



PUBLIC DISCLOSURE

June 3, 2019

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

Citizens National Bank of Cheboygan

Charter Number: 13522

303 N. Main Street
Cheboygan, MI 49721

Office of the Comptroller of the Currency

200 Public Square, Suite 1610
Cleveland, OH 44114-2241

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

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Overall CRA Rating

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

The lending test is rated: Satisfactory

The major factors that support this rating include:

- Citizens National Bank of Cheboygan's (CNB or bank) loan-to-deposit ratio (LTD) is reasonable, given its size and financial condition, and the credit needs of its community.
- CNB originated or purchased a substantial majority of its loans inside its assessment area (AA.)
- CNB's geographic distribution of home mortgage loans and loans to small businesses reflects an excellent dispersion throughout the AA.
- CNB's distribution of home mortgage loans reflects a reasonable penetration to borrowers of different income levels. The distribution of loans to small businesses reflects a reasonable penetration to businesses of different sizes.

Loan-to-Deposit Ratio

Considering CNB's size, financial condition and credit needs of the AA, the bank's LTD is reasonable. Based on its reported LTD ratios over the quarterly periods of September 1, 2016 through December 31, 2018, the bank's average quarterly LTD was 54.64 percent with quarterly ratios ranging from a low of 51.70 percent to a high of 57.40 percent. In comparison, the average LTD ratio for two other banks of similar asset size ranged between 61.80 percent and 98.89 percent. Despite the relatively low average LTD ratio, CNB's performance is reasonable considering lending is impacted by weak loan demand given the seasonal economy of its AA and competition from other banks, credit unions, and non-local financial institutions. CNB also sells a majority of its home mortgage loans to secondary market investors. CNB continues to experience significant deposit growth. During the evaluation period, the bank's deposits grew by approximately \$28 million.

Lending in Assessment Area

A substantial majority of the bank's loans are made inside its AA. The following table reflects that out of a statistical sample of 150 home mortgage loans and small loans to businesses originated or purchased from June 2, 2016 through 2018, 89.3 percent by number and 79.9 percent by dollar amount, of sampled loans were inside the bank's AA.

Lending Inside and Outside of the Assessment Area										
Loan Category	Number of Loans				Total #	Dollar Amount of Loans \$(000s)				Total \$(000s)
	Inside		Outside			Inside		Outside		
	#	%	#	%		\$	%	\$	%	
Home Mortgage	68	90.7	7	9.3	75	10,211	93.8	678	6.2	10,889
Small Business	66	88.0	9	12.0	75	9,094	68.6	4,169	31.4	13,263
Total	134	89.3	16	10.7	150	19,305	79.9	4,847	20.1	24,152

Based on a statistical sample of 150 bank home mortgage loans and small loans to businesses not considering in or out of AA. Totals will not equal loan totals for the Geographic or Borrower Distribution tests.

Description of Institution

CNB is headquartered in Cheboygan, Michigan. CNB's operations are focused in the counties of Cheboygan, Emmet, Charlevoix, and Presque Isle in the northern Lower Peninsula. The bank has eight full-service branches, which includes its main office. There are two offices in Cheboygan, and one each in Indian River, Onaway, Mackinaw City, Pellston, Alanson, and Petoskey. The bank also has one stand alone drive-through facility in Cheboygan and one in Petoskey. Each branch has an onsite deposit taking automated teller machine (ATM) except the main office. During the assessment period, CNB opened a standalone drive-through facility in Petoskey. The bank's primary business focus is home mortgage lending and small loans to businesses. CNB consistently ranked second in deposit market share throughout the evaluation period. Based on FDIC Deposit Market Share reports from June 30, 2016 and June 30, 2018, the bank's deposits and deposit market share have increased from \$234 million (or 14.63 percent) in 2016 to \$262 million (or 15.22 percent) in 2018. The banking environment is very competitive. There are nine large, regional, and community banks that have offices in the AA. Credit unions and non-bank financial institutions provide additional competition. We considered information from a community contact to help assess the credit needs of bank's AA and the opportunities for financial institutions to lend within the area.

Scope of the Evaluation

Evaluation Period/Products Evaluated

This Performance Evaluation covers the period of June 2, 2016 through December 31, 2018. In conducting our review, we used small bank Community Reinvestment Act (CRA) examination procedures. CNB is not a reporting bank for Home Mortgage Disclosure Act (HMDA) or CRA data. Therefore, we based our lending-related conclusions on a statistical sample of 75 home mortgage loans and 75 small loans to businesses that the bank originated or purchased during the evaluation period. For the Lending Test, we performed a separate analyses of 2016 data from 2017 and 2018 data. This is due to changes instituted by the Federal Financial Institutions Examination Council (FFIEC), which utilized American Community Survey (ACS) Census data for the FFIEC published census data in 2017. The change became effective as of January 1, 2017. The change to ACS Census data resulted in updated demographic information related to population and housing, and changes to the income designations of some census tracts (CTs.) The 2017 through 2018 analysis period received more weight than the 2016 analysis period, as this period represents a larger portion of the bank's lending activity. Residential mortgage loans and small loans to businesses are the bank's two primary lending products. Equal consideration was given to the performance related to these two products in order to arrive at our conclusions. In addition to census data and bank loan information, we also used information from governmental websites and internal bank reports in our evaluation. Furthermore, we contacted one member of the community in order to help assess the community's credit needs, and the opportunities for financial institutions to lend and provide services to the AA.

Selection of Areas for Full-Scope Review

CNB has one AA in the state of Michigan, and a full-scope review was performed for the AA. The AA comprises all of Cheboygan and Emmet Counties and portions of Charlevoix and Presque Isle Counties, which are contiguous. These are the northern most counties in Michigan's Lower Peninsula. CNB's AA is not part of a Metropolitan Statistical Area (MSA).

Ratings

The bank's overall rating is based on its performance within the single AA. In reaching our overall rating, we gave more weight to certain lending criteria than other areas. Since the AA had no low-income geographies and only three moderate-income CTs, lending to borrowers of different incomes was given the most weight since it represents a better measure of the bank's lending performance as compared to the geographic distribution test.

The state rating is based on performance in the bank's AA. Refer to the "Scope" section under the state section for details regarding how the areas were weighted in arriving at the respective rating.

Discriminatory or Other Illegal Credit Practices Review

Pursuant to 12 CFR 25.28(c) or 195.28(c), respectively, in determining a national bank's or federal savings association's (collectively, bank) CRA rating, the OCC considers evidence of discriminatory or other illegal credit practices in any geography by the bank, or in any AA by an affiliate whose loans have been considered as part of the bank's lending performance. As part of this evaluation process, the OCC consults with other federal agencies with responsibility for compliance with the relevant laws and regulations, including the U.S. Department of Justice, the U.S. Department of Housing and Urban Development, and the Bureau of Consumer Financial Protection, as applicable.

The OCC has not identified that this institution has engaged in discriminatory or other illegal credit practices that require consideration in this evaluation.

The OCC will consider any information that this institution engaged in discriminatory or other illegal credit practices, identified by or provided to the OCC before the end of the institution's next performance evaluation in that subsequent evaluation, even if the information concerns activities that occurred during the evaluation period addressed in this performance evaluation.

State Rating

State of Michigan

CRA rating for the State of Michigan¹: Satisfactory

The Lending Test is rated: Satisfactory

The major factors that support this rating include:

- CNB's loan-to-deposit ratio is reasonable, given its size and financial condition, and the credit needs of its community.
- CNB originated or purchased a substantial majority of its loans within its AA.
- CNB's geographic distribution of home mortgage loans and loans to small businesses reflects an excellent dispersion throughout the AA.
- CNB's distribution of home mortgage loans reflects a reasonable penetration to borrowers of different income levels. The distribution of loans to small businesses reflects a reasonable penetration to businesses of different sizes.

Description of Institution's Operations in Michigan

CNB is a full service intrastate community bank headquartered in Cheboygan, Michigan. The bank is a wholly-owned subsidiary of CNB Corporation, a one-bank holding company, which is also headquartered in Cheboygan. The bank is located in the northern most counties in Michigan's Lower Peninsula.

As of December 31, 2018, CNB had \$296.2 million in total assets and \$25.9 million in Tier 1 capital, and its loan portfolio totaled \$143 million. The bank offers a wide range of deposit and loan products. Deposit products include personal and business checking and savings accounts, certificates of deposits, IRAs, health savings accounts, ATM and debit cards, credit cards, and a variety of cash management and wealth management services. The bank also offers online banking, bill pay, and mobile banking with remote deposit capture. Loan products include home mortgage loans, home equity loans, construction loans, and various other consumer loans products, in addition to business loans. The two largest segments of loans held within the bank's loan portfolio are home mortgages at 43.91 percent and commercial real estate loans at 40.35 percent. Other loan portfolios include commercial and industrial loans at 7.34 percent, consumer loans at 4.41 percent, home equity loans and credit lines at 2.58 percent, multi-family mortgage loans at 2.11 percent, and less than one percent in agricultural loans. CNB does not have any financial, legal, or other impediments restricting its capacity to serve its community. The bank received a Satisfactory rating in its last CRA Performance Evaluation, dated June 1, 2016.

The bank has eight full-service branches, which includes its main office. The bank has two branches located in Cheboygan and one branch in each city of Indian River, Onaway, Pellston, Mackinaw City,

¹ This rating reflects performance within the state. The statewide evaluations do not reflect performance in the parts of those states contained within a MMSA.

Alanson and Petoskey. The bank also has one standalone drive-through facility in Cheboygan and one in Petoskey. The standalone drive through facility in Petoskey also includes a walk-in center for customers. All of the branches offer similar service hours and one branch in Cheboygan and Mackinaw City are open for limited hours on Saturday. The Pellston branch is a self-service technical branch with available access 24 hours, seven days a week. Excluding the Pellston branch, all of the branches have drive-through services that have the same hours of operations as the branch. Excluding the ATM located at the bank's main office, each branch has an onsite deposit taking ATM. Based on 2015 ACS Census Data, the bank's main office and branch in Cheboygan and Onaway branch are located in moderate-income tracts. The branches in Indian River, Mackinaw City, Alanson, and Pellston are in middle-income tracts. The Petoskey branch is in an upper-income tract. During the assessment period, CNB opened the stand-alone drive through facility in Petoskey. The bank did not close any branch offices during the evaluation period.

CNB has one contiguous AA, which includes the entire counties of Cheboygan and Emmet, and portions of Charlevoix and Presque Isle Counties. The AA is mostly rural, made up of forests, lakes and rivers, and farmland. The area is highly reliant on the tourism industry. The cities of Petoskey and Cheboygan are the areas two largest cities with populations of 5,670 and 4,876 people, respectively. During the evaluation period, the AA had no low-income CTs and only three moderate-income CTs. Based on 2010 U.S. Census data, two of the three moderate-income CTs were located in Presque Isle County and one in Cheboygan County. Based on the 2015 ACS Census data, Cheboygan County contained two of the moderate-income CTs and Presque Isle County only had one moderate-income CT.

Cheboygan County is located at the top of the northeast corner of Michigan's Lower Peninsula, bounded on the east by Lake Huron and north by the Straits of Mackinac. Based on a comparison of 2010 U.S. Census and 2015 ACS Census data, the overall population of the county has declined by 2.8 percent. Additionally, a significant amount of housing in the area includes second homes and rentals. The largest industries include services, retail trade, social services, and recreation. Some of the larger employers in the county include McLaren Northern Michigan Hospital, Tube Fab Engineering, Walmart, and Vital Care Home Health Services.

Emmet County is located at the top of northwest corner of Michigan's Lower Peninsula, bounded on the west by Lake Michigan and north by the Straits of Mackinac. Comparing 2010 U.S. Census and 2015 ACS Census data, the overall population of the county has experienced 1.8 percent population growth. Much of the economic growth in the area has been in the service related sectors, with some industrial expansion in new construction of commercial properties. The city of Petoskey is considered the county's center of commerce and employment. Some of the larger employers in the county include McLaren Northern Michigan, LTBB Gaming Casino, Moeller Aerospace Technology and Bay Harbor, Inc.

Presque Isle County is located along the northeast corner of Michigan's Lower Peninsula along the shoreline of Lake Huron. Comparing 2010 U.S. Census and 2015 ACS Census data, the county's population has declined by 4.8 percent, and the unemployment rate continues to be near 10 percent. CNB's AA includes the three CTs adjacent to Cheboygan County, and does not include the county seat of Rogers City. This area's economy is focused on tourism, with numerous beaches, as well as fishing, hunting, boating, and outdoor winter activities. The county's largest employer is Carmeuse Lime and Stone in Rogers City.

Charlevoix County is the fourth-smallest county in Michigan. Comparing 2010 U.S. Census and 2015 ACS Census data, the overall county's population increased by 1.1 percent. CNB's AA includes the seven CTs adjacent to Emmet County on the north side of Lake Charlevoix, and includes the county seat of Charlevoix and Boyne City. Some of the larger employers in the county include Boyne USA, Inc.,

East Jordan Iron Works, Munson Healthcare Charlevoix Hospital and LexaMar Corporation. The retail and service industries dominate the economy, though there is some manufacturing of automotive stampings, wiring devices, and engineering and scientific instruments. Fisherman's Island State Park and the Mackinaw State Forest occupy much of the land. The area is a popular recreation destination for skiing, hunting, fishing, and boating.

We considered the information provided by one community contact to assess the bank's performance in meeting the AA's credit needs. The community contact works for an agency that creates and preserves affordable housing. The contact indicated that the economy was doing very well; however, affordable housing was scarce, given current homes in the area being purchased by investors for second homes and vacation rentals. New construction has been focused on higher end homes. The opportunities for banks include construction and permanent financing for rehabbing and developing affordable single and multi-family housing. Other areas for financial institutions to participate include assisting with grant applications with the Federal Home Loan Bank, providing financing for construction and permanent loans, providing access to facilities for home counseling and foreclosure prevention classes, and teaching financial education classes related to budgeting.

CNB AA

Table A - Demographic Information of the Assessment Area						
Assessment Area: CNB AA 2016						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	26	0.0	11.5	65.4	23.1	0.0
Population by Geography	78,768	0.0	9.8	66.0	24.2	0.0
Housing Units by Geography	53,880	0.0	9.2	65.8	24.9	0.0
Owner-Occupied Units by Geography	27,724	0.0	10.0	64.2	25.8	0.0
Occupied Rental Units by Geography	6,887	0.0	12.2	69.9	17.9	0.0
Vacant Units by Geography	19,269	0.0	7.1	66.7	26.2	0.0
Businesses by Geography	6,131	0.0	9.1	64.4	26.5	0.0
Farms by Geography	293	0.0	13.0	56.7	30.4	0.0
Family Distribution by Income Level	23,071	17.3	18.9	21.2	42.5	0.0
Household Distribution by Income Level	34,611	21.0	17.3	18.6	43.1	0.0
Median Family Income Non-MSAs - MI		\$51,187	Median Housing Value			\$166,011
			Median Gross Rent			\$635
			Families Below Poverty Level			8.8%
Source: 2010 U.S. Census and 2016 D&B Data. Due to rounding, totals may not equal 100.0. (*) The NA category consists of geographies that have not been assigned an income classification.						

Table B - Demographic Information of the Assessment Area

Assessment Area: CNB AA 2017-2018

Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	28	0.0	10.7	57.1	25.0	0.0
Population by Geography	78,450	0.0	12.1	54.8	33.1	0.0
Housing Units by Geography	54,219	0.0	9.3	58.2	32.5	0.0
Owner-Occupied Units by Geography	26,633	0.0	11.0	57.6	31.4	0.0
Occupied Rental Units by Geography	7,103	0.0	15.1	46.0	38.9	0.0
Vacant Units by Geography	20,483	0.0	5.0	63.2	31.8	0.0
Businesses by Geography	6,203	0.0	12.6	44.9	42.5	0.0
Farms by Geography	281	0.0	8.5	54.1	37.4	0.0
Family Distribution by Income Level	22,351	18.0	17.7	22.4	41.9	0.0
Household Distribution by Income Level	33,736	21.2	17.7	18.0	43.1	0.0
Median Family Income Non-MSAs - MI		\$53,542	Median Housing Value			\$146,730
			Median Gross Rent			\$699
			Families Below Poverty Level			10.0%

Source: 2015 ACS Census and 2018 D&B Data. Due to rounding, totals may not equal 100.0. (*) The NA category consists of geographies that have not been assigned an income classification.

Scope of Evaluation in Michigan

CNB has one AA that includes all of Cheboygan and Emmet Counties, and portions of Charlevoix and Presque Counties and was selected for a full-scope review. The counties are the northern most counties in Michigan's Lower Peninsula. CNB's AA is not part of any Metropolitan Statistical Area (MSA). It is primarily rural, consisting of small cities, villages, forests, lakes, rivers, and farms. Please refer to Appendix A for time period of review and AA information.

LENDING TEST

The bank's performance under the Lending Test in the state of Michigan is rated Satisfactory, based on a full-scope review.

Distribution of Loans by Income Level of the Geography

The bank exhibits an excellent geographic distribution of loans in the AA. In drawing our conclusions, we gave significant consideration that there were no low-income CTs and only three moderate-income CTs in the AA. We also gave significant consideration that the moderate-income CTs contained the least amount of housing units and businesses within the AA. See the Demographic Information of the Assessment Area Tables A and B, and Description of Institution's Operations in Michigan sections for details.

Home Mortgage Loans

Refer to Table O in the state of Michigan section of Appendix D for the facts and data used to evaluate the geographic distribution of the bank's home mortgage loan originations and purchases.

The bank's distribution of home mortgage loans reflects an excellent dispersion throughout the AA, especially given the limited lending opportunities in moderate-income census tracts. Based on our statistical samples from June 2, 2016 through December 31, 2016 and January 1, 2017 through December 31, 2018, CNB originated or purchased 16.0 percent and 22.0 percent of its home mortgage loans in moderate-income census tracts, respectively. For each period, the bank's percentages of home mortgage lending exceeded the percentages of owner-occupied housing units of 10.0 percent and 11.0 percent, respectively. The bank's home mortgage lending percentages also exceeded peer home mortgage aggregate lending percentages of 3.8 percent and 5.5 percent, respectively.

Small Loans to Businesses

Refer to Table Q in the state of Michigan section of Appendix D for the facts and data used to evaluate the geographic distribution of the bank's originations and purchases of small loans to businesses.

The geographic distribution of small loans to businesses reflects excellent dispersion throughout the AA, given the limited lending opportunities in moderate-income CTs. Based on our statistical samples of small loans to businesses from June 2, 2016 through December 31, 2016 and January 1, 2017 through December 31, 2018, CNB made 20.0 percent and 16.0 percent of its small loans to businesses in moderate-income CTs, respectively. For comparison, the bank exceeded both the percentage of businesses and aggregate small loans to businesses lending in the moderate-income CTs throughout the entire review period.

Distribution of Loans by Income Level of the Borrower

The bank's distribution of loans to individuals of different income levels and businesses of different sizes is reasonable. See each section below for factors considered in drawing our conclusions.

Home Mortgage Loans

Refer to Table P in the state of Michigan section of Appendix D for the facts and data used to evaluate the borrower distribution of the bank's home mortgage loan originations and purchases.

The bank's distribution of home mortgage loans among borrowers of different income levels is reasonable. We considered factors that would affect a bank's ability to lend to low- or moderate-income borrowers. Specifically, we considered information from our community contact that indicated there was a scarcity of available new and existing affordable housing due to new real estate investors being drawn to the AA to purchase second homes and vacation rentals. Additionally, the bank's ability to lend to low-income borrowers was also impacted by the percentage of families living below poverty level. Based on 2010 U.S. Census and 2015 ACS Census data, the percentages of families living below poverty level equated to 8.8 percent and 10.0 percent, respectively. Living below poverty level makes it difficult for this segment of the population to afford to purchase and maintain a home.

Based on our statistical sample from June 2, 2016 through December 31, 2016, CNB originated or purchased 8.0 percent of home mortgage loans to low-income borrowers. While the bank's percentage of lending to low-income borrowers is below the percentage of low-income families, the percentage exceeded peer home mortgage aggregate percentage of 3.9 percent. The bank also originated or purchased 20.00 percent of its home mortgage loans to moderate-income borrowers. This is comparable to the 18.9 percent of families in the AA that are moderate-income, and exceeded peer home mortgage aggregate percentage of 12.0 percent.

The bank's lending in 2017 through 2018 is similar to 2016. Based on our statistical sample from January 1, 2017 through December 31, 2018, CNB originated or purchased 6.0 percent of home mortgage loans to low-income borrowers. While the bank's percentage of lending to low-income borrowers is below the percentage of low-income families, the bank's percentage exceeded peer home mortgage aggregate percentage of 4.8 percent. CNB also originated or purchased 20.0 percent of its home mortgage loans to moderate-income borrowers. This is comparable to the 17.7 percent of households in the AA that are moderate-income. However, the bank's percentage exceeded peer home mortgage aggregate percentage of 13.9 percent.

Small Loans to Businesses

Refer to Table R in the state of Michigan section of Appendix D for the facts and data used to evaluate the borrower distribution of the bank's originations and purchases of small loans to businesses.

The distribution of small loans to small businesses reflects reasonable penetration among businesses of different sizes. We considered the bank's limited opportunities for lending to businesses in the AA given the seasonality of the regional economy and level of competition from other banks, credit unions, and non-bank financial institutions.

Based on our statistical sample of small loans to businesses from June 2, 2016 through December 31, 2016, CNB made 84.0 percent of its loans to businesses with gross annual revenues of \$1 million or less. This is comparable to the 82.6 percent of small businesses in the AA, and exceeds the aggregate small loans to small businesses lending percentage of 48.5 percent. Based on our statistical sample of small loans to businesses from January 1, 2017 through December 31, 2018, CNB made 64.0 percent of its loans to businesses with gross annual revenues of \$1 million or less, which is less than the 81.7 percent of small businesses in the AA. However, the bank's percentage of lending exceeded the aggregate small loans to small businesses lending percentage of 49.7 percent.

Responses to Complaints

CNB did not receive any complaints during the evaluation period that would affect its CRA rating.

Community Development Activities

CNB participated in community development (CD) activities within the AA that had a neutral impact on the bank's overall CRA rating. The following represents a list of qualified loans, investments, and services the bank has provided, participated in, or donated during the evaluation period.

CD Loans

CNB made three CD loans that totaled \$250,000 in aggregate to an organization that focuses on affordable housing. The funds were used by the organization to purchase and rehabilitate three homes, which were provided to low-income individuals.

CD Donations

CNB's qualified investments included bank donations to six organizations totaling \$11,625. Specifically, \$3,125 went to four organizations that provide and promote social service programs for food and clothing. The bank also donated a total of \$4,000 to an organization that supports local businesses to create and retain jobs, and a total of \$4,500 to an organization that provides financial literacy programs to local schools.

CD Services

CNB had eleven employees volunteer as instructors to teach financial literacy courses at schools that have a majority of students that are financially disadvantaged. Additionally, one employee served as a Board member of a local organization that promotes affordable housing in Cheboygan County.

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 MSAs and non-MSAs that received comprehensive examination review, designated by the term “full-scope,” and those that received a less comprehensive review, designated by the term “limited-scope”.

Time Period Reviewed:	June 2, 2016 through December 31, 2018	
Bank Products Reviewed:	Home Mortgage, Small Business	
Affiliate(s)	Affiliate Relationship	Products Reviewed
Not applicable.	Not applicable	No affiliate products were reviewed.
List of Assessment Areas and Type of Examination		
Rating and Assessment Areas	Type of Exam	Other Information
Michigan		
CNB	Full-scope	Includes all of Cheboygan and Emmet Counties, and only portions of Charlevoix and Presque Isle Counties.

Appendix B: Summary of State Rating

RATINGS Citizens National Bank of Cheboygan	
Overall Bank:	Lending Test Rating
Citizens National Bank of Cheboygan	Satisfactory
State:	
Michigan	Satisfactory

Appendix C: Definitions and Common Abbreviations

The following terms and abbreviations are used in 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. For example, a bank subsidiary is controlled by the bank and is, therefore, an affiliate.

Aggregate Lending (Aggt.): The number of loans originated and purchased by all reporting lenders (HMDA or CRA) in specified income categories as a percentage of the aggregate number of loans originated and purchased by all reporting lenders in the state/assessment area.

Census Tract (CT): A small, relatively permanent statistical subdivision of a county delineated by a local committee of census data users for the purpose of presenting data. Census tracts nest within counties, and their boundaries normally follow visible features, but may follow legal geography boundaries and other non-visible features in some instances, Census tracts ideally contain about 4,000 people and 1,600 housing units.

Combined Statistical Area (CSA): A geographic entity consisting of two or more adjacent Core Based Statistical Areas with employment interchange measures of at least 15. An employment interchange measure is a measure of ties between two adjacent entities. The employment interchange measure is the sum of the percentage of workers living in the smaller entity who work in the larger entity and the percentage of employment in the smaller entity that is accounted for by workers who reside in the larger entity.

Community Development (CD): 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 Small Business Administration Development Company or Small Business Investment Company programs size eligibility standards or have gross annual revenues of \$1 million or less; or activities that revitalize or stabilize low- or moderate-income geographies, distressed or underserved nonmetropolitan middle-income geographies, or designated disaster areas.

Community Reinvestment Act (CRA): The statute that requires the OCC to evaluate a bank's record of meeting the credit needs of its entire community, including LMI areas, 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, 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-Scope 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 conduct 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 applicants, the amount of loan requested, the disposition of the application (e.g., approved, denied, and withdrawn), the lien status of the collateral, any requests for preapproval, and loans for manufactured housing.

Home Mortgage Loans: A closed-end mortgage loan or an open-end line of credit as these terms are defined under 12 CFR 1003.2, and that is not an excluded transaction under 12 CFR 1003.3(c)(1) through (c)(10) and (c)(13).

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-Scope 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: Individual income that is less than 50 percent of the area median income.

Low Income Geography: A census tract with a median family income that is less than 50 percent.

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 state/assessment area.

Median Family Income (MFI): The median income determined by the U.S. Census Bureau every five years and used to determine the income level category of geographies. The median is the point at which half of the families have income above, and half below, a range of incomes. Also, the median income determined by the Federal Financial Institutions Examination Council (FFIEC) 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, and half below, a range of incomes.

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

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

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.

Rating Area: A rated area is a state or multi-state metropolitan statistical 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 statistical area, the institution will receive a rating for the multi-state metropolitan statistical 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) 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 1 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.

Appendix D: Tables of Performance Data

Content of Standardized Tables

A separate set of tables is provided for each state. All multistate metropolitan statistical areas, if applicable, are presented in one set of 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 are treated as originations; and (2) “aggregate” is the percentage of the aggregate number of reportable loans originated and purchased by all HMDA or CRA-reporting lenders in the MMSA/assessment area. Deposit data are compiled by the FDIC and are available as of June 30th of each year. Tables without data are not included in this PE.

The following is a listing and brief description of the tables included in each set:

- Table O. Assessment Area Distribution of Home Mortgage Loans by Income Category of the Geography** - 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 aggregate peer data for the years the data is available.
- Table P. Assessment Area Distribution of Home Mortgage Loans by Income Category of the Borrower** - 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 MMSA/assessment area. The table also presents aggregate peer data for the years the data is available.
- Table Q. Assessment Area Distribution of Loans to Small Businesses by Income Category of the Geography** - The percentage distribution of the number of small loans (less than or equal to \$1 million) to businesses that were 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) in those geographies. Because aggregate small business data are not available for geographic areas smaller than counties, it may be necessary to compare bank loan data to aggregate data from geographic areas larger than the bank’s assessment area.
- Table R. Assessment Area Distribution of Loans to Small Businesses by Gross Annual Revenue** - Compares the percentage distribution of the number of small loans (loans less than or equal to \$1 million) originated and purchased by the bank to businesses with revenues of \$1 million or less to: 1) the percentage distribution of businesses with revenues of greater than \$1 million; and, 2) the percentage distribution of businesses for which revenues are not available. The table also presents aggregate peer small business data for the years the data is available.
- Table S. Assessment Area Distribution of Loans to Farms by Income Category of the Geography** - 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 aggregate peer data for the years the data is available. Because aggregate 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 T. Assessment Area Distribution of Loans to Farms by Gross Annual Revenues -** Compares the percentage distribution of the number of small loans (loans less than or equal to \$500 thousand) originated and purchased by the bank to farms with revenues of \$1 million or less to: 1) the percentage distribution of farms with revenues of greater than \$1 million; and, 2) the percentage distribution of farms for which revenues are not available. The table also presents aggregate peer small farm data for the years the data is available.
- Table U. Assessment Area Distribution of Consumer Loans by Income Category of the Geography -** 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 in those geographies.
- Table V. Assessment Area Distribution of Consumer Loans by Income Category of the Borrower -** 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 households by income level in each MMSA/assessment area.

June 2, 2016 through December 31, 2016

Table O: Assessment Area Distribution of Home Mortgage Loans by Income Category of the Geography																6/2/2016 – 12/31/2016		
	Total Home Mortgage Loans			Low-Income Tracts			Moderate-Income Tracts			Middle-Income Tracts			Upper-Income Tracts			Not Available-Income Tracts		
	#	\$ (000)	% of Total	% of Owner-Occupied Housing Units	% Bank Loans	Aggregate	% of Owner-Occupied Housing Units	% Bank Loans	Aggregate	% of Owner-Occupied Housing Units	% Bank Loans	Aggregate	% of Owner-Occupied Housing Units	% Bank Loans	Aggregate	% of Owner-Occupied Housing Units	% Bank Loans	Aggregate
CNB AA	25	3,218	100.0	0.00	0.00	0.00	10.0	16.0	3.8	64.2	68.0	60.7	25.8	16.0	35.5	0.0	0.0	0.0
Total	25	3,218	100.0	0.00	0.00	0.00	10.0	16.0	3.8	64.2	68.0	60.7	25.8	16.0	35.5	0.0	0.0	0.0

Source: 2010 U.S. Census; 06/02/2016 – 12/31/2016 Bank Data, 2016 Aggregate Data; Due to rounding, totals may not equal 100.0

Table P: Assessment Area Distribution of Home Mortgage Loans by Income Category of the Borrower																6/2/2016 – 12/31/2016		
	Total Home Mortgage Loans			Low-Income Borrowers			Moderate-Income Borrowers			Middle-Income Borrowers			Upper-Income Borrowers			Not Available-Income Borrowers		
	#	\$ (000)	% of Total	% of Families	% Bank Loans	Aggregate	% of Families	% Bank Loans	Aggregate	% of Families	% Bank Loans	Aggregate	% of Families	% Bank Loans	Aggregate	% of Families	% Bank Loans	Aggregate
CNB AA	25	3,218	100.0	17.4	8.0	3.9	18.9	20.0	12.0	21.2	16.0	18.3	45.5	56.0	53.0	0.0	0.0	12.8
Total	25	3,218	100.0	17.4	8.0	3.9	18.9	20.0	12.0	21.2	16.0	18.3	45.5	56.0	53.0	0.0	0.0	12.8

Source: 2010 U.S. Census; 06/02/2016 – 12/31/2016 Bank Data, 2016 Aggregate Data; Due to rounding, totals may not equal 100.0

Table Q: Assessment Area Distribution of Loans to Small Businesses by Income Category of the Geography												6/2/2016 – 12/31/2016	
Assessment Area:	Total Loans to Small Businesses			Low-Income Tracts		Moderate-Income Tracts		Middle-Income Tracts		Upper-Income Tracts		Not Available- Income Tracts	
	#	\$ (000)	% of Total	% Businesses	% Bank Loans	% Businesses	% Bank Loans	% Businesses	% Bank Loans	% Businesses	% Bank Loans	% Businesses	% Bank Loans
CNB AA	25	3,594	100.0	0.00	0.00	9.1	20.0	64.4	72.0	26.5	8.0	0.0	0.0
Total	25	3,594	100.0	0.00	0.00	9.1	20.0	64.4	72.0	26.5	8.0	0.0	0.0
<i>Source: 2016 D&B Data; 06/02/2016 – 12/31/2016 Bank Data, Due to rounding, totals may not equal 100.0. 2016 Aggregate lending totaled 4.84% in Moderate-income Tracts; 64.62% in Middle-income Tracts; and 30.54% in Upper-income Tracts.</i>													

Table R: Assessment Area Distribution of Loans to Small Businesses by Gross Annual Revenues									6/2/2016 – 12/31/2016	
Assessment Area:	Total Loans to Small Businesses			Businesses with Revenues <= 1MM			Businesses with Revenues > 1MM		Businesses with Revenues Not Available	
	#	\$ (000)	% of Total	% Businesses	% Bank Loans	Aggregate	% Businesses	% Bank Loans	% Businesses	% Bank Loans
CNB AA	25	3,594	100.0	82.6	84.0	48.5	5.5	16.0	11.9	0.0
Total	25	3,594	100.0	82.6	84.0	48.5	5.5	16.0	11.9	0.0
Source: 2016 D&B Data; 06/02/2016 – 12/31/2016 Bank Data, 2016 Aggregate Data; Due to rounding, totals may not equal 100.0. 2016 Aggregate lending to businesses with revenues over \$1MM equated to 51.50%.										

