

PUBLIC DISCLOSURE

November 14, 1997

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

Bank: Farmers Citizens bank
0439081000000
105 Washington Square
PO Box 567
Bucyrus, Ohio 44820

Supervisory Agency: Federal Reserve Bank of Cleveland
P.O. Box 6387
Cleveland, Ohio 44101-1387

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 financial institution.

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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 Farmers Citizens Bank, Bucyrus, Ohio, prepared by the Federal Reserve Bank of Cleveland, the institution's supervisory agency, as of November 14, 1997. The agency rates the CRA performance of an institution consistent with the provisions set forth in Appendix A of 12 CFR Part 228.

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

Farmers Citizens Bank ("FCB") has a satisfactory record of helping to meet the credit needs of its entire community, consistent with the bank's resources and capabilities. The bank's loan-to-deposit ratio is reasonable, the majority of FCB's loans are within its assessment area, loans are reasonably dispersed throughout the assessment area, and loans reflect a reasonable penetration among individuals of different income levels, including low- and moderate-income individuals and small businesses.

DESCRIPTION OF INSTITUTION

Farmers Citizens Bank is located at 105 Washington Square, Bucyrus, Ohio, with two branches also located within Bucyrus. Based on its size and financial condition, the bank is able to meet the credit needs of the communities in its assessment area effectively. The types of credit offered, as noted in the bank's public file, include consumer loans, real estate loans, and loans to finance agriculture and small businesses.

The bank reported total assets of \$75.8 million in its June 30, 1997, Report of Condition and Income ("Call Report"). Table 1 reflects the distribution of the bank's loan portfolio as of that date.

TABLE 1

LOAN PORTFOLIO DISTRIBUTION AS OF JUNE 30, 1997		
Type of Loan	Amount (In Thousands)	Percentage of Total Loans
Commercial loans	6,535	16.35%
Loans secured by real estate:		
Secured by nonfarm, nonresidential properties	7,209	18.03%
Revolving, open end loans secured by 1- to 4-family residential properties	774	1.94%
Loans secured by 1- to 4-family residential properties	8,024	20.07%
Secured by farmland	5,759	14.41%
Construction and land development	1,411	3.53%
Secured by multifamily (5 or more) residential properties	0	0.00%
Agricultural loans	4,416	11.05%
Consumer loans	5,516	13.80%
Other	329	0.82%
Total	39,973	100.00%

The bank's performance under CRA was rated **Outstanding** at the previous examination of May 20, 1996.

DESCRIPTION OF FCB'S ASSESSMENT AREA

The bank's assessment area is defined as Crawford County. Crawford County is located in the Mansfield, Ohio, Metropolitan Statistical Area (AMSA®); however, the county is untracked. Therefore, the bank uses block numbering areas (BNAs®) to track its lending efforts. More specifically, the bank has determined this assessment area to include the following BNAs:

Crawford County

9741	9745	9749	9753
9742	9746	9750	
9743	9747	9751	
9744	9748	9752	

The following table shows the distribution of the block numbering areas ("BNAs") among the four income categories:

TABLE 2

INCOME CLASSIFICATION OF BNAs IN ASSESSMENT AREA					
	Census Tract Income Classifications ⁶				
	Low ¹	Moderate ²	Middle ³	Upper ⁴	Total
Number of Tracts	0	3	10	0	13
Percentage of Total Tracts*	0%	23%	77%	0%	100%
Population ⁵	0	11,857	35,454	0	47,311
Percentage of Total Population*	0%	25%	75%	0%	100%
Number of Households ⁵	0	4,612	13,768	0	18,380
Percentage of Total Households*	0%	25%	75%	0%	100%
Owner-Occupied Households ⁵	0	2,869	10,210	0	13,079
Percentage of Total OOH*	0%	22%	78%	0%	100%
Number of Families ⁵	0	3,292	10,372		13,664
Percentage of Total Families*	0%	24%	76%	0%	100%

1 Less than 50 percent of the metropolitan statistical area ("MSA") median family income.

2 At least 50 percent and less than 80 percent of the MSA median family income.

3 At least 80 percent and less than 120 percent of the MSA median family income.

4 120 percent or more of the MSA median family income.

5 Based on 1990 Census Data information.

6 Based on HUD-s estimated median family income for the MSA of 8400 which was \$38,800 in 1997.

* May not total 100 percent due to rounding.

