



Comptroller of the Currency
Administrator of National Banks

SMALL BANK

PUBLIC DISCLOSURE

August 30, 1999

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

The First Citizens National Bank
Charter Number 18783

100 North Sandusky Avenue
Upper Sandusky, Ohio 43351

Office of the Comptroller of the Currency
Central Ohio Field Office
325 Cramer Creek Court, Suite 202
Dublin, Ohio 43017

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 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 The First Citizens National Bank prepared by the Office of the Comptroller of the Currency, the institution's supervisory agency, as of August 30, 1999. The agency rates the CRA performance of an institution consistent with the provisions set forth in Appendix A to 12 CFR, Part 25.

OVERALL CONCLUSIONS

INSTITUTION'S CRA Rating: The institution is rated **SATISFACTORY** record of meeting community credit needs.

The First Citizens National Bank (FCNB) exhibits a satisfactory performance record. This rating is supported by:

- FCNB has a reasonable level of lending to borrowers of different income levels.
- FCNB demonstrates a strong level of lending to small businesses and small farms. Of the loans sampled, 94% were to businesses with revenues of less than one million dollars annually.
- The bank's loan-to-deposit ratio is reasonable at 71% as of June 30, 1999.
- FCNB is responsive to the credit needs of its community. Our loan sample revealed a substantial majority (91%) of the loans originated between January 1, 1997, through December 31, 1998, were located within the bank's assessment area.

DESCRIPTION OF INSTITUTION

The First Citizens National Bank (FCNB) is an independent community bank with its main office located approximately 65 miles north of Columbus, Ohio in the City of Upper Sandusky, Ohio, which is the Wyandot County seat. The bank's primary business focus is retail/commercial banking and it offers standard products and services through a network of seven full service offices throughout Wyandot and Hardin Counties. Competition for loans and deposits comes primarily from several community banks and branches of regional institutions in surrounding communities.

As of June 30, 1999, FCNB reported total assets of \$168 million and gross loans of \$100 million. Loans for one-to-four family residential housing purposes represented about 54% of gross loans, with the remainder divided among loans having individual and commercial or agricultural purposes. Net loans represented 59% of total assets as of June 30, 1999.

LOAN TYPE	DOLLAR (000'S)	% OF GROSS LOANS
Residential Real Estate	\$ 54,208	54%
Comm'l & Ag Real Estate	\$ 23,773	23%
Commercial Loans	\$ 6,914	7%
Loans to Individuals	\$ 10,701	11%
Agricultural Loans	\$ 4,789	5%
Gross Loans	\$ 100,385	100%

FCNB has seven branch offices and five automated teller machines, which provide 24-hour access. In three local villages within the assessment area, FCNB provides the only banking facility. The office hours at all offices are consistent with what is typical in the assessment area.

The bank has several products tailored to low-and-moderate income customers such as low cost checking accounts, savings accounts with no minimum balance requirement or monthly service fees and consumer loans and lines of credit with low dollar amounts. FCNB also offers a no down payment affordable home ownership program for low and moderate-income persons through its Home Buyer Assistance Program/Comprehensive Housing Improvement Program (CHIP). During 1997 and 1998 FCNB originated three of these loans totaling \$127,000.

There are no financial or legal impediments impacting the bank's ability to meet the credit needs within its assessment area. FCNB's CRA rating as of June 20, 1996, was "Satisfactory Record of Meeting Community Credit Needs."

DESCRIPTION OF ASSESSMENT AREAS

The bank currently has two assessments areas. Assessment area number one (Non-MSA) consists of nine block number areas (BNAs) not located within a metropolitan statistical area. The nine BNAs

include all of Wyandot County, the southeast corner of Hancock County and the northern section of Hardin County. All nine BNAs are middle income geographies. Assessment area number two (MSA) consists of a single census tract (9742) located on the eastern edge of Crawford County. This census tract is located within the Mansfield, Ohio MSA (4800). Bank management selected the assessment area based on the bank's targeted lending territory and branch locations. Of the 10 geographies, all (100%) are characterized as Middle-income. The assessment areas meet the requirements of the Community Reinvestment Act and do not arbitrarily exclude low or moderate-income geographies.

Assessment area number one contains a population of 34,398 consisting of 9,602 families. The 1999 HUD updated Non-MSA statewide median family income for the assessment area is \$43,200. Assessment area number one contains a total of 13,136 housing units with 74% of the units' owner occupied and 21% renter occupied.

