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Comptroller of the Currency  
Administrator of National Banks

SMALL BANK

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## **PUBLIC DISCLOSURE**

July 24, 2000

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

**The First Central National Bank  
Charter Number 2488**

**103 South Springfield  
St. Paris, Ohio 43072**

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

**NOTE:** This evaluation is not, nor should it be construed as, an assessment of the financial condition of this institution. The rating assigned to this institution does not represent an analysis, conclusion or, opinion of the federal financial supervisory agency concerning the safety and soundness of this financial institution.

## GENERAL INFORMATION

*The Community Reinvestment Act (CRA) requires each federal financial supervisory agency to use its authority when examining financial institutions subject to its supervision, to assess the institution's record of meeting the credit needs of its entire community, including low- and moderate-income neighborhoods, consistent with safe and sound operation of the institution. Upon conclusion of such examination, the agency must prepare a written evaluation of the institution's record of meeting the credit needs of its community.*

*This document is an evaluation of the Community Reinvestment Act (CRA) performance of **The First Central National Bank** as prepared by **The Comptroller of the Currency**, the institution's supervisory agency, as of **July 24, 2000**. The agency rates the CRA performance of an institution consistent with the provisions set forth in Appendix A to 12 CFR Part 25.*

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

- The bank's lending to borrowers of different income levels and businesses of different sizes is reasonable.
- A substantial majority of the bank's lending activity occurs within its assessment area.
- The bank's loan-to-deposit ratio is reasonable in comparison with the ratios of its peer banks.

## **DESCRIPTION OF INSTITUTION**

The First Central National Bank (FCNB) is a wholly owned subsidiary of Central Bancshares, a one-bank holding company. Both FCNB and its holding company are headquartered in the village of St. Paris, Ohio. St. Paris is approximately 65 miles west of Columbus, Ohio in the western portion of Champaign County. The bank operates a full service branch in Christiansburg, which is about 7 miles southwest of St. Paris. The bank also operates two limited service branches (no lending activity), one in Rosewood, about 7 miles north of St. Paris, and another location within the village of St. Paris. The bank's primary business focus is retail, with significant agricultural and commercial interest, and it offers standard products and services through its network of two full service branches. FCNB has a 24-hour ATM at its main location in St. Paris and an off-premise ATM at a grocery store in Christiansburg.

On its March 31, 2000 Call Report, FCNB reported total assets of \$59 million with net loans representing 58.6% of that base. Loans for 1-4 family residential housing purposes represented 46.1% of gross loans, agricultural and farmland represented 19.6%, and commercial and commercial real estate represented 18.4%. Consumer loans were the next largest percentage at 12.8% of the portfolio. The remaining 3.1% consists of credit card outstandings and loans to municipalities.

At the prior CRA examination, as of July 3, 1996, FCNB received a satisfactory CRA rating. No legal or financial impediments exist that could restrict the bank's ability to serve the community's credit needs. Our current evaluation assesses the bank's performance from July 3, 1996 through July 24, 2000.

## **DESCRIPTION OF ASSESSEMENT AREA**

The bank's assessment area (AA) consists of five block numbering areas (BNAs) and one census tract (CT). The five BNAs represent the western half of Champaign County, the western portion of Logan County, and the southeastern portion of Shelby County. FCNB does not have an office in a Metropolitan Statistical Area (MSA), but the one CT is located in the Dayton/Springfield, Ohio MSA. FCNB has very little lending activity (less than 5%) in that one CT. Therefore, we did not separate out the AA by MSA and non-MSA portions. That one CT is located on the eastern edge of Miami County. Of those six geographies (five BNAs and one CT), four, or 66.7%, are classified as middle-income and two, or 33.3%, are classified as upper-income areas according to the 1990 Census. Bank management selected the AA based on the bank's targeted lending territory and branch locations. The AA meets the requirements of the Community Reinvestment Act and does not arbitrarily exclude low- or moderate-income geographies.

The 2000 Department of Housing and Urban Development (HUD) estimated median family income for the non-MSA areas of Ohio is \$45,300. For 2000, HUD estimated the median family income for the Dayton/Springfield MSA at \$55,950. The 1990 median family income, from the 1990 Census, for the AA is \$31,469. Of all the families in the AA, 14.1% are classified as low-income, 16.5% classified as moderate-income, 24.8% classified as middle-income, and 44.6% classified as upper-income. Within each of the four counties of the AA, families living below

the poverty level ranged from 4.2% to 10.0%. Families living below the poverty level in Champaign County (the county where the bank is headquartered and does most of its lending) account for 5.3% of all families. Businesses with revenues of less than \$1 million (considered small business for the regulation) account for 90% of all the business entities in the AA. Farms with revenues of less than \$1 million account for 98% of all the farms in the AA. As of the 1990 Census, the AA had a population of 35,288. The AA has 12,870 housing units with 76.5% of those owner-occupied. Of those owner-occupied units, 61.8% are located in middle-income tracts and 38.2% are located in upper-income tracts. The median housing value, as of the 1990 Census, was \$56,076.