Based on the information from the 1990 census, there are 47,870 persons and 18,380 households within Farmers Citizens Bank's assessment area. The median household income in the assessment area is \$24,981, and the median family income is \$29,734. The median family

income in Ohio for 1997 is \$38,800. Household income includes the income of all persons residing within a household, while family income includes only the income of persons related by blood or marriage living together.

According to 1990 data, the Crawford County concentrations of employment are within the manufacturing, retail, and service industries. Most business establishments have between 1 and 49 employees. The unemployment rate in the county reflects the national average.

Population growth in Crawford County has been reasonably strong in the past five years, and the percent of total income growth continues to rise. Another sign of growth is seen in the number of new residential permits being issued. The number has continually grown over the past few years.

One community contact was conducted in conjunction with the examination. This contact provided information used in developing the performance context for the assessment area.

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA:

The bank's CRA performance was analyzed using interagency examination procedures. The analysis includes the following criteria:

- ❖ loan-to-deposit ratio;
- ❖ lending activity inside and outside of the bank's assessment area;
- ❖ distribution of loans to borrowers of different income levels;
- ❖ distribution of loans to businesses and farms of different sizes;
- ❖ reasonableness of the geographic distribution of loans within the bank's assessment area;
- ❖ bank's response to written complaints regarding its performance in helping to meet the credit needs of the assessment area.

Loan-To-Deposit Ratio

The Farmers Citizens Bank's loan-to-deposit ratio is reasonable given the bank's size, financial condition, assessment area credit needs, and competition. As listed in the June 30, 1997, Uniform Bank Performance Report, the bank's loan-to-deposit ratio was 61.07% which is an increase from a year ago. The current ratio is slightly lower than the national peer average of banks of similar size in the same time period.

Lending Volume Within Assessment Area

Based on a sample of loans reviewed during the examination, it appears that a majority of loans are in the bank's assessment area. Six loan types which were determined to be the bank's major loan types were sampled.

Of the total number and total dollar volume of loans sampled, 90% and 63%, respectively, originated within the bank's assessment area. The bank's total dollar volume of loans inside the assessment area was significantly lower than that reported at the previous examination due to FCB buying a large number of loans from outside of the bank's assessment area.

TABLE 3

DISTRIBUTION OF LOANS IN AND OUT OF THE ASSESSMENT AREA								
Loan Type	<i>Inside the Assessment Area</i>				<i>Outside the Assessment Area</i>			
	No. of Loans	%	\$ Amount of Loans	%	No. of Loans	%	\$ Amount of Loans	%
All Consumer Loans	124	94%	\$ 232,060	96%	8	6%	\$10,280	4%
Home Purchase	7	29%	\$ 351,000	18%	17	71%	\$1,550,000	82%
Small Business/Farm Loans	228	95%	\$2,708,849	83%	11	5%	\$572,119	17%
Home Improvement	28	97%	\$100,000	96%	1	3%	\$4,000	4%
Motor Vehicle	166	91%	\$1,294,387	88%	16	9%	\$172,512	12%
Refinancing	12	50%	\$486,000	40%	12	50%	\$718,000	60%
Total	565	90%	\$5,172,296	63%	65	10%	\$3,026,911	37%

Lending to Borrowers of Different Incomes

The distribution of borrowers, given the demographics of the assessment area, reflects a reasonable penetration among borrowers of different income levels, particularly low- and moderate-income borrowers.

Table 4

DISTRIBUTION OF CONSUMER LOANS SAMPLED IN THE ASSESSMENT AREA BY INCOME LEVEL OF BORROWER									
Income Level	<i>Consumer-All</i>				<i>Home Improvement</i>				<i>% of Families⁵</i>
	No.	%*	\$ Amount	%*	No.	%*	\$ Amount	%*	%
Low¹	16	25	\$18,190	17	7	25	\$14,000	14	20.0
Moderate²	25	40	\$28,742	26	12	43	\$43,000	43	20.7
Middle³	14	22	\$43,555	40	3	11	\$20,000	20	27.4
Upper⁴	8	13	\$18,302	17	6	21	\$23,000	23	31.9
Income Level	<i>Home Purchase</i>				<i>Motor Vehicle</i>				<i>% of Families⁵</i>
	No.	%*	\$ Amount	%*	No.	%*	\$ Amount	%*	%
Low¹	0	0	0	0	21	23	\$119,266	18	20.0
Moderate²	3	43	\$81,000	23	32	36	\$207,975	31	20.7
Middle³	1	14	\$45,000	13	25	28	\$243,262	36	27.4
Upper⁴	3	43	\$225,000	64	12	13	\$102,090	15	31.9
Income Level	<i>Refinancing</i>								
	No.	%*	\$ Amount	%*					
Low¹	1	8	\$20,000	4					
Moderate²	3	25	\$117,000	24					
Middle³	6	50	\$245,000	50					
Upper⁴	2	17	\$104,000	21					

