



## **INTERMEDIATE SMALL BANK**

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Comptroller of the Currency  
Administrator of National Banks  
Washington, DC 20219

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### **PUBLIC DISCLOSURE**

**December 13, 2005**

### **COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION**

**Central National Bank  
Charter Number 16626**

**8320 U.S. Highway 84 West  
Waco, TX 76702**

**Comptroller of the Currency  
San Antonio North  
10101 Reunion Place Boulevard Suite 402  
San Antonio, TX 78216**

**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: "Satisfactory"**

**Lending Test Rating: "Satisfactory"**

**Community Development Test Rating: "Outstanding"**

Central National Bank (CNB) has a satisfactory record of meeting community credit needs. This is based on the following:

- The bank's loan-to-deposit (LTD) ratio is reasonable and averaged 78% during the evaluation period. CNB's LTD ratio increased from 72% at the December 31, 2002 review to 75% as of September 30, 2005.
- A substantial majority of CNB's loans originated from 2003-2005 are within the bank's assessment areas (AA). Approximately 93% of the number of loans and 90% of the dollar volume of loans were to borrowers within the AA.
- CNB's distribution of loans to businesses and individuals of different income levels, including low- and moderate-income (LMI), is reasonable.
- The geographic distribution of loans reflects reasonable dispersion throughout the AAs.
- CNB's community development performance demonstrates an outstanding responsiveness to the community development needs of its AAs.
- There have been no complaints with respect to CNB's CRA performance.

## **SCOPE OF EXAMINATION**

This evaluation is based on CNB's performance since the last CRA examination dated October 7, 2002. At that examination, the bank received a "Satisfactory" rating. The Lending Test evaluation includes loan originations in 2003, 2004, and through September 30, 2005. Our conclusions for the Lending Test are based primarily on small business loan originations, the bank's primary loan products. At September 30, 2005, commercial and industrial loans to businesses were approximately 35% of the loan portfolio, and commercial real estate loans to businesses were approximately 20%. The evaluation period for the Community Development Test is from the prior CRA examination dated October 7, 2002 through November 30, 2005.

Prior to September 1, 2005, CNB was subject to large bank data collection requirements for small business lending. After this date, the bank became an Intermediate Small Bank and was no longer subject to the large bank requirements. However, loan information collected through September 30, 2005 was available. Also, the bank's data collection process was reviewed during this evaluation. At that time, CNB ensured data through 2004 was correct and continued to collect loan data through 2005. We considered the collected data for 2005 reliable based on the bank's satisfactory data collection process. Therefore, the business revenues, geographic location of the businesses, and loan amounts for this evaluation were obtained from the information CNB had collected using the large bank data collection process. In addition, HMDA-reportable residential loans were considered for the period 2004 through 2005. These residential loans comprised 22% of the bank's loan portfolio as of September 30, 2005. This loan origination information was compared to 2000 Census Data.

## Data Integrity

A limited data integrity review was conducted in conjunction with our evaluation to determine the accuracy of CNB's loan data to be used at this evaluation. Samples of CRA small business loans and small farm loans, and HMDA loans made by the bank in 2003, and through September 30, 2005 were included in the review. Information regarding HMDA and CRA loan data was accurate. The bank reviewed and re-verified the data to be used at this evaluation. We also reviewed all of the bank's community development investments, community development loans, and community development services to ensure they met the definition for community development.

## Selection of Areas for Full-Scope Review

CNB's AA consists of three counties located within respective metropolitan statistical areas (MSA). These counties are McLennan (Waco MSA), Bell (Killeen-Temple-Fort Hood MSA), and Williamson (Austin/Round Rock MSA). For the 2003, 2004, and 2005 Evaluation Periods, we performed full-scope reviews for the McLennan County AA. This AA was selected for a full-scope review because it comprises the substantial share of CNB's business activity. For all evaluation periods, a substantial majority of lending activity and deposits were in the McLennan County AA.

