the nonMSA AA to discuss the community credit needs in the area. The contact indicated that there was a need for financial literacy education and after school programs in the AA. Affordable housing and affordable rental housing were also identified as needs in the community.

## **Fair Lending or Other Illegal Credit Practices Review**

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

## 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 Outstanding. Based on full-scope reviews, the bank's performance in the nonMSA AA is excellent.

#### Lending Activity

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

CNB's lending levels reflect good responsiveness to meeting the needs of the AA.

According to the Federal Deposit Insurance Corporation (FDIC) market share data (June 2011), CNB is ranked 2nd in the nonMSA AA with a deposit market share of 14.19 percent. The number 1 ranked institution had a deposit market share of 14.43 percent. There are 21 financial institutions operating in the AA out of 138 banking offices.

In the nonMSA AA, CNB made 3,384 loans during this evaluation period of which 29 percent were HMDA, 57 percent small loans to businesses and 13 percent small loans to farms.

CNB ranks 10<sup>th</sup> in overall HMDA lending with a 2009 market share of 3.35 percent. In terms of individual HMDA products, CNB had a 2.15 percent home purchase market share (ranked 14<sup>th</sup>), 8.90 percent home improvement market share (ranked 2<sup>nd</sup>) and 3.21 percent refinance market share (ranked 10<sup>th</sup>). When you consider the fact that there were 183 institutions making HMDA loans in this AA, the bank's performance is good.

In terms of small farm and small business lending, CNB ranked 2<sup>nd</sup> for both small loans to businesses and small loans to farms with a market share of 8.66 percent and 25.42 percent, respectively which indicates excellent performance. There are 40 institutions making small loans to businesses and 16 making small loans to farms in the AA.

#### Distribution of Loans by Income Level of the Geography

The bank's geographic distribution of loans is good. The distribution of HMDA and small loans to farms is good whereas its distribution of small loans to businesses is excellent.

#### *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.

In evaluating the bank's lending performance in low-income tracts, we also considered the average family income and high percentage of families living below the poverty level in these tracts and how these factors hamper the bank's ability to make loans in these areas. The bank's nonMSA AA has 3 low-income tracts (all in Lauderdale County) and the average median family income in these 3 tracts is \$12,960, with 53 percent of the families in these tracts living below the poverty level.

The overall geographic distribution of HMDA loans is good.

The bank's distribution of home purchase and refinance loans in low-income tracts is adequate. The distribution of loans for both products is lower than the percentage of owner-occupied units in the AA. The bank made no home purchase loans in low-income tracts in 2009, therefore, its market share was zero and its refinance market share in low-income tracts was near its overall market share of loans to all tracts. However, when we considered the demographic information, the bank's lending performance was considered adequate in these tracts given the high poverty rate and the low median family income.

The bank's distribution of home purchase and refinance loans in moderate-income tracts is excellent. The distribution of home purchase and refinance loans is near and exceeds the demographic comparators, respectively. The bank's market share in moderate-income tracts for both home purchase and refinance loans exceeds its overall market share of loans to all tracts.

The distribution of home improvement loans in both low- and moderate-income tracts is also excellent. The distribution of loans in both low- and moderate-income tracts exceeds the demographic comparators, and the bank's market share in both tracts significantly exceeds its overall market share of loans in all tracts.

### ***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.

The geographic distribution of small loans to businesses is excellent.

In low-income tracts, the bank's distribution of loans significantly exceeds the percentage of businesses in these tracts. Also, its market share in low-income tracts significantly exceeds its overall market share of loans in all tracts. In terms of moderate-income tracts, both the bank's distribution of loans and its market share exceeds and significantly exceeds the demographic comparators.

### ***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.

The geographic distribution of small loans to farms is good.

The bank made no loans in low-income tracts during this evaluation period. However, the opportunity to make loans in these tracts is severely limited as there are only 16 farms operating in these tracts. The distribution of loans in moderate-income tracts significantly exceeds the percentage of farms in those tracts. Also, the bank's market share in moderate-income tracts significantly exceeds its lending market share for all tracts.

### ***Lending Gap Analysis***

We reviewed maps and reports of the bank's penetration of HMDA, small loans to businesses and small loans to farms loans. Based on our review, no unexplained or conspicuous lending gaps were identified. CNB made loans in every census tracts except tract 2.00 in Lowndes County which is an upper-income census tract.

### ***Inside/Outside Ratio***

A high percentage of the bank's loans were made inside its AAs.

Overall, 84 percent of all loans made during this evaluation period were made inside the bank's AAs. By number of loans, 85 percent of HMDA loans, 84 percent of small loans to businesses, and 79 percent of small loans to farms were made inside the AAs. This assessment was made on the entire bank rather than by individual AAs. The bank's lending in its AAs had a positive impact on the geographic distribution of loans.

### **Distribution of Loans by Income Level of the Borrower**

The bank's overall distribution of loans by income level is good. Their distribution of small loans to businesses is excellent while its distribution of small loans to farms is good. The distribution of HMDA loans is adequate.

In evaluating the distribution of loans by income level, we considered demographic information which would hamper the bank's ability to make loans especially to low-income families. In reviewing the demographic information, we noted that approximately 22 percent of the households in the nonMSA AA live below the poverty level which would make it difficult for them to purchase and maintain a home. We also determined that the 2009 updated MFI was \$41,900 and this would mean that low-income families would earn less than \$20,750 and moderate-income families earn less than \$33,520. Given median home prices, this could hamper its ability to obtain 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 bank's overall distribution of HMDA loans is adequate.

