



## **INTERMEDIATE SMALL BANK**

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Comptroller of the Currency  
Administrator of National Banks

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Washington, DC 20219

### **PUBLIC DISCLOSURE**

**October 16, 2006**

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

**The Citizens National Bank of Bluffton  
Charter Number 11573**

**102 South Main Street  
Bluffton, Ohio 45817**

**Comptroller of the Currency  
Central Ohio  
325 Cramer Creek Court, Suite 101  
Dublin, Ohio 43017**

**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: This institution is rated Satisfactory.**

The Lending Test is rated: Satisfactory.

The Community Development Test is rated: Satisfactory.

- The bank's loan-to-deposit ratio is excellent and much higher than similarly situated competitors.
- Lending to borrowers of different income levels and businesses of different sizes reflects reasonable penetration within the bank's assessment areas.
- The bank's performance in lending to geographies of different income levels exhibits reasonable dispersion throughout its assessment areas.
- A majority of this bank's lending activity occurs within its assessment area.
- Responsiveness to the community development needs of the assessment areas is reasonable.

## **SCOPE OF EXAMINATION**

This Performance Evaluation assesses the bank's performance under the Lending and Community Development (CD) Tests. The evaluation of the Lending Test covers performance from January 1, 2004, through June 30, 2006, excluding CD loans. The evaluation period for CD loans, investments, and services is from June 3, 2003, to October 16, 2006. We evaluated the performance of small loans to businesses, and home mortgage purchase, home improvement, and refinance loans reported under the Home Mortgage Disclosure Act (HMDA), as these are the bank's primary loan products. We attributed slightly more weight to HMDA loans in our evaluation as HMDA loan originations exceeded originations of business loans based on number during the evaluation period. We did not analyze farm lending as it is not considered a primary product. To analyze business loans we reviewed a sample of 61 loans.

## **DESCRIPTION OF INSTITUTION**

The Citizens National Bank of Bluffton (CNB) is an independent, intrastate community bank, with its main office located in the village of Bluffton, Ohio, approximately 85 miles northwest of Columbus, Ohio. The bank's primary focus is retail/commercial banking. CNB offers traditional products and services through a total of six full service branches and two drive-up facilities that are classified as branches. Six of CNB's branches are located in communities outside of its headquarters city and extend as far as 52 miles to Celina, Ohio.

CNB serves six assessment areas (AAs). The largest in terms of population and lending is the Lima MSA AA; the other five AAs are comprised of all or portions of five other non-MSA counties surrounding Allen County. The non-MSA AA counties are similar in nature; therefore, we analyzed them as one AA. CNB maintains three offices

in the non-MSA AA, one each in Hancock, Mercer, and Van Wert Counties. Full-scope reviews were performed for both AAs (MSA and combined non-MSA) and each is weighted equally. Bluffton is located in northeast Allen County which places it in the Lima, Ohio MSA # 30620. CNB maintains two branches in the city of Lima (one full service branch and one drive-up facility), and another just outside of the city in suburban Elida. CNB's five offices in the MSA provide the bank with a 13.78% deposit market share and it is ranked third per FDIC market share reports. CNB maintains only one full service branch in the city of Lima. This branch is located in a low-income census tract; however, the two low-income census tracts are primarily commercial and contain only 1,171 households. There are no CNB offices in the moderate-income geographies. Competition comes from a large nationwide bank and a large regional bank as well as several local financial institutions. Thirty-seven banking offices are located in the MSA.

In the non-MSA AA, CNB has 1.16% of the deposit market share and 3.7% of the total banking locations in Hancock County. In Mercer County, CNB has 4.4% of the deposit market share and 4.2% of the banking offices. In Van Wert County, the bank has 8.7% of the deposit market share and 11% of total bank offices. Competition comes from a variety of local and statewide financial institutions. There are a total of 28 banking offices in Hancock County, 24 in Mercer, and nine in Van Wert County.

On June 30, 2006, the bank reported total assets of \$431 million. Tier one capital was \$26 million, with net loans of \$349 million representing 81% of assets. Gross loans are comprised of 29% residential real estate, 51% commercial and commercial real estate, 18% agricultural, and 2% other.

