

# LARGE BANK

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Comptroller of the Currency  
Administrator of National Banks

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Washington, DC 20219

## Public Disclosure

June 12, 2000

### Community Reinvestment Act Performance Evaluation

Lebanon Citizens National Bank

Charter Number: 2360  
2 North Broadway  
Lebanon, Ohio 45036

Office of the Comptroller of the Currency

Central District Office  
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**NOTE:** 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.

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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 CRA performance of **Lebanon Citizens National Bank (LCNB)** prepared by the **Office of the Comptroller of the Currency (OCC)**, the institution's supervisory agency, as of **June 12, 2000**. The agency evaluates performance in assessment area(s), as they are delineated by the institution, rather than individual branches. This assessment area evaluation may include the visits to some, but not necessarily all of the institution's branches. The agency rates the CRA performance of an institution consistent with the provisions set forth in Appendix A to 12 CFR Part 25.*

## Definitions and Common Abbreviations

The following terms and abbreviations are used throughout this Performance Evaluation. 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 by another company. A company is under common control with another company if both companies are directly or indirectly controlled by the same company. A bank subsidiary is controlled by the bank and is, therefore, an affiliate.

**Assessment Area (AA)** - A geographic area delineated within which the OCC evaluates the bank's record of helping meet the credit needs of its community. AAs consist generally of one or more MSAs or one or more contiguous political subdivisions, such as counties, cities, or towns. AAs include the geographies in which the bank has its main office, its branches, and its deposit-taking ATMs, as well as the surrounding geographies in which the bank has originated or purchased a substantial portion of its loans.

**Block Numbering Area (BNA)** - Statistical subdivisions of counties in which census tracts have not been established. BNAs have been established by the United States Census Bureau in conjunction with state agencies.

**Census Tract (CT)** - Small, locally defined statistical areas within metropolitan statistical areas. These areas are determined by the United States Census Bureau in an attempt to group homogenous populations. A CT has defined boundaries per ten year census and an average population of 4,000.

**Community Development (CD)** - Affordable 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.

**Full-Scope Review** - Performance under the Lending, Investment and Service Tests is analyzed considering fully understood performance context, quantitative factors (e.g., geographic distribution, borrower distribution, total number and dollar amount

of investments, branch distribution) and qualitative factors (e.g., innovation, complexity).

**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 statistical area to file annual summary reports of their mortgage lending activity. The reports include such data as the race, gender, and the income of applicants, the amount of loan requested, and the disposition of the application (e.g., approved, denied, withdrawn).

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

**Limited-Scope 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, branch distribution).

**Low-Income** - Income levels that are less than 50% of the median family income.

**Median Family Income (MFI)** - The median income determined by the United States 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 Statistical Area (MSA)** - Area defined by the Director of the United States Office of Management and Budget. MSAs consist of one or more counties, including large population centers and nearby communities that have a high degree of interaction.

**Middle-Income** - Income levels that are at least 80% and less than 120% of the MFI.

**Moderate-Income** - Income levels that are at least 50% and less than 80% of the MFI.

**Small Business Loans** - Loans with original amounts of \$1 million or less that are: (1) secured by nonfarm nonresidential properties; or (2) commercial and industrial loans to U.S. addresses.

**Small Farm Loans** - Loans with original amounts of \$500 thousand or less that are: (1) secured by farmland; or (2) to finance agricultural production and other loans to farmers.

**Tier 1 Capital** - The total of common shareholders' equity, perpetual preferred shareholders' equity with noncumulative dividends, retained earnings and minority interests in the equity accounts of consolidated subsidiaries.

**Upper-Income** - Income levels that are 120% or more of the MFI.

## Overall CRA Rating

**Institution’s CRA Rating:** This institution is rated "**Outstanding**".

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

Performance Levels	Lebanon Citizens National Bank Performance Tests		
	Lending Test*	Investment Test	Service Test
Outstanding	X		X
High Satisfactory			
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:

- Lending levels that reflect good responsiveness by LCNB to the credit needs of its AAs.
- Excellent distribution of LCNB’s home mortgage loans among geographies and among borrowers of different income levels throughout its AA’s.
- Excellent geographic distribution of small loans to businesses in both full-scope AAs.
- Excellent borrower distribution of small loans to businesses throughout its AAs.
- Investments that reflect an adequate responsiveness by LCNB to the needs of its AAs.
- Good accessibility of LCNB’s offices to geographies and individuals of different income levels and good responsiveness of LCNB’s services to the needs of its
- Excellent performance in providing community development services.

## Description of Institution

Lebanon Citizens National Bank (LCNB) is headquartered in Lebanon, Ohio, which is located in Warren County, approximately 30 miles north of Cincinnati, Ohio. LCNB is a wholly owned subsidiary of LCNB Corp., a one-bank financial services holding company, also headquartered in Lebanon, Ohio. As of March 31, 2000, LCNB reported total assets of \$432 million. LCNB is an intrastate bank with 17 branch offices, and one loan production office serving Warren, Butler and Clinton counties and parts of Clermont and Hamilton counties. Since the previous CRA evaluation, LCNB has expanded its presence in Butler and Clinton counties.

LCNB is a full-service lender offering various loan and deposit products. LCNB offers conventional home mortgage loans, consumer loans, and a full range of business loans and trust services. As of March 31, 2000, net loans represented 68% of total assets and consisted of real estate loans (76%), consumer loans (14%), commercial loans (9%), and agricultural loans (1%).

There are no legal, financial or other factors impeding LCNB's ability to help meet the credit needs of the community it serves. As of March 31, 2000, LCNB reported Tier 1 capital of \$35 million.

LCNB was rated "Outstanding" at its last CRA evaluation dated March 27, 1997.

## Scope of the Evaluation

### Evaluation Period/Products Evaluated

The evaluation period is from March 28, 1997 through June 12, 2000. With the exception of community development (CD) loans, the primary data evaluated for the Lending Test is from January 1, 1997 through December 31, 1999. The evaluation period for the Investment Test, Service Test and Community Development loans, is March 28, 1997 through June 12, 2000.

For the Lending Test, LCNB's origination/purchase of home mortgage loans and small loans to businesses were evaluated. Originations/purchases of home improvement loans were not evaluated since LCNB generally categorizes these loans as consumer loans and has chosen not to separately report them. LCNB's origination/purchase of small loans to farms was not evaluated, as the volume was not significant enough to perform a meaningful analysis (less than 6% of the number of loan originations/purchases over the Lending Test evaluation period).



## **Data Integrity**

As part of this CRA evaluation, LCNB's publicly filed information on home mortgage loans, small loans to businesses and small loans to farms was tested for accuracy. LCNB did not report the location of its mortgage loans outside of its MSAs as required by the HMDA and CRA regulations. As data for these loans was not readily available, the loans were not considered in the evaluation. LCNB management informed us that these loans were primarily in Clinton County, a limited-scope area. Because the Clinton County AA is comprised of only middle-income census tracts, the lack of loan data did not have a negative effect on the overall evaluation conclusions. No other significant errors were found in the bank's reported home mortgage data. The testing also found that LCNB's small loans to businesses and farms contained errors related to the location of the loans, in addition to several loans that were reported incorrectly as small business loans. Management corrected the information. This evaluation is based on the corrected information, which is deemed to be accurate.

CD loans, investments and services submitted by LCNB's management were verified to ensure that they met the regulatory definition for CD. Some items submitted by LCNB for consideration were excluded from this evaluation because they did not meet the definition or purpose of CD.

## **Selection of Areas for Full-Scope Review**

Of LCNB's three assessment areas (AAs), the Cincinnati MSA AA and Hamilton-Middletown MSA AA were selected for full-scope reviews. These AAs represent LCNB's major markets and account for approximately 99% of LCNB's deposits and lending activity over the evaluation period.

