



LARGE BANK

Comptroller of the Currency
Administrator of National Banks

Washington, DC 20219

Public Disclosure

February 29, 2000

Community Reinvestment Act Performance Evaluation

First Citizens National Bank
Charter Number: 13618

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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 **First Citizens National Bank** prepared by the **Office of the Comptroller of the Currency (OCC)**, the institution's supervisory agency, as of **February 29, 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.

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 **Satisfactory**.

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

Performance Levels	First Citizens National Bank Performance Tests		
	Lending Test*	Investment Test	Service Test
Outstanding			
High Satisfactory	X		X
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 reflect a good responsiveness to the credit needs of the assessment area.
- The geographic distribution of mortgage loans reflects an adequate penetration throughout the assessment area.
- The geographic distribution of small loans to businesses reflects an excellent penetration throughout the assessment area.
- The distribution of borrowers reflects a good penetration among customers of different income levels.
- The distribution of borrowers reflects an excellent penetration among business customers of different sizes.
- There is an excellent level of community development lending.
- There is an adequate volume of qualified investments and donations.
- The bank's service delivery systems are accessible to geographies and individuals of different income levels.
- The bank provides a good amount of community development services.
- FCNB uses innovative and flexible lending practices that serve LMI individuals in the assessment area.

Description of Institution

First Citizens National Bank (FCNB) is headquartered in Mansfield, Pennsylvania and, as of December 31, 1999, had total assets of \$338 million. FCNB is a wholly owned subsidiary of Citizens Financial Services Incorporated, a one-bank holding company, also located in Mansfield, Pennsylvania. Citizens' Financial Services had total assets of \$340 million as of December 31, 1999 and its only subsidiary is FCNB. FCNB has no other affiliates or operating subsidiaries. There have been no mergers, acquisitions, or branch openings/closings.

FCNB is an intrastate bank with ten branches located in Tioga, Bradford, and Potter counties in Pennsylvania. In addition, there are thirteen ATMs: each branch has an ATM and there are three stand-alone ATMs (Mansfield University and Wal Mart department store in Mansfield and Soldiers and Sailors Memorial Hospital in Wellsboro, PA.). FCNB operates in a very rural, non-MSA market area. FCNB's business focus is to provide retail-banking services to its community. FCNB offers a full range of loan, deposit, and trust services. In addition, the bank offers 24 hour Bank-by-Phone and Internet Banking.

As of December 31, 1999 FCNB had net loans of \$229 million or 67% of total assets. The loan portfolio comprises 63% residential real estate loans, 17% commercial and commercial real estate loans, 7% agricultural credits, 7% consumer installment loans and 6% municipal loans. Total investment securities, all held as available-for-sale, were \$90 million or 28% of total assets. Tier 1 Capital as of December 31, 1999 is \$26 million and the Tier 1 Leverage ratio is 7.69%. There are no legal or financial impediments which would hinder the bank's ability to help meet the credit needs of its community. FCNB received a satisfactory rating at their last CRA performance evaluation dated January 6, 1998.

Scope of the Evaluation

Evaluation Period/Products Evaluated

The evaluation period for the lending test covers activity from January 1, 1998 to December 31, 1999. The evaluation period for the investment and service tests covers activities from January 7, 1998 to February 29, 2000.

FCNB is not required to report loans subject to HMDA because it does not have a home or branch office in an MSA. The bank does maintain a Fair Housing Lending Log. Therefore, all data contained in Appendix C: Tables of Performance Data for home purchase, home improvement, and home refinanced mortgages is based on a sample taken from the bank's Fair Housing Lending Log. Twenty home purchase loans, twenty home improvement loans, and twenty home refinance mortgages were used as the sample for the lending test. Data was collected from the individual loan files. Also, because FCNB is not a HMDA reporter, no market share data is available. Our HMDA analysis is based on comparisons of FCNB's lending patterns to the demographics of the AA.

We included all small business and farm loans originated and reported in 1999, and all community development loans, in our analysis. For the Investment and Service tests, we considered qualified investment activity and FCNB's record of providing retail and community development services. The 1998 small business loan data was not used due to the data integrity issues that were identified. These issues are discussed under Data Integrity.

Data Integrity

FCNB began to collect small business loan data in accordance with the CRA regulation on January 1, 1998. However, we determined that this data was not accurate. Therefore, the 1998 small business loan data was not used in this evaluation.

