



LARGE BANK

Comptroller of the Currency
Administrator of National Banks
Washington, DC 20219

Public Disclosure

March 10, 2004

Community Reinvestment Act
Performance Evaluation

The Citizens National Bank of Evans City
Charter Number: 8854

204 South Jackson St
Evans City, PA 16033

Office of the Comptroller of the Currency

Western Pennsylvania (Pittsburgh)
4075 Monroeville Boulevard Building 2, Suite 300
Monroeville, PA 15146

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, and should not 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.

Table of Contents

| | |
|--|------------|
| OVERALL CRA RATING | 1 |
| DEFINITIONS AND COMMON ABBREVIATIONS | 2 |
| DESCRIPTION OF INSTITUTION..... | 6 |
| SCOPE OF THE EVALUATION..... | 7 |
| FAIR LENDING REVIEW | 9 |
| CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS..... | 10 |
| LENDING TEST | 10 |
| INVESTMENT TEST | 14 |
| SERVICE TEST..... | 14 |
| APPENDIX A: SCOPE OF EXAMINATION..... | A-1 |
| APPENDIX B: MARKET PROFILES FOR FULL SCOPE AREAS..... | B-1 |
| APPENDIX C: TABLES OF PERFORMANCE DATA | C-1 |

Overall CRA Rating

Institution's CRA Rating: This institution is rated **Satisfactory**.

The following table indicates the performance level of **The Citizens National Bank of Evans City** with respect to the Lending, Investment, and Service Tests:

| Performance Levels | The Citizen's National Bank of Evans City Performance Tests | | |
|---------------------------|--|-----------------|--------------|
| | Lending Test* | Investment Test | Service Test |
| Outstanding | | | X |
| High Satisfactory | X | | |
| Low Satisfactory | | X | |
| Needs to Improve | | | |
| Substantial Noncompliance | | | |

* The lending test is weighted more heavily than the investment and service tests when arriving at an overall rating.

The major factors that support this rating include:

- A good level of lending which is responsive to the community credit needs.
- A good distribution of loans among Assessment Area (AA) borrowers of different income levels.
- Community development (CD) lending which is responsive to community credit needs and positively affects the Lending Test rating.
- Innovative and flexible lending programs, which are responsive to community credit needs and have a positive affect on the Lending Test rating.
- An adequate level of (CD) investments, given the limited availability of AA investment opportunities.
- Service delivery systems, which are readily accessible to AA geographies and individuals of different income levels.

Definitions and Common Abbreviations

The following terms and abbreviations are used throughout this performance evaluation, including the CRA tables. The definitions are intended to provide the reader with a general understanding of the terms, not a strict legal definition.

Affiliate: Any company that controls, is controlled by, or is under common control with another company. A company is under common control with another company if the same company directly or indirectly controls both companies. A bank subsidiary is controlled by the bank and is, therefore, an affiliate.

Aggregate Lending: The number of loans originated and purchased by all reporting lenders in specified income categories as a percentage of the aggregate number of loans originated and purchased by all reporting lenders in the MA/assessment area.

Block Numbering Area (BNA): A statistical subdivision of a county for grouping and numbering blocks in non-metropolitan counties where local census statistical area committees have not established census tracts. A BNA does not cross county lines.

Census Tract (CT): A small subdivision of metropolitan and other densely populated counties. Census tract boundaries do not cross county lines; however, they may cross the boundaries of metropolitan areas. Census tracts usually have between 2,500 and 8,000 persons, and their physical size varies widely depending upon population density. Census tracts are designed to be homogeneous with respect to population characteristics, economic status, and living conditions to allow for statistical comparisons.

Community Development: Affordable housing (including multifamily rental housing) for low- or moderate-income individuals; community services targeted to low- or moderate-income individuals; activities that promote economic development by financing businesses or farms that meet the size eligibility standards of the Small Business Administration's Development Company or Small Business Investment Company programs (13 CFR 121.301) or have gross annual revenues of \$1 million or less; or, activities that revitalize or stabilize low- or moderate-income geographies.

Community Reinvestment Act (CRA): the statute that requires the OCC to evaluate a bank's record of meeting the credit needs of its local community, consistent with the safe and sound operation of the bank, and to take this record into account when evaluating certain corporate applications filed by the bank.

Consumer Loan(s): A loan(s) to one or more individuals for household, family, or other personal expenditures. A consumer loan does not include a home mortgage, small business, or small farm loan. This definition includes the following categories: motor vehicle loans, credit card loans, home equity loans, other secured consumer loans, and other unsecured consumer loans.

Family: Includes a householder and one or more other persons living in the same household who are related to the householder by birth, marriage, or adoption. The number of family households always equals the number of families; however, a family household may also include non-relatives living with the family. Families are classified by type as either a married-couple family or other family, which is further classified into 'male householder' (a family with a male householder and no wife present) or 'female householder' (a family with a female householder and no husband present).

Full Review: Performance under the Lending, Investment, and Service Tests is analyzed considering performance context, quantitative factors (e.g., geographic distribution, borrower distribution, and total number and dollar amount of investments), and qualitative factors (e.g., innovativeness, complexity, and responsiveness).

Geography: A census tract or a block numbering area delineated by the United States Bureau of the Census in the most recent decennial census.

Home Mortgage Disclosure Act (HMDA): The statute that requires certain mortgage lenders that do business or have banking offices in a metropolitan area to file annual summary reports of their mortgage lending activity. The reports include such data as the race, gender, and the income of applications, the amount of loan requested, and the disposition of the application (e.g., approved, denied, and withdrawn).

Home Mortgage Loans: such loans include home purchase and home improvement loans, as defined in the HMDA regulation. This definition also includes loans for multifamily (five or more families) dwellings, loans for the purchase of manufactured homes and refinancing of home improvement and home purchase loans.

Household: Includes all persons occupying a housing unit. Persons not living in households are classified as living in group quarters. In 100 percent tabulations, the count of households always equals the count of occupied housing units.

Limited Review: Performance under the Lending, Investment, and Service Tests is analyzed using only quantitative factors (e.g., geographic distribution, borrower distribution, total number and dollar amount of investments, and branch distribution).

Low-Income: Individual income that is less than 50 percent of the area median income, or a median family income that is less than 50 percent, in the case of a geography.

Market Share: The number of loans originated and purchased by the institution as a percentage of the aggregate number of loans originated and purchased by all reporting lenders in the MA/assessment area.

Median Family Income (MFI): The median income determined by the U.S. Census Bureau every ten years and used to determine the income level category of geographies. Also, the median income determined by the Department of Housing and Urban Development annually

that is used to determine the income level category of individuals. For any given area, the median is the point at which half of the families have income above it and half below it.

Metropolitan Area (MA): Any primary metropolitan area (PMA), metropolitan area (MA), or consolidated metropolitan area (CMA), as defined by the Office of Management and Budget, with a population of 250,000 or more, and any other area designated as such by the appropriate federal financial supervisory agency.

Middle-Income: Individual income that is at least 80 percent and less than 120 percent of the area median income, or a median family income that is at least 80 percent and less than 120 percent, in the case of a geography

Moderate-Income: Individual income that is at least 50 percent and less than 80 percent of the area median income, or a median family income that is at least 50 percent and less than 80 percent, in the case of a geography.

Multifamily: Refers to a residential structure that contains five or more units.

Other Products: Includes any unreported optional category of loans for which the institution collects and maintains data for consideration during a CRA examination. Examples of such activity include consumer loans and other loan data an institution may provide concerning its lending performance.