The following chart shows a summary of the AAs evaluated for each period and the census data used for the period. Primary consideration for performance under the lending test is given to areas where full scope reviews are performed.

<b>Central National Bank Assessment Areas</b>				
<i>Evaluation Period</i>	<i>McLennan County</i>	<i>Bell County</i>	<i>Williamson County</i>	<i>Census Data</i>
2003	Full Scope	Limited Scope	Limited Scope	2000
2004	Full Scope	Limited Scope	Limited Scope	2000
2005	Full Scope	Limited Scope	Limited Scope	2000

## DESCRIPTION OF INSTITUTION

CNB, headquartered in Waco, Texas, is a wholly owned subsidiary of CentraBanc Corporation. The bank was chartered in 1976 and opened in 1977. CentraBanc Corporation is a Delaware corporation and a single-bank holding company. The current ownership acquired the bank in 1987. At that time, the bank's name was changed from CNB Woodway/Hewitt to Central National Bank.

CNB is an intra-state bank with total assets of \$437 million as of September 30, 2005. Net loans are reported at \$296 million, and Tier 1 capital is at \$32.9 million or approximately 7.5% of total assets. The LTD ratio was 75%, with gross loans representing 68% of total assets. CNB's primary strategic focus is commercial lending.

All four of the bank's branches are located in the bank's AAs, which consist of all 51 census tracts (CTs) in McLennan County and various CTs in Bell and Williamson Counties. The exclusion of the remaining CT in Bell County is attributed to the Fort Hood military installation. The two branches located in this county are not easily accessible to the excluded tracts. One of these tracts houses the military installation, which allows only one financial institution on base premises. The AAs are contiguous and do not arbitrarily exclude LMI tracts. Due to a highly competitive banking market in

Georgetown, bank management has focused its marketing efforts to those tracts immediately surrounding the branch.

There are no legal, financial, or other factors that impede CNB’s ability to help meet the credit needs in its AAs. The bank closed one automated teller machine (ATM) located in a middle-income tract located in the Waco MSA AA.

The prior CRA examination is dated October 7, 2002 and the bank was assigned a “Satisfactory” rating under Large Bank criteria.

The following table reflects the composition of the bank’s loan portfolio as of September 30, 2005.

<b>Loan Portfolio Composition as of September 30, 2005</b>		
<b>Loan Category</b>	<b>\$ (000)</b>	<b>%</b>
Real Estate (RE) Construction	21,809	7
RE Farmland	914	0*
RE Residential (1-4 family)	66,254	22
RE Multifamily	11,353	4
RE Nonfarm Nonresidential	60,727	20
Agricultural Production	1,210	0*
Commercial & Industrial	104,339	35
Consumer	11,892	4
Revolving Credit	843	0*
Obligations	229	0*
Other	19,259	6
Other	<b>298,829</b>	<b>100</b>

Source: September 30, 2005 Report of Condition and bank records

\* = Less than 1%

CNB provides a wide range of traditional deposit and loan products. The branches are generally located in areas that make them accessible to persons from different areas of the communities they serve. Lobby and drive-up hours are set by location to meet customer needs, and CNB has ATMs at branches and other locations in their market to make customer accounts accessible.

Customers may also access their accounts through telephone banking or by the Internet (www.cnbwaco.com). Internet and phone banking services include transfers between CNB accounts, review of balances or transactions, and bill-paying capability for the Internet banking product. The bank also offers a debit card that provides customers with additional access to their accounts at point of sale or ATM locations.

CNB’s business strategy includes continued marketing of commercial credit to midsized businesses where bank management feels it is best suited to meet the customer needs through its products, staff, and locations.

The AAs are reasonable in that a substantial majority of the bank’s loans are made to borrowers within these areas, and all the bank’s offices are located in the AAs. The AAs do not arbitrarily exclude any LMI areas. The following provides information regarding the AAs and further information can be obtained from the bank’s public file.

