



SMALL BANK

Comptroller of the Currency
Administrator of National Banks

Washington, DC 20219

PUBLIC DISCLOSURE

December 10, 2008

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

Copiah Bank National Association
Charter Number 18178

101 Caldwell Drive
Hazlehurst, MS 39083

Office of the Comptroller of the Currency

BIRMINGHAM FIELD OFFICE
100 Concourse Parkway Suite 240
Birmingham, AL 35244-1870

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 Outstanding.

The major factors that support this rating include:

- The distribution of home loans represents excellent penetration among borrowers of different income levels, including loans to borrowers with low- and moderate-income.
- The distribution of business loans reflects excellent penetration among businesses of different sizes, including small businesses as defined by the regulation.
- The geographical distribution of loans reflects a excellent dispersion throughout census tracts of different income levels, including the moderate-income census tracts in the bank's assessment area.
- The majority of the primary loan products, originated during the review period, were to borrowers within the assessment area.
- The net loan-to-deposit ratio is satisfactory.

SCOPE OF EXAMINATION

This document is an evaluation of the Community Reinvestment Act (CRA) performance of Copiah Bank, N.A. Copiah prepared by the Office of the Comptroller of the Currency, the institution's supervisory agency, as of December 10, 2008. The rating period covered the period between January 1, 2003 and December 10, 2008. The agency rates the CRA performance of an institution consistent with the provisions set forth in 12 C.F.R. § 25 Appendix A.

Copiah's primary loan products are residential real estate and non-farm/non-residential real estate loans. Copiah is required to report data under the requirements of the Home Mortgage Disclosure Act (HMDA). Therefore, HMDA data is used to evaluate the bank's residential real estate performance. To evaluate the bank's non-residential loans we selected a sample of 26 non-farm/non residential loans originated between January 01, 2005 and December 31, 2007.

DESCRIPTION OF INSTITUTION

Copiah is a \$131 million, full service community bank owned by Copiah Bancshares Incorporated, a one-bank holding company located in Hazlehurst, Mississippi. Hazlehurst, is the county seat of Copiah County, and is located approximately 35 miles south of Jackson, the state's capital. Copiah has six full service offices consisting of a main office in Hazlehurst and branch offices in Hazlehurst, Byram, Florence, Crystal Springs, and Wesson, Mississippi. Proprietary automated teller machines (ATMs) are located at all the branch locations.

Copiah offers a variety of deposit and loan products commensurate with a bank of its size. As of September 30, 2008, approximately 70 percent of Copiah's total assets are loans. The primary loan products are residential real estate and commercial loans. Residential real estate makes up a 39 percent of the loan portfolio after combining residential permanent loans with residential construction loans.

Total Loans Outstanding as of 09/30/08		
Loan Type	Outstanding Balances \$(000)	% of Total Loans
Non Farm, Non Residential Real Estate	24,197	26.9%
1-4 Family Residential	22,407	24.9%
1-4 Family Residential Construction	13,003	14.4%
Farm and Agriculture	9,737	10.8%
Consumer Loans	9,462	10.5%
Commercial Loans	7,871	8.7%
Other	3,311	3.8%
Total Outstanding Loans as of 09/30/08	89,988	100.00%

Source: The September 30, 2008 Federal Financial Institutions Examination Council's (FFIEC) Consolidated Reports of Condition and Income (Call Report).

There are no legal, financial, or adverse regulatory conditions that impede Copiah's ability to meet the credit needs of the assessment area. Copiah's CRA performance was rated "Satisfactory" during the previous CRA examination dated December 2, 2002.

DESCRIPTION OF ASSESSMENT AREA(S)

Copiah selected Copiah County and ten census tracts located near branch locations in Rankin, Hinds and Simpson Counties as its AA. Specifically the AA is all census tracts in Copiah County and census tracts 111.02, 111.03, 112.00 in Hinds County; 204.01, 204.02 208.03 210.01 210.02 210.03 in Rankin County, and 9503 in Simpson County. The AA is part of the Jackson Metropolitan Statistical Area. The AA meets the requirements of the CRA and does not arbitrarily exclude low- and moderate-income areas.

There are no low-income census tracts within the AA. There are four moderate-, ten middle- and two upper-income tracts. Based on 2000 census data, the total population for the AA is 80,790 with approximately 29 thousand households. The local economy is dependent on jobs in the city limits of Jackson and other small businesses located in the AA. The primary employers in the AA are Sanderson Farms, Kulhman Electric, Hazlehurst Lumber, Copiah Lumber, Copiah County School District, and Copiah Lincoln Community College.

