



**Small Bank Performance Evaluation**

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**PUBLIC DISCLOSURE**

**September 14, 1999**

**COMMUNITY REINVESTMENT ACT  
PERFORMANCE EVALUATION**

**Camden National Bank  
Charter Number 8217**

**3 Water Street  
Camden, AL 36726**

**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 Camden National Bank prepared by the Office of the Comptroller of the Currency, the institution's supervisory agency, as of September 14, 1999. 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”.

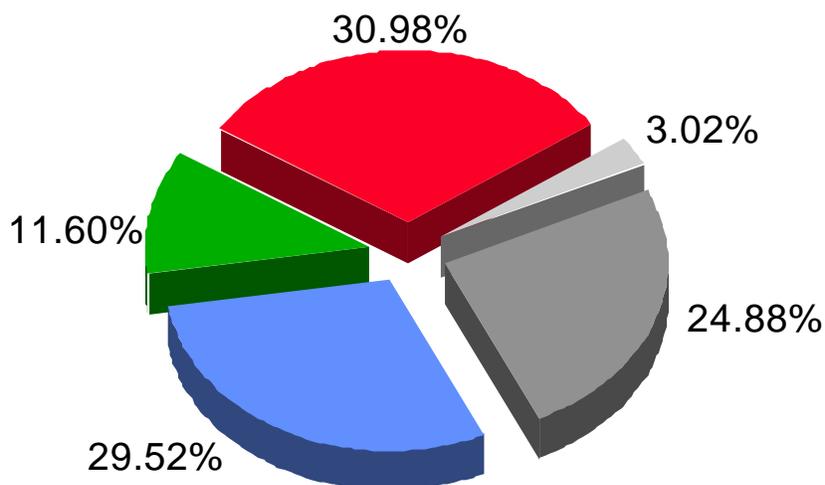
The rating is based on the following:

- ! A substantial majority (86%) of the bank’s loans is made in the bank’s assessment area.
- ! Bank maintains a satisfactory ratio of loans to deposit. As of 6/30/99, the bank’s ratio was 64.54%, which is 1.67% lower than their national peer group’s average of 66.21%, and ranks in the 43rd percentile.
- ! Lending patterns indicate reasonable distribution of loans among borrowers of different income levels (low/moderate and small businesses/farms)
- ! The Fair Lending review revealed no evidence of disparate treatment and the bank has not received any CRA related complaints.

## DESCRIPTION OF INSTITUTION

Camden National Bank (CNB) is a \$59 million community bank located in Camden, Alabama, a rural town located in Wilcox County. CNB operates one full service office located in downtown Camden, as well as one stand alone ATM located in the Piggly Wiggly grocery store on the Camden Bypass. CNB is the largest bank in the county. Competitors include the smaller Town-Country National Bank and McMillan Bloedel Credit Union, both located in Camden, and to a lesser extent Whitney National Bank in Greenville, Bank of Pine Hill, and some of the larger bank holding companies located in Selma. CNB offers a variety of products, including real estate, consumer, commercial, and agricultural loans, and various deposit accounts. The loan mix based on the 6-30-99 Call Report is as follows:

### Loan Portfolio Mix



CNB is in sound financial condition with no legal impediments which would prevent it from meeting the credit needs of the community. The bank's previous CRA rating was "Satisfactory" (7/8/96).

## DESCRIPTION OF ASSESSMENT AREA

CNB's assessment area (AA) is Wilcox County, Alabama. Wilcox County includes five block numbering areas (BNA's), with two designated as low income areas (40%) and the remaining three as moderate income areas (60%). CNB's assessment area meets all requirements set forth by the CRA and does not arbitrarily exclude any low- or moderate-income areas. Table 1 below identifies income levels by BNA.

| <b>Assessment Area Demographics - Table 1</b> |                     |               |
|---|---------------------|---------------|
| <b>BNA NUMBER</b>                             | <b>INCOME TRACT</b> | <b>County</b> |
| <b>9947</b>                                   | <b>Low</b>          | <b>Wilcox</b> |
| <b>9948</b>                                   | <b>Moderate</b>     | <b>Wilcox</b> |
| <b>9949</b>                                   | <b>Moderate</b>     | <b>Wilcox</b> |
| <b>9950</b>                                   | <b>Low</b>          | <b>Wilcox</b> |
| <b>9951</b>                                   | <b>Moderate</b>     | <b>Wilcox</b> |

Source: CRA Wiz Demographic Data (from 1990 Census Report)

Based on demographic data from the 1990 census, the county population is approximately 13,568, composed of 3,287 families. The economic base is centered in timber. The major employer is McMillan Bloedel, Inc.(1200), a manufacturer of lumber, plywood, liner board, and medium, and Alabama's largest paper recycler. Other major employers are International Knife and Saw (50) and Southern Progress (35). Social Security and Public Assistance payments are received by 64% of the total households in CNB's assessment area. The data also revealed that 42.22% of the families in the county are below the poverty level. The county unemployment rate of 13.1% (as of 7/99) far exceeds the state unemployment rate of 4%.

Low income is less than 50% of the median family income (less than \$17,550), moderate income is between 50% and less than 80% (\$17,550 to \$28,079), middle income is 80% to 120% (\$28,080 to \$42,120), and high income is considered anything over 120% (greater than \$42,120). Income levels are categorized based on the Department of Housing and Urban Development's (HUD) estimates of median income for CNB's assessment area, which is \$35,100.

## CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA:

The evaluation of the bank's loan penetration is based upon a sample review of loans made during 1998 and 1999, including consumer (real estate and installment) and commercial (business). For

“Lending to Borrowers of Different Incomes and Businesses of Different Sizes” our sample consisted of 20 consumer loans, 20 consumer real estate loans, and 20 commercial (business) loans.

Information received from the community contact did identify affordable housing as a community need. The contact was quite complimentary of both Camden National Bank and its local competitor Town-Country National Bank in regards to their efforts in meeting the credit needs of the community.

**Loan-to-Deposit Ratio (LTD)**

! CNB’s loan to deposit ratio (LTD) meets the standards for satisfactory performance.

The bank’s LTD ratio at 6/30/99 was 64.54%, which is 1.67% lower than the peer average of 66.21%, and ranks nationally at the 43rd percentile. The bank’s 12 quarter LTD ratios from 09/30/96 thru 06/30/99 averaged 61.50%. During this time frame, the bank had a low of 56.05% (06/30/97) and a high of 65.96% (12/31/98). Locally, CNB’s 6/30/99 ratio of 64.54% was 10.51% lower than that of their local competitor Town-Country National Bank, which had a ratio of 75.05%.

**Comparison of Credit Extended Inside and Outside of the Bank’s Assessment Area**

! A substantial majority of both dollar amount and number of loans are made to borrowers within the bank’s assessment area.

A review of the bank’s total loans outstanding as of 7-2-99 revealed that 86% of the loans were made within CNB’s assessment area, which equates to 75% in dollar amount. These figures are depicted in Table 2 below.

A sample review of 40 consumer loans (including consumer and real estate) originated or renewed during 1998 and 1999 revealed that 93% (or 37 in number) of the loans were made within CNB’s assessment area, which equates to 92% in dollar amount. These figures are depicted in Table 3 below.

**All loans outstanding as of 7-2-99**

| <b>Total Loan Distribution by BNA - Table 2</b> |                   |                              |                               |                               |
|---|-------------------|------------------------------|-------------------------------|-------------------------------|
| <b>Location</b>                                 | <b># of Loans</b> | <b>% of Loans<br/>(by #)</b> | <b>\$ Volume of<br/>Loans</b> | <b>% of Loans<br/>(by \$)</b> |
| <i>Wilcox County</i>                            | <b>3,012</b>      | <b>86%</b>                   | <b>\$29,441,303</b>           | <b>80%</b>                    |
| <i>Contiguous</i>                               | <b>187</b>        | <b>5%</b>                    | <b>\$2,874,795</b>            | <b>8%</b>                     |
| <i>Outside AA</i>                               | <b>350</b>        | <b>9%</b>                    | <b>\$4,271,916</b>            | <b>12%</b>                    |
| <b>Total</b>                                    | <b>3,549</b>      | <b>100%</b>                  | <b>\$36,588,014</b>           | <b>100%</b>                   |

Source: Internal Loan Reports

**Sample of 40 consumer loans made during 1998 and 1999**

| <b>Consumer Loan Distribution by BNA - Table 3</b> |                   |                              |                               |                               |
|--|-------------------|------------------------------|-------------------------------|-------------------------------|
| <b>Location</b>                                    | <b># of Loans</b> | <b>% of Loans<br/>(by #)</b> | <b>\$ Volume of<br/>Loans</b> | <b>% of Loans<br/>(by \$)</b> |
| <i>Wilcox County</i>                               | <b>37</b>         | <b>93%</b>                   | <b>\$1,224,715</b>            | <b>96%</b>                    |
| <i>Contiguous</i>                                  | <b>3</b>          | <b>7%</b>                    | <b>\$49,238</b>               | <b>4%</b>                     |
| <i>Outside AA</i>                                  | <b>0</b>          | <b>0%</b>                    | <b>\$0</b>                    | <b>0%</b>                     |
| <b>Total</b>                                       | <b>40</b>         | <b>100%</b>                  | <b>\$1,273,953</b>            | <b>100%</b>                   |

Source: Sampled Loans

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

- ! The distribution of loans to businesses of different sizes and lending to borrowers of different income levels meets the standards for satisfactory performance.

Information regarding the bank's distribution of consumer real estate and consumer non-real estate loans by borrower's income level based on sampled loans made during 1998 and 1999 is detailed below in Tables 4 and 5.

**Consumer RE loans made during 1998 and 1999**

| <b>Consumer RE Loan Distribution by Income Level - Table 4</b> |  |                             |                              |                              |                               |
|--|--|-----------------------------|------------------------------|------------------------------|-------------------------------|
| <b>Origination</b>   | <b>% of<br/>Families by<br/>Income</b> | <b># of Loans<br/>in AA</b> | <b>% of Total<br/>(by #)</b> | <b>\$ of Loans in<br/>AA</b> | <b>% of Total<br/>(by \$)</b> |
| <b>Low-Income</b>  | <b>42.90%</b>                          | <b>0</b>                    | <b>0%</b>                    | <b>\$0</b>                   | <b>0%</b>                     |
| <b>Moderate-Income</b>   | <b>16.70%</b>                          | <b>4</b>                    | <b>21%</b>                   | <b>\$74,940</b>              | <b>7%</b>                     |
| <b>Middle-Income</b>   | <b>15.03%</b>                          | <b>3</b>                    | <b>16%</b>                   | <b>\$238,760</b>             | <b>21%</b>                    |
| <b>Upper-Income</b>  | <b>25.37%</b>                          | <b>12</b>                   | <b>63%</b>                   | <b>\$806,329</b>             | <b>72%</b>                    |
| <b>Total</b>   | <b>100%</b>                            | <b>19</b>                   | <b>100%</b>                  | <b>\$1,120,029</b>           | <b>100%</b>                   |

Source: CRA Wiz Demographic Data (from 1990 Census Data Report) and Sampled Loans

Of the 20 consumer real estate loans sampled, 19 are located in the bank's assessment area. Based on

those 19 loans sampled, as shown in the above table, the bank's percentage of consumer lending for real estate loans (by #) is less representative in lending to low-income borrowers in comparison to the demographics of the assessment area. The bank's percentage of consumer lending for real estate loans (by \$) is less representative in lending to low- and moderate-income borrowers. The mitigating factor for these smaller percentages and numbers is the small sample of loans selected for review. However, the bank's percentage of lending for real estate loans (both # and \$) is representative in lending to middle- and upper-income borrowers in comparison to the demographics of the assessment area.

