



SMALL BANK

Comptroller of the Currency
Administrator of National Banks

PUBLIC DISCLOSURE

June 25, 2003

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

**Champaign National Bank
Charter Number 916**

**601 Scioto Street
Urbana, Ohio 43078**

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

NOTE: This document is an evaluation of this institution's record of meeting the credit needs of its entire community, including low- and moderate-income neighborhoods consistent with safe and sound operation of the institution. This evaluation is not, 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.

*The document is an evaluation of the CRA performance of **Champaign National Bank** prepared by the **Office of the Comptroller of the Currency**, the institution's supervisory agency, as of June 25, 2003. The agency rates the CRA performance of an institution consistent with the provisions set forth in Appendix A to 12 CFR Part 25.*

INSTITUTION'S CRA RATING

This institution has a *Satisfactory* record of meeting community credit needs. This rating is supported by:

- The distribution of the bank's lending activities reflects reasonable penetration among individuals of different income levels (including low- and moderate-income borrowers) and business of different sizes.
- The bank's loan-to-deposit ratio is more than reasonable when compared with similarly situated banks.
- A majority of the bank's lending activity occurs within its assessment area.

DESCRIPTION OF INSTITUTION

Champaign National Bank (CNB) is a wholly owned subsidiary of a one-bank holding company, Futura Banc Corp. Both CNB and its holding company are headquartered in the City of Urbana, Ohio in Champaign County. Urbana is in western Ohio about 50 miles west of Columbus, Ohio. The bank has nine additional full services branches located in Champaign, Logan, Union, Delaware, Franklin, and Summit Counties. Summit County is the only non-contiguous county. All the other counties are located in Central Ohio. The branch in Summit County is located in Akron, Ohio, which is 160 miles northeast of Urbana, Ohio. In Champaign, Logan, and Union Counties, the bank's business focus is residential real estate, commercial, commercial real estate, and agricultural lending. CNB's main focus in Delaware, Franklin, and Summit Counties is commercial and commercial real estate lending.

In its March 31, 2003 Call Report, the bank reported total assets of \$271 million with net loans representing 79.48% of that asset base. Commercial and commercial real estate loans were

51.02% of CNB's loan portfolio, residential real estate lending accounted for 23.77%, and agricultural production and loans secured by farmland represented 12.48%. Consumer loans accounted for 4.35% with various other loans categories at 8.38%.

At the prior CRA examination, as of February 23, 1998, the bank received a satisfactory CRA rating. No legal or financial impediments exist that could restrict the bank's ability to serve its community credit needs.

DESCRIPTION OF ASSESSMENT AREAs

CNB has three assessment areas (AAs). One AA is not within a Metropolitan Statistical Area (non-MSA AA), another is within the Columbus, Ohio MSA #1840 (Columbus MSA AA), and the third AA is within the Akron, Ohio MSA #80 (Akron MSA AA). All three AAs meet the requirements of the regulation and do not arbitrarily exclude any low- or moderate-income areas.

The non-MSA AA consists of all of Champaign and Logan Counties, two block numbering areas (BNAs) in southern Hardin County, and two BNAs in southern Union County. According to the 1990 Census, this entire AA consists of two (9.5%) moderate-income BNAs, 13 (61.9%) middle-income BNAs, and six (28.6%) upper-income BNAs. The 2002 Department of Housing and Urban Development (HUD) estimated family income for non-MSA areas of Ohio is \$48,700. Of all the families living in this AA, 15.38% are classified as low-income (with 10.22% living below the poverty line), 16.35% are classified as moderate-income, 23.57% are classified as middle-income, and 44.70% are classified as upper-income. Businesses with annual revenues of \$1 million or less (considered small business for this Act) account for 77.98% of all the business entities in this AA. Farms with annual revenues of \$1 million or less account for 96.88% of all farms in this AA. As of the 1990 Census, this AA had a population of 93,187. This AA has 38,999 housing units, with 66.09% owner occupied. The median housing value, as of the 1990 Census, was \$61,699.

The non-MSA AA is primarily rural with an agricultural and manufacturing focus. Some of the largest employers in this AA include Allied Signal, Johnson Welded Products Inc., Navistar International, Honda of America Manufacturing Inc., KTH Parts Industries, and other suppliers to Honda.

Competition is strong, and comes from 11 community banks and branches of four large banks throughout the non-MSA AA.