The bank's distribution of home purchase loans is significantly lower than the percentage of low-income borrowers in the AA. The bank made no home purchase loans to low-income borrowers during 2009 and as a result, its market share was zero. In terms of moderate-income borrowers, the bank's distribution of loans is lower than the demographics; however, its market share is near its overall market share of loans to all borrowers.

In terms of home improvement loans to both low- and moderate-income borrowers, CNB's distribution of loans is lower than and somewhat lower than the demographic comparators, respectively. The bank's low- and moderate-income market share is somewhat lower than and exceeds its overall market share, respectively.

The bank's distribution of refinance loans to low- and moderate-income borrowers, is significantly lower than and somewhat lower than, respectively the demographic comparators. Whereas, its market share to low- and moderate-income borrower was somewhat lower than and exceeds its overall market share of loans to all borrowers.

After reviewing the bank's lending performance and considering the demographic factors which might hamper its ability to make loans to low- and moderate-income borrowers, we concluded that the bank's overall performance was adequate.

### ***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 bank's distribution of small loans to businesses is excellent.

CNB's distribution of small loans to businesses is near the percentage of small businesses in the AA. Also, the bank's market share of loans to small businesses significantly exceeds its overall market share of loans to all businesses. Over 76 percent of the number of loans made during this evaluation period was for amounts less than \$100 thousand, 13 percent for amounts greater than \$100 thousand but less than \$250 thousand and 11 percent of the loans were for amounts greater than \$250 thousand but less than \$1 million. This illustrates the bank's willingness to meet the small dollar needs of businesses.

### ***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 businesses.

The bank's distribution of small loans to farms is good.

CNB's distribution of small loans to farms is also near the percentage of small farms in the AA. The bank's market share of loans is also near its overall market share of loans to all farms. Over 81 percent of the bank's loans were for amounts less than \$100 thousand which further indicates the bank's willingness to make small dollar loans to farms.

## 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, however.

Based on the number and dollar volume of loans made and the identified needs in the AA, CNB is considered a leader in making CD loans in this AA. During this evaluation period, CNB made 25 qualified CD loans in the non-MSA AA totaling \$20 million representing 16.72 percent of Tier I capital. The CD loans were not considered innovative or flexible in nature but did meet identified needed in the community and the high volume of loans significantly contributed to the bank's Outstanding lending test rating.

The loans were primarily to provide affordable housing to low- or moderate-income individuals or to small businesses which created new jobs for low- or moderate-income individuals or geographies. Specific examples that highlight the bank's performance include:

- A \$1.4 million loan to a company to purchase 4 duplex apartments located in a distressed middle-income tract. The rental rates were below HUD's rental rates and were affordable for low- and moderate-income individuals. This created affordable housing for low- and moderate-income individuals.
- A \$1.7 million loan to a small business to construct a nursing home in a moderate-income geography which created long-term jobs for low- to moderate-income individuals.
- A \$2.3 million loan to a small business to construct a retail shopping center in a moderate-income geography which created jobs for low- to moderate-income individuals.
- A \$1.8 million loan to a new business to construct a car wash. The car wash will employ and create permanent jobs for the low- and moderate-income individuals.
- A \$1.7 million loan to a business located in a designated middle-income distressed tract. The proceeds were used construct a shopping center which was part of a city development plan.

## Product Innovation and Flexibility

No innovative or flexible loan products were provided for consideration. This had a neutral impact on the bank's lending test performance.

## **Conclusions for Areas Receiving Limited-Scope Reviews**

Based on limited-scope reviews, the bank's performance under the lending test in the Hattiesburg, Jackson, and Memphis AAs is weaker than the bank's overall Outstanding performance under the lending test. We did not analyze home improvement, multi-family or small farm loans in any of the limited-scope areas as the bank made a nominal number of loans in all 3 markets. For similar reasons, we also did not analyze home purchase and refinance loans in the Jackson and Memphis markets, respectively as any analysis performed on these products would have been meaningless.

Overall, CNB's geographic distribution and distribution by income level was weaker in these markets than the nonMSA AA. This assessment did not have a negative impact on the Lending Test rating as the bank's presence in these markets is limited.

Refer to Tables 1 through 13 in appendix C for the facts and data that support these conclusions.



## INVESTMENT TEST

### Conclusions for Areas Receiving Full-Scope Reviews

The bank's performance under the Investment Test is rated Low Satisfactory. Based on full-scope reviews, the bank's performance in the NonMSA AA is adequate.

Refer to Table 14 in appendix C for the facts and data used to evaluate the bank's level of qualified investments.

The bank has ample opportunity to make qualified CD investments in the nonMSA AA. Based on these identified opportunities, the bank's level of CD investments in this AA is adequate. During this evaluation period, CNB made \$1.356 million in qualified investments in the nonMSA AA, of which \$41 thousand were grants and donations. The bank's total investment amount represented 1.13 percent of Tier I capital. The investments were not considered innovative or flexible in nature but were responsive to the critical needs of the AA and supported community development services targeted to low- and moderate-income individuals in the bank's nonMSA AA.

Some specific examples of these investments follow.

- 2 Municipal School Bonds totaling \$1.210 million. The proceeds of the bonds were used to purchase, erect, repair or remodel school buildings and related facilities. A substantial majority of the students attending these schools are from families whose income is less than 80 percent of the median family income of the MSA.
- A \$105 thousand Industrial Development Bond. The proceeds of the Bonds were used to make capital improvements to a local library which is located in a distressed county.
- \$41 thousand in grants and donations to 18 CD organizations that provide community services and affordable housing to low- and moderate-income individuals or that provides economic development by financing small businesses.