The economic conditions of the AA are good. The AA is primarily rural with an agricultural focus. The AA has some very large employers including Honda of America (over 10,000 employees), Navistar (4,000 employees), KTH Parts Industries (1,800 employees), and Infotel Distributing (800 employees). As of June 2000, the unemployment rates for all counties in the AA compare favorably with the state of Ohio's average rate of 4.2% and the national average rate of 4.2%. The individual unemployment rates for the counties in the AA are Champaign 3.4%, Logan 3.1%, Miami 3.4%, and Shelby 4.4%.

Competition within the AA comes from branches of two large banks, two local national banks, two savings banks, and a credit union. Competition for loans also comes from some non-bank institutions. These non-bank institutions include the Farm Credit Services, five mortgage companies, and leasing companies of local new and used car dealerships.

Our discussion with an official in the local village government indicated that the community credit needs for home, small business, and small farm financing are being met. This official did indicate a need for more flexible home improvement financing arrangements for elderly residents and a need to attract businesses to downtown St. Paris.

## **CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA**

### **Loan-to-Deposit ratio**

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

Over the 15 quarters since the last CRA examination, FCNB's LTD ratio has averaged 69.2%. This is within quarterly averages exhibited by national peer banks (71.5%) and regional peer banks (79.1%). Regional peer consists of similar size banks with similar loan portfolio structures located in Ohio, Indiana, Kentucky, and Michigan. The bank's March 31, 2000 LTD ratio of 68.4% is lower than the LTD range of 80.5% to 101.2% exhibited by banks in its AA. However, those competitor banks are much larger, have much stronger holding company support, and different funding strategies than FCNB.

### **Lending in the Assessment Area**

**A substantial majority of the bank’s lending activity occurs within its AA.**

As outlined in the description of the institution above, the bank’s primary loan types are 1-4 family residential, agricultural production and farmland, and commercial and commercial real estate. We sampled 20 credits of each of these loan types (for a total sample of 60) that the bank made during the evaluation period. According to that sample, the bank made 100% of those loans within its AA.

**Geographic Distribution of Loans**

We did not analyze the geographic distribution of loans because the entire AA consisted of either middle- or upper-income geographies.

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

**The bank’s lending to borrowers of different income levels and businesses of different sizes is reasonable.**

Based on the 1-4 family residential sample mentioned above, distribution to borrowers in different income categories reflects penetration to all income categories. Lending to low-income borrowers is slightly less than the percentage of low-income families within the AA. As identified previously, families living below the poverty level ranged from 4.2% to 10.0% within the four counties of the bank’s AA. Those families living below the poverty level would likely not meet the credit standard for home mortgage loans.

Based on the agricultural production and farmland, and the commercial and commercial real estate loan samples, the distribution of lending to farms and business of different sizes reflects reasonable penetration.

The bank is meeting the basic community credit needs of home, small business, and small farm financing as identified by the community contact. The following three tables support these statements and conclusions

DISTRIBUTION OF 1-4 RESIDENTIAL LOAN SAMPLE BY BORROWER INCOME (sample size = 20)			
Income Category	% of families by income category in the AA	% of sample in each category	
		By Dollar	By Number
Low-Income	14.1%	8.2%	10.0%
Moderate-Income	16.5%	23.0%	35.00%
Middle-Income	24.8%	6.1%	10.00%
Upper-Income	44.6%	62.7%	45.0%

DISTRIBUTION OF AGRICULTURAL PRODUCTION AND FARMLAND BY FARM SIZE (sample size = 20)			
Farm Size	% of farms by size in the AA	% of sample in each category	
		By Dollar	By Number
Small (Under \$1,000M in annual revenue)	98%	72%	90%
Large (Over \$1,000M in annual revenue)	2%	28%	10%

DISTRIBUTION OF COMMERCIAL AND COMMERCIAL REAL ESTATE BY BUSINESS SIZE (sample size=20)			
Business Size	% of businesses by size in the AA	% of sample in each category	
		By Dollar	By Number
Small	90%	80%	90%
Large	10%	20%	10%

### **Consumer Complaints**

No complaints relating to the bank's CRA performance have been submitted during the evaluation period.

### **Record of Compliance with Antidiscrimination Laws**

Based on our December 3, 1999 Fair Lending Review of 1-4 family residential loans, we found no evidence of discriminatory or other illegal credit practices on a prohibited basis. We reviewed the terms offered five approved female applicants (prohibited basis) to those offered 14 approved male applicants (control group). The sample was taken from loans originated during the previous 18 months.