1 Less than 50 percent of the metropolitan statistical area ("MSA") median family income
 2 At least 50 percent and less than 80 percent of the MSA median family income
 3 At least 80 percent and less than 120 percent of the MSA median family income
 4 120 percent or more of the MSA median family income
 5 Represents the percentage of families in the assessment area categorized by income level.
 * May not total 100 percent due to rounding.

Additionally, the distribution of small business loans within the assessment area by business revenue of the borrower is also significant. As shown in the following table, 60% of the loans

originated were made to businesses and farms with revenues of less than \$100,000.

Table 5

DISTRIBUTION OF COMMERCIAL/AGRICULTURAL LOANS SAMPLED WITHIN THE ASSESSMENT AREA		
Revenue Category¹	Number of Loans	%
Less than \$100,000	45	60
Greater than or equal to \$100,000 but less than \$250,000	7	9.33
Greater than or equal to \$250,000 but less than \$500,000	2	2.67
Greater than or equal to \$500,000 but less than \$1,000,000	21	28
Greater than or equal to \$1,000,000	0	0

¹ Based on gross annual revenue figures

Geographic Distribution Within Assessment Area

The bank's overall geographic distribution of loans reflects a reasonable dispersion throughout the bank's assessment area given the bank's location, size, and competition. As demonstrated in the following table, the majority of loans made were concentrated in moderate and middle-income census tract areas.

The analysis of data in the following table shows that, while 23% of the assessment area is comprised of moderate-income level census tracts, only 13% and 9% of the number of real estate and small business loans, respectively, were made within this level tract. The low volume of lending in the moderate-income level tracts within the bank's assessment area appears to be the result of FCB buying a large number of loans from outside of the bank's assessment area.

Table 6

DISTRIBUTION OF LOANS ACROSS THE ASSESSMENT AREA BY INCOME LEVEL OF CENSUS TRACTS COMPARED TO CHARACTERISTICS OF THOSE TRACTS								
	Low-Income ¹		Moderate-Income ²		Middle-Income ³		Upper-Income ⁴	
	No.	\$	No.	\$	No.	\$	No.	\$
Consumer-All, Motor Vehicle	0	0	91	423,951	199	1,102,496	0	0
<i>Percent of Total</i>	0%	0%	31%	28%	69%	72%	0%	0%
H.P., H.I., Refi	0	0	6	25,000	38	793,000	3	119,000
<i>Percent of Total</i>	0%	0%	13%	3%	81%	85%	6%	12%
Small Business/Farm	0	0	20	468,196	208	2,240,653	0	0
<i>Percent of Total</i>	0%	0%	9%	17%	91%	83%	0%	0%
Number of Tracts in Assessment Area	0		3		10		0	
<i>Percentage of Tracts*</i>	0%		23%		77%		0%	
Number of Families by Tract	0		3,292		10,372		0	
<i>Percentage of Families*</i>	0%		24%		76%		0%	
Owner-Occupied Households by Tract	0		2,869		10,210		0	
<i>Percentage of Households*</i>	0%		22%		78%		0%	

H.P.- Home Purchase H.I.- Home Improvement M.V. - Motor Vehicle

- ¹ Census tract having less than 50 percent of the MSA median family income.
- ² Census tracts having at least 50 percent and less than 80 percent of the MSA median family income.
- ³ Census tracts having at least 80 percent and less than 120 percent of the MSA median family income.
- ⁴ Census tracts having 120 percent or more of the MSA median family income.
- * May not total 100 percent due to rounding.

ADDITIONAL FACTORS

In addition to its lending efforts, FCB continues to invest within its assessment area. The bank continues to support economic development by purchasing securities that improve various infrastructure projects as well as human services to residents. In addition, FCB has made various loans for property revitalization projects.

No complaints were received by the Federal Reserve Bank of Cleveland or Farmers Citizens Bank regarding the bank's performance under the Community Reinvestment Act.

No substantive violations of the fair lending laws were noted during the examination. Interviews with employees and management revealed an understanding of the regulatory requirements regarding fair lending.