



SMALL BANK

Comptroller of the Currency
Administrator of National Banks

PUBLIC DISCLOSURE

January 28, 2002

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

**Cumberland National Bank
Charter Number 23917**

**392 Charlie Smith, Sr., Highway
St. Marys, GA 31558**

**Comptroller of the Currency
North Florida Field Office
8375 Dix Ellis Trail #403
Jacksonville, FL 32256**

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.

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The Community Reinvestment Act (CRA) requires each federal financial supervisory agency to use its authority when examining financial institutions subject to its supervision, to assess the 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. Upon conclusion of such examination, the agency must prepare a written evaluation of the institution's record of meeting the credit needs of its community.

*This document is an evaluation of the Community Reinvestment Act (CRA) performance of **Cumberland National Bank (CNB), St. Marys, Georgia**, prepared by **the Office of the Comptroller of the Currency**, the institution's supervisory agency, as of **January 28, 2002**. The agency rates the CRA performance of an institution consistent with the provisions set forth in Appendix A to 12 CFR Part 25.*

INSTITUTION'S CRA RATING

This institution has a **Satisfactory Record of Meeting Community Credit Needs**.

Cumberland National Bank's performance rating is supported by the following:

- The loan-to-deposit ratio is reasonable;
- The majority of loans and other lending activities are in the bank's assessment area; and,
- The distribution of borrowers reflects reasonable penetration among individuals of different income levels and businesses of different sizes.

DESCRIPTION OF INSTITUTION

As of January 28, 2002, Cumberland National Bank (CNB) was a \$49 million retail banking institution located in Camden County, Georgia. The bank serves the credit and deposit needs of its customers from a single facility located at 392 Charlie Smith, Sr. Highway in the city of St. Marys, Georgia. This facility offers full service banking, including drive up and ATM services. The bank is 100% owned by Community National Bancorporation, a \$255 million multibank bank holding company located at 561 E. Washington Ave., Ashburn, Georgia 31714. CNB's affiliate banks are Community National Bank (Ashburn, Georgia) and First National Bank (Tarpon Springs, Florida.) CNB's primary lending focus is real estate and commercial lending. There are no known financial or legal impediments that should hinder the bank from meeting the credit needs of its assessment area.

CNB offers a wide variety of financial products including commercial loans, residential mortgage loans, consumer loans and deposit accounts. As of December 31, 2001, net loans of \$41 million comprised 85% of assets. The composition of the loan portfolio is as follows: commercial/ commercial real estate, \$22 million or 55% of total loans; residential real estate, \$11 million or 26%; and consumer lending, \$8 million or 19%.

The bank opened for business on October 1, 1999. This is the bank's first Public Evaluation and covers the period of time from October 1999 to January 2002.

DESCRIPTION OF CAMDEN COUNTY

CNB designates the geographic boundaries of Camden County, Georgia as its assessment area. Camden County includes the cities of St. Marys, Kingsland, Woodbine, a number of small rural communities and the Kingsbay Naval Submarine Base. The assessment area meets the requirements of the regulation and does not arbitrarily exclude low- or moderate-income geographies.

According to the U.S. Census Bureau of 1990, there were no low-income or moderate-income census tracts in any of the counties in the bank's assessment area. Camden County is located in a Non-metropolitan Statistical Area (NMSA). The 2001 Housing and Urban Development estimate of the non-MSA median family income for Georgia was \$40,100. There are three middle-income block numbering areas (BNA's), three upper-income BNAs and one BNA with no designation. In the county, 13.28% of families were considered low-income, 14.81% were moderate-income, 25.4% were considered middle-income, and 46.51% were considered upper-income families.

Camden County is a coastal community located approximately 40 miles north of Jacksonville on the I-95 corridor. The estimated 2000 population for the County was 43,664. The September 2001 unemployment rate was 3.4% compared to the state of Georgia average of 4%. According to the 1990 Census, 5.56% of households in Camden County receive social security and 11% are retired. Additionally, 87% of housing units in those areas were occupied while 55% were owner occupied. These figures were based on published demographic information.

Major industries in the area include timber, paper products and the military. The largest employers in the assessment area include Durango Paper Company, Kings Bay Naval Submarine Base, Lockheed Martin Corporation, J.A. Jones Management Services and the Camden County Schools.

The following table highlights the demographic composition of Camden County.

Type of income BNA	Number of BNAs	Percentage of Total Number of BNAs	Number of Households in BNAs	Percentage of Households in BNAs
Low (less than \$20,050)	0	0%	0	0%
Moderate (\$20,050 to \$32,080)	0	0%	0	0%
Middle (\$32,081 to \$48,120)	3	42.86%	4,120	43.74%
Upper (greater than \$48,121)	3	42.86%	5,300	56.26%

The banking industry in the assessment area is competitive. Multinational and regional banks are represented by Bank of America and Coastal Bank of Georgia. They, along with community banks such as Southeastern Bank, First National Bank, Citizens State Bank, Satilla Community Bank and local credit unions in the area, afford community residents alternatives for meeting their particular banking needs. As part of our examination, we met with a representative from the community regarding local economic conditions and community credit needs. Based on information provided by a representative from the Camden County Joint Development Authority the primary lending needs in the area are centered in small business and industrial loans. Our contact indicates that the area financial institutions are positively perceived for their involvement in the local community and that the area banking needs are being adequately met.

