

# **PUBLIC DISCLOSURE**

October 20, 2008

## **COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION**

The Citizens Banking Company  
RSSD: 542528

100 East Water Street  
Sandusky, Ohio 44870-0000

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

**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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## INSTITUTION'S CRA RATING

**This institution is rated "Satisfactory."**

**The Lending Test is rated: "Satisfactory."**

**The Community Development Test is rated: "Satisfactory."**

The major factors and criteria contributing to this rating include:

- A more than reasonable loan-to-deposit ratio, given the bank's size, financial condition, and assessment area credit needs;
- A majority of loans and other lending-related activities are in the assessment area;
- The geographic distribution of loans reflects a reasonable distribution throughout the assessment areas;
- A reasonable penetration among individuals of different income (including low- and moderate-income individuals) levels and businesses of different sizes;
- There have been no complaints filed against the bank since the previous CRA evaluation; and,
- The bank's community development performance demonstrates adequate responsiveness to community development needs of its assessment area through community development loans, qualified investments, and community development services, as appropriate, considering the bank's capacity and the need and availability of such opportunities for community development in the bank's assessment area.

The previous CRA evaluation on September 25, 2006 resulted in a "Satisfactory" rating.

## SCOPE OF EXAMINATION

The evaluation of The Citizens Banking Company's (Citizens) Community Reinvestment Act (CRA) performance covered the bank's level of lending for the period of January 1, 2008 through June 30, 2008. The bank's performance regarding community development lending, services, and investments was evaluated from October 1, 2006 to the evaluation date. This evaluation was performed using the interagency intermediate small bank procedures. Under this examination method, the bank was evaluated by considering lending and community development activity throughout its assessment area.

The lending test includes the analysis of:

- The loan-to-deposit ratio;
- The volume of loans extended inside and outside of the bank's assessment area;
- The geographic distribution of loans in the assessment area, including low- and moderate-income census tracts;
- The extent of lending to borrowers of different income levels, including low- and moderate-income borrowers and businesses of different sizes, including small businesses and small farms; and,
- The bank's record of taking action in response to written complaints about its performance in helping to meet credit needs in its assessment areas.

The lending products reviewed for this evaluation included small business loans, mortgage loans subject to the reporting requirements of the Home Mortgage Disclosure Act (HMDA), consumer loans, and small farm loans. Under Regulation B, which implements the Equal Credit Opportunity Act, businesses and farms with gross annual revenues of \$1 million or less are classified as small businesses and small farms. In this evaluation, small business and small farm loans include real estate-secured and non-real estate secured loans. For this evaluation, HMDA loans consisted of home purchase loans, home refinance loans, and home improvement loans. Consumer loans were comprised of home equity loans, motor vehicle loans, other-secured loans, and other-unsecured loans. For the remainder of this report, lending products will be discussed using the following categories: small business loans, HMDA loans, consumer loans, and small farm loans.

During this evaluation period, Citizens originated 1,116 business loans, 954 HMDA loans, 2,097 consumer loans, and 266 agricultural (farm) loans. The bank's Uniform Bank Performance Report (UBPR) from June 30, 2008 revealed that business loans represented 46.15% of the bank's loan portfolio. HMDA loans accounted for 35.77% of the bank's loan portfolio. Consumer loans and farm loans represented 2.33% and 7.75%, respectively, of the bank's loan portfolio. Small business loans received the most weight because they had the highest volume by dollar amount and the bank is trying to actively grow this business.

HMDA loans received the next greatest weight because of their dollar volume, followed by consumer loans. There were only two assessment areas in which there were enough small farm loans to conduct a meaningful analysis. Small farm loans were given the least amount of weight in these two areas because they had the lowest volume by number.

The geographic distribution of loans among various income census tracts within the bank's assessment area was evaluated using data from the 2000 U.S. Census report. Specifically, the bank's geographic distribution with respect to small business and small farm lending was assessed by comparing the percentage of small businesses and small farms within the various-income census tracts throughout the bank's assessment area to the bank's percentage of small business and small farm lending within these tracts. The bank's geographic distribution of HMDA loans was assessed by comparing the percentage of loans made within the bank's census tracts to the percentage of owner-occupied housing units within the respective census tracts. The bank's geographic distribution with respect to consumer lending was assessed by comparing the bank's percentage of consumer lending within the various-income census tracts to the total percentage of households by income within the respective census tracts.

The analysis of the bank's distribution of loans to borrowers of different income levels was based on the annually adjusted median family income statistics from the U.S. Department of Housing and Urban Development (HUD) for 2007. Citizens' borrower distribution of small business and small farm lending was assessed by comparing the bank's percentage of lending to such entities to the percentage of small business and small farms within the respective assessment areas. Additionally, the bank's borrower income distribution with respect to HMDA loans was assessed by comparing the percentage of loans made to borrowers in each income category (low-, moderate-, middle-, and upper-income) to the percentage of families in each income category in the bank's assessment area. Lastly, the bank's borrower distribution of consumer lending was evaluated by comparing the percentage of loans made to households in each income category to the percentage of households in each income category.

The level of poverty is also taken into consideration in evaluating the bank's lending performance. Although poverty level is determined by income and family size, a larger proportion of poverty-level families were found in the low-income category and, to some extent, in the moderate-income category. It can be difficult for borrowers at the poverty level to qualify for loans because their income is limited. Within the bank's total assessment area, 5.53% of the families live below the poverty level.

A review of the bank's qualified community development loans, investments, and services were reviewed from October 1, 2006 to this evaluation date. Specifically, this portion of the evaluation included an analysis of the following factors:

- The number and dollar amount of community development loans;
- The number and dollar amount of community development investments;
- The extent to which the bank provides community development services; and,

- The bank's responsiveness to the community development needs of its assessment area through community development loans, qualified investments, and community development services

This CRA evaluation included reviews of the bank's lending performance throughout its entire assessment area. Specifically, Citizens' lending performance in the Sandusky, Ohio Metropolitan Statistical Area (MSA) 41780, the Mansfield, Ohio MSA 31900, the Northwest Ohio Nonmetropolitan Area, and the West Central Nonmetropolitan Area were reviewed using full scope evaluations. Limited-scope reviews were conducted for the portions of the bank's assessment area located in the Columbus, Ohio MSA 18140, the Toledo, Ohio MSA 45780, and the Akron, Ohio MSA 10420 due to either the bank being relatively new to the area or to its limited presence in the above areas. The determination of which assessment areas would be reviewed using full scope analysis and which were reviewed using the limited scope analysis, was based on factors such as the concentration of lending in the respective areas in comparison to the bank's overall lending portfolio, the extent of the bank's presence in the respective areas, and opportunities for lending and community development activities in the respective areas. The assessment areas being reviewed under the full scope analysis were then weighted in descending order, based on these factors. Based on this information, the assessment areas reviewed under the full scope analysis method were weighted as follows: Sandusky, Ohio MSA 41780, Northwest Ohio Nonmetropolitan Area, Mansfield, Ohio MSA 31900, and West Central Nonmetropolitan Area. Citizens' assessment area contains one low-income census tract and 18 moderate-income census tracts, which comprise 0.63% and 11.32%, respectively, of all tracts in the bank's assessment area. Due to the lack of low-income census tracts and the limited amount of moderate-income census tracts in relation to middle- and upper-income census tracts, the bank's geographic distribution of lending received less weight than the bank's borrower distribution of lending in making overall conclusions regarding lending performance. Low- and moderate-income individuals can reside in any census tract and small businesses can also be located in any census tract. As such, the bank's level of lending to borrowers of different income levels and to businesses of different revenue sizes was given more consideration in this evaluation.

## DESCRIPTION OF INSTITUTION

Citizens is headquartered in Sandusky, Ohio and is owned by First Citizens Banc Corp, also located in Sandusky, Ohio. As of June 30, 2008, Citizens had total assets of approximately \$1.1 billion, which represents an increase of approximately 50% since the previous evaluation. This significant growth in assets is largely attributed to the bank's 2007 acquisition of Champaign National Bank (Champaign), located in Urbana, Ohio, and the bank's 2007 acquisition of Miami Valley Bank (Miami Valley), located in Lakeview, Ohio. Citizens still operates under the name of Champaign Bank in the areas where that bank was located. Although the bank's assets exceeded \$1.033 billion as of December 31, 2007, its assets were \$7.4 million as of December 31, 2006. The bank will not be considered a large bank until its assets exceed the large bank threshold for two consecutive years.

Citizens is a full-service retail bank offering deposit accounts and consumer, real estate, commercial, and agricultural loans. The bank also offers a full range of trust services and investment accounts.

The following chart illustrates the bank's loan portfolio as of June 30, 2008, December 31, 2007, and December 31, 2006.

| COMPOSITION OF LOAN PORTFOLIO             |                  |                |                  |                |                  |                |
|---|------------------|----------------|------------------|----------------|------------------|----------------|
| Loan Type                                 | 6/30/2008        |                | 12/31/2007       |                | 12/31/2006       |                |
|   | \$ (000s)        | Percent        | \$ (000s)        | Percent        | \$ (000s)        | Percent        |
| Construction and Development              | 33,846           | 4.2%           | 33,480           | 4.2%           | 28,294           | 5.1%           |
| Secured by One- to Four- Family Dwellings | 287,081          | 35.8%          | 292,800          | 37.0%          | 199,722          | 36.0%          |
| Other Real Estate:                        |                  |                |                  |                |                  |                |
| Farmland                                  | 45,796           | 5.7%           | 49,987           | 6.3%           | 34,142           | 6.1%           |
| Multifamily                               | 30,429           | 3.8%           | 30,799           | 3.9%           | 32,750           | 5.9%           |
| Nonfarm nonresidential                    | 283,819          | 35.4%          | 268,206          | 33.9%          | 184,257          | 33.2%          |
| Commercial and Industrial                 | 86,587           | 10.8%          | 78,386           | 9.9%           | 48,159           | 8.7%           |
| Loans to Individuals                      | 18,701           | 2.3%           | 20,644           | 2.6%           | 20,147           | 3.6%           |
| Agricultural Loans                        | 16,381           | 2.0%           | 17,255           | 2.2%           | 7,823            | 1.4%           |
| <b>Total</b>                              | <b>\$802,640</b> | <b>100.00%</b> | <b>\$791,557</b> | <b>100.00%</b> | <b>\$555,294</b> | <b>100.00%</b> |

\* This table does not include the entire loan portfolio. Specifically, it excludes loans to depository institutions, bankers acceptances, lease financing receivables, obligations of state and political subdivisions, and other loans that do not meet any other category. Contra assets are also not included in this table.

Including the main office, Citizens has 27 offices with full-service automated teller machines (ATM), one office with a cash-only ATM, and one branch with no ATM. The bank also has two loan production offices, one full-service stand-alone ATM, and eight stand-alone cash-only ATMs. The bank's offices, ATM network and loan production offices are predominately located in the western and central parts in Ohio. Offices are located in Champaign, Crawford, Erie, Franklin, Huron, Logan, Madison, Marion, Ottawa, Richland, Summit, and Union Counties. The bank's branch and ATM network distribution is as follows:

- The main office, which has a full-service ATM, is located in a moderate-income census tract.
- 23 offices with full-service ATMs are located in middle-income census tracts.
- One office without an ATM and one with a cash-only ATM are in the middle-income tracts.
- Nine cash-only ATMs are located in middle-income census tracts.
- Three offices with full-service ATMs are located in upper-income census tracts.

The two loan production offices are located in middle-income tracts.

Citizens also has one trust office in Troy, Ohio. The only activities conducted in this office are trust related services. This office does not accept deposits for non-trust accounts nor does it originate loans. Therefore, this office is not considered a branch for purposes of the CRA evaluation and is not included in the bank’s assessment area.

The following table compares the percentage of offices by census tracts to the overall tract composition and the percentage of families living in these tracts.

| <b>Tract Income Level</b> | <b>Percentage of Tracts</b> | <b>Percentage of Offices</b> | <b>Percentage of Families</b> |
|---------------------------|-----------------------------|------------------------------|-------------------------------|
| Low                       | 0.63                        | 0.00                         | 0.04                          |
| Moderate                  | 11.32                       | 3.45                         | 7.94                          |
| Middle                    | 58.49                       | 86.21                        | 57.39                         |
| Upper                     | 29.56                       | 10.34                        | 34.62                         |

There are no offices in the low-income tract; however, because there are only 82 families in this tract, branching opportunities are limited. The percentage of the bank’s offices in moderate-income tracts is significantly below the percentage of tracts and percentage of families in these tracts. Citizens’ main office is in downtown Sandusky in a moderate-income tract. In addition, other delivery systems, such as online banking, permit Citizens’ customers to conduct routine banking services such as funds transfers and online bill payment. As such, there is no evidence that the bank is arbitrarily excluding certain tracts from its branching network.

The only branch openings since the previous evaluation came as result of the 2007 acquisitions of Champaign and Miami Valley. Citizens gained offices in Champaign, Franklin, Madison and Summit Counties with the Champaign merger. With the acquisition of Miami Valley Bank, Citizens acquired two offices in Logan County.

Since the previous evaluation, Citizens consolidated its two offices located in Plymouth, Ohio into one location. Due to the close proximity of these offices, this consolidation was not considered a branch closing. The bank also closed two of its three cash-only ATMs since the previous evaluation. Both of these ATMs were located on the Lake Erie island of Put-in-Bay.

The acquisitions also resulted in the growth of Citizens’ assessment area. There were three assessment areas at the previous evaluation, rather than the seven at this review. Citizens’ overall assessment area was expanded to also include portions of central and northeast Ohio. This expansion was in addition to the bank’s existing assessment areas, which was primarily located in northwestern Ohio. As of this evaluation, Citizens has seven assessment areas containing 159 census tracts. Specifically, the assessment area is comprised of the following census tracts:

- 1 low-income census tract
- 18 moderate-income census tracts
- 93 middle-income census tracts
- 47 upper-income census tracts

Citizens designated 11 middle-income census tracts in Huron County as part of its assessment area. Each of these tracts have been designated as distressed areas, as defined by the Community Development Financial Institutions Fund (CDFI), because of unemployment levels. Middle-income distressed areas are those that have unemployment rates of at least one-and-one half times greater than the national average; poverty rates of 20 percent or more; population losses of ten percent or more between decennial census years; or net migration losses of five percent or more over the five-year period prior to the most recent census. This information can be found on the Federal Financial Institution Examination Council's (FFIEC) website at [www.ffiec.gov](http://www.ffiec.gov).

There are no legal or financial constraints preventing Citizens from meeting the credit needs of its assessment area, consistent with its asset size, business strategy, resources, and current economic conditions.

## CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS

### Lending Test

The bank is rated “Satisfactory” under the lending test.

### *Loan-to-Deposit Ratio*

A financial institution’s loan-to-deposit ratio compares the institution’s outstanding aggregate loan balances to its total outstanding deposits. This ratio is a measure of an institution’s lending volume relative to its capacity to lend. This ratio is derived by dividing the institution’s quarterly amount of net loans by its quarterly amount of total deposits.

Citizens’ loan-to-deposit ratio is more than reasonable given its size, financial condition, and the credit needs of its assessment area. The bank has averaged a quarterly loan-to-deposit ratio of 97.10% since the previous evaluation. In seven of the eight quarters reviewed, Citizens’ loan-to-deposit ratio exceeded that of its peers. The average loan-to-deposit ratio for Citizens’ peers was 89.75% during this time period. Beginning in the second quarter of 2007, Citizens’ loan-to-deposit ratios began to steadily increase as a result of the bank’s acquisition of Miami Valley Bank and its merger with Champaign Bank.

The following table details Citizens’ quarterly loan-to-deposit ratios for the past eight quarters, since the previous evaluation.

| <b>Loan-to-Deposit Ratios</b>  |                           |                                |                   |                   |
|--|---------------------------|--------------------------------|-------------------|-------------------|
| <b>As of Date</b>  | <b>Net Loans \$(000s)</b> | <b>Total Deposits \$(000s)</b> | <b>Bank Ratio</b> | <b>Peer Ratio</b> |
| June 30, 2008  | \$796,114                 | \$806,097                      | 98.76             | 96.59             |
| March 31, 2008   | \$795,962                 | \$852,250                      | 93.40             | 94.52             |
| December 31, 2007  | \$786,333                 | \$848,892                      | 92.63             | 89.45             |
| September 30, 2007   | \$581,763                 | \$557,919                      | 104.27            | 88.56             |
| June 30, 2007  | \$578,421                 | \$558,846                      | 103.50            | 87.86             |
| March 31, 2007   | \$558,087                 | \$576,216                      | 96.85             | 86.56             |
| December 31, 2006  | \$548,496                 | \$580,719                      | 94.45             | 86.83             |
| September 30, 2006   | \$536,261                 | \$577,062                      | 92.93             | 87.60             |
| <b>Quarterly Loan-to-Deposit Ratio Since the Previous Evaluation</b> |                           |                                | <b>97.10</b>      | <b>89.75</b>      |

### *Lending in the Assessment Area*

The following table reveals that 89.04% of the bank’s loans were made inside the assessment. Further, a majority (82.58%) of loans, when measured by dollar amount, were also made inside the assessment area.

| <b>Lending Inside and Outside the Assessment Area</b> |                                   |          |                  |          |                                    |          |                  |          |
|---|-----------------------------------|----------|------------------|----------|------------------------------------|----------|------------------|----------|
| <b>Loan Type</b>                                      | <b>Inside the Assessment Area</b> |          |                  |          | <b>Outside the Assessment Area</b> |          |                  |          |
|   | <b># of Loans</b>                 | <b>%</b> | <b>\$ (000s)</b> | <b>%</b> | <b># of Loans</b>                  | <b>%</b> | <b>\$ (000s)</b> | <b>%</b> |
| HMDA  | 853                               | 89.4     | 81,835           | 86.5     | 101                                | 10.6     | 12,814           | 13.5     |
| Small Business  | 930                               | 83.3     | 91,380           | 76.2     | 186                                | 16.7     | 28,528           | 23.8     |
| Small Farm  | 227                               | 85.3     | 17,775           | 86.7     | 39                                 | 14.7     | 2,732            | 13.3     |
| Consumer  | 1,937                             | 92.4     | 28,956           | 92.6     | 160                                | 7.6      | 2,320            | 7.4      |
| <b>Total Loans</b>                                    | 3,947                             | 89.0     | 219,947          | 82.6     | 486                                | 11.0     | 46,394           | 17.4     |

### **Geographic and Borrower Distribution**

The bank’s overall geographic and borrower distribution is considered reasonable. As noted within this report, the bank’s geographic and borrower distributions vary from excellent to poor throughout its assessment areas. These variations are largely due to the geographic compositions of the respective areas, varied opportunities for lending, and economic conditions unique to each area. Refer to each assessment area’s performance ratings for further details regarding how these ratings were reached.

### **Response to Consumer Complaints**

Citizens received no CRA-related consumer complaints during this evaluation period.

### **Community Development Test**

The bank is rated “Satisfactory” under the community development test.

For the evaluation period, Citizens originated four community development loans totaling \$2,075,000. The bank’s community development loans include a loan to a center that provides various community services to children from low- and moderate-income families. In addition, the bank made approximately \$1.2 million in community development donations during this evaluation period. These qualified investments include a participation bond for affordable housing to Ottawa Residential Services, Inc. between Citizens and various other banking organizations. As of June 2008, the outstanding balance of this bond was approximately \$1,183,208.00. The bank also provides various community development financial services to local organizations. Specific details of community development activities are discussed in the respective assessment area sections of this report.

### **FAIR LENDING OR OTHER ILLEGAL CREDIT PRACTICES REVIEW**

No evidence of discriminatory or other illegal credit practices, inconsistent with helping meet the credit needs of the community, was identified during this evaluation. Further, Citizens has adopted fair lending policies and procedures that adequately enable the bank to identify, monitor, and control risks associated with CRA and the Equal Credit Opportunity Act.

## **DESCRIPTION OF SANDUSKY, OH METROPOLITAN ASSESSMENT AREA 41780**

The Sandusky, Ohio MSA consists of the entirety of Erie County, Ohio. This area contains a total of 18 census tracts: five moderate-, ten middle-, and three upper-income census tracts.

Both the bank and the holding company maintain their headquarters in this area and the bank has historically operated in this area. The greatest percentage of loans originated in this evaluation period was from this assessment area. The bank originated 37.02% of loans in the Sandusky MSA. As such, the bank's performance in this area received the most weight for this evaluation.

A community contact was made with an agency serving low- and moderate-income individuals in Erie and Huron Counties. The contact stated substantial unemployment rates have created significant financial and community development needs throughout this area. This contact further recognized the difficulty that local banks may have in providing lending to local individuals and businesses, as many may be less credit-worthy now due to increased unemployment rates. However, this contact also stated that local banks should provide more assistance to the local community through community development services. Many local community service organizations sponsor various events benefiting local residents. However, hosting such events is becoming more challenging, as these organizations have a need for financing and corporate support. As such, this contact believes that support from local financial institutions would benefit this area's low- and moderate-income residents.

### **Population**

The 2000 U.S. Census report indicated that the total population of the Sandusky MSA was 79,551. Specifically, individuals aged 17 years and younger accounted for 24.72% of the population. Individuals aged 18 to 24 represented 7.22% and individuals aged 25 to 64 represented 52.50% of the area's total population. Persons aged 65 and over represented 15.57% of the assessment area's total population.

The Office of Strategic Research of the Ohio Department of Development estimated that Erie County's population decreased by 1.80% from 2000 to 2006, but would increase by 4.23% from 2006 to 2010.

### **Income Characteristics**

Based on data released by HUD in 2000, the median family income for the Sandusky MSA was \$51,747, which exceeded the State of Ohio median family income of \$50,037. In 2007, HUD estimated that the median family income for this area rose to \$55,400, which represents an increase of 6.59% since 2000.

As of 2000, there were 31,756 households within this area. Further, 21,939 of these households were designated as families. Of these families, 19.00% were low-income, 18.58% were moderate-income, 23.33% were middle-income, and 39.09% were upper-income. Additionally, 6.01% of these families had incomes below the poverty level.

### **Housing**

According to the 2000 U.S. Census report, there were 35,909 housing units in this MSA. The majority (63.64%) of these units were owner-occupied, while 24.71% were rental units. Vacant units accounted for 11.65% of all housing units. In addition, one-unit properties represented 74.47% of all housing units within this area. Properties containing five or more units accounted for 10.70% of all housing units. Two-to-four unit properties and other units equaled 10.21% and 0.14%, respectively, of all housing units. This data further revealed that 24.82% of all housing units were located in moderate-income census tracts and 58.57% of all housing units were located in middle-income census tracts. Further, 16.60% of all housing units were located in upper-income census tracts. Therefore, most of Citizens' lending would be expected in this area's middle-income census tracts.

### **Economics**

Data from the Ohio Department of Development<sup>1</sup> indicated that manufacturing, retail trade, and accommodation and food services are the largest employment industries in Erie County. Although the aforementioned industries employ the largest numbers of people throughout Erie County, only manufacturing is among the area's highest paying industries. Jobs with the Federal Government and construction are the other highest paying industries for this area. In addition, tourism is a major source of commerce for this area. As such, it is expected that the area's unemployment levels would fluctuate during traditional non-tourist seasons. Cedar Point Amusement Park, Kalahari Resorts, and Delphi Corporation are the area's major employers.

According to the Ohio Department of Job and Family Services,<sup>2</sup> Erie County's unemployment rate was 7.4% as of October 2008. This figure exceeded the national and state seasonally-adjusted unemployment rates of 6.5% and 7.3%, respectively, for that time period.

There is significant banking competition throughout the Sandusky MSA. As of June 30, 2008, the Federal Deposit Insurance Corporation (FDIC)<sup>3</sup> reported that there were 11 FDIC-insured financial institutions operating a total of 27 offices in this area. These statistics also indicate that Citizens ranked first, holding 31.38% of the market share of deposits. Key Bank National Association, which operates five offices in this area, ranked second, holding 26.15% of the market share of deposits. National City Bank, which operates four offices in this area, ranked third, with 15.97% of the market share of deposits.

The following demographic table illustrates this assessment area.

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1 [www.odod.state.oh.us](http://www.odod.state.oh.us)

2 [www.lmi.state.oh.us](http://www.lmi.state.oh.us)

3 [www.fdic.gov](http://www.fdic.gov)

### Combined Demographics Report

Citizens Banking Company

Assessment Area(s): MSA 41780

| Income Categories                      | Tract Distribution               |   | Families by Tract Income |                         | Families < Poverty Level as % of Families by Tract |                             | Families by Family Income |              |
|--|----------------------------------|---|--------------------------|-------------------------|--|-----------------------------|---------------------------|--------------|
|  | #                                | %   | #                        | %                       | #  | %                           | #                         | %            |
| Low-income                             | 0                                | 0.0   | 0                        | 0.0                     | 0  | 0.0                         | 4,169                     | 19.0         |
| Moderate-income                        | 5                                | 27.8  | 4,848                    | 22.1                    | 763  | 15.7                        | 4,076                     | 18.6         |
| Middle-income                          | 10                               | 55.6  | 13,817                   | 63.0                    | 460  | 3.3                         | 5,119                     | 23.3         |
| Upper-income                           | 3                                | 16.7  | 3,274                    | 14.9                    | 95   | 2.9                         | 8,575                     | 39.1         |
| Unknown-income                         | 0                                | 0.0   | 0                        | 0.0                     | 0  | 0.0                         | 0                         | 0.0          |
| <b>Total Assessment Area</b>           | <b>18</b>                        | <b>100.0</b>                                  | <b>21,939</b>            | <b>100.0</b>            | <b>1,318</b>                                       | <b>6.0</b>                  | <b>21,939</b>             | <b>100.0</b> |
|  | <b>Housing Units by Tract</b>    | <b>Housing Types by Tract</b>                 |                          |                         |  |                             |                           |              |
|  |                                  | <b>Owner-Occupied</b>                         |                          | <b>Rental</b>           |  | <b>Vacant</b>               |                           |              |
|  |                                  | #   | %                        | #                       | %  | #                           | %                         |              |
| Low-income                             | 0                                | 0.0   | 0                        | 0.0                     | 0  | 0.0                         | 0                         | 0.0          |
| Moderate-income                        | 8,914                            | 4,244   | 18.6                     | 47.6                    | 3,818  | 42.8                        | 852                       | 9.6          |
| Middle-income                          | 21,033                           | 14,984  | 65.6                     | 71.2                    | 3,980  | 18.9                        | 2,069                     | 9.8          |
| Upper-income                           | 5,962                            | 3,626   | 15.9                     | 60.8                    | 1,075  | 18.0                        | 1,261                     | 21.2         |
| Unknown-income                         | 0                                | 0   | 0.0                      | 0.0                     | 0  | 0.0                         | 0                         | 0.0          |
| <b>Total Assessment Area</b>           | <b>35,909</b>                    | <b>22,854</b>                                 | <b>100.0</b>             | <b>63.6</b>             | <b>8,873</b>                                       | <b>24.7</b>                 | <b>4,182</b>              | <b>11.6</b>  |
|  | <b>Total Businesses by Tract</b> | <b>Businesses by Tract &amp; Revenue Size</b> |                          |                         |  |                             |                           |              |
|  |                                  | <b>Less Than or = \$1 Million</b>             |                          | <b>Over \$1 Million</b> |  | <b>Revenue Not Reported</b> |                           |              |
|  |                                  | #   | %                        | #                       | %  | #                           | %                         |              |
| Low-income                             | 0                                | 0.0   | 0                        | 0.0                     | 0  | 0.0                         | 0                         | 0.0          |
| Moderate-income                        | 720                              | 25.0  | 620                      | 24.5                    | 84   | 31.9                        | 16                        | 18.4         |
| Middle-income                          | 1,668                            | 58.0  | 1,478                    | 58.5                    | 133  | 50.6                        | 57                        | 65.5         |
| Upper-income                           | 489                              | 17.0  | 429                      | 17.0                    | 46   | 17.5                        | 14                        | 16.1         |
| Unknown-income                         | 0                                | 0.0   | 0                        | 0.0                     | 0  | 0.0                         | 0                         | 0.0          |
| <b>Total Assessment Area</b>           | <b>2,877</b>                     | <b>100.0</b>                                  | <b>2,527</b>             | <b>100.0</b>            | <b>263</b>   | <b>100.0</b>                | <b>87</b>                 | <b>100.0</b> |
| <b>Percentage of Total Businesses:</b> |                                  |   | <b>87.8</b>              |                         | <b>9.1</b>   |                             | <b>3.0</b>                |              |
|  | <b>Total Farms by Tract</b>      | <b>Farms by Tract &amp; Revenue Size</b>      |                          |                         |  |                             |                           |              |
|  |                                  | <b>Less Than or = \$1 Million</b>             |                          | <b>Over \$1 Million</b> |  | <b>Revenue Not Reported</b> |                           |              |
|  |                                  | #   | %                        | #                       | %  | #                           | %                         |              |
| Low-income                             | 0                                | 0.0   | 0                        | 0.0                     | 0  | 0.0                         | 0                         | 0.0          |
| Moderate-income                        | 1                                | 0.9   | 1                        | 0.9                     | 0  | 0.0                         | 0                         | 0.0          |
| Middle-income                          | 102                              | 88.7  | 101                      | 88.6                    | 1  | 100.0                       | 0                         | 0.0          |
| Upper-income                           | 12                               | 10.4  | 12                       | 10.5                    | 0  | 0.0                         | 0                         | 0.0          |
| Unknown-income                         | 0                                | 0.0   | 0                        | 0.0                     | 0  | 0.0                         | 0                         | 0.0          |
| <b>Total Assessment Area</b>           | <b>115</b>                       | <b>100.0</b>                                  | <b>114</b>               | <b>100.0</b>            | <b>1</b>   | <b>100.0</b>                | <b>0</b>                  | <b>0.0</b>   |
| <b>Percentage of Total Farms:</b>      |                                  |   | <b>99.1</b>              |                         | <b>0.9</b>   |                             | <b>0.0</b>                |              |

## CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS

### Lending Test

The assessment area's lending test is considered reasonable. The bank exceeded the proxies used to establish possible demand for lending for geographic distribution. Citizens' borrower distribution performance either exceeded or was comparable to the lending proxies.

### *Geographic Distribution*

The geographic distribution of loans reflects an excellent distribution of loans throughout the assessment area. The bank's main office is located in a moderate-income tract, which allows local residents living in this area more convenient access to the bank; and thereby increases the bank's ability to provide credit in moderate-income geographies. Benefits of the main office's location are further evidenced by the high level of lending for each of the product lines reviewed in this assessment area. In addition, the bank made loans in all census tracts in this assessment area during the evaluation period.

The following tables show geographic distribution for the various loan products in the assessment area.

| <b>Geographic Distribution of Small Loans to Businesses and Farms</b> |             |            |                           |              |                             |              |                           |              |                           |              |
|---|-------------|------------|---------------------------|--------------|-----------------------------|--------------|---------------------------|--------------|---------------------------|--------------|
| <b>Assessment Area/Group: MSA 41780</b>                               |             |            |                           |              |                             |              |                           |              |                           |              |
|   | Total Loans |            | Low-Income Geographies    |              | Moderate-Income Geographies |              | Middle-Income Geographies |              | Upper-Income Geographies  |              |
|   | #           | % of Total | % of Businesses/<br>Farms | % Bank Loans | % of Businesses/<br>Farms   | % Bank Loans | % of Businesses/<br>Farms | % Bank Loans | % of Businesses/<br>Farms | % Bank Loans |
| Small Business  | 300         | 89.8       | 0.0                       | 0.0          | 25.0                        | 27.3         | 58.0                      | 50.3         | 17.0                      | 22.3         |
| Small Farm  | 34          | 10.2       | 0.0                       | 0.0          | 25.0                        | 0.0          | 58.0                      | 79.4         | 17.0                      | 20.6         |

| <b>Geographic Distribution of HMDA Loans</b> |                  |            |                        |              |                             |              |                           |              |                          |              |
|--|------------------|------------|------------------------|--------------|-----------------------------|--------------|---------------------------|--------------|--------------------------|--------------|
| <b>Assessment Area/Group: MSA 41780</b>      |                  |            |                        |              |                             |              |                           |              |                          |              |
|  | Total HMDA Loans |            | Low-Income Geographies |              | Moderate-Income Geographies |              | Middle-Income Geographies |              | Upper-Income Geographies |              |
|  | #                | % of Total | % of Owner Occ Units   | % Bank Loans | % of Owner Occ Units        | % Bank Loans | % of Owner Occ Units      | % Bank Loans | % of Owner Occ Units     | % Bank Loans |
| Home Purchase                                | 176              | 45.7       | 0.0                    | 0.0          | 18.6                        | 40.3         | 65.6                      | 46.6         | 15.9                     | 13.1         |
| Refinance                                    | 136              | 35.3       | 0.0                    | 0.0          | 18.6                        | 28.7         | 65.6                      | 58.8         | 15.9                     | 12.5         |
| Home Improvement                             | 73               | 19.0       | 0.0                    | 0.0          | 18.6                        | 46.6         | 65.6                      | 45.2         | 15.9                     | 8.2          |

| <b>Geographic Distribution of Consumer Loans</b> |                      |            |                        |              |                             |              |                           |              |                          |              |
|--|----------------------|------------|------------------------|--------------|-----------------------------|--------------|---------------------------|--------------|--------------------------|--------------|
| <b>Assessment Area/Group: MSA 41780</b>          |                      |            |                        |              |                             |              |                           |              |                          |              |
|  | Total Consumer Loans |            | Low-Income Geographies |              | Moderate-Income Geographies |              | Middle-Income Geographies |              | Upper-Income Geographies |              |
|  | #                    | % of Total | % of Hhlds             | % Bank Loans | % of Hhlds                  | % Bank Loans | % of Hhlds                | % Bank Loans | % of Hhlds               | % Bank Loans |
| Home Equity                                      | 186                  | 25.1       | 0.0                    | 0.0          | 25.5                        | 21.5         | 59.7                      | 61.3         | 14.8                     | 17.2         |
| Motor Vehicle                                    | 88                   | 11.9       | 0.0                    | 0.0          | 25.5                        | 18.2         | 59.7                      | 67.0         | 14.8                     | 14.8         |
| Other - Secured                                  | 143                  | 19.3       | 0.0                    | 0.0          | 25.5                        | 27.3         | 59.7                      | 60.8         | 14.8                     | 11.9         |
| Other - Unsecured                                | 325                  | 43.8       | 0.0                    | 0.0          | 25.5                        | 29.5         | 59.7                      | 60.3         | 14.8                     | 10.2         |

### *Small Business Loans*

Citizens made 27.33% of its business loans in this area's moderate-income tracts. This represents an excellent level of lending when compared to the percentage of businesses located within the moderate-income tracts (25.02%). The bank made 50.33% of its business loans in middle-income tracts, which was lower than the percentage of businesses located within middle-income tracts (57.98%). The bank originated 22.33% of business loans in this area's upper-income tracts, which exceeded the total of 17.00% of businesses located in these tracts. It should be noted that many of the businesses located within the middle-income tracts include large retail chains, tourist attractions, and services that cater to these attractions, all of which have other sources of financing. Additionally, the bank does not have the resources to address the credit needs of these businesses. The majority of small and medium-sized businesses and industries are located in the moderate- and upper-income tracts, in which Citizens does the majority of its lending.

### *HMDA Loans*

The bank made 37.40% of HMDA loans in this area's moderate-income tracts, which exceeded the percentage of owner-occupied housing units (18.57%). This represents an excellent level of lending. About half (50.65%) of this area's HMDA loans were made in middle-income tracts and 11.95% were made in upper-income tracts. Citizens' lending levels in the middle- and upper-income tracts were below the percentage of owner-occupancy housing in those locations.

It is noted that 46.58% of Citizens' home improvement loans made in this area were made in moderate-income census tracts. This is noteworthy because the owner-occupancy level in these tracts is 18.57% and the median age of the housing stock was 58 years, which demonstrates the bank's efforts to address the need for home improvement loans in moderate-income geographies.

### *Consumer Loans*

About one-quarter (25.74%) of Citizens' consumer loans were made in moderate-income tracts. This is an excellent level of lending when compared to the percentage of households located within those tracts (25.51%). Consumer lending in middle- and upper-income tracts accounted for 61.46% and 12.80%, respectively, of all consumer loans made in this area. Consumer lending in this area's middle-income census tracts exceeded the percentage of 59.71% of middle-income households. Consumer lending in upper-income census tracts was below the percentage of 14.78% of upper-income households in this area.

### *Borrower Distribution*

The bank's level of lending in this area reflects a reasonable distribution of lending to borrowers of different incomes and to business of different revenue sizes. The distribution for small business and HMDA loans is good and excellent for consumer loans.

The following tables represent borrower distribution in this assessment area.

| Borrower Distribution of Small Loans to Businesses and Farms<br>Assessment Area/Group: MSA 41780 |             |            |   |              |  |                         |                           |
|--|-------------|------------|---|--------------|--|-------------------------|---------------------------|
|  | Total Loans |            | Businesses with Revenues of \$1 million or less |              | Loans by Original Amount Regardless of Business Size |                         |                           |
|  | #           | % of Total | % of Businesses                                 | % Bank Loans | \$100,000 or Less                                    | >\$100,001 to \$250,000 | >\$250,001 to \$1,000,000 |
| Small Business   | 300         | 89.8       | 87.8  | 71.7         | 73.7   | 15.0                    | 10.7                      |
| Small Farm   | 34          | 10.2       | 99.1  | 91.2         | 85.3   | 11.8                    | 2.9                       |

| Borrower Distribution of HMDA Loans<br>Assessment Area/Group: MSA 41780 |                  |            |                      |              |                           |              |                         |              |                        |              |
|---|------------------|------------|----------------------|--------------|---------------------------|--------------|-------------------------|--------------|------------------------|--------------|
|   | Total HMDA Loans |            | Low-Income Borrowers |              | Moderate-Income Borrowers |              | Middle-Income Borrowers |              | Upper-Income Borrowers |              |
|   | #                | % of Total | % of Families        | % Bank Loans | % of Families             | % Bank Loans | % of Families           | % Bank Loans | % of Families          | % Bank Loans |
| Home Purchase   | 176              | 45.7       | 19.0                 | 8.5          | 18.6                      | 19.3         | 23.3                    | 22.7         | 39.1                   | 40.3         |
| Refinance   | 136              | 35.3       | 19.0                 | 11.8         | 18.6                      | 22.8         | 23.3                    | 27.9         | 39.1                   | 34.6         |
| Home Improvement  | 73               | 19.0       | 19.0                 | 16.4         | 18.6                      | 32.9         | 23.3                    | 16.4         | 39.1                   | 23.3         |

| Borrower Distribution of Consumer Loans<br>Assessment Area/Group: MSA 41780 |                      |            |                      |              |                           |              |                         |              |                        |              |
|---|----------------------|------------|----------------------|--------------|---------------------------|--------------|-------------------------|--------------|------------------------|--------------|
|   | Total Consumer Loans |            | Low-Income Borrowers |              | Moderate-Income Borrowers |              | Middle-Income Borrowers |              | Upper-Income Borrowers |              |
|   | #                    | % of Total | % of Hhlds           | % Bank Loans | % of Hhlds                | % Bank Loans | % of Hhlds              | % Bank Loans | % of Hhlds             | % Bank Loans |
| Home Equity   | 186                  | 25.1%      | 21.6                 | 7.0          | 18.1                      | 18.3         | 19.4                    | 26.9         | 40.9                   | 47.8         |
| Motor Vehicle   | 88                   | 11.9%      | 21.6                 | 12.5         | 18.1                      | 26.1         | 19.4                    | 26.1         | 40.9                   | 35.2         |
| Other - Secured   | 143                  | 19.3%      | 21.6                 | 27.3         | 18.1                      | 22.4         | 19.4                    | 20.3         | 40.9                   | 28.0         |
| Other - Unsecured   | 325                  | 43.8%      | 21.6                 | 28.3         | 18.1                      | 32.6         | 19.4                    | 21.5         | 40.9                   | 17.5         |

### *Small Business Loans*

Citizens originated 300 business loans in this area during this evaluation period, of which 71.67% were made to businesses with gross annual revenues of \$1 million or less. This was below the total of 87.83% of small businesses in this area and represents a good level of lending. However, 73.67% of the bank's business loans (regardless of business revenue size) were for loan amounts of \$100,000 or less. Smaller size loans are generally commensurate with the borrowing needs of smaller businesses. This factor indicates that, although Citizens' borrower distribution of small business lending is below the proxy, the bank is fulfilling the needs of local businesses, thereby substantiating that this level of performance is considered reasonable.

### *HMDA Loans*

Citizens originated a total of 385 HMDA loans in this area during this evaluation period, of which 11.17% were made to low-income families. This was below the total of 19.00% of low-income families in this area.

Although the bank's level of HMDA lending to low-income families was below the percentage of low-income families in this area, this level of lending is considered adequate because it can be difficult for low-income borrowers to qualify for home loans, due to limited income. The bank made 23.12% of HMDA loans to moderate-income families, which exceeded the total of 18.58% of moderate-income families in this area and reflects an excellent level of lending. About one-quarter (23.38%) of the bank's HMDA loans in this area were made to middle-income families. This level of lending aligned with the total of 23.33% of middle-income families in this area. Further, Citizens made 35.06% of its HMDA loans to upper-income families, which was below the total of 39.09% of upper-income families in this area. Based on the aforementioned details of demographics unique to this area, and the bank's performance in light of those characteristics; Citizens' overall borrower distribution of HMDA loans throughout this area is considered reasonable.

### *Consumer Loans*

Citizens originated a total of 742 consumer loans in this area during this evaluation period, of which 20.89% were made to low-income borrowers. This was slightly below the total of 21.59% of low-income households in this assessment area and is considered good. About one-quarter (26.28%) of the bank's consumer loans in this area were made to moderate-income borrowers, which exceeded the total of 18.14% of moderate-income households in this area. This is considered an excellent level of lending. The bank made 23.18% of its consumer loans to middle-income borrowers, which exceeded the total of 19.37% of middle-income households in the area. Citizens made 29.25% of its consumer loans to upper-income borrowers, which was below the total of 40.91% of upper-income households in the assessment area.

### **Community Development Test**

Based on the bank's available resources and the needs of its community, Citizens has demonstrated an adequate responsiveness to the community development needs of this area. Although the current economic environment has increased opportunities for the bank to address community development needs, these needs are largely the result of recent economic deterioration throughout this area, and is not inclusive of the entire period being reviewed for this evaluation. Therefore, Citizens' community development performance, for the period under review, adequately addresses needs within this area.

### *Community Development Loans*

The bank did not originate any community development purpose loans in this area during this evaluation period.

### *Qualified Investments*

During this evaluation period, Citizens made \$14,572.10 in community development investments, in this area. The investments were mainly in the form of donations to various local community development organizations.

The following list is an example of organizations to which Citizens made donations, during this

evaluation period:

- Serving our Seniors – this organization provides medical expense payment assistance to low- and moderate-income senior citizens.
- Greater Erie County Marketing Group – this organization promotes economic development within Erie County.
- American Red Cross – this organization provides various community development services to low- and moderate-income individuals.
- Victory Kitchen – this organization provides food to local low- and moderate-income individuals.
- Zonta Club of Sandusky – this organization provides community services to low- and moderate-income individuals through collaborations with organizations such as Habitat for Humanity and the Home of Hope.
- Salvation Army of Sandusky – this organization provides various community services to low- and moderate-income individuals.
- Project Share – the bank donated to a holiday food drive sponsored by this organization.
- Erie County Economic Development Corporation – this organization promotes economic development within Erie County.

### ***Community Development Services***

Bank employees reach out to the community through participation in various organizations to provide meaningful community development services to sectors of the community in need. During this evaluation period, the bank provided community development services to a variety of local organizations with varied purposes. The bank's services included financial presentations to low- and moderate-income senior citizen, and assisting organizations with purposes of providing affordable housing. The bank also provided services to local organizations focused on providing financial assistance for medical expenses to low- and moderate-income senior citizens.

## DESCRIPTION OF NORTHWESTERN OHIO NON-METROPOLITAN ASSESSMENT AREA

For CRA purposes, Citizens has designated the entireties of Huron, Crawford, and Marion Counties, along with the eastern portion of Seneca County as part of its overall assessment area. This area contains a total of 46 census tracts: three moderate-, 35 middle-, and eight upper-income tracts. Citizens' operates nine offices throughout this area. This assessment area had the second highest level of lending during the evaluation period with 35.32% of loans.

As previously mentioned, a contact was made to an organization that serves Erie and Huron Counties. Specifically, for Huron County, the contact discussed the impact of the closing of Norwalk Furniture and the loss of jobs from this closure.

### Population

The 2000 U.S. Census report indicated that the total population of this assessment area was 181,142. Specifically, individuals aged 17 years and younger accounted for 25.97% of the population. Individuals 18 to 24 and 25 to 64 represented 13.49% and 52.20%, respectively, of the area's total population. Persons aged 65 and over represented 8.34% of the assessment area's total population.

The Ohio Department of Development estimates that the population of the four counties would decline by 1.36% from 2000 to 2006, but increase 0.99% from 2006 to 2010.

### Income Characteristics

Based on data released by HUD in 2000, the median family income for this area was \$45,281, which was below the State of Ohio median family income of \$50,037. The 2007 median family income for the four counties is as follows:

- Crawford      \$49,100
- Huron          \$53,400
- Marion        \$48,300
- Seneca        \$50,300

As of 2000, there were 68,886 households within this area. Further, 49,244 of these households were designated as families. Of these families, 15.68% were low-income, 19.38% were moderate-income, 24.70% were middle-income, and 40.24% were upper-income. Additionally, 7.08% of these families had incomes below the poverty level.

## **Housing**

According to the 2000 U.S. Census report, there were 73,312 housing units in this area. The majority (68.63%) of these units were owner-occupied, while 25.36% were rental units. Vacant units accounted for 6.01% of all housing units. In addition, one-unit properties represented 76.75% of all housing units within this area. Two-to-four unit properties accounted 10.03% of all housing units. Properties containing five or more units were 6.61% of all housing units. Mobile homes and other units represented 6.59% and 0.02% of all housing units. This data further revealed that 6.36% of all housing units were located in moderate-income census tracts and 77.94% of all housing units were located in middle-income census tracts. As a result, most of Citizens' lending would be expected in the middle-income census tracts.

## **Economics**

Data from the Ohio Department of Development indicates that manufacturing, the local government, and retail trade are the largest employment industries in Huron County. Berry Plastics Group and Campbell Soup/Pepperidge Farm are two of the county's largest employers. The major employment industries in Crawford County are manufacturing and the local government. Crawford County's largest employers include Brunswick Corporation and Crawford County Government. Manufacturing, local government, and retail trade are the largest employment industries in Marion County. Anderson Corporation, Marion County Government, and Meijer, Incorporated are among the county's largest employers. Manufacturing and health care are the major employment industries in Seneca County and some of the county's largest employers are American Standard, Incorporated and Mercy Hospital of Tiffin.

According to the Ohio Department of Job and Family Services, unemployment rates for the aforementioned counties as of October 2008 were:

- Crawford        9.3%
- Huron            9.6%
- Marion          7.4%
- Seneca          7.2%

The unemployment rates for all four counties exceeded the nationwide rate, while Seneca County was the only county below the statewide rate. Parts of this area, though, are rural with agriculture providing a source of employment. As a result, unemployment rates vary seasonally. Crawford County, in particular, had significantly lower unemployment rates in the spring and summer months. A major factor in the high unemployment rate for Huron County was the closure of Norwalk Furniture, one of the largest employers in that area.

Further, the Community Development Financial Institutions Fund (CDFI) has classified Huron County as a distressed area due to unemployment. Middle-income distressed areas are those that have unemployment rates of at least one-and-one half times greater than the national average; poverty rates of 20 percent or more; or population losses of 10 percent or more between decennials.

There is significant banking competition throughout this assessment area. As of June 30, 2008, the FDIC reported that there were 29 FDIC-insured financial institutions operating 101 offices throughout this area. These statistics indicate that Citizens ranked eighth, holding 5.13% of the market share of deposits. National City Bank, which operates 12 offices in this area, ranked first with 12.12% of the market share of deposits. Home Savings and Loan Company, which operates six offices in this area, ranked second, holding 7.18% of the market share of deposits.

The following demographic table illustrates this assessment area.

## Combined Demographics Report

Citizens Banking Company

Assessment Area(s): Non-MSA OH Northwestern

| Income Categories                      | Tract Distribution               |   | Families by Tract Income |                         | Families < Poverty Level as % of Families by Tract |                             | Families by Family Income |              |
|--|----------------------------------|---|--------------------------|-------------------------|--|-----------------------------|---------------------------|--------------|
|  | #                                | %   | #                        | %                       | #  | %                           | #                         | %            |
| Low-income                             | 0                                | 0.0   | 0                        | 0.0                     | 0  | 0.0                         | 7,719                     | 15.7         |
| Moderate-income                        | 3                                | 6.5   | 2,706                    | 5.5                     | 512  | 18.9                        | 9,544                     | 19.4         |
| Middle-income                          | 35                               | 76.1  | 38,346                   | 77.9                    | 2,663  | 6.9                         | 12,165                    | 24.7         |
| Upper-income                           | 8                                | 17.4  | 8,192                    | 16.6                    | 312  | 3.8                         | 19,816                    | 40.2         |
| Unknown-income                         | 0                                | 0.0   | 0                        | 0.0                     | 0  | 0.0                         | 0                         | 0.0          |
| <b>Total Assessment Area</b>           | <b>46</b>                        | <b>100.0</b>                                  | <b>49,244</b>            | <b>100.0</b>            | <b>3,487</b>                                       | <b>7.1</b>                  | <b>49,244</b>             | <b>100.0</b> |
|  | <b>Housing Units by Tract</b>    | <b>Housing Types by Tract</b>                 |                          |                         |  |                             |                           |              |
|  |                                  | <b>Owner-Occupied</b>                         |                          |                         | <b>Rental</b>                                      |                             | <b>Vacant</b>             |              |
|  |                                  | #   | %                        | %                       | #  | %                           | #                         | %            |
| Low-income                             | 0                                | 0   | 0.0                      | 0.0                     | 0  | 0.0                         | 0                         | 0.0          |
| Moderate-income                        | 4,662                            | 2,189   | 4.4                      | 47.0                    | 2,026  | 43.5                        | 447                       | 9.6          |
| Middle-income                          | 57,142                           | 39,379  | 78.3                     | 68.9                    | 14,384   | 25.2                        | 3,379                     | 5.9          |
| Upper-income                           | 11,508                           | 8,744   | 17.4                     | 76.0                    | 2,183  | 19.0                        | 581                       | 5.0          |
| Unknown-income                         | 0                                | 0   | 0.0                      | 0.0                     | 0  | 0.0                         | 0                         | 0.0          |
| <b>Total Assessment Area</b>           | <b>73,312</b>                    | <b>50,312</b>                                 | <b>100.0</b>             | <b>68.6</b>             | <b>18,593</b>                                      | <b>25.4</b>                 | <b>4,407</b>              | <b>6.0</b>   |
|  | <b>Total Businesses by Tract</b> | <b>Businesses by Tract &amp; Revenue Size</b> |                          |                         |  |                             |                           |              |
|  |                                  | <b>Less Than or = \$1 Million</b>             |                          | <b>Over \$1 Million</b> |  | <b>Revenue Not Reported</b> |                           |              |
|  |                                  | #   | %                        | #                       | %  | #                           | %                         | #            |
| Low-income                             | 0                                | 0.0   | 0                        | 0.0                     | 0  | 0.0                         | 0                         | 0.0          |
| Moderate-income                        | 470                              | 8.4   | 409                      | 8.2                     | 50   | 11.1                        | 11                        | 7.0          |
| Middle-income                          | 4,253                            | 76.0  | 3,768                    | 75.6                    | 358  | 79.4                        | 127                       | 80.9         |
| Upper-income                           | 870                              | 15.6  | 808                      | 16.2                    | 43   | 9.5                         | 19                        | 12.1         |
| Unknown-income                         | 0                                | 0.0   | 0                        | 0.0                     | 0  | 0.0                         | 0                         | 0.0          |
| <b>Total Assessment Area</b>           | <b>5,593</b>                     | <b>100.0</b>                                  | <b>4,985</b>             | <b>100.0</b>            | <b>451</b>   | <b>100.0</b>                | <b>157</b>                | <b>100.0</b> |
| <b>Percentage of Total Businesses:</b> |                                  |   | <b>89.1</b>              |                         | <b>8.1</b>   |                             | <b>2.8</b>                |              |
|  | <b>Total Farms by Tract</b>      | <b>Farms by Tract &amp; Revenue Size</b>      |                          |                         |  |                             |                           |              |
|  |                                  | <b>Less Than or = \$1 Million</b>             |                          | <b>Over \$1 Million</b> |  | <b>Revenue Not Reported</b> |                           |              |
|  |                                  | #   | %                        | #                       | %  | #                           | %                         | #            |
| Low-income                             | 0                                | 0.0   | 0                        | 0.0                     | 0  | 0.0                         | 0                         | 0.0          |
| Moderate-income                        | 5                                | 0.6   | 5                        | 0.6                     | 0  | 0.0                         | 0                         | 0.0          |
| Middle-income                          | 644                              | 75.1  | 637                      | 74.9                    | 7  | 87.5                        | 0                         | 0.0          |
| Upper-income                           | 209                              | 24.4  | 208                      | 24.5                    | 1  | 12.5                        | 0                         | 0.0          |
| Unknown-income                         | 0                                | 0.0   | 0                        | 0.0                     | 0  | 0.0                         | 0                         | 0.0          |
| <b>Total Assessment Area</b>           | <b>858</b>                       | <b>100.0</b>                                  | <b>850</b>               | <b>100.0</b>            | <b>8</b>   | <b>100.0</b>                | <b>0</b>                  | <b>0.0</b>   |
| <b>Percentage of Total Farms:</b>      |                                  |   | <b>99.1</b>              |                         | <b>0.9</b>   |                             | <b>0.0</b>                |              |

## CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS

### Lending Test

The assessment area's lending test is reasonable. Geographic distribution is reasonable because of the bank's performance in the distressed middle-income tracts in Huron County and borrower distribution is also reasonable.

### *Geographic Distribution*

Although lending in the moderate-income tracts was significantly below the proxies and is considered poor, Citizens' performance in the 11 distressed tracts in Huron County is excellent. This results in a reasonable geographic distribution in this assessment area.

Citizens originated loans in all 11 distressed tracts in Huron County. Further, approximately 96.00% of its lending in Huron County was in these tracts compared to the percentage of families in these geographies at 87.12% and the percentage of owner-occupied units in these tracts at 85.95%. Thus, the bank's performance in reaching these tracts is excellent.

The bank did not make loans in one moderate-, eight middle-, and one upper-income tract in the assessment area. A review of the tracts reveals:

- The moderate- and upper-income tracts are in Marion County. The owner-occupancy rate is only about 22.00% in the moderate-income tracts and there are no owner-occupied units in the upper-income tract. Marion County is home to two prisons, so lending opportunities are reduced in these areas.
- Two of the middle-income tracts are in Crawford County. One of the tracts is part of the city of Bucyrus, which is in the center part of the county. The other is part of the city of Galion, which is in the southeastern portion of the county. Citizens' two offices in Crawford County are in the northeast part of the county.
- The remainder of the middle-income tracts are in Marion County. The bank's only presence in this county is a loan production office, which is in the city of Marion itself. Several of the tracts were either in Marion or surrounding Marion. While there are gaps, some of the difficulty may be name recognition in the county.

There is no evidence that the bank is arbitrarily avoiding any census tracts in this assessment area.

The following tables illustrate geographic distribution in the assessment area.

| Geographic Distribution of Small Loans to Businesses and Farms |             |            |                           |              |                             |              |                           |              |                           |              |
|--|-------------|------------|---------------------------|--------------|-----------------------------|--------------|---------------------------|--------------|---------------------------|--------------|
| Assessment Area/Group: Non-MSA OH Northwestern                 |             |            |                           |              |                             |              |                           |              |                           |              |
|  | Total Loans |            | Low-Income Geographies    |              | Moderate-Income Geographies |              | Middle-Income Geographies |              | Upper-Income Geographies  |              |
|  | #           | % of Total | % of Businesses/<br>Farms | % Bank Loans | % of Businesses/<br>Farms   | % Bank Loans | % of Businesses/<br>Farms | % Bank Loans | % of Businesses/<br>Farms | % Bank Loans |
| Small Business   | 318         | 83.5       | 0.0                       | 0.0          | 8.4                         | 3.5          | 76.0                      | 79.2         | 15.6                      | 17.3         |
| Small Farm   | 63          | 16.5       | 0.0                       | 0.0          | 8.4                         | 0.0          | 76.0                      | 87.3         | 15.6                      | 12.7         |

| Geographic Distribution of HMDA Loans          |                  |            |                        |              |                             |              |                           |              |                          |              |
|--|------------------|------------|------------------------|--------------|-----------------------------|--------------|---------------------------|--------------|--------------------------|--------------|
| Assessment Area/Group: Non-MSA OH Northwestern |                  |            |                        |              |                             |              |                           |              |                          |              |
|  | Total HMDA Loans |            | Low-Income Geographies |              | Moderate-Income Geographies |              | Middle-Income Geographies |              | Upper-Income Geographies |              |
|  | #                | % of Total | % of Owner Occ Units   | % Bank Loans | % of Owner Occ Units        | % Bank Loans | % of Owner Occ Units      | % Bank Loans | % of Owner Occ Units     | % Bank Loans |
| Home Purchase                                  | 91               | 39.9       | 0.0                    | 0.0          | 4.4                         | 0.0          | 78.3                      | 84.6         | 17.4                     | 15.4         |
| Refinance                                      | 96               | 42.1       | 0.0                    | 0.0          | 4.4                         | 0.0          | 78.3                      | 87.5         | 17.4                     | 12.5         |
| Home Improvement                               | 41               | 18.0       | 0.0                    | 0.0          | 4.4                         | 2.4          | 78.3                      | 85.4         | 17.4                     | 12.2         |

| Geographic Distribution of Consumer Loans      |                      |            |                        |              |                             |              |                           |              |                          |              |
|--|----------------------|------------|------------------------|--------------|-----------------------------|--------------|---------------------------|--------------|--------------------------|--------------|
| Assessment Area/Group: Non-MSA OH Northwestern |                      |            |                        |              |                             |              |                           |              |                          |              |
|  | Total Consumer Loans |            | Low-Income Geographies |              | Moderate-Income Geographies |              | Middle-Income Geographies |              | Upper-Income Geographies |              |
|  | #                    | % of Total | % of Hhlds             | % Bank Loans | % of Hhlds                  | % Bank Loans | % of Hhlds                | % Bank Loans | % of Hhlds               | % Bank Loans |
| Home Equity                                    | 83                   | 10.6       | 0.0                    | 0.0          | 6.1                         | 1.2          | 78.1                      | 84.3         | 15.9                     | 14.5         |
| Motor Vehicle                                  | 47                   | 6.0        | 0.0                    | 0.0          | 6.1                         | 2.1          | 78.1                      | 83.0         | 15.9                     | 14.9         |
| Other - Secured                                | 73                   | 9.3        | 0.0                    | 0.0          | 6.1                         | 0.0          | 78.1                      | 90.4         | 15.9                     | 9.6          |
| Other - Unsecured                              | 582                  | 74.1       | 0.0                    | 0.0          | 6.1                         | 0.9          | 78.1                      | 85.2         | 15.9                     | 13.9         |

### Small Business Loans

Citizens made 3.46% of its business loans in this area's moderate-income census tracts. This represents a poor level of lending when compared to the percentage of businesses located within this area's moderate-income tracts (8.40%). The bank made 79.25% of its business loans in middle-income tracts and 17.30% of business loans in upper-income tracts, exceeding the percentages of businesses at 76.04% and 15.56%, respectively.

### HMDA Loans

Citizens made 0.44% of its HMDA loans in this area's moderate-income tracts, which was below the percentage of owner-occupied housing units in this area (4.35%). A majority of the bank's HMDA loans (85.96%) were made in middle-income census tracts, which exceeded the percentage of owner-occupied housing units in middle-income tracts (78.27%). However, 2007 HMDA data submitted by the institution indicates that Citizens originated 31 HMDA loans throughout Huron County's distressed middle-income tracts. Therefore, the bank's geographic distribution of HMDA lending within moderate-income tracts is considered adequate. Additionally, 13.60% of the bank's HMDA loans were made in upper-income tracts, which was below the percentage of owner-occupied housing units in upper-income tracts (17.38%).

### Consumer Loans

Of the consumer loans originated in this assessment area, 0.89% were made in moderate-income tracts. This represents a poor level of lending when compared to the percentage of households located within those tracts (6.08%). Consumer lending in middle- and upper-income tracts accounted for 85.48% and 13.63%, respectively, of all consumer loans made in this area. Consumer lending in this area's middle-income census tracts exceeded the percentage of 78.07% of middle-income households. Consumer lending in upper-income census tracts was below the percentage of 15.85% of upper-income households.

*Small Farm Loans*

The bank did not make any farm loans in the moderate-income tracts, which is reasonable given that there are only five farms (0.58%) in these geographies. Citizens originated 87.30% and 12.70% in the middle- and upper-income tracts compared to the percentage of farms in these tracts at 75.06% and 24.36%, respectively.

***Borrower Distribution***

Borrower distribution is reasonable. Lending to businesses and farms with revenues of \$1 million or less was good. HMDA lending to low-income borrowers is adequate and excellent to moderate-income borrowers, resulting in reasonable mortgage lending levels. Consumer lending is excellent. The percentage of loans to low- and moderate-income borrowers exceeded the percentage of households with these income levels.

Tables showing borrower distribution are included below.

| Borrower Distribution of Small Loans to Businesses and Farms<br>Assessment Area/Group: Non-MSA OH Northwestern |             |            |   |              |  |                         |                           |
|--|-------------|------------|---|--------------|--|-------------------------|---------------------------|
|  | Total Loans |            | Businesses with Revenues of \$1 million or less |              | Loans by Original Amount Regardless of Business Size |                         |                           |
|  | #           | % of Total | % of Businesses                                 | % Bank Loans | \$100,000 or Less                                    | >\$100,001 to \$250,000 | >\$250,001 to \$1,000,000 |
| Small Business   | 318         | 83.5       | 89.1  | 80.5         | 80.5   | 11.0                    | 7.9                       |
| Small Farm   | 63          | 16.5       | 99.1  | 79.4         | 74.6   | 15.9                    | 6.3                       |

| Borrower Distribution of HMDA Loans<br>Assessment Area/Group: Non-MSA OH Northwestern |                  |            |                      |              |                           |              |                         |              |                        |              |
|---|------------------|------------|----------------------|--------------|---------------------------|--------------|-------------------------|--------------|------------------------|--------------|
|   | Total HMDA Loans |            | Low-Income Borrowers |              | Moderate-Income Borrowers |              | Middle-Income Borrowers |              | Upper-Income Borrowers |              |
|   | #                | % of Total | % of Families        | % Bank Loans | % of Families             | % Bank Loans | % of Families           | % Bank Loans | % of Families          | % Bank Loans |
| Home Purchase   | 91               | 39.9       | 15.7                 | 9.9          | 19.4                      | 29.7         | 24.7                    | 16.5         | 40.2                   | 37.4         |
| Refinance   | 96               | 42.1       | 15.7                 | 5.2          | 19.4                      | 21.9         | 24.7                    | 21.9         | 40.2                   | 41.7         |
| Home Improvement  | 41               | 18.0       | 15.7                 | 12.2         | 19.4                      | 12.2         | 24.7                    | 31.7         | 40.2                   | 34.1         |

| Borrower Distribution of Consumer Loans        |                      |            |                      |              |                           |              |                         |              |                        |              |
|--|----------------------|------------|----------------------|--------------|---------------------------|--------------|-------------------------|--------------|------------------------|--------------|
| Assessment Area/Group: Non-MSA OH Northwestern |                      |            |                      |              |                           |              |                         |              |                        |              |
|  | Total Consumer Loans |            | Low-Income Borrowers |              | Moderate-Income Borrowers |              | Middle-Income Borrowers |              | Upper-Income Borrowers |              |
|  | #                    | % of Total | % of Hhlds           | % Bank Loans | % of Hhlds                | % Bank Loans | % of Hhlds              | % Bank Loans | % of Hhlds             | % Bank Loans |
| Home Equity                                    | 83                   | 10.6%      | 19.6                 | 6.0          | 16.9                      | 16.9         | 21.0                    | 26.5         | 42.5                   | 50.6         |
| Motor Vehicle                                  | 47                   | 6.0%       | 19.6                 | 4.3          | 16.9                      | 40.4         | 21.0                    | 27.7         | 42.5                   | 27.7         |
| Other - Secured                                | 73                   | 9.3%       | 19.6                 | 21.9         | 16.9                      | 32.9         | 21.0                    | 16.4         | 42.5                   | 24.7         |
| Other - Unsecured                              | 582                  | 74.1%      | 19.6                 | 23.7         | 16.9                      | 35.6         | 21.0                    | 24.9         | 42.5                   | 15.3         |

### *Small Business Loans*

Citizens originated 318 business loans in this area during this evaluation period, of which 80.50% were made to businesses with gross annual revenues of \$1 million or less. This was below the percentage of 89.13% of small businesses in this area and represents a good level of lending. In addition, 85.94% of the bank's business loans (regardless of business revenue size) originated during this evaluation period were for loan amounts of \$100,000 or less. Smaller-size loans are generally commensurate with the borrowing needs of smaller businesses. This factor also indicates that the bank is fulfilling needs of local businesses.

### *HMDA Loans*

Citizens originated a total of 228 HMDA loans in this area during this evaluation period, of which 8.33% were made to low-income families. This was below the percentage of 15.68% of low-income families and represents an adequate level of lending, considering the limited ability to qualify low-income borrowers for mortgage loans. The bank made 23.25% of its HMDA loans to moderate-income families, which exceeded the percentage of moderate-income families (19.38%) and reflects an excellent level of lending. 21.49% of the bank's HMDA loans were made to middle-income families, which was below the percentage of middle-income families in this area (24.70%). Citizens made 38.60% of its HMDA loans to upper-income families, which was below the percentage of upper-income families (40.24%).

### *Consumer Loans*

Citizens originated 785 consumer loans in this area during this evaluation period, of which 20.51% were made to low-income borrowers. This represents an excellent level of lending, as this exceeds the percentage of low-income households in the area (19.56%). About one-third (33.63%) of the bank's consumer loans were made to moderate-income borrowers. This represents an excellent level of lending, as this exceeds the percentage of moderate-income households in the area (16.92%). The bank made 24.46% of its consumer loans to middle-income borrowers, which exceeded the percentage of 21.02% of middle-income households in the area. Citizens made 20.64% of its consumer loans to upper-income borrowers, which was below the percentage of upper-income households in the area (42.50%).

### *Small Farm Loans*

Citizens originated 63 farm loans during this evaluation period, of which 79.37% were made to farms with gross annual revenues of \$1 million or less. This represents a good level of lending, in comparison to the percentage of small farms in the area (99.07%). In addition, 74.60% of the bank's farm loans (regardless of revenue size) were for amounts of \$100,000.00 or less. Smaller loan sizes are generally commensurate with the credit needs of small farms. This factor further indicates that the bank is fulfilling credit needs of local farms.

### **Community Development Test**

Based on the bank's available resources and the needs of its community, Citizens has demonstrated a reasonable responsiveness to meeting the community development needs of this area. Although, in the current economic environment, there is an increased need for community development services, many of these needs are largely the result of recent economic deterioration throughout this area, and not inclusive of the entire period being reviewed for this evaluation. Therefore, Citizens' current level community development performance adequately addresses needs within this area for the period under consideration.

### *Community Development Loans*

Citizens originated one community development loan in the amount of \$25,000.00 during this evaluation period. The loan promoted economic development.

### *Qualified Investments*

The bank made one community development investment in the form of a donation in this area during this evaluation period.

### *Community Development Services*

During this evaluation period, Citizens' provided community development services to several local organizations. The bank's services supported local economic development and community services to low- and moderate-income individuals.

## **DESCRIPTION OF MANSFIELD, OH METROPOLITAN ASSESSMENT AREA 31900**

For CRA purposes, Citizens has designated all but the southernmost portion of Richland County as part of its overall assessment area. Richland County comprises the Mansfield, OH MSA. In total, this area contains 30 census tracts: one low-, eight moderate-, 15 middle-income census tracts, and six upper-income census tracts. Citizens operates four offices with ATM and one stand-alone ATM in this area.

A representative from an agency serving Richland County indicated that financial institutions could offer more assistance in making housing payments, especially for loans to owners of rental properties.

### **Population**

The 2000 U.S. Census report indicated that the total population of this assessment area was 120,185. Specifically, individuals aged 17 and younger accounted for 24.70% of the population. Individuals 18 to 24 and 25 to 64 represented 8.46% and 52.62%, respectively, of this area's total population. Persons aged 65 and over represented 14.22% of the assessment area's total population.

The Ohio Department of Development estimates that Richland County's population would decline by 1.43%, but would grow by 1.49% from 2006 to 2010.

### **Income Characteristics**

Based on data released by HUD in 2000, the median family income for this area was \$44,870, which was below the State of Ohio median family income of \$50,037. The 2007 median family income for Richland County was \$52,100.

As of 2000, there were 46,273 households within this area. Further, 31,863 of these households were designated as families. Of these families, 17.90% were low-income, 19.47% were moderate-income, 23.51% were middle-income, and 39.13% were upper-income. Additionally, 8.36% of these families had incomes below the poverty level.

### **Housing**

According to the 2000 U.S. Census report, there were 49,594 housing units in this area. The majority (65.96%) were owner-occupied, while 27.29% were rental units. Vacant units accounted for 6.75% of all housing units. In addition, one-unit properties represented 75.08% of all housing units within this area. Two-to-four unit properties accounted for 11.38% of all housing units. Properties containing five or more units represented 9.35% of all housing units. Mobile homes and other units represented 4.16% and 0.04%, respectively, of all housing units.

This data further revealed that 0.45% of all housing units were located in this area's low-income census tract and 21.20% were located in moderate-income census tracts. About half (52.29%) of all housing units were located in middle-income census tracts and 26.06% of all housing units were located in upper-income census tracts. Therefore, most lending is expected in this area's middle-income geographies than in the other assessment areas' moderate-income geographies.

### **Economics**

Data from the Ohio Department of Development indicates that manufacturing, health care/social assistance, and retail trade are the largest employment industries in Richland County. AK Steel Holding Corporation, General Motors and MedCentral Health System are some of the area's major employers.

According to the Ohio Department of Job and Family Services, Richland County's unemployment rate was 7.7% as of October 2008. This figure exceeded the national and state seasonally adjusted unemployment rates of 6.5% and 7.3%, respectively, for that time period.

As of June 30, 2008, the FDIC reported that there were 14 FDIC-insured financial institutions operating a total of 48 offices in this area. These statistics also indicate that Citizens ranked sixth, holding 6.27% of the market share of deposits. Richland Trust Company, which operates 12 offices in this area, ranked first with 26.42% of the market share of deposits. Mechanics Savings Bank, which operates five offices in this area, ranked second with 17.57% of the market share of deposits.

The following demographic table illustrates this assessment area.

### Combined Demographics Report

Citizens Banking Company

Assessment Area(s): MSA 31900

| Income Categories                      | Tract Distribution               |   | Families by Tract Income |                         | Families < Poverty Level as % of Families by Tract |                             | Families by Family Income |              |
|--|----------------------------------|---|--------------------------|-------------------------|--|-----------------------------|---------------------------|--------------|
|  | #                                | %   | #                        | %                       | #  | %                           | #                         | %            |
| Low-income                             | 1                                | 3.3   | 82                       | 0.3                     | 7  | 8.5                         | 5,702                     | 17.9         |
| Moderate-income                        | 8                                | 26.7  | 5,686                    | 17.8                    | 1,178  | 20.7                        | 6,203                     | 19.5         |
| Middle-income                          | 15                               | 50.0  | 16,934                   | 53.1                    | 1,196  | 7.1                         | 7,490                     | 23.5         |
| Upper-income                           | 6                                | 20.0  | 9,161                    | 28.8                    | 284  | 3.1                         | 12,468                    | 39.1         |
| Unknown-income                         | 0                                | 0.0   | 0                        | 0.0                     | 0  | 0.0                         | 0                         | 0.0          |
| <b>Total Assessment Area</b>           | <b>30</b>                        | <b>100.0</b>                                  | <b>31,863</b>            | <b>100.0</b>            | <b>2,665</b>                                       | <b>8.4</b>                  | <b>31,863</b>             | <b>100.0</b> |
|  | <b>Housing Units by Tract</b>    | <b>Housing Types by Tract</b>                 |                          |                         |  |                             |                           |              |
|  |                                  | <b>Owner-Occupied</b>                         |                          |                         | <b>Rental</b>                                      |                             | <b>Vacant</b>             |              |
|  |                                  | #   | %                        | %                       | #  | %                           | #                         | %            |
| Low-income                             | 225                              | 58  | 0.2                      | 25.8                    | 121  | 53.8                        | 46                        | 20.4         |
| Moderate-income                        | 10,512                           | 5,023   | 15.4                     | 47.8                    | 4,158  | 39.6                        | 1,331                     | 12.7         |
| Middle-income                          | 25,934                           | 17,854  | 54.6                     | 68.8                    | 6,702  | 25.8                        | 1,378                     | 5.3          |
| Upper-income                           | 12,923                           | 9,777   | 29.9                     | 75.7                    | 2,554  | 19.8                        | 592                       | 4.6          |
| Unknown-income                         | 0                                | 0   | 0.0                      | 0.0                     | 0  | 0.0                         | 0                         | 0.0          |
| <b>Total Assessment Area</b>           | <b>49,594</b>                    | <b>32,712</b>                                 | <b>100.0</b>             | <b>66.0</b>             | <b>13,535</b>                                      | <b>27.3</b>                 | <b>3,347</b>              | <b>6.7</b>   |
|  | <b>Total Businesses by Tract</b> | <b>Businesses by Tract &amp; Revenue Size</b> |                          |                         |  |                             |                           |              |
|  |                                  | <b>Less Than or = \$1 Million</b>             |                          | <b>Over \$1 Million</b> |  | <b>Revenue Not Reported</b> |                           |              |
|  |                                  | #   | %                        | #                       | %  | #                           | %                         |              |
| Low-income                             | 117                              | 3.1   | 96                       | 2.9                     | 16   | 5.1                         | 5                         | 5.2          |
| Moderate-income                        | 806                              | 21.4  | 709                      | 21.1                    | 77   | 24.4                        | 20                        | 20.8         |
| Middle-income                          | 1,781                            | 47.3  | 1,583                    | 47.2                    | 153  | 48.4                        | 45                        | 46.9         |
| Upper-income                           | 1,065                            | 28.3  | 969                      | 28.9                    | 70   | 22.2                        | 26                        | 27.1         |
| Unknown-income                         | 0                                | 0.0   | 0                        | 0.0                     | 0  | 0.0                         | 0                         | 0.0          |
| <b>Total Assessment Area</b>           | <b>3,769</b>                     | <b>100.0</b>                                  | <b>3,357</b>             | <b>100.0</b>            | <b>316</b>   | <b>100.0</b>                | <b>96</b>                 | <b>100.0</b> |
| <b>Percentage of Total Businesses:</b> |                                  |   | <b>89.1</b>              |                         | <b>8.4</b>   |                             | <b>2.5</b>                |              |
|  | <b>Total Farms by Tract</b>      | <b>Farms by Tract &amp; Revenue Size</b>      |                          |                         |  |                             |                           |              |
|  |                                  | <b>Less Than or = \$1 Million</b>             |                          | <b>Over \$1 Million</b> |  | <b>Revenue Not Reported</b> |                           |              |
|  |                                  | #   | %                        | #                       | %  | #                           | %                         |              |
| Low-income                             | 0                                | 0.0   | 0                        | 0.0                     | 0  | 0.0                         | 0                         | 0.0          |
| Moderate-income                        | 0                                | 0.0   | 0                        | 0.0                     | 0  | 0.0                         | 0                         | 0.0          |
| Middle-income                          | 153                              | 76.9  | 153                      | 77.3                    | 0  | 0.0                         | 0                         | 0.0          |
| Upper-income                           | 46                               | 23.1  | 45                       | 22.7                    | 1  | 100.0                       | 0                         | 0.0          |
| Unknown-income                         | 0                                | 0.0   | 0                        | 0.0                     | 0  | 0.0                         | 0                         | 0.0          |
| <b>Total Assessment Area</b>           | <b>199</b>                       | <b>100.0</b>                                  | <b>198</b>               | <b>100.0</b>            | <b>1</b>   | <b>100.0</b>                | <b>0</b>                  | <b>0.0</b>   |
| <b>Percentage of Total Farms:</b>      |                                  |   | <b>99.5</b>              |                         | <b>0.5</b>   |                             | <b>0.0</b>                |              |

## CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS

### Lending Test

The assessment area's lending test is reasonable; however, the geographic distribution is poor. There were no loans in the low-income tract and lending in the moderate-income geographies was substantially below the proxies. The borrower distribution is reasonable. Lending to small businesses and farms was good and HMDA and consumer lending was excellent.

### *Geographic Distribution*

The bank originated no loans in the one low-income tract located in this area. However, there are only 285 housing units in this tract, of which 58 are owner-occupied. Therefore, there are limited lending opportunities in this geography. Lending in the moderate-income tracts fell below the proxies for all loan products. However, the three moderate-income tracts in which the bank made no loans are located in the city of Bucyrus, which is in the central part of the county. Citizens' offices are in the northwestern portion of the county. Therefore, although Citizens' geographic distribution of lending was below proxy; based on demographics unique to this area, the overall geographic distribution for this area is considered adequate.

Tables showing the geographic distribution of the loans in this assessment area are included below.

| Geographic Distribution of Small Loans to Businesses and Farms |             |            |                           |              |                             |              |                           |              |                           |              |
|--|-------------|------------|---------------------------|--------------|-----------------------------|--------------|---------------------------|--------------|---------------------------|--------------|
| Assessment Area/Group: MSA 31900                               |             |            |                           |              |                             |              |                           |              |                           |              |
|  | Total Loans |            | Low-Income Geographies    |              | Moderate-Income Geographies |              | Middle-Income Geographies |              | Upper-Income Geographies  |              |
|  | #           | % of Total | % of Businesses/<br>Farms | % Bank Loans | % of Businesses/<br>Farms   | % Bank Loans | % of Businesses/<br>Farms | % Bank Loans | % of Businesses/<br>Farms | % Bank Loans |
| Small Business   | 228         | 71.3       | 3.1                       | 0.0          | 21.4                        | 4.4          | 47.3                      | 68.9         | 28.3                      | 26.8         |
| Small Farm   | 92          | 28.8       | 3.1                       | 0.0          | 21.4                        | 2.2          | 47.3                      | 88.0         | 28.3                      | 9.8          |

| Geographic Distribution of HMDA Loans |                  |            |                        |              |                             |              |                           |              |                          |              |
|---------------------------------------|------------------|------------|------------------------|--------------|-----------------------------|--------------|---------------------------|--------------|--------------------------|--------------|
| Assessment Area/Group: MSA 31900      |                  |            |                        |              |                             |              |                           |              |                          |              |
|                                       | Total HMDA Loans |            | Low-Income Geographies |              | Moderate-Income Geographies |              | Middle-Income Geographies |              | Upper-Income Geographies |              |
|                                       | #                | % of Total | % of Owner Occ Units   | % Bank Loans | % of Owner Occ Units        | % Bank Loans | % of Owner Occ Units      | % Bank Loans | % of Owner Occ Units     | % Bank Loans |
| Home Purchase                         | 65               | 45.1       | 0.2                    | 0.0          | 15.4                        | 6.2          | 54.6                      | 83.1         | 29.9                     | 10.8         |
| Refinance                             | 48               | 33.3       | 0.2                    | 0.0          | 15.4                        | 6.3          | 54.6                      | 85.4         | 29.9                     | 8.3          |
| Home Improvement                      | 31               | 21.5       | 0.2                    | 0.0          | 15.4                        | 3.2          | 54.6                      | 90.3         | 29.9                     | 6.5          |

| Geographic Distribution of Consumer Loans |                      |            |                        |              |                             |              |                           |              |                          |              |
|---|----------------------|------------|------------------------|--------------|-----------------------------|--------------|---------------------------|--------------|--------------------------|--------------|
| Assessment Area/Group: MSA 31900          |                      |            |                        |              |                             |              |                           |              |                          |              |
|   | Total Consumer Loans |            | Low-Income Geographies |              | Moderate-Income Geographies |              | Middle-Income Geographies |              | Upper-Income Geographies |              |
|   | #                    | % of Total | % of Hhlds             | % Bank Loans | % of Hhlds                  | % Bank Loans | % of Hhlds                | % Bank Loans | % of Hhlds               | % Bank Loans |
| Home Equity                               | 53                   | 17.2       | 0.4                    | 0.0          | 19.8                        | 0.0          | 53.1                      | 88.7         | 26.7                     | 11.3         |
| Motor Vehicle                             | 44                   | 14.2       | 0.4                    | 0.0          | 19.8                        | 6.8          | 53.1                      | 79.5         | 26.7                     | 13.6         |
| Other - Secured                           | 63                   | 20.4       | 0.4                    | 0.0          | 19.8                        | 4.8          | 53.1                      | 87.3         | 26.7                     | 7.9          |
| Other - Unsecured                         | 149                  | 48.2       | 0.4                    | 0.0          | 19.8                        | 6.0          | 53.1                      | 88.6         | 26.7                     | 5.4          |

### *Small Business Loans*

Citizens made 4.39% of its business loans in this area's moderate-income census tracts, which was below the percentage of businesses located within this area's moderate-income tracts (21.38%). Although the bank's performance was below the percentage of businesses located in this area's moderate-income tracts, three of these tracts are located in the city of Bucyrus. Citizens' has no presence in city of Bucyrus and the local institutions address the majority of credit needs within the city and surrounding area. Therefore, it is expected that local businesses would bank at other nearby financial institutions. As such, this level of lending is considered adequate. The bank made 68.86% of its business loans in middle-income tracts, which was below the percentage of businesses located in middle-income tracts (47.25%). The bank originated 26.75% of its business loans in upper-income tracts, which was slightly below the total of 28.26% of businesses located in these tracts.