Owner-Occupied Units: Includes units occupied by the owner or co-owner, even if the unit has not been fully paid for or is mortgaged.

Qualified Investment: A qualified investment is defined as any lawful investment, deposit, membership share, or grant that has as its primary purpose community development.

Rated Area: A rated area is a state or multi-state metropolitan area. For an institution with domestic branches in only one state, the institution's CRA rating would be the state rating. If an institution maintains domestic branches in more than one state, the institution will receive a rating for each state in which those branches are located. If an institution maintains domestic branches in two or more states within a multi-state metropolitan area, the institution will receive a rating for the multi-state metropolitan area.

Small Loan(s) to Business(es): A loan included in 'loans to small businesses' as defined in the Consolidated Report of Condition and Income (Call Report) and the Thrift Financial Reporting (TFR) instructions. These loans have original amounts of \$1 million or less and typically are either secured by nonfarm or nonresidential real estate or are classified as commercial and industrial loans. However, thrift institutions may also exercise the option to report loans secured by nonfarm residential real estate as "small business loans" if the loans are reported on the TFR as nonmortgage, commercial loans.

Small Loan(s) to Farm(s): A loan included in 'loans to small farms' as defined in the instructions for preparation of the Consolidated Report of Condition and Income (Call Report). These loans have original amounts of \$500,000 or less and are either secured by farmland, or are classified as loans to finance agricultural production and other loans to farmers.

Tier One Capital: The total of common shareholders' equity, perpetual preferred shareholders' equity with non-cumulative dividends, retained earnings and minority interests in the equity accounts of consolidated subsidiaries.

Upper-Income: Individual income that is more than 120 percent of the area median income, or a median family income that is more than 120 percent, in the case of a geography.

Description of Institution

Citizens National Bank of Evans City ("CNB") is a \$442 million community bank headquartered in Evans City, Pennsylvania. CNB is an intrastate bank, which operates 16 branch offices in Western Pennsylvania. CNB is a subsidiary of Citizens, Inc., a one-bank holding company also headquartered in Evans City. In 1998, Citizens Insurance Services, LLC was formed as a wholly owned subsidiary of Citizen's, Inc. to facilitate the sale of insurance products. The subsidiary does not impact the bank's ability to meet the CRA needs of its community. There has been no merger activity since the previous examination. There are no affiliates for which the bank wants consideration of affiliate activities to be included in its performance evaluation. As of December 31, 2003, net loans represented 71 percent of CNB's total assets. CNB's loan portfolio consisted of 52 percent commercial loans, 28 percent home mortgage loans, 12 percent consumer loans, and 6 percent other loan types. Tier 1 Capital totaled \$38 million. CNB is an active commercial lender, which has historically focused on small business lending. There are no financial or legal impediments that would hinder the bank's ability to meet the credit needs of its assessment area.

CNB was rated "Satisfactory" at its last CRA examination dated January 22, 2001.

Scope of the Evaluation

Evaluation Period/Products Evaluated

The evaluation period for the Lending Test, with the exception of CD loans, was January 1, 2001 through December 31, 2002. For the prior examination, we reviewed loan data through quarter ending December 31, 2000. The evaluation period for CD loans, the Investment and Service Tests was February 5, 2001 to March 10, 2004. Loan originations for the following product types were evaluated for the Lending Test: home purchase loans, home improvement loans, home mortgage refinance loans, small loans to businesses and CD loans. The bank is not a farm lender. An analysis of farm lending was not conducted since it would not have been meaningful.

Data Integrity

An evaluation of CNB's publicly filed information on home mortgage loans, small loans to businesses, CD loans, investments and services was performed in September 2003. The review included an evaluation of the bank's processes to ensure that data is reliable. Significant errors pertaining to the integrity of census tract data were discovered in the collected data that was reviewed. The errors resulted in the incorrect reporting of the locations for some loans. CNB's AA includes 62 census tracts, none of which are classified as low-income and just 3 are classified as moderate-income. CNB's AA contains relatively few census tracts classified as low-or moderate-income and the bank elected not to correct the unreliable census tract data. Therefore, the evaluation of the bank's record of lending did not include an analysis of the distribution of loan originations among geographies of different income levels. The evaluation of the bank's record of lending focused on an analysis of the distribution of loan originations among borrowers of different income levels. The analysis of lending among borrowers of different income levels was based on accurate data.

Selection of Areas for Full-Scope Review

The bank has one AA. The AA includes 62 geographies in Allegheny, Armstrong, Beaver and Butler counties. Geographies in CNB's AA, with the exception of the Armstrong County geography, are located within the Pittsburgh MSA 6280. CNB's AA includes a single census tract in Armstrong County. Armstrong County is not within an MSA. The Armstrong County geography is contiguous to Butler County and does not extend substantially beyond MSA 6280. The bank operates one branch office in Armstrong County. The Armstrong County branch office in Parker and the Butler County branch office in Petrolia serve the Armstrong County geography. The entire AA was selected for review.

Ratings

The bank's overall rating is based on a full-scope review of the AA. Equal weight was placed on home mortgage and small business loans in arriving at the Lending Test rating.

Other

We contacted the primary community development organization operating in the AA. This contact was made to assist us in identifying AA credit needs and community development opportunities. Contact was made with the Housing Authority for Butler County. Contact was in the form of a meeting, which was held in the Butler Office of the Housing Authority. Area credit needs include small business loans and low-cost mortgage products. Opportunities to participate in community development activities are limited. Information obtained through community contact and internal resources revealed a limited number of organizations involved in CD projects or activities.

Fair Lending Review

We found no evidence of illegal discrimination or other illegal credit practices.

Conclusions with Respect to Performance Tests

LENDING TEST

Conclusions for Areas Receiving Full-Scope Reviews

The bank's performance under the lending test is rated "High Satisfactory." Based on full-scope reviews, the bank's performance in its AA is good.

Lending Activity

Refer to Table 1 Lending Volume in Appendix C for the facts and data used to evaluate the bank's lending activity.

CNB's record of originating loans in its AA is good. CNB's lending market share in the AA was compared to its deposit market share in the AA. CNB's deposit market share in the AA is 8.38 percent ranking it 4th in market share among institutions taking AA deposits. Institutions with greater AA market share are multi-billion dollar banks.

CNB's home purchase mortgage market share was .68 percent ranking it 28th among lenders originating home purchase mortgages in the AA. CNB's home improvement loan market share was 3.24 percent ranking it 11th among lenders originating home improvement loans in the AA. And CNB's home refinance loan market share was 1.40 percent, ranking it 17th among lenders originating home refinance loans in the AA. All market share percentages and rankings are as of December 31, 2002. The bank faces strong competition for home mortgage loans from many larger financial service providers. There are numerous home mortgage lenders in the AA. Many of the home mortgage lenders use mortgage brokers. CNB does not use mortgage brokers.

Strong competition in the AA also exists for small business lending. CNB's small business loan market share was .58 percent ranking it 22nd among lenders originating small loans to businesses in the AA. Credit card banks dominate the AA's market for small loans to businesses. Five of the major credit card banks are ranked ahead of CNB for originating small loans to businesses. Additional competition exists from the large Pittsburgh-based banks.

Inside/Outside Ratio

Of home mortgage and small business loans originated by CNB over the evaluation period, a significant majority of the loans were originated within CNB's AA. The analysis of CNB's record of originating loans within its AA was conducted at the bank level. The analysis included all reportable loans originated by CNB over the evaluation period, 87 percent of which

were originated in the AA. Over the evaluation period, CNB originated 70, 83 and 84 percent of its home purchase, home improvement, and home refinance loans, respectively within its AA. Over the period, CNB also originated 87 percent of its small business loans within its AA.