Refer to Appendix A for additional information regarding which areas received full-scope and limited scope reviews.

## **Ratings**

The bank's overall rating is based primarily on those areas that received full-scope reviews.

When determining conclusions for the Lending Test, home mortgage products were weighted more heavily than small loans to businesses and farms. This weighting is reflective of the bank's overall higher home mortgage lending volume. Within home mortgage lending, the home purchase and home refinance products were weighted more heavily than home improvement loans due to their respective

lending volumes.

LCNB's overall ratings under each test are the consolidation of conclusions reached for each full-scope AA. When consolidating AA conclusions into overall ratings, more weight was given to the Cincinnati MSA than the Hamilton-Middletown MSA. The weighting was based on the significance of the AA to LCNB.

### **Other**

Four community contacts were made during the evaluation. Of the four contacts made, two were in the Cincinnati MSA and two were in the Hamilton-Middletown MSA. The contacts included two community development organizations and two community service organizations. In the Cincinnati MSA, one of the contacts stated that the primary credit needs are affordable housing and senior home repair. The supply of affordable homes in the AA is decreasing while home prices increase at a faster rate than low- and moderate-income wages. One of the community service organizations is planning the construction of affordable housing to be sold to low- and moderate-income families. In the Hamilton-Middletown MSA, the contacts stated the primary credit need is for affordable housing and financing for small businesses. The needs for affordable housing and small business related credit, investments and services in both AAs were considered in our evaluation of LCNB's performance under the Lending, Investment and Service Tests. Refer to the Market Profiles in Appendix B of this Evaluation for more information.

## **Fair Lending Review**

A comparative file analysis of unsecured installment loans was performed in connection with the evaluation of LCNB's CRA performance, to determine compliance with antidiscrimination laws. The analysis consisted of comparing denied female applicants to approved male applicants and covered a ten-month time period. Underwriting decisions were evaluated to determine whether the female applicants were treated similarly to the male applicants. No violations of the substantive provisions of the antidiscrimination laws and regulations were identified.

## 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 "Outstanding". Based on full-scope reviews, the bank's performance in both the Cincinnati MSA and Hamilton-Middletown MSAs is excellent.

#### Lending Activity

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

In the Cincinnati MSA, approximately 63% of the loans originated/purchased during the evaluation period were home mortgage loans, approximately 31% were small loans to businesses, with small farm loans comprising the remainder. Among home mortgage loan originations/purchases, approximately 70% were for home mortgage refinance and 30% were for home purchases. As is allowed by the HMDA regulation, LCNB does not separately categorize its home improvement loans, and as such does not report these loans on their HMDA LAR. LCNB does, however, report its home equity lines of credit where the primary purpose of the line is for home improvement. LCNB's originations/purchases of these home improvement loans was not evaluated as the volume was not significant enough to perform a meaningful analysis.

In the Hamilton-Middletown MSA, approximately 77% of the loans originated/purchased during the evaluation period were home mortgage loans, and approximately 22% were small loans to businesses. At approximately 1%, the volume of LCNB's small farm loan originations/purchases in this AA is not material. Among home mortgage loan originations/purchases, approximately 67% were for home mortgage refinance and 31% were for home purchases. As previously mentioned, LCNB does not separately categorize its home improvement loans and, as such, does not report these loans on their HMDA LAR. LCNB does, however, report its home equity lines of credit where the primary purpose of the line is for home improvement. LCNB's originations/purchases of these home improvement loans was not evaluated, as the volume was not significant enough to perform a meaningful analysis.

LCNB's lending activity is good in both the Cincinnati and Hamilton-Middletown MSAs. In both AAs, LCNB's market share of home purchase loans, home mortgage refinance loans and small loans to businesses is commensurate with its deposit market share. In the Cincinnati MSA, LCNB ranks ninth in terms of deposit

market share (1.6%) behind seven large institutions and one smaller institution that dominate the MSA with approximately 81% of the deposit market share. In the Hamilton-Middletown MSA, LCNB ranks tenth in terms of deposit market share (1.4%) behind mostly the same institutions that combined account for 95% of the deposit share market. In the Cincinnati MSA, based on 1998 HMDA aggregate data, LCNB is the twenty-fourth largest originator/purchaser of home purchase loans (1%) and eleventh largest originator/purchaser of refinance loans (1.8%) in the MSA behind several much larger institutions and mortgage companies. Based on 1998 CRA aggregate data, LCNB ranks eleventh in small loans to businesses (1.5%) in the MSA. Several large institutions dominate this market. In the Hamilton-Middletown MSA, based on 1998 HMDA aggregate data, LCNB ranks sixty-seventh among originators/purchasers of home purchase loans (.3%) and sixty-ninth among originators/purchasers of refinance loans (.3%), also behind many larger institutions and mortgage companies. Based on 1998 CRA aggregate data, LCNB ranks sixteenth in small loans to businesses (.9%) in the MSA. Several large institutions also dominate this market.

### **Distribution of Loans by Income Level of the Geography**

The geographic distribution of LCNB's home mortgage loans and small loans to businesses is excellent. Performance is excellent in both the Cincinnati and Hamilton-Middletown MSAs. The volume of LCNB's small loans to farms in both the Cincinnati MSA and the Hamilton-Middletown MSA was not significant enough to perform a meaningful analysis.

#### *Home Mortgage Loans*

Refer to Tables 2, 3 and 4 in Appendix C for the facts and data used to evaluate the geographic distribution of the bank's home mortgage loan originations and purchases.

The overall geographic distribution of home mortgage loans is excellent in both full-scope AAs.

Home purchase loan geographic distribution is excellent in both full-scope AAs. In the Cincinnati MSA, the portion of home purchase loans made in moderate-income geographies (5%) exceeds the portion of owner-occupied housing units that are within that geography (3%). There are no low-income geographies in the AA. In the Hamilton-Middletown MSA, the portion of home purchase loans made in low-income (7%) and moderate-income (37%) geographies exceeds the portion of owner-occupied housing units within the low-income (4%) and moderate-income (18%) geographies. The market share for loans made in the moderate-income geography in the Cincinnati MSA (3.6%) exceeds LCNB's overall market share (1%). The market share for loans in the moderate-income geographies in the

Hamilton-Middletown MSA (.9%) exceeds LCNB's overall market share (.3%).

Refinance loan geographic distribution is excellent in both full-scope AAs. In the Cincinnati MSA, the portion of refinance loans made in moderate-income geographies (7%) exceeds the portion of owner-occupied housing units that are within that geography (3%). As previously mentioned, there are no low-income geographies in the AA. In the Hamilton-Middletown MSA, the portion of refinance loans made in low-income (3%) geographies is near to the portion of owner-occupied housing units (4%) and the portion of loans made in moderate-income (34%) geographies exceeds the comparable demographic (18% owner-occupancy). The market share for loans made in the moderate-income geography in the Cincinnati MSA (5.6%) exceeds LCNB's overall market share (1.8%). The market share for loans in the moderate-income geographies in the Hamilton-Middletown MSA (.8%) exceeds LCNB's overall market share (.3%).

### ***Small Loans to Businesses***

Refer to Table 5 in Appendix C for the facts and data used to evaluate the geographic distribution of the bank's origination/purchase of small loans to businesses.

The geographic distribution of small loans to businesses is excellent in both full-scope AAs. In the Cincinnati MSA, the portion of small loans to businesses made in moderate-income geographies (8%) exceeds the portion of businesses that are within those geographies (5%). In the Hamilton-Middletown MSA, while the portion of small loans to businesses made in low-income geographies (6%) is somewhat less than the portion of businesses within those geographies (9%), in moderate-income geographies the portion of small loans to businesses (24%) substantially exceeds the portion of businesses within those geographies (16%). LCNB's market share for small loans to businesses in the moderate-income geography of the Cincinnati MSA (.4%) is less than LCNB's overall market share (1.5%); however, only a small portion (5%) of businesses in the MSA are located in this geography. The market is dominated by much larger financial institutions that, combined, comprise approximately 84% of the market. In the Hamilton-Middletown MSA, LCNB's market share for loans in both low-income (1.2%) and moderate-income (1.4%) geographies exceeds LCNB's overall market share (.9%).

