



PUBLIC DISCLOSURE

December 4, 2017

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

The First Citizens National Bank of Upper Sandusky
Charter Number 18783

100 North Sandusky
Upper Sandusky, OH 43351

Office of the Comptroller of the Currency

West Lake Center
4555 Lake Forest Drive, Suite 520
Blue Ash, OH 45242-3760

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, and should not be construed as, an assessment of the financial condition of this institution. The rating assigned to this institution does not represent an analysis, conclusion, or opinion of the federal financial supervisory agency concerning the safety and soundness of this financial institution.

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Overall CRA Rating: Satisfactory

The Lending Test is rated: Satisfactory.

- First Citizens National Bank (FCNB)'s loan-to-deposit (LTD) ratio is reasonable compared to other similarly situated financial institutions within its assessment area.
- Lending to borrowers of different income levels and businesses and farms of different sizes reflects reasonable penetration.
- FCNB makes a majority of their loans inside their assessment areas (AAs). Eighty-nine percent of the number of loans in our sample were inside the bank's AA.

Definitions and Common Abbreviations

The following terms and abbