



SMALL BANK

Comptroller of the Currency
Administrator of National Banks

PUBLIC DISCLOSURE

December 02, 2002

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

**Copiah Bank National Association
Charter Number 18178**

**101 Caldwell Drive
Hazlehurst, MS 39083**

**Comptroller of the Currency
ADC – Birmingham Field Office
100 Concourse Parkway Suite 240
Birmingham, AL 35244**

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

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 CRA performance of Copiah Bank, NA prepared by the Office of the Comptroller of the Currency, the institution's supervisory agency, as of December 02, 2002. The agency rates the CRA performance of an institution consistent with the provisions set forth in appendix A to 12 CFR § 25.

This institution is rated **Satisfactory**. The rating is based on the following:

- Lending patterns indicate a good distribution of loans among borrowers of different income levels.
- The bank has a good record of lending to small businesses. As of 9/30/02, 13.81% of the loan portfolio was commercial of which approximately 96% were small business loans.
- A majority of the loans were made within the bank's assessment area.
- The bank maintains a reasonable loan to deposit ratio. The loan to deposit ratio averaged 59% over the last 5 years.

DESCRIPTION OF INSTITUTION

Copiah Bank, NA is an \$82 million, independent full service community bank located in Hazlehurst, MS. Hazlehurst, which is the county seat of Copiah County, is situated approximately 35 miles south of Jackson, the state’s capital. The bank has five full service offices consisting of the main office and a branch in Hazlehurst, and branches in Crystal Springs, Wesson, and Terry. Proprietary automated teller machines (ATMs) are located at the Caldwell (Hazlehurst), Wesson and Crystal Springs branches.

The bank offers a full range of lending products with 55% of its total assets comprised of loans as of September 30, 2002. The bank’s primary loan product is residential real estate, which comprised 27.78% of the loan portfolio as of 9/30/02.

| COPIAH BANK, NA LOAN PORTFOLIO AS OF 9/30/02 | | |
|---|----------------------------------|-------------------------|
| Loan Type | Dollar Amount \$(000) | % of Total Loans |
| RE Residential (1-4) | 12266 | 27.78% |
| RE Construction & Dev. | 9546 | 21.62% |
| Farm Loans | 216 | 0.49% |
| Non-Farm Non-Res RE | 5047 | 11.43% |
| Commercial and Industrial | 6099 | 13.81% |
| Consumer | 9516 | 21.55% |
| Agricultural | 719 | 1.63% |
| Other | 748 | 1.69% |
| Total: | 44157 | 100.00% |

There are no legal, financial, or other adverse factors that would impede the bank’s ability to meet the credit needs of the assessment area. The bank’s CRA performance was rated “Satisfactory” at their last examination on July 24, 1997.

DESCRIPTION OF COPIAH COUNTY

The bank has designated Copiah County as its assessment area. The county consists of 1 moderate-income block numbering area (BNA) and 5 middle income BNAs for a total of 6 BNAs. Based on 1990 Census data, the total population for Copiah County is 27,592 with a 3.80% unemployment rate. The local economy is dependent on non-farm small businesses. Of all county businesses, 39.95% are service related and 22.47% are retail trade related. There are approximately 10,260 housing units in the area with 72.25% owner occupied, 18.43% renter occupied and 9.32% vacant. Additional assessment area data is listed below. The area meets the requirements of the CRA and does not arbitrarily exclude low- and moderate-income (LMI) geographies.

| DEMOGRAPHIC AND ECONOMIC CHARACTERISTICS OF ASSESSMENT AREA | |
|--|----------|
| <i>Population</i> | |
| Number of Families | 7,006 |
| Number of Households | 9,258 |
| <i>Geographies</i> | |
| Number of Census Tracts/BNA | 6 |
| % Low-Income Census Tracts/BNA | 0 |
| % Moderate-Income Census Tracts/BNA | 16.67% |
| % Middle-Income Census Tracts/BNA | 83.33% |
| % Upper-Income Census Tracts | 0 |
| <i>Median Family Income (MFI)</i> | |
| 1990 MFI for AA | \$21,994 |
| 2002 HUD-Adjusted MFI | \$34,400 |
| <i>Economic Indicators</i> | |
| Unemployment Rate | 3.80% |
| 2001 Median Housing Value | \$35,021 |
| % of Households Below Poverty Level | 29.34% |

Copiah Bank's primary competition is provided by a branch of a statewide holding company (Trustmark NB) and a local, state chartered community bank (Bank of the South). However, neither is similarly situated to the subject bank as Trustmark is significantly larger and Bank of the South is significantly smaller.

A recent community contact, a county extension director, stated that the economy in Copiah County was in a state of recession. However, he did say that local banks were doing a good job of meeting the increased credit needs for small business (working capital) and agricultural loans in the community.