### ***Small Loans to Farms***

Refer to Table 6 in Appendix C for the facts and data used to evaluate the geographic distribution of the bank's origination/purchase of small loans to farms.

### ***Lending Gap Analysis***

Maps and reports detailing LCNB's lending activity over the evaluation period for home mortgage loans and small loans to businesses were reviewed to identify gaps in the geographic distribution of those loans. No unexplained gaps were identified.

### ***Inside/Outside Ratio***

A substantial majority of the home mortgage loans and small loans to businesses and farms originated/purchased by LCNB over the evaluation period were within its AAs. Eighty-three percent of the bank's home mortgage loans, 92% of the small loans to businesses, and 85% of the small loans to farms were within its AAs. This performance was positively factored in the overall analysis of the geographic distribution of lending by income level of geography.

### **Distribution of Loans by Income Level of the Borrower**

Consideration was given to the difficulty low-income families have in affording even a low priced home. Using 1990 census data, 12.12% of households in the Cincinnati MSA and 10.66% of the households in the Hamilton-Middletown MSA are below poverty level. The HUD adjusted median family income for 1999 was \$54,800 in the Cincinnati MSA and \$55,100 for the Hamilton-Middletown MSA. The weighted average of median housing for the same period was \$69,849 in the Cincinnati MSA and \$72,490 in the Hamilton-Middletown MSA. Based on these levels, the income of a low-income borrower would generally be less than the income needed to qualify for financing a median priced home in these MSAs. Most present housing stock is out of the affordability range of a low-income borrower. Refer to the Market Profiles in Appendix B of this evaluation for more information.

### ***Home Mortgage Loans***

Refer to Tables 7, 8 and 9 in Appendix C for the facts and data used to evaluate the borrower distribution of the bank's home mortgage loan originations and purchases.

The overall borrower distribution of home mortgage loans is excellent in the Cincinnati MSA and good in the Hamilton-Middletown MSA.

Home purchase loan borrower distribution is excellent. In the Cincinnati MSA, performance is excellent. While the portion of home purchase loans made to low-income borrowers (10%) is near to the portion of families that are defined as such (14%), consideration was given to the difficulty low-income families have in affording even a low priced home. The portion of home purchase loans made to moderate-income borrowers (18%) in the AA exceeds the portion of families that

are defined as such (16%). In addition, the market share for loans to both low- and moderate-income borrowers exceeds LCNB's overall market share in the AA for home purchase loans. Also, the 1998 aggregate HMDA data indicates that the percentage of LCNB's home purchase loans made to low-income borrowers exceeded the percentage of loans made by all lenders to that segment. LCNB was a leader in this category for this AA. Performance in the Hamilton-Middletown MSA is good. While the portion of home purchase loans made to low-income borrowers (8%) is less than the portion of families that are defined as such (19%), consideration was also given to the difficulty low-income families have in affording even a low priced home. The portion of home purchase loans made to moderate-income borrowers (23%) in the AA exceeds the portion of families that are defined as such (18%). In addition, the market share for loans made to low- and moderate-income borrowers is near LCNB's overall market share in the AA for home purchase loans. Also, the 1998 aggregate HMDA data indicates that the percentage of LCNB's home purchase loans made to low-income borrowers exceeded the percentage of loans made by all lenders to that segment.

Refinance loan borrower distribution is excellent. In the Cincinnati MSA, performance is excellent. While the portion of refinance loans made to low-income borrowers (9%) is less than the portion of families that are defined as such (14%), performance is considered good given that low-income borrowers represent only 3.8% of the overall refinance market. The portion of refinance loans made to moderate-income borrowers (19%) in the AA exceeds the portion of families that are defined as such (16%). In addition, the market share for loans made to low- and moderate-income borrowers exceeds LCNB's overall market share in the AA for refinance loans. Performance in the Hamilton-Middletown MSA is good. The portion of refinance loans made to low-income borrowers (10%) is less than the portion of families that are defined as such (19%) and to moderate-income borrowers (17%) in the AA is near the portion of families that are defined as such (18%). In addition, the market share for loans made to low- and moderate-income borrowers is the same as LCNB's overall market share in the AA for refinance loans.

### ***Small Loans to Businesses***

Refer to Table 10 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.

The borrower distribution of small loans to businesses is excellent in both full-scope AAs. In each AA, the portion of LCNB's small loans to small businesses (businesses with revenues of \$1 million or less) exceeds the portion of businesses that are defined as such (approximately 70% in both AAs). In addition, the market share for loans made to small businesses exceeds LCNB's overall market share in both AAs for small business loans.

### ***Small Loans to Farms***

Refer to Table 11 in the Appendix C for the facts and data used to evaluate the borrower distribution of the bank's origination/purchase of small loans to farms. As previously mentioned, LCNB's origination/purchase of small loans to farms was not evaluated as the volume was not significant enough to perform a meaningful analysis.

### **Community Development Lending**

Refer to Table 1 in Appendix C for the facts and data used to evaluate the bank's level of community development lending. Since LCNB reported no CD loans, community development lending performance has a neutral effect on the overall lending test conclusions.

### **Product Innovation and Flexibility**

LCNB extends credit using flexible terms as a means of reaching the needs of low- and moderate-income individuals. The bank requires no minimum loan amounts for consumer and commercial loans. A review of data from 1997 to June 2000 reflects that more than 2,200 loans were made to borrowers for amounts less than \$2,000. Approximately 35% were made for amounts less than \$1,000. In contrast, the minimum loan amount for the three other commercial banks with the largest branch presence in the area ranges between \$2,000 and \$2,500. While small loans are available to all borrowers, LCNB data indicates that during the evaluation period the portion of loans of \$2,000 or less made to borrowers residing in low- and moderate-income census tracts exceeds the percentage of the population residing in those tracts. This performance had a positive effect on the overall lending test conclusions. Positive consideration was also given in the overall service test conclusions.

LCNB offers flexible home mortgage loans through its "First Step" Home Buyer's Program. The program is targeted to first-time homebuyers and features lower qualifying ratios and down payment requirements than traditional mortgages. Applicants are provided with a self-study course in home buying. Since 1997 the program has resulted in four loan originations. Based on this level of activity, the performance of this product has a neutral effect on the overall lending test conclusions.

### **Conclusions for Areas Receiving Limited-Scope Reviews**

Based on limited-scope reviews, the bank's performance under the Lending Test in



### **Cincinnati MSA**

During the evaluation period, LCNB made eighteen investments totaling \$79 thousand consisting of deposits, grants and donations to six local non-profit organizations for various projects and initiatives that met the definition of CD.

**Warren County Community Services** - LCNB made two deposits on behalf of

Warren County Community Services, one of which was made in a prior period, and remains outstanding. This organization constructed several developments of subsidized apartments for the elderly. These investments enabled the project to secure approval from the Department of Housing and Urban Development (HUD).

**Warren Foundation** - LCNB made donations to this publicly supported local institution that administers, develops, and supports long term endowments and promotes charitable giving as established by families or other charities for the benefit of Warren County residents. According to bank management, the foundation administers, develops, and supports long term endowments and promotes charitable giving by families or other charities for the primary benefit of low- and moderate-income residents of Warren County. Among the beneficiaries are organizations that provide food and shelter for the homeless, oversee the Meals on Wheels program for the elderly and Head Start for disadvantaged children, and provide respite care for individuals caring for older family members.