Distribution of Loans by Income Level of the Borrower

CNB's distribution of loans by the income level of the borrowers is good.

Home Mortgage Loans

Refer to Tables 8, 9, and 10 in appendix C for the facts and data used to evaluate the borrower distribution of the bank's home mortgage loan originations and purchases.

Overall, CNB's distribution of home mortgage loans by the income level of the borrower is good given area demographics, the cost of AA housing relative to AA income levels and the level and nature of AA competition. Some of the major, national home mortgage lenders are ranked ahead of CNB in home purchase and refinance market share. Additionally, several large Pittsburgh-based banks also compete for these loans.

CNB's distribution of home purchase loan originations among AA borrowers of different income levels is good. The percentage of home purchase loans originated to low-income AA borrowers is below the percentage of low-income AA families. CNB's market share of home purchase loan originations to low-income AA borrowers significantly exceeds its overall market share of home purchase loan originations. The percentage of home purchase loans originated to moderate-income AA borrowers is near to the percentage of moderate-income AA families. CNB's market share of home purchase loan originations to moderate-income AA borrowers mirrors its overall market share of home purchase loan originations.

CNB's distribution of home improvement loan originations among AA borrowers of different income levels is excellent. The percentage of home improvement loans originated to low-income AA borrowers is near to the percentage of low-income AA families. CNB's market share of home improvement loan originations to low-income AA borrowers exceeds its overall market share of home improvement loan originations. The percentage of home improvement loans to moderate-income AA borrowers exceeds the percentage of moderate-income AA families. CNB's market share of home improvement loan originations to moderate-income AA borrowers exceeds its overall market share of home improvement loan originations.

CNB's distribution of home mortgage refinance loans among AA borrowers of different income levels is good. The percentage of home mortgage refinance loans originated to low-income AA borrowers is below the percentage of low-income AA families. CNB's market share of home mortgage refinance loan originations to low-income AA borrowers significantly exceeds its overall market share of home mortgage refinance originations. The percentage of home mortgage refinance loans to moderate-income borrowers is near the percentage of moderate-income families. CNB's market share of home mortgage refinance loan originations to moderate-income AA borrowers exceeds its overall market share of home mortgage refinance originations.

Small Loans to Businesses

Refer to Table 11 in Appendix C for the facts and data used to evaluate the borrower distribution of the bank's origination/purchase of small loans to businesses.

CNB's distribution of small loans among AA businesses of different sizes is excellent when considering the strong area competition for originating small loans to businesses. Credit card banks dominate the bank's AA. These banks originate small dollar loans to businesses. Some of the major credit card lenders are ranked ahead of CNB in business lending market share. Additionally, several large Pittsburgh-based banks compete for these loans.

Of CNB's business loan originations, the percentage of originations of small loans to small AA businesses exceeds the percentage of reporting AA small businesses. Small businesses are businesses reporting annual revenues of \$1 million or less to Dunn and Bradstreet. CNB's market share of loans originated to small businesses significantly exceeds its overall AA market share of business loan originations. Additionally, the percentage of CNB's business loans which are originated for \$100 thousand or less is significantly larger than the percentage of CNB's business loans, which are originated for more than \$100 thousand.

Community Development Lending

Refer to Table 1 Lending Volume in Appendix C for the facts and data used to evaluate the bank's level of community development lending. This table includes all CD loans, including multifamily loans that also qualify as CD loans. In addition, Table 5 includes geographic lending data on all multi-family loans, including those that also qualify as CD loans. Table 5 does not separately list CD loans, however.

We gave the bank consideration for their initiative in pursuing CD lending in an area with limited CD lending opportunities and strong competition from much larger banks for area CD loans. Refer to the profile section Appendix B-2.

CNB, over the evaluation period, originated ten CD loans to five different AA organizations. The loans were responsive to identified AA credit needs.

CNB originated a \$580,000 loan to a local non-profit organization in October 2003. The organization was established in 1965 to provide low-income housing for low-income families. The purpose of the loan was to refinance the mortgage secured by the organization's administrative offices. The loan enabled the Authority to reduce its debt service. Reduced debt service released funds to be used for low-income housing projects.

CNB originated a \$350,000 loan to a local non-profit organization in March 2003. The organization was established to provide low-income housing for low-income families. The purpose of the loan was to provide financing to purchase the general partner's interest in a housing complex located within a moderate-income AA geography in the City of Butler. The complex is an elderly high-rise housing development. The development has annual income limits of \$22,740 for individuals and \$25,980 for couples.

CNB originated a \$554,000 line of credit in October 2003 to a local non-profit organization established to provide low-income housing for low-income families. The purpose of the line of credit was to provide financing for low-income housing projects. The housing authority uses the line of credit as a short term funding source. Short term funding is needed until permanent financing through Pennsylvania Housing Finance Agency (PHFA) can be secured.

CNB originated two letters of credit for the Housing Authority of the County of Butler totaling \$63,104 and \$126,000 in 2003. The purpose of the letters of credit was to provide construction phase funding for an affordable housing project. Permanent financing for the project will be provided through tax credits. The project is a multiple story elderly housing development. All of the development's units are dedicated to low-and moderate-income individuals. Resident's income may not exceed 80% of the median family income.

CNB originated a \$146,551 loan to a local non-profit organization in January 2002. The organization's stated mission is to improve and enhance the quality of life in the County of Butler for all low-and moderate-income citizens. The organization accomplishes its mission through promoting an increase in affordable rental housing and home ownership opportunities. The purpose of the loan was twofold. First, the loan purpose was to consolidate a commercial mortgage. The commercial mortgage originally financed the acquisition and renovation of a commercial property. Second, the loan purpose was also to finance construction of affordable residential housing. The residential housing is located in a moderate-income AA geography. The organization arranged for construction of the residence through Butler Vo-Tech. A lease agreement was entered into with Housing and Urban Development.

CNB originated an \$82,276 loan to a local non-profit organization in January 2002. The organization's stated mission is to improve and enhance the quality of life in the County of Butler for all low-and moderate-income citizens. The purpose of the loan was to finance the purchase and renovation of a residential property. The residential property provides affordable housing in a moderate-income AA geography.

CNB originated a \$600,000 loan to a local non-profit organization. The purpose of the loan was to provide financing to purchase a previously leased residential home. The home was used as residential group housing for the mentally handicapped. The home provides affordable housing for low- and moderate-income mentally handicapped individuals.

CNB originated two lines of credit totaling \$27,000 to a local non-profit organization. The organization's stated mission is to focus on the advancement of the low/moderate income individual. The purpose of the loans was to provide capital to operate an affordable housing facility. The housing facility is located in a moderate-income AA geography. The organization subsidizes the housing costs of 74% of the facility's residents. All of the resident's are low-and moderate-income individuals.

CNB originated a \$120,000 loan to a non-profit organization, which operates as an arm of another local non-profit organization, which focuses on the advancement of the low/moderate

income individual. The purpose of the loan was to provide funding for property acquisition and construction of a low-income housing project. The housing project is located in a moderate-income AA geography. The organization manages the project, which is dedicated exclusively to Section 8, assisted living, and senior housing.

Product Innovation and Flexibility

Flexible and innovative loan products had a positive effect on the bank's lending test rating. CNB has developed a low-cost mortgage program named "The Affordable Mortgage Program". The program offers ten, fifteen, and thirty-year fixed rate home purchase loan products, at discounted costs and favorable rates, to low- and moderate-income borrowers. The loan product has the following characteristics: (1) minimal closing costs, (2) a lower down payment (10% without Private Mortgage Insurance), (3) flexible underwriting, and (4) no origination fee and a lower rate of interest. Low-cost mortgages are an identified credit need. During the evaluation period the bank originated three loans for \$137,868.

INVESTMENT TEST

CNB's performance under the investment test is rated "Low Satisfactory". Based on full-scope reviews, CNB's performance is adequate considering limited AA investment opportunities, and strong competition for qualified AA investments.

Conclusions for Areas Receiving Full-Scope Reviews

Refer to Table 14 in Appendix C for the facts and data used to evaluate the bank's level of qualified investments.

CNB invested \$660,000 in a CRA qualified, PHFA Single Family Revenue Bond. The proceeds of the housing bond issue are used to finance single-family mortgages within targeted Pennsylvania census tracts. Targeted census tracts are those for which at least 70% of census tract families report annual income of 80% or less of the statewide median income.

CNB, during the prior CRA evaluation period, invested \$100,000 in a CRA qualified, PHFA bond. CNB maintained the bond throughout the current evaluation period. The proceeds of the bond finance single-family mortgages for low- and moderate-income Pennsylvania and AA borrowers.

The bank made qualified contributions to three AA organizations that provide community development services. The contributions made during the evaluation period totaled \$19,000.

SERVICE TEST

Conclusions for Areas Receiving Full-Scope Reviews

The bank's performance under the Service Test is rated "Outstanding". Based on full-scope reviews, the bank's performance in the Pittsburgh MSA is strong.

Retail Banking Services

Refer to Table 15 in Appendix C for the facts and data used to evaluate the distribution of the bank's branch delivery system and branch openings and closings.

CNB's service delivery systems are readily accessible to AA geographies and individuals of different income levels. The bank operates 16 full service branches. The percentages of branches (12.5%), and ATMs (21.4%), located in moderate-income geographies significantly exceed the percentage of the AA population that resides in moderate-income geographies. The AA contains no low-income geographies. The bank did not open or close any branch offices or ATMs over the evaluation period.

The range of services and hours of operation offered by CNB throughout its AA are good. The availability of CNB's services and hours are comparable among AA locations regardless of the income levels of geographies. CNB's operating hours and services between Monday and Friday are supplemented by Saturday hours at various branch locations.

CNB operates two branch offices in moderate-income AA geographies. One of the branch offices operating within a moderate-income geography is situated in a building which also houses the bank's headquarters and is located in a downtown area. The other branch office operating within a moderate-income geography is located in an adjacent commercial area. The operating hours for these branches are tailored to the downtown and commercial areas in which they operate. Downtown area, retail and commercial business activities do not warrant the operation of these branch offices on Saturday or beyond 4:00pm on weekdays.

Community Development Services

CNB, over the evaluation period, provided a good level of AA community development services based on limited opportunities for participation. Two primary community organizations operate within the bank's AA. CNB provided services to both of these organizations. CD service activities include the following:

CNB sponsored the Housing Authority of Butler County by serving as a conduit in securing a \$100,000 grant from the Federal Home Loan Bank's (FHLB) Affordable Housing Program. The CRA officer served as an advisor to the process and provided financial expertise. The bank facilitated the application process and assumed liability for project compliance with the grant's restrictions. The Housing Authority used the grant to open a homeless transition center called Deshon Place.

CNB served as a conduit in securing a \$50,000 FHLB grant in 2003 for the Victim's Outreach Center (VOICE.) The CRA officer served as an advisor to the process and provided financial expertise. The bank assumed liability for project compliance with the grant's restrictions. The Victim's Outreach Center used the grant to build shelter housing for abuse survivors.

CNB participates with the Housing Authority of the County of Butler in the Closing Costs Assistance Program. Grants are secured in the bank's name for low-and moderate-income borrowers from the FHLB of Pittsburgh. The borrowers are required to complete credit assistance classes. Over the evaluation period, grants totaling \$16,398 were secured for borrowers.

CNB, in conjunction with the Housing Authority of the County of Butler, provides rental collection services for numerous properties managed by the Housing Authority of the County of Butler. The rental collection service enables low-income AA housing residents to pay rent at area bank branches. The rental collection service also speeds rental collection and facilitates Housing Authority cash flow.

CNB's President is a member of the board of directors and treasurer for the Community Development Corporation (CDC) of Butler County. The bank's President provides expertise in designing programs to create jobs and improve LMI and Brownfield areas. The CDC finances small businesses and provides for job creation and retention that benefits low-and moderate-income AA individuals.

CNB in conjunction with another local bank founded and continues to participate in the Freedom ATM Alliance. The Freedom Alliance is a surcharge free ATM network of more than 30 banks. The Freedom Alliance ATM network improves service access for participating bank customers, including low- and moderate-income individuals, by offering affordable, surcharge-free ATM access. The bank does not specifically track the extent to which its participation in the Freedom Alliance specifically benefits low-and moderate-income individuals.

Appendix A: Scope of Examinations

The following table identifies the time period covered in this evaluation, affiliate activities that were reviewed, and loan products considered. The table also reflects the metropolitan and non-metropolitan areas that received comprehensive examination review (designated by the term “full-scope”) and those that received a less comprehensive review (designated by the term “limited-scope”).

| | | |
|---|---|--|
| Time Period Reviewed | Lending Test (excludes CD Loans): (1/1/01 to 12/31/02) Investment and Service Tests and CD Loans: (2/5/01 to 3/10/04) | |
| Financial Institution | | Products Reviewed |
| The Citizen’s National Bank of Evans City (CNB) Evans City, Pennsylvania | | Home Mortgage Loans, small loans to businesses, and community development loans. |
| Affiliate(s) | Affiliate Relationship | Products Reviewed |
| None | | |
| List of Assessment Areas and Type of Examination | | |
| Assessment Area | Type of Exam | Other Information |
| Citizen’s National Bank AA (Pittsburgh, PA MSA #6280) | Full Scope | Butler County – all CTs Allegheny County – 19 CTs Beaver County – 4 CTs Armstrong County – 1 CT |

Appendix B: Market Profiles for Full-Scope Areas

Table of Contents

Market Profiles for Areas Receiving Full-Scope Reviews

| | |
|-------------------------------|-----|
| (Pittsburgh PA MSA 6280)..... | B-2 |
|-------------------------------|-----|

Pittsburgh, PA MSA 6280

| Demographic Information for Full-Scope Area: (Pittsburgh MSA) | | | | | | |
|--|-------------------------------------|---|-----------------|---------------|--------------|-----------------------|
| Demographic Characteristics | # | Low % of # | Moderate % of # | Middle % of # | Upper % of # | NA* % of # |
| Geographies (Census Tracts/BNAs) | 62 | 0.00 | 4.84 | 53.23 | 41.94 | 0.00 |
| Population by Geography | 263,767 | 0.00 | 4.04 | 56.05 | 39.92 | 0.00 |
| Owner-Occupied Housing by Geography | 76,591 | 0.00 | 2.68 | 57.19 | 40.14 | 0.00 |
| Businesses by Geography | 20,643 | 0.00 | 6.20 | 42.61 | 51.18 | 0.00 |
| Farms by Geography | 756 | 0.00 | 1.06 | 77.25 | 21.69 | 0.00 |
| Family Distribution by Income Level | 73,142 | 13.15 | 15.53 | 22.58 | 48.74 | 0.00 |
| Distribution of Low- and Moderate-Income Families throughout AA Geographies | 20,975 | 0.00 | 7.62 | 69.95 | 22.43 | 0.00 |
| Median Family Income HUD Adjusted Median Family Income for 2002 Households Below the Poverty Level | = \$31,138 = \$48,774 =12.77% | Median Housing Value Unemployment Rate | | | | = \$52,729 = 3.21% |

(*) The NA category consists of geographies that have not been assigned an income classification.

Source: 1990 U.S. Census, and 2002 HUD updated MFI.

CNB's AA includes 62 geographies in Allegheny, Armstrong, Beaver and Butler counties. The entire AA, with the exception of the Armstrong County geography, is in the Pittsburgh MSA 6280. Armstrong County is not within an MSA. CNB's AA is comprised of all 38 geographies in Butler County, 19 geographies in northern Allegheny County, 4 geographies in Beaver County, and a single geography in Armstrong County. The Armstrong County geography is adjacent to Butler County and does not extend substantially beyond Pittsburgh MSA boundaries. Low- and moderate-income geographies are not arbitrarily excluded from the AA. AA geographies are contiguous and consistent with CRA regulatory requirements. None of the AA geographies are classified as low-income. Three of the AA geographies are classified as moderate-income. All three AA moderate-income geographies are located in Butler County in the City of Butler. Of the AA population, just 4.84 percent resides in moderate-income geographies. And of AA owner-occupied housing, only 2.68 percent is located in moderate-income geographies.

The AA's median housing value is \$52,729. The AA's updated median family income is \$48,774. A low-income AA resident earns less than \$24,400.

AA banking competition is strong. Competition emanates from multi-billion dollar banks headquartered in nearby Pittsburgh. Contributing to area competition are a large number of financial institutions, credit card banks, and mortgage lenders.

CNB operates a greater number of AA branch offices than are operated by peer banks. CNB operates 16 AA branch offices, representing a market share of 13.01 percent by branch

number. For deposits, CNB is ranked 4th representing a market share of 8.42 percent by dollar volume. Of CNB's branch offices, twelve operate within Butler County. Of the twelve Butler County branches, two operate within moderate-income geographies. As of the 1990 census, the AA population consists of 263,767 persons with Butler County residents comprising the largest portion at 152,013 persons. Butler County was the only southwestern Pennsylvania County to experience population growth during the 1990s. Contributing to Butler County's population growth is the area's proximity to Pittsburgh, favorable tax base, and the availability of land for development. Butler County remains predominantly rural in nature. The county's urban center is the City of Butler. Southern Butler County geographies such as Cranberry Township and the adjacent northern Allegheny County geographies are considered to be suburban areas of Pittsburgh. Of the AA's nineteen Allegheny County AA geographies, seventeen are classified as upper-income.

CNB's AA also includes four Beaver County geographies and a single Armstrong County geography. The AA's Armstrong County geography is served by CNB's Armstrong County branch located in Parker and its Butler County branch located in Petrolia. The entire county of Armstrong has a population of just 3,733. Armstrong County consists of 19 geographies, of which 16 are classified as middle-income and three are classified as moderate-income.

AA economic conditions continue to improve. Despite a decline in the number of AA individuals employed by the manufacturing industry, it continues to be the single largest source of area jobs. The decrease in AA manufacturing jobs is countered by an increase in jobs available in wholesale and retail trade, health and financial services as well as other employment sectors. Economic conditions for Armstrong and Beaver counties are somewhat similar. The AA's largest employers are AK Steel Corporation, Butler Healthcare Providers, Butler Area School District and county and national government.

We contacted the Community Development Corporation (CDC) of Butler County and the Housing Authority for Butler County. The organizations identified community credit needs as capital for new businesses and funding to leverage government-sponsored financing programs. CNB participates with both of the AA's primary nonprofit community organizations. Information obtained through our community contacts and internal resources revealed a limited number of organizations involved in CD projects and/or activities. Opportunities to participate in community development loans, investments and services are limited. Community development needs primarily involve the financing of projects providing area jobs.

Appendix C: Tables of Performance Data

Content of Standardized Tables

References to the “bank” include activities of any affiliates that the bank provided for consideration (refer to appendix A: Scope of the Examination). For purposes of reviewing the lending test tables, the following are applicable: purchased loans are treated as originations/purchases and market share is the number of loans originated and purchased by the bank as a percentage of the aggregate number of reportable loans originated and purchased by all lenders in the MA/assessment area. Tables without data are not included in this PE.

The following is a listing and brief description of the tables:

- Table 1. Lending Volume** - Presents the number and dollar amount of reportable loans originated and purchased by the bank over the evaluation period by MA/assessment area. Community development loans to statewide or regional entities or made outside the bank’s assessment area may receive positive CRA consideration. Refer to Interagency Q&As __.12(i) - 5 and - 6 for guidance on when a bank may receive positive CRA consideration for such loans. When such loans exist, insert a line item with the appropriate caption, such as “Statewide/Regional” or “Out of Assessment Area,” in the MA/Assessment Area column and record the corresponding numbers and amounts in the “Community Development Loans” column.
- Table 1. Other Products** - Presents the number and dollar amount of any unreported category of loans originated and purchased by the bank over the evaluation period by MA/assessment area. Examples include consumer loans or other data that a bank may provide, at its option, concerning its lending performance. This is a two-page table that lists specific categories.
- Table 2. Geographic Distribution of Home Purchase Loans** - Compares the percentage distribution of the number of loans originated and purchased by the bank in low-, moderate-, middle-, and upper-income geographies to the percentage distribution of owner-occupied housing units throughout those geographies. The table also presents market share information based on the most recent aggregate market data available.
- Table 3. Geographic Distribution of Home Improvement Loans** - See Table 2.
- Table 4. Geographic Distribution of Home Mortgage Refinance Loans** - See Table 2.
- Table 5. Geographic Distribution of Multifamily Loans** - Compares the percentage distribution of the number of multifamily loans originated and purchased by the bank in low-, moderate-, middle-, and upper-income geographies to the percentage distribution of multifamily housing units throughout those geographies. The table

also presents market share information based on the most recent aggregate market data available.

- Table 6. Geographic Distribution of Small Loans to Businesses** - The percentage distribution of the number of small loans (less than or equal to \$1 million) to businesses originated and purchased by the bank in low-, moderate-, middle-, and upper-income geographies compared to the percentage distribution of businesses (regardless of revenue size) throughout those geographies. The table also presents market share information based on the most recent aggregate market data available. Because small business data are not available for geographic areas smaller than counties, it may be necessary to use geographic areas larger than the bank's assessment area.
- Table 7. Geographic Distribution of Small Loans to Farms** - The percentage distribution of the number of small loans (less than or equal to \$500,000) to farms originated and purchased by the bank in low-, moderate-, middle-, and upper-income geographies compared to the percentage distribution of farms (regardless of revenue size) throughout those geographies. The table also presents market share information based on the most recent aggregate market data available. Because small farm data are not available for geographic areas smaller than counties, it may be necessary to use geographic areas larger than the bank's assessment area.
- Table 8. Borrower Distribution of Home Purchase Loans** - Compares the percentage distribution of the number of loans originated and purchased by the bank to low-, moderate-, middle-, and upper-income borrowers to the percentage distribution of families by income level in each MA/assessment area. The table also presents market share information based on the most recent aggregate market data available.
- Table 9. Borrower Distribution of Home Improvement Loans** - See Table 8.
- Table 10. Borrower Distribution of Refinance Loans** - See Table 8.
- Table 11. Borrower Distribution of Small Loans to Businesses** - Compares the percentage distribution of the number of small loans (less than or equal to \$1 million) originated and purchased by the bank to businesses with revenues of \$1 million or less to the percentage distribution of businesses with revenues of \$1 million or less. In addition, the table presents the percentage distribution of the number of loans originated and purchased by the bank by loan size, regardless of the revenue size of the business. Market share information is presented based on the most recent aggregate market data available.
- Table 12. Borrower Distribution of Small Loans to Farms** - Compares the percentage distribution of the number of small loans (less than or equal to \$500,000) originated and purchased by the bank to farms with revenues of \$1 million or less to the percentage distribution of farms with revenues of \$1 million or less. In addition, the table presents the percentage distribution of the number of loans originated and purchased by the bank by loan size, regardless of the revenue size of the farm.