We tested data integrity by comparing a sample of small business loans to the small business Loan Application Register (LAR). Prior to the CRA examination and during a data integrity review, we noted that in 1998 FCNB reported revenues for all businesses as "unknown". In addition, we noted that BNA codes had not been recorded and management was reporting all business loans, including renewals. Reporting of renewals has the effect of overstating the bank's lending volume. FCNB did not correct the 1998 small business LAR and information in the public file remains incorrect for this year.

No market share data is available regarding the bank's small business lending as the only market share data currently available is for 1998. Again, our analysis of small business lending is based on FCNB's lending patterns compared to the demographic

data of the AA. We used the 1999 small business loan data in our analysis, which was verified as accurate during the CRA examination.

Selection of Areas for Full-Scope Review

FCNB has only one AA in a non-MSA. The AA consists of all of Bradford and Tioga Counties and the northeast portion of Potter County. This area received a full-scope review and our ratings are based on the results of this review. Refer to the table in **Appendix A** for more information.

Ratings

The bank's overall rating is based primarily on those areas that received full-scope reviews. As FCNB has only one AA, it received a full scope review.

Other

During our examination, we contacted one housing organization via telephone to discuss credit needs and community development opportunities throughout the AA. The contact indicated that the primary needs are housing related and loans for the purpose of establishing small businesses or credit for small businesses. Community development projects and investment opportunities are limited. The contact also indicated that the bank has been involved with every project that the housing agency has proposed and comes to the agency offering to help.

We reviewed a contact made in December of 1998 to a Chamber of Commerce. This contact indicated the need for affordable, decent housing since it is estimated that 62% of the local population are either welfare recipients or retirees. There is also a need for loans for the purpose of establishing new small businesses.

Fair Lending Review

A Fair Lending examination was performed in conjunction with this CRA examination. We tested for discrimination on a gender basis by comparing terms on purchase money mortgage loans for approved female borrowers to those of approved male borrowers. Our sample consisted of all purchase money mortgage loans that were originated in 1999. We also reviewed bank policies and procedures that are used to comply with the requirements of the Fair Lending regulations. Our analysis detected no evidence of disparate treatment and found satisfactory systems in place to support the bank's Fair Lending compliance efforts. No violations of the substantive provisions of 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 high satisfactory. Based on a full-scope review, the bank's performance in the non-MSA is good. FCNB's home mortgage and small business lending performance were weighed more heavily than farm lending, as these are primary loan products for the bank. Housing credit for LMI individuals and small business loans are primary credit needs in the AA. FCNB's community development lending had a positive effect on the bank's lending rating.

Lending Activity

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

FCNB's lending levels are good based on the volume of lending and the loan originations being responsive to the credit needs of the AA. No HMDA market share data is available because the bank is not a HMDA reporter, and the 1998 small business loan data was not used in the evaluation since it was not accurate, as discussed previously.

Total loan originations for the evaluation period were \$64.7 million, representing 28% of the total loan portfolio as of December 31, 1999. Of the total originations by number of loans, 72% were for home mortgage products, an identified credit need, and 23% were small loans to businesses, another credit need of the AA. Another indicator that the bank is lending is the loan to deposit ratio, which was 80% at December 31, 1999 and 74% at year-end 1998.

In Bradford County, FCNB has four branches and the fourth largest market share of deposits in the county at 11.61%. There are only seven banks operating in Bradford County, according to the Market Share Report for Deposits of all FDIC-insured institutions. The three banks with more deposits have more offices in the county.

In Tioga County, FCNB has four branches and the second largest market share of deposits in this county with 34.75%. There are only five banks operating in this county, according to the Market Share Report for Deposits of all FDIC-insured institutions. The bank with the larger market share of deposits has more branches in the county.

In Potter County, FCNB has two branches and has the largest market share in the county with a market share of 33.20%. There are only four banks operating in this county, according to the Market Share Report for Deposits of all FDIC-insured institutions. The bank with the second largest market share of deposits has four branches in the county. The remaining two institutions each have one branch in the county.

Distribution of Loans by Income Level of the Geography

The geographic distribution of home mortgage and small loans to businesses is good.

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.

There are no low-income or upper-income geographies within FCNB's AA and, therefore, an analysis of these geographies are not applicable.

