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Comptroller of the Currency  
Administrator of National Banks

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## PUBLIC DISCLOSURE

June 18, 1996

# COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

The First National Bank of Marysville  
Charter Number 7353

Post Office Box B  
Marysville, Pennsylvania

Office of the Comptroller of the Currency  
Northeastern Pennsylvania Duty Station  
100 Hazle Street, Suite 202  
Wilkes-Barre, Pennsylvania 18702

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 The First National Bank of Marysville, prepared by the Office of the Comptroller of the Currency, the institution's supervisory agency, as of June 18, 1996. 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".

The primary factors supporting the bank's overall rating include:

- an average loan-to-deposit ratio of 66% maintained since our last CRA review;
- a substantial majority of loans made within the assessment area;
- lending efforts penetrating all segments of the assessment area; and,
- loan distribution indicating a good mix among borrowers of different income levels.

The following table indicates the performance level of The First National Bank, of Marysville with respect to each of the five performance criteria.

SMALL INSTITUTION ASSESSMENT CRITERIA	<u>THE FIRST NATIONAL BANK OF MARYSVILLE</u> PERFORMANCE LEVELS		
	Exceeds Standards for Satisfactory Performance	Meets Standards for Satisfactory Performance	Does not meet Standards for Satisfactory Performance
Loan to Deposit Ratio		x	
Lending in Assessment Area	x		
Lending to Borrowers of Different Incomes and to businesses of Different sizes		x	
Geographic Distribution of Loans		x	
Response to Complaints	There have been no complaints.		

## DESCRIPTION OF INSTITUTION

The First National Bank of Marysville (FNB) has a main office, one branch, and two automated teller machines in Marysville, Pennsylvania. Total assets as of March 31, 1996, were \$69 million.

The bank offers a variety of credit products with lending primarily targeted to residential-related mortgage loan products. On March 31, 1996, single-family residential mortgages comprised 76 percent of the bank's outstanding loan portfolio. Loans to individuals represented 12 percent of the loan portfolio, and commercial real estate loans represented an additional 10 percent.

No legal or financial impediments hinder the bank's efforts to help meet the credit needs of its assessment area.

## DESCRIPTION OF FNB ASSESSMENT AREA

The bank's assessment area includes Perry and Cumberland Counties in the Harrisburg-Lebanon-Carlisle Metropolitan Statistical Area. The two counties contain 41 census tracts. The population of the assessment area is 236,000. The assessment area meets all regulatory guidelines and does not arbitrarily exclude any low- or moderate-income geographies. Median family income of the assessment area is \$43,400. The population is divided as follows:

	# Tracts	Percentage of Families
Low Income (< 50% of median)	0	13%
Moderate Income (50-79%)	5	19%
Middle Income (80-119%)	29	28%
Upper Income (120% +)	7	40%

The largest employment sectors are services (27 percent), retail (18 percent) and government (14 percent). Unemployment is four percent and declining steadily. The median value of a home in the two-county area is \$71,300. Sixty-eight percent of housing units are owner-occupied. The housing stock is aging; with the median year built 1959.

Community leaders contacted by examiners indicate that the bank is doing a good job of meeting the housing-related needs of the community.

## CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA:

Since the previous CRA review, the bank's loan-to-deposit ratio has averaged 66 percent. The ratio is equal to the 66 percent average loan-to-deposit ratio for similarly situated local peer banks.

A substantial majority of loans are originated in the assessment area. Of the residential-related mortgage loans originated in 1995 and year-to-date 1996, 95 percent by number and 93 percent by dollar volume were made within the assessment area.

The distribution of credits to borrowers of various income levels is good. The bank actively lends to all income levels of the community. During 1995 and year-to-date 1996, low- and moderate- income borrowers represented six percent and fifteen percent, respectively, of approved home purchase, home refinance, or home improvement loans by dollar volume and twelve percent and twenty-two percent, respectively, by number of loans approved. The bank's average first mortgage loan balance as of May 16, 1996, was \$45,342.

**Residential-Related Applications by Family Income Levels**

(Information taken from 1995 and 1996 Home Mortgage Disclosure Act Loan Application Registers - HMDA LAR)

	Low		Moderate		Middle		Upper		\$ Total	
	#	\$	#	\$	#	\$	#	\$	#	\$
Approvals	16	427M	28	1,153M	41	2,189M	44	3,741M	129	7,510M
Denials	5	331M	11	893M	8	441M	4	533M	28	2,198M

The bank, effective January 1, 1996, began tracking the number of installment loan applications it considers by income level of the applicant:

**Installment Loan Application Income Distribution for the First Quarter 1996**

(Bank generated information)

Income Levels of Applicants	Approved		Denied	
\$0-14,999	45	\$140M	1 4	\$62M
\$15,000-24,999	93	456M	1 3	43M
\$25,000 +	207	2,090M	1 1	59M
Total	345	2,686M	3 9	164M

Although not the bank's primary lending focus, the bank also meets the needs of small businesses. The average commercial loan balance as of May 16, 1996, was \$58,568, indicating the bank primarily lends to small businesses.

The bank satisfactorily attempts to lend to all census tracts within the assessment area. Lending occurs primarily in the middle- and upper-income tracts located immediately around Marysville. Middle- and upper-income tracts comprise over 95 percent of the assessment area's family population. Slightly less than 100 percent of the bank's residential-related mortgage loans, using information from 1995 and 1996 HMDA LARs, are to borrower's located in middle- and upper-income tracts. Only one residential-related mortgage loan application was received from moderate-income tracts during 1995 and 1996. The very low volume of applications from

moderate-income tracts is due primarily to other banks located within or in close proximity to the moderate-income tracts.

During the concurrent fair lending examination, no substantive violations of fair lending laws and regulations were found.