

PUBLIC DISCLOSURE

September 2, 1997

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

Bank: The Citizens Savings Bank Company
043949000000
132 East Front Street
Pemberville, Ohio 43450

Supervisory Agency: Federal Reserve Bank of Cleveland
P.O. Box 6387
Cleveland, Ohio 44101-1387

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.

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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 Citizens Savings Bank Company, Pemberville, Ohio, prepared by the Federal Reserve Bank of Cleveland, the institution's supervisory agency, as of September 2, 1997. The agency rates the CRA performance of an institution consistent with the provisions set forth in Appendix A of 12 CFR Part 228.

INSTITUTION'S CRA RATING: This institution is rated satisfactory.

The Citizens Savings Bank Company ("CSB") has a satisfactory record of helping to meet the credit needs of its entire community, consistent with the bank's resources and capabilities. The bank's loan-to-deposit ratio is reasonable, a majority of CSB's loans are within its assessment area, loans are reasonably dispersed throughout the assessment area, and loans reflect an excellent penetration among individuals of different income levels, including low- and moderate-income individuals and small businesses.

DESCRIPTION OF INSTITUTION

The Citizens Savings Bank Company's main office is located on 132 East Front Street, Pemberville, Ohio. The bank also operates one branch located in the Village of Gibsonburg, Ohio. The bank owns one automated teller machine ("ATM") which is located at the main office.

Based on its size and financial condition, the bank is able to meet the credit needs of the communities in its assessment area effectively. The types of credit offered, as noted in the bank's public file, include consumer loans, real estate loans, and loans to finance agriculture and small businesses.

The bank reported total assets of \$61.1 million in its March 31, 1997, Report of Condition and Income ("Call Report"). Table 1 reflects the distribution of the bank's loan portfolio as of that date.

Table 1

LOAN PORTFOLIO DISTRIBUTION AS OF MARCH 31, 1997		
Type of Loan	Amount (In Thousands)	Percentag e of Total Loans
Commercial loans	6,311	15.25%
Loans secured by real estate:		
Secured by nonfarm, nonresidential properties	9,188	22.20%
Revolving, open end loans secured by 1- to 4-family residential properties	1,801	4.35%
Loans secured by 1- to 4-family residential properties	10,846	26.21%
Secured by farmland	3,445	8.32%
Construction and land development	1,444	3.49%
Secured by multifamily (5 or more) residential properties	91	0.22%
Agricultural loans	1,390	3.36%

LOAN PORTFOLIO DISTRIBUTION AS OF MARCH 31, 1997		
Type of Loan	Amount (In Thousands)	Percentag e of Total Loans
Consumer loans	6,724	16.25%
Other	143	0.35%
Total	41,383	100.00%

The bank's performance under CRA was rated **Satisfactory** at the previous examination of June 12, 1995.

DESCRIPTION OF CSB'S ASSESSMENT AREA

The bank's assessment area is generally defined as portions of Wood and Sandusky Counties. More specifically, the bank has determined this assessment area to include the following census tracts and block numbering areas:

Wood County

204	205	206	207
210	211	212	215
216	217.01	217.02	218
219	220	221	

Sandusky County

9609	9610	9611	9612
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The following table shows the distribution of those census tracts and block numbering areas ("BNAs") among the four income categories:

Table 2

INCOME CLASSIFICATION OF CENSUS TRACTS/BNAs IN ASSESSMENT AREA					
	Census Tract Income Classifications ⁶				
	Low ¹	Moderate ₂	Middle ³	Upper ⁴	Total
Number of Tracts	1	0	13	5	19
Percentage of Total Tracts*	5%	0%	68%	26%	100%
Population ⁵	7,862	0	53,604	27,166	88,632
Percentage of Total Population*	9%	0%	60%	31%	100%
Number of Households ⁵	111	0	20,226	9,952	30,289
Percentage of Total Households*	0%	0%	67%	33%	100%
Owner-Occupied Households ⁵	0	0	13,099	7,476	20,575
Percentage of Total OOH*	0%	0%	64%	36%	100%

INCOME CLASSIFICATION OF CENSUS TRACTS/BNAs IN ASSESSMENT AREA					
	Census Tract Income Classifications ⁶				
	Low ¹	Moderate ₂	Middle ³	Upper ⁴	Total
Number of Families ⁵	0	0	13,277	7,539	20,816
Percentage of Total Families*	0%	0%	64%	36%	100%

¹ Less than 50 percent of the metropolitan statistical area ("MSA") median family income.

² At least 50 percent and less than 80 percent of the MSA median family income.

³ At least 80 percent and less than 120 percent of the MSA median family income.

⁴ 120 percent or more of the MSA median family income.