### *HMDA Loans*

Citizens made 5.56% of its HMDA loans in this area's moderate-income tracts. This represents a poor level of lending when compared to the percentage of owner-occupied housing units in moderate-income tracts (15.36%). A majority (85.42%) of the bank's HMDA loans were made in middle-income census tracts, which exceeded the percentage of owner-occupied housing units in middle-income tracts (68.84%). Additionally, 9.03% of the bank's HMDA loans were made in upper-income tracts, which was below the percentage of owner-occupied housing units in upper-income tracts (75.66%).

### *Consumer Loans*

Citizens' made 4.85% consumer loans were made in moderate-income tracts. This represents a poor level of lending when compared to the percentage of households located within those tracts (19.84%). Consumer lending in middle- and upper-income tracts accounted for 87.06% and 8.09%, respectively, of all consumer loans made in this area. Consumer lending in this area's middle-income census tracts exceeded the percentage of 53.12% of middle-income households. Consumer lending in upper-income census tracts was below the total of 26.65% of upper-income households.

### *Borrower Distribution*

The bank's level of lending in this area is reasonable. Lending to small businesses and small farms is comparable to proxies. HMDA and consumer lending are considered excellent because of the bank's performance to moderate-income borrowers substantially exceeded the proxies.

Tables showing the borrower distribution of lending in this assessment area are included below.

| Borrower Distribution of Small Loans to Businesses and Farms<br>Assessment Area/Group: MSA 31900 |             |            |   |              |  |                         |                           |
|--|-------------|------------|---|--------------|--|-------------------------|---------------------------|
|  | Total Loans |            | Businesses with Revenues of \$1 million or less |              | Loans by Original Amount Regardless of Business Size |                         |                           |
|  | #           | % of Total | % of Businesses                                 | % Bank Loans | \$100,000 or Less                                    | >\$100,001 to \$250,000 | >\$250,001 to \$1,000,000 |
| Small Business   | 228         | 71.3       | 89.1  | 83.8         | 86.4   | 9.6                     | 3.5                       |
| Small Farm   | 92          | 28.8       | 99.5  | 84.8         | 85.9   | 10.9                    | 1.1                       |

| Borrower Distribution of HMDA Loans<br>Assessment Area/Group: MSA 31900 |                  |            |                      |              |                           |              |                         |              |                        |              |
|---|------------------|------------|----------------------|--------------|---------------------------|--------------|-------------------------|--------------|------------------------|--------------|
|   | Total HMDA Loans |            | Low-Income Borrowers |              | Moderate-Income Borrowers |              | Middle-Income Borrowers |              | Upper-Income Borrowers |              |
|   | #                | % of Total | % of Families        | % Bank Loans | % of Families             | % Bank Loans | % of Families           | % Bank Loans | % of Families          | % Bank Loans |
| Home Purchase   | 65               | 45.1       | 17.9                 | 12.3         | 19.5                      | 27.7         | 23.5                    | 16.9         | 39.1                   | 35.4         |
| Refinance   | 48               | 33.3       | 17.9                 | 12.5         | 19.5                      | 31.3         | 23.5                    | 27.1         | 39.1                   | 25.0         |
| Home Improvement  | 31               | 21.5       | 17.9                 | 19.4         | 19.5                      | 25.8         | 23.5                    | 19.4         | 39.1                   | 29.0         |

| Borrower Distribution of Consumer Loans<br>Assessment Area/Group: MSA 31900 |                      |            |                      |              |                           |              |                         |              |                        |              |
|---|----------------------|------------|----------------------|--------------|---------------------------|--------------|-------------------------|--------------|------------------------|--------------|
|   | Total Consumer Loans |            | Low-Income Borrowers |              | Moderate-Income Borrowers |              | Middle-Income Borrowers |              | Upper-Income Borrowers |              |
|   | #                    | % of Total | % of Hhlds           | % Bank Loans | % of Hhlds                | % Bank Loans | % of Hhlds              | % Bank Loans | % of Hhlds             | % Bank Loans |
| Home Equity   | 53                   | 17.2%      | 22.5                 | 13.2         | 17.0                      | 34.0         | 20.3                    | 20.8         | 40.2                   | 32.1         |
| Motor Vehicle   | 44                   | 14.2%      | 22.5                 | 22.7         | 17.0                      | 22.7         | 20.3                    | 20.5         | 40.2                   | 34.1         |
| Other - Secured   | 63                   | 20.4%      | 22.5                 | 27.0         | 17.0                      | 28.6         | 20.3                    | 28.6         | 40.2                   | 15.9         |
| Other - Unsecured   | 149                  | 48.2%      | 22.5                 | 19.5         | 17.0                      | 30.2         | 20.3                    | 26.2         | 40.2                   | 24.2         |

*Small Business Loans*

Citizens originated 228 business loans in this area during this evaluation period, of which 83.77% were made to businesses with gross annual revenues of \$1 million or less. This was below the percentage of 89.07% of small businesses in this area but represents a good level of lending. In addition, 86.40% of the bank's business loans (regardless of business revenue size) originated during this evaluation period were for loans amounts of \$100,000.00 or less. Smaller size loans are generally commensurate with the borrowing needs of smaller businesses, which further supports that the bank is fulfilling credit needs of smaller businesses.

*HMDA Loans*

Citizens originated a total of 144 HMDA loans in this area during this evaluation period, of which 13.89% were made to low-income families. This was below the percentage of 17.90% of low-income families, but considering the limited ability of low-income borrowers to qualify for mortgage loans, represents a good level of lending. The bank made 28.47% of its HMDA loans to moderate-income families, which exceeded the percentage of moderate-income families (19.47%) and reflects an excellent level of lending.

20.83% of the bank's HMDA loans were made to middle-income families, which was below the percentage of middle-income families in this area (23.51%). Citizens made 30.56% of its HMDA loans to upper-income families, which was below the percentage of upper-income families (39.13%).

It is noted that refinance loans comprised 33.33% of all HMDA loans originated in this area. Further, 31.25% of all refinance loans were made to moderate-income families. This level of lending significantly exceeded the percentage of moderate-income families in the area (19.47%), and further supports that the bank was fulfilling the credit needs of moderate-income families in this area.

### *Consumer Loans*

Citizens originated 309 consumer loans in this area during this evaluation period, of which 20.39% were made to low-income borrowers. This represents a good level of lending when compared to the percentage of low-income households in the area (22.51%). 29.45% of the bank's consumer loans were made to moderate-income borrowers. This represents an excellent level of lending, as this exceeds the percentage of moderate-income households in the area (17.01%). The bank made 24.92% of its consumer loans to middle-income borrowers, which exceeds the 20.25% of middle-income households in this assessment area. Approximately one-quarter (25.24%) of the bank's consumer loans were made to upper-income borrowers, which was below the percentage of upper-income households in the area (40.23%).

It is noted that home equity lending represented 17.15% of Citizens' consumer lending in this area. In addition, 33.96% of these home equity loans were made to moderate-income borrowers. This level of lending significantly exceeded the percentage of moderate-income households in this area (17.01%), and further illustrates that the bank is adequately fulfilling the home lending needs of low- and moderate-income households in this area by allowing borrowers with lower incomes to access the equity in their homes. Home loans can generally be more challenging for low- and moderate-income borrowers to obtain; which can prevent these borrowers from stabilizing their financial conditions. This level of home equity lending to moderate-income borrowers also indicates the bank's willingness to provide flexible products to fit borrowers of varied income levels.

### *Small Farm Loans*

Citizens originated 92 farm loans in this area during this evaluation period, of which 84.78% were made to farms with gross annual revenues of \$1 million or less. This represents a good level of lending in comparison to the percentage of small farms in the area (99.50%). In addition, 85.87% of the bank's farm loans (regardless of revenue size) were for loan amounts of \$100,000.00 or less. Smaller loan sizes are generally commensurate with the credit needs of small farms. This factor further indicates that the bank is fulfilling credit needs of local farms.

### **Community Development Test**

Based on the bank's available resources and the needs of its community, Citizens has demonstrated a reasonable responsiveness to meeting the community development needs of this area.

#### ***Community Development Loans***

Citizens originated one community development loan in the amount of \$350,000.00 during this evaluation period. The loan supported a local organization whose focus is on providing affordable housing for local low- and moderate-income families.

#### ***Qualified Investments***

The bank made one community development investment donation in the amount of \$250.00. The donation benefited a medical event for local low- and moderate-income residents.

#### ***Community Development Services***

The bank provided community development services to a local organization that promotes affordable housing.

## DESCRIPTION OF WEST CENTRAL OHIO NONMETROPOLITAN ASSESSMENT AREA

Citizens designated the entireties of Logan and Champaign Counties as part of its overall assessment area. In total, this area contains 18 census tracts: 2 moderate-income census tracts; 11 middle-income census tracts, and 5 upper-income census tracts. Citizens operates five offices and two cash-only ATMS in this area. This is a new assessment area that was added in conjunction with the Champaign acquisition.

The contact in Logan County stated that many of the negative effects of Ohio's weakened economy have not had as dire affect on this area as in other parts of the state, as unemployment rates are lower than other areas and farming is still generally successful in this area. In general, local financial institutions adequately assist local residents. However, this contact stated that local banks should do more to assist small business owners in obtaining financing to start up small businesses, as this is an area of difficulty for many small business owners.

### **Population**

The 2000 U.S. Census report indicated that the total population of this assessment area was 84,895. Specifically, individuals aged 17 and younger accounted for 26.45% of the area's total population. Individuals 18 to 24 and 25 to 64 represented 8.03% and 52.21%, respectively, of this area's total population. Persons aged 65 and over represented 13.31% of the assessment area's total population.

The Ohio Department of Development estimates that the two counties' population would increase by 1.43% from 2000 to 2006 and by 4.88% from 2006 to 2010.

### **Income Characteristics**

Based on data released by HUD in 2000, the median family income for this area was \$49,149, which was below the State of Ohio median family income of \$50,037. The 2007 median incomes were \$57,600 for Champaign County and \$54,300 for Logan County.

As of 2000, there were 32,916 households in this area. Further, 23,628 of these households were designated as families. Of these families, 13.81% were low-income, 17.04% were moderate-income, 23.46% were middle-income, and 45.68% were upper-income. Additionally, 6.15% of these families had incomes below the poverty level.

## **Housing**

According to the 2000 U.S. Census report, there were 37,461 housing units in this area. The majority (66.57%) were owner-occupied, while 21.28% were rental units. Vacant units accounted for 12.15% of all housing units. In addition, one-unit properties represented 76.15% of all housing units within this area. Two-to-four unit properties accounted for 7.98% of all housing units. Properties containing five or more units represented 5.03% of all housing units. Mobile home and other units represented 10.68% and 0.17%, respectively, of all housing units. This data further revealed that 10.09% of all housing units were located in this area's moderate-income census tracts. The majority (59.26%) of housing units were located in middle-income census tracts and 30.65% were located in upper-income census tracts. Therefore, a majority of the bank's lending is expected in the area's middle- and upper-income tracts.

## **Economics**

Data from the Ohio Department of Development indicates that manufacturing, government, and retail trade are the largest employment industries in this area. Honda Motor Company, Wal-Mart Stores Incorporated, Urbana University, and local governments are some of these counties' largest employers.

According to the Ohio Department of Job and Family Services, unemployment rates for the aforementioned counties as of October 2008 were:

- Champaign           7.4%
- Logan                 6.5%

The unemployment figures for Champaign County exceeded the national and state seasonally adjusted unemployment rates of 6.5% and 7.3%, respectively, for that time period. Logan County's unemployment aligned with the national unemployment rate and was below the state unemployment rate for that time period.

As of June 30, 2008, the FDIC reported that there were 16 FDIC-insured financial institutions operating a total of 33 offices in this area. These statistics also indicate that Citizens ranked second, holding 16.69% of the market share of deposits. Perpetual Federal Savings Bank, which operates one office in this area, ranked first with 19.33% of the market share of deposits. Huntington National Bank, which operates three offices in this area, ranked third with 13.33% of the market share of deposits.

The following demographic table illustrates this assessment area.

## Combined Demographics Report

Citizens Banking Company

Assessment Area(s): Non-MSA OH West Central

| Income Categories            | Tract Distribution                     |   | Families by Tract Income |                         | Families < Poverty Level as % of Families by Tract |                             | Families by Family Income |              |
|------------------------------|--|---|--------------------------|-------------------------|--|-----------------------------|---------------------------|--------------|
|                              | #                                      | %   | #                        | %                       | #  | %                           | #                         | %            |
| Low-income                   | 0                                      | 0.0   | 0                        | 0.0                     | 0  | 0.0                         | 3,264                     | 13.8         |
| Moderate-income              | 2                                      | 11.1  | 2,177                    | 9.2                     | 275  | 12.6                        | 4,027                     | 17.0         |
| Middle-income                | 11                                     | 61.1  | 13,088                   | 55.4                    | 871  | 6.7                         | 5,543                     | 23.5         |
| Upper-income                 | 5                                      | 27.8  | 8,363                    | 35.4                    | 306  | 3.7                         | 10,794                    | 45.7         |
| Unknown-income               | 0                                      | 0.0   | 0                        | 0.0                     | 0  | 0.0                         | 0                         | 0.0          |
| <b>Total Assessment Area</b> | <b>18</b>                              | <b>100.0</b>                                  | <b>23,628</b>            | <b>100.0</b>            | <b>1,452</b>                                       | <b>6.1</b>                  | <b>23,628</b>             | <b>100.0</b> |
|                              | <b>Housing Units by Tract</b>          | <b>Housing Types by Tract</b>                 |                          |                         |  |                             |                           |              |
|                              |  | <b>Owner-Occupied</b>                         |                          |                         | <b>Rental</b>                                      |                             | <b>Vacant</b>             |              |
|                              |  | <b>#</b>                                      | <b>%</b>                 | <b>%</b>                | <b>#</b>   | <b>%</b>                    | <b>#</b>                  | <b>%</b>     |
| Low-income                   | 0                                      | 0   | 0.0                      | 0.0                     | 0  | 0.0                         | 0                         | 0.0          |
| Moderate-income              | 3,780                                  | 2,044   | 8.2                      | 54.1                    | 1,481  | 39.2                        | 255                       | 6.7          |
| Middle-income                | 22,199                                 | 13,887  | 55.7                     | 62.6                    | 4,676  | 21.1                        | 3,636                     | 16.4         |
| Upper-income                 | 11,482                                 | 9,005   | 36.1                     | 78.4                    | 1,815  | 15.8                        | 662                       | 5.8          |
| Unknown-income               | 0                                      | 0   | 0.0                      | 0.0                     | 0  | 0.0                         | 0                         | 0.0          |
| <b>Total Assessment Area</b> | <b>37,461</b>                          | <b>24,936</b>                                 | <b>100.0</b>             | <b>66.6</b>             | <b>7,972</b>                                       | <b>21.3</b>                 | <b>4,553</b>              | <b>12.2</b>  |
|                              | <b>Total Businesses by Tract</b>       | <b>Businesses by Tract &amp; Revenue Size</b> |                          |                         |  |                             |                           |              |
|                              |  | <b>Less Than or = \$1 Million</b>             |                          | <b>Over \$1 Million</b> |  | <b>Revenue Not Reported</b> |                           |              |
|                              |  | <b>#</b>                                      | <b>%</b>                 | <b>#</b>                | <b>%</b>   | <b>#</b>                    | <b>%</b>                  |              |
| Low-income                   | 0                                      | 0.0   | 0                        | 0.0                     | 0  | 0.0                         | 0                         | 0.0          |
| Moderate-income              | 265                                    | 9.8   | 227                      | 9.4                     | 29   | 15.5                        | 9                         | 9.1          |
| Middle-income                | 1,652                                  | 61.3  | 1,469                    | 60.9                    | 121  | 64.7                        | 62                        | 62.6         |
| Upper-income                 | 780                                    | 28.9  | 715                      | 29.7                    | 37   | 19.8                        | 28                        | 28.3         |
| Unknown-income               | 0                                      | 0.0   | 0                        | 0.0                     | 0  | 0.0                         | 0                         | 0.0          |
| <b>Total Assessment Area</b> | <b>2,697</b>                           | <b>100.0</b>                                  | <b>2,411</b>             | <b>100.0</b>            | <b>187</b>   | <b>100.0</b>                | <b>99</b>                 | <b>100.0</b> |
|                              | <b>Percentage of Total Businesses:</b> |   |                          | <b>89.4</b>             |  | <b>6.9</b>                  |                           | <b>3.7</b>   |
|                              | <b>Total Farms by Tract</b>            | <b>Farms by Tract &amp; Revenue Size</b>      |                          |                         |  |                             |                           |              |
|                              |  | <b>Less Than or = \$1 Million</b>             |                          | <b>Over \$1 Million</b> |  | <b>Revenue Not Reported</b> |                           |              |
|                              |  | <b>#</b>                                      | <b>%</b>                 | <b>#</b>                | <b>%</b>   | <b>#</b>                    | <b>%</b>                  |              |
| Low-income                   | 0                                      | 0.0   | 0                        | 0.0                     | 0  | 0.0                         | 0                         | 0.0          |
| Moderate-income              | 6                                      | 1.2   | 6                        | 1.2                     | 0  | 0.0                         | 0                         | 0.0          |
| Middle-income                | 283                                    | 54.5  | 279                      | 54.5                    | 4  | 57.1                        | 0                         | 0.0          |
| Upper-income                 | 230                                    | 44.3  | 227                      | 44.3                    | 3  | 42.9                        | 0                         | 0.0          |
| Unknown-income               | 0                                      | 0.0   | 0                        | 0.0                     | 0  | 0.0                         | 0                         | 0.0          |
| <b>Total Assessment Area</b> | <b>519</b>                             | <b>100.0</b>                                  | <b>512</b>               | <b>100.0</b>            | <b>7</b>   | <b>100.0</b>                | <b>0</b>                  | <b>0.0</b>   |
|                              | <b>Percentage of Total Farms:</b>      |   |                          | <b>98.7</b>             |  | <b>1.3</b>                  |                           | <b>0.0</b>   |

## CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS

### Lending Test

Because, this is a new market for the bank, consumer loans were the only loan for which there was sufficient volume to provide a meaningful assessment. The assessment area's lending test is reasonable. Geographic distribution is reasonable, while borrower distribution is excellent.

### *Geographic Distribution*

The geographic distribution of loans is reasonable. Citizens' consumer lending in the moderate-income tracts was comparable to the proxy. No loans were made in one moderate-, two middle-, and two upper-income tracts. All of the tracts are in Logan County. The moderate-income tract and a middle- and upper-income tract are in Bellefontaine. Bellefontaine is in the center of the county, while the bank's office is in the northwestern corner of the state. One of the middle-income tracts is in the northeast portion of Logan County. There is no evidence that the bank is arbitrarily excluding tracts.

Citizens made 8.45% of consumer loans in this area's moderate-income census tracts. This represents a good level of lending when compared to the percentage of households within those tracts (10.71%). Consumer lending in middle- and upper-income tracts accounted for 64.79% and 26.76%, respectively, of all consumer loans made in this area. Consumer lending in this area's middle-income census tracts exceeded the percentage of 56.40% of middle-income households. Consumer lending in upper-income census tracts was below the percentage of 32.89% of upper-income households.

| Geographic Distribution of Consumer Loans      |                      |            |                        |              |                             |              |                           |              |                          |              |
|--|----------------------|------------|------------------------|--------------|-----------------------------|--------------|---------------------------|--------------|--------------------------|--------------|
| Assessment Area/Group: Non-MSA OH West Central |                      |            |                        |              |                             |              |                           |              |                          |              |
|  | Total Consumer Loans |            | Low-Income Geographies |              | Moderate-Income Geographies |              | Middle-Income Geographies |              | Upper-Income Geographies |              |
|  | #                    | % of Total | % of Hhlds             | % Bank Loans | % of Hhlds                  | % Bank Loans | % of Hhlds                | % Bank Loans | % of Hhlds               | % Bank Loans |
| Home Equity                                    | 7                    | 9.9        | 0.1                    | 0.0          | 9.0                         | 14.3         | 58.1                      | 42.9         | 32.8                     | 42.9         |
| Motor Vehicle                                  | 13                   | 18.3       | 0.1                    | 0.0          | 9.0                         | 0.0          | 58.1                      | 38.5         | 32.8                     | 61.5         |
| Other - Secured                                | 20                   | 28.2       | 0.1                    | 0.0          | 9.0                         | 0.0          | 58.1                      | 85.0         | 32.8                     | 15.0         |
| Other - Unsecured                              | 31                   | 43.7       | 0.1                    | 0.0          | 9.0                         | 16.1         | 58.1                      | 67.7         | 32.8                     | 16.1         |

### *Borrower Distribution*

Borrower distribution is excellent. Consumer lending exceeded the proxy for low- and moderate-income borrowers.

### *Consumer Loans*

Citizens originated 71 consumer loans in this area during this evaluation period, of which 21.13% were made to low-income borrowers. This represents an excellent level of lending when compared to the percentage of low-income households in the area (18.20%).

Approximately one-quarter (26.76%) of the bank’s consumer loans were made to moderate-income borrowers. This represents an excellent level of lending, as this exceeds the percentage of moderate-income households in the area (14.29%). The bank made 25.35% of its consumer loans to middle-income borrowers, which exceeds the 19.91% of middle-income households in this assessment area. The bank made 21.13% of its consumer loans to upper-income borrowers, which was below the percentage of upper-income households in the area (47.61%).

| <b>Borrower Distribution of Consumer Loans</b>        |                             |            |                             |              |                                  |              |                                |              |                               |              |
|---|-----------------------------|------------|-----------------------------|--------------|----------------------------------|--------------|--------------------------------|--------------|-------------------------------|--------------|
| <b>Assessment Area/Group: Non-MSA OH West Central</b> |                             |            |                             |              |                                  |              |                                |              |                               |              |
|   | <b>Total Consumer Loans</b> |            | <b>Low-Income Borrowers</b> |              | <b>Moderate-Income Borrowers</b> |              | <b>Middle-Income Borrowers</b> |              | <b>Upper-Income Borrowers</b> |              |
|   | #                           | % of Total | % of Hhlds                  | % Bank Loans | % of Hhlds                       | % Bank Loans | % of Hhlds                     | % Bank Loans | % of Hhlds                    | % Bank Loans |
| Home Equity   | 7                           | 9.9%       | 17.6                        | 14.3         | 15.4                             | 0.0          | 19.5                           | 28.6         | 47.5                          | 57.1         |
| Motor Vehicle   | 13                          | 18.3%      | 17.6                        | 23.1         | 15.4                             | 30.8         | 19.5                           | 7.7          | 47.5                          | 38.5         |
| Other - Secured                                       | 20                          | 28.2%      | 17.6                        | 30.0         | 15.4                             | 25.0         | 19.5                           | 20.0         | 47.5                          | 5.0          |
| Other - Unsecured                                     | 31                          | 43.7%      | 17.6                        | 16.1         | 15.4                             | 32.3         | 19.5                           | 35.5         | 47.5                          | 16.1         |

**Community Development Test**

Based on the bank’s available resources and the needs of its community, Citizens has demonstrated an adequate responsiveness to meeting the community development needs of this area.

***Community Development Loans***

No community development loans were originated in this area during this evaluation period.

***Qualified Investments***

Citizens made nine community development investment donations totaling \$750.00 in this area during this evaluation period. The donations benefited organizations specializing in providing community services to low- and moderate-income individuals and economic development.

***Community Development Services***

Citizens provided a financial community development service to one organization in this area during this evaluation period. The organization focuses on providing medical payment assistance to low- and moderate-income individuals.

## **DESCRIPTION OF COLUMBUS, OH METROPOLITAN ASSESSMENT AREA 18140**

*(Reviewed using the limited examination procedures)*

Citizens designated the southern portion of Union County, the northern portion of Madison, the southwest corner of Delaware County, and the northwest portion of Franklin County as part of its overall assessment area. Each of these areas is part of the Columbus, Ohio MSA 18140. In total, this area contains 29 census tracts: 12 middle- and 17 upper-income census tracts. Citizens' operates three offices and one loan production office in this assessment area. This is a new assessment area for the bank and was added as part of the Champaign acquisition. Less than 1.00% of loans (0.81%) were originated in this assessment area.

There is substantial banking competition throughout this area, including offices of large regional and multi-regional institutions. As of June 30, 2008, the FDIC reported that there were 49 FDIC-insured financial institutions operating a total of 426 offices in this area. These statistics also indicate that Citizens ranked 36<sup>th</sup>, holding 0.12% of the market share of deposits. Huntington National Bank ranked first, holding 29.94% of the market share of deposits. JP Morgan Chase Bank National Association ranked second, holding 23.28% of the market share of deposits.

The following demographic table illustrates this assessment area.

### Combined Demographics Report

Citizens Banking Company

Assessment Area(s): MSA 18140

| Income Categories                      | Tract Distribution               |   | Families by Tract Income |                         | Families < Poverty Level as % of Families by Tract |                             | Families by Family Income |              |
|--|----------------------------------|---|--------------------------|-------------------------|--|-----------------------------|---------------------------|--------------|
|  | #                                | %   | #                        | %                       | #  | %                           | #                         | %            |
| Low-income                             | 0                                | 0.0   | 0                        | 0.0                     | 0  | 0.0                         | 3,973                     | 8.5          |
| Moderate-income                        | 0                                | 0.0   | 0                        | 0.0                     | 0  | 0.0                         | 5,699                     | 12.2         |
| Middle-income                          | 12                               | 41.4  | 17,931                   | 38.5                    | 642  | 3.6                         | 10,292                    | 22.1         |
| Upper-income                           | 17                               | 58.6  | 28,649                   | 61.5                    | 391  | 1.4                         | 26,616                    | 57.1         |
| Unknown-income                         | 0                                | 0.0   | 0                        | 0.0                     | 0  | 0.0                         | 0                         | 0.0          |
| <b>Total Assessment Area</b>           | <b>29</b>                        | <b>100.0</b>                                  | <b>46,580</b>            | <b>100.0</b>            | <b>1,033</b>                                       | <b>2.2</b>                  | <b>46,580</b>             | <b>100.0</b> |
|  | <b>Housing Units by Tract</b>    | <b>Housing Types by Tract</b>                 |                          |                         |  |                             |                           |              |
|  |                                  | <b>Owner-Occupied</b>                         |                          |                         | <b>Rental</b>                                      |                             | <b>Vacant</b>             |              |
|  |                                  | #   | %                        | %                       | #  | %                           | #                         | %            |
| Low-income                             | 0                                | 0   | 0.0                      | 0.0                     | 0  | 0.0                         | 0                         | 0.0          |
| Moderate-income                        | 0                                | 0   | 0.0                      | 0.0                     | 0  | 0.0                         | 0                         | 0.0          |
| Middle-income                          | 29,076                           | 16,303  | 35.9                     | 56.1                    | 11,147   | 38.3                        | 1,626                     | 5.6          |
| Upper-income                           | 41,474                           | 29,102  | 64.1                     | 70.2                    | 10,205   | 24.6                        | 2,167                     | 5.2          |
| Unknown-income                         | 0                                | 0   | 0.0                      | 0.0                     | 0  | 0.0                         | 0                         | 0.0          |
| <b>Total Assessment Area</b>           | <b>70,550</b>                    | <b>45,405</b>                                 | <b>100.0</b>             | <b>64.4</b>             | <b>21,352</b>                                      | <b>30.3</b>                 | <b>3,793</b>              | <b>5.4</b>   |
|  | <b>Total Businesses by Tract</b> | <b>Businesses by Tract &amp; Revenue Size</b> |                          |                         |  |                             |                           |              |
|  |                                  | <b>Less Than or = \$1 Million</b>             |                          | <b>Over \$1 Million</b> |  | <b>Revenue Not Reported</b> |                           |              |
|  |                                  | #   | %                        | #                       | %  | #                           | %                         |              |
| Low-income                             | 0                                | 0.0   | 0                        | 0.0                     | 0  | 0.0                         | 0                         | 0.0          |
| Moderate-income                        | 0                                | 0.0   | 0                        | 0.0                     | 0  | 0.0                         | 0                         | 0.0          |
| Middle-income                          | 2,660                            | 38.0  | 2,294                    | 37.8                    | 308  | 38.9                        | 58                        | 40.8         |
| Upper-income                           | 4,345                            | 62.0  | 3,777                    | 62.2                    | 484  | 61.1                        | 84                        | 59.2         |
| Unknown-income                         | 0                                | 0.0   | 0                        | 0.0                     | 0  | 0.0                         | 0                         | 0.0          |
| <b>Total Assessment Area</b>           | <b>7,005</b>                     | <b>100.0</b>                                  | <b>6,071</b>             | <b>100.0</b>            | <b>792</b>   | <b>100.0</b>                | <b>142</b>                | <b>100.0</b> |
| <b>Percentage of Total Businesses:</b> |                                  |   | <b>86.7</b>              |                         | <b>11.3</b>  |                             | <b>2.0</b>                |              |
|  | <b>Total Farms by Tract</b>      | <b>Farms by Tract &amp; Revenue Size</b>      |                          |                         |  |                             |                           |              |
|  |                                  | <b>Less Than or = \$1 Million</b>             |                          | <b>Over \$1 Million</b> |  | <b>Revenue Not Reported</b> |                           |              |
|  |                                  | #   | %                        | #                       | %  | #                           | %                         |              |
| Low-income                             | 0                                | 0.0   | 0                        | 0.0                     | 0  | 0.0                         | 0                         | 0.0          |
| Moderate-income                        | 0                                | 0.0   | 0                        | 0.0                     | 0  | 0.0                         | 0                         | 0.0          |
| Middle-income                          | 139                              | 65.0  | 138                      | 64.8                    | 1  | 100.0                       | 0                         | 0.0          |
| Upper-income                           | 75                               | 35.0  | 75                       | 35.2                    | 0  | 0.0                         | 0                         | 0.0          |
| Unknown-income                         | 0                                | 0.0   | 0                        | 0.0                     | 0  | 0.0                         | 0                         | 0.0          |
| <b>Total Assessment Area</b>           | <b>214</b>                       | <b>100.0</b>                                  | <b>213</b>               | <b>100.0</b>            | <b>1</b>   | <b>100.0</b>                | <b>0</b>                  | <b>0.0</b>   |
| <b>Percentage of Total Farms:</b>      |                                  |   | <b>99.5</b>              |                         | <b>0.5</b>   |                             | <b>0.0</b>                |              |

## CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS

The bank's lending performance in this assessment area was consistent with its overall performance. Despite the limited volume of lending, Citizens' performance was comparable to the proxies.

There were no community development activities in this assessment area during the evaluation period. This is reasonable because the bank has only operated in this area since the end of 2007. Further, with the economy and the presence of large regional and multi-regional banks in the area, opportunities for community development loans, services, and investments are limited.

## **DESCRIPTION OF TOLEDO, OH METROPOLITAN ASSESSMENT AREA 45780**

*(Reviewed using the limited examination procedures)*

Citizens designated six middle-income tracts in the eastern part of Ottawa County as part of its overall assessment area. Ottawa County is part of the Toledo, Ohio MSA 45780. Citizens' operates one office and two cash-only ATMs in this area. The office and two ATMs are located on a peninsula on Lake Erie surrounding the Sandusky Bay. This is an existing assessment area for the bank. About 2.00% of the loans were originated in this assessment area.

As of June 30, 2008, the FDIC reported that there were 13 FDIC-insured financial institutions operating a total of 25 offices in this area. These statistics also indicate that Citizens ranked 12<sup>th</sup> among these institutions, holding 0.14% of the market share of deposits. Huntington National Bank, which operates four offices in this area, ranked first, holding 30.75% of the market share of deposits. The National Bank of Oak Harbor, which operates three offices in this area, ranked second, holding 17.02% of the market share of deposits.