Market share information is presented based on the most recent aggregate market data available.

Table 13. Geographic and Borrower Distribution of Consumer Loans (OPTIONAL) - For geographic distribution, the table compares the percentage distribution of the number of loans originated and purchased by the bank in low-, moderate-, middle-, and upper-income geographies to the percentage distribution of households within each geography. For borrower distribution, the table compares the percentage distribution of the number of loans originated and purchased by the bank to low-, moderate-, middle-, and upper-income borrowers to the percentage of households by income level in each MA/assessment area.

Table 14. Qualified Investments - Presents the number and dollar amount of qualified investments made by the bank in each MA/AA. The table separately presents investments made during prior evaluation periods that are still outstanding and investments made during the current evaluation period. Prior-period investments are reflected at their book value as of the end of the evaluation period. Current period investments are reflected at their original investment amount even if that amount is greater than the current book value of the investment. The table also presents the number and dollar amount of unfunded qualified investment commitments. In order to be included, an unfunded commitment must be legally binding and tracked and recorded by the bank's financial reporting system.

A bank may receive positive consideration for qualified investments in statewide/regional entities or made outside of the bank's assessment area. See Interagency Q&As __.12(i) - 5 and - 6 for guidance on when a bank may receive positive CRA consideration for such investments. When such investments exist, insert a line item with the appropriate caption, such as "Statewide/Regional" or "Out of Assessment Area," in the MA/Assessment Area column and record the corresponding numbers and amounts in the "Qualified Investments" column.

Table 15. Distribution of Branch Delivery System and Branch Openings/Closings - Compares the percentage distribution of the number of the bank's branches in low-, moderate-, middle-, and upper-income geographies to the percentage of the population within each geography in each MA/AA. The table also presents data on branch openings and closings in each MA/AA.

Table 1. Lending Volume

| LENDING VOLUME | | Geography: Citizen's NB AA | | | | | | Evaluation Period: January 01, 2001 to December 31, 2002 | | | | |
|------------------------|------------------------------------|----------------------------|------------|---------------------------|------------|----------------------|------------|--|------------|----------------------|------------|--------------------------------------|
| MA/Assessment Area: | % of Rated Area Loans (#) in MA/AA | Home Mortgage | | Small Loans to Businesses | | Small Loans to Farms | | Community Development Loans** | | Total Reported Loans | | % of Rated Area Deposits in MA/AA*** |
| | | # | \$ (000's) | # | \$ (000's) | # | \$ (000's) | # | \$ (000's) | # | \$ (000's) | |
| Full Review: | | | | | | | | | | | | |
| Citizen's NB AA | 100.00 | 774 | 68,385 | 391 | 48,064 | 0 | 0 | 10 | 2,649 | 1,165 | 116,449 | 100.00 |
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* Loan Data as of December 31, 2002. Rated area refers to either the state or multi-state MA rating area.
 ** The evaluation period for Community Development Loans is from February 05, 2002 to March 10, 2004.
 *** Deposit Data as of December 31, 2003. Rated Area refers to either the state, multi-state MA, or institution, as appropriate.

Table 2. Geographic Distribution of Home Purchase Loans

| Geographic Distribution: HOME PURCHASE | | Geography: Citizen's NB AA | | | | | | | | Evaluation Period: January 01, 2001 to December 31, 2002 | | | | | |
|--|---------------------------|----------------------------|------------------------|-------------|-----------------------------|-------------|---------------------------|-------------|--------------------------|--|-------------------------------|------|------|------|------|
| MA/Assessment Area: | Total Home Purchase Loans | | Low-Income Geographies | | Moderate-Income Geographies | | Middle-Income Geographies | | Upper-Income Geographies | | Market Share (%) by Geography | | | | |
| | # | % of Total** | % Owner Occ*** | % CNB Loans | % Owner Occ*** | % CNB Loans | % Owner Occ*** | % CNB Loans | % Owner Occ*** | % CNB Loans | Over all | Low | Mod | Mid | Upp |
| Full Review: | | | | | | | | | | | | | | | |
| Citizen's NB AA | 113 | 100.00 | 0.00 | 0.00 | 2.68 | 3.54 | 57.19 | 64.60 | 40.14 | 31.86 | 0.66 | 0.00 | 1.68 | 1.04 | 0.36 |
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* Based on 2002 Peer Mortgage Data: East

** Home purchase loans originated and purchased in the MA/AA as a percentage of all home purchase loans originated and purchased in the rated area.

*** Percentage of Owner Occupied Units is the number of owner occupied housing units in a particular geography divided by the number of owner occupied housing units in the area based on 1990 Census information.

Table 3. Geographic Distribution of Home Improvement Loans

| Geographic Distribution: HOME IMPROVEMENT | | | Geography: Citizen's NB AA | | | | | | Evaluation Period: January 01, 2001 to December 31, 2002 | | | | | | |
|---|------------------------------|--------------|----------------------------|-------------|-----------------------------|-------------|---------------------------|-------------|--|-------------|-------------------------------|------|------|------|------|
| MA/Assessment Area: | Total Home Improvement Loans | | Low-Income Geographies | | Moderate-Income Geographies | | Middle-Income Geographies | | Upper-Income Geographies | | Market Share (%) by Geography | | | | |
| | # | % of Total** | % Owner Occ Units*** | % CNB Loans | % Owner Occ Units*** | % CNB Loans | % Owner Occ Units*** | % CNB Loans | % Owner Occ Units*** | % CNB Loans | Over all | Low | Mod | Mid | Upp |
| Full Review: | | | | | | | | | | | | | | | |
| Citizen's NB AA | 130 | 100.0 | 0.00 | 0.00 | 2.68 | 1.54 | 57.19 | 73.85 | 40.14 | 24.62 | 2.70 | 0.00 | 0.00 | 4.05 | 0.95 |
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* Based on 2002 Peer Mortgage Data: East

** Home improvement loans originated and purchased in the MA/AA as a percentage of all home improvement loans originated and purchased in the rated area.

*** Percentage of Owner Occupied Units is the number of owner occupied housing units in a particular geography divided by number of owner occupied housing units in the area based on 1990 Census information.

