



PUBLIC DISCLOSURE

March 29, 2016

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

The Central National Bank and Trust Company
Charter Number 3755

2 South Perry
Attica, IN 47918

Office of the Comptroller of the Currency
Indianapolis Field Office
8777 Purdue Road, Suite 105
Indianapolis, IN 46268

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

INSTITUTION'S CRA RATING: This institution is rated Satisfactory

Central National Bank & Trust (CNB&T or bank) has a satisfactory record of meeting the credit needs of its community through lending. The major factors that support this rating include:

- Reasonable loan-to-deposit (LTD) ratio given the bank's size, financial condition, and assessment area (AA) credit needs;
- Majority of primary loan products originated inside the bank's AA;
- Excellent penetration among borrowers of different income levels;
- The assessment area does not include low- or moderate-income (LMI) census tracts (CTs); therefore, a review of the geographic distribution criterion would not result in a meaningful analysis and was not performed; and,
- No consumer complaints related to CRA have been received since the previous evaluation.

SCOPE OF EXAMINATION

Examiners utilized the Small Bank examination procedures to evaluate the bank's record of meeting the credit needs of its community. The evaluation period was from September 14, 2010 to March 29, 2016. Small Bank procedures include a Lending Test, which evaluates the bank's lending practices with respect to the following:

- LTD ratio, considering internal and external factors,
- Percentage of loans originated within the bank's AA,
- Lending to borrowers of different income levels and businesses of different sizes,
- Lending in low- and moderate-income geographies within the AA, and
- The bank's record of taking action on written complaints regarding its performance in helping meet the credit needs of its AA.

The Lending Test focused on the bank's primary lending products, which we determined to be home mortgage loans. Home mortgage loans include purchase, refinance, and home improvement loans. To evaluate the bank's lending performance, we selected a random sample of 20 home mortgage loans originated from January 1, 2012 to December 31, 2015. Demographic data is from the 2010 Census unless otherwise noted.

DESCRIPTION OF INSTITUTION

CNB&T is a federally chartered institution, wholly owned by CNB Bancorp, a one-bank holding company. CNB&T is an intrastate institution headquartered in Attica, IN, a city located in Fountain County. The bank has one branch, in addition to the main office, and two non-deposit taking automated teller machines (ATMs) in their AA, detailed below. As of December 31, 2015 CNB&T had \$55.4 million in total assets. The bank offers a variety of credit and deposit products, as well as trust services, to its community.

As of December 31, 2015, the bank reported \$11.8 million in outstanding loans, reflecting loans and leases to total assets of 21.2 percent. The table below shows a summary of CNB&T's loan portfolio.

CNB&T's Investment in Loans			
Loan Category	Amount (\$000's)	Percent of Total Loans	Percent of Total Assets
Real Estate	\$10,013	85.17%	18.07%
Commercial Loans	194	1.65%	0.35%
Consumer and Other Loans	1,550	13.18%	2.80%
Total	\$11,757	100.00%	21.22%

Source: December 31, 2015 Uniform Bank Performance Report

The bank's ability to meet the credit needs of its AAs is not impaired by its financial condition or other impediments. CNB&T was assigned a rating of "Satisfactory" on its prior CRA performance evaluation, dated September 13, 2010.

DESCRIPTION OF ASSESSMENT AREA

The bank has one AA, which received a full-scope review, located in a non-metropolitan statistical area (Non-MSA) in Indiana. The AA consists of two CTs located in Fountain County, 9576 and 9577, where the bank has its branches. The AA does not reflect illegal discrimination and does not arbitrarily exclude LMI geographies. According to the 2010 US Census, both CTs are in middle-income geographies. The following table summarizes the demographic information from the 2010 US Census, unless otherwise noted:

Demographic Information for Full Scope Area: Fountain						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts/BNAs)	2	0.00	0.00	100.00	0.00	0.00
Population by Geography	5,382	0.00	0.00	100.00	0.00	0.00
Owner-Occupied Housing by Geography	1,742	0.00	0.00	100.00	0.00	0.00
Business by Geography	0	0.00	0.00	0.00	0.00	0.00
Farms by Geography	0	0.00	0.00	0.00	0.00	0.00
Family Distribution by Income Level	1,354	19.72	15.29	22.60	42.39	0.00
Distribution of Low and Moderate Income Families throughout AA Geographies	474	0.00	0.00	100.00	0.00	0.00
Median Family Income		53,037	Median Housing Value	86,582		
FFIEC Estimated Median Family Income for 2015		56,700	Unemployment Rate	4.12%		
Households Below Poverty Level		15.80%	(2010 US Census)			

(*) The NA category consists of geographies that have not been assigned an income classification.
 Source: 2010 US Census and 2015 FFIEC Estimated MFI

Based on the 2010 census, the unemployment rate in Fountain County was 4.1%. However, over the evaluation period the average annual unemployment rate reached a high of 9.7 percent in 2013 and dropped to 5.9 percent in 2015 (based on preliminary numbers for December 2015). Unemployment in Fountain County is higher than state averages, which ranged from a high of 8.3 percent in 2012 to a low of 4.8 percent in 2015. Manufacturing continues to be the leading industry in the county, followed by the Attica school system. A decline in the job market during the evaluation period led to the higher unemployment rates. This decline also accounts for the high level of households living below the poverty level, 15.8 percent of households. The community contact noted a need for more small businesses in the area to keep jobs in Attica and revitalize the area. She stated bank involvement in supporting the community and offering financing is strong. Bank support and financing will be needed when the city is successful in bringing more businesses to the area.

As of June 30, 2015, CNB&T was ranked first in deposit market share in the city of Attica, according to the FDIC Deposit Market Share Report. There were only two institutions operating in Attica, IN, CNB&T held 60.4 percent of deposits. In Fountain County, the bank ranks last, out of four institutions, in deposit market share, with 12.0 percent of deposits.

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA

CNB&T’s performance in helping meet the needs of its AAs through lending is satisfactory.

Loan-to-Deposit Ratio

The bank's average loan-to-deposit (LTD) ratio is considered reasonable given the bank's size, financial condition, and lending opportunities in the AA. The bank's average quarterly LTD ratio since the last evaluation is 29.92 percent. This represents 22 quarters from July 1, 2010 through

December 31, 2015. During the review period, the LTD ratio ranged from a high of 43.12 percent to a low of 23.54 percent. The bank's LTD ratio is below that of similarly situated institutions. When compared to other banks in the same geography, CNB&T has the lowest LTD ratio. The other two similarly situated institutions have LTD ratios of 60.89 percent and 80.93 percent. However, the similarly situated institutions have larger asset sizes and more branches. Of the two institutions, only one has a branch located in Attica.

The LTD ratio was also distorted by the percentage of deposits contributed to the top five depositors. The top five depositors account for \$9.14 million in total deposits, or 20.78 percent. Two of the top five depositors are public funds. Given this deposit information, the high unemployment rate in Fountain County, high poverty rate, and the declining job market, noted in the Description of Institution section above, we found the bank's LTD ratio to be reasonable.

Lending in Assessment Area

A majority of the bank's home loans were made inside their AA. During the evaluation period, the bank made 60.00 percent of loans by number and 67.58 percent by dollar, in their AA. The number and dollar volume of loans made inside the bank's AA are shown in the table below.

Lending in Assessment Area										
Type of Loan	Number of Loans					Dollars of Loans (000's)				
	Inside		Outside		Total	Inside		Outside		Total
	#	%	#	%		\$	%	\$	%	
RE - Home Loans	12	60.00%	8	40.00%	20	\$777	67.58%	\$373	32.42%	\$1,150

Source: Loan Sample; 2010 US Census Data.

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

The distribution of home mortgage loans represents excellent penetration among borrowers of different income levels. The bank's lending to low-income borrowers is slightly above the percentage of low-income families in the AA. Given the poverty rate of 15.80 percent, this is considered excellent penetration. The bank's lending to moderate-income borrowers is similar to the percentage of moderate-income families in the AA. The table below details the bank's lending to borrowers of different incomes levels.

Borrower Distribution of Home Mortgage Loans in Assessment Area								
Borrower Income Level	Low		Moderate		Middle		Upper	
	% of AA Families	% of Number of Loans	% of AA Families	% of Number of Loans	% of AA Families	% of Number of Loans	% of AA Families	% of Number of Loans
% of Total	19.72%	20.00%	15.29%	15.00%	22.60%	25.00%	42.39%	40.00%

Source: Loan Sample; 2010 US Census Data.

Geographic Distribution of Loans

An analysis of the geographic distribution of loans was not performed. There are no low- or moderate-income CTs in the AA; therefore, the analysis would not be meaningful.

Responses to Complaints

There were no consumer complaints relating to the bank’s CRA performance during the evaluation period.

Fair Lending or Other Illegal Credit Practices Review

Pursuant to 12 CFR 25.28(c), or 12 CFR 195.28(c), in determining a national bank’s (bank) or Federal savings association’s (FSA) CRA rating, respectively, the OCC considers evidence of discriminatory or other illegal credit practices in any geography by the bank or FSA, or in any assessment area by an affiliate whose loans have been considered as part of the bank’s or FSA’s lending performance.

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