**Warren County United Way** - LCNB made donations to this service organization that primarily serves low- and moderate-income individuals and families through financial support of organizations that provide services such as food banks, affordable housing, and homeless shelters, among others.

**Warren County YMCA** - LCNB provided funds to the YMCA in order for the organization to provide membership scholarships to low- and moderate-income individuals.

**Otterbein Homes Benevolent Ministry** - LCNB made donations to provide funding to support elderly residents who are no longer able to pay their full cost of residential care. These funds are used to support primarily low- and moderate-income elderly residents.

**Habitat for Humanity** - LCNB made donations to Habitat for Humanity, a non-profit organization that helps low- and moderate-income families become homeowners.

### **Hamilton-Middletown MSA**

During the evaluation period, LCNB made two investments totaling \$2 thousand consisting of deposits, grants and donations to two local non-profit organizations for projects and initiatives that met the definition of CD.

**Hope House** - LCNB provided funds to this homeless shelter that serves both Middletown and Warren County area. The shelter offers temporary emergency shelter beds, transitional housing units for single women, a medical clinic for the indigent, a soup kitchen, and a computer-training center for low-income individuals. The funds were used to help offset the costs of housing these individuals.

**Middletown YMCA** - LCNB donated funds to provide membership scholarships for low- and moderate-income individuals.

### **Conclusions for Area Receiving Limited-Scope Review**

Based on a limited scope review, the bank's performance under the Investment Test in the Non-MSA AA is weaker than the bank's overall "Low Satisfactory" performance under the Investment Test. Refer to Table 12 in Appendix C for the facts and data that support these conclusions.

Although performance in the Clinton County non-MSA AA is weaker, it did not negatively impact the overall conclusion for Investments. The weaker performance is based on the lack of qualifying investments in the AA.

### **SERVICE TEST**

#### **Conclusions for Areas Receiving Full-Scope Reviews**

The bank's performance under the Service Test is rated Based on  
full-scope reviews, the bank's performance is excellent both the Cincinnati and  
Hamilton-Middletown MSAs.

#### **Retail Banking Services**

Refer to Table 13 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.

LCNB's delivery systems are readily accessible to geographies and individuals of different income levels throughout the full-scope AAs. Accessibility is good in both the Cincinnati and Hamilton-Middletown MSAs.

In the Cincinnati MSA, LCNB's office distribution in moderate-income geographies is lower than the distribution of population living in those geographies (the bank does not have any branches in these census tracts). However, only 4.73% of the population in this MSA reside in moderate-income geographies. Branches in close proximity amply serve these areas. The bank has a branch in Springboro in an upper-income census tract that is accessible to the two moderate-income tracts in Franklin (a range from less than one mile to approximately four miles away). The bank also has three branches located in or near downtown Lebanon in middle-income census tracts that are accessible to the one moderate-income tract also in that area (a range of less than one mile to approximately two miles away).

In the Hamilton-Middletown MSA, the distribution of LCNB's offices in moderate-income geographies exceeds the distribution of population living in such

geographies. While the bank's three branch offices in the MSA are not accessible to all census tracts within the MSA, they do serve the majority of the larger metropolitan areas.

The bank also opened a loan production office (LPO) in the city of Hamilton in October 1999 in a low-income census tract. The office takes applications for all types of loans and is accessible to other surrounding low-income census tracts. LCNB data on loans originated from the LPO during the evaluation period reflects that the percentage of small loans to businesses made in low- and moderate-income census tracts exceeds the percentage of businesses located in those tracts. Similarly, the portion of home purchase loans made in these tracts is near to the portion of owner-occupied housing units in those tracts. The improvement in accessibility to these tracts is considered positively in the overall conclusion for Services.

The bank has a branch in Oxford in a middle-income census tract that is accessible to the low-income census tract in Oxford (less than one mile). LCNB has a branch in Middletown in a moderate-income census tract that is also accessible to the residents located in the three low-income census tracts in Middletown (less than four miles). Branch closures have not adversely affected the accessibility of delivery systems in either of the full-scope AAs.

LCNB's hours and services offered throughout the full-scope AAs are good. Office hours and services in the full-scope AAs, including the availability of loan officers for all loan products, are comparable among locations regardless of the income level of the geography. Services do not vary in a way that inconveniences portions of the AAs, particularly low- and moderate-income geographies and/or individuals. All deposit and loan products and services are available at all branch offices. Banking hours and services provided Monday through Friday are supplemented by Saturday hours at all banking facilities located in all three AAs.

As described previously under the Lending Test, LCNB extends consumer and commercial loans with no minimum loan amount. This is a service tailored to meet the needs of low or moderate-income individuals that is not offered by other commercial banks in the area that have minimum loan amount requirements of \$2 thousand or more. A review of loans of \$2 thousand or less made during the evaluation period indicated that these loans appeal to a higher portion of low- and moderate-income borrowers than is represented by that percentage of the population in both full-scope AAs. This performance had a positive effect on the overall Service Test conclusions.

LCNB offers a low minimum balance checking account in all AAs that allows customers, including those who are low- and moderate-income, to maintain accounts with a nominal fee. The bank also offers a no fee and no minimum balance checking account tailored to those aged 50 years or older. LCNB provides

a no-cost, no-fee checking account for charitable organizations. The bank also offers electronic checking with no minimum balance required and a flat nominal fee for those who prefer to do banking electronically. This type of account is targeted to full time students and any others wanting to do their banking electronically. For businesses that use the bank's DirectLink ACH payroll deposit account, the employees of those businesses receive a free checking account and other free banking services. Three of the businesses are located in moderate-income geographies and employ some low- and moderate-income individuals.

LCNB's ATM network offers an effective alternative delivery system for delivering retail banking services in low- and moderate-income geographies and to low- and moderate-income individuals. In the Cincinnati MSA, the portion of LCNB's ATMs in moderate-income geographies exceeds the portion of the population that resides in those geographies. The Springboro office has an ATM that is accessible to nearby low-income geographies. In the Hamilton-Middletown MSA, the portion of LCNB's ATMs in moderate-income geographies exceeds the portion of the population that resides in those geographies. ATMs are located at both the Oxford and Middletown offices and are accessible to nearby low-income geographies.

Alternative delivery systems also include twenty-four hour telephone and on-line computer banking services offered in all AAs. The telephone and computer services allow customers to obtain deposit and loan account information, make payments on bank loans, transfer funds, and pay other household bills. Since the bank could not provide specific information on how low- and moderate-income individuals and geographies are impacted by telephone and on-line computer services, significant weight was not placed on these alternative delivery systems when drawing conclusions for each full-scope AA under the Service Test.

### **Community Development Services**

LCNB's performance in providing CD services to its full-scope AAs is excellent overall. The bank's performance is excellent in the Cincinnati MSA and good in the Hamilton-Middletown MSAs.

A key aspect of LCNB's success in supporting CD initiatives has been providing flexible work schedules to accommodate bank personnel involved with outside organizations. Numerous bank officers and employees are involved with community development organizations and the bank supports their efforts. Senior officers of LCNB have leadership roles in organizations that are involved in identifying and ultimately addressing affordable housing needs within the AA.

Highlights of CD service activities during the evaluation period include:

#### **Cincinnati MSA**

LCNB is actively involved with various housing organizations within the AA. LCNB personnel have taken leadership roles in local organizations that provide services to the community, particularly low- and moderate-income individuals. Community contacts identified affordable housing as a primary credit need in the AA.

**Warren County Housing Summit/Warren County Housing Advisory Committee:**

Responding to the growing shortage of affordable housing while higher price markets expanded, various community groups moved forward to re-establish the balance. LCNB joined various community groups and governmental agencies in a Warren County Housing Summit to explore various alternatives for providing low-income housing in Warren County. Out of the summit, the **Warren County Housing Advisory Committee** was formed. A senior bank officer was one of the delegates at the summit.