Based upon 2007 U.S. Housing Urban Development (HUD) updated Median Family Income, the weighted average income for the AA is \$53,400. There are approximately 31,641 housing units at an average cost of \$68 thousand with 77 percent owner occupied.

In conducting the assessment of the bank's performance, we contacted a local organization. This contact indicated that the lending needs of the community are being met and that the community has standard banking and lending needs such as real estate and automotive loans. The contact also indicated that the community has experienced significant growth in retail businesses.

Demographic Information for the Copiah Bank AA					
	#	% Low	% Moderate	% Middle	% Upper
Geographies (Census Tracts)	16	0%	25.0%	62.5%	12.5%
Population by Geography	80,790	n/a	23.8%	63.7%	12.5%
Owner-Occupied Housing by Geography	31,641	n/a	22.0%	63.6%	14.4%
Businesses by Geography	7,845	n/a	32.7%	53.8%	13.6%
Farms by Geography	167	n/a	20.4%	71.9%	0.8%
Family Distribution by Income Level	22,493	23.1%	17.8%	21.9%	37.2%
Household Distribution by Income Level	29,387	21.8%	14.9%	19.5%	43.8%
Census Median Family Income (MFI)		\$44,383	Median Housing Value		\$68,631
HUD - Adjusted MFI: 2007		\$53,400	Families Below the Poverty Level		12.6%
HUD - Adjusted MFI: 2006		\$49,900	Unemployment Rate		5.95%
HUD - Adjusted MFI: 2005		\$47,100			

Source: HUD updated 2000 U.S. Census data.

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA

Copiah's performance under the five performance context criteria is satisfactory. The Average Loan to Deposit ratio is comparable with similarly situated banks. The assessment of lending within the AA showed that the majority of the primary loan products originated during the review period were in the assessment area. The distribution of loans to borrowers of different income levels and businesses of different sizes reflects satisfactory penetration in income brackets including low- and moderate-income and small businesses. The geographical distribution of loans reflects a satisfactory dispersion throughout the bank's AA. There were no CRA-related complaints.

All criteria of the performance context are documented below:

Loan-to-Deposit Ratio

Copiah's net loan-to-deposit ratio is satisfactory given the bank's size, financial condition, and the credit needs of the AA. The net loan-to-deposit ratio averaged 71 percent over the 24 quarters since the previous examination, with a quarterly low of 59 percent and a quarterly high of 82 percent.

The net loan-to-deposit ratio compares favorably with other community banks of similar size and location. The other five banks had average net loan-to-deposit ratios of 73 percent and they ranged from a low of 52 percent to 100 percent.

The institutions' size and average net loan-to-deposit ratio are detailed in the following table:

Financial Institution	Total Assets As of 09/30/08 \$(000)	Average LTD Ratio
Copiah Bank, N.A.	128,519	71%
First Commercial Bank	243,284	100%
Peoples Bank	169,877	80%
Metropolitan Bank	184,035	75%
Bank of Brookhaven	105,734	60%
Merchants and Planters Bank	82,768	52%

Source: *The Federal Financial Institutions Examination Council's (FFIEC) Consolidated Reports of Condition and Income (Call Report)*. Data gathered from December 31, 2002 to September 30, 2008

Lending in Assessment Area

A majority of Copiah's primary loan products were originated within the AA, which is satisfactory performance. The following table details the bank's lending within the AA

by number and dollar amount of loans. Eighty-one percent of the number of loans originated and sixty-seven percent of the dollar amount of loan originated in these primary loan products were made within the AA.

Lending in the Copiah Bank Assessment Area										
Loan Type	Number of Loans					Dollars of Loans \$(000)				
	Inside		Outside		Total	Inside		Outside		Total
	#	%	#	%		\$	%	\$	%	
Home Purchase	101	86.3	16	13.7	117	3,901	79.7	1,054	21.3	4,955
Home Refinance	105	69.5	46	30.5	151	4,499	59.8	3,030	40.2	7,529
Home Improvement	211	87.6	30	12.4	241	2,645	92.7	207	7.3	2,852
Business Loans	18	69.2	8	30.8	26	1,784	47.3	1,987	52.7	3,771
Totals	435	81.3	100	18.7	535	12,829	67.1	6,278	32.7	19,107

Source: HMDA data and sampled business loan data 2005 – 2007.

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

The borrower distribution of loans reflects excellent distribution among individuals of different income levels and businesses of different sizes.