Table 4. Geographic Distribution of Home Mortgage Refinance Loans

| Geographic Distribution: HOME MORTGAGE REFINANCE | | | Geography: Citizen's NB AA | | | | | | Evaluation Period: January 01, 2001 to December 31, 2002 | | | | | | |
|--|-------------------------------------|--------------|----------------------------|-------------|-----------------------------|-------------|---------------------------|-------------|--|-------------|-------------------------------|------|------|------|------|
| MA/Assessment Area: | Total Home Mortgage Refinance Loans | | Low-Income Geographies | | Moderate-Income Geographies | | Middle-Income Geographies | | Upper-Income Geographies | | Market Share (%) by Geography | | | | |
| | # | % of Total** | % Owner Occ Units*** | % CNB Loans | % Owner Occ Units*** | % CNB Loans | % Owner Occ Units*** | % CNB Loans | % Owner Occ Units*** | % CNB Loans | Over all | Low | Mod | Mid | Upp |
| Full Review: | | | | | | | | | | | | | | | |
| Citizen's NB AA | 529 | 100 | 0.00 | 0.00 | 2.68 | 1.89 | 57.19 | 64.46 | 40.14 | 33.65 | 2.01 | 0.00 | 2.86 | 2.82 | 1.40 |
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* Based on 2002 Peer Mortgage Data: East

** Home mortgage refinance loans originated and purchased in the MA/AA as a percentage of all home mortgage refinance loans originated and purchased in the rated area.

*** Percentage of Owner Occupied Units is the number of owner occupied housing units in a particular geography divided by number of owner occupied housing units in the area based on 1990 Census information.

Table 5. Geographic Distribution of Multifamily Loans

| Geographic Distribution: MULTIFAMILY | | | Geography: Citizen's NB AA | | | | | | | | Evaluation Period: January 01, 2001 to December 31, 2002 | | | | |
|--------------------------------------|-------------------------|--------------|----------------------------|-------------|-----------------------------|-------------|---------------------------|-------------|--------------------------|-------------|--|------|-------|------|------|
| MA/Assessment Area: | Total Multifamily Loans | | Low-Income Geographies | | Moderate-Income Geographies | | Middle-Income Geographies | | Upper-Income Geographies | | Market Share (%) by Geography | | | | |
| | # | % of Total** | % of MF Units*** | % CNB Loans | % MF Units*** | % CNB Loans | % MF Units*** | % CNB Loans | % MF Units*** | % CNB Loans | Over all | Low | Mod | Mid | Upp |
| Full Review: | | | | | | | | | | | | | | | |
| Citizen's NB AA | 2 | 100 | 0.00 | 0.00 | 14.24 | 50.00 | 33.85 | 0.00 | 51.91 | 50.00 | 8.33 | 0.00 | 25.00 | 0.00 | 0.00 |
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* Based on 2002 Peer Mortgage Data: East

** Multifamily loans originated and purchased in the MA/AA as a percentage of all multifamily loans originated and purchased in the rated area.

*** Percentage of multifamily units is the number of multifamily housing units in a particular geography divided by number of multifamily housing units in the area based on 1990 Census information.

Table 6. Geographic Distribution of Small Loans to Businesses

| Geographic Distribution: SMALL LOANS TO BUSINESSES | | | | Geography: Citizen's NB AA | | | | Evaluation Period: January 01, 2001 to December 31, 2002 | | | | | | | |
|--|----------------------------|--------------|------------------------|----------------------------|-----------------------------|-------------|---------------------------|--|--------------------------|-------------|-------------------------------|------|------|------|------|
| MA/Assessment Area: | Total Small Business Loans | | Low-Income Geographies | | Moderate-Income Geographies | | Middle-Income Geographies | | Upper-Income Geographies | | Market Share (%) by Geography | | | | |
| | # | % of Total** | % of Businesses*** | % CNB Loans | % of Businesses*** | % CNB Loans | % of Businesses*** | % CNB Loans | % of Businesses*** | % CNB Loans | Overall | Low | Mod | Mid | Upp |
| Full Review: | | | | | | | | | | | | | | | |
| Citizen's NB AA | 391 | 100.0 | 0.00 | 0.00 | 6.20 | 11.25 | 42.61 | 59.85 | 51.18 | 28.90 | 0.58 | 0.12 | 0.55 | 0.81 | 0.45 |
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* Based on 2002 Peer Small Business Data: US.

** Small loans to businesses originated and purchased in the MA/AA as a percentage of all small loans to businesses originated and purchased in the rated area.

*** Source Data - Dun and Bradstreet 2002.

Table 7. Geographic Distribution of Small Loans to Farms

| Geographic Distribution: SMALL LOANS TO FARMS | | | Geography: Citizen's NB AA | | | | | | Evaluation Period: January 01, 2001 to December 31, 2002 | | | | | | |
|---|------------------------|--------------|----------------------------|-------------|-----------------------------|-------------|---------------------------|-------------|--|-------------|--------------------------------|------|------|------|------|
| MA/Assessment Area: | Total Small Farm Loans | | Low-Income Geographies | | Moderate-Income Geographies | | Middle-Income Geographies | | Upper-Income Geographies | | Market Share (%) by Geography* | | | | |
| | # | % of Total** | % of Farms*** | % CNB Loans | % of Farms*** | % CNB Loans | % of Farms*** | % CNB Loans | % of Farms*** | % CNB Loans | Overall | Low | Mod | Mid | Upp |
| Full Review: | | | | | | | | | | | | | | | |
| Citizen's NB AA | 0 | 0.00 | 0.00 | 0.00 | 1.06 | 0.00 | 77.25 | 0.00 | 21.69 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
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* Based on 2002 Peer Small Business Data: US.

** Small loans to farms originated and purchased in the MA/AA as a percentage of all small loans to farms originated and purchased in the rated area.

*** Source Data - Dun and Bradstreet 2002.

Table 8. Borrower Distribution of Home Purchase Loans

| Borrower Distribution: HOME PURCHASE | | | | | | | | | | | | | Geography: Citizen's NB AA | | | | | Evaluation Period: January 01, 2001 to December 31, 2002 | | | | |
|--------------------------------------|---------------------------|--------------|----------------------|-----------------|---------------------------|-----------------|-------------------------|-----------------|------------------------|-----------------|--------------|------|----------------------------|------|------|--|--|--|--|--|--|--|
| MA/Assessment Area: | Total Home Purchase Loans | | Low-Income Borrowers | | Moderate-Income Borrowers | | Middle-Income Borrowers | | Upper-Income Borrowers | | Market Share | | | | | | | | | | | |
| | # | % of Total** | % Families*** | % CNB Loans**** | % Families** | % CNB Loans**** | % Families* | % CNB Loans**** | % Families* | % CNB Loans**** | Over all | Low | Mod | Mid | Upp | | | | | | | |
| Full Review: | | | | | | | | | | | | | | | | | | | | | | |
| Citizen's NB AA | 113 | 100.0 | 13.15 | 9.73 | 15.53 | 12.39 | 22.58 | 24.78 | 48.74 | 53.10 | 0.79 | 4.57 | 0.72 | 0.80 | 0.59 | | | | | | | |
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* Based on 2002 Peer Mortgage Data: East
 ** As a percentage of loans with borrower income information available. No information was available for 0.00 of loans originated and purchased by Bank.
 *** Percentage of Families is based on the 1990 Census information.
 **** Home purchase loans originated and purchased in the MA/AA as a percentage of all home purchase loans originated and purchased in the rated area.