**Warren County Housing Advisory Committee** - A senior bank officer continues to serve in a leadership role as a subcommittee chairman, as well as providing expertise on financial matters. This committee has provided leadership in exploring and promoting opportunities to address affordable housing and was instrumental in providing support to the Warren County Community Services during the development and construction of several affordable housing projects designed for low- and moderate income families and seniors. This committee also initiated the formation of the **Wayne County Balanced Housing Corp.**, an organization involved in the purchase of homes for rehabilitation for low- and moderate-income individuals and families.

**Area Progress Council of Warren County, Inc.:** The Area Progress Council (APC) is a 501(c)3 organization which was created to promote economic development in Warren County through improvements in social services, education, and infrastructure development. A senior officer of the bank has been the treasurer and a board member on this council for about 10 years and has provided his financial expertise to assist this council with its efforts. APC has been concerned with the educational system and adequacy of its preparation of students for the work force. They sponsor work force development programs that benefit primarily low- and moderate-income individuals. APC has worked with employers, public transportation officials, and the county commissioner to encourage the creation and subsidization of "reverse commute" bus service from Hamilton County to Warren County to provide work opportunities for low- and moderate-income employees. APC has also been a participant in the county's Affordable Housing Coalition and co-sponsored the Warren County Housing Summit.

**Habitat for Humanity:** Habitat for Humanity is a non-profit organization that helps low- and moderate-income families become homeowners. LCNB has supported Habitat by providing financial support, as detailed under the Investment Test, the use of the bank's "community rooms," and by supplying loan payment books for Habitat families in Warren County. These families pay their monthly payments

through the LCNB Trust Department and LCNB transfers the funds to Habitat accounts at no charge.

**National Advisory Board of America's Promise:** A senior bank officer is a member on the National Advisory Board of America's Promise. The purpose of the organization is to encourage people to do volunteer work with needy children or with organizations that serve needy children. The bank collects school supplies and other items that are given to low- and moderate-income individuals. Each LCNB office partners with at least one school in their area to distribute the items.

**The Loeb Foundation:** A senior officer provides his financial expertise to assist this foundation with delivering its services. The foundation was primarily organized to allow persons on fixed incomes (low- and moderate-income individuals) over the age of sixty years to maintain independent living in their own homes (such as help with clothing, food, fuel oil, housing allowance, utility payments, sophisticated communication systems, etc.) in Warren County.

**Warren County Foundation:** Three LCNB officers and two LCNB board members serve as trustees for the Warren County Foundation. They have provided leadership and financial expertise to the foundation. In addition, LCNB allows the Foundation to use its premises for free. According to bank management, the foundation administers, develops, and supports long term endowments and promotes charitable giving by families or other charities for the primary benefit of low- and moderate-income residents of Warren County. Among the beneficiaries are organizations that provide food and shelter for the homeless, oversee the Meals on Wheels program for the elderly and Head Start for low- and moderate-income disadvantaged children, and provide respite care for individuals caring for older family members. The Warren County Foundation also provides endowment management services for the Mason Scholarship Fund, which provides educational scholarships to selected low- and moderate-income students.

### Hamilton-Middletown MSA

**House of Hope for the Homeless of Middletown, Inc.:** "Hope House" is a permanent shelter serving homeless individuals and families in northern Butler and Warren Counties who have little or no income. In addition to LCNB's financial contributions, a senior bank officer has served as a board member for six years ending in 1998. The officer provided financial expertise, helping this organization with its funding allocation decisions. Hope House has continuously worked on remodeling its facility and added a transitional housing wing for homeless women.

**Mid Miami Health Care Foundation:** This foundation raises money to provide health care services for low- and moderate-income individuals that do not have the money or insurance to pay for the care they receive at the hospital (Middletown Regional Hospital). A bank officer serves on the board of this foundation and uses

his financial expertise to help support the foundation's efforts. As a board member, he reviews financial reports, advises board members on financial issues, votes on projects, and is active in fund raising activities.

In addition to the organizations listed above, members of LCNB's staff also participate in numerous other organizations that provide services in the bank's AAs. Below is a sample of such involvement:

- Bank employees serve on the Volunteer Action Committee of United Way, an agency that primarily helps low- and moderate-income families.
- A bank employee helps with a fundraiser for a local homeless shelter in Butler County.
- A bank officer is a member of a small business development organization.

### **Conclusions for Areas Receiving Limited-Scope Reviews**

Based on limited-scope reviews, the bank's performance under the Service Test in the Clinton County Non-MSA is weaker than the bank's overall "Outstanding" performance under the Service Test. The accessibility of offices is not as extensive in this assessment area. Refer to Table 13 in Appendix C for the facts and data that support these conclusions.



## Appendix A: Scope of Examination

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 nonmetropolitan 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").

<b>Time Period Reviewed</b>	Lending Test: January 1, 1997 to December 31, 1999 Investment Test: March 28, 1997 to June 12, 2000 Service Tests: March 28, 1997 to June 12, 2000	
<b>Financial Institution</b>	<b>Products Reviewed</b>	
Lebanon Citizens National Bank Lebanon, Ohio	Home mortgage loans, small loans to businesses and small loans to farms	
<b>Affiliate(s)</b>	<b>Affiliate Relationship</b>	<b>Products Reviewed</b>
None	None	None
<b>List of Assessment Areas and Type of Examination</b>		
<b>Assessment Area</b>	<b>Type of Exam</b>	<b>Other Information</b>
Cincinnati MSA #1640 Hamilton-Middletown MSA #3200	Full-Scope Full-Scope	
Clinton County non-MSA	Limited-Scope	

## Appendix B: Market Profiles for Full-Scope Areas

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### Table of Contents

#### Market Profiles for Areas Receiving Full-Scope Reviews

Cincinnati MSA #1640.....	B-2
Hamilton-Middletown MSA #3200.....	B-4

## Cincinnati Metropolitan Statistical Area

Demographic Information for the Area: Cincinnati MSA 1640 12/31/1999						Evaluation Period: 01/01/1997 TO					
Demographic Characteristic	Total	Low Income Tracts		Mod Income Tracts		Middle Income Tracts		Upper Income Tracts		NA Income Tracts	
	#	%	#	%	#	%	#	%	#	%	#
Geographies (Census Tracts/BNAs)	35	0.00	0	8.57	3	60.00	21	28.57	10	2.86	1
Population by Geography	154,106	0.00	0	4.73	7,288	56.43	86,966	36.95	56,938	1.89	2,914
Owner-Occupied Housing by Geography	40,040	0.00	0	3.27	1,311	57.99	23,221	38.73	15,508	0.00	0
Business by Geography	5,523	0.00	0	5.25	290	53.21	2,939	41.54	2,294	0.00	0
Farms by Geography	310	0.00	0	3.55	11	73.87	229	22.58	70	0.00	0
Family Distribution by Income Level	42,876	13.70	5,873	15.84	6,792	24.03	10,302	46.43	19,909	0.00	0
Distribution of Low and Moderate Income Families throughout AA Geographies	12,665	0.00	0	8.92	1,130	72.52	9,185	18.56	2,350	0.00	0
Median Family Income HUD Adjusted Median Family Income for 1999 Households Below Poverty Level	36,658 54,800 12.12%	Median Housing Value Unemployment Rate		69,849 3.40%							

(\*) The NA category consists of geographies that have not been assigned an income classification.  
Source: 1990 U.S. Census, and 1999 HUD updated MFI.