Citizens Bancshares, Inc. was formed on July 1, 2004. This holding company was established in connection with the bank's conversion to a Subchapter S corporation. The bank finalized its Subchapter S status on January 1, 2006.

There are no financial or legal impediments that hinder the bank in providing community credit needs. CNB received a "Satisfactory" on its previous CRA performance evaluation dated June 2, 2003.

## **DESCRIPTION OF Lima, Ohio MSA Assessment Area # 30620**

The Lima MSA assessment area (AA) is comprised of all of Allen County. The village of Bluffton is located in the northeast corner of Allen County. Lima is the largest city and the county seat. The population of the MSA is 107 thousand based on the 2000 census. Lima has a population of 40 thousand. Population in the MSA has been on a declining trend. Major employers in the area include BP Chemicals, Inc; Chief Solutions; Dana Corporation; Ford Motor Company; and General Dynamics Corporation.

The Lima MSA AA is comprised of 34 census tracts, two (5.88%) low-income, 11

(32.35%) moderate-income; 15 (44.12%) middle-income; and six (17.65%) upper-income. Low-income families comprise 19.16% of all families, and moderate-income families equal 18.83% of all families. The Department of Housing and Development (HUD) estimated Lima MSA median family income is \$52,200. The median family income for the Lima MSA based on the 2000 Census is \$44,707. The median housing value is \$77,533. The weighted average monthly gross rent is \$441. Owner-occupied housing units equal 66% of all housing units in the MSA. Thirteen percent of the households are below the poverty level and 21 percent are retired. The unemployment rate for Allen County is high at 5.7% compared to the national rate of 4.4% and the State of Ohio rate of 5% (Civilian Labor Force September 2006 estimates). One community contact was made which indicated a need for teaching small businesses financial plans and providing more small business loans.

## **DESCRIPTION OF NON-MSA Assessment Area**

The Non-MSA AA includes all or portions of five non-MSA counties. These counties surround Allen County and are all generally rural in nature. Due to their similar non-metropolitan character we analyzed the counties as one AA.

The bank has three of its eight branches in the Non-MSA AA. CNB maintains one office in Findlay, the county seat of Hancock County, 22 miles northeast of Bluffton, one office in Van Wert, the county seat of Van Wert County, 35 miles west of Bluffton, and Celina, the county seat of Mercer County, 52 miles southwest of Bluffton. CNB does not have any offices in Putnam County where two townships are included in the AA. These townships are located immediately north of Bluffton. Lastly, the AA includes four townships in Auglaize County, near the southeast corner of Allen County. The Findlay, Van Wert, and Celina branch offices were opened relatively recently, after many of the local banks had established long standing customer relationships. This may partially account for the somewhat lower market share of loans in some of the markets. In Hancock County, CNB has 1.16% of the deposit market share and 3.7% of the total banking locations. In Mercer County, CNB has 4.4% of the deposit market share and 4.2% of the banking offices. In Van Wert County, the bank has 8.7% of the deposit market share and 11% of total bank offices.

The Non-MSA AA consists of 34 census tracts comprised of no low-income geographies, one (2.9%) moderate-income, 25 (73.5%) middle-income, and eight (23.5%) upper-income geographies. The total population of the non-MSA AA is 153 thousand. The HUD estimated 2006 median family income for the Non-MSA AA is \$51,100. The median family income for the Non-MSA AA based on the 2000 Census is \$43,801. The Non-MSA AA median housing value is \$92,251, with the median year housing was built in the Non-MSA being 1959. The weighted average monthly gross rent is \$461. Eighteen percent of households are retired and seven percent are below the poverty level. Low-income families comprise 11.96% of total families and moderate-income families represent 16.76%.

The unemployment rate in Hancock County was 4.3%, 4.5% in Van Wert County, and 3.5% in Mercer County according to the Civilian Labor Force Estimates as of September 2006. This compares to 4.4% for the nation and 5% for the State of Ohio for the same time period.

## CONCLUSIONS ABOUT PERFORMANCE CRITERIA

### Lending Test

CNB's lending test is rated Satisfactory. Based on a full-scope review, CNB's performance in both the Lima MSA AA and the non-MSA AA is satisfactory.

### Loan to Deposit Ratio

CNB's Loan-to-Deposit (LTD) Ratio is more than reasonable. The average LTD ratio calculated over the last 13 quarters has consistently exceeded 110%. This compares favorably to similarly situated institutions whose ratios have been between 80% and 87% for the same period.

### Lending in the Assessment Area

A majority of CNB's lending activity occurs within its AA. Based on the HMDA residential mortgage loans originated during the evaluation period and the small loans to businesses sample, CNB made 81% of the number and dollar amount within its AA. Refer to Table 1 for detail.

Table 1 - Lending in AA										
Loan Type	Number of Loans					Dollars of Loans (000s)				
	Inside		Outside		Total	inside		Outside		Total
	#	%	#	%		\$	%	\$	%	
Residential Mortgage Loans	1,546	81.03	362	18.97	1908	152,645	81.23	35,270	18.77	187,915
Small Loans to Businesses (Sample size 61 loans)	54	88.52	7	11.48	61	7,303	86.09	1,180	13.91	8,483
<b>Totals</b>	<b>1,600</b>	<b>81.26%</b>	<b>369</b>	<b>18.74%</b>	<b>1,969</b>	<b>159,948</b>	<b>81.44%</b>	<b>36,450</b>	<b>18.56%</b>	<b>196,398</b>

*Source: HMDA loans originated from January 1, 2004 through June 30, 2006 and small business loan sample.*

### Geographic Distribution of Loans

The bank's performance in lending to geographies of different income levels within its AAs reflects reasonable dispersion demonstrating satisfactory performance. Details of the geographic distribution are presented in the following tables. The analysis reflects

lending in most geography.

### **Lima MSA AA**

Lending to geographies of different income levels in the Lima MSA AA reflects reasonable dispersion. Within the Lima MSA AA, there are two low-income census tracts and eleven moderate-income census tracts out of 34 census tracts. Low- and moderate-income census tracts represent 38% of total geographies in the AA. CNB made slightly more than half of all its home mortgage loans and small loans to businesses in the Lima MSA AA.

### **Home Purchase Loans**

The distribution of home purchase loans to geographies of different income levels is reasonable. The percentage of loans in low-income geographies slightly exceeds the percentage of owner-occupied units. As reflected in the above table, the percentage of home purchase loans to moderate-income geographies in the Lima MSA AA is less than the percentage of owner occupied housing in the moderate-income census tracts. Consideration is given to the level of competition and that CNB ranked fourth out of 72 lenders in 2005 for market share for loans in moderate-income census tracts.

### **Home Improvement Loans**

The geographic dispersion of home improvement loans is reasonable. The percentage of loans to low-income geographies significantly exceeds the percentage of owner-occupied units in low-income geographies. The percentage of loans to moderate-income geographies is below the percentage of owner-occupied units in moderate-income census tracts. CNB is ranked sixth out of 29 lenders in the market for home improvement loans in moderate-income geographies.

### **Home Mortgage Refinance Loans**

The geographic distribution of home mortgage refinance loans is less than reasonable. The percentage of loans to low-income and moderate-income geographies is significantly below the percentage of owner-occupied units in low- and moderate-income census tracts.

See Table 2 below for specific details on residential real estate loans made to low- and moderate-income geographies.

**Table 2 - Geographic Distribution of Residential Real Estate Loans in the Lima MSA AA**

Census Tract Income Level	Low		Moderate		Middle		Upper	
Loan Type	% of AA Owner Occupied Housing	% of Number of Loans	% of AA Owner Occupied Housing	% of Number of Loans	% of AA Owner Occupied Housing	% of Number of Loans	% of AA Owner Occupied Housing	% of Number of Loans
Home Purchase	1.24	1.35	19.97	13.51	56.56	48.65	22.23	36.49
Home Improvement	1.24	2.21	19.97	13.97	56.56	47.06	22.23	36.76
Home Refinance	1.24	0.30	19.97	9.76	56.56	56.1	22.23	33.84
Totals	1.24	1.10	19.97	12.22	56.56	51.10	22.23	35.57

Source: HMDA loans originated from January 1, 2004, through June 30, 2006.