January 1, 2017 through December 31, 2018

Table O: Assessment Area Distribution of Home Mortgage Loans by Income Category of the Geography																1/1/2017 – 12/31/2018		
	Total Home Mortgage Loans			Low-Income Tracts			Moderate-Income Tracts			Middle-Income Tracts			Upper-Income Tracts			Not Available-Income Tracts		
	#	\$	% of Total	% of Owner-Occupied Housing Units	% Bank Loans	Aggregate	% of Owner-Occupied Housing Units	% Bank Loans	Aggregate	% of Owner-Occupied Housing Units	% Bank Loans	Aggregate	% of Owner-Occupied Housing Units	% Bank Loans	Aggregate	% of Owner-Occupied Housing Units	% Bank Loans	Aggregate
CNB AA	50	7,628	100.0	0.0	0.0	0.0	11.0	22.0	5.5	57.6	64.0	51.0	31.4	14.0	43.5	0.0	0.0	0.0
Total	50	7,628	100.0	0.0	0.0	0.0	11.0	22.0	5.5	57.6	64.0	51.0	31.4	14.0	43.5	0.0	0.0	0.0

Source: 2015 ACS Census; 01/01/2017 – 12/31/2018 Bank Data, 2017 Aggregate Data; Due to rounding, totals may not equal 100.0.

Table P: Assessment Area Distribution of Home Mortgage Loans by Income Category of the Borrower																1/1/2017 – 12/31/2018		
	Total Home Mortgage Loans			Low-Income Borrowers			Moderate-Income Borrowers			Middle-Income Borrowers			Upper-Income Borrowers			Not Available-Income Borrowers		
	#	\$	% of Total	% of Families	% Bank Loans	Aggregate	% of Families	% Bank Loans	Aggregate	% of Families	% Bank Loans	Aggregate	% of Families	% Bank Loans	Aggregate	% of Families	% Bank Loans	Aggregate
CNB AA	50	7,628	100.0	18.0	6.0	4.8	17.7	20.0	13.9	22.4	18.0	17.4	41.9	56.0	53.5	0.0	0.0	10.4
Total	50	7,628	100.0	18.0	6.0	4.8	17.7	20.0	13.9	22.4	18.0	17.4	41.9	56.0	53.5	0.0	0.0	10.4

Source: 2015 ACS Census; 01/01/2017 – 12/31/2018 Bank Data, 2017 Aggregate Data; Due to rounding, totals may not equal 100.0

Table Q: Assessment Area Distribution of Loans to Small Businesses by Income Category of the Geography												1/1/2017 – 12/31/2018	
Assessment Area:	Total Loans to Small Businesses			Low-Income Tracts		Moderate-Income Tracts		Middle-Income Tracts		Upper-Income Tracts		Not Available- Income Tracts	
	#	\$	% of Total	% Businesses	% Bank Loans	% Businesses	% Bank Loans	% Businesses	% Bank Loans	% Businesses	% Bank Loans	% Businesses	% Bank Loans
CNB AA	50	7,635	100.0	0.00	0.0	11.9	16.0	45.6	52.0	42.5	32.0	0.0	0.0
Total	50	7,635	100.0	0.00	0.0	11.9	16.0	45.6	52.0	42.5	32.0	0.0	0.0
<i>Source: 2018 D&B Data; 01/01/2017 – 12/31/2018 Bank Data, Due to rounding, totals may not equal 100.0. 2017 Aggregate lending totaled 10.14% in Moderate-income Tracts; 40.75% in Middle-income Tracts; and 49.10% in Upper-income Tracts.</i>													

Table R: Assessment Area Distribution of Loans to Small Businesses by Gross Annual Revenues									1/1/2017 – 12/31/2018	
Assessment Area:	Total Loans to Small Businesses			Businesses with Revenues <= 1MM			Businesses with Revenues > 1MM		Businesses with Revenues Not Available	
	#	\$	% of Total	% Businesses	% Bank Loans	Aggregate	% Businesses	% Bank Loans	% Businesses	% Bank Loans
CNB AA	50	7,635	100.0	81.7	64.0	49.7	5.8	36.0	12.5	0.0
Total	50	7,635	100.0	81.7	64.0	49.7	5.8	36.0	12.5	0.0
Source: 2018 D&B Data; 01/01/2017 – 12/31/2018 Bank Data, 2017 Aggregate Data; Due to rounding, totals may not equal 100.0. 2017 Aggregate to businesses with revenues over \$1MM equated to 50.3%.										