



SMALL BANK

Comptroller of the Currency
Administrator of National Banks

Washington, DC 20219

PUBLIC DISCLOSURE

April 11, 2011

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

The Camden National Bank
Charter Number: 8217

3 Water Street
Camden, AL 36726

Office of the Comptroller of the Currency

Birmingham Field Office
3595 Grandview Parkway, Suite 655
Birmingham, AL 35243

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.

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

The major factors that support this rating include:

- The loan-to-deposit ratio is more than reasonable given the institution's size, financial condition, and assessment area credit needs.
- A majority of loans are originated within the assessment area.
- The distribution of borrowers reflects, given the demographics of the assessment area, reasonable penetration among individuals of different income levels and businesses of different sizes.
- The geographic distribution of loans reflects reasonable dispersion throughout the assessment area.

Scope of Examination

Camden National Bank (CNB) was evaluated under the Small Bank examination procedures, which includes a lending test. The lending test evaluates the bank's record of meeting the credit needs of its assessment areas (AAs) through its lending activities.

This CRA evaluation for CNB covers its performance from November 28, 2005 through April 11, 2011. CNB's primary loan products are consumer, home, and business loans. To evaluate the bank's consumer, home, and business lending performance we selected a sample of twenty four consumer loans, twenty five home loans, and twenty four business loans made from January 2009 through April 2011. This sample is representative of the bank's business strategy since the prior examination.

Description of Institution

The Camden National Bank (CNB) is an intrastate community bank wholly owned by First Camden Bancshares, Inc. CNB is headquartered in Camden, Alabama, a rural town that is the county seat of Wilcox County. The main office is located in downtown Camden. In September of 2004, the bank opened a full-service branch, The Butler County Bank, in nearby Greenville, Alabama. CNB has four ATMs: one stand alone ATM in the Piggly Wiggly grocery store on the Camden bypass, one at the Old School Truck Stop in neighboring Pine Hill, Alabama, one in the Pine Apple Grocery Store, and one at the main office. CNB is the largest bank in Camden with \$113 million in total assets as of December 31, 2010. Local competition consists of one additional bank in Camden and two institutions in the other markets within the AA. CNB offers traditional loan and deposit products with real estate loans comprising the majority of the bank's lending activities.

At December 31, 2010, the loan portfolio composition was as follows:

Loan Portfolio Summary by Loan Product December 31, 2010	
Loan Category	% of Outstanding Dollars
Real Estate Loans	64%
Commercial Loans	18%
Consumer Loans	17%
Farm Loans	1%
Other Loans	0%

No legal or financial factors impede CNB from meeting the credit needs of the community. The bank's previous CRA evaluation dated November 28, 2005, and CRA performance was rated "Satisfactory".

DESCRIPTION OF ASSESSMENT AREA

DEMOGRAPHIC AND ECONOMIC CHARACTERISTICS OF AA	
Population	
Number of Families	18,590
Number of Households	26,354
Geographies	
Number of Census Tracts/BNA	14
% Low-Income Census Tracts/BNA	7.14%
% Moderate-Income Census Tracts/BNA	57.14%
% Middle-Income Census Tracts/BNA	35.71%
% Upper-Income Census Tracts/BNA	0.00%
Median Family Income (MFI)	
2000 MFI for AA	27,383
2010 Census MFI	36,638
2010 HUD-Adjusted MFI	47,600
Economic Indicators	
Unemployment Rate of Wilcox Co.	21%
Unemployment Rate of Butler Co.	11%
2010 Median Housing Value	45,751
% of Households Below Poverty Level	30.42%

The bank's assessment area (AA) is defined as all of Wilcox and Butler Counties in Alabama. These counties are contiguous and are located in a non-MSA designated area. Wilcox County consists of five census tracts that include one low-income and four moderate-income tracts. Butler County consists of nine census tracts that include four moderate-income and five middle-income tracts. There are no upper-income census tracts in Wilcox or Butler counties. CNB's AA meets the technical requirements of the Act and does not arbitrarily exclude any low- or moderate-income areas.