## DESCRIPTION OF McLENNAN COUNTY ASSESSMENT AREA

Performance in the McLennan County AA is given more consideration as a significant majority of the number and volume of the bank's loans and deposits are in that AA. McLennan County is located in Central Texas, with the city of Waco as the county seat and largest city in the county. Demographic information from the 2000 Census is reflected on the following chart.

<b>Demographic and Economic Characteristics of McLennan County AA</b>	
<i>Population</i>	213,517
Number of Families	53,122
Number of Households	78,926
<i>Geographies</i>	
Number of Census Tracts	51
% Low-Income Census Tracts	10
% Moderate-Income Census Tracts	26
% Middle-Income Census Tracts	32
% Upper-Income Census Tracts	32
<i>Median Family Income (MFI)</i>	
2000 MFI for AA	41,455
2005 HUD-Adjusted MFI	47,800
<i>Economic Indicators</i>	
Unemployment Rate	3.64
2005 Median Housing Value	62,261
% of Households Below Poverty Level	18

*Source: 2000 Census data and 2005 HUD updated income data.*

This area is made up of contiguous CTs, which surround and include CNB's respective business locations. This area meets the requirements of the regulation and does not arbitrarily exclude LMI geographies. A further description of the AA is presented below.

Based on the 2000 Census data, the AA has a population of approximately 214,000. Five CTs are classified as low-income, while 14 are classified as moderate-income. There are 85,000 housing units in the AA of which 56% are owner-occupied, 37% renter-occupied, and 7% vacant. Major employers located in and/or adjacent to the AA include school districts, city and county governments, medical facilities, Baylor University, Texas State Technical College, and poultry processing plants. Light manufacturing also contributes to the economic stability in the area.

In order to gather more current information on the nature of the community and potential lending opportunities in the AA, we contacted the Executive Director of the Waco Community Development Board and a local homebuilder who assists in providing affordable homes and financial awareness to individuals in LMI geographies in Waco. These individuals stated that there continues to be a need for affordable housing. As mentioned previously, only 56% of the available housing units are owner-occupied and 18% of the population is below the poverty line. The bank and several of its employees are involved in various community programs that help stimulate home ownership and business opportunities for LMI individuals and geographies. Please see the Community Development section of this Evaluation for more details on these programs.

## DESCRIPTION OF BELL COUNTY ASSESSMENT AREA

CNB operates one full-service branch within Bell County in the city of Temple. The following table provides a demographic synopsis of the AA. The AA does not include all CTs in the area as the Fort Hood Army Base allows only one financial institution within its boundaries. Fort Hood is one of the largest military installations in the country.

<b>Demographic and Economic Characteristics of Bell County AA</b>	
<i>Population</i>	
Number of Families	96,699
Number of Households	25,533
<i>Geographies</i>	
Number of Census Tracts	36,232
% Low-Income Census Tracts	23
% Moderate-Income Census Tracts	22
% Middle-Income Census Tracts	48
% Upper-Income Census Tracts	30
<i>Median Family Income (MFI)</i>	
2000 MFI for AA	0
2005 HUD-Adjusted MFI	40,972
<i>Economic Indicators</i>	
Unemployment Rate	47,300
2005 Median Housing Value	2.84
% of Households Below Poverty Level	70,514
	12

Source: 2000 Census data and 2005 HUD updated income data.

This area is made up of contiguous CTs, which surround and include CNB's respective business locations. This area meets the requirements of the regulation and does not arbitrarily exclude LMI geographies. A further description of the AA is presented below.

Based on the 2000 Census data, the AA has a population of approximately 97,000. Five CTs are classified as low-income, while 11 are classified as moderate-income. There are 40,000 housing units in the AA of which 58% are owner-occupied, 34% renter-occupied, and 8% vacant. Major employers located in and/or adjacent to the AA include school districts, city and county governments, medical facilities, Temple College, and Fort Hood Army Base.

