



## **Public Disclosure**

October 5, 1998

### **Community Reinvestment Act Performance Evaluation**

**The Citizens National Bank of Chillicothe  
Charter Number: 5634**

**33 West Main Street, P.O. Box 463  
Chillicothe, Ohio 45601**

**Comptroller of the Currency  
Central Ohio Field Office  
325 Cramer Creek Court, Suite 202  
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 CRA performance of **The Citizens National Bank of Chillicothe** prepared by the **Office of the Comptroller of the Currency**, the institution's supervisory agency, as of **October 5, 1998**. The agency rates the CRA performance of an institution consistent with the provisions set forth in Appendix A to 12 CFR Part 25.

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

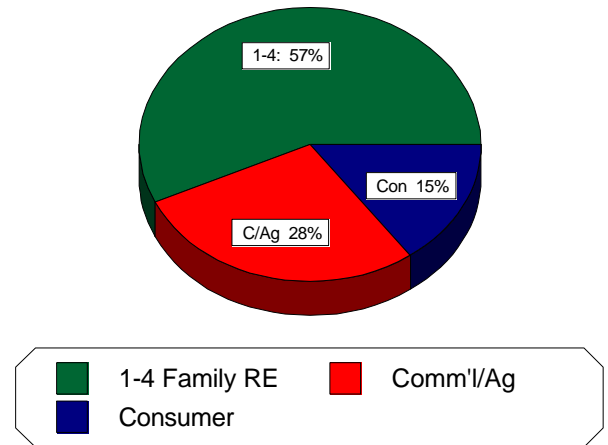
The current and 12 quarter average loan-to-deposit (LTD) ratios of 76% and 74%, respectively, are reasonable in comparison to ratios of national, custom and local peer banks. Based on our sample of 100 loans originated in the past 12 months, the bank makes a substantial majority (89%) of its loans in its assessment area (AA) with reasonable dispersion throughout that AA. The sample also indicates that the bank makes loans to borrowers of different income levels, including low- and moderate-income individuals, and businesses of different sizes. The bank has had no consumer complaints regarding its CRA performance since the last examination.

## Description of Institution

The Citizens National Bank of Chillicothe (CNB) is a wholly owned subsidiary of First Capital BancShares, Inc., a one-bank holding company. CNB is approximately 55 miles south of Columbus, Ohio in the town of Chillicothe, Ohio. CNB offers traditional retail and commercial banking products and services through its main office and two full service branches located in Ross County. Competition is strong and comes from three local credit unions, four local community banks, two regional banks with offices in Ross County, and a branch of a community bank with its main office located 20 miles southeast of Chillicothe. CNB also faces competition for mortgage loans from several local mortgage companies. No legal or financial impediments exist that could restrict the bank's ability to serve the community's credit needs.

## Loan Portfolio Mix

As of June-30-98



CNB reported gross loans of \$67,129,000 on their June 30, 1998 Call Report. Loans secured by one-to-four family real estate represented 57% of gross loans, with the remainder divided among loans for consumer and commercial/agricultural purposes. Please refer to the above chart for a visual representation of these facts.

## Description of Ross County

CNB's AA consists of all of the 15 block numbering areas (BNAs) in Ross County. The BNAs are broken down as five (5) moderate-income, nine (9) middle-income, and one (1) upper-income. The AA complies with all regulatory requirements and does not arbitrarily exclude any low- or moderate-income areas. Ross County had a population of 69,330 as of the 1990 Census. The State of Ohio non-MSA median family income is \$40,500 for 1998. Of all the families in the AA, 42% are classified as low- or moderate-income level with 15% living below the poverty line. Low- and moderate-income families are those whose income level is less than 80% of the non-MSA median family income.