Based on demographic information from the 2010 United States Census, there is a population of 32,617 in the AA consisting of 26,354 households and 18,590 families. The 2000 census median family income for the AA is \$36,638. The Department of Housing and Urban Development's (HUD) 2010 median family income is \$47,600 for the AA. Owner occupied housing in the AA is 79 percent of households. The local economy is depressed as approximately 30 percent of AA households are below the poverty level and 34 percent receive social security or public assistance.¹

Wilcox County, located in the south-central part of Alabama, is largely rural and agricultural. The county's economy is driven by agriculture and the forest product industry. International Paper Company located in Camden, AL is an international forest product company and is the largest single employer in the county. Other major employers are the Wilcox County School Board and Wilcox County Commission. The 2010 unemployment rate for this county was 21 percent, one of the highest in the state.

Butler County borders Wilcox County and is located 40 miles south of Alabama's capital city of Montgomery. The county seat is Greenville, where CNB opened its branch office in 2004. Key industries in Butler County are education, manufacturing, healthcare, and automobile parts. Butler County School system represents the largest employer followed by the International Paper Company. Other major employers include WestPoint Stevens, Stabler Memorial Hospital, Hwashin America Corporation (auto chassis), and Key Safety Restraints (auto restraints). The unemployment rate was 11.9 percent as of February 2011.

Community Contact

As part of our examination, we completed a community contact interview with a local real estate agent that services CNB's AA. This individual stated that the financial institutions in the local area are satisfactorily meeting the credit needs of the community. She stated that the primary credit need in the community is loans to low and moderate income individuals.

Conclusions with Respect to Performance Tests

LENDING TEST

CNB meets the standards for satisfactory performance under the lending test. The bank has a more than reasonable loan-to-deposit ratio and originates a majority of loans within its assessment area. There is a reasonable penetration of loans among borrowers of different income levels and businesses of different sizes. The geographic distribution of loans reflects reasonable dispersion throughout the assessment area.

¹ 2010 U.S. Census Data.

Criteria of the lending test are documented below:

Loan-to-Deposit Ratio

CNB's loan-to-deposit ratio is more than reasonable given the bank's size, financial condition, and AA credit needs. The bank's loan-to-deposit ratio averaged 81.10 percent over the past twenty-one quarters since the last CRA examination. This ratio ranged from a quarterly low of 74.91 percent to a quarterly high of 88.35 percent during the time period.

The loan-to-deposit ratio compares favorably with other financial institutions of similar size, location and product offerings. CNB ranks first among a total of three similarly situated banks in the AA. The average loan-to-deposit ratios for the other two banks over the same twenty-one quarters ranged from 33.93 percent to 74.09 percent.

Lending in Assessment Area

CNB originates the majority of its loans inside the assessment area. In a sample of 60 home, consumer, and business loans originated from 2007 to 2011, 47 loans or 78 percent were located within the Wilcox & Butler AA.

Table 2 - Lending in Wilcox & Butler Counties										
Loan Type	Number of Loans					Dollars of Loans				
	Inside		Outside		Total	Inside		Outside		Total
	#	%	#	%		\$(000)	%	\$	%	
Home Loans	20	80%	5	20%	25	1,738	77%	510	23%	2,248
Consumer Loans	20	83%	4	17%	24	144	63%	84	37%	228
Business Loans	20	83%	4	17%	24	2,115	74%	733	26%	2,848
Totals	60	78%	13	22%	73	3,997	74%	1,327	26%	5,324

Source: Loan Sample

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

Lending reflects reasonable penetration among individuals of different income levels and businesses of different sizes.

Home Loans

Home lending reflects reasonable penetration among individuals of different income levels. The percentage of home loans originated to low-income borrowers is below the demographic comparable. However, it is noted that

Wilcox County has the highest rate of unemployment in Alabama at 21% and over 30% of the AA is at or the below poverty level. This significantly limits the bank's ability to make loans to these individuals. The percentage of home loans originated to moderate-income borrowers is below the percentage of moderate-income families in the AA. The bank's opportunity to lend to both low- and moderate-income borrowers is also impacted by the high percentage of mobile homes in the AA. Forty-five percent of the housing in this area is mobile homes and lending for this purpose is included in the consumer lending test. Given these performance context factors, lending penetration is reasonable.

Table 3 - Borrower Distribution of Home Loans in Wilcox & Butler Counties								
Borrower Income Level	Low		Moderate		Middle		Upper	
	% 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 Loans	35%	20%	17%	5%	20%	35%	28%	40%

Source: Loan Sample, US Census Data

Consumer Loans

Consumer lending reflects excellent penetration among individuals of different income levels. The percentage of consumer loans originated to low-income borrowers exceeds the demographic comparable, while the percentage of loan originations to moderate-income borrowers equals the demographic comparable.

Table 3A - Borrower Distribution of Consumer Loans in Wilcox & Butler Counties								
Borrower Income Level	Low		Moderate		Middle		Upper	
	% of AA Households	% of Number of Loans	% of AA Households	% of Number of Loans	% of AA Households	% of Number of Loans	% of AA Households	% of Number of Loans
Consumer Loans	37.13%	50%	15.28%	15%	15.85	20%	31.74	15%

Source: Loan Sample, US Census Data

Business Loans

The sample of business loans originated between 2009 and 2011 revealed 15 or 75 percent of loans were to small businesses with annual revenues of less than \$1 million. This performance is reasonable with 78 percent of Wilcox and Butler County businesses reporting annual revenues of less than \$1 million.²

² Source: Dun and Bradstreet and loan sample data.

Geographic Distribution of Loans

The geographic distribution of loans reflects reasonable dispersion throughout the census tracts within the AA.

Home Loans

The geographic distribution of home loans reflects excellent dispersion throughout the census tracts within the AA. The percentage of home loans made in moderate-income census tracts exceeds the percentage of owner-occupied housing in moderate-income census tracts. There were no loans originated in the only low-income census tract in this sample; however there is a very small amount of owner occupied housing in the low income census tract which limits lending opportunities.

Table 4 - Geographic Distribution of Residential Real Estate Loans in Wilcox & Butler 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 Loans	3.58%	0	61%	73%	35%	27%	0%	0%

Consumer Loans

The geographic distribution of consumer loans reflects reasonable dispersion throughout the census tracts within the AA. The percentage of loans made in low-income census tracts exceeds the percentage of households in these tracts; however, the percentage loans made in moderate-income tracts is below the percentage of households in these tracts.

Table 4A - Geographic Distribution of Consumer Loans in Wilcox & Butler Counties								
Census Tract Income Level	Low		Moderate		Middle		Upper	
Loan Type	% of AA Households	% of Number of Loans	% of AA Households	% of Number of Loans	% of AA Households	% of Number of Loans	% of AA Households	% of Number of Loans
Consumer Loans	3%	20%	61%	40%	35%	40%	0%	0%

Business Loans

The geographic distribution of business loans reflects reasonable dispersion

throughout the census tracts within the AA. The percentage of loans made in low-income census tracts exceeds the percentage of businesses in these tracts while the percentage of loans made in moderate-income census tracts is near to the percentage of businesses in these tracts.

Table 4B - Geographic Distribution of Loans to Businesses in Wilcox & Butler 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%	20%	57%	50%	36%	30%	0%	0%

Responses to Complaints

The bank did not receive any complaints related to CRA performance since the last examination. This has a neutral impact on the CRA rating.

Fair Lending or Other Illegal Credit Practices Review

We found no evidence of illegal discriminatory or other illegal credit practices inconsistent with helping to meet community credit needs.