FAMILY AND BNAs BY INCOME Assessment Area # 1								
Families & BNAs	Low Income		Moderate Income		Middle Income		Upper Income	
Families	1,312	14%	1,850	19%	2,546	26%	3,894	41%
BNAs	0	0%	0	0%	9	100%	0	0%

Assessment area number two contains a population of 4,516 consisting of 1,339 families. According to 1990 census data, the median family income for the assessment area is \$31,682. The HUD updated MSA #4800 median family income for the assessment area is \$43,800. Assessment area number two contains a total of 1,605 housing units, with 78% of the units owner occupied and 18% renter occupied.

FAMILY AND CENSUS TRACT BY INCOME Assessment Area # 2								
Families & C.T.	Low Income		Moderate Income		Middle Income		Upper Income	
Families	144	11%	254	19%	43 7	32%	50 4	38%
Census Tracts	0	0%	0	0%	1	100%	0	0%

The economic status of families and geographies is categorized into four income levels defined as follows: low-income is defined as an individual or census tract with income less than 50% of the areas median family income; moderate-income is an individual or census tract with income of 50%-80% of the areas median family income; middle-income is an individual or census tract with income of 80%-120% of the areas median family income; and upper income is an individual or census tracts whose income is greater than 120% of the areas median family income.

The overall economic condition of both assessment areas is good with stable trends. The assessment areas are primarily rural with an agricultural focus, but also contain a moderate level of light manufacturing. Larger employers of assessment area residents include Honda of America Corporation, Guardian Glass and numerous suppliers to Honda. The average unemployment rate for all four counties represented in the assessment areas as of June 1999, is 4.48%, and approximates state and national unemployment rates of 4.50% and 4.50%, respectively.

Community contact interviews were conducted with a local newspaper publisher and the Director of the Upper Sandusky Downtown Revitalization Program to ascertain the credit needs of the bank's assessment areas and assist in determining FCNB's efforts in meeting those needs. Both persons contacted identified single family housing in the \$100,000-\$125,000 range as the most pressing need for the assessment area. Discussion with community contacts revealed that financing for the purchase of single family housing is readily available. However, the scarcity of homes in this price range is notable in the bank's assessment area.

Although the FCNB has two separate assessment areas (Non-MSA and MSA), an overwhelming majority of the bank's lending activity (greater than 95%) occurs in the Non-MSA assessment area of Wyandot, Hancock and Hardin Counties. The bank made only seven home loans and six small business/small farm loans in the MSA assessment area since January 1, 1997, as it consists primarily of farm land. Based on this low level of activity, a full analysis would not have been meaningful. Given that a majority of lending occurs in the Non-MSA assessment area, the small size of the MSA assessment area, and the similarity of the demographics of the assessment areas as identified in the tables above, the conclusions presented in this Performance Evaluation will be based upon combined activities noted in both assessment areas. FCNB's performance was reviewed from January 1, 1997 through June 30, 1999 (using primarily whole years for analysis), with home mortgage, commercial/commercial real estate and agricultural loans as the primary products for analysis.

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA

Loan-to-Deposit ratio

The bank's loan-to-deposit ratio is satisfactory given the bank's size, financial condition and assessment area credit needs.

FCNB's current (June 30, 1999) and 13-quarter average loan to deposit ratios of 71% and 65%, respectively, are comparable to ratios demonstrated by other similarly situated institutions and demonstrate satisfactory performance. To determine the reasonableness of the bank's ratios, we first compared FCNB's ratios with four different national and custom peer groups (banks located in Ohio, Indiana, Kentucky and Michigan only) consisting of similarly sized institutions. We then compared the bank's ratios to five local banks of similar size and sophistication competing within the identified assessment areas. Although the current loan to deposit ratio was considered, the 13-quarter average loan to deposit ratio was used for the majority of the analysis to compensate for any seasonal lending

activity. The peer group analysis identified a 13-quarter loan to deposit range of between 72% and 77%, while the local competitor banks demonstrated a range of 57% to 81%. Although FCNB's 13-quarter average of 65% is slightly below the peer group range, it is well within the range identified by the five banks competing in the same AA, which is consistent with satisfactory performance.

Lending in Assessment Area

A substantial majority of the bank's loans are made in the identified assessment areas.

A substantial majority of the bank's residential real estate loans, or 92%, are in the bank's assessment areas. We analyzed all home mortgage loans reported by FCNB on the 1997 and 1998 loan application registers. FCNB reported 625 loans totaling \$19.1 million for the period reviewed. The following tables demonstrate a substantial majority of the loans originated during 1997 and 1998 were located within the bank's assessment area.

A substantial majority of FCNB's commercial loans originated during 1997 and 1998 were located within the bank's assessment areas. Bank generated reports detailing all (247) commercial loans/agricultural loans originated during 1997 and 1998 were reviewed to determine the bank's lending within its assessment area. The following tables indicate a substantial majority, or 91%, of the commercial/agricultural loans originated during the evaluation period were also located within the bank's assessment areas.