In order to gather more current information on the nature of the community and potential lending opportunities in the AA, we contacted the Executive Director of the Central Texas Housing Consortium. This organization's primary objective is to develop and provide low-income housing in Central Texas cities of Temple, Belton, and Troy. As a secondary function they administer a down payment assistance program for LMI individuals who are purchasing a home. This individual commented on CNB's success in meeting the credit needs of the community.

## DESCRIPTION OF WILLIAMSON COUNTY ASSESSMENT AREA

CNB operates one full-service branch in Williamson County in the city of Georgetown. The Williamson County AA demographic profile from the 2000 census is in the following chart. CNB limits its AA census tracts to the city of Georgetown, and focuses its marketing efforts towards the city and its surrounding communities.

<b>Demographic and Economic Characteristics of Williamson County AA</b>	
<i>Population</i>	
	54,645
Number of Families	15,413
Number of Households	19,310
<i>Geographies</i>	
Number of Census Tracts	10
% Low-Income Census Tracts	0
% Moderate-Income Census Tracts	10
% Middle-Income Census Tracts	50
% Upper-Income Census Tracts	40
<i>Median Family Income (MFI)</i>	
2000 MFI for AA	59,438
2005 HUD-Adjusted MFI	68,600
<i>Economic Indicators</i>	
Unemployment Rate	1.34
2005 Median Housing Value	133,996
% of Households Below Poverty Level	5

Source: 2000 Census data and 2004 HUD updated income data.

This area is made up of contiguous CTs, which surround and include CNB's respective business locations. This area meets the requirements of the regulation and does not arbitrarily exclude LMI geographies. A further description of the AA is presented below.

Based on the 2000 Census data, the AA has a population of approximately 55,000. There are no low-income CTs, and 11 are classified as moderate-income. There are 20,000 housing units in the AA of which 75% are owner-occupied, 21% renter-occupied, and 4% vacant. Major employers located in and/or adjacent to the AA include school districts, city and county governments, medical facilities, and Southwestern University.

# CONCLUSIONS ABOUT PERFORMANCE CRITERIA

## LENDING TEST

The bank's performance under the Lending Test is rated "Satisfactory."

## Loan-to-Deposit

The bank's quarterly LTD ratio is good, and it averaged 78% during the evaluation period. For comparison purposes, we selected a peer group of banks located in McLennan County. The bank's LTD is in line with the peer group average of 78%.

Institution	Assets As Of 09/30/05	Average LTD Ratio (%)
American NB	268,203	71.04
Extraco Banks	949,913	76.99
First NB of Central Texas	284,556	88.69
Community Bank & Trust	294,167	78.24
<i>Central NB</i>	<i>437,145</i>	<i>78.31</i>

## Lending within the AA

A substantial majority of CNB loans originated January 2003 through September 2005 were within the bank's AA as shown in the following table:

ALL LOANS ORIGINATED 2003-2005							
In Assessment Area				Out Of Assessment Area			
#	%	\$ (000s)	%	#	%	\$ (000s)	%
1,542	93	187,459	90	119	7	19,918	10

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

CNB's loan portfolio reflects a good distribution among individuals of various income levels and businesses of different sizes within the AA. In order to assess the bank's performance within the AA, we used data collected by CNB. The residential loan sample was limited to HMDA reportable loans originated in 2004 and 2005. Business loans were limited to 2003 through September 2005.

Our analysis determined that CNB lends to all applicants, regardless of their income category. Based on the 2000 Census, 21% of AA households are low-income, while 18% are classified as moderate-income. Our review determined that 11% of residential loans were made to low-income households; however, this low penetration is mitigated by the continued need for affordable housing noted by community contacts and CNB's continued efforts to address this concern. The moderate-income penetration is in line with AA demographics. The following chart reflects the results of our selected sample of residential loans originated in CNB's AA.