CONCLUSIONS ABOUT PERFORMANCE CRITERIA

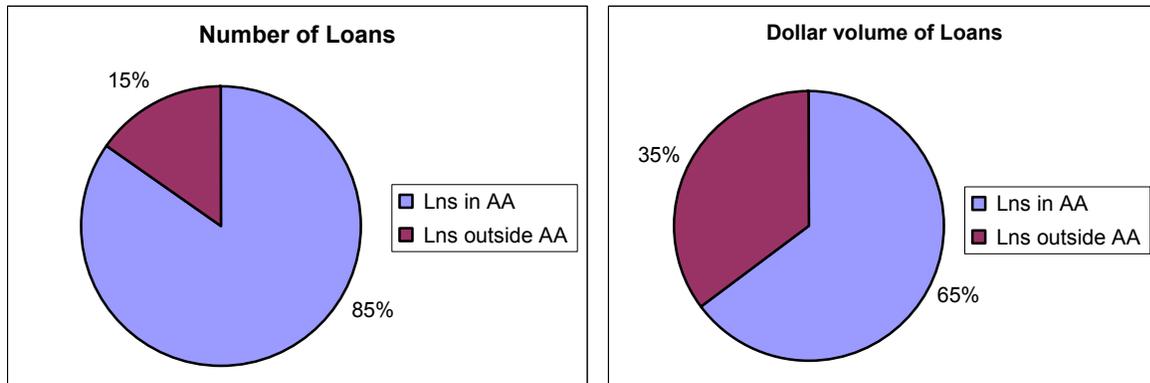
The basis for Copiah Bank, NA's performance evaluation is information compiled by bank management except as otherwise noted below. To assess the accuracy of management's information, we sampled 42 loans consisting of 22 small business loans and 20 1-4 residential loans. We found no errors in management's compiled information.

Loan-to-Deposit Ratio (LTD)

The bank's quarterly LTD ratio average approximately 59% since the prior exam and is 63% as of 9/30/02. The 9/30/02 ratio is below the national peer average of 76.14% but compares more favorably to other area bank's whose average LTD is 71%. Copiah Bank, NA operates in a market with little growth and low loan demand.

Lending in Assessment Area

A satisfactory majority of the bank's loans were made within the assessment area during the review period. In order to assess performance, we reviewed all loans originated between 1/01/01 and 10/31/02. Of 4,033 loans originated or renewed during the review period, 3,418 loans were originated within Copiah County for a ratio of 84.75% within the assessment area. The dollar volume of loans originated or renewed during the period was \$56,042,174 of which \$36,226,216 were within the assessment area for a dollar volume ratio of 64.64%.



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

The following table demonstrates a willingness to lend to borrowers of different income levels by the bank. Approximately 10% of the number of loans representing 6% of the dollar volume were made to low-income families. Although this is low compared to the 27% of low-income families in the AA, the level is mitigated by the high percentage of low-income families in the AA that are below the poverty level. Of 1873 identified low-income families in Copiah County, only 4.27% or 80 families are above the poverty level. Lending to moderate-income borrowers is more representative of their population percentage of Copiah County. Seventeen percent (17%) of the number of loans representing 13% of the dollar volume was made to moderate-income families which represent 17% of the AA.

| Distribution of Loans to Borrowers of Different Income Levels | | | | | | |
|---|-----------------|-------------|----------------------|------------------|-------------------------------------|-------------------------------------|
| Loans secured by Residential RE (1-4 family) originated between 1/1/01 - 10/31/02 | | | | | | |
| Family Income Level | Number of Loans | % of Number | \$\$ Volume of Loans | % of \$\$ Volume | # of Families in AA by Income Level | % of Families in AA by Income Level |
| Low | 22 | 10% | \$520,189 | 6% | 1873 | 27% |
| Moderate | 38 | 17% | \$1,123,392 | 13% | 1174 | 17% |
| Middle | 62 | 28% | \$1,943,177 | 23% | 1275 | 18% |
| Upper | 101 | 45% | \$4,946,875 | 58% | 2684 | 38% |
| Total | 223 | 100% | \$8,533,633 | 100% | 7006 | 100% |

Copiah Bank, NA demonstrates a good record of lending to small businesses. Small businesses represent a substantial portion of the bank's commercial portfolio. We sampled 22 random commercial loans originated during 2001 and 2002. Of the 22 originations, 21 were to small businesses representing 95.45% of the sample.

Geographic Distribution of Loans

A geographical analysis of loan distribution within the AA is not meaningful as Copiah County contains only 1 moderate-income tract, no low-income tracts, and 5 middle-income tracts. However, we did review the geographic distribution of loans secured by residential real estate (1-4 family) originated from 1/1/01 to 10/31/02. The analysis revealed that 10% of the number of residential real estate loans and 6% of the dollar volume were originated in the moderate-income BNA. This compares unfavorably to the level of owner-occupied housing within the moderate-income tract. Approximately 22.84% of owner occupied housing within the AA is located in the moderate-income tract. This comparison is somewhat mitigated by the fact that 40.85% of the families in the moderate-income BNA are below the poverty level.

| Loans secured by Residential RE (1-4 family) originated in Copiah County from 1/1/2001 to 10/31/2002 | | | | | |
|---|--------------------------|------------------------------|-------------|--|-------------|
| BNA/ Tract | % Owner Occupied Housing | # of Loans Originated in BNA | Percentage | \$\$ volume of Loans originated in BNA | Percentage |
| Moderate (1) | 22.84% | 94 | 10% | \$607,367 | 6% |
| Middle (5) | 77.16% | 832 | 90% | \$9,431,981 | 94% |
| | 100.00% | 926 | 100% | \$10,039,348 | 100% |

Responses to Complaints

Copiah Bank, NA has not received any complaints about its performance in helping to meet assessment area needs during this evaluation period.

Fair Lending Review

An analysis of 1997 through 2002 public comments and consumer complaint information was performed according to the OCC's risk based fair lending approach. Based on its analysis of the information, the OCC decided that a comprehensive fair lending examination would not need to be conducted in connection with the CRA evaluation this year.