Number Loans Inside/Outside Assessment Areas				
Type of Loan 1997 & 1998	# in assessment area	# outside assessment area	Total # of loans	% in assessment area
Mortgage	573	52	625	92%
Commercial/Ag	224	23	247	91%
Total	797	75	872	91%

Dollar Volume of Loans Inside/Outside Assessment Areas 000's				
Type of Loan 1997 & 1998	\$ of loans in assessment area	\$ outside assessment area	Total \$ of loans	% in assessment area
Mortgage	\$16,600	\$2,536	\$19,136	87%
Commercial/Ag	\$2,354	\$385	\$2,739	86%
Total	\$18,954	\$2,921	\$21,875	87%

Lending to Borrowers of Different Incomes and Businesses of Different Sizes

The distribution of borrowers reflects a reasonable penetration among individuals of different income levels (including low-and moderate-income) and businesses of different sizes.

Distribution of Sampled Home Mortgage Loans Originated 1997 & 1998 By the Borrower's Annual Income				
	Low income	Moderate Income	Middle income	Upper income
Sample #	3	13	21	12
Sample %	6%	27%	42%	25%
AA Family Distribution by Income Level %**	13%	19%	27%	41%

**Represents combined assessment areas

The analysis of home mortgage loans originated during 1997 and 1998 indicates there is reasonable penetration of lending to borrowers of all income levels and is consistent with satisfactory performance. A sample of 49 home mortgage loans revealed that 33% were made to either low-or-moderate income borrowers (see the above table). Although lending to low income borrowers initially appears low, approximately 9% of the bank's assessment area (1,271 households) is below the poverty level. In general, low-income families below the poverty level cannot afford the area median family home price of \$47,318 and have difficulty meeting basic home loan credit criteria. This greatly reduces the bank's opportunity to make this type of loan to borrowers in this income category. Overall, the bank's lending to low- or-moderate income borrowers approximates the percentage of low and moderate-income families in the bank's assessment areas (32%), and demonstrates satisfactory performance.

Distribution of Sampled Commercial & Agricultural Loans				
Annual Revenue \$000's	#	%	Original Loan \$000's	%
<\$100	28	88%	\$1,772	66%
\$100-\$250	2	6%	\$111	4%
\$250-\$1000	0	0%	\$0	0%
>\$1000	2	6%	\$800	30%
Total	32	100%	\$2,683	100%

We sampled 32 commercial and agricultural loans originated during 1997 and 1998 to determine FCNB's loan distribution to businesses and farms of different sizes. As the preceding table illustrates, a majority of the loans sampled, (94%) were made to small businesses and small farms with annual revenues less than \$1 million, which exceeds the assessment area standards of 77%.

Further supporting the bank's lending to small business is management's continued participation in several government sponsored loan programs. These programs include the State of Ohio Linked Deposit Program (both agricultural and small business programs), Upper Sandusky Revolving Loan Fund, Small Business Administration programs (SBA), and Farmers Home Administration programs. These programs are designed to assist small business and small farms obtain needed credit. The table below illustrates the bank's lending under these programs during the evaluation period.

<i>Lending Program</i>	<i>Number of Loans</i>	<i>Amount (000's)</i>
Ohio Linked Deposit (Agricultural)	5	\$488
Ohio Linked Deposit (Commercial)	12	\$2,148
Small Business Administration	4	\$1,384
Upper Sandusky Revolving Loan Program	2	\$78
FmHA/Ohio Family Farm Program	6	\$1,034

Additionally, FCNB continues to play a major role in the Upper Sandusky Downtown Revitalization Program. This program has resulted in FCNB's establishment of a Building Loan Fund to assist downtown area Upper Sandusky business owners in financing property improvements. This fund has generated four small business loans totaling \$63,600.

Geographic Distribution of Loans

Given the income characteristics of FCNB's assessment areas (100% of BNAs and Census Tracts are middle income geographies) an analysis of the bank's geographic distribution would not have been meaningful and was not performed.

Responses to Complaints

The bank has not received any complaints from the public regarding its performance in meeting the credit needs of its assessment area during the evaluation period.

Record of Compliance with Anti-discrimination Laws

The bank's record of complying with anti-discrimination laws and regulations was reviewed using home mortgage applications received during 1997 and 1998. The prohibited basis group consisted of denied female applicants, while approved male applicants were used as the control group. The

analysis compared the loan qualifications of both groups. No violations of the anti-discrimination laws and regulations were identified and internal anti-discrimination policies and training were found to be adequate.