Table 9. Borrower Distribution of Home Improvement Loans

| Borrower Distribution: HOME IMPROVEMENT | | | Geography: Citizen's NB AA | | | | | | Evaluation Period: January 01, 2001 to December 31, 2002 | | | | | | |
|---|------------------------------|--------------------------|----------------------------|-----------------------------|---------------------------|-----------------------------|-------------------------|-----------------------------|--|-----------------------------|--------------|------|------|------|------|
| MA/Assessment Area: | Total Home Improvement Loans | | Low-Income Borrowers | | Moderate-Income Borrowers | | Middle-Income Borrowers | | Upper-Income Borrowers | | Market Share | | | | |
| | # | % of Total ^{**} | % Families ^{**} | % CNB Loans ^{****} | % Families [*] | % CNB Loans ^{****} | % Families [*] | % CNB Loans ^{****} | % Families [*] | % CNB Loans ^{****} | Over all | Low | Mod | Mid | Upp |
| Full Review: | | | | | | | | | | | | | | | |
| Citizen's NB AA | 130 | 100.00 | 13.15 | 10.77 | 15.53 | 20.00 | 22.58 | 21.54 | 48.74 | 47.69 | 3.34 | 5.50 | 5.12 | 3.77 | 2.30 |
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* Based on 2002 Peer Mortgage Data: East

** As a percentage of loans with borrower income information available. No information was available for 0.00 of loans originated and purchased by Bank.

*** Percentage of Families is based on the 1990 Census information.

**** Home improvement loans originated and purchased in the MA/AA as a percentage of all home improvement loans originated and purchased in the rated area.

Table 10. Borrower Distribution of Home Mortgage Refinance Loans

| Borrower Distribution: HOME MORTGAGE REFINANCE | | | Geography: Citizen's NB AA | | | | | | Evaluation Period: January 01, 2001 to December 31, 2002 | | | | | | |
|--|-------------------------------------|--------------|----------------------------|-----------------|---------------------------|-----------------|-------------------------|-----------------|--|-----------------|--------------|------|------|------|------|
| MA/Assessment Area: | Total Home Mortgage Refinance Loans | | Low-Income Borrowers | | Moderate-Income Borrowers | | Middle-Income Borrowers | | Upper-Income Borrowers | | Market Share | | | | |
| | # | % of Total** | % Families** | % CNB Loans**** | % Families* ** | % CNB Loans**** | % Families* ** | % CNB Loans**** | % Families* ** | % CNB Loans**** | Over all | Low | Mod | Mid | Upp |
| Full Review: | | | | | | | | | | | | | | | |
| Citizen's NB AA | 529 | 100.00 | 13.15 | 7.18 | 15.53 | 14.18 | 22.58 | 23.06 | 48.74 | 55.58 | 2.35 | 6.92 | 3.18 | 2.91 | 1.86 |
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* Based on 2002 Peer Mortgage Data: East

** As a percentage of loans with borrower income information available. No information was available for 0.00 of loans originated and purchased by Bank.

*** Percentage of Families is based on the 1990 Census information.

**** Home mortgage refinance loans originated and purchased in the MA/AA as a percentage of all home mortgage refinance loans originated and purchased in the rated area.

Table11. Borrower Distribution of Small Loans to Businesses

| Borrower Distribution: SMALL LOANS TO BUSINESSES | | | Geography: Citizen's NB AA | | Evaluation Period: January 01, 2001 to December 31, 2002 | | | | |
|--|---------------------------------|--------------|---|-----------------|--|-------------------------|---------------------------|---------------|-------------------------|
| MA/Assessment Area: | Total Small Loans to Businesses | | Businesses With Revenues of \$1 million or less | | Loans by Original Amount Regardless of Business Size | | | Market Share* | |
| | # | % of Total** | % of Businesses*** | % CNB Loans**** | \$100,000 or less | >\$100,000 to \$250,000 | >\$250,000 to \$1,000,000 | All | Rev \$1 Million or Less |
| Full Review: | | | | | | | | | |
| Citizen's NB AA | 391 | 100.00 | 64.19 | 74.94 | 69.31 | 19.44 | 11.25 | 0.58 | 1.69 |
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* Based on 2002 Peer Small Business Data: US.

** Small loans to businesses originated and purchased in the MA/AA as a percentage of all small loans to businesses originated and purchased in the rated area.

*** Businesses with revenues of \$1 million or less as a percentage of all businesses (Source D&B -2002).

**** Small loans to businesses with revenues of \$1 million or less as a percentage of all loans reported as small loans to businesses. No information was available for 0.00% of small loans to businesses originated and purchased by the Bank.

Table12. Borrower Distribution of Small Loans to Farms

| Borrower Distribution: SMALL LOANS TO FARMS | | | Geography: Citizen's NB AA | | Evaluation Period: January 01, 2001 to December 31, 2002 | | | | |
|---|----------------------------|--------------|--|-----------------|--|-------------------------|-------------------------|--------------|-------------------------|
| MA/Assessment Area: | Total Small Loans to Farms | | Farms With Revenues of \$1 million or less | | Loans by Original Amount Regardless of Farm Size | | | Market Share | |
| | # | % of Total** | % of Farms*** | % CNB Loans**** | \$100,000 or less | >\$100,000 to \$250,000 | >\$250,000 to \$500,000 | All | Rev \$1 Million or Less |
| Full Review: | | | | | | | | | |
| Citizen's NB AA | 0 | 0.00 | 94.97 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
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* Based on 2002 Peer Small Business Data: US.

** Small loans to farms originated and purchased in the MA/AA as a percentage of all small loans to farms originated and purchased in the rated area.

*** Farms with revenues of \$1 million or less as a percentage of all farms (Source D&B- 2002)

**** Small loans to farms with revenues of \$1 million or less as a percentage of all loans reported as small loans to farms. No information was available for 0.00% of small loans to farms originated and purchased by Bank.

Table 14. Qualified Investments

| QUALIFIED INVESTMENTS | | Geography: Citizen's NB AA | | | | Evaluation Period: January 22, 2001 to December 31, 2002 | | | |
|------------------------|--------------------------|----------------------------|----------------------------|-----------|-------------------|--|------------|------------------------|-----------|
| MA/Assessment Area: | Prior Period Investments | | Current Period Investments | | Total Investments | | | Unfunded Commitments** | |
| | # | \$(000's) | # | \$(000's) | # | \$(000's) | % of Total | # | \$(000's) |
| Full Review: | | | | | | | | | |
| Citizen's NB AA | 1 | 100 | 1 | 660 | 2 | 769 | 100.0 | 0 | 0 |
| Donations | | | 3 | 19 | 3 | 19 | | | |
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* 'Prior Period Investments' means investments made in a previous evaluation period that are outstanding as of the examination date.

** 'Unfunded Commitments' means legally binding investment commitments that are tracked and recorded by the institution's financial reporting system.

Table 15. Distribution of Branch Delivery System and Branch Openings/Closings

| DISTRIBUTION OF BRANCH DELIVERY SYSTEM AND BRANCH OPENINGS/CLOSINGS Geography: Citizen's NB AA | | | | | | | | | | | | | | | Evaluation Period: January 22, 2001 to December 31, 2002 | | | |
|--|--------------------------------|-------------------|--------------------------------|---|------|------|------|--------------------------|----------------------|---|-----|-----|-----|---------------------------------------|--|-------|-------|--|
| MA/Assessment Area: | Deposits | Branches | | | | | | Branch Openings/Closings | | | | | | Population | | | | |
| | % of Rated Area Deposits in AA | # of CNB Branches | % of Rated Area Branches in AA | Location of Branches by Income of Geographies (%) | | | | # of Branch Openings | # of Branch Closings | Net change in Location of Branches (+ or -) | | | | % of Population within Each Geography | | | | |
| | | | | Low | Mod | Mid | Upp | | | Low | Mod | Mid | Upp | Low | Mod | Mid | Upp | |
| Full Review: | | | | | | | | | | | | | | | | | | |
| Citizen's NB | 100.00 | 16 | 100.00 | 0 | 12.5 | 62.5 | 25.0 | 0 | 0 | 0 | 0 | 0 | 0 | 0.00 | 4.04 | 56.05 | 39.92 | |
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