LCNB's Cincinnati MSA assessment area (AA) consists of Warren County in its entirety as well as portions of Hamilton and Clermont counties. LCNB has 13 bank branches located throughout the MSA. As of June 30, 1999, 89% of LCNB's deposits were derived from this AA. Over the evaluation period, 77% of LCNB's home mortgage loans and 87% of its small loans to businesses and farms were derived from the AA.

LCNB's deposits in the Cincinnati MSA total approximately \$340 million. Based on FDIC market share data as of June 30, 1999, this equates to a 1.6% deposit market share which ranks LCNB as the ninth largest deposit taking institution in the MSA. The leading deposit taking institution has a 23% market share. The Cincinnati market is dominated by four financial institutions with a much stronger branch presence and a combined market share of 71%. In the Warren County area where LCNB is headquartered, the bank has a 26% market share and is the largest deposit taking institution in the county.

LCNB also serves the AA with fifteen ATMs. The ATM's are located at each LCNB branch. All deposit and loan products are available at each branch. The bank also offers a twenty-four hour telephone and on-line computer banking service.

The local economy is retail and manufacturing oriented. Services are also a primary industry followed by government.

The unemployment level for the Cincinnati MSA averaged 3.4% in 1999, compared to the state unemployment rate of 3.6% and U.S. unemployment rate of 2.81%.

Two community contacts were made during the evaluation period. The contacts were both community service organizations. One of the contacts stated that the primary credit need is affordable housing and senior home repair. The supply of affordable homes in the AA is decreasing and home prices are increasing at a higher rate than low- and moderate-income wages. One of the community service organizations is constructing affordable housing to be sold to low- and moderate-income families.

Based on the demographics of the MSA and the identified needs of more affordable housing, unmet credit and community development needs exist in the MSA. A limited level of community resources and opportunities for partnerships exist to facilitate activities to address the unmet credit and community development needs of the AA. These conclusions are based on discussions with local community service organizations, our review of CRA performance evaluations of other banks operating in the MSA, and discussions with bank management. Competition for community development loans, investments and services in the MSA is moderate and consists primarily of the financial institutions that dominate the market in terms of deposit market share.

## Hamilton-Middletown MSA

Demographic Information for the Area: Hamilton-Middletown MSA 3200 12/31/1999						Evaluation Period: 01/01/1997 TO					
Demographic Characteristic	Total	Low Income Tracts		Mod Income Tracts		Middle Income Tracts		Upper Income Tracts		NA Income Tracts	
	#	%	#	%	#	%	#	%	#	%	#
Geographies (Census Tracts/BNAs)	73	10.96	8	23.29	17	43.84	32	20.55	15	1.37	1
Population by Geography	291,479	7.65	22,310	19.99	58,278	45.26	131,929	26.40	76,937	0.69	2,025
Owner-Occupied Housing by Geography	72,365	3.53	2,558	18.21	13,175	49.46	35,794	28.79	20,831	0.01	7
Business by Geography	10,180	8.75	891	16.44	1,674	47.57	4,843	27.16	2,765	0.07	7
Farms by Geography	399	2.26	9	4.76	19	67.17	268	25.06	100	0.75	3
Family Distribution by Income Level	78,113	19.22	15,017	18.20	14,213	24.53	19,159	38.05	29,724	0.00	0
Distribution of Low and Moderate Income Families throughout AA Geographies	29,230	12.41	3,628	32.61	9,531	42.30	12,364	12.68	3,707	0.00	0
Median Family Income HUD Adjusted Median Family Income for 1999 Households Below Poverty Level	38,674 55,100 10.66%	Median Housing Value Unemployment Rate		72,490 2.64%							

(\*) The NA category consists of geographies that have not been assigned an income classification.  
Source: 1990 U.S. Census, and 1999 HUD updated MFI.

The Hamilton-Middletown MSA AA consists of Butler County. The AAs major economic centers include the communities of Middletown and Hamilton. LCNB has 3 bank branches located throughout the MSA. As of June 30, 1999, 9% of LCNB's deposits were derived from this AA. Over the evaluation period, 23% LCNB's home mortgage loans and 13% of its small loans to businesses and farms were derived from the AA.

LCNB's deposits in Butler County total approximately \$36 million. Based on FDIC market share data as of June 30, 1999, this equates to a 1.4% deposit market share which ranks LCNB as the tenth largest deposit taking institution in the MSA. The other nine institutions are mostly much larger institutions that account for approximately 96% of the overall deposit market. The two leading deposit taking institutions in the AA have a 57% market share, with a strong branch presence.

LCNB also serves the AA with three ATMs. The ATM's are located at each LCNB branch. All deposit and loan products are available at each branch. The bank also offers a twenty-four hour telephone and on-line computer banking service. LCNB opened a loan production office in October 1999. The office only accepts loan applications and does not provide any other traditional banking services.

The local economy is manufacturing and retail oriented. Services are also a primary industry followed by government.

The unemployment level for the Butler County MSA averaged 2.64% in 1999, compared to the state unemployment rate of 3.6% and U.S. unemployment rate of 2.81%. Major employers include Middletown Regional Hospital, Champion International Corporation, Ohio Casualty, Hamilton City School District, and Fort Hamilton-Hughes Hospitals.

Two community contacts were made during the evaluation period. These contacts were both community development organizations. The contacts stated that the primary credit need is affordable housing and financing for small businesses. There is a need to rehabilitate existing affordable housing units and develop new construction of affordable housing units in the AA. HOME and CDBG funds are available to create and expand the housing needs of the community.

Based on the demographics of the MSA and the identified needs of more affordable housing and small business financing, unmet credit and community development needs exist in the MSA. A moderate, but limited level of community resources and opportunities for partnerships exist to facilitate activities to address the unmet credit and community development needs of the AA. These conclusions are based on discussions with two community development companies, our review of CRA performance evaluations of other banks operating in the MSA, and discussions with bank management. Competition for community development loans, investments and services in the MSA is moderate and consists primarily of the financial institutions that dominates the market in terms of deposit market share.

## Appendix C: Tables of Performance Data

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### 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; market rank is based on the number of loans originated and purchased by the bank as compared to all other lenders in the MSA/assessment area; 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 MSA/assessment area.

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 MSA/assessment area.

**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 rank and 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 Refinance Loans** - See Table 2.

**Table 5. 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 rank and market share information based on the most recent aggregate market data available.

**Table 6. 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 rank and market share information based on the most recent aggregate market data available.

- Table 7. 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 MSA/assessment area. The table also presents market rank and market share information based on the most recent aggregate market data available.
- Table 8. Borrower Distribution of Home Improvement Loans** - See Table 7.
- Table 9. Borrower Distribution of Refinance Loans** - See Table 7.
- Table 10. 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 11. Borrower Distribution of Small Loans to Farms** - Compares the percentage distribution of the number of small loans (less than or equal to \$500 thousand) 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 12. Qualified Investments** - Presents the number and dollar amount of qualified investments made by the bank in each MSA/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.

**Table 13. 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 MSA/AA. The table also presents data on branch openings and closings in each MSA/AA.

**Table 14. 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 the population 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 MSA/assessment area.

Charter Number: 10000002360

**Table 1. Lending Volume**

LENDING VOLUME												
Evaluation Period: 01/01/1997 TO 12/31/1999												
MSA/Assessment Area	% of Rating Area Deposits in AA*	Home Mortgage**		Small Business		Small Farm		Community Development		Total Reported Loans		% of Rating Area Loans in AA (% of #)
		#	\$ (000's)	#	\$ (000's)	#	\$ (000's)	#	\$ (000's)	#	\$(000's)	
<b>Full Scope</b>												
Cincinnati MSA 1640	89.41	777	77,395	383	25,683	78	4,284	0	0	1,238	107,362	79.36
Hamilton-Middletown MSA 320	9.48	227	18,713	66	5,671	3	320	0	0	296	24,704	18.97
<b>Limited Scope</b>												
Clinton County - non-MSA	1.10	0	0	17	970	9	471	0	0	26	1,441	1.67

\* Deposit Data as of June 30, 1999

\*\* In addition to originations/purchases of home purchase, refinances and home improvement loans, Home Mortgage loan volume also includes purchases/originations of multi-family unit loans. Multi-family unit loans are not separately presented in table format.