### Conclusions for Area Receiving Limited-Scope Reviews

Based on limited-scope reviews, the bank's performance under the investment test in the Memphis AA is not inconsistent with the bank's overall Low Satisfactory performance under the investment test.

In the Hattiesburg and Jackson AAs, the bank's performance is weaker than the bank's overall performance. The bank made a total of \$1,442 and \$520,250 in qualified investments during the evaluation period in the Jackson and Hattiesburg AAs, respectively.

However, the bank's investments in these limited-scope AAs did not have a negative impact on the Investment Test rating as CNB has a limited presence in these markets.

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

## SERVICE TEST

### Conclusions for Areas Receiving Full-Scope Reviews

The bank's performance under the Service Test is rated High Satisfactory. Based on full-scope reviews, the bank's performance in the nonMSA AA is good.

#### Retail Banking Services

Refer to Table 15 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 services are readily accessible to all portions of the AA including low- and moderate-income geographies and low- and moderate-income individuals. In the nonMSA AA, CNB operates 19 banking offices of which 3 (15.79 percent) are in low-income census tracts and 5 (26.32 percent) are in moderate-income census tracts. This compares favorably to demographic information which shows that 2.73 percent and 18.30 percent of the population live in low- and moderate-income geographies, respectively.

In terms of low- and moderate-income families, 83 percent of low- and moderate-income families live in moderate and middle-income census tracts. CNB has 63 percent of their branches in these tracts.

In addition to the banking offices, CNB also operates 15 ATMs that are located at bank branches and 4 remote ATMs. Of the 15 onsite ATMs, 2 (13.33 percent) are located in low-income tracts and 3 (20 percent) are located in moderate-income tracts. One of the remote ATMs is located at the regional medical center which is located in a low-income tract. The bank also branded 22 ATMs located in Texaco, Shell and CEFCO stores throughout the AA.

The bank has not opened or closed any banking office during this evaluation period. As a result, the bank's record of opening and closing banking offices has not adversely affected the accessibility of its delivery systems and its ability to reach low- and moderate-income geographies and individuals.

CNB offers a wide array of deposit services and loan products including checking and savings accounts, cash management services, commercial loans, home equity loans, mortgage loans, IRAs, consumer loans, mobile banking and online banking services. CNB also offers a free checking account and will cash government checks at all banking offices. Banking hours and services do not vary significantly from one location to another and CNB offers Saturday banking from 9 a.m. until noon at 9 locations (3 of which are in a moderate-income tract).

In March of 2011, CNB launched the FDIC's Money Smart program in an effort to help educate individuals on deposit and credit services. Money Smart is also offered through the Bank at Work program which CNB began in 2010. During the Bank at Work sessions, employees are introduced to various deposit products and banking services, including second chance checking products. Since the inception, 266 Bank at Work sessions have been held, reaching 9,242 employees and producing 815 new deposit accounts. Of the sessions held, 50 percent of the sessions were held in businesses located in low- or moderate-income areas or businesses that primarily employ individuals who earn minimum wages.

In December 2009, CNB began offering a second chance checking account product, My Clean Slate checking account, to customers who did not qualify for traditional accounts. As of June 2011, CNB had opened 1,728 accounts. The bank also began offering a companion savings account, My Clean Slate Saving, in 2011 which is a free second chance savings account offered to customers who complete 3 Money Smart modules. As of June 2011, CNB had opened 20 savings accounts.

## Community Development Services

Based on the number of services provided, the bank's level of CD services is relatively high. The vast majority of the technical services were provided to area nonprofit organizations through the bank's *Dreamweaving* strategy, which provides radio advertising on behalf of organizations that have a mission consistent with community development primary purpose.

In addition, to providing marketing assistance, the bank also provided financial services to 24 qualified community service organizations. Bank employees and/or directors serve on the board, board committees or as members of organizations that provide community services or affordable housing for low- and moderate-income individuals or that provide economic development by financing small businesses. Some specific examples that highlight the bank's performance are as follows:

- The bank was instrumental in creating the East MS Development Corporation which provides resources, both credit and training, to under-capitalized small businesses. The East MS DC serves 9 counties, including 6 where CNB has branches. A bank employee serves on the loan committee of the development corporation.
- Bank employees serve on the board for an organization that provides food to the homeless.
- A bank employee serves on the board, as secretary and treasurer, for an organization that provides affordable housing for low- and moderate-income families.
- A bank employee is the founder of an organization that leads seminars pertaining to financial recovery and proper money management.

## Conclusions for Areas Receiving Limited-Scope Reviews

Based on limited-scope reviews, the bank's performance under the Service Test in the Hattiesburg, Jackson and Memphis MSA AAs is weaker than the bank's overall performance. CNB has no banking offices in low- or moderate-income geographies in the Hattiesburg, Jackson or Memphis AAs. In addition, the bank's level of community development services is weaker in these markets than in the full-scope AA. The bank provided financial services to 10 qualified organizations in the Hattiesburg AA, 7 in the Jackson AA and 1 in the Memphis AA.

The bank's performance in these markets did not have a significant impact on the overall Service Test rating as the bank has a limited presence in these markets.

Refer to Table 15 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 nonmetropolitan 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”).