⁵ Based on 1990 Census Data information.

⁶ Based on HUD's estimated median family income for the MSA of 8400 which was \$38,800 in 1997.

* May not total 100 percent due to rounding.

Based on the information from the 1990 census, there are 88,632 persons and 30,289 households within The Citizens Savings Bank's assessment area. The median household income in the assessment area is \$31,323, and the median family income is \$38,819. The median family income in Ohio for 1997 is \$38,800. Household income includes the income of all persons residing within a household, while family income includes only the income of persons related by blood or marriage living together.

Pemberville, Ohio, is located in Wood County, east of Toledo, Ohio, and is part of the Toledo Metropolitan Statistical Area (AMSA®). The city has a population of 1,291 (1994 data). Much like the rest of the state, a disproportionate share of the city's and county's residents are employed in the manufacturing industry. In fact, about 28% of Wood County is directly employed in manufacturing, compared with a national average of 16%. Of this difference, auto or auto-related manufacturing represents a substantial share. More than 11% of the county's employment is attached to either transportation equipment or rubber/plastics manufacturing. The area's two largest manufacturers are Chrysler (1.9%) and General Motors (1.2%), although no single firm appears to have a disproportionate influence on the local economy.

The region's population growth during the past year is on par with state and national averages. However, this pattern breaks from a longer-term trend of only modest net population gains in the area. In fact, the region has shown only about half of the population growth rate seen nationally over the past ten years.

Overall, this is a stable economy. The June 1997 unemployment rates for Wood and Sandusky Counties were 3.5% and 6.5%, respectively. Wood County's unemployment rate for the month of June 1997 was much lower than the state unadjusted average of 4.3% and the national unadjusted average of 5.2%, while Sandusky County's unemployment rate was much higher. Sandusky County's high unemployment rate is a direct result of the loss of many factory and manufacturing jobs.

One community contact was conducted in conjunction with the examination. Additionally, two contacts from an examination prior to this one were also used. These contacts provided information used in developing the performance context for the assessment area.

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA:

The bank's CRA performance was analyzed using interagency examination procedures. The analysis includes the following criteria:

- ! loan-to-deposit ratio;
- ! lending activity inside and outside of the bank's assessment area;
- ! distribution of loans to borrowers of different income levels;
- ! distribution of loans to businesses and farms of different sizes;
- ! reasonableness of the geographic distribution of loans within the bank's assessment area;
- ! bank's response to written complaints regarding its performance in helping to meet the credit needs of the assessment area.

Loan-To-Deposit Ratio

The Citizens Savings Bank Company's loan-to-deposit ratio is reasonable given the bank's size, financial condition, assessment area credit needs, and competition. The bank's average loan-to-deposit ratio for the nine quarters between examinations, based on June 30, 1997, Call Report information, is 70.21%. As listed in the March 31, 1997, Uniform Bank Performance Report, the bank's loan-to-deposit ratio was 74.21% compared with the national peer average of 69.24% for banks of similar size in the same time period. One reason why the bank's loan-to-deposit ratio has steadily increased is due to the bank's increased activity in loan participations.

Lending Volume Within Assessment Area

Based on a sample of loans reviewed during the examination, it appears that a majority of loans are

in the bank's assessment area. Three loan types which were determined to be the bank's major loan types were sampled, including consumer, residential, and small business loans.

Of the total number and total dollar volume of loans sampled, 81% and 75%, respectively, were originated within the bank's assessment area. As shown in the following table, the concentration of the number and dollar volume of loans within the assessment area exceeds standards.

Table 3

DISTRIBUTION OF LOANS IN AND OUT OF THE ASSESSMENT AREA								
Loan Type	<i>Inside the Assessment Area</i>				<i>Outside the Assessment Area</i>			
	Number of Loans	%	\$ Amount of Loans	%	Number of Loans	%	\$ Amount of Loans	%
All Consumer Loans	244	79%	\$2,188,764	76%	65	21%	\$ 685,302	24%
Residential Loans	75	91%	\$5,310,236	95%	7	95%	\$ 267,602	5%
Small Business Loans	67	78%	\$2,079,969	48%	19	22%	\$2,212,022	52%
Total	386	81%	\$9,578,969	75%	91	19%	\$3,164,926	25%

Lending to Borrowers of Different Incomes

The distribution of borrowers, given the demographics of the assessment area, reflects an excellent penetration among borrowers of different income levels, particularly low- and moderate-income borrowers.

