



PUBLIC DISCLOSURE

June 16, 2014

**COMMUNITY REINVESTMENT ACT
PERFORMANCE EVALUATION**

CNB Bank and Trust, National Association
Charter Number 14347

450 West Side Square
Carlinville, Illinois 62626

Office of the Comptroller of the Currency

St. Louis Field Office
500 N. Broadway, Suite 1700
St. Louis, Missouri 63102

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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INSTITUTION'S CRA RATING: This institution is rated Satisfactory.

The Lending Test is rated: Satisfactory.

The Community Development Test is rated: Satisfactory.

- The distribution of loans to individuals of different income levels and businesses of different sizes reflects reasonable penetration in the St. Louis, MO-IL Metropolitan Statistical Area (MSA) # 41180 and in the state of Illinois.
- The geographic distribution of loans reflects reasonable dispersion in the St. Louis, MO-IL MSA # 41180 and in the state of Illinois.
- The community development (CD) activities reflect adequate responsiveness to the community needs in the St. Louis, MO-IL MSA # 41180 and in the state of Illinois.
- A majority of the loans were made within the bank's assessment areas (AAs).
- The bank's quarterly average loan-to-deposit (LTD) ratio is reasonable.

Scope of Evaluation

This Performance Evaluation of CNB Bank and Trust, National Association (CNB) assesses its record of meeting the credit needs of the communities in which it operates. We evaluated CNB under the Intermediate Small Bank performance criteria, which consist of a lending test and a CD test. The lending test evaluates a bank's record of helping to meet the credit needs of its AAs through its lending activities. The CD test evaluates a bank's CD lending, qualified investments, and CD service activities.

The evaluation period covers October 15, 2009 through June 16, 2014. The lending test analyzed loans originated or purchased from January 1, 2012 through December 31, 2013. Conclusions regarding the bank's lending performance are based on CNB's primary loan products consisting of residential real estate (RRE) and business (non-agricultural) loans. At the bank's request, we included RRE loans originated or purchased from its affiliate, South Central Illinois Mortgage, LLC (SCIL), prior to its merger with CNB in November 2013. We conducted a data integrity review of the RRE loans reported under the Home Mortgage Disclosure Act (HMDA) by CNB and SCIL. We found the HMDA data to be accurate and reliable with the exception of CNB's loans reported in 2012. CNB corrected the data and we subsequently determined it was accurate. The loan data we analyzed included all HMDA loans and a sample of sixty business loans originated or purchased from each of the bank's three AAs, as discussed under each State and Multistate Metropolitan Area Rating section.

We assessed CD activities from July 1, 2009 through April 30, 2014.

Description of Institution

CNB is a community bank headquartered in Carlinville, Illinois. CNB is a wholly owned subsidiary of CNB Bank Shares, Inc., also headquartered in Carlinville, Illinois. CNB provides a comprehensive range of financial services including commercial and retail banking and trust services. As of March 31, 2014, CNB reported total assets of \$760 million and Net Tier One Capital of \$59.6 million. CNB is an interstate bank with twelve banking offices; six are located in the St. Louis, MO-IL MSA # 41180 and six are in the state of Illinois (outside the St. Louis MSA). CNB opened one branch office in Oak Forest (Cook County), Illinois in January 2010 and has not closed any offices during the evaluation period.

CNB's business strategy focuses on RRE and business loans. Loan products offered include one-to-four family RRE loans, agricultural loans, commercial loans, and consumer loans. As of March 31, 2014, net loans represented 63% of total assets and consisted of commercial and commercial real estate loans (36%), RRE loans (23%), agricultural and agricultural real estate loans (33%), consumer loans (2%), and other loans (6%).

Significant merger activity has occurred since the previous CRA Public Evaluation dated October 14, 2009, when CNB, previously known as Carlinville National Bank (Carlinville), was rated Satisfactory. On July 15, 2011, Carlinville merged with three affiliated banks under the name CNB. A list of the banks and the counties they were located in is listed below. Additionally, on November 18, 2013, SCIL, an affiliate of CNB and subsidiary of CNB Bank Shares, Inc., merged into CNB.

| BANK NAME | COUNTY/STATE |
|--|--|
| Cornerstone Bank & Trust, N.A., Carrollton, Illinois | Greene County, Jersey County, and Madison County, Illinois |
| Palmer Bank, Taylorville, Illinois | Christian County, Illinois |
| Citizens State Bank of Shipman, Shipman, Illinois | Macoupin County and Jersey County, Illinois |

There are no legal, financial, or other factors impeding CNB's ability to help meet the credit needs of the AAs it serves.

Selection of Areas for Full-Scope Review

In each state and multistate metropolitan area where the bank has an office, a sample of AAs within that state/multistate metropolitan area was selected for full-scope reviews. Refer to the "Scope" section under each State and Multistate Metropolitan Area Rating section for details regarding how the areas were selected.

Ratings

The bank’s overall rating is a blend of the multistate metropolitan area rating for the St. Louis, MO-IL MSA # 41180 and the state of Illinois rating. We placed equal weight on both areas since they have the same number of banking offices and approximately the same volume of deposits and HMDA loans. In evaluating the bank’s performance, we placed more weight on RRE loans than business loans, because they represented the largest percentage of loans originated or purchased by the bank. The multistate metropolitan area rating and state rating are based primarily on those areas that received full-scope reviews. Refer to the “Scope” section under each State and Multistate Metropolitan Area Rating section for details regarding how the areas were weighted in arriving at the respective ratings.

Conclusions with Respect to Performance Criteria

Loan-to-Deposit Ratio

CNB’s LTD ratio is reasonable given the institution’s size, its financial condition, and AA credit needs.

As of March 31, 2014, CNB’s LTD ratio was 72%. The bank’s quarterly average LTD ratio since the last CRA evaluation was 76%. This ratio is higher than 10 comparable banks and lower than 14 comparable banks. The average LTD ratios of these banks, which are comparable in size and location, range from 58% to 106% for the same period.

Lending in Assessment Area

A majority (83%) of loans were originated or purchased within CNB’s AAs. CNB originated or purchased 85%, 97%, and 79% of home purchase, home improvement, and home mortgage refinance loans, respectively, within its AAs. Based upon our sample of business loans, CNB originated or purchased 92% of those loans within its AAs.

| Lending in the AAs | | | | | | | | | | |
|-------------------------|-----------------|-----|---------|-----|-------|--------------------------|-----|----------|-----|------------|
| Loan Type | Number of Loans | | | | | Dollars of Loans (000's) | | | | |
| | Inside | | Outside | | Total | Inside | | Outside | | Total (\$) |
| | # | % | # | % | | \$ | % | \$ | % | |
| Home Purchase | 308 | 85% | 55 | 15% | 363 | \$42,112 | 80% | \$10,216 | 20% | \$52,328 |
| Home Improvement | 202 | 97% | 7 | 3% | 209 | 10,089 | 95% | 522 | 5% | 10,611 |
| Home Mortgage Refinance | 745 | 79% | 195 | 21% | 940 | 110,233 | 77% | 32,660 | 23% | 142,893 |
| Business | 55 | 92% | 5 | 8% | 60 | 3,812 | 79% | 998 | 21% | 4,810 |
| Totals | 1,310 | 83% | 262 | 17% | 1,572 | \$166,246 | 79% | \$44,396 | 21% | \$210,642 |

Source: RRE loan data reported under HMDA in 2012 and 2013 and a sample of 60 business loans.

Fair Lending or Other Illegal Credit Practices Review

Pursuant to 12 C.F.R. 25.28(c), or 12 C.F.R. 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.

Multistate Metropolitan Area Rating

St. Louis, MO-IL MSA # 41180

CRA Rating for the St. Louis, MO-IL MSA # 41180¹: Satisfactory.

The Lending test is rated: Satisfactory.

The Community development test is rated: Satisfactory.

- The distribution of loans among borrowers of different income levels and businesses of different sizes reflects reasonable penetration.
- The geographic distribution of loans reflects reasonable dispersion.
- The CD activities reflect adequate responsiveness to the community needs.

DESCRIPTION OF INSTITUTION’S OPERATIONS IN ST. LOUIS, MO-IL MSA # 41180

This AA consists of five of the sixteen² counties that comprise the St. Louis, MO-IL MSA # 41180. The AA has urban, suburban, and rural areas. Three of the five counties (Jersey, Macoupin, and Madison) are in Illinois, and two (City of St. Louis and St. Louis County) are in Missouri. The bank’s AA conforms to regulatory requirements and does not arbitrarily exclude low- and moderate-income geographies. CNB has six banking offices located in Macoupin (3), Madison (1), Jersey (1), and St. Louis (1) Counties. None of CNB’s banking offices are located in low- or moderate-income geographies. Although CNB’s AA includes the City of St. Louis, the bank does not have an office in the city. CNB has one deposit-taking Automatic Teller Machine (ATM) in Macoupin County and seven cash-dispensing-only ATMs located within the AA. This AA accounts for 50% of CNB’s total deposits and 55% of home mortgage loans originated or purchased during the evaluation period.

Based on 2010 Census data, there are 60 low- and 92 moderate-income geographies within this AA, distributed as follows:

| | # of low-income CTs | # of moderate-income CTs |
|-----------------------|---------------------|--------------------------|
| City of St. Louis, MO | 45 | 30 |
| St. Louis County, MO | 11 | 43 |
| Madison County, IL | 4 | 16 |
| Macoupin County, IL | 0 | 3 |
| Jersey County, IL | 0 | 0 |

¹ This rating reflects performance within the multistate metropolitan area. The statewide evaluations do not reflect performance in the parts of those states contained within the multistate metropolitan area.

² Office of Management and Budget Metropolitan Area 2013 definitions.

CNB's opportunity to lend in these geographies is affected by the distance from CNB's closest banking office to these geographies and other closer financial institutions. The above factors also affect CNB's opportunities to make loans to low- and moderate-income borrowers, as more of these borrowers reside in the low- and moderate-income geographies compared to in other geographies within this AA. See the narrative below for supporting information.

- **City of St. Louis:** The closest CNB office to the city center is approximately six miles away, in Clayton, Missouri. Other financial institutions have approximately 50 offices within the City of St. Louis.
- **St. Louis County, Missouri:** The low- and moderate-income geographies are predominantly located in the northeast portion of the county between two and twenty miles from CNB's closest office (Clayton). Approximately 20 offices of other financial institutions are closer to these geographies.
- **Madison County, Illinois:** The low- and moderate-income geographies are located in Granite City (5), Wood River (3), Venice (2), Collinsville (2), and Alton (8). They are approximately 20 miles, 7 miles, 21 miles, 25 miles, and 5 miles, respectively, from CNB's closest office in Alton (middle-income geography). Other financial institutions have approximately 10 offices in Granite City, which is three miles from Venice. Additionally, other financial institutions have six, eight, and nine offices located in Wood River, Collinsville, and Alton, respectively. Six of the nine offices in Alton are located in moderate-income geographies.
- **Macoupin County, Illinois:** The moderate-income geographies are located in Palmyra (1) and Cahokia Township (2) between 15 and 18 miles from CNB's closest office, in Carlinville. Other financial institutions have six offices in the three moderate-income geographies.

Overexposure to national defense spending has caused St. Louis' recovery to lag those of Missouri and the United States. The majority of job gains are coming from low-wage hiring, which accounted for approximately 90% of St. Louis' employment gains in 2013, compared with only 50% in Kansas City. These low-wage positions are largely part-time, but they have helped to stabilize the labor force. Though weather is hurting housing, strong fundamentals, including an undersupplied market, suggest the pause will be temporary. Major industries consist of education and health services, followed by professional and business services, and government. Major employers include BJC Healthcare, Boeing Defense Space and Security, Washington University in St. Louis, and Scott Air Force Base.³

Included in CNB's AA are designated Enhanced Enterprise Zones located in both Missouri (St. Louis County and the City of St. Louis) and Illinois (Macoupin and Madison Counties). Enterprise Zones are geographic areas that governmental authorities designate for revitalization. Many programs exist through various tax incentives to

³ Moody's Analytics, February 2014

facilitate investment in the zone, improve the quality of housing, and implement CD projects that support quality jobs and strong neighborhoods.

In the AA, non-agricultural wage and salaried employment decreased from 772,861 in July 2009 to 760,818 in March 2014, a decrease of 2%. During this same period, the unemployment rate decreased from 10.3% to 7.8%. As of March 2014, the Illinois and Missouri unemployment rates were 8.3% and 7.4%, respectively. Within the AA, the City of St. Louis had the highest unemployment rate (9.6%) and St. Louis County, Missouri had the lowest (7.3%).

The 2013 Federal Financial Institutions Examination Council (FFIEC) estimated median family income (MFI) for the St. Louis, MO-IL MSA # 41180 was \$69,200. Twenty-three percent and 17 percent of families were low- and moderate-income, respectively, based on 2010 Census Data. Ten percent of AA families live below the poverty level. It is especially difficult for this segment of the population to afford and maintain a home. The 2010 median housing value for the AA was \$176,452. The following is additional demographic data for the AA.

| DEMOGRAPHIC DATA FOR CNB's AA (Portion of the St. Louis, MO-IL MSA # 41180) | | | | | | |
|--|-----------|------------|----------------------|---------------|--------------|------------|
| Demographic Characteristics | # | Low % of # | Moderate % of # | Middle % of # | Upper % of # | NA* % of # |
| Geographies (Census Tracts/BNAs) | 385 | 15.58 | 23.90 | 33.25 | 27.01 | 0.26 |
| Population by Geography | 1,658,280 | 10.20 | 22.73 | 34.49 | 32.51 | 0.07 |
| Owner-Occupied Housing by Geography | 461,314 | 5.78 | 20.69 | 37.37 | 36.16 | 0.00 |
| Business by Geography | 141,839 | 7.07 | 18.58 | 30.83 | 43.41 | 0.11 |
| Farms by Geography | 3,640 | 2.61 | 15.52 | 42.99 | 38.79 | 0.09 |
| Family Distribution by Income Level | 423,430 | 22.79 | 16.97 | 20.16 | 40.08 | 0.00 |
| Distribution of Low and Moderate Income Families throughout AA Geographies | 168,366 | 17.76 | 33.11 | 33.26 | 15.87 | 0.00 |
| Median Family Income | | \$67,013 | Median Housing Value | \$176,452 | | |
| FFEIC Adjusted Median Family Income for 2013 | | \$69,200 | (2010 US Census) | | | |
| Families Below Poverty Level | | 10% | | | | |

(*) The NA category consists of geographies that have not been assigned an income classification.
Source: 2010 US Census and 2013 FFEIC updated MFI.

In 2014, the National Low Income Housing Coalition (NLIHC) estimated that between 40% and 49% of the family area median income was needed to afford the monthly fair market rent (between \$637 and \$814) for a two-bedroom unit in the bank's AA. An individual would need to either earn between 169% and 216% of the federal minimum wage (based on a 40-hour work week) or work a 60- to 84-hour work week to afford the fair market rent.

CNB's deposits in this AA totaled \$313 million as of June 30, 2013. CNB is the thirty-second largest deposit-taking institution in the AA with a 0.44% market share based upon FDIC deposit data. The five largest financial institutions in the bank's AA consist of Scottrade Bank, U.S. Bank National Association, Bank of America National Association, Commerce Bank, and Stifel Bank and Trust.

We determined the community's needs by contacting individuals from nine organizations involved in economic development, affordable housing, and social services. We also reviewed the Department of Housing and Urban Development (HUD) Consolidated Housing and CD Plans for the City of St. Louis and St. Louis County. HUD Consolidated Housing and CD Plans are comprehensive planning documents that identify community needs. We identified the following credit and non-credit community needs in the AA.

Affordable Housing Needs

- Home improvement support programs for low- and moderate-income homeowners. Nearly half of the owner-occupied homes in St. Louis County were built prior to 1970. These homes often suffer from deferred maintenance problems.
- New affordable rental units for low- and moderate-income individuals. The majority of rental housing units in St. Louis County and the City of St. Louis were built prior to 1980. Consequently, the stock of affordable housing is progressively threatened as these units continue to age.
- Handicapped-accessible rental units.
- Transitional housing for the homeless. In St. Louis County, over 50% of the homeless households are families with children.
- Public housing and Section 8 rent-subsidized housing. The HUD Consolidated Housing and CD Plans for the City of St. Louis and St. Louis County reported 5,165 and 6,033 households, respectively, are on waiting lists for public housing. Additionally, 5,164 and 6,732 households in the City of St. Louis and St. Louis County, respectively, are on waiting lists for Section 8 subsidized housing.
- Flexible credit underwriting to meet the affordable housing needs of low- and moderate-income individuals.
- Funding for low-income housing tax credits.

Economic Development Needs

- Acquisition and/or clearance of dilapidated and blighted structures that destabilize residential neighborhoods and adversely affect commercial areas.
- Loans to existing small businesses and start-up businesses.
- Investments in CD Financial Institutions (CDFI) to allow more credit to local businesses.
- Closer access to financial institutions for residents residing in low- and moderate-income geographies to allow better access to financial services.

Community Service Needs

- Supportive services for non-homeless individuals with special needs. These individuals may require supportive housing and social services to keep them adequately housed and prevent bouts of homelessness.
- Foreclosure prevention counseling.
- Health care, mental health services, and funding for GED classes.

Opportunities for CD loans, qualified investments, and CD services within the AA are abundant. The AA has numerous housing and social service agencies that provide community services to low- and moderate-income individuals, and there are numerous agencies involved in economic and business development. Although opportunities for complex and innovative qualified investments are limited due to the intense competition from larger banks, numerous opportunities exist other than donations. These consist of low-income housing tax credits, mortgage-backed securities secured by mortgages to low- and moderate-income individuals, qualified investment funds (QIF)⁴, and investments in CDFIs.

SCOPE OF EVALUATION IN ST. LOUIS, MO-IL MSA # 41180

The St. Louis, MO-IL MSA # 41180 received a full-scope review.

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS IN ST. LOUIS, MO-IL MSA # 41180

LENDING TEST

The bank's performance under the lending test in the St. Louis, MO-IL MSA # 41180 is rated Satisfactory.

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

CNB's lending distribution to borrowers of different income levels and businesses of different sizes reflects reasonable penetration. In analyzing the distribution of loans to borrowers of different income levels, we took into consideration that more low- and moderate-income borrowers reside in low- and moderate-income geographies that are not in close proximity to a CNB banking facility as compared to other geographies within the AA. See Description of Institution's Operations on pages 5 and 6 for further information.

Residential Real Estate Loans

The borrower distribution of RRE loans originated or purchased during the evaluation period is reasonable. In evaluating CNB's performance, we placed the most weight on the distribution of home mortgage refinance loans and then home purchase loans because they represented the largest percentage of RRE loans originated and purchased by the bank. We also considered the percentage of families (10%) who live below the poverty level and the barriers this may have on home ownership.

The percentage of home purchase loans to low-income borrowers (17.8%) was lower than the percentage of AA families who were low-income (22.8%). However, the bank's

⁴ A QIF makes investments in qualified securities throughout the United States and can target its purchases to fund projects in each shareholder's (bank's) AA. These investments include individual mortgages to low- and moderate-income individuals, municipal housing bonds, and other mortgage-backed securities that assist low- and moderate-income individuals with housing needs.

market share of loans to low-income borrowers (0.50%) exceeded the bank’s overall market share (0.36%). The percentage of home purchase loans to moderate-income borrowers (27.0%) exceeded the percentage of families who were moderate-income (17.0%). The bank’s market share of loans to moderate-income borrowers (0.36%) equaled the bank’s overall market share (0.36%).

The percentage of home improvement loans to low-income borrowers (13.0%) was significantly lower than the percentage of AA families who were low-income (22.8%). However, the bank’s market share of loans to low-income borrowers (2.40%) exceeded the bank’s overall market share (2.33%). The percentage of home improvement loans to moderate-income borrowers (25.0%) exceeded the percentage of AA families who were moderate-income (17.0%). The bank’s market share of loans to moderate-income borrowers (2.82%) also exceeded the bank’s overall market share (2.33%).

The percentage of home mortgage refinance loans to low-income borrowers (8.9%) was significantly lower than the percentage of AA families who were low-income (22.8%). However, the bank’s market share of loans to low-income borrowers (0.65%) exceeded the bank’s overall market share (0.45%). The percentage of home mortgage refinance loans to moderate-income borrowers (19.9%) exceeded the percentage of families who were moderate-income (17.0%). The bank’s market share of loans to moderate-income borrowers (0.52%) also exceeded the bank’s overall market share (0.45%).

| Borrower Distribution of Residential Real Estate Loans in AA (Portion of the St. Louis, MO-IL MSA # 41180) | | | | | | | | |
|---|------------------|----------------------|------------------|----------------------|------------------|----------------------|------------------|----------------------|
| Borrower Income Level | Low | | Moderate | | Middle | | Upper | |
| Loan Type | % of AA Families | % of Number of Loans | % of AA Families | % of Number of Loans | % of AA Families | % of Number of Loans | % of AA Families | % of Number of Loans |
| Home Purchase | 22.8% | 17.8% | 17.0% | 27.0% | 20.1% | 18.4% | 40.1% | 36.8% |
| Home Improvement | 22.8% | 13.0% | 17.0% | 25.0% | 20.1% | 30.0% | 40.1% | 32.0% |
| Home Mortgage Refinance | 22.8% | 8.9% | 17.0% | 19.9% | 20.1% | 27.8% | 40.1% | 43.4% |

Source: RRE loan data reported under HMDA in 2012 and 2013; 2010 U.S. Census Data.

| Borrower Distribution – Market share Information in the AA (Portion of the St. Louis, MO-IL MSA # 41180) | | | | | |
|---|---------|-------|----------|--------|-------|
| Borrower Income Level | Overall | Low | Moderate | Middle | Upper |
| Loan Type | | | | | |
| Home Purchase | 0.36% | 0.50% | 0.36% | 0.35% | 0.29% |
| Home Improvement | 2.33% | 2.40% | 2.82% | 2.42% | 2.04% |
| Home Mortgage Refinance | 0.45% | 0.65% | 0.52% | 0.57% | 0.36% |

Source: Based on 2012 Peer Mortgage Data (USPR)

Business Loans

The distribution of loans to businesses of different sizes reflects reasonable penetration based on a sample of 60 loans originated or purchased during the evaluation period. The percentage (86.7%) of loans extended to businesses with revenues of \$1 million or less exceeded the percentage (69.0%) of area businesses that had revenues of \$1 million or less. CNB’s performance is not excellent due to the high percentage of businesses with unknown revenues (25.4%)

| Borrower Distribution of Loans to Businesses – ST. Louis MSA Counties | | | | |
|--|--------------|--------------|-------------------------|-------|
| Business Revenues | ≤\$1,000,000 | >\$1,000,000 | Unavailable/ Unknown | Total |
| % of AA Businesses | 69.0% | 5.6% | 25.4% | 100% |
| % of Bank Loans in AA by # | 86.7% | 11.7% | 1.6% | 100% |
| % of Bank Loans in AA by \$ | 74.7% | 24.8% | 0.5% | 100% |

Source: Sample of 60 business loans originated or purchased in 2012 and 2013; 2013 Dunn and Bradstreet Data

Geographic Distribution of Loans

CNB’s geographic distribution of loans reflects reasonable dispersion. CNB’s opportunity to lend in low- and moderate-income geographies is adversely affected by the distance from its closest banking office to these geographies and by competition from closer financial institutions. See Description of Institution’s Operations on pages 5 and 6 for further information.

Residential Real Estate Loans

The geographic distribution of RRE loans originated or purchased during the evaluation period is reasonable given the distance from CNB’s closest banking office to low- and moderate-income geographies. In evaluating CNB’s performance, we placed the most weight on the distribution of home mortgage refinance loans and then home purchase loans because they represented the largest percentage of RRE loans originated or purchased by the bank.

The portion of home purchase loans in moderate-income geographies (9.9%) was significantly lower than the portion of owner-occupied housing units within those geographies (20.7%). The bank’s market share of home purchase loans in moderate-income geographies (0.15%) was significantly lower than the bank’s overall market share (0.32%). CNB did not originate or purchase any home purchase loans in low-income geographies during the evaluation period.

The portion of home improvement loans in moderate-income geographies (7.9%) was significantly lower than the portion of owner-occupied housing units within those geographies (20.7%). The bank’s market share of home improvement loans in moderate-income geographies (0.52%) was significantly lower than the bank’s overall market share (2.12%). CNB did not originate or purchase any home improvement loans in low-income geographies during the evaluation period.

The portion of home mortgage refinance loans in low- and moderate-income geographies (0.7% and 5.3%, respectively) was significantly lower than the portion of owner-occupied housing units (5.8% and 20.7%, respectively) within those geographies. The bank’s market share of home mortgage refinance loans in low- (0.09%) and moderate-income geographies (0.21%) was significantly lower than the bank’s overall market share (0.38%).

| Geographic Distribution of Residential Real Estate Loans in the AA (Portion of the St. Louis, MO-IL MSA # 41180) | | | | | | | | |
|--|--------------------------------|----------------------|--------------------------------|----------------------|--------------------------------|----------------------|--------------------------------|----------------------|
| Census Tract Income Level | Low | | Moderate | | Middle | | Upper | |
| Loan type | % of AA Owner Occupied Housing | % of Number of Loans | % of AA Owner Occupied Housing | % of Number of Loans | % of AA Owner Occupied Housing | % of Number of Loans | % of AA Owner Occupied Housing | % of Number of Loans |
| Home Purchase | 5.8% | 0.0% | 20.7% | 9.9% | 37.4% | 73.4% | 36.1% | 16.7% |
| Home Improvement | 5.8% | 0.0% | 20.7% | 7.9% | 37.4% | 78.2% | 36.1% | 13.9% |
| Home Mortgage Refinance | 5.8% | 0.7% | 20.7% | 5.3% | 37.4% | 78.0% | 36.1% | 16.0% |

Source: RRE loan data reported under HMDA in 2012 and 2013; 2010 U.S. Census Data.

| Geographic Distribution – Market share Information in the AA (Portion of the St. Louis, MO-IL MSA # 41180) | | | | | |
|--|---------|-------|----------|--------|-------|
| Census Tract Income Level | Overall | Low | Moderate | Middle | Upper |
| Loan Type | | | | | |
| Home Purchase | 0.32% | 0.00% | 0.15% | 0.64% | 0.10% |
| Home Improvement | 2.12% | 0.00% | 0.52% | 4.20% | 0.92% |
| Home Mortgage Refinance | 0.38% | 0.09% | 0.21% | 0.93% | 0.11% |

Source: Based on 2012 Peer Mortgage Data (USPR)

Business Loans

The geographic distribution of business loans originated or purchased during the evaluation period is reasonable given the distance from CNB’s closest banking office to low- and moderate-income geographies. This conclusion was based on a sample of 60 loans originated or purchased during the evaluation period.

The percentage of business loans in moderate-income geographies (15.0%) was lower than the percentage of businesses within those geographies (18.6%). CNB did not originate or purchase any business loans in low-income geographies during the evaluation period.

| Geographic Distribution of Business Loans –St. Louis MSA Counties | | | | | | | | |
|---|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| Census Tract Income Level* | Low | | Moderate | | Middle | | Upper | |
| Loan Type | % of AA Businesses * | % of Number of Loans | % of AA Businesses * | % of Number of Loans | % of AA Businesses * | % of Number of Loans | % of AA Businesses * | % of Number of Loans |
| Business | 7.1% | 0.0% | 18.6% | 15.0% | 30.8% | 65.0% | 43.4% | 20.0% |

Source: Sample of 60 business loans originated or purchased in 2012 and 2013; 2013 Dunn and Bradstreet Data.

*0.1% of businesses are located in geographies that have not been assigned an income classification

Responses to Complaints

No CRA-related complaints have been received by the bank or the OCC since the prior CRA evaluation.

COMMUNITY DEVELOPMENT TEST

The bank's performance under the CD test in the St. Louis, MO-IL MSA # 41180 is rated Satisfactory. Based on the full-scope review, the bank's CD performance in this AA reflects adequate responsiveness to the needs of the community. Many of the CD activities met an identified need of providing loans to small businesses and farms, affordable housing for low- and moderate-income individuals, and community services to low- and moderate-income individuals. None of the CD activities were considered innovative or complex.

Number and Amount of Community Development Loans

CNB originated 15 CD loans totaling \$3.7 million. Information regarding these loans is summarized below.

- CNB originated seven CD loans totaling \$1.5 million that promoted economic development by financing small businesses and farms that supported permanent job creation, retention, and/or improvement for persons who were low- and moderate-income. These loans created or retained 32 jobs.
- CNB originated three loans totaling \$1 million for the acquisition and refinance of four multi-family apartment complexes, containing 69 units, primarily for low- and moderate-income individuals.
- CNB originated five loans totaling \$1.2 million that supported community services primarily for low- and moderate-income individuals. Loan proceeds were used to acquire computers for a school district and to provide after school programs for students and daycare for children.

Number and Amount of Qualified Investments

CNB donated \$5,000 to 13 non-profit organizations that provide an array of community services primarily for low- and moderate-income individuals. These organizations supported food donations, health care, temporary shelter for the homeless and abused individuals, school supplies for children, job training and employment counseling, and transportation.

Extent to Which the Bank Provides Community Development Services

CNB provided CD services to six organizations that provide community services primarily for low- and moderate-income individuals. Information regarding these CD services is summarized below.

- A CNB representative provided CD services to a local chapter of the Boys and Girls Club. This entity provides an array of community services primarily for children of low- and moderate-income families. Over 1,000 children are served annually. Programs offered include education and career development, health and life skills, character and leadership development, arts, and fitness/recreation. The CNB representative participated in fundraising activities, provided investment advice for scholarship funds, and provided financial advice to the executive director.
- A CNB representative provided CD services to a local chapter of the Salvation Army. This entity provides an array of community services primarily for low- and moderate-income individuals needing assistance with food, rent, clothing, transportation, job skills, and health care. Over 200 families are served annually. The CNB representative participated in fundraising activities.
- A CNB representative provided CD services to Cross Church Celebrate Recovery, an organization that provides a support group for low-income chemically dependent women. The CNB representative taught budgeting classes and assisted clients in obtaining housing and employment.
- A CNB representative provided CD services to Oasis Women's Center, an organization that provides temporary shelter, financial education, and job skills training to low- and moderate-income women who are victims of domestic violence. Over 1,000 women are served annually. The CNB representative is a member of the Finance Committee and assists with managing the agency's finances.
- A CNB representative provided CD services to the Alton's Women's Home Association, an organization that provides grants to non-profit organizations that serve primarily low- and moderate-income women and children. The CNB representative is a Board member and is involved in overseeing the grant application process.
- A CNB representative provided CD services to the Riverbend Growth Association – Young Adults Committee, an organization that mentors high school students on the importance of volunteering to help their community. Students participate in fundraising activities and split proceeds between a non-profit agency and themselves. The CNB representative works with the students from primarily low- and moderate-income families in fundraising activities.

Responsiveness to Community Development Needs

CNB's CD activities demonstrated adequate responsiveness to community needs given the abundant opportunities for CD activities, the bank's capacity for CD activities, and identified needs of the community.

State Rating

State of Illinois

CRA Rating for Illinois⁵: Satisfactory.

The Lending test is rated: **Satisfactory**.

The Community development test is rated: **Satisfactory**.

- The distribution of loans among borrowers of different income levels and businesses of different sizes reflects reasonable penetration in the full-scope AA of Christian, Greene, Montgomery, Morgan, Pike, and Scott Counties (i.e., the six non-MSA Illinois counties) and in the limited-scope AA of Cook County.
- The geographic distribution of loans reflects reasonable dispersion in the full-scope AA of the six non-MSA Illinois counties and in the limited-scope AA of Cook County.
- The CD activities reflect adequate responsiveness to the community needs in the full-scope AA of the six non-MSA Illinois counties and excellent responsiveness in the limited-scope AA of Cook County.

DESCRIPTION OF INSTITUTION'S OPERATIONS IN ILLINOIS

The state of Illinois accounts for 50% (\$318 million) of CNB's total deposits and 45% of CNB's home mortgage loans originated or purchased during the evaluation period. CNB has six banking offices and seven cash-dispensing-only ATMs within the state of Illinois. CNB has no deposit-taking ATMs within the state.

CNB has two AAs in the state of Illinois: Cook County, which is part of the Chicago-Joliet-Naperville, IL Metropolitan Division # 16974; and six non-MSA Illinois counties located in southwest Illinois. The six banking offices are located in Christian, Cook, Greene, Montgomery, Morgan, and Pike counties. Even though CNB does not have a banking office in Scott County, this county is part of the non-MSA AA because it is contiguous to some of the other counties. None of CNB's banking offices are located in low- or moderate-income geographies. Both AAs conform to regulatory requirements and do not arbitrarily exclude low- and moderate-income geographies.

Cook County

CNB's opportunity to lend in the low- and moderate-income geographies in Cook County is affected by CNB's limited presence in the county, the distance from that

⁵ For institutions with branches in two or more states in a multistate metropolitan area, this statewide evaluation does not reflect performance in the parts of this state contained within the multistate metropolitan area. Refer to the multistate metropolitan area rating and discussion for the rating and evaluation of the institution's performance in that area.

banking office to low- and moderate-income geographies throughout the county, and the many other financial institutions that are closer to the low- and moderate-income geographies. The above factors also affect CNB's opportunities to make loans to low- and moderate-income borrowers, as more of these borrowers reside in the low- and moderate-income geographies.

Non-MSA Illinois Counties

Included in the six non-MSA Illinois counties are designated Enhanced Enterprise Zones located in Montgomery County and Morgan County. The six non-MSA Illinois counties have no low-income and only four moderate-income geographies located in Roodhouse (1) in Greene County, Pana (1) in Christian County, and Jacksonville (2) in Morgan County. CNB's opportunity to lend in the four moderate-income geographies is affected by the distance from CNB's closest banking office to these geographies and other closer financial institutions. The above factors also affect CNB's opportunities to make loans to low- and moderate-income borrowers, as more of these borrowers reside in the four moderate-income geographies compared to other geographies within this AA. See the narrative below for supporting information.

- **Roodhouse:** The moderate-income geography is approximately 13 miles from CNB's closest office, in Carrollton. Other financial institutions have an office in Roodhouse and two offices in White Hall, which is approximately 4 miles from the moderate-income geography.
- **Pana:** The moderate-income geography is approximately 17 miles from CNB's closest office, in Taylorville. Other financial institutions have four offices in Pana.
- **Jacksonville:** The two moderate-income geographies are approximately two miles from CNB's Jacksonville office. However, four offices of other financial institutions are located in one of the two moderate-income geographies.

In the six non-MSA Illinois counties, non-agricultural wage and salaried employment decreased from 61,869 in July 2009 to 56,310 in March 2014, a decrease of 9%. During this same period, the unemployment rate increased from 8.9% to 9.1%. As of March 2014, the state of Illinois' unemployment rate was 8.3%. Montgomery County had the highest unemployment rate in the AA (11.2%) and Pike County had the lowest (7.6%).

The 2013 FFIEC estimated statewide non-metropolitan area MFI for the six non-MSA Illinois counties was \$56,200. Twenty-one percent and 18% of families were low- and moderate-income, respectively, based on 2010 Census Data. Eleven percent of AA families live below the poverty level. It is especially difficult for this segment of the population to afford and maintain a home. The 2010 median housing value for the AA was \$82,717. The following is additional demographic data for the AA.

| DEMOGRAPHIC DATA FOR THE SIX NON-MSA ILLINOIS COUNTIES | | | | | |
|--|---------|------------|----------------------|---------------|--------------|
| Demographic Characteristics | # | Low % of # | Moderate % of # | Middle % of # | Upper % of # |
| Geographies (Census Tracts/BNAs) | 40 | 0.00 | 10.00 | 80.00 | 10.00 |
| Population by Geography | 136,122 | 0.00 | 8.05 | 80.84 | 11.11 |
| Owner-Occupied Housing by Geography | 40,972 | 0.00 | 6.84 | 80.76 | 12.40 |
| Business by Geography | 8,918 | 0.00 | 8.76 | 78.65 | 12.59 |
| Farms by Geography | 1,873 | 0.00 | 2.83 | 86.71 | 10.46 |
| Family Distribution by Income Level | 36,205 | 20.59 | 17.58 | 21.72 | 40.11 |
| Distribution of Low and Moderate Income Families throughout AA Geographies | 13,817 | 0.00 | 12.43 | 80.21 | 7.36 |
| Median Family Income | | \$54,549 | Median Housing Value | | \$82,717 |
| FFEIC Adjusted Median Family Income for 2013 | | \$56,200 | (2010 US Census) | | |
| Families Below Poverty Level | | 11% | | | |

Source: 2010 US Census and 2013 FFEIC updated MFI.

In 2014, the NLIHC estimated that between 38% and 49% of the family area median income was needed to afford the monthly fair market rent (between \$637 and \$681) for a two-bedroom unit in the six non-MSA Illinois counties. An individual would need to either earn between 169% and 181% of the federal minimum wage (based on a 40-hour work week) or work a 60- to 64-hour work week to afford the fair market rent.

CNB’s deposits in the six non-MSA Illinois counties totaled \$235 million as of June 30, 2013. CNB is the third largest deposit-taking institution in the AA with a 7% market share based upon FDIC deposit data. The other four largest financial institutions in the bank’s AA are Jacksonville Savings Bank, Peoples Bank & Trust, Farmers State Bank, and First National Bank in Taylorville.

We determined the community needs of the six non-MSA Illinois counties by contacting individuals from three organizations involved in economic development and affordable housing. We identified the following credit and non-credit community needs in the AA.

Affordable Housing Needs

- Rehabilitation housing loans. One community contact indicated the housing stock in Christian County is old and in need of rehabilitation, and many financial institutions will not accept older homes as collateral.
- Transitional housing for the homeless.
- Affordable rental housing. A representative from a local housing authority stated the waiting list for rent-subsidized Section 8 housing is so long they are currently not adding new names to the list.
- Affordable non-rent subsidized housing.

Economic Development Needs

- Loans to existing small businesses and start-up businesses.

Community Service Needs

- Funding for Headstart programs for children.

Opportunities for CD loans, qualified investments, and CD services within the AA are moderate. The AA has housing and social service agencies that provide community services to low- and moderate-income individuals, and there are agencies involved in economic and business development. The opportunities for qualified investments other than donations that directly benefit the bank's AA are limited and consist of securities secured by mortgages to low- and moderate-income individuals and QIFs.

SCOPE OF EVALUATION IN ILLINOIS

We selected the six non-MSA Illinois counties to receive a full-scope review because this AA has the largest percentage of deposits (74%), branches (83%), and home mortgage loans (89%) originated or purchased within the state of Illinois. Cook County received a limited-scope review. We based the state of Illinois ratings primarily on the results of the full-scope review.

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS IN ILLINOIS**LENDING TEST**

The bank's performance under the lending test in the state of Illinois is rated Satisfactory. Based on the full-scope review, the bank's lending test performance in the six non-MSA Illinois counties is satisfactory. Based on the limited-scope review, the bank's performance under the lending test in Cook County is not inconsistent with the overall Satisfactory performance under the lending test in Illinois.

Lending to Borrowers of Different Incomes and to Businesses of Different Sizes*Conclusions for the full-scope AA of six Non-MSA Illinois Counties*

CNB's lending distribution to borrowers of different income levels and businesses of different sizes reflects reasonable penetration. In analyzing the distribution of loans to borrowers of different income levels, we took into consideration that more low- and moderate-income borrowers reside in the four moderate-income geographies that are not in close proximity to a CNB banking facility as compared to other geographies. See Description of Institution's Operations on pages 16 and 17 for further information.

Residential Real Estate Loans

The borrower distribution of RRE loans originated or purchased during the evaluation period is reasonable. In evaluating CNB's performance, we placed most weight on the distribution of home mortgage refinance loans and then home purchase loans because they represented the largest percentage of RRE loans originated and purchased by the

bank. We also considered the percentage of families (11%) who live below the poverty level and the barriers this may have on home ownership.

The percentage of home purchase loans to low-income borrowers (8.5%) was significantly lower than the percentage of AA families who were low-income (20.6%). The bank’s market share of loans to low-income borrowers (3.60%) was lower than the bank’s overall market share (4.97%). The percentage of home purchase loans to moderate-income borrowers (39.0%) significantly exceeded the percentage of families who were moderate-income (17.6%). The bank’s market share of loans to moderate-income borrowers (6.87%) also exceeded the bank’s overall market share (4.97%).

The percentage of home improvement loans to low-income borrowers (11.0%) was significantly lower than the percentage of AA families who were low-income (20.6%). The bank’s market share of loans to low-income borrowers (5.88%) was lower than the bank’s overall market share (8.51%). The percentage of home improvement loans to moderate-income borrowers (20.9%) exceeded the percentage of AA families who were moderate-income (17.6%). The bank’s market share of loans to moderate-income borrowers (9.09%) also exceeded the bank’s overall market share (8.51%).

The percentage of home mortgage refinance loans to low-income borrowers (8.1%) was significantly lower than the percentage of AA families who were low-income (20.6%). However, the bank’s market share of loans to low-income borrowers (10.16%) exceeded the bank’s overall market share (8.41%). The percentage of home mortgage refinance loans to moderate-income borrowers (14.8%) was lower than the percentage of families who were moderate-income (17.6%). However, the bank’s market share of loans to moderate-income borrowers (9.57%) exceeded the bank’s overall market share (8.41%).

| Borrower Distribution of Residential Real Estate Loans in AA (Six Non-MSA Illinois Counties) | | | | | | | | |
|---|------------------|----------------------|------------------|----------------------|------------------|----------------------|------------------|----------------------|
| Borrower Income Level | Low | | Moderate | | Middle | | Upper | |
| Loan Type | % of AA Families | % of Number of Loans | % of AA Families | % of Number of Loans | % of AA Families | % of Number of Loans | % of AA Families | % of Number of Loans |
| Home Purchase | 20.6% | 8.5% | 17.6% | 39.0% | 21.7% | 25.4% | 40.1% | 27.1% |
| Home Improvement | 20.6% | 11.0% | 17.6% | 20.9% | 21.7% | 24.2% | 40.1% | 43.9% |
| Home Mortgage Refinance | 20.6% | 8.1% | 17.6% | 14.8% | 21.7% | 26.2% | 40.1% | 50.9% |

Source: RRE loan data reported under HMDA in 2012 and 2013; 2010 U.S. Census Data.

| Borrower Distribution – Market Share Information in the AA (Six Non-MSA Illinois Counties) | | | | | |
|---|---------|--------|----------|--------|--------|
| Borrower Income Level | Overall | Low | Moderate | Middle | Upper |
| Loan Type | | | | | |
| Home Purchase | 4.97% | 3.60% | 6.87% | 4.45% | 4.32% |
| Home Improvement | 8.51% | 5.88% | 9.09% | 5.71% | 10.14% |
| Home Mortgage Refinance | 8.41% | 10.16% | 9.57% | 9.16% | 7.52% |

Source: Based on 2012 Peer Mortgage Data (USPR)

Business Loans

The distribution of loans to businesses of different sizes reflects reasonable penetration based on a sample of 60 loans originated or purchased during the evaluation period. The percentage (90.0%) of loans extended to businesses with revenues of \$1 million or less exceeded the percentage (70.5%) of area businesses that had revenues of \$1 million or less. CNB’s performance is not excellent due to the high percentage of businesses with unknown revenues (25.6%)

| Borrower Distribution of Loans to Businesses (Six Non-MSA Illinois Counties) | | | | |
|---|--------------|--------------|-------------------------|-------|
| Business Revenues | ≤\$1,000,000 | >\$1,000,000 | Unavailable/ Unknown | Total |
| % of AA Businesses | 70.5% | 3.9% | 25.6% | 100% |
| % of Bank Loans in AA by # | 90.0% | 10.0% | 0.0% | 100% |
| % of Bank Loans in AA by \$ | 74.4% | 25.6% | 0.0% | 100% |

Source: Sample of 60 business loans originated or purchased in 2012 and 2013; 2013 Dunn and Bradstreet Data

Conclusions for the limited-scope AA of Cook County

CNB’s lending distribution to borrowers of different income levels and businesses of different sizes reflects reasonable penetration. In analyzing the distribution of loans to borrowers of different income levels, we took into consideration that more low- and moderate-income borrowers reside in low- and moderate-income geographies that are not in close proximity to a CNB banking facility as compared to other geographies within the AA. We also considered the percentage of families (12%) who live below the poverty level and the barriers this may have on home ownership. See Description of Institution’s Operations on pages 16 and 17 for further information.

Residential Real Estate Loans

The number of home purchase (8) and home improvement (5) loans originated or purchased during the evaluation period was not significant enough to perform a meaningful analysis. The percentage of home mortgage refinance loans to moderate-income borrowers (8.8%) was significantly lower than the percentage of AA families who were moderate-income (17.9%). CNB did not originate any home mortgage refinance loans to low-income borrowers during the evaluation period.

Business Loans

The distribution of loans to businesses of different sizes reflects reasonable penetration based on a sample of 60 loans originated or purchased during the evaluation period. The percentage (76.7%) of loans extended to businesses with revenues of \$1 million or less exceeded the percentage (70.6%) of area businesses that had revenues of \$1 million or less. CNB’s performance is not excellent due to the high percentage of businesses with unknown revenues (23.7%)

Geographic Distribution of Loans

Conclusions for the full-scope AA of six Non-MSA Illinois Counties

CNB’s geographic distribution of loans reflects reasonable dispersion. There are no low-income geographies in the AA. In evaluating the bank’s performance, we took into consideration that CNB’s opportunity to lend in the four moderate-income geographies is adversely affected by the distance from their closest banking office to these geographies and by competition from closer financial institutions. See Description of Institution’s Operations on page 17 for further information.

Residential Real Estate Loans

The geographic distribution of RRE loans originated or purchased during the evaluation period is reasonable given the distance from CNB’s closest banking office to the four moderate-income geographies. In evaluating CNB’s performance, we placed the most weight on the distribution of home mortgage refinance loans and then home purchase loans because they represented the largest percentage of RRE loans originated or purchased by the bank.

The portion of home purchase loans in moderate-income geographies (0.8%) was significantly lower than the portion of owner-occupied housing units within those geographies (6.8%). During the evaluation period (2012-2013), CNB did not originate or purchase any home improvement or home mortgage refinance loans in the four moderate-income geographies.

| Geographic Distribution of Residential Real Estate Loans in the AA (Six Non-MSA Illinois Counties) | | | | | | | | |
|---|--------------------------------|----------------------|--------------------------------|----------------------|--------------------------------|----------------------|--------------------------------|----------------------|
| Census Tract Income Level | Low | | Moderate | | Middle | | Upper | |
| Loan type | % of AA Owner Occupied Housing | % of Number of Loans | % of AA Owner Occupied Housing | % of Number of Loans | % of AA Owner Occupied Housing | % of Number of Loans | % of AA Owner Occupied Housing | % of Number of Loans |
| Home Purchase | NA | NA | 6.8% | 0.8% | 80.8% | 95.9% | 12.4% | 3.3% |
| Home Improvement | NA | NA | 6.8% | 0.0% | 80.8% | 93.4% | 12.4% | 6.6% |
| Home Mortgage Refinance | NA | NA | 6.8% | 0.0% | 80.8% | 97.6% | 12.4% | 2.4% |

Source: RRE loan data reported under HMDA in 2012 and 2013; 2010 U.S. Census Data.

| Geographic Distribution – Market share Information in the AA (Six Non-MSA Illinois Counties) | | | | | |
|---|---------|-----|----------|--------|-------|
| Census Tract Income Level | Overall | Low | Moderate | Middle | Upper |
| Loan Type | | | | | |
| Home Purchase | 4.75% | NA | 0.00% | 6.01% | 1.18% |
| Home Improvement | 8.02% | NA | 0.00% | 9.49% | 2.04% |
| Home Mortgage Refinance | 7.92% | NA | 0.00% | 10.24% | 0.69% |

Source: Based on 2012 Peer Mortgage Data (USPR)

Business Loans

Based on a sample of 60 loans originated or purchased during the evaluation period (2012-2013), CNB did not originate or purchase any business loans in the four moderate-income geographies. However, the geographic distribution of business loans originated or purchased is reasonable given the distance from CNB’s closest banking office to the four moderate-income geographies.

| Geographic Distribution of Business Loans (Six Non-MSA Illinois Counties) | | | | | | | | |
|--|--------------------|----------------------|--------------------|----------------------|--------------------|----------------------|--------------------|----------------------|
| Census Tract Income Level* | Low | | Moderate | | Middle | | Upper | |
| Loan Type | % of AA Businesses | % of Number of Loans | % of AA Businesses | % of Number of Loans | % of AA Businesses | % of Number of Loans | % of AA Businesses | % of Number of Loans |
| Business | NA | NA | 8.8% | 0.0% | 78.6% | 100.0% | 12.6% | 0.0% |

Source: Sample of 60 business loans originated or purchased in 2012 and 2013; 2013 Dunn and Bradstreet Data.

Conclusions for the limited-scope AA of Cook County

CNB’s geographic distribution of loans reflects reasonable dispersion. In evaluating the bank’s performance, we took into consideration that CNB’s opportunity to lend in the low- and moderate-income geographies is adversely affected by the distance from the closest banking office to these geographies and by competition from closer financial institutions. See Description of Institution’s Operations on pages 16 and 17 for further information.

Residential Real Estate Loans

The number of home purchase (8) and home improvement (5) loans originated or purchased during the evaluation period was not significant enough to perform a meaningful analysis. CNB did not originate or purchase any home mortgage refinance loans in low- or moderate-income geographies during the evaluation period.

Business Loans

The percentage of business loans in low-income geographies (1.7%) was significantly lower than the percentage of businesses within those geographies (7.0%). The percentage of business loans in moderate-income geographies (15.0%) was lower than the percentage of businesses within those geographies (19.3%).

Responses to Complaints

No CRA-related complaints have been received by the bank or the OCC since the prior CRA evaluation.

COMMUNITY DEVELOPMENT TEST

The bank’s performance under the CD test in the state of Illinois is rated Satisfactory. Based on the full-scope review, the bank’s CD performance in the six non-MSA Illinois counties reflects adequate responsiveness to the needs of the community. The CD activities met an identified need of providing loans to small businesses and farms.

Based on the limited-scope review, the bank's CD performance in Cook County reflects stronger performance than the overall CD rating in Illinois. The CD performance in Cook County demonstrates excellent responsiveness to the needs of the community given the volume of activity and the significance of Cook County to the bank as a whole. None of the CD activities in the state of Illinois were considered innovative or complex.

Number and Amount of Community Development Loans

Conclusions for the full-scope AA of six Non-MSA Illinois Counties

In the six non-MSA Illinois counties, CNB originated eleven CD loans totaling \$2.2 million that promoted economic development by financing small businesses and farms that supported permanent job creation, retention, and/or improvement for persons who were low- and moderate-income. These loans created or retained 20 jobs.

Conclusions for limited-scope AA of Cook County

In Cook County, CNB originated four CD loans totaling \$3.2 million. Information regarding these loans is summarized below.

- CNB originated two loans totaling \$2.7 million for the rehabilitation of multi-family apartment complexes containing 89 units, primarily for low- and moderate-income individuals.
- CNB originated one loan for \$283,000 that promoted economic development by financing a small business that retained six jobs for persons who were low- and moderate-income.
- CNB originated one loan for \$185,000 that provided housing and developmental services for disabled low- and moderate-income individuals.

Number and Amount of Qualified Investments

Conclusions for the full-scope AA of six Non-MSA Illinois Counties

In the six non-MSA Illinois counties, CNB donated \$4,000 to ten non-profit organizations that provide an array of community services primarily for low- and moderate-income individuals. These organizations supported families who have children with life-threatening illnesses, food donations, health care, clothes for the needy, and senior services.

Conclusions for the limited-scope AA of Cook County

In Cook County, CNB donated \$490 to three non-profit organizations that provided housing, food, clothes, and job training primarily for low- and moderate-income individuals.

Extent to Which the Bank Provides Community Development Services

Conclusions for the full-scope AA of six Non-MSA Illinois Counties

In the six non-MSA Illinois counties, CNB provided CD services to three non-profit organizations that provide community services primarily for low- and moderate-income individuals. Information regarding these CD services is summarized below.

- A CNB representative assisted with fundraising activities for the Blue Mound Lions Club coats for kids program that provides coats to children of low- and moderate-income families.
- A CNB representative provided CD services to the Christian County Mental Health Association. This entity provides mental health services to individuals with developmental disabilities or alcohol addiction that are primarily low- and moderate-income. This organization provides clinical services to over 350 individuals per month. The CNB representative is a Board member and Treasurer of the organization, reviews financial reports, and provides guidance to management on the administration of the organization's by-laws.
- A CNB representative provided CD services to the Senior Citizens of Christian County, an agency that provides transportation, low cost meals, and social services to senior citizens who are primarily low- and moderate-income. The CNB representative is a Board member and provides advice on personnel and financial matters.

Conclusions for the limited-scope AA of Cook County

In Cook County, a CNB representative provided CD services to one non-profit organization, Sertaoma Centre, that provides life skills training and housing for developmentally disabled low- and moderate-income adults. This organization serves over 750 individuals annually and provides housing for 60 individuals. The CNB representative evaluates financing options for housing, assists in applying for grant money from public sources, and reviews financial information.

Responsiveness to Community Development Needs

In the six non-MSA Illinois counties, CNB's CD activities demonstrated adequate responsiveness to community needs given the moderate opportunities for CD activities, the bank's capacity for CD activities, and identified needs of the community.

In the Cook County AA, CNB's CD activities demonstrated excellent responsiveness to community needs given the volume of activity and the significance of Cook County to the bank as a whole.

Appendix A: Scope of Evaluation

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

| | | |
|---|--|--------------------------|
| Time Period Reviewed | Lending Test: January 1, 2012 to December 31, 2013 Community Development Test: July 1, 2009 to April 30, 2014 | |
| Financial Institution | Products Reviewed | |
| CNB Bank and Trust, National Association (CNB) Carlinville, Illinois | Home Mortgage and Business Loans | |
| Affiliate(s) | Affiliate Relationship | Products Reviewed |
| South Central Illinois Mortgage, LLC | Subsidiary of Holding Company, CNB Bank Shares, Inc. | Home Mortgage Loans |
| List of Assessment Areas and Type of Evaluation | | |
| Assessment Area | Type of Exam | Other Information |
| St. Louis, MO-IL MSA # 41180 – Jersey, Macoupin, and Madison County, Illinois and St. Louis City and St. Louis County, Missouri | Full-Scope | |
| State of Illinois - Non MSA IL counties consisting of Christian, Cook, Green, Montgomery, Morgan, and Pike counties | Full-Scope | |
| - Cook County | Limited-Scope | |

Appendix B: Summary of Multistate Metropolitan Area and State Ratings

| Overall Bank: | Lending Test Rating | Community Development Test Rating | Overall Bank/State/Multistate Rating |
|--|---------------------|-----------------------------------|--------------------------------------|
| CNB Bank and Trust, National Association | Satisfactory | Satisfactory | Satisfactory |
| St. Louis, MO-IL MSA # 41180 | Satisfactory | Satisfactory | Satisfactory |
| State of Illinois | Satisfactory | Satisfactory | Satisfactory |