FCNB's home mortgage geographic distribution reflects an adequate penetration throughout the AA. There are only two moderate-income geographies within the bank's AA, both located in Potter County. The percentage of home purchase (10%), home improvement (5%), and home mortgage refinance (5%) loans appears low in relation to the number of owner-occupied housing units (39%) within the moderate-income geographies. However, in the moderate-income geographies 20% of the 39% owner occupied units are mobile homes. Originations of mobile home mortgages are not captured in the data presented on **Tables 2, 3, and 4 of Appendix C**. Mobile home loans are accounted for under the bank's consumer loans, which the bank did not request us to include in the evaluation. FCNB has a total of 98 mobile home loans totaling \$1.6 million outstanding on the March 1, 2000 consumer trail balance. Mobile home parks are primarily located in the moderate-income tracts.

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. Again there are no low- or upper-income geographies in the bank's AA, so an analysis is not applicable. FCNB's percentage of small loans to businesses located in moderate-income geographies significantly exceeds the percentage of businesses located within those geographies.

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.

The geographic distribution of small loans to farms is adequate. Again, there are no low- or upper-income geographies, so an analysis is not applicable. In moderate-income geographies the percentage of bank-originated small loans to farms is 2% versus 7% of farms. FCNB does not originate a large volume of small loans to farms; only 54 loans or 8% of originations were made during the evaluation period.

Lending Gap Analysis

There are no unexplained conspicuous gaps in FCNB's mortgage, small business, or small farm lending patterns.

Inside/Outside Ratio

FCNB does the majority of its lending within their AA. The volume of loans originated in the AA during the evaluation period is as follows: home mortgage loans 83%, small business 93%, and small farm 89%.

Distribution of Loans by Income Level of the Borrower

The borrower distribution of home mortgage and small loans to businesses is good.

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 borrower distribution of home mortgage lending is good. Lending to moderate-income borrowers is excellent. Lending to moderate-income borrowers is near the demographics for home purchase loans and significantly above the demographics for home improvement and refinance mortgages. Twenty-one percent of the families in the assessment area are moderate-income.

FCNB's lending to low-income borrowers for home purchase, home improvement, and home mortgage refinance loans is low when compared to the percentage of families that are low-income. However, there are two factors that affect the bank's ability to lend to low-income individuals.

- It is difficult for a low-income individual to afford a home. A low-income individual earns less than \$17,600 per year, while the median housing cost is

\$47,700 based on 1990 census data. Fourteen percent of the households are not just low-income, but are below the poverty level. Twenty percent of the families in the assessment area are low-income.

- For the entire AA, 19% of the housing is mobile homes or trailers and represents a significant source of housing for low-income individuals, according to the community contact and bank management. Originations of mobile home mortgages are not captured in the data presented on **Tables 7, 8, and 9** of **Appendix C**. The bank did not request us to consider consumer loans in the evaluation. FCNB has a total portfolio of 98 mobile home loans totaling \$1.6 million outstanding, according to March 1, 2000 bank data.

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 distribution of small business loans is excellent. FCNB's percentage of loans to small businesses significantly exceeds the percentage of small businesses in the AA. The small business loans originated for \$100 thousand or less represents 87% of all 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 businesses.

The distribution of small farm loans is good. FCNB's percentage of loans to small farms substantially meets the percentage of small farms in the AA. A significant majority of the bank's small farm loans, 72%, are for loans that originated for \$100 thousand or less.

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.

Community development lending is excellent. FCNB has originated one community development loan in the amount of \$600 thousand during the evaluation period. The project is a 30-unit apartment complex for the elderly (62 years of age or older) and for persons with incomes below 50% of the median income.

According to the community contact and discussions with bank management, this community development project is the only community development project in the

AA. The project is considered innovative because it is the first project of this type in a rural community that has a very limited capacity for community development lending. This project is responsive to the identified credit needs in the assessment area as it provides housing to low-income individuals.

Product Innovation and Flexibility

FCNB offers flexible loan programs to serve the mortgage credit needs of the AA. FCNB offers a pre-approval program for individuals, which allows the consumer to shop for a house and know what they can afford. This program is innovative for the area, as it is new and it helps meet the needs of LMI individuals who are interested in home ownership.