The Columbus MSA AA consists of nine Census Tracts (CTs) in the northwest corner of Franklin County, three CTs in the southwest part of Delaware County, and one CT in the northern section of Madison County. According to the 1990 Census, this AA consists of four (30.8%) middle-income tracts and nine (69.2%) upper-income tracts. The 2002 HUD estimated median family income for the entire Columbus MSA AA is \$63,400. Of all the families living in this AA, 5.91% are classified as low-income (with 2.66% living below the poverty line), 10.81% are classified as moderate-income, 21.51% are classified as middle-income, and 61.77% are classified as upper-income. Businesses with annual revenues of \$1 million or less account for 74.15% of all the business entities in this AA.

The Columbus MSA AA is metropolitan with a focus on government services and education, financial services, and retail sales, with some manufacturing interests. The largest employers in this AA include the State of Ohio, The Ohio State University, the United States Government including the Defense Supply Center and the Defense Finance and Accounting Service, Honda of America Manufacturing, Inc., Banc One Corporation, the Limited Inc, and Nationwide.

Competition is very strong, and comes from over 20 banks, mostly large with a few community banks, that are either headquartered or have offices in the Columbus MSA AA.

The Akron MSA AA consists of seven CTs in west-central Summit County. According to the 1990 Census, this AA consists of four (57.1%) middle-income tracts and three (42.9%) upper-income tracts. The 2002 HUD estimated median family income for the entire Akron MSA AA is \$55,600. Of all the families living in this AA, 10.17% are classified as low-income (with 5.49% living below the poverty line), 10.91% are classified as moderate-income, 19.33% are classified as middle-income, and 59.59% are classified as upper-income. Businesses with annual revenues of \$1 million or less account for 79.14% of all the business entities in this AA.

The Akron MSA AA is a metropolitan area with its focus on health care, manufacturing, local government, and education. The largest employers in this AA include SUMMA Health System, Akron General Health System, The Goodyear Tire & Rubber Company, the Summit County Government, the Akron School District, the City of Akron, First Energy Corp., and The University of Akron.

Competition is strong with 21 banks, large and community that are either headquartered or have offices in the Akron MSA AA.

As of June 2003, the unemployment rates for the counties in all three AAs are as follows: Champaign 7.4%, Logan 4.5%, Union 4.3%, Franklin 5.4%, Delaware 3.9%, Madison 5.4%, and Summit 5.9%. While these rates are in line with the national and State of Ohio unemployment

rates of 6.5% (this is the June 2003 rate for the both the country and the state), the overall economic conditions for the country, the state, and the AAs have declined compared with conditions at the last CRA examination. For November 1997 (the unemployment date used for the prior CRA examination), the average unemployment rates for the counties in the AAs were 3.45%, and the state and national unemployment rates were 4.4% and 4.6%, respectively.

Several discussions with local economic and community development leaders in these AAs indicated that community credit needs of home purchasing, business financing, and farm lending are being met.

CONCLUSIONS ABOUT PERFORMANCE CRITERIA

Loan-to-Deposit Ratio

CNB's loan-to-deposit (LTD) ratio is more than reasonable. Over last 21 quarters since the last CRA examination, the bank's quarterly LTD ratio averaged 95.61%. This is above the LTD ratio average of 84.05% exhibited by similarly situated financial institutions over the same time period. Similarly situated refers to financial institutions with total assets between \$144 and 329 million, as of March 31, 2003, and having at least one office in one of CNB's AAs. Further evidence to support the conclusion in this area is that CNB has sold \$73 million in residential real estate loans to the secondary market since the last CRA examination. This amount translates to 30.86% of total deposits as of March 31, 2003.

Lending in Assessment Areas

The bank makes a majority of its loans within its AAs. The bank's primary loans types are commercial and commercial real estate, loans secured by 1-4 family residential properties (home purchase and home refinance loans), and agricultural production and loans secured by farmland. For the years 2000 through 2002, the bank originated 315 home purchase and home refinance loans for \$37,566,000. Of those, the bank 59.68%, based on the number of loans originated, and 48.65%, based on the dollar amount originated, within its AAs. For the CNB's other primary loan types, we randomly sampled 20 loans originated in the amount of \$4,488,000 during the years 2000 through 2002. Out of that sample, the bank made 60%, based on the number of loans, and 45.34%, based on the dollar amount of loans originated, within its AAs.

Lending to Borrowers of Different Incomes and to Businesses of Different Sizes

The bank's lending to borrowers of different income levels and business of different sizes is reasonable. Performance in each individual AA is consistent with this overall conclusion. Please refer to the comments listed under each AA for more specific detail on the bank's performance in each AA.

Non-MSA AA (Champaign, Hardin, Logan, and Union Counties):

The following tables illustrate reasonable lending distribution among borrowers of different income levels, especially low- and moderate-income borrowers, and business of different sizes in the non-MSA AA. For this AA, the bank's most significant loan types are home purchase and home refinance, commercial and commercial real estate, and agricultural production and loans secured by farmland. This is the bank's most significant AA with a substantial majority (85.64%) of the bank's home loan activity, 27.15% of the bank's commercial and commercial real estate lending, and most of the bank's agricultural lending.