Charter Number: 10000002360

**Table2. Geographic Distribution of Home Purchase Loans**

Geographic Distribution: HOME PURCHASE																
Evaluation Period: 01/01/1997 TO 12/31/1999																
MSA/Assessment Area	Low Income Geographies		Moderate Income Geographies		Middle Income Geographies		Upper Income Geographies		Overall Market Rank*	Market Share by Geography*					Total Home Purchase Loans	
	% Owner Occ Units	% Bank Loans	% Owner Occ Units	% Bank Loans	% Owner Occ Units	% Bank Loans	% Owner Occ Units	% Bank Loans		Overall	Low	Mod	Mid	Upp	#	% of Total**
<b>Full Scope</b>																
Cincinnati MSA 1640	0	0	3	5	58	82	39	13	24	1.0	0.0	3.6	1.6	0.3	230	76
Hamilton-Middletown MSA 3200	4	7	18	37	49	28	29	28	67	0.3	0.0	0.9	0.2	0.1	71	24
<b>Limited Scope</b>																
Clinton County - non-MSA	0	0	0	0	100	0	0	0	0	0.0	0.0	0.0	0.0	0.0	0	0

\* Based on 1998 Aggregate HMDA Data Only only. Market rank is for all income categories combined.  
 \*\* Home purchase loans within an MSA/AA as a % of all home purchase loans in the rating area.

Charter Number: 1000002360

**Table 3. Geographic Distribution of Home Improvement Loans**

Geographic Distribution: HOME IMPROVEMENT																
Evaluation Period: 01/01/1997 TO 12/31/1999																
MSA/Assessment Area	Low Income Geographies		Moderate Income Geographies		Middle Income Geographies		Upper Income Geographies		Overall Market Rank*	Market Share by Geography					Total Home Improvement Loans	
	% Owner Occ Units	% Bank Loans	% Owner Occ Units	% Bank Loans	% Owner Occ Units	% Bank Loans	% Owner Occ Units	% Bank Loans		Overall	Low	Mod	Mid	Upp	#	% of Total**
<b>Full Scope</b>																
Cincinnati MSA 1640	0	0	3	0	58	100	39	0	0	0.0	0.0	0.0	0.0	0.0	5	83
Hamilton-Middletown MSA 3200	4	0	18	100	49	0	29	0	0	0.0	0.0	0.0	0.0	0.0	1	17
<b>Limited Scope</b>																
Clinton County - non-MSA	0	0	0	0	100	0	0	0	0	0.0	0.0	0.0	0.0	0.0	0	0

\* Based on 1998 Aggregate HMDA Data Only only. Market rank is for all income categories combined.  
 \*\* Home improvement loans within an MSA/AA as a % of all home improvement loans in the rating area.

Charter Number: 1000002360

**Table 4. Geographic Distribution of Home Mortgage Refinance Loans**

Geographic Distribution: HOME MORTGAGE REFINANCE																
Evaluation Period: 01/01/1997 TO 12/31/1999																
MSA/Assessment Area	Low Income Geographies		Moderate Income Geographies		Middle Income Geographies		Upper Income Geographies		Overall Market Rank*	Market Share by Geography					Total Home Mortgage Refinance Loans	
	% Owner Occ Units	% Bank Loans	% Owner Occ Units	% Bank Loans	% Owner Occ Units	% Bank Loans	% Owner Occ Units	% Bank Loans		Overall	Low	Mod	Mid	Upp	#	% of Total**
<b>Full Scope</b>																
Cincinnati MSA 1640	0	0	3	7	58	82	39	11	11	1.8	0.0	5.6	3.0	0.4	540	78
Hamilton-Middletown MSA 3200	4	3	18	34	49	39	29	24	69	0.3	0.0	0.8	0.3	0.2	153	22
<b>Limited Scope</b>																
Clinton County - non-MSA	0	0	0	0	100	0	0	0	0	0.0	0.0	0.0	0.0	0.0	0	0

\* Based on 1998 Aggregate HMDA Data Only only. Market rank is for all income categories combined.

\*\* Refinance loans within an MSA/AA as a % of all refinance loans in the rating area.

Charter Number: 1000002360

**Table 5. Geographic Distribution of Small Loans to Businesses**

Geographic Distribution: SMALL BUSINESS																
Evaluation Period: 01/01/1997 TO 12/31/1999																
MSA/Assessment Area	Low Income Geographies		Moderate Income Geographies		Middle Income Geographies		Upper Income Geographies		Overall Market Rank*	Market Share by Geography*					Total Small Business Loans	
	% of Businesses	% Bank Loans	% of Businesses	% Bank Loans	% of Businesses	% Bank Loans	% of Businesses	% Bank Loans		Overall	Low	Mod	Mid	Upp	#	% of Total**
<b>Full Scope</b>																
Cincinnati MSA 1640	0	0	5	8	53	83	42	9	11	1.5	0.0	0.4	2.6	0.7	383	82
Hamilton-Middletown MSA 3200	9	6	16	24	48	41	27	29	16	0.9	1.2	1.4	0.9	0.5	66	14
<b>Limited Scope</b>																
Clinton County - non-MSA	0	0	0	0	100	100	0	0	10	1.3	0.0	0.0	1.3	0.0	17	4

\* Based on 1998 Aggregate Small Business Data Only only. Market rank is for all income categories combined.  
 \*\* Small Business loans within an MSA/AA as a % of all Small Business loans in the rating area.

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**Table 6. Geographic Distribution of Small Loans to Farms**

Geographic Distribution: SMALL FARM																
Evaluation Period: 01/01/1997 TO 12/31/1999																
MSA/Assessment Area	Low Income Geographies		Moderate Income Geographies		Middle Income Geographies		Upper Income Geographies		Overall Market Rank*	Market Share by Geography*					Total Loans Small Farm Loans	
	% of Farms	% Bank Loans	% of Farms	% Bank Loans	% of Farms	% Bank Loans	% of Farms	% Bank Loans		Overall	Low	Mod	Mid	Upp	#	% of Total**
<b>Full Scope</b>																
Cincinnati MSA 1640	0	0	4	1	74	95	23	4	2	30.2	0.0	0.0	38.2	0.0	78	87
Hamilton-Middletown MSA 3200	2	0	5	33	67	67	25	0	5	8.1	0.0	0.0	10.3	0.0	3	3
<b>Limited Scope</b>																
Clinton County - non-MSA	0	0	0	0	100	89	0	0	3	3.2	0.0	0.0	1.9	0.0	9	10

\* Based on 1998 Aggregate Small Business Data Only only. Market rank is for all income categories combined.

\*\* Small Farm loans within an MSA/AA as a % of all Small Farm loans in the rating area.

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**Table 7. Borrower Distribution of Home Purchase Loans**

Borrower Distribution: HMDA HOME PURCHASE										Evaluation Period: 01/01/1997 TO 12/31/1999						
MSA/Assessment Area	Low Income Borrowers		Moderate Income Borrowers		Middle Income Borrowers		Upper Income Borrowers		Overall Market Rank*	Market Share by Borrower Income*					Total Home Purchase Loans	
	% of Families	% Bank Loans**	% of Families	% Bank Loans**	% of Families	% Bank Loans**	% of Families	% Bank Loans**		Overall	Low	Mod	Mid	Upp	#	% of Total
<b>Full Scope</b>																
Cincinnati MSA 1640	14	10	16	18	24	29	46	42	24	1.0	3.1	1.3	1.3	0.9	230	76
Hamilton-Middletown MSA 3200	19	8	18	23	25	30	38	35	67	0.3	0.3	0.1	0.3	0.4	71	24
<b>Limited Scope</b>																
Clinton County - non-MSA	17	0	17	0	26	0	40	0	0	0.0	0.0	0.0	0.0	0.0	0	0

\* Based on 1998 Aggregate HMDA Data Only only. Market rank is for all income categories combined.