FCNB also offers access to a program that provides lower interest rates than may be available in the secondary market. FCNB is involved with the USDA Rural Development program. The purpose of this program is to provide qualified applicants in eligible rural areas with affordable financing for the purchase of a modest and decent single family dwelling. This program is specifically directed at low-income families. In addition, FCNB also offers mortgages with as little as 5% down with private mortgage insurance (PMI), a variety of mortgage terms, and fixed and variable rates.

FCNB, as a local community bank, has more flexibility to adapt its lending products to individual needs than do larger regional lending institutions. All of the above products are responsive to the affordable housing credit need of the AA. The lending activity under these programs was not available.

INVESTMENT TEST

Conclusions for Areas Receiving Full-Scope Reviews

The bank's performance under the Investment Test is rated low satisfactory. Based on a full-scope review, the bank's performance in the non-MSA is adequate. The community contact indicated that qualified investment opportunities are very limited due to the rural area in which FCNB operates. The contact also stated that, to his knowledge, the bank's pledge to purchase tax credits was the only community development project in the area.

Refer to **Table 12** in **Appendix C** for the facts and data used to evaluate the bank's level of qualified investments.

During the evaluation period the bank has made grants and donations totaling \$10,650. The majority of the donations (\$10,000) were to a health service organization, which provides health care services primarily to LMI individuals and families. Donations to community development organizations represent 16% of the

bank's total donations during the evaluation period and are in response to the needs of the community.

The bank has committed to purchase a tax credit of \$700 thousand. The commitment is legally binding and is tracked through the bank's record keeping system. The tax credit will be used to fund an apartment building for low-income individuals, which is responsive to the identified credit need for affordable housing in the assessment area.

SERVICE TEST

Conclusions for Areas Receiving Full-Scope Reviews

The bank's performance under the Service Test is rated high satisfactory. Based on a full-scope review of the non-MSA, services are good.

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.

FCNB's service delivery systems are accessible to all geographies and individuals of different income levels in the AA. Again, there are no low- or upper-income geographies in the AA. FCNB operates ten branches: four in Bradford County, four in Tioga County, and two in Potter County. The two branches in Potter County are located in a moderate-income geography.

Twenty percent of the bank's branches are in moderate-income geographies, which significantly exceeds the population residing in moderate-income geographies. The bank has not opened or closed any offices within the evaluation period.

All offices have ATMs. There are three additional stand alone ATMs: two in Mansfield (Mansfield University and Wal-Mart Department Store) and one in Wellsboro (Soldiers and Sailors Memorial Hospital). The stand-alone ATMs are cash dispensing machines and all are located in middle-income geographies. All offices, except Genesee, Gillette, and the Weis Super Market branch in Wellsboro, have drive-up teller service available. The Gillette and Weis offices are both in middle-income geographies, while the Genesee branch is in a moderate-income geography. Hours at the Gillette branch are Monday and Thursday 10 AM to 5 PM, Tuesday and Wednesday 10 AM to 2 PM. Friday 10 AM to 6 PM, and Saturday 9 AM to noon. Hours at the Weis branch are Monday through Friday 10 am to 8 pm, and Saturday and Sunday 10 AM to 4 PM. All other branch hours, including service at the drive-ups, are Monday through Thursday 8:30 AM to 4:30 PM, Friday 8:30 AM to 6PM, and Saturday 8:30 AM to noon.

FCNB also offers 24 hour Bank-by-Phone and Internet Banking. We did not place

significant weight on the Bank-by- Phone and Internet Banking services because management does not maintain documentation that illustrates how these alternative delivery systems serve low- and moderate-income geographies and individuals.

Community Development Services

FCNB provides a good level of community development services. Twelve bank employees and officers provide services to ten community organizations. Two organizations relate to LMI housing needs, one organization relates to small farms, and the remaining relate to economic development groups that support small businesses. FCNB's staff uses their financial expertise and banking knowledge to review loan applications, budgets, and financial statements for these organizations. Employee's involvement in community development services is responsive to the needs of the AA. The following are examples of the services provided and organizations served by FCNB's staff.

Housing Organizations (Tioga-Bradford Housing Authority and Potter County Housing and Redevelopment Authority) - Four bank employees participate as board members for the two organizations. The organizations serve similar needs in their respective counties. Each organization assists LMI families in obtaining and maintaining affordable housing.