### Small Loans to Businesses

The geographic distribution of small loans to businesses is reasonable, supportive of satisfactory performance. The percentage of loans to businesses in the low-income census tracts exceeds the percentage of businesses residing in those areas. The percentage of loans to businesses in the moderate-income census tracts is significantly lower than the percentage of businesses residing in those areas. A potential contributing factor to the lower penetration in moderate-income tracts is that the bank has no offices in these geographies. Refer to Table 2A for detail on the geographic distribution of loans to businesses.

**Table 2A - Geographic Distribution of Loans to Businesses in the Lima MSA AA**

Census Tract Income Level	Low		Moderate		Middle		Upper	
Business Loans	% of AA Businesses	% of # of Loans	% of AA Businesses	% of # of Loans	% of AA Businesses	% of # of Loans	% of AA Businesses	% of # of Loans
Lima MSA AA	9.40	12.50	20.90	6.25	50.07	37.50	19.63	43.75

Source: Small business loan sample - loans originated January 1, 2004 through June 30, 2006

### Non-MSA AA

The overall geographic dispersion of loans in the non-MSA AA is more than reasonable and reflective of excellent performance. During the evaluation period, CNB had one moderate-income (3%), 25 middle-income (73.5%), and eight upper-income (23.5%) tracts. Only .9% of the owner-occupied units in the AA is in the moderate-income census tract.

### Home Purchase Loans

The geographic distribution of home purchase loans reflects more than reasonable dispersion. The percentage of loans originated to borrowers in the moderate-income geography significantly exceeds the percentage of owner-occupied units in the same

geography.

**Home Improvement Loans**

The geographic dispersion of home improvement loans is more than reasonable. The percentage of home improvement loans extended to borrowers in the moderate-income census tract exceeded the percentage of owner-occupied units in the moderate-income geography.

**Home Mortgage Refinance**

The geographic distribution of home mortgage loans is more than reasonable. The percentage of home mortgage loans originated to borrowers in the moderate-income geography is above the ratio of owner-occupied units in the moderate-income tract.

Refer to Table 3 for specific details on residential real estate loans made to low- and moderate-income geographies.

Table 3 - Geographic Distribution of Residential Real Estate Loans in the Non-MSA AA								
Census Tract Income Level	Low		Moderate		Middle		Upper	
Loan Type	% of AA Owner Occupied Housing	% of Number of Loans	% of AA Owner Occupied Housing	% of Number of Loans	% of AA Owner Occupied Housing	% of Number of Loans	% of AA Owner Occupied Housing	% of Number of Loans
Home Purchase	0	0	0.93	1.48	67.71	77.78	31.36	20.74
Home Improvement	0	0	0.93	1.83	67.71	81.65	31.36	16.51
Home Refinance	0	0	0.93	1.89	67.71	73.86	31.36	24.24
Totals	0	0.00	0.93	1.71	67.71	76.83	31.36	21.46

Source: HMDA loans originated from January 1, 2004, through June 30, 2006.

**Small Loans to Businesses**

The geographic distribution of loans to businesses in the non-MSA AA is less than reasonable. CNB did not make any loans in our sample to businesses located in the moderate-income census tract in the Non-MSA AA. However, bank records indicate nine loans were originated during 2006 to borrowers in the moderate-income geography. The 1.3% of businesses in the moderate-income census tract represents 122 businesses. Refer to Table 3A for detail.

Table 3A - Geographic Distribution of Loans to Businesses in the Non-MSA AA								
Census Tract Income Level	Low		Moderate		Middle		Upper	
Business Loans	% of AA Businesses	% of # of Loans	% of AA Businesses	% of # of Loans	% of AA Businesses	% of # of Loans	% of AA Businesses	% of # of Loans
Non-MSA AA	0.00	0.00	1.30	0.00	72.00	81.82	26.70	18.18

Source: Small business loan sample - loans originated January 1, 2004 through June 30, 2006

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

CNB's lending to borrowers of different income levels and businesses of different sizes is reasonable and reflective of satisfactory performance.