The economy of Ross County can be best described as stable with a manufacturing and retail focus. Agriculture does exert some influence over the economy of the county. The county's unemployment rate of 5.1%, as of August 1998, is in line with the rates for the State of Ohio (3.9%) and the country (4.5%). The largest employers in Ross County are Mead Paper with 2,500 employees, VA Medical Center with 1,224 employees, and Kenworth with 1,000 employees. Information received from community contacts indicates that local credit and banking needs are being met.

## **Conclusions with Respect to Performance Criteria**

### ***Loan-to-Deposit Ratio:***

The bank's loan-to-deposit (LTD) ratio is reasonable given the financial condition of the bank and its AA's credit needs. Over the last 12 quarters, the bank's LTD ratio has averaged 74%. This compares favorably with a national peer average of 71% and a custom peer average of 72%. The custom peer consists of similar size banks with comparable loan portfolio structures and located in Ohio, Indiana, West Virginia, and Kentucky. The bank's June 30, 1998 LTD ratio of 76% is line with the average of 77% for two similar local banks as of the same reporting date.

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

Based on a sample of loans originated within the past 12 months, 89%, or a substantial majority, of the bank's lending activity occurs within its AA. We reviewed a total of 100 loans (55 secured by 1-4 family real estate; 30 for commercial purposes; and 15 for consumer purpose). This same sample was used to evaluate bank's geographic distribution of loans within its AA and its lending to borrowers of different income and businesses of different sizes.

### ***Geographic Distribution of Loans:***

Based on the sample of loans reviewed, the bank's lending activity reflects reasonable penetration throughout its AA. Approximately 33% of the BNAs in the AA are classified as moderate-income. However, the sample reflects only 24% of the loans in the AA were made in these moderate-income BNAs. There are two reasons for this apparent inconsistency. First, the sample included only two loans from one of the moderate-income BNAs. The bank has originated twenty-eight loans in this BNA since November 1997. In this instance, the sample did not accurately reflect the bank's activity in this BNA. The second reason is that two other moderate-income BNAs are in locations with heavy manufacturing interests (Mead Paper and Kenworth) with very little opportunity for residential or consumer lending. Also, there is not much opportunity for a bank this size to lend money to larger manufacturing companies. The table on the following page illustrates reasonable dispersion of the bank's lending activity through its AA.

| <b>Geographic Distribution of Loans by Block Numbering Area (BNA)</b> |  |                         |
|---|--|-------------------------|
| <i>Income Tract Level</i>   | <i># of Loans in Each Income Tract</i> | <i>% of loans in AA</i> |
| Moderate -5 BNAs (33%)  | <b>21</b>                              | <b>24%</b>              |
| Middle -9 BNAs (60%)  | <b>56</b>                              | <b>63%</b>              |
| Upper -1 BNA (7%)   | <b>12</b>                              | <b>13%</b>              |
| Total in AA -15 BNAs (100%)   | <b>89</b>                              | <b>100%</b>             |
|   |  |                         |
| Loans outside the AA  | <b>11</b>                              | -----                   |
| Total loans in the Sample   | <b>100</b>                             | -----                   |

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

Lending to borrowers of different income levels (including low- and moderate-income) and businesses of different sizes is reasonable given the demographics of the AA. Using the State of Ohio’s non-MSA median family income of \$40,500, we categorized the 70 consumer loans (1-4 family real estate and consumer) as low-, moderate-, middle-, or upper-income. Thirty-four percent of loans in this consumer sample were made to low- and moderate-income borrowers. While this is lower than the percentage of low- and moderate-income families in the AA (42%), the compensating factor is that 15% of the families live below the poverty line with little or no capacity to borrow. Of the 30 commercial purpose loans reviewed, 24, or 80%, were made to small businesses (annual sales less than \$1 million). This compares favorably to the 75% of small businesses located in the AA.

***Other***

No evidence of discriminatory or other illegal credit practices on any prohibited basis was noted during the examination. The bank is in compliance with the substantive provisions of the antidiscrimination laws.

No complaints relating to the bank’s Community Reinvestment Act performance have been submitted toward the bank since our previous examination.