Tioga County AG Land Preservation Board - This organization helps protect small farms from being acquired and developed. One FCNB staff member is a member of the Board.

Community Development Organizations (Northern Tier Regional Planning Commission Loan Committee, BOOM, Inc., Urban Development Action Grant Loan Committee, Northern Bradford Authority Loan Committee, Sayre Community Corp., Blossburg Improvement Associations, Troy Area Industrial Development Corp.) - All of these entities assist small businesses by providing loans, grants, and other funding. Most of the entities also attempt to attract new small businesses to their respective areas and retain the current small businesses in the area. Seven employees donate their time to these organizations as either board members and/or loan committee members that determine the financial qualifications of small business loan applicants.

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.

Time Period Reviewed	Lending Test: January 1, 1998 to December 31, 1999 Investment Test: January 7, 1998 to February 29, 2000 Service Test: January 7, 1998 to February 29, 2000	
Financial Institution		Products Reviewed
First Citizens National Bank(FCNB) Mansfield, Pennsylvania		Residential mortgages, small business loans, small farm loans, and community development loans.
Affiliate(s)	Affiliate Relationship	Products Reviewed
NA	NA	NA
List of Assessment Areas and Type of Examination		
Assessment Area	Type of Exam	Other Information
Non-MSA (includes all of Bradford and Tioga Counties, and parts of Potter County)	Full-Scope	None

Appendix B: Market Profiles for Full-Scope Areas

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Market Profiles for Areas Receiving Full-Scope Reviews
Nonmetropolitan Area..... B-2

Nonmetropolitan Area

Demographic Information for Full-Scope Area: (Name of MSA or Nonmetropolitan Area)						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies BNAs	28	0	7	93	0	NA
Population by Geography	4,744	0	6	94	0	NA
Owner-Occupied Housing by Geography	49,101	0	39	61	0	NA
Businesses by Geography	4,070	0	6	94	0	NA
Farms by Geography	645	0	7	93	0	NA
Family Distribution by Income Level	31,789	20	21	24	35	NA
Distribution of Low- and Moderate-Income Families throughout AA Geographies	13,004	0	7	93	0	NA
Median Family Income HUD Adjusted Median Family Income for 1998 Households Below the Poverty Level	= \$28,934 = \$35,200 = 14%	Median Housing Value Unemployment Rate				= \$47,709 = 5.1%

(*) The NA category consists of geographies that have not been assigned an income classification.
Source: 1990 U.S. Census, and 199X HUD updated MFI.

Description of the Assessment Area (Non-MSA)

FCNB has one assessment area (AA) consisting of all of Tioga and Bradford Counties and the northeast portion of Potter County, Pennsylvania. FCNB's AA is located in a non-MSA. There are two moderate-income geographies and twenty-six middle-income geographies. Both moderate-income geographies are located within Potter County.

FCNB operates ten branches and thirteen ATMs in this AA. Major competitors in the area are Citizens and Northern Bank, Keystone Financial Bank, N.A., People's State Bank, Sovereign Bank, and Citizens Trust Company. As of January 2000, the unemployment rate for Tioga County is 5.8%, for Bradford County 4.4%, and for Potter County 5.7%. Pennsylvania unemployment rate overall for January 2000 is 4.0%. The top five employers in each County are as follows:

Tioga - Ward Manufacturing Inc., Northern Tioga School District, North Penn Comprehensive Health, Truck Lite Co., Inc., and State System of Higher Education;
Bradford - Robert Packer Hospital, Osram Sylvania Products Inc., Taylor Packing Co., Inc., E I Dupont De Nemours and Co., and Bradford County;
Potter - Adelpia Communications, Charles Cole Memorial Hospital, Hyperion Communications, Morris Compressors Inc., and Pennsylvania State Government.

The demographic information for the AA reveals that housing is not easily affordable for low-income residents. Low-income in the AA is less than 50% of the median family

income or less than \$17,600 per year. The median housing cost is \$47,700, based on 1990 census data.

Community Credit Needs

We contacted one housing organization. The contact indicated that the primary credit needs are housing related, particularly for LMI individuals, and for loans for the purpose of establishing small businesses or credit for small business. This contact stated that, while overall housing needs were being better met now than prior to 1998, housing related credit and assistance was the number one credit need in the area. Review of another community contact revealed that similar types of credit were needed in the AA.