<b>HMDA RESIDENTIAL 2004-2005</b>								
Borrower Income Level	<b>Low</b>		<b>MODERATE</b>		<b>MIDDLE</b>		<b>UPPER</b>	
% of AA Households	21		18		21		40	
Loans by Year	<i>% of Number</i>	<i>% of Amount</i>	<i>% of Number</i>	<i>% of Amount</i>	<i>% of Number</i>	<i>% of Amount</i>	<i>% of Number</i>	<i>% of Amount</i>
Total	11	5	18	9	17	11	50	60

CNB originates commercial loans in a manner consistent with area demographics. The bank’s distribution of loans to “small businesses with revenues less than \$1 million” is reflective of CNB’s focus on providing loans that will enhance the local economy.

<b>BORROWER DISTRIBUTION OF SMALL LOANS TO BUSINESSES</b>		
Business Revenues	≤\$1,000,000	>\$1,000,000
% of AA Businesses	64	36
% of Bank Loans in AA #	68	32
% of Bank Loans in AA \$	77	23

**Geographic Distribution of Loans**

The geographic distribution of loans within the McLennan County AA is reasonable given the demographics of the AA. The residential loan sample was limited to HMDA reportable loans originated in 2004 and 2005. The business loans were limited to 2003 through September 2005.

The penetration in low-income census tracts for residential real estate lending is in line with AA demographics and it exceeded demographics in moderate-income census tracts. CNB is committed to working with city and federal governments, charitable organizations, and affordable housing advocacy groups.

The geographic distribution of loans to small business for the years 2003 through September 2005 was slightly below AA demographics for low-income geographies and in line with demographic characteristics of the AA in moderate-income geographies. Limited lending opportunities and physical restrictions in these areas make it difficult for CNB to actually generate loans within these geographies. These tracts are moderately populated and in some cases are locations for municipalities, golf courses, and stadiums. The tables on this and the following page reflect the results of our geographic distribution test for residential, consumer, and commercial loans.

<b>HMDA RESIDENTIAL REAL ESTATE 2004-2005</b>								
Census Tract Income Level	<b>Low</b>		<b>MODERATE</b>		<b>MIDDLE</b>		<b>UPPER</b>	
% of AA Households	5		19		36		40	
	<i>% of Number</i>	<i>% of Amount</i>	<i>% of Number</i>	<i>% of Amount</i>	<i>% of Number</i>	<i>% of Amount</i>	<i>% of Number</i>	<i>% of Amount</i>
Totals	7	6	34	22	21	22	38	50

<b>BUSINESS LOANS 2004-2005</b>								
Census Tract Income Level	<b>Low</b>		<b>MODERATE</b>		<b>MIDDLE</b>		<b>UPPER</b>	
%of AA Owner Occupied	5		32		28		35	
	% of Number	% of Amount	% of Number	% of Amount	% of Number	% of Amount	% of Number	% of Amount
Totals	4	3	32	25	28	26	35	46

### **Responses to Complaints**

There have been no consumer complaints relating to the bank’s Community Reinvestment Act performance during the evaluation period.

### **Conclusions for Prior Years and Areas Receiving Limited-Scope Reviews**

Lending performance for home mortgage loans originated in years 2004 through September 2005 and small business loans originated 2003 through September 2005 were also evaluated, but not included in this Performance Evaluation. The competitive nature of institutions in Bell and Williamson Counties, along with the geographic limitation in Bell County due to Fort Hood restrictions, continues to limit performance within these business markets. As previously noted in this Performance Evaluation, a larger percentage of loans are originated out of the full scope AA review (McLennan County).

Based on limited-scope reviews, the bank’s performance under the Lending Test in Bell and Williamson AA’s for this evaluation period is not inconsistent with the bank’s overall “Satisfactory” rating performance under the Lending Test.

### **COMMUNITY DEVELOPMENT LENDING**

CNB’s performance under the Community Development Test (CDT) is rated “Outstanding.” Based on a full-scope review, the bank’s performance in the McLennan County AA is “Outstanding” while the CDT rating for the Bell County AA is “Satisfactory.” No CD lending or investments activity occurred in the Williamson County AA.