#### Consumer non-RE loans made during 1998 and 1999

| Consumer Non-RE Loan Distribution by Income Level - Table 5 |                         |                  |                   |                   |                    |
|---|-------------------------|------------------|-------------------|-------------------|--------------------|
| Origination   | % of Families by Income | # of Loans in AA | % of Total (by #) | \$ of Loans in AA | % of Total (by \$) |
| Low-Income  | 42.90%                  | 7                | 39%               | \$23,301          | 22%                |
| Moderate-Income   | 16.70%                  | 6                | 33%               | \$56,471          | 54%                |
| Middle-Income   | 15.03%                  | 5                | 28%               | \$24,914          | 24%                |
| Upper-Income  | 25.37%                  | 0                | 0%                | \$0               | 0%                 |
| <b>Total</b>  | <b>100%</b>             | <b>18</b>        | <b>100%</b>       | <b>\$104,686</b>  | <b>100%</b>        |

Source: CRA Wiz Demographic Data (from 1990 Census Data Report) and Sampled Loans

Of the 20 consumer non-real estate loans sampled, 18 are located in the bank's assessment area. Based on those 18 loans sampled, as shown in the above table, the bank's percentage of consumer lending for non-real estate loans (both # and \$) is reasonable in lending to low-income borrowers in comparison to the demographics of the assessment area. However, there were no consumer non-real estate loans made to upper-income borrowers in our loan sample selected for review. The mitigating factor for this is the small sample of loans selected for review.

#### Business loans made during 1999

| Business Loan Distribution - Table 6 |              |                   |                   |                           |                              |
|--------------------------------------|--------------|-------------------|-------------------|---------------------------|------------------------------|
| Source                               | # Bus. Loans | # Small Bus. Lns. | % Small Bus. Lns. | \$ Amount Small Bus. Lns. | % of \$ Amt. Small Bus. Lns. |
| 1990 Census Report                   | 220          | 196               | 89%               | NA                        | NA                           |

| <b>Business Loan Distribution - Table 6</b> |                     |                          |                          |                                  |                                     |
|---|---------------------|--------------------------|--------------------------|----------------------------------|-------------------------------------|
| <b>Source</b>                               | <b># Bus. Loans</b> | <b># Small Bus. Lns.</b> | <b>% Small Bus. Lns.</b> | <b>\$ Amount Small Bus. Lns.</b> | <b>% of \$ Amt. Small Bus. Lns.</b> |
| <b>Sampled Bank Loans</b>                   | <b>20</b>           | <b>13</b>                | <b>65%</b>               | <b>\$710,266</b>                 | <b>40%</b>                          |

Source: CRA WIZ Business Demographic Data (from 1990 Census Report) and Sampled Loans

Business loans account for 11.60% of CNB's total loan portfolio as of 6/30/99. The distribution of loans to small businesses (gross revenues equal to or less than \$1 million) is satisfactory. Of the 20 business loans sampled 13 or 65% were made to small businesses, which equates to a dollar amount of 40%. Both the number and dollar amount of small business loans made is less representative of the business demographics of CNB's assessment area, which indicates that 89% of all businesses are classified as small. The mitigating factor for a smaller percentage of loans made to small businesses (both # and \$) in comparison to the demographics of the assessment area is the small sample size of business loans reviewed. Based on those 18 loans sampled, as shown in the above table, the bank's percentage of consumer lending for non-real estate loans (both # and \$) is less representative in lending to both low-and upper-income borrowers in comparison to the demographics of the assessment area. Again, the mitigating factor for these smaller numbers and percentages is the small sample size selected for review.

### **Geographic Distribution of Loans**

! Based on 1990 census data, the BNAs within the assessment area are designated as either low or moderate income, with no BNAs designated as middle or upper income.

Since there are only low and moderate income BNAs within the assessment area, a meaningful geographic analysis could not be performed.

### **Response to Complaints**

! No complaints were received from the public since the prior examination.

### **Results of Fair Lending Review**

#### **Scope/Objective:**

The objective of this review was to determine whether the bank has adequate policies, procedures, and internal controls in place to monitor activities with respect to anti-discriminatory laws and regulations. To accomplish this objective, we reviewed a sample of 10 loans selected from a broad base of consumer loan products offered by the bank. Additionally, we reviewed policies, procedures, and

internal controls and held discussions with senior management.

**Conclusion:**

We found no evidence of nondiscriminatory practices during the review. Additionally, the bank is in substantial compliance with anti-discriminatory laws and regulations. Adequate policies and procedures are in place to govern day to day operations.