The apparent minimal penetration to low-income borrowers is reasonable given that 10.22% of the households in the non-MSA AA live below the poverty line and would likely not meet the credit standards for home mortgage loans.

| Non-MSA AA Distribution of Loans for Home Purchase by Borrower Income | | | |
|--|--|--|------------------|
| <i>Income Category</i> | <i>Percentage of families by income category in the AA</i> | <i>Percentage of sample in each category</i> | |
| | | <i>By Number</i> | <i>By Dollar</i> |
| Low-income | 15.38% | 3.85% | 2.17% |
| Moderate-income | 16.35% | 20.51% | 15.11% |
| Middle-income | 23.57% | 21.79% | 13.36% |
| Upper-income | 44.70% | 53.85% | 69.36% |

Source: 2002 through 2002 Home Mortgage Disclosure Act (HMDA) Loan Activity Report (LAR).

| Non-MSA AA Distribution of Loans for Home Refinance by Borrower Income | | | |
|---|--|--|------------------|
| <i>Income Category</i> | <i>Percentage of families by income category in the AA</i> | <i>Percentage of sample in each category</i> | |
| | | <i>By Number</i> | <i>By Dollar</i> |
| Low-income | 15.38% | 9.43% | 8.59% |
| Moderate-income | 16.35% | 13.21% | 9.30% |
| Middle-income | 23.57% | 32.08% | 29.16% |
| Upper-income | 44.70% | 45.28% | 52.95% |

Source: 2000 through 2002 HMDA LAR.

| Non-MSA AA Distribution of Commercial and Commercial Real Estate by Business Size (sample size = 20) | | | |
|---|---|--|------------------|
| <i>Business Size</i> | <i>Percentage of businesses by size in the AA</i> | <i>Percentage of sample in each category</i> | |
| | | <i>By Number</i> | <i>By Dollar</i> |
| Small (\$1 million of less in revenue) | 77.98% | 80.00% | 74.90% |
| Large | 6.06% | 20.00% | 25.10% |
| Revenue not reported | 15.96% | 0% | 0% |

Source: Commercial and commercial real estate loans originated in 2000 through 2002.

| Non-MSA AA Distribution of Agricultural Production Loans and Loans Secured by Farmland by Farm Size (sample size = 20 loans) | | | |
|---|--|--|------------------|
| <i>Farm Size</i> | <i>Percentage of farms by size in the AA</i> | <i>Percentage of sample in each category</i> | |
| | | <i>By Number</i> | <i>By Dollar</i> |
| Small (\$1 million or less in annual revenue) | 96.88% | 100% | 100% |
| Large | 2.31% | 0% | 0% |
| Revenue not reported | 0.81% | 0% | 0% |

Source: Agricultural production loans and loans secured by farmland originated in 2000 through 2002.

Columbus, Ohio MSA #1840

During the review period, the bank originated 23 home purchase and home refinance loans and only collected income information on 20 of those loans in the Columbus MSA AA. This is not enough home loan activity in this AA to perform an analysis of the distribution of home loans by borrower income. Conclusions in this AA for lending to borrowers of different incomes and businesses of different sizes are based on the bank's only primary loan type in this AA, commercial and commercial real estate. This is the bank's second most significant AA with 39.27% of the bank's commercial and commercial real estate business. The following table and explanation demonstrate reasonable lending distribution among businesses of different sizes.

| Columbus MSA AA Distribution of Commercial and Commercial Real Loans by Business Size (sample size = 20 loans) | | | |
|---|---|--|------------------|
| <i>Business Size</i> | <i>Percentage of businesses by size in the AA</i> | <i>Percentage of sample in each category</i> | |
| | | <i>By Number</i> | <i>By Dollar</i> |
| Small (\$1 million or less in annual revenue) | 74.15 | 50.00% | 24.81% |
| Large | 7.52 | 45.00% | 74.92% |
| Revenue not reported | 18.33 | 5.00% | 0.27% |

Source: Commercial and commercial real estate loans originated in 2000 through 2002.

We talked with bank management regarding the low penetration, considering the demographics of the AA, to small businesses. The bank originated numerous large commercial real estate loans to entities with annual revenues of more than \$1 million. These large loans skewed the percentage by dollar amount toward large businesses. The bank's offices in this AA are located in areas with heavy retail traffic. The majority of the businesses in closest proximity to the bank's offices are large businesses with annual revenues over \$1 million and constitute a majority of the bank's customer base.