The following demographic table illustrates this assessment area.

### Combined Demographics Report

Citizens Banking Company

Assessment Area(s): MSA 45780

| Income Categories                      | Tract Distribution               |   | Families by Tract Income |                         | Families < Poverty Level as % of Families by Tract |                             | Families by Family Income |              |
|--|----------------------------------|---|--------------------------|-------------------------|--|-----------------------------|---------------------------|--------------|
|  | #                                | %   | #                        | %                       | #  | %                           | #                         | %            |
| Low-income                             | 0                                | 0.0   | 0                        | 0.0                     | 0  | 0.0                         | 992                       | 17.8         |
| Moderate-income                        | 0                                | 0.0   | 0                        | 0.0                     | 0  | 0.0                         | 1,126                     | 20.2         |
| Middle-income                          | 6                                | 100.0   | 5,575                    | 100.0                   | 294  | 5.3                         | 1,437                     | 25.8         |
| Upper-income                           | 0                                | 0.0   | 0                        | 0.0                     | 0  | 0.0                         | 2,020                     | 36.2         |
| Unknown-income                         | 0                                | 0.0   | 0                        | 0.0                     | 0  | 0.0                         | 0                         | 0.0          |
| <b>Total Assessment Area</b>           | <b>6</b>                         | <b>100.0</b>                                  | <b>5,575</b>             | <b>100.0</b>            | <b>294</b>   | <b>5.3</b>                  | <b>5,575</b>              | <b>100.0</b> |
|  | <b>Housing Units by Tract</b>    | <b>Housing Types by Tract</b>                 |                          |                         |  |                             |                           |              |
|  |                                  | <b>Owner-Occupied</b>                         |                          |                         | <b>Rental</b>                                      |                             | <b>Vacant</b>             |              |
|  |                                  | #   | %                        | %                       | #  | %                           | #                         | %            |
| Low-income                             | 0                                | 0   | 0.0                      | 0.0                     | 0  | 0.0                         | 0                         | 0.0          |
| Moderate-income                        | 0                                | 0   | 0.0                      | 0.0                     | 0  | 0.0                         | 0                         | 0.0          |
| Middle-income                          | 16,399                           | 6,477   | 100.0                    | 39.5                    | 1,872  | 11.4                        | 8,050                     | 49.1         |
| Upper-income                           | 0                                | 0   | 0.0                      | 0.0                     | 0  | 0.0                         | 0                         | 0.0          |
| Unknown-income                         | 0                                | 0   | 0.0                      | 0.0                     | 0  | 0.0                         | 0                         | 0.0          |
| <b>Total Assessment Area</b>           | <b>16,399</b>                    | <b>6,477</b>                                  | <b>100.0</b>             | <b>39.5</b>             | <b>1,872</b>                                       | <b>11.4</b>                 | <b>8,050</b>              | <b>49.1</b>  |
|  | <b>Total Businesses by Tract</b> | <b>Businesses by Tract &amp; Revenue Size</b> |                          |                         |  |                             |                           |              |
|  |                                  | <b>Less Than or = \$1 Million</b>             |                          | <b>Over \$1 Million</b> |  | <b>Revenue Not Reported</b> |                           |              |
|  |                                  | #   | %                        | #                       | %  | #                           | %                         |              |
| Low-income                             | 0                                | 0.0   | 0                        | 0.0                     | 0  | 0.0                         | 0                         | 0.0          |
| Moderate-income                        | 0                                | 0.0   | 0                        | 0.0                     | 0  | 0.0                         | 0                         | 0.0          |
| Middle-income                          | 1,172                            | 100.0   | 1,065                    | 100.0                   | 69   | 100.0                       | 38                        | 100.0        |
| Upper-income                           | 0                                | 0.0   | 0                        | 0.0                     | 0  | 0.0                         | 0                         | 0.0          |
| Unknown-income                         | 0                                | 0.0   | 0                        | 0.0                     | 0  | 0.0                         | 0                         | 0.0          |
| <b>Total Assessment Area</b>           | <b>1,172</b>                     | <b>100.0</b>                                  | <b>1,065</b>             | <b>100.0</b>            | <b>69</b>  | <b>100.0</b>                | <b>38</b>                 | <b>100.0</b> |
| <b>Percentage of Total Businesses:</b> |                                  |   | <b>90.9</b>              |                         | <b>5.9</b>   |                             | <b>3.2</b>                |              |
|  | <b>Total Farms by Tract</b>      | <b>Farms by Tract &amp; Revenue Size</b>      |                          |                         |  |                             |                           |              |
|  |                                  | <b>Less Than or = \$1 Million</b>             |                          | <b>Over \$1 Million</b> |  | <b>Revenue Not Reported</b> |                           |              |
|  |                                  | #   | %                        | #                       | %  | #                           | %                         |              |
| Low-income                             | 0                                | 0.0   | 0                        | 0.0                     | 0  | 0.0                         | 0                         | 0.0          |
| Moderate-income                        | 0                                | 0.0   | 0                        | 0.0                     | 0  | 0.0                         | 0                         | 0.0          |
| Middle-income                          | 21                               | 100.0   | 21                       | 100.0                   | 0  | 0.0                         | 0                         | 0.0          |
| Upper-income                           | 0                                | 0.0   | 0                        | 0.0                     | 0  | 0.0                         | 0                         | 0.0          |
| Unknown-income                         | 0                                | 0.0   | 0                        | 0.0                     | 0  | 0.0                         | 0                         | 0.0          |
| <b>Total Assessment Area</b>           | <b>21</b>                        | <b>100.0</b>                                  | <b>21</b>                | <b>100.0</b>            | <b>0</b>   | <b>0.0</b>                  | <b>0</b>                  | <b>0.0</b>   |
| <b>Percentage of Total Farms:</b>      |                                  |   | <b>100.0</b>             |                         | <b>0.0</b>   |                             | <b>0.0</b>                |              |

## CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS

### **Lending Test**

Since there are only middle-income tracts in this assessment area, geographic distribution does not need to be reviewed. Borrower distribution is comparable to demographic information. Thus, Citizens' performance in the lending test is consistent with the bank's lending in other assessment areas.

### **Community Development Test**

The bank made a participation loan for \$100,000.00 that promoted economic development in Ottawa County. Further, an employee was head of an agency that champions community development in the county. Based on this information, the bank's extension of community development loans, investments, and services is consistent with its overall performance.

## **DESCRIPTION OF AKRON, OH METROPOLITAN ASSESSMENT AREA 10420**

*(Reviewed using the limited examination procedures)*

Citizens operates one office with an ATM in Akron, Ohio. Citizens acquired this office as a result of its 2007 merger with Champaign Bank. Citizens designated the western portion of Summit County as part of its overall assessment area. This area is part of the Akron, Ohio MSA 10420. In total, this area contains 12 census tracts: four middle- and eight upper-income tracts. This assessment area only represented 0.28% of the bank's lending.

As of June 30, 2008, the FDIC reported that there were 28 FDIC-insured financial institutions operating a total of 220 offices in this area. These statistics also indicate that Citizens ranked 24<sup>th</sup> among these institutions, holding 0.28% of the market share of deposits. FirstMerit Bank, N.A., which operates 35 offices in this area, ranked first with 22.25% of the market share of deposits. National City Bank, which operates 26 offices in this area, ranked second with 13.73% of the market share of deposits.

The following demographic table illustrates this assessment area.

## Combined Demographics Report

Citizens Banking Company

Assessment Area(s): MSA 10420

| Income Categories            | Tract Distribution                     |   | Families by Tract Income |                         | Families < Poverty Level as % of Families by Tract |                             | Families by Family Income |              |
|------------------------------|--|---|--------------------------|-------------------------|--|-----------------------------|---------------------------|--------------|
|                              | #                                      | %   | #                        | %                       | #  | %                           | #                         | %            |
| Low-income                   | 0                                      | 0.0   | 0                        | 0.0                     | 0  | 0.0                         | 1,733                     | 11.4         |
| Moderate-income              | 0                                      | 0.0   | 0                        | 0.0                     | 0  | 0.0                         | 2,049                     | 13.4         |
| Middle-income                | 4                                      | 33.3  | 5,707                    | 37.4                    | 330  | 5.8                         | 2,864                     | 18.8         |
| Upper-income                 | 8                                      | 66.7  | 9,556                    | 62.6                    | 156  | 1.6                         | 8,617                     | 56.5         |
| Unknown-income               | 0                                      | 0.0   | 0                        | 0.0                     | 0  | 0.0                         | 0                         | 0.0          |
| <b>Total Assessment Area</b> | <b>12</b>                              | <b>100.0</b>                                  | <b>15,263</b>            | <b>100.0</b>            | <b>486</b>   | <b>3.2</b>                  | <b>15,263</b>             | <b>100.0</b> |
|                              | <b>Housing Units by Tract</b>          | <b>Housing Types by Tract</b>                 |                          |                         |  |                             |                           |              |
|                              |  | <b>Owner-Occupied</b>                         |                          |                         | <b>Rental</b>                                      |                             | <b>Vacant</b>             |              |
|                              |  | #   | %                        | %                       | #  | %                           | #                         | %            |
| Low-income                   | 0                                      | 0   | 0.0                      | 0.0                     | 0  | 0.0                         | 0                         | 0.0          |
| Moderate-income              | 0                                      | 0   | 0.0                      | 0.0                     | 0  | 0.0                         | 0                         | 0.0          |
| Middle-income                | 9,559                                  | 5,903   | 35.9                     | 61.8                    | 3,132  | 32.8                        | 524                       | 5.5          |
| Upper-income                 | 13,399                                 | 10,556  | 64.1                     | 78.8                    | 2,253  | 16.8                        | 590                       | 4.4          |
| Unknown-income               | 0                                      | 0   | 0.0                      | 0.0                     | 0  | 0.0                         | 0                         | 0.0          |
| <b>Total Assessment Area</b> | <b>22,958</b>                          | <b>16,459</b>                                 | <b>100.0</b>             | <b>71.7</b>             | <b>5,385</b>                                       | <b>23.5</b>                 | <b>1,114</b>              | <b>4.9</b>   |
|                              | <b>Total Businesses by Tract</b>       | <b>Businesses by Tract &amp; Revenue Size</b> |                          |                         |  |                             |                           |              |
|                              |  | <b>Less Than or = \$1 Million</b>             |                          | <b>Over \$1 Million</b> |  | <b>Revenue Not Reported</b> |                           |              |
|                              |  | #   | %                        | #                       | %  | #                           | %                         |              |
| Low-income                   | 0                                      | 0.0   | 0                        | 0.0                     | 0  | 0.0                         | 0                         | 0.0          |
| Moderate-income              | 0                                      | 0.0   | 0                        | 0.0                     | 0  | 0.0                         | 0                         | 0.0          |
| Middle-income                | 662                                    | 23.3  | 605                      | 24.8                    | 46   | 13.2                        | 11                        | 18.6         |
| Upper-income                 | 2,181                                  | 76.7  | 1,831                    | 75.2                    | 302  | 86.8                        | 48                        | 81.4         |
| Unknown-income               | 0                                      | 0.0   | 0                        | 0.0                     | 0  | 0.0                         | 0                         | 0.0          |
| <b>Total Assessment Area</b> | <b>2,843</b>                           | <b>100.0</b>                                  | <b>2,436</b>             | <b>100.0</b>            | <b>348</b>   | <b>100.0</b>                | <b>59</b>                 | <b>100.0</b> |
|                              | <b>Percentage of Total Businesses:</b> |   |                          | <b>85.7</b>             |  | <b>12.2</b>                 |                           | <b>2.1</b>   |
|                              | <b>Total Farms by Tract</b>            | <b>Farms by Tract &amp; Revenue Size</b>      |                          |                         |  |                             |                           |              |
|                              |  | <b>Less Than or = \$1 Million</b>             |                          | <b>Over \$1 Million</b> |  | <b>Revenue Not Reported</b> |                           |              |
|                              |  | #   | %                        | #                       | %  | #                           | %                         |              |
| Low-income                   | 0                                      | 0.0   | 0                        | 0.0                     | 0  | 0.0                         | 0                         | 0.0          |
| Moderate-income              | 0                                      | 0.0   | 0                        | 0.0                     | 0  | 0.0                         | 0                         | 0.0          |
| Middle-income                | 7                                      | 24.1  | 7                        | 24.1                    | 0  | 0.0                         | 0                         | 0.0          |
| Upper-income                 | 22                                     | 75.9  | 22                       | 75.9                    | 0  | 0.0                         | 0                         | 0.0          |
| Unknown-income               | 0                                      | 0.0   | 0                        | 0.0                     | 0  | 0.0                         | 0                         | 0.0          |
| <b>Total Assessment Area</b> | <b>29</b>                              | <b>100.0</b>                                  | <b>29</b>                | <b>100.0</b>            | <b>0</b>   | <b>0.0</b>                  | <b>0</b>                  | <b>0.0</b>   |
|                              | <b>Percentage of Total Farms:</b>      |   |                          | <b>100.0</b>            |  | <b>0.0</b>                  |                           | <b>0.0</b>   |

## CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS

### **Lending Test**

There were only 11 loans originated in this assessment area during the evaluation period; thus, it is difficult to compare the bank's lending to demographic information. Loans were made in middle- and upper-income tracts and one consumer loan was made to a low-income borrower. Based on this information, the bank's lending performance in this assessment area is consistent with its overall lending performance.

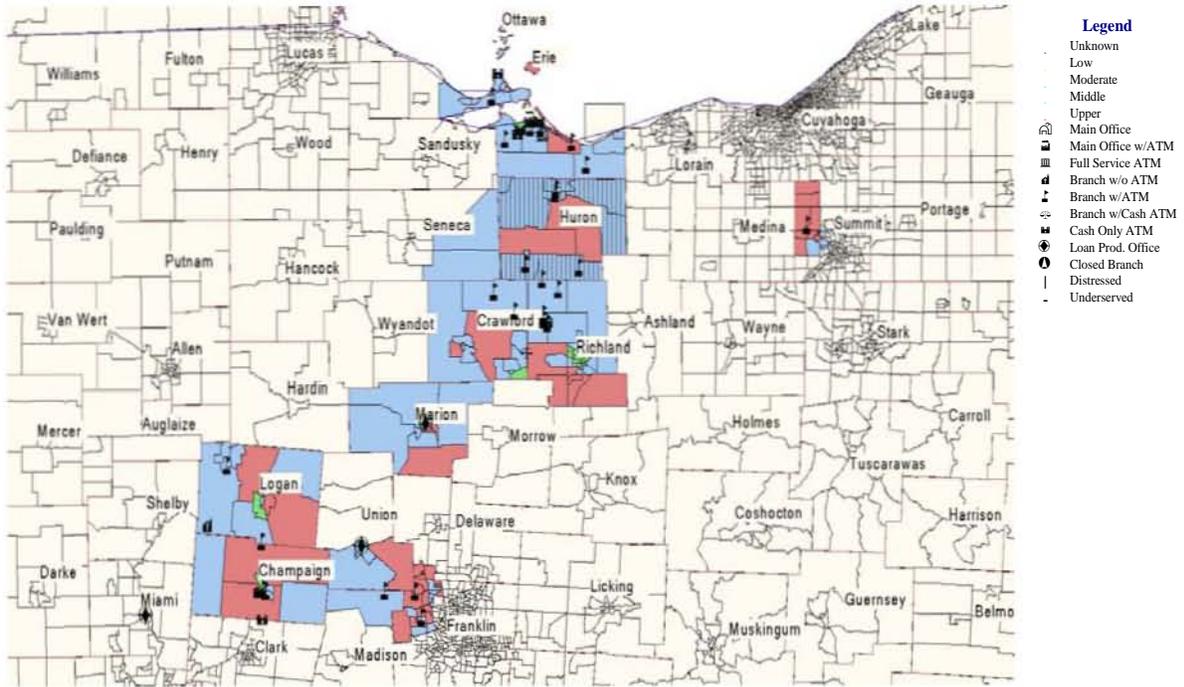
### **Community Development Test**

There were no community development activities in this assessment area during this time period. Citizens' has only operated in this assessment area since the end of 2007, however. Further, there are several regional and multi-regional institutions with offices in this area. With their presence and the declining economy, opportunities for community development loans, services, and investments are limited. Thus, the bank's community development performance in this assessment area is consistent with its overall performance.

## APPENDIX A

### ASSESSMENT AREA MAPS

Citizens Banking Company  
Assessment Area: Overall



Citizens Banking Company  
Assessment Area: MSA 41780