Overall, the distribution of total loans sampled to low- and moderate-income level borrowers is significant. For instance, 53% of all consumer loans were made to borrowers of low- to moderate-income levels, while 17% of all residential loans were made to low- to moderate-income borrowers. Such percentages are particularly noteworthy considering that only 29.8% of the families in the assessment area are low- to moderate-income, of which 5% are families whose incomes fall below the poverty level. The following table shows the breakdown of loan type to borrowers within the different income levels by loan product for the assessment area.

Table 4

DISTRIBUTION OF CONSUMER LOANS SAMPLED IN THE ASSESSMENT AREA BY INCOME LEVEL OF BORROWER									
Income Level	<i>Consumer-All</i>				<i>Residential</i>				<i>% of Families⁵</i>
	No.	%	\$ Amount	%	No.	%	\$ Amount	%	%
Low¹	14	15	118,606	14	4	8	131,496	3	13.7
Moderate²	35	38	223,779	27	5	9	217,007	6	16.1
Middle³	25	27	259,156	31	16	30	1,096,777	29	24.5
Upper⁴	18	18	221,820	27	28	53	2,373,781	62	45.7

1 Less than 50 percent of the metropolitan statistical area ("MSA") median family income

2 At least 50 percent and less than 80 percent of the MSA median family income

3 At least 80 percent and less than 120 percent of the MSA median family income

4 120 percent or more of the MSA median family income

5 Represents the percentage of families in the assessment area categorized by income level.

Additionally, the distribution of small business loans within the assessment area by borrower revenue is also significant. As shown in the following table, 100% of the loans originated were made to businesses and farms with revenues less than \$1,000,000.

Table 5

DISTRIBUTION OF COMMERCIAL/AGRICULTURAL LOANS SAMPLED WITHIN THE ASSESSMENT AREA				
Revenue Category ¹	Number of Loans	%	Dollar Amount of Loans	%
Less than \$100,000	30	67	897,412	56
Greater than or equal to \$100,000 but less than \$250,000	13	29	564,330	35
Greater than or equal to \$250,000 but less than \$500,000	2	4	150,000	9
Greater than or equal to \$500,000 but less than \$1,000,000	0	0	0	0
Greater than or equal to \$1,000,000	0	0	0	0

¹ Based on gross annual revenue figures

Geographic Distribution Within Assessment Area

The bank's overall geographic distribution of loans reflects a reasonable dispersion throughout the bank's assessment area given the bank's location, size, and competition. As demonstrated in the following table, the majority of loans made were concentrated in middle-income census tract areas.

The analysis of data in the following chart shows that, while 5.3% of the assessment area is comprised of one low-income level census tract, 0% of the number of loans were made within this tract. The zero volume of lending in this low-income level tract within the bank's assessment area appears to be largely comprised of the Bowling Green University campus. As seen in the table, there are no families or owner-occupied households located within this tract. The majority of the bank's lending was within the middle-income level census tracts of the assessment area.

Table 6

DISTRIBUTION OF LOANS ACROSS THE ASSESSMENT AREA BY INCOME LEVEL OF CENSUS TRACTS COMPARED TO CHARACTERISTICS OF THOSE TRACTS								
	Low-Income¹		Moderate- Income²		Middle-Income³		Upper-Income⁴	
	No.	\$	No.	\$	No.	\$	No.	\$
Consumer-All	0	0	0	0	228	1,914,545	16	274,219
<i>Percent of Total</i>	0%	0%	0%	0%	93%	87%	7%	13%
Residential	0	0	0	0	69	4,786,936	6	523,300
<i>Percent of Total</i>	0%	0%	0%	0%	92%	90%	8%	10%
Small Business	0	0	0	0	65	1,924,698	2	155,271
<i>Percent of Total</i>	0%	0%	0%	0%	97%	93%	3%	7%
Number of tracts in Assessment Area <i>Percentage of Tracts*</i>	1 5.3%		0 0%		13 68.4%		5 26.3%	
Number of Families by Tract <i>Percentage of Families*</i>	0 0%		0 0%		13,277 63.8%		7,539 36.2%	
Owner- Occupied Households by Tract <i>Percentage of Households*</i>	0 0%		0 0%		13,099 63.7%		7,476 36.3%	

¹ Census tract having less than 50 percent of the MSA median family income.

² Census tracts having at least 50 percent and less than 80 percent of the MSA median family income.

- ³ Census tracts having at least 80 percent and less than 120 percent of the MSA median family income.
- ⁴ Census tracts having 120 percent or more of the MSA median family income.
- * May not total 100 percent due to rounding.

ADDITIONAL FACTORS

No complaints were received by the Federal Reserve Bank of Cleveland or The Citizens Savings Bank Company regarding the bank's performance under the Community Reinvestment Act.

No substantive violations of the fair lending laws were noted during the examination. Interviews with employees and management revealed an understanding of the regulatory requirements regarding fair lending.