Community Development Opportunities

Community development opportunities were also discussed with the housing organization. The contact confirmed that opportunities are very limited due to the rural area in which FCNB operates. The contact also stated that, to his knowledge, the bank's participation in the low-income housing project and the pledge to purchase tax credits was the only community development project in the area.

Appendix C: Tables of Performance Data

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. The table also compares the banks percentage distribution with the percentage of loans originated and purchased by all other small business reporters in the bank's AA to businesses with revenues of \$1 million or less and is based on the most recent aggregate market data available. 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. The table also compares the banks percentage distribution with the percentage of loans originated and purchased by all other small farm reporters in the bank's AA to farms with revenues of \$1 million or less and is based on the most recent aggregate market data available. 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 have been reported on schedule RC-L of the Call Reports as an off-balance sheet item.
- 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.

Table 2. Geographic Distribution of Home Purchase Loans

Geographic Distribution: HOME PURCHASE																	State: Pennsylvania		Evaluation Period: January 1, 1998 TO December 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**							
Full-Scope:																							
Non- MSA - Tioga, Bradford, Potter Counties	NA	NA	39	10	61	90	NA	NA	NA	NA	NA	NA	NA	NA	20	100							
Limited-Scope:																							

(*) Based on 199X Aggregate HMDA Data only. Market rank is for all income categories combined.
 (***) Home purchase loans originated and purchased in the MSA/AA as a percentage of all home purchase loans originated and purchased in the rated area.

Table 3. Geographic Distribution of Home Improvement Loans

Geographic Distribution: HOME IMPROVEMENT																
State: Pennsylvania																
Evaluation Period: January 1, 1998 TO December 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**
Full-Scope:																
Non- MSA - Tioga, Bradford, Potter Counties	NA	NA	39	5	61	95	NA	NA	NA	NA	NA	NA	NA	NA	20	100
Limited-Scope:																

(*) Based on 199X Aggregate HMDA Data only. Market rank is for all income categories combined.

(**) Home improvement loans originated and purchased in the MSA/AA as a percentage of all home improvement loans originated and purchased in the rated area.

Table 5. Geographic Distribution of Small Loans to Businesses

Geographic Distribution: SMALL LOANS TO BUSINESSES																
State: Pennsylvania																
Evaluation Period: January 1, 1998 TO December 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**
Full-Scope:																
Non- MSA - Tioga, Bradford, Potter Counties	NA	NA	6	19	94	81	NA	NA	NA	NA	NA	NA	NA	NA	218	100
Limited-Scope:																

(*) Based on 199X Aggregate Small Business Data only. Market rank is for all income categories combined.

(**) Small loans to businesses originated and purchased in the MSA/AA as a percentage of all small loans to businesses originated and purchased in the rated area.

Table 7. Borrower Distribution of Home Purchase Loans

Borrower Distribution: HOME PURCHASE																	State: Pennsylvania		Evaluation Period: January 1, 1998 TO December 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***						
Full-Scope:																						
Non- MSA - Tioga, Bradford, Potter Counties	20	10	21	20	24	35	35	35	NA	NA	NA	NA	NA	NA	20	100						
Limited-Scope:																						

(*) As a percentage of loans with borrower income information available. No information was available for XX% of loans originated and purchased by the bank.
 (**) Based on 199X Aggregate HMDA Data only. Market rank is for all income categories combined.
 (***) Home purchase loans originated and purchased in the MSA/AA as a percentage of all home purchase loans originated and purchased in the rated area.

8. Borrower Distribution of Home Improvement Loans

Borrower Distribution: HOME IMPROVEMENT State: Pennsylvania Evaluation Period: January 1, 1998 TO December 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***
Full-Scope:																
Non- MSA - Tioga, Bradford, Potter Counties	20	0	21	35	24	15	35	50	NA	NA	NA	NA	NA	NA	20	100
Limited-Scope:																

(*) As a percentage of loans with borrower income information available. No information was available for XX% of loans originated and purchased by the bank.
 (**) Based on 199X Aggregate HMDA Data only. Market rank is for all income categories combined.
 (***) Home improvement loans originated and purchased in the MSA/AA as a percentage of all home improvement loans originated and purchased in the rated area.