<b>Time Period Reviewed</b>	Lending Test (excludes CD Loans): (01/01/08 to 06/30/11) Investment and Service Tests and CD Loans: (07/01/08 to 10/14/11)	
<b>Financial Institution</b>	<b>Products Reviewed</b>	
Citizens National Bank Meridian, MS	HMDA, Small Loans to Businesses, Small Loans to Farms and CD Loans.	
<b>Affiliate(s)</b>	<b>Affiliate Relationship</b>	<b>Products Reviewed</b>
N/A		
<b>List of Assessment Areas and Type of Examination</b>		
<b>Assessment Area</b>	<b>Type of Exam</b>	<b>Other Information</b>
NonMSA AA Hattiesburg MSA Jackson MSA Memphis MSA	Full-Scope Limited-Scope Limited Scope Limited-Scope	

## Appendix B: Market Profiles for Full-Scope Areas

### Nonmetropolitan Assessment Area

Demographic Information for Full-Scope Area - Nonmetropolitan Area						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts/BNAs)	70	4.29	22.86	57.14	15.71	0.00
Population by Geography	325,709	2.73	18.30	58.35	20.61	0.00
Owner-Occupied Housing by Geography	90,944	1.58	15.02	62.60	20.80	0.00
Businesses by Geography	30,050	5.18	21.07	56.30	17.44	0.00
Farms by Geography	697	1.72	14.49	67.29	16.50	0.00
Family Distribution by Income Level	87,931	22.79	15.55	19.42	42.23	0.00
Distribution of Low- and Moderate-Income Families throughout AA Geographies	33,716	4.80	24.30	58.33	12.58	0.00
Median Family Income	33,550	Median Housing Value		57,335		
HUD Adjusted Median Family Income for 2009	41,900	Unemployment Rate (2000 US Census)		3.10%		
Households Below Poverty Level	22%					

(\*) The NA category consists of geographies that have not been assigned an income classification.  
Source: 2000 U.S. Census, and 2009 HUD updated MFI.

The nonMSA AA is located in eastern MS and encompasses 9 counties including Lauderdale, Noxubee, Lowndes, Neshoba, Jones, Attala, Leake, Clarke and Wayne counties in their entirety. The designated AA meets the legal requirements of the regulation and does not arbitrarily exclude any areas including low- and moderate-income census tracts.

The nonMSA AA is the largest of the bank's 4 AAs. There are 70 census tracts in this AA of which 3 are low-income, 16 moderate-income, 40 middle-income and 11 upper-income. In this AA, CNB operates 19 banking offices and ATMs (bank owned), and 22 branded ATMs located in convenience stores. The nonMSA AA represents 70 percent of the bank's branching network, 81 percent of its lending activity and 74 percent of its deposit base.

According to the FDIC, CNB is ranked 2nd in the nonMSA AA with a deposit market share of 14.19 percent. The number 1 ranked institution is Trustmark with a deposit market share of 14.43 percent. Competition in the AA is modest and includes regional as well as community banks such as Regions Bank, BankPlus, Great Southern, Cadence, BancorpSouth, Community Bank and Citizens Bank of Philadelphia.

CNB is primarily a commercial lender followed by HMDA and then small farm lending. There is ample opportunity for CNB to make CD loans and investments and provide CD services in the nonMSA AA. We identified 2 Community Development Corporations (CDCs), 3 Community Development Financial Institutions (CDFIs), and several CD organizations that provide affordable housing and community services to low- and moderate-income individuals.

During this examination, we contacted a CDC that operates in the nonMSA AA to discuss the community credit needs in the area. The contact indicated that there was a need for financial literacy education and after school programs in the AA. Affordable housing and affordable rental housing we also identified as needs in the community.

According to the Census Bureau, the median housing value ranged from a low of \$50,700 for Noxubee County to a high of \$96,300 for Lowndes County from 2005-2009. The average median housing value for the state is \$91,400. Real estate valuations in MS, according to the MS Department of Economic Development, are down 7 to 15 percent from pre-2008 values. This is significantly less deterioration than values in other markets.

Unemployment rates for the counties range from a low of 8.00 percent for Neshoba and Jones counties to a high of 16.8 for Noxubee County. Of the 9 counties in the AA, 7 have unemployment rates which exceed the state and national averages of 9.7 and 9.6 percent, respectively.

Employment within the AA is heavily dependent on the healthcare, government and retail sales industries. According to East MS Business Development Corp., the largest employers in the AA are: Naval Air Station (3,358 employers), Columbus Air Force Base (3,305 employees), Peavey Electronics (1,500 employers), East MS Hospital (1,150 employers), and Anderson Hospital (1,466 employees).

## 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: (1) 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; (2) Partially geocoded loans (loans where no census tract is provided) cannot be broken down by income geographies and, therefore, are only reflected in the Total Loans in Core Tables 2 through 7 and part of Table 13; and (3) Partially geocoded loans are included in the Total Loans and % Bank Loans Column in Core Tables 8 through 12 and part of Table 13. Tables without data are not included in this PE. [Note: Do not renumber the tables.]

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. Community development loans to statewide or regional entities or made outside the bank’s assessment area may receive positive CRA consideration. See Interagency Q&As \_\_\_12 (i) - 5 and - 6 for guidance on when a bank may receive positive CRA consideration for such loans. Refer to the CRA section of the Compliance Policy intranet page for guidance on table placement.
- Table 1. Other Products** - Presents the number and dollar amount of any unreported category of loans originated and purchased by the bank over the evaluation period by MA/assessment area. Examples include consumer loans or other data that a bank may provide, at its option, concerning its lending performance. This is a two-page table that lists specific categories.
- 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. Because small business data are not available for geographic areas smaller than counties, it may be necessary to use geographic areas larger than the bank's assessment area.
- Table 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. Because small farm data are not available for geographic areas smaller than counties, it may be necessary to use geographic areas larger than the bank's assessment area.
- Table 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. Geographic and Borrower Distribution of Consumer Loans (OPTIONAL)** - For geographic distribution, the table compares the percentage distribution of the number of loans originated and purchased by the bank in low-, moderate-, middle-, and upper-income geographies to the percentage distribution of households within each geography. For borrower distribution, the table compares the percentage distribution of the number of loans originated and purchased by the bank to low-, moderate-, middle-, and upper-income borrowers to the percentage of households by income level in each MA/assessment area.