### Lima MSA AA

The penetration of loans to individuals of different income levels and businesses of different sizes in the Lima MSA AA is reasonable. The overall distribution of residential real estate loans is reasonable and reflective of satisfactory performance, as is the borrower distribution of business loans.

### Home purchase loans

The distribution of home purchase lending reflects reasonable penetration among individuals of different income categories, including low- and moderate-income borrowers, and supports satisfactory performance. The percentage of home mortgage loans made to moderate-income borrowers exceeds the percentage of the moderate-income families in the AA. As reflected in the table above, the percentage of home purchase loans to low-income borrowers is significantly lower than the ratio of low-income families. A contributing factor to the low penetration to low-income families is that 12% of the low-income population of the AA live below the poverty level and may not meet the criteria to qualify for a home mortgage loan. Families in the AA designated as low-income represent 19% of total families or 5,455 families, with 655 families below the poverty level.

### Home improvement loans

The distribution of home improvement loans to borrowers of different income levels is reasonable. The bank's percentage of home improvement loans made to moderate-income borrowers is lower than the percent of moderate-income families in the AA, while the percent of loans made to low-income borrowers is significantly lower than the level of low-income families. A factor contributing to the low penetration to low-income families is that 12% of the low-income population lives below the poverty level and may not meet the criteria to qualify for a home loan. In addition, by market share in 2005, only four institutions originated more loans to low-income borrowers than the bank and the bank ranked first in the market for number of loans to moderate-income borrowers.

### Refinance loans

The borrower distribution for home mortgage refinance loans is less than reasonable. Loans made to low-income and moderate-income borrowers are significantly less than the demographics for the AA, as reflected in the table on the prior page.

Refer to Table 4 for specific details on residential real estate loans made to low- and moderate-income borrowers.

Table 4 - Borrower Distribution of Residential Real Estate Loans in the Lima MSA AA								
Borrower Income Level	Low		Moderate		Middle		Upper	
	% of AA Families	% of Number of Loans	% of AA Families	% of Number of Loans	% of AA Families	% of Number of Loans	% of AA Families	% of Number of Loans
Home Purchase	19.16	4.95	18.83	19.82	22.82	20.95	39.19	44.59
Home Improvement	19.16	8.09	18.83	16.18	22.82	19.85	39.19	47.79
Home Refinance	19.16	5.49	18.83	14.02	22.82	26.83	39.19	46.65
Total	19.16	5.62	18.83	17.18	22.82	22.91	39.19	45.81

Source: HMDA loans originated from January 1, 2004, through June 30, 2006.

### Small Loans to Businesses

The bank's record of lending to businesses of different sizes in the AA is reasonable. The bank's penetration of to small businesses, i.e., those with revenues of \$1 million or less, compares favorably with the demographics of the AA. Refer to Table 4A for detail.

Table 4A - Borrower Distribution of Loans to Businesses in the Lima MSA AA				
Business Revenues (or Sales)	≤\$1,000,000	>\$1,000,000	Unavailable/Unknown	Total
% of AA Businesses	59.24	5.78	34.98	100.00
% of Bank Loans in AA by #	59.38	40.62	0	100.00
% of Bank Loans in AA by \$	56.82	43.18	0	100.00

Source: Business loan sample - loans originated January 1, 2004 through June 30, 2006

### Non MSA AA

The penetration of loans to individuals of different income levels and businesses of different sizes in the non-MSA AA is reasonable and meets the standard for satisfactory performance. The overall borrower distribution for home loans is reasonable, as is the borrower distribution for business loans.