\*\* As a percentage of loans with borrower income information available.



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**Table 8. Borrower Distribution of Home Improvement Loans**

Borrower Distribution: HOME IMPROVEMENT																
Evaluation Period: 01/01/1997 TO 12/31/1999																
MSA/Assessment Area	Low Income Borrowers		Moderate Income Borrowers		Middle Income Borrowers		Upper Income Borrowers		Overall Market Rank*	Market Share By Borrower Income*					Total Home Improvement Loans	
	% of Families	% Bank Loans**	% of Families	% Bank Loans**	% of Families	% Bank Loans**	% of Families	% Bank Loans**		Overall	Low	Mod	Mid	Upp	#	% of Total
<b>Full Scope</b>																
Cincinnati MSA 1640	14	0	16	0	24	60	46	20	0	0.0	0.0	0.0	0.0	0.0	5	83
Hamilton-Middletown MSA 3200	19	0	18	0	25	0	38	100	0	0.0	0.0	0.0	0.0	0.0	1	17
<b>Limited Scope</b>																
Clinton County - non-MSA	17	0	17	0	26	0	40	0	0	0.0	0.0	0.0	0.0	0.0	0	0

\* Based on 1998 Aggregate HMDA Data Only only. Market rank is for all income categories combined.

\*\* As a percentage of loans with borrower income information available.

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**Table 9. Borrower Distribution of Home Mortgage Refinance Loans**

Borrower Distribution: HOME MORTGAGE REFINANCE										Evaluation Period: 01/01/1997 TO 12/31/1999							
MSA/Assessment Area	Low Income Families		Moderate Income Families		Middle Income Families		Upper Income Families		Overall Market Rank*	Market Share by Borrower Income*					Total Loans		
	% of Families	% Bank Loans**	% of Families	% Bank Loans**	% of Families	% Bank Loans**	% of Families	% Bank Loans**		Overall	Low	Mod	Mid	Upp	#	% of Total	
<b>Full Scope</b>																	
Cincinnati MSA 1640	14	9	16	19	24	30	46	41	11	1.8	3.8	3.1	2.3	1.5	540	78	
Hamilton-Middletown MSA 3200	19	10	18	17	25	25	38	47	69	0.3	0.3	0.3	0.4	0.4	153	22	
<b>Limited Scope</b>																	
Clinton County - non-MSA	17	0	17	0	26	0	40	0	0	0.0	0.0	0.0	0.0	0.0	0	0	

\* Based on 1998 Aggregate HMDA Data Only only. Market rank is for all income categories combined.

\*\* As a percentage of loans with borrower income information available.

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**Table10. Borrower Distribution of Small Loans to Businesses**

Borrower Distribution: SMALL BUSINESS			Evaluation Period: 01/01/1997 TO 12/31/1999							
MSA/Assessment Area	Businesses With Revenues of \$1 million or less			% Distribution of Loans by Original Amount Regardless of Business Size			Market Share*		Total Small Business Loans	
	% Business**	% Bank Loans***	% Market Loans*	\$100,000 or less	> \$100,000 to \$250,000	> \$250,000 to \$500,000	All	Rev \$ 1 Million or Less	#	% of Total
<b>Full Scope</b>										
Cincinnati MSA 1640	70	100	50	83	9	3	1.5	2.7	363	83
Hamilton-Middletown MSA 3200	71	92	60	13	12	8	0.9	1.2	61	14
<b>Limited Scope</b>										
Clinton County - non-MSA	70	88	62	4	6	6	1.4	2.1	15	3

\* The market consists of all other Small Business reporters in BANK's assessment area and is based on 1998 Aggregate Small Business Data Only only

\*\* Businesses with revenues of \$1 million or less as a percentage of all businesses.

\*\*\* Loans to businesses with revenues of \$1 million or less as a percentage of all loans reported as small loans to businesses. No revenue information was available for 1% of small loans to businesses reported by the BANK.

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**Table11. Borrower Distribution of Small Loans to Farms**

Borrower Distribution: SMALL FARM			Evaluation Period: 01/01/1997 TO 12/31/1999							
MSA/Assessment Area	Businesses With Revenues of \$ 1million or less			% Distribution Loans by Original Amount Regardless of Farm Size			Market Share*		Total Small Farm Loans	
	% Farms**	% Bank Loans***	% Market Loans*	\$100,000 or less	> \$100,000 to \$250,000	> \$250,000 to \$500,000	All	Rev \$ 1 Million or Less	#	% of Total
<b>Full Scope</b>										
Cincinnati MSA 1640	95	24	63	89	92	83	30.2	32.5	86	89
Hamilton-Middletown MSA 3200	97	5	54	3	33	0	8.1	13.0	3	3
<b>Limited Scope</b>										
Clinton County - non-MSA	92	53	97	9	0	17	3.2	3.2	8	8

\* The market consists of all other Small Farm reporters in BANK's assessment area and is based on 1998 Aggregate Small Business Data Only .

\*\* As a Percentage of Farms with known revenues.

\*\*\* As a percentage of loans with borrower income information available.

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**Table 12. Qualified Investments**

QUALIFIED INVESTMENTS		Evaluation Period: 03/28/1997 TO 12/31/1999							
MSA/Assessment Area	Prior Period Investments*		Current Period Investments		Total Investment			Unfunded Commitments**	
	#	\$(000's)	#	\$(000's)	#	\$(000's)	% of Total	#	\$(000's)
<b>Full Scope</b>									
Cincinnati MSA 1640	1	10	17	69	18	79	97.53	0	0
Hamilton-Middletown MSA 3200	0	0	2	2	2	2	2.47	0	0
<b>Limited Scope</b>									
Clinton County - non-MSA	0	0	0	0	0	0	0.00	0	0

\* 'Prior Period Investments' means investments made in a previous evaluation period that remains outstanding as of the examination date.

\*\* "Unfunded Commitments" means legally binding commitments reported on Report of Condition Schedule L "Off-Balance Sheet Items".

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**Table13. Distribution of Branch Delivery System and Branch Openings/Closings**

DISTRIBUTION OF BRANCH DELIVERY SYSTEM																	Evaluation Period: 03/28/1997 TO 12/31/1999			
MSA/Assessment Area	Deposits	Branches						Branch Openings/Closings						Population						
	% of Total Bank Deposits	# of Bank Branches	% of Total Bank Branches	Location of Branches by Income of Geographies (%)				# of Branch Closings	# of Branch Openings	Net gain(+) / loss(-) of branches due to openings/closings				% of the Population with Each Geography*						
				Low (%)	Mod (%)	Mid (%)	Upp (%)			Low	Mod	Mid	Upp	Low	Mod	Mid	Upp			
<b>Full Scope</b>																				
Cincinnati MSA 1640	89.41	13	76.47	0.00	0.00	84.62	15.38	1	2	0	0	+1	0	0.00	4.73	56.43	36.95			
Hamilton-Middletown MSA 3200	9.48	3	17.65	0.00	33.33	66.67	0.00	0	2	0	0	+2	0	7.65	19.99	45.26	26.40			
<b>Limited Scope</b>																				
Clinton County - non-MSA	1.10	1	5.88	0.00	0.00	100.00	0.00	0	0	0	0.000	100.00	0	0.00	0.00	100.00	0.00			

\* The percentage of the population in the MSA/AA that resides in these geographies.