Qualifying community development (CD) loans are loans that meet the definition of CD, as defined in the CRA regulation. There are a number of opportunities for CD lending in all three AA’s.

### **McLennan County AA**

During the evaluation period, the bank made a total of 65 CD loans in this AA totaling \$3,880,000. These loans provide affordable housing for LMI residents and revitalize or stabilize LMI geographies.

Forty of these CD loans totaling \$2,577,000 provide interim construction financing to build affordable homes. The developers (borrowers) work with the City of Waco and the Neighborhood Housing Services of Waco to find qualified LMI buyers to purchase these homes. In many cases, CNB Waco provides the permanent lending as noted in the next paragraph. These loans directly address affordable housing, which was identified as one of the greatest needs in this AA.

Product Innovation and Flexibility: Another 25 of these CD loans totaling 1,303,000 represent long-term fixed rate loans made to LMI residents in LMI areas. For many of these loans, Neighborhood Housing Services of Waco, Inc. (NHS) will identify the potential borrowers and provide down payment and closing cost assistance. CNB will allow up to 100% of the down payment and closing cost to be funded with NHS assistance. If the borrowers stay in the home for at least five years, NHS will forgive the down payment and closing cost assistance. In some cases, the customer will have the closing costs and/or down payment funds available but little or no credit history. In these situations, CNB will originate these loans, up to 30 years at a fixed rate.

### **Bell County AA**

During this evaluation period, CNB committed to fund a \$518,000 interim construction permanent loan (funded to date \$500 million) to build 10 single-family residences or duplexes in East Temple (moderate-income CT), which is part of Bell County. Approximately one third of these units will be 100% rent subsidized by the City of Temple under the Section 8 HUD program. The balance of the units is rented at rates comparable to rates paid for low-income housing in the area. The City of Temple typically agrees to provide street improvements such as water and sewer. These loans directly address affordable housing, which is a need in this AA.

## **COMMUNITY DEVELOPMENT INVESTMENTS**

Investments, deposits, membership shares, or grants that have as their primary purpose community development, are defined as “Qualifying Investments” in the CRA regulation. The bank had an equity investment of \$1 million and qualified donations totaling \$406,000 in the McLennan, Bell, and Williamson County AA’s. Investments support community services that target LMI families and individuals. CNB’s qualified investments demonstrate an adequate level of responsiveness to identified community development needs in both the McLennan and Bell County AA’s. Specific examples of investments for qualifying community development organizations are described below.

### **McLennan/Bell County AA**

The current period activity includes investments in geographically specific mortgage and asset backed securities. The funds are used to purchase LMI borrower mortgage loans in the McLennan and Bell County AA’s. As of the last Performance Evaluation, CNB has made a \$34,000 investment in one of the \$500,000 CD special purpose funds, which was to a moderate-income borrower in the Bell County AA. The remaining \$464,000 of this \$500,000 purpose fund and a second \$500,000 CD special purpose fund investment occurred during this Evaluation period. Of the 20 loans made through these investments, all were made to LMI borrowers. Six of the 20 loans are located in LMI CTs, two in Bell County and 4 in McLennan County.

CNB made a \$5,000 investment to help sponsor Mercy Housing's \$350,000 grant application for the Brook Oaks Senior Residents and Home Project in Waco. The funds will be used to rehabilitate a vacant building into affordable homes for LMI seniors. The facility is located in a moderate-income CT in the McLennan County MSA. Under an agreement with the Federal Home Loan Bank of Dallas, a total of 54 units will be rented to the elderly whose income will be at or below 50% of the area median income.

The remaining current period investments were donations made to local nonprofit organizations that provide community services targeted to LMI individuals.

## **COMMUNITY DEVELOPMENT SERVICES**

The level of qualified community development services is adequate. Bank officers have provided technical assistance to organizations that provide community services for LMI persons, or serve the financial needs of small businesses in McLennan and Bell County AA's. The bank's service delivery systems are reasonably accessible to geographies and individuals of different income levels.