### Home purchase loans

The borrower distribution for home purchase loans is reasonable when compared with the percentage of families of different income levels, including low- and moderate-income borrowers. CNB's percentage of home purchase loans to moderate-income

borrowers exceeds the percent of moderate-income families in the AA, while the level of home purchase loans to low-income persons is significantly below the percent of low-income families in the AA. A contributing factor to the low penetration to low-income borrowers is that seven percent of low-income families live below the poverty level and may have difficulty meeting the criteria to qualify for a home loan.

### Home improvement loans

The distribution of home improvement loans among borrowers of different income categories is reasonable. The level of the bank's home improvement loans to moderate-income borrowers is lower than the percent of moderate-income families in the AA. The percentage of home improvement loans to low-income individuals is significantly lower than the level of low-income families in the AA. A contributing factor to the low penetration is that seven percent of low-income families live below the poverty level and may have difficulty in meeting the criteria to qualify for a home mortgage loan. Only three other lenders made more loans to low- and moderate-income borrowers than CNB in 2005. In 2005, 22 lenders made 41 home improvement loans to low-income borrowers; CNB ranked fourth with three loans or 7.32% of the market share. For the same period, 31 lenders made 115 home improvement loans to moderate-income borrowers; CNB ranked fourth with seven loans or 6.09% of the market share.

### Refinance loans

Borrower distribution for home refinance loans is reasonable. The bank's percentage of loans to moderate-income borrowers exceeds the percent of moderate-income families in the AA, while the level of home refinance loans to low-income individuals is significantly lower than the percent of low-income families. A factor which may contribute to the low penetration to low-income borrowers is that seven percent of low-income families in the non-MSA AA live below the poverty level and may have difficulty meeting the criteria to qualify for a home loan.

Refer to Table 5 for specific details on residential real estate loans made to low- and moderate-income borrowers.

Table 5 - Borrower Distribution of Residential Real Estate Loans in the Non-MSA AA								
Borrower Income Level	Low		Moderate		Middle		Upper	
	% of AA Families	% of Number of Loans	% of AA Families	% of Number of Loans	% of AA Families	% of Number of Loans	% of AA Families	% of Number of Loans
Home Purchase	11.96	4.81	16.76	20.74	24.81	22.96	46.46	47.41
Home Improvement	11.96	7.34	16.76	13.76	24.81	35.78	46.46	42.20
Refinancing	11.96	4.55	16.76	22.35	24.81	24.24	46.46	46.59
Total	11.96	5.13	16.76	20.22	24.81	25.66	46.46	46.19

Source: HMDA loans originated from January 1, 2004, through June 30, 2006.

## Business Loans

The bank's record of lending to businesses of different sizes in the AA is reasonable and supports satisfactory performance. The bank's penetration of to small businesses is favorable compared with the demographics of the AA. Refer to Table 5A for detail.

Table 5A - Borrower Distribution of Loans to Businesses in the Non-MSA AA				
Business Revenues (or Sales)	≤\$1,000,000	>\$1,000,000	Unavailable/Unknown	Total
% of AA Businesses	60.63	5.28	34.09	100.00
% of Bank Loans in AA by #	77.27	22.73		100.00
% of Bank Loans in AA by \$	64.10	35.90		100.00

## Responses to Complaints

Neither bank management nor our office received any complaints regarding CNB's performance during the evaluation period.

## Community Development Test

The bank's community development (CD) performance is Satisfactory. Performance in both the Lima and Non-MSA AAs is adequate. The bank has been relatively responsive to CD needs through CD services and loans, considering the bank's capacity and the need, and availability of such opportunities for CD in the bank's AAs. The bank's level of investments is adequate.

### Number and amount of community development loans

CNB's amount of CD loans is satisfactory. During this evaluation period, the bank made two CD loans within the Lima MSA AA totaling \$34.5 thousand. The bank also made one CD loan totaling \$555 thousand in the non-MSA AA. Descriptions of the loans can be found below.

#### **Lima MSA AA**

CNB provided a line of credit for an organization involved in affordable housing. The line of credit is used for working capital. This organization provides affordable housing for low-income families in the City of Lima.

The bank opened a \$20 thousand line of credit for an organization which provides food and shelter for homeless men. The line of credit will provide the organization a working line of capital to operate.