**Table 14. 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. In order to be included, an unfunded commitment must be legally binding and tracked and recorded by the bank's financial reporting system.

A bank may receive positive consideration for qualified investments in statewide/regional entities or made outside of the bank's assessment area. See Interagency Q&As \_\_.12 (i) - 5 and - 6 for guidance on when a bank may receive positive CRA consideration for such investments. Refer to the CRA section of the Compliance Policy intranet page for guidance on table placement.

**Table 15. 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 1, 2008 TO JUNE 30, 2011												
Assessment Area (2009):	% 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)	
<b>Full Review:</b>												
NonMSA AA	81.09	978	123,898	1,937	188,795	444	26,661	25	19,988	3,384	359,342	74.12
<b>Limited Review:</b>												
Hattiesburg MSA	8.10	115	26,055	214	27,917	4	1,077	5	5,392	338	60,441	10.45
Jackson MSA	7.63	49	6,859	257	37,561	10	581	2	4,129	318	49,130	12.25
Memphis AA	3.19	80	8,631	50	9,139	2	32	1	50	133	17,852	3.18

\* Loan Data as of June 30, 2011. Rated area refers to either state or multi-state MA rating area.

\*\* The evaluation period for Community Development Loans is from January 01, 2010 to December 31, 2010.

\*\*\* Deposit Data as of June 30, 2011. 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 1, 2008 TO JUNE 30, 2011						Market Share (%) by Geography <sup>*</sup>				
Assessment Area:	Total Home Purchase Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Over all	Low	Mod	Mid	Upp	
	#	% of Total <sup>**</sup>	% Owner Occ Units <sup>***</sup>	% BANK Loans <sup>****</sup>	% Owner Occ Units <sup>***</sup>	% BANK Loans	% Owner Occ Units <sup>***</sup>	% BANK Loans	% Owner Occ Units <sup>***</sup>	% BANK Loans						
<b>Full Review:</b>																
NonMSA AA	209	64.91	1.58	0.48	15.02	12.44	62.60	53.59	20.80	33.49	1.98	0.00	3.01	1.74	2.07	
<b>Limited Review:</b>																
Hattiesburg MSA	41	12.73	3.42	0.00	13.33	0.00	49.31	39.02	33.94	60.98	0.61	0.00	0.00	0.42	0.83	
Jackson MSA	12	3.73	5.27	0.00	31.01	8.33	29.41	8.33	34.31	83.33	0.14	0.00	0.00	0.00	0.23	
Memphis AA	60	18.63	1.88	1.67	18.67	8.33	50.40	43.33	29.05	46.67	0.44	0.00	0.64	0.70	0.22	

<sup>\*</sup> Based on 2009 Peer Mortgage Data (USPR)

<sup>\*\*</sup> 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.

<sup>\*\*\*</sup> Percentage of Owner Occupied Units is the number of owner occupied units in a particular geography divided by the number of owner occupied housing units in the area based on 2000 Census information.

<sup>\*\*\*\*</sup> Data shown includes only One to Four-family and manufactured housing. (Property type of 1 or 2)

Table 3. Geographic Distribution of Home Improvement Loans

Geographic Distribution: HOME IMPROVEMENT		Geography: MISSISSIPPI				Evaluation Period: JANUARY 1, 2008 TO JUNE 30, 2011					Market Share (%) by Geography <sup>*</sup>				
Assessment Area:	Total Home Improvement Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Overall	Low	Mod	Mid	Upp
	#	% of Total <sup>**</sup>	% Owner Occ Units <sup>***</sup>	% BANK Loans <sup>****</sup>	% Owner Occ Units <sup>***</sup>	% BANK Loans	% Owner Occ Units <sup>***</sup>	% BANK Loans	% Owner Occ Units <sup>***</sup>	% BANK Loans					
<b>Full Review:</b>															
NonMSA AA	177	88.94	1.58	1.69	15.02	17.51	62.60	58.19	20.80	22.60	8.91	25.00	12.26	7.51	10.88
<b>Limited Review:</b>															
Hattiesburg MSA	12	6.03	3.42	0.00	13.33	0.00	49.31	50.00	33.94	50.00	0.95	0.00	0.00	0.57	1.79
Jackson MSA	7	3.52	5.27	0.00	31.01	28.57	29.41	28.57	34.31	42.86	0.15	0.00	0.00	0.44	0.00
Memphis AA	3	1.51	1.88	0.00	18.67	0.00	50.40	66.67	29.05	33.33	0.66	0.00	0.00	0.91	0.89

<sup>\*</sup> Based on 2009 Peer Mortgage Data (USPR)

<sup>\*\*</sup> 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.

<sup>\*\*\*</sup> Percentage of Owner Occupied Units is the number of owner occupied units in a particular geography divided by the number of owner occupied housing units in the area based on 2000 Census information.