Table 10. Borrower Distribution of Small Loans to Businesses

Borrower Distribution: SMALL LOANS TO BUSINESSES			State: Pennsylvania			Evaluation Period: January 1, 1998 TO December 31, 1999				
MSA/Assessment Area:	Businesses with Revenues of \$1 million or less			Loans by Original Amount Regardless of Business Size			Market Share****		Total Small Loans to Businesses	
	% of Businesses*	% BANK Loans**	% Market Loans***	\$100,000 or Less	> \$100,000 to \$250,000	> \$250,000 to \$1,000,000	All	Rev \$1 million or less	#	% of Total*****
Full-Scope:										
Non- MSA - Tioga, Bradford, Potter Counties	76	85	NA	87	8	5	NA	NA	218	100
Limited-Scope:										

(*) Businesses with revenues of \$1 million or less as a percentage of all businesses.
 (**) Small loans to businesses with revenues of \$1 million or less as a percentage of all loans reported as small loans to businesses. No information was available for XX% of small loans to businesses originated and purchased by the bank.
 (***) The market consists of all other Small Business reporters in the MSA/AA and is based on 199X Aggregate Small Business Data only.
 (****) Based on 199X Aggregate Small Business Data only.
 (***** Small loans to businesses originated and purchased in the MSA/AA as a percentage of all small loans to businesses originated and purchased in the rated area.

Table 11. Borrower Distribution of Small Loans to Farms

Borrower Distribution: SMALL LOANS TO FARMS			State: Pennsylvania			Evaluation Period: January 1, 1998 TO December 31, 1999				
MSA/Assessment Area:	Farms with Revenues of \$1 million or less			Loans by Original Amount Regardless of Farm Size			Market Share****		Total Small Farm Loans	
	% of 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*****
Full-Scope:										
Non- MSA - Tioga, Bradford, Potter Counties	99	94	NA	72	19	9	NA	NA	54	100
Limited-Scope:										

(*) Farms with revenues of \$1 million or less as a percentage of all farms.
 (**) Small loans to farms with revenues of \$1 million or less as a percentage of all loans reported as small loans to farms. No information was available for XX% of small loans to farms originated and purchased by the bank.
 (***) The market consists of all other Small Farm reporters in the MSA/AA and is based on 199X Aggregate Small Farm Data only.
 (****) Based on 199X Aggregate Small Farm Data only.
 (*****) Small loans to farms originated and purchased in the MSA/AA as a percentage of all small loans to farms originated and purchased in the rated area.

Table 12. Qualified Investments

QUALIFIED INVESTMENTS State: Pennsylvania Evaluation Period: January 1, 1998 TO December 31, 1999									
MSA/Assessment Areas:	Prior Period Investments*		Current Period Investments		Total Investments			Unfunded Commitments**	
	#	\$ (000's)	#	\$ (000's)	#	\$ (000's)	% of Total \$	#	\$ (000's)
Full-Scope:									
Non- MSA - Tioga, Bradford, Potter Counties	0	0	0	0	8	10,650	16	1	697
Limited-Scope:									

(*) ΔPrior Period InvestmentsΔ means investments made in a previous evaluation period that are outstanding as of the examination date.

(**) ΔUnfunded CommitmentsΔ means legally binding investment commitments reported on the Report of Condition Schedule-L ΔOff Balance Sheet Items.Δ

Table 13. Distribution of Branch Delivery System and Branch Openings/Closings

DISTRIBUTION OF BRANCH DELIVERY SYSTEM AND BRANCH OPENINGS/CLOSINGS				State: Pennsylvania				Evaluation Period: January 1, 1998 TO December 31, 1999									
MSA/Assessment Area:	Deposits	Branches						Branch Openings/Closings						Population			
	% of Rated Area Deposits in MSA/AA	# of BANK Branches	% of Rated Area Branches in MSA/AA	Location of Branches by Income of Geographies				# of Branch Closings	# of Branch Openings	Net Change in Location of Branches (+ or -)				% of the Population within Each Geography			
				Low	Mod	Mid	Upp			Low	Mod	Mid	Upp	Low	Mod	Mid	Upp
Full-Scope:																	
Non- MSA - Tioga, Bradford, Potter Counties	100	10	100	0	20	80	0	0	0	NA	NA	NA	NA	NA	6	94	NA
Limited-Scope:																	