#### **Non-MSA AA**

In 2006, the bank provided a \$555 thousand loan to an entity which primarily provides housing services for low- and moderate-income seniors.

In addition, the bank made one CD loan outside their non-MSA AA.

### **Number and amount of qualified investments**

#### **Lima MSA AA**

CNB's level of CD investments is adequate given the asset size and the capacity of the bank. We based our review on the volume and types of investments made by the bank relative to the CD opportunities of the AA. During the examination, we contacted ten of one hundred possible organizations within the bank's AA which service low- and moderate-income families/geographies. Several organizations stated there is a dire need for community investment within the Lima MSA.

CNB made donations totaling \$15 thousand to CD organizations in their AA during the evaluation period. None of the investments made by the bank are considered innovative or complex.

Notable qualifying grants and donations include the following:

- An organization which provides educational, health and other social services to low- and moderate-income families
- A food bank which provides groceries to low- and moderate-income families;
- An organization which provides housing, medical treatment and life skills training for homeless people;
- A center which is a crisis hotline for rape victims primarily low- and moderate-income families

#### **Non-MSA AA**

The bank's level of qualified investments within the non-MSA AA is poor. CNB donated \$1,200 to qualified organizations in the non-MSA AA during the evaluation period.

### **Extent to which the bank provides community development services**

CD Services provided by the bank are adequate.

The bank's retail banking delivery systems are satisfactory. The systems are reasonably accessible to geographies and individuals of different income levels in the AA. Financial services are offered at each branch and business hours do not vary in a manner that inconveniences any portion of the AA, particularly low- to moderate-income geographies and families. The bank has eight branches; four branches are within the Lima MSA AA and four branches are in the non-MSA AA. Of the four branches located inside the Lima MSA AA, two are located in low-income census tract areas and two are located in upper-income census tract areas. There are no branches in moderate-income geographies.

Of the four branches in the non-MSA AA, 50% of the branches are located in middle-income census tract areas while the other two branches are located in upper-income

census areas. This AA contains only one moderate-income tract and no low-income tracts.

The bank maintains six 24-hour ATMs. Two of the ATMs are in the Lima MSA AA and are located in low-and upper-income census tract areas, respectively. The four ATMs located in the non-MSA AA are evenly located in middle-and upper-income tract areas.

CNB employee involvement in CD services is good in both AAs. CNB is represented on major community groups active in meeting housing, service and economic needs of the low-and-moderate income individuals and areas. During the examination period, fourteen bank employees provided CD qualifying services to several organizations. This represents 10% percent of all bank employees. These organizations provide essential service to low-and moderate-income individuals as well as services to organizations dedicated to promoting economic development and creating or improving jobs for low- or moderate-income geographies and individuals.

CNB participates in several loan programs which target low- and moderate-income borrowers. The Federal Home Loan Bank of Cincinnati (FHLBC) offers a program "Welcome Home" that provides down payment assistance funds to borrowers who meet the income criteria. Since CNB is a member bank of the FHLBC, they are permitted to use these grants to assist borrowers. The funds are specifically allocated for households whose incomes are below 80% of Mortgage Revenue Bond income limits as adopted by the appropriate state housing finance agency, adjusted for family size. Currently, for Allen County (OH) the limit for a family of 1-2 is \$46,360 and for a family of 3 or more it is \$53,314.

CNB offers loan programs through Freddie Mac, called Home Possible 100 and Home Possible 97. These loans are for borrowers who are at or below the area median income limit. Currently for Allen County (OH), the median income limit is \$52,200. Both of these loan programs reduce the down payment amount at closing to only \$500 of personal funds. In 2006, CNB made 19 Home Possible loans totaling \$1,506,874. Loans originated under these programs totaled \$8.4 million during the evaluation period.

These programs help low-and moderate-income borrowers by providing more liberal repayment terms, lower down-payments, and higher loan-to-value requirements.

The bank offers a free checking account for customers with a \$50 minimum opening balance and a free savings account with a \$25 minimum opening balance. There is no charge for check cashing for anyone with an account. CNB does not cash checks for non-customers.

### **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.