<sup>\*\*\*\*</sup> Data shown includes only One to Four-family and manufactured housing. (Property type of 1 or 2)

**Table 4. Geographic Distribution of Home Mortgage Refinance Loans**

Geographic Distribution: HOME MORTGAGE REFINANCE															Geography: MISSISSIPPI		Evaluation Period: JANUARY 1, 2008 TO JUNE 30, 2011				
Assessment Area:	Total Home Mortgage Refinance Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Market Share (%) by Geography <sup>*</sup>										
	#	% of Total <sup>**</sup>	% Owner Occ Units <sup>***</sup>	% BANK Loans <sup>****</sup>	% Owner Occ Units <sup>***</sup>	% BANK Loans	% Owner Occ Units <sup>***</sup>	% BANK Loans	% Owner Occ Units <sup>***</sup>	% BANK Loans	Overall	Low	Mod	Mid	Upp						
<b>Full Review:</b>																					
NonMSA AA	575	84.81	1.58	0.52	15.02	15.48	62.60	54.43	20.80	29.57	3.21	2.78	4.89	2.79	3.41						
<b>Limited Review:</b>																					
Hattiesburg MSA	56	8.26	3.42	0.00	13.33	3.57	49.31	51.79	33.94	44.64	0.27	0.00	0.82	0.28	0.20						
Jackson MSA	30	4.42	5.27	0.00	31.01	6.67	29.41	26.67	34.31	66.67	0.14	0.00	0.09	0.16	0.15						
Memphis AA	17	2.51	1.88	0.00	18.67	0.00	50.40	35.29	29.05	64.71	0.06	0.00	0.00	0.12	0.03						

<sup>\*</sup> Based on 2009 Peer Mortgage Data (USPR)

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

<sup>\*\*\*</sup> Percentage of Owner Occupied Units is the number of owner occupied units in a particular geography divided by the number of owner occupied housing units in the area based on 2000 Census information.

<sup>\*\*\*\*</sup> Data shown includes only One to Four-family and manufactured housing. (Property type of 1 or 2)

**Table 5. Geographic Distribution of Multifamily Loans**

Geographic Distribution: MULTIFAMILY															Geography: MISSISSIPPI					Evaluation Period: JANUARY 1, 2008 TO JUNE 30, 2011				
Assessment Area:	Total Multifamily Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Market Share (%) by Geography <sup>*</sup>													
	#	% of Total <sup>**</sup>	% of MF Units <sup>***</sup>	% BANK Loans <sup>****</sup>	% MF Units <sup>***</sup>	% BANK Loans	% MF Units <sup>***</sup>	% BANK Loans	% MF Units <sup>***</sup>	% BANK Loans	Overall	Low	Mod	Mid	Upp									
<b>Full Review:</b>																								
NonMSA AA	17	73.91	8.68	0.00	26.23	17.65	35.30	41.18	29.79	41.18	23.08	0.00	33.33	18.18	25.00									
<b>Limited Review:</b>																								
Hattiesburg MSA	6	26.09	12.62	16.67	29.92	33.33	29.62	0.00	27.84	50.00	11.11	100.00	40.00	0.00	0.00									
Jackson MSA	0	0.00	12.33	0.00	43.51	0.00	22.50	0.00	21.66	0.00	0.00	0.00	0.00	0.00	0.00									
Memphis	0	0.00	6.30	0.00	11.55	0.00	59.71	0.00	22.45	0.00	0.00	0.00	0.00	0.00	0.00									

<sup>\*</sup> Based on 2009 Peer Mortgage Data (USPR)

<sup>\*\*</sup> Multi-family loans originated and purchased in the MA/AA as a percentage of all multi-family loans originated and purchased in the rated area.

<sup>\*\*\*</sup> Percentage of Multi Family Units is the number of multi family units in a particular geography divided by the number of multifamily housing units in the area based on 2000 Census information.

<sup>\*\*\*\*</sup> Multifamily loan distribution includes Home Purchases, Home Improvement and Refinances.

**Table 6. Geographic Distribution of Small Loans to Businesses**

Geographic Distribution: SMALL LOANS TO BUSINESSES		Geography: MISSISSIPPI					Evaluation Period: JANUARY 1, 2008 TO JUNE 30, 2011					Market Share (%) by Geography*				
Assessment Area:	Total Small Business Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Overall	Low	Mod	Mid	Upp	
	#	% of Total**	% of Businessess***	% BANK Loans	% of Businessess***	% BANK Loans	% of Businessess***	% BANK Loans	% of Businessess***	% BANK Loans						
<b>Full Review:</b>																
NonMSA AA	1,937	78.80	5.18	13.11	21.07	22.10	56.30	41.66	17.44	23.13	8.66	16.59	9.66	7.45	9.05	
<b>Limited Review:</b>																
Hattiesburg MSA	214	8.71	6.77	0.93	14.35	7.48	40.57	41.59	38.31	50.00	2.00	0.65	1.68	2.48	1.90	
Jackson MSA AA	257	10.46	10.32	4.28	33.61	22.18	23.94	15.95	32.14	57.59	0.93	0.45	0.61	0.80	1.28	
Memphis AA	50	2.03	3.10	2.00	21.57	0.00	44.85	52.00	30.48	46.00	0.51	0.00	0.00	0.56	0.63	

\* Based on 2009 Peer Small Business Data -- US and 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 (2010).