CONCLUSIONS ABOUT PERFORMANCE CRITERIA

Loan-to-Deposit Ratio - Meets the standard for Satisfactory Performance

The bank's loan-to-deposit ratio is satisfactory based on its size and assessment of area credit needs. The average net loan-to-deposit ratio using quarter end information from December 31, 1999 to December 31, 2001 was 81%. A group of similarly situated banks within the same market area had an overall average of 82% during the same time period. Similarly situated banks include two banks considered CNB's peer due to their location, size and types of services offered. CNB's national peer group average was 76%. As of January 28, 2002, CNB's loan-to-deposit ratio was 94%.

Lending in Assessment Area - Meets the Standard for Satisfactory Performance

A majority of the bank's lending is within its defined assessment area. An analysis of a sample of 23 residential real estate loans originated by the bank between October 1999 and January 2002 found that 21 loans were originated within the bank's assessment area (AA) and is detailed as follows.

Lending In the Assessment Area Residential Real Estate					
	# of Loans in sample	%	\$ of Loans (000)	%	
Inside AA	21	91	1,479	83	
Outside AA	2	9	312	17	
Totals	23	100	1,791	100	

In addition, because the bank also focuses on consumer and commercial lending, we performed an analysis of the distribution of consumer and commercial loans originated in the same time frames, October 1999 to January 2002. The results of the analysis are detailed as follows.

Lending In the Assessment Area Consumer Lending					
	# of Loans in sample	%	\$ of Loans (000)	%	
Inside AA	23	79	296	82	
Outside AA	6	21	67	18	
Totals	29	100	363	100	

Lending In the Assessment Area Commercial Lending					
	# of Loans in sample	%	\$ of Loans (000)	%	
Inside AA	20	83	4,083	85	
Outside AA	4	17	709	15	
Totals	24	100	4,792	100	

Lending to Borrowers of Different Incomes and to Businesses of Different Sizes - Meets the Standard for Satisfactory Performance

The dispersion of loans to borrowers of different income levels and businesses of different sizes is reasonable. We sampled a total of 23 residential real estate loans and 24 consumer loans originated since October 1999 to determine the income levels of borrowers. As the following tables indicate, CNB's lending to borrowers of low- and moderate-income levels is satisfactory in view of the demographics of the assessment area.

As indicated in the chart below, the results of the residential real estate sample showed approximately 15% of the number of loans and 10% of the dollar volume of loans were granted to low- and moderate-income borrowers.

Distribution of Residential Loans by Borrower Income Level in Assessment Area				
Income Level	% Families in Assessment Area	% of Loans by Number	% of Loans by Dollar	Average Loan (\$'000)
Low	13%	5%	3%	47
Moderate	15%	10%	7%	53
Middle	25%	28%	26%	64
Upper	47%	57%	64%	79
Total	100%	100%	100%	

In our sample of consumer loans we found 52% of the number of these loans and 52% of the dollar amount of these loans were made to low- and moderate-income borrowers.

Distribution of Consumer Loans by Borrower Income Level in Assessment Area				
Income Level	% Households in Assessment Area	% of Loans by Number	% of Loans by Dollar	Average Loan (\$'000)
Low	14%	35%	35%	13
Moderate	12%	17%	17%	13
Middle	21%	26%	19%	9
Upper	53%	22%	29%	17
Total	100%	100%	100%	

The bank's lending volume regarding loans to small businesses is satisfactory. This type of lending was determined to be a credit need in the community as per our community contact. We chose a sample of 20 business loans originated within the bank's assessment area. Of that number, 18 loans, or 90%, were made to businesses having annual revenues less than \$1 million.

Total Annual Revenue	Percentage of Total Business Loans Sampled		
	Number of loans	Dollar Volume	% Business in Assessment Area
<\$500 thousand	65%	38%	82%
\$500 to \$999 thousand	<u>25%</u>	<u>54%</u>	<u>5%</u>
<\$1 million (small Business)	90%	92%	87%
>\$1 million (large Business)	10%	8%	13%

Geographic Distribution of Loans

All geographies in the bank's assessment area are middle- and upper-income. Therefore, a geographical analysis of CNB's loans is not meaningful.

Responses to Complaints

CNB has not received any written complaints concerning its performance in helping to meet the credit needs within its assessment area.

Fair Lending Review

An analysis of 1999 and 2000 year public comments and consumer complaint information was performed according to the OCC's risk based fair lending approach. Based on an analysis of information, the OCC decided that a comprehensive fair lending examination would not need to be conducted in connection with the CRA evaluation this year.