



Comptroller of the Currency
Administrator of National Banks

Small Bank

PUBLIC DISCLOSURE

November 20, 2000

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

**Citizens National Bank of Urbana
Charter Number 863
One Monument Square
Urbana, Ohio 43078**

**Comptroller of the Currency
Central Ohio Field Office
325 Cramer Creek Court, Suite 101
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 financial 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 **Citizens National Bank of Urbana, Ohio** as prepared by **The Comptroller of the Currency**, the institution's supervisory agency, as of **November 20, 2000**. The agency rates the CRA performance of an institution consistent with the provisions set forth in Appendix A to 12 CFR Part 25.*

INSTITUTION'S CRA RATING: This institution is rated SATISFACTORY record of meeting the community's credit needs. This rating is supported by:

- The bank's lending to borrowers of different income levels (including low- and moderate-income) and businesses and farms of different sizes is reasonable given the demographics of its assessment areas.
- The bank's loan-to-deposit ratio is reasonable in comparison with ratios of its peer banks.
- The bank makes a majority of its loans within its assessment areas.

DESCRIPTION OF INSTITUTION

Citizens National Bank (CNB) is headquartered in the city of Urbana, Ohio, which is the Champaign County seat. Urbana, Ohio is located about 50 miles west of Columbus, Ohio. CNB has three other full service branches and one off-premise ATM throughout the most of Champaign County. The bank also has a full service branch and an off-premise ATM in the village of Plain City, which is in the northeastern part of Madison County. Plain City is about 20 miles east of Urbana. Through this branching structure, CNB offers retail, commercial, and agricultural banking products and services.

CNB is a wholly owned subsidiary of Security Banc Corporation (“Corp”). Corp is a three-bank holding company headquartered in the city of Springfield, Ohio, which is about 15 miles south of Urbana, Ohio, with total assets of \$976 million as of December 31, 1999. Security National Bank and Trust Company, with total assets of \$624 million as of December 31, 1999, is the lead bank of the Corp, and is also headquartered in the city of Springfield, Ohio.

As of its September 30, 2000 Call Report, CNB reported total assets of \$168 million with net loans representing 63% of that base. Loans for 1-4 family residential housing purposes represented 37% of gross loans, commercial and commercial real estate loans represented 31%, and agricultural and farmland represented 14%. Consumer loans were the next largest percentage at 9% of the portfolio. The remaining 9% of the portfolio included construction and land development (5%), home equity loans (2%), and loans secured by multifamily properties (2%).

At the last CRA examination, dated June 30, 1995, CNB received a satisfactory CRA rating. No legal or financial impediments exist that could restrict the bank’s ability to help meet its community’s credit needs.

DESCRIPTION OF ASSESSMENT AREAS

The bank has two assessment areas (AA), and both were selected for a full-scope review. The primary AA (CNB does over 80% of its lending activity within it) consists of seven block numbering areas (BNA) throughout most of Champaign County and the southwestern part of Union County. This AA is not located within a Metropolitan Statistical Area (MSA). Of those seven BNAs, three (43%) are characterized as middle-income areas, and four (57%) are characterized as upper-income areas. The 2000 Department of Housing and Urban Development (HUD) estimated median family income for the non-MSA areas of Ohio is \$45,300. The 1990 median family income, from the 1990 Census, is \$30,563. Of all the families in the AA, 13% are classified as low-income, 15% are classified as moderate-income, 21% classified as middle-income, and 51% classified as upper-income. Families living below the poverty level account for 6% of all families within the AA. The population of this AA is 34,494. Of the 13,281 housing units in the AA, 70% are owner occupied. The median housing value is \$58,877.

The second AA consists of one middle-income census tract within the Columbus Ohio MSA 1840 and is located in the northeastern part of Madison County. The 2000 HUD estimated median family income for MSA 1840 is \$57,300. The 1990 median family income, from the 1990 Census, is \$36,792. Of all

the families living in this AA, 17% are classified as low-income, 24% are classified as moderate-income, 29% are classified as middle-income, and 30% are classified as upper-income. Families living below the poverty line represent 5% of all families living in the AA. The population of this AA is 5,040. The AA has 1,771 housing units with 68% owner occupied. The median housing value is \$77,800.

Within both AAs, businesses with revenues of less than \$1 million (considered small business) account for 90% of all business entities in the AAs. Small farms (those with revenues of less than \$1 million) account for 98% of all farms with the AAs.

Bank management selected the AAs based on the bank's targeted lending territory and branch locations. Both AAs meet the requirements of CRA and do not arbitrarily exclude any low- or moderate-income geographies.

The economic conditions of the AAs are good. The AAs are primarily rural with an agricultural focus, but also contain a moderate level of manufacturing. The largest employers include Honda of America Corporation, related suppliers to Honda, Allied Signal, and Navistar. As of October 2000, the unemployment rates for all counties in the AAs compare very favorably with the state of Ohio's average rate of 4.0% and the national average rate of 3.9%. The individual unemployment rates for the counties in the AAs are Champaign 3.0%, Madison 1.9%, and Union 2.3%.

Competition within the AAs comes from two local national banks, two local savings banks, branches of four large regional banks, and a credit union. Some non-bank institutions, including mortgage and finance companies, provide competition for loans.