Akron, Ohio MSA #80

During the review period, the bank originated four home purchase and home refinance loans. This is not enough home loan activity in this AA to perform an analysis of the distribution of home loans by borrower income. Conclusions in this AA for lending to borrowers of different incomes and businesses of different sizes are based on the bank's only primary loan type in this AA, commercial and commercial real estate. The bank originated 33.58% of its commercial and commercial real estate business in this AA. The following table demonstrates reasonable lending distribution among businesses of different sizes.

| Akron MSA AA Distribution of Commercial and Commercial Real Estate Loans by Business Size (sample size = 20 loans) | | | |
|---|---|--|------------------|
| <i>Business Size</i> | <i>Percentage of business by size in AA</i> | <i>Percentage of sample in each category</i> | |
| | | <i>By Number</i> | <i>By Dollar</i> |
| Small (\$1 million or less in annual revenue) | 79.14% | 80.00% | 87.83% |
| Large | 7.74% | 10.00% | 6.89% |
| Revenue not reported | 13.12% | 10.00% | 5.28% |

Source: Commercial and commercial real estate loans originated in 2000 through 2002.

Based on analysis for all three AAs, the bank is meeting the community credits for home, business, and farm loans identified by the community contacts.

Geographic Distribution of Loans

The CTs in the Columbus, Ohio MSA and the Akron, Ohio MSA are all like geographies (either middle- or upper-income). Therefore, an analysis of the geographic distribution of loans in these AAs would not be meaningful. An analysis of the geographic distribution of loans in the non-MSA AA is meaningful. Because only one of the bank's AAs is being reviewed, this performance criteria area is weighted less than the other performance criteria.

Given the demographics of the non-MSA AA, the distribution of the bank's loan portfolio reflects reasonable penetration among all income categories, including the moderate-income area. The following four tables illustrate this conclusion.

| Non-MSA AA Distribution of Loans for Home Purchase by Geography | | | |
|--|--|---|---|
| | <i>Percentage of owner occupied units in each type of income tract</i> | <i>Percentage of loans in each type of tract by number of loans</i> | <i>Percentage of loans in each type of income tract by dollar amount of loans</i> |
| Moderate-income tract (2) | 6.19% | 8.14% | 7.74% |
| Middle-income tract (13) | 59.58% | 53.49% | 44.79% |
| Upper-income tract (6) | 34.23% | 38.37% | 47.47% |

Source: 2000 through 2002 HMDA LAR

| Non-MSA AA Distribution of Loans for Home Refinance by Geography |
|---|
|---|

| | <i>Percentage of owner occupied units in each type of income tract</i> | <i>Percentage of loans in each type of tract by number of loans</i> | <i>Percentage of loans in each type of income tract by dollar amount of loans</i> |
|---------------------------|--|---|---|
| Moderate-income tract (2) | 6.19% | 5.33% | 2.55% |
| Middle-income tract (13) | 59.58% | 48.00% | 46.03% |
| Upper-income tract (6) | 34.23% | 46.67% | 51.42% |

Source: 2000 through 2002 HMDA LAR

| Distribution of Commercial and Commercial Real Estate by Geography (sample size = 20 loans) | | | |
|--|--|---|--|
| | <i>Percentage of businesses in each type of income tract</i> | <i>Percentage of loan sample in each type of income tract by number</i> | <i>Percentage of loan sample in each type of income tract by dollar amount</i> |
| Moderate-income tract (2) | 5.13% | 20.00% | 19.67% |
| Middle-income tract (13) | 60.81% | 60.00% | 45.16% |
| Upper-income tract (6) | 34.07% | 20.00% | 35.17% |

Source: Commercial and commercial real estate loans originated in 2000 through 2002.

| Non-MSA AA Distribution of Agricultural Production and Loans Secured by Farmland by Geography (sample size = 20 loans) | | | |
|---|---|---|--|
| | <i>Percentage of farms in each type of income tract</i> | <i>Percentage of loans in each type of tract by number of loans</i> | <i>Percentage of loans in each type of tract by dollar amount of loans</i> |
| Moderate-income tract (2) | 1.01% | *0% | *0% |
| Middle-income tract (13) | 51.96% | 40.00% | 45.67% |
| Upper-income tract (6) | 47.03% | 60.00% | 54.33% |

Source: Agricultural productions loans and loans secured by farmland originated in 2000 through 2002.

*The fact that there were no agricultural loans made in moderate-income tracts (in this sample) is not a concern given the low percentage of farms within moderate-income tracts.

Responses to Complaints

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

Fair Lending Review, Other Illegal Credit Practices, and Predatory and Abusive Lending Practices.

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