**Table 7. Geographic Distribution of Small Loans to Farms**

Geographic Distribution: SMALL LOANS TO FARMS			Geography: MISSISSIPPI				Evaluation Period: JANUARY 1, 2008 TO JUNE 30, 2011					Market Share (%) by Geography*				
Assessment Area:	Total Small Farm Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Overall	Low	Mod	Mid	Upp	
	#	% of Total**	% of Farms***	% BANK Loans	% of Farms***	% BANK Loans	% of Farms***	% BANK Loans	% of Farms***	% BANK Loans						
<b>Full Review:</b>																
NonMSA AA	444	96.52	1.72	0.00	14.49	34.91	67.29	58.11	16.50	6.98	25.42	0.00	44.44	20.96	18.60	
<b>Limited Review:</b>																
Hattiesburg MSA	4	0.87	1.90	0.00	6.16	0.00	54.03	0.00	37.91	100.00	0.00	0.00	0.00	0.00	0.00	
Jackson MSA	10	2.17	2.72	10.00	25.13	30.00	42.75	20.00	29.40	40.00	1.45	33.33	0.98	0.95	1.59	
Memphis AA	2	0.43	8.30	0.00	31.33	100.00	39.63	0.00	20.75	0.00	1.47	0.00	9.09	0.00	0.00	

\* Based on 2009 Peer Small Business Data -- US and 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 (2010).



**Table 8. Borrower Distribution of Home Purchase Loans**

Borrower Distribution: HOME PURCHASE		Geography: MISSISSIPPI					Evaluation Period: JANUARY 1, 2008 TO JUNE 30, 2011					Market Share <sup>*</sup>				
Assessment Area:	Total Home Purchase Loans		Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers		Overall	Low	Mod	Mid	Upp	
	#	% of Total <sup>**</sup>	% Families <sup>†</sup>	% BANK Loans <sup>****</sup>	% Families <sup>1</sup>	% BANK Loans <sup>****</sup>	% Families <sup>***</sup>	% BANK Loans <sup>****</sup>	% Families <sup>***</sup>	% BANK Loans <sup>****</sup>						
<b>Full Review:</b>																
NonMSA AA	209	64.91	22.79	2.44	15.55	7.93	19.42	17.68	42.23	71.95	1.89	0.00	1.72	1.52	2.22	
<b>Limited Review:</b>																
Hattiesburg MSA	41	12.73	23.13	0.00	15.77	0.00	20.95	23.81	40.15	76.19	0.46	0.00	0.00	0.56	0.59	
Jackson MSA	12	3.73	26.01	9.09	16.57	0.00	18.91	27.27	38.52	63.64	0.14	0.24	0.00	0.00	0.32	
Memphis AA	60	18.63	20.29	0.00	17.57	23.33	22.43	40.00	39.72	36.67	0.27	0.00	0.22	0.26	0.42	

<sup>\*</sup> Based on 2009 Peer Mortgage Data (USPR)

<sup>\*\*</sup> 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.

<sup>†</sup> Percentage of Families is based on the 2000 Census information.

<sup>\*\*\*\*</sup> As a percentage of loans with borrower income information available. No information was available for 29.8% of loans originated and purchased by bank.

<sup>1</sup> Data shown includes only One to Four-family and manufactured housing. (Property type of 1 or 2)

Table 9. Borrower Distribution of Home Improvement Loans

Borrower Distribution: HOME IMPROVEMENT		Geography: MISSISSIPPI					Evaluation Period: JANUARY 1, 2008 TO JUNE 30, 2011					Market Share <sup>*</sup>				
Assessment Area:	Total Home Improvement Loans		Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers		Overall	Low	Mod	Mid	Upp	
	#	% of Total <sup>**</sup>	% Families <sup>**</sup>	% BANK Loans <sup>****</sup>	% Families <sup>2</sup>	% BANK Loans <sup>****</sup>	% Families <sup>***</sup>	% BANK Loans <sup>****</sup>	% Families <sup>***</sup>	% BANK Loans <sup>****</sup>						
<b>Full Review:</b>																
NonMSA AA	177	88.94	22.79	7.19	15.55	11.38	19.42	20.36	42.23	61.08	9.13	6.06	9.62	9.94	9.19	
<b>Limited Review:</b>																
Hattiesburg MSA	12	6.03	23.13	9.09	15.77	18.18	20.95	18.18	40.15	54.55	0.68	0.00	0.00	0.00	1.32	
Jackson MSA	7	3.52	26.01	0.00	16.57	16.67	18.91	0.00	38.52	83.33	0.00	0.00	0.00	0.00	0.00	
Memphis AA	3	1.51	20.29	33.33	17.57	0.00	22.43	66.67	39.72	0.00	0.70	0.99	0.00	2.20	0.00	

<sup>\*</sup> Based on 2009 Peer Mortgage Data (USPR)

<sup>\*\*</sup> 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.

<sup>\*\*\*</sup> Percentage of Families is based on the 2000 Census information.

<sup>\*\*\*\*</sup> As a percentage of loans with borrower income information available. No information was available for 6.0% of loans originated and purchased by bank.

<sup>2</sup> Data shown includes only One to Four-family and manufactured housing. (Property type of 1 or 2)

**Table 10. Borrower Distribution of Home Mortgage Refinance Loans**

Borrower Distribution: HOME MORTGAGE REFINANCE		Geography: MISSISSIPPI					Evaluation Period: JANUARY 1, 2008 TO JUNE 30, 2011					Market Share <sup>*</sup>				
Assessment Area:	Total Home Mortgage Refinance Loans		Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers		Overall	Low	Mod	Mid	Upp	
	#	% of Total <sup>**</sup>	% Families <sup>***</sup>	% BANK Loans <sup>****</sup>	% Families <sup>3</sup>	% BANK Loans <sup>****</sup>	% Families <sup>***</sup>	% BANK Loans <sup>****</sup>	% Families <sup>***</sup>	% BANK Loans <sup>****</sup>						
<b>Full Review:</b>																
NonMSA AA	575	84.81	22.79	4.50	15.55	11.66	19.42	20.86	42.23	62.99	3.42	2.48	3.93	3.75	3.30	
<b>Limited Review:</b>																
Hattiesburg MSA	56	8.26	23.13	4.35	15.77	15.22	20.95	19.57	40.15	60.87	0.28	0.00	0.29	0.31	0.28	
Jackson MSA	30	4.42	26.01	0.00	16.57	13.64	18.91	27.27	38.52	59.09	0.13	0.00	0.00	0.20	0.14	
Memphis AA	17	2.51	20.29	9.09	17.57	36.36	22.43	0.00	39.72	54.55	0.06	0.00	0.23	0.00	0.05	

<sup>\*</sup> Based on 2009 Peer Mortgage Data (USPR)

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

<sup>\*\*\*</sup> Percentage of Families is based on the 2000 Census information.