We discussed the community's credit needs with a Champaign County Official. That official indicated that credit needs, including affordable housing for low- and moderate-income residents and small business and small farm financing, are being met by the financial institutions within the community.

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA

Loan-to-Deposit Ratio

CNB's loan-to-deposit (LTD) ratio is reasonable given the bank's size, financial condition and assessment area credit needs.

Over the last 13 quarters, the bank's LTD ratio has averaged 76%. This performance is reasonable when compared with quarterly averages exhibited by national peer banks (75%) and regional peer banks (79%). Regional peer consists of similar size banks with comparable loan portfolios located in Ohio, Indiana, Kentucky, and West Virginia. The bank's September 30, 2000 LTD ratio of 81% is also reasonable when compared with the performance of banks similar (all local community banks with their headquarters in Champaign County) with the AAs. The performance of those banks ranged from 73% to 101%.

Lending in the Assessment Area

A majority of the bank's lending activity occurs within its AAs.

As outlined in the description of the institution above, the bank's primary loan types are 1-4 family residential, commercial and commercial real estate, and agricultural production and farmland. The following information is from the bank's Home Mortgage Disclosure Act (HMDA) data reported from 1998 through November 17, 2000. The bank originated 480 1-4 family residential housing purpose loans (HMDA Loans) totaling \$32,981,000. Of those HMDA Loans, the bank made 75%, based on the number of loans originated, and 67%, based on the dollar amount of the loans originated, within its AAs. We use the HMDA Loans that the bank originated with its AAs to evaluate the bank's lending to borrowers of different income levels.

We randomly selected 20 commercial and commercial real estate, and agricultural production and farmland loans the bank made since 1998. Those 20 loans totaled \$2,213,561. From that sample, the bank made 95%, based on the number of loans, and 97%, based on the dollar amount of loans, within its AAs.

Geographic Distribution of Loans

We did not analyze the geographic distribution of loans because both AAs consist of either middle- or upper-income geographies. As such, an analysis of the distribution would not prove meaningful.

Lending to Borrowers of Different Income Levels and Businesses of Different Sizes

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

Based on the distribution of HMDA loans by income category (see the following two tables on the next page), CNB's lending performance in both AAs is consistent and considered satisfactory. This distribution also demonstrates that the bank is meeting the credit needs of affordable housing as identified by the community contact. As noted in the two tables below, the distribution of HMDA loans by dollar amount reflects lower penetration to low- and moderate-income residents than the percentage of those families within each AA. This is not unusual given that low- and moderate-income families usually may not qualify to borrow as much, per loan, as middle- and upper-income families. Within the MSA AA, the bank's lending to low-income borrowers by number of HMDA loans is lower than the percentage of families living in that AA. However, families living below the poverty line represent 5%. These families would likely not meet the credit standards for HMDA loans.

Distribution of HMDA Loans by Borrower Income within the Non-MSA AA

Income Category	% of 1998-2000 HMDA Loans by Number of Loans in Each Category	% of 1998-2000 HMDA Loans by Dollar Amount of Loans in Each Category	% of Families by Income Category in the AA
<u>Low-Income</u>	12%	4%	13%
<u>Moderate-Income</u>	14%	8%	15%
<u>Middle-Income</u>	31%	29%	21%
<u>Upper-Income</u>	43%	59%	51%
<u>Total</u>	100%	100%	100%

Distribution of HMDA Loans by Borrower Income within the MSA AA

Income Category	% of 1998-2000 HMDA Loan by Number of Loans in Each Category	% of 1998-2000 HMDA Loans by Dollar Amount of Loans in Each Category	% of Families by Income Category in the AA
<u>Low-Income</u>	11%	3%	17%
<u>Moderate-Income</u>	24%	15%	24%
<u>Middle-Income</u>	30%	29%	29%
<u>Upper-Income</u>	35%	53%	30%
<u>Total</u>	100%	100%	100%

We sampled some of the bank's commercial and commercial real estate, and agricultural production and farmland loans originated within both AAs since 1998. Based on that sample, the bank's distribution of lending to businesses and farms of different sizes reflects reasonable penetration, and the bank is meeting the credit needs of small business and farms as identified by the community contact. The following two tables illustrate this conclusion.

Distribution of Commercial and Commercial Real Estate Loans within the AAs
(sample size: number = 40; dollar amount = \$4,980,150)

Business Size	% of Sample in Each Category		% of Businesses by Size in AAs
	By Number	By Dollar	
Revenues less than \$1 Million	85%	62%	90%
Revenues more than \$1 Million	15%	38%	10%

Distribution of Agricultural Production and Farmland Loans within the AAs
(sample size: number = 20; dollar amount = \$1,922,575)

Farm Size	% of Sample in Each Category		% of Farms by Size in AAs
	By Number	By Dollar	
Revenues less than \$1 Million	90%	82%	98%
Revenues more than \$1 Million	10%	18%	2%

Consumer Complaints

No complaints relating to the bank's CRA performance have been submitted during the last three years.

Record of Compliance with Antidiscrimination Laws

Based on our July 6, 1999 Fair Lending Review of direct automobile loans, we found no evidence of discriminatory or other illegal credit practices on a prohibited basis. We reviewed the underwriting decisions on six denied female applicants (prohibited basis) and compared those with the underwriting decisions on 20 approved male applicants (control group). The sample was taken from applications received during the first six months of 1999.