



**Comptroller of the Currency
Administrator of National Banks**

**North Florida Field Office
8382 Baymeadows Road, Suite #1
Jacksonville, Florida 32256**

PUBLIC DISCLOSURE

October 7, 1997

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

**CNB National Bank
Charter Number 20496
201 Marion Street
Lake City, Florida 32056**

Office of the Comptroller of the Currency

**Southeastern District
Marquis One Tower, Suite 600
245 Peachtree Center Avenue, N.E.
Atlanta, Georgia 30303**

NOTE: 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.

GENERAL INFORMATION

The Community Reinvestment Act (CRA) requires each federal financial supervisory agency to use its authority when examining financial institutions subject to its supervision, to assess the institution's record of meeting the credit needs of its entire community, including low- and moderate-income neighborhoods, consistent with safe and sound operation of the institution. Upon conclusion of such examination, the agency must prepare a written evaluation of the institution's record of meeting the credit needs of its community.

*This document is an evaluation of the Community Reinvestment Act (CRA) performance of **CNB National Bank** prepared by the **Office of the Comptroller of the Currency**, the institution's supervisory agency, as of October 7, 1997. The agency rates the CRA performance of an institution consistent with the provisions set forth in Appendix A to 12 CFR Part 25.*

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

The following factors provide support for CNB National Bank's rating:

- ▶ The loan-to-deposit ratio is reasonable and is commensurate with the bank's financial condition and the credit needs of its assessment areas.
- ▶ A substantial majority of loans are made within the bank's assessment areas.
- ▶ The bank's lending patterns demonstrate a reasonable penetration among borrowers of different income levels and throughout the two assessment areas.

The following table indicates the performance level of CNB National Bank with respect to each of the five performance criteria. The bank's level of performance under each of the criteria is indicated by the inclusion of an "X" in the appropriate column.

SMALL INSTITUTION ASSESSMENT CRITERIA	<u>CNB National Bank.</u> PERFORMANCE LEVELS		
	Exceeds Standards for Satisfactory Performance	Meets Standards for Satisfactory Performance	Does not meet Standards for Satisfactory Performance
Loan-to-Deposit Ratio		X	
Lending in Assessment Area	X		
Lending to Borrowers of Different Incomes and to Businesses of Different Sizes		X	
Geographic Distribution of Loans		X	
Response to Complaints	There have been no complaints.		

DESCRIPTION OF INSTITUTION

As of June 30, 1997, CNB National Bank (CNB) is a \$255 million bank headquartered in Lake City, Florida. The bank is 100% owned by CNB, Inc., a one bank holding company. There are eleven branch locations in six contiguous counties. The loan portfolio mix is as follows: commercial/commercial real estate loans (41%), residential real estate (39%), consumer loans (13%), agriculture loans (3%), and all other loans (4%).

CNB offers a full range of banking products and services to meet the needs of its customers. The bank is accessible to residents of the two assessment areas. There are no legal impediments that would prevent the bank from meeting the credit or service needs of the community.

DESCRIPTION OF THE ASSESSMENT AREAS

The bank has two assessment areas. The first includes the counties of Baker, Bradford, Columbia, Suwannee, and Union. The second includes certain census tracts in the northern portion of Alachua County, in the Gainesville Metropolitan Statistical Area (MSA), which are contiguous to the first assessment area. The bank has only a small presence in Alachua County (less than \$13 million in deposits), resulting from its most recent acquisition.

The first assessment area, which includes the five counties stated above, had a population of 120,646, based upon 1990 census information. The area includes twenty-four Block Numbering Areas (BNA's). The local economy is supported by agriculture, small retail business, light industry and government entities and is considered good. Major employers include the Columbia County School System, the Veterans Administration Hospital, and Aero Corporation. Agriculture also is a primary employer.

The second assessment area includes nine census tracts in the Gainesville MSA with a total population based on the 1990 census of 63,307. One tract is classified as low-income, one is moderate-income, four are middle-income and three are upper-income. The median family income for these tracts is \$37,866. The economy is considered strong and unemployment is low.

Our interview with a leader in the community indicated that the local economy was very strong and that the primary credit need was for housing. Contacts within the community, by other regulatory agencies, indicated a similar need. Competition in the first assessment area is moderate with both local and regional banks having a presence within the community. Competition is stronger in the Gainesville market.

DISCUSSION OF INSTITUTION'S PERFORMANCE

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA

The loan-to-deposit ratio is reasonable considering the bank's size, financial condition and assessment area credit needs. The bank's average loan-to-deposit ratio for the nine quarters since the previous CRA examination was 63.94%. This ratio is consistent with banks in the counties where the bank operates. A peer group of eight community banks in the six counties where the bank has offices indicates an average loan-to-deposit ratio of 66.21% as of June 30, 1997. The bank reported a favorable 68.87% ratio for the same period.

A substantial majority of the bank's loans are made within its assessment areas. Data provided by the institution is summarized below and indicates that during the first two quarters of 1997, 93% of all new and renewed loans extended by the bank were to borrowers within the assessment areas.

1997 Loan Totals	Number of Loans Within the Assessment Areas	Number of Loans Outside of the Assessment Areas	Total	Percent Within Assessment Areas
First Quarter	731	42	773	94.57%
Second Quarter	714	64	778	91.77%
Total Year-to-Date	1445	106	1551	93.17%

In addition, our sample of twenty consumer loans verified the accuracy of the bank's reports, as 95% of the sampled loans were made within the assessment areas.

The distribution of loans to individuals of different income levels and businesses of different sizes is appropriate given the demographics of the bank's assessment areas. Our consumer loan sample of nineteen loans revealed that loans were made to borrowers of all income levels. In our sample, 32% of the loans, in number, were made to low- and moderate-income individuals. An additional 26% were extended to middle-income borrowers. We also reviewed 114 home mortgage loans made during the first six months of 1997. The results of that review indicated a similar lending pattern.

The geographic distribution of loans reflects reasonable penetration throughout the assessment areas. The bank provided reports during the examination which documented the location of each loan made during the first two quarters of 1997. Our examination did not identify any areas of low penetration and loan patterns were evenly distributed throughout all income geographies. In the first assessment area, encompassing the five counties described earlier, percentages of loans in each geographic area were commensurate with the percentage of the population in that area. In the assessment area that includes

portions of the Gainesville MSA, while there was not a loan in every census tract within the assessment area, the penetration was considered reasonable in light of the bank's small presence in that market.

The bank has satisfactory policies and procedures in place to ensure compliance with fair lending laws and regulations. Our review of the bank's lending practices did not reveal any evidence of disparate treatment.

The bank has not received any complaints regarding their performance under the CRA.