The McLennan County AA has two full-service branches. No branches are located in LMI tracts. One of the banking offices is located within ten miles of all of the LMI geographies and can be easily reached by automobile. The Bell County AA has one full-service branch and one loan production office (LPO), none of which are located in LMI geographies. The Williamson County AA has one full-service branch, and is not located in an LMI geography.

The bank offers a wide variety of loan and deposit products at the full-service locations, most of which are available at all banking offices. Alternative delivery systems include ATMs, telephone banking, and Internet banking services. The ATMs are located at each branch location with one additional ATM located at a hospital in Waco. No full-service branches were opened or closed since our last evaluation. One LPO office in the Bell County MSA was opened since our last examination. Banking hours are reasonable throughout the AA. All branches offer extended hours on Friday and the Highway 84 location in McLennan County is open on Saturday. In addition, the branches do not have a transaction cut-off time.

A bilingual employee is available in this AA to provide assistance to Spanish-speaking customers.

During the evaluation period, CNB provided financially related educational or technical assistance to the following organizations:

### **McLennan County AA**

***Quinn Campus Project*** - One officer serves as a board member for Quinn Campus, Inc. The purpose of this organization is to restore the Paul Quinn Campus, which is located in an LMI geography. The campus was deserted in 1990 when Paul Quinn College relocated to Dallas, Texas. The committee is working on projects to revitalize the surrounding neighborhood and rehabilitate the campus grounds and buildings for use in adult education and small business incubation.

***Eastern Waco Economic Development Corporation*** - One officer serves as a board member for the

corporation. The corporation was established to assist in the economic recovery of a formerly thriving business district centered on historic Elm Avenue in East Waco, a low-income geography. The corporation is currently involved in the rehabilitation of a commercial building to be leased at below market rates to attract businesses to the area.

***Heart of Texas Business Resource Center Enterprise Community Investment Board*** - One officer serves as a board member of this organization. The primary purpose is to provide capital to small businesses within the enterprise zone, which is made up of LMI geographies, that have difficulty obtaining financing from financial institutions. The organization will also provide financing to businesses outside the enterprise zone as long as the business employs individuals residing within the enterprise zone.

***YMCA of Central Texas*** - One officer is a member of the Board and Finance Committee of this organization. This organization provides various services to LMI families and areas.

### **Bell County AA**

***Temple Economic Development Corporation*** - One officer serves as the Chairman of this organization. The primary purpose is to promote economic growth in the Temple area, which includes LMI areas.

***The Central Texas Housing Consortium*** (formerly Temple Housing Authority) - An officer is a current board member and former chairman of this organization. Its primary purpose is to provide housing for LMI residents in Bell County. The Consortium currently owns and operates over 1,000 residential units. This organization also assists first-time homebuyers in qualifying for permanent financing and securing down payment/closing cost assistance up to \$10,000 in forgivable loans. Over the past 4 - 5 years, this organization has secured 250 new homes, some of which are in LMI areas.

In addition, officers of the bank have provided financially related educational or technical assistance to several organizations that fund or provide community services targeted to LMI individuals.

### **CONCLUSIONS FOR AREAS RECEIVING LIMITED-SCOPE REVIEWS**

Based on a limited-scope review, the bank's performance under the Community Development Test in the Bell County AA is consistent with the bank's overall "Outstanding" rating performance under the Community Development Test. However, based on a limited-scope review, the bank's performance in the Williamson County AA is weaker than the bank's overall "Outstanding" rating under the Community Development Test. CNB has not made any qualifying community development loans or investments, nor conducted any qualifying services in the Williamson County AA. Minimal weight was given to the community development results of the limited-scope Williamson County AA given the bank's limited market share of deposits and loans.

## **RESPONSES TO COMPLAINTS**

The bank has not had any complaints concerning CNB's CRA performance during the 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.