<sup>\*\*\*\*</sup> As a percentage of loans with borrower income information available. No information was available for 16.2% of loans originated and purchased by bank.

<sup>3</sup> Data shown includes only One to Four-family and manufactured housing. (Property type of 1 or 2)

Table 11. Borrower Distribution of Small Loans to Businesses

Borrower Distribution: SMALL LOANS TO BUSINESSES		Geography: MISSISSIPPI			Evaluation Period: JANUARY 1, 2008 TO JUNE 30, 2011				
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 <sup>*</sup>	
	#	% of Total <sup>**</sup>	% of Businesses <sup>***</sup>	% BANK Loans <sup>****</sup>	\$100,000 or less	>\$100,000 to \$250,000	>\$250,000 to \$1,000,000	All	Rev\$ 1 Million or Less
<b>Full Review:</b>									
NonMSA AA	1,937	78.80	81.02	69.28	76.46	13.01	10.53	8.66	19.12
<b>Limited Review:</b>									
Hattiesburg MSA	214	8.71	79.14	69.63	67.29	18.22	14.49	2.00	5.18
Jackson MSA	257	10.46	78.72	77.43	64.20	15.95	19.84	0.93	2.34
Memphis AA	50	2.03	80.51	52.00	48.00	26.00	26.00	0.51	1.38

<sup>\*</sup> Based on 2009 Peer Small Business Data -- US and PR

<sup>\*\*</sup> 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.

<sup>\*\*\*</sup> Businesses with revenues of \$1 million or less as a percentage of all businesses (Source D&B - 2010).

<sup>\*\*\*\*</sup> 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 7.61% of small loans to businesses originated and purchased by the bank.

Table 12. Borrower Distribution of Small Loans to Farms

Borrower Distribution: SMALL LOANS TO FARMS		Geography: MISSISSIPPI			Evaluation Period: JANUARY 1, 2008 TO JUNE 30, 2011				
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 <sup>*</sup>	
	#	% of Total <sup>**</sup>	% of Farms <sup>***</sup>	% BANK Loans <sup>****</sup>	\$100,000 or less	>\$100,000 to \$250,000	>\$250,000 to \$500,000	All	Rev\$ 1 Million or Less
<b>Full Review:</b>									
NonMSA AA	444	96.52	96.41	88.06	81.31	12.39	6.31	25.42	25.35
<b>Limited Review:</b>									
Hattiesburg MSA	4	0.87	96.21	75.00	25.00	0.00	75.00	0.00	0.00
Jackson MSA	10	2.17	96.89	90.00	80.00	20.00	0.00	1.45	1.72
Memphis AA	2	0.43	92.74	100.00	100.00	0.00	0.00	1.47	1.96

<sup>\*</sup> Based on 2009 Peer Small Business Data -- US and PR

<sup>\*\*</sup> 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.

<sup>\*\*\*</sup> Farms with revenues of \$1 million or less as a percentage of all farms (Source D&B - 2010).

<sup>\*\*\*\*</sup> 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 2.83% of small loans to farms originated and purchased by the bank.

**Table 14. Qualified Investments**

QUALIFIED INVESTMENTS									
			Geography: MISSISSIPPI		Evaluation Period: JANUARY 1, 2008 TO JUNE 30, 2011				
Assessment Area:	Prior Period Investments*		Current Period Investments		Total Investments			Unfunded Commitments**	
	#	\$(000's)	#	\$(000's)	#	\$(000's)	% of Total	#	\$(000's)
<b>Full Review:</b>									
NonMSA AA	0	0	25	1,356	25	1,356	36.23	0	0
<b>Limited Review:</b>									
Hattiesburg MSA	0	0	7	520	7	520	13.89	0	0
Jackson MSA	0	0	4	1	4	1	0.00	0	0
Memphis AA	0	0	2	1,866	2	1,866	49.85	0	0

\* 'Prior Period Investments' means investments made in a previous 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 15. Distribution of Branch Delivery System and Branch Openings/Closings**

DISTRIBUTION OF BRANCH DELIVERY SYSTEM AND BRANCH OPENINGS/CLOSINGS				Geography: MISSISSIPPI				Evaluation Period: JANUARY 1, 2008 TO JUNE 30, 2011									
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
<b>Full Review:</b>																	
NonMSA AA - MS	74.12	19	70.37	15.79	26.32	36.84	21.05	0	0	0	0	0	0	2.73	18.30	58.35	20.61
<b>Limited Review:</b>																	
Hattiesburg MSA AA - MS	10.45	3	11.11	0.00	0.00	0.00	100.00	0	0	0	0	0	0	6.00	18.68	44.41	30.91
Jackson MSA AA - MS	12.25	3	11.11	0.00	0.00	33.33	66.66	0	0	0	0	0	0	9.21	35.67	27.55	27.58
Memphis AA	3.18	2	7.41	0.00	0.00	0.00	100.00	0	0	0	0	0	0	2.81	20.88	50.54	25.76