Home Loans

The distribution of home loans to borrowers reflects satisfactory penetration among borrowers of different income levels. Home purchase lending performance is excellent. Copiah has excellent penetration to low-income borrowers. The percentage of loans made to low-income borrowers exceeds the percentage of low-income families in the AA. Lending to moderate-income borrowers is excellent. The percentage of loans to moderate-income borrowers exceeds the percentage of moderate-income families in the AA.

Home refinance loans represent 25 percent of the home loans originated in the AA during the review period. Lending performance to low-income borrowers is marginal. Lending to moderate-income borrowers shows a reasonable penetration for home refinance loans. Review of HMDA data indicates that the demand for home refinance loans among low- and moderate-income individuals was low during the review period and as such, Copiah had limited opportunities to expand home refinance business among low- and moderate-income borrowers.

Home improvement loan applications represent 51 percent or 265 of 512 of the home loan applications received during the review period. Home improvement loans provided the bank with the greatest opportunity to serve the needs of the community. Lending to low-income borrowers shows excellent performance. Lending to moderate-income

borrowers is also excellent.

The following table shows the distribution of home loan products among borrowers of different income levels.

Borrower Distribution of Residential Real Estate Loans in the Copiah Bank Assessment Area								
Borrower Income Level	Low		Moderate		Middle		Upper	
Loan Type	% 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 Purchase	23.1	23.5	17.8	20.0	21.9	18.6	37.2	31.0
Home Refinance	23.1	9.9	17.8	12.6	21.9	26.1	37.2	46.9
Home Improvement	23.1	30.6	17.8	28.3	21.9	18.9	37.2	20.4

Source: HMDA data for 2005 – 2007 and HUD updated 2000 U.S. Census data.

Business Loans

The distribution of loans to businesses of different sizes is excellent. We selected a sample of 26 business loans originated between January 01, 2005 and December 31, 2007. Of the 26 loans sampled, 18 loans were located in the bank's AA. Of the 18 loans in the AA, 17 loans were loans made to small businesses.

The distribution of loans to businesses reflects excellent penetration among small businesses with 94 percent of the bank's business loans originated during the loan sampling period made to small businesses. Small businesses are defined by the regulation as businesses with gross annual revenue of one million dollars or less.

The following table shows the distribution of business loans among different sized businesses in the AA.

Business Revenues (or Sales)	≤\$1,000,000	>\$1,000,000	Total
% of Bank Loans in AA by #	94.4%	5.6%	100%
% of Bank Loans in AA by \$	94.7%	5.3%	100%

Source: Sampled business loan data 2005 – 2007 and 2007 Business Geodemographic data.

Geographic Distribution of Loans

The geographic distribution of loans reflects an excellent dispersion throughout the bank's AA. The geographic distribution of home loans in the AA shows excellent performance. The lending performance for all three types of home loans is excellent. In addition, the distribution of business loans is excellent. There were no conspicuous gaps identified within Copiah's AA.

Home Loans

Performance in all three home loans types is excellent. The percentage of home purchase, home refinance, and home improvement loans originated in moderate-income census tracts exceeds the percentage of owner-occupied units for all three types of home loans.

The following table details the performance as compared to the percentage of owner-occupied housing units in each census tract income level.

Geographic Distribution of Residential Real Estate Loans in the Copiah Bank Assessment Area								
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 Purchase	0	0	22.0	46.9	63.6	50.3	14.4	2.8
Home Refinance	0	0	22.0	46.0	63.6	50.4	14.4	3.6
Home Improvement	0	0	22.0	51.3	63.6	47.9	14.4	0.8

Source: HMDA data for 2005 – 2007 and HUD updated 2000 U.S. Census data.

Business Loans

The geographic distribution of business loans reflects excellent distribution among census tracts of different income levels. Thirty-three percent of the businesses in the AA are located in moderate-income census tracts and the Copiah originated thirty-nine percent of its business loans to businesses located in moderate-income census tracts.

The following table details the bank's performance as compared to the percentage of businesses in each census track income level.

Geographic Distribution of Loans to Businesses in the Copiah Bank Assessment Area								
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	N/A	N/A	32.7	38.9	53.8	61.1	13.6	0

Source: *Sampled business loan data 2005 – 2007 and 2007 Business Geodemographic data*

Responses to Complaints

Copiah Bank, N.A. did not receive any CRA-related complaints during this evaluation period.

Fair Lending or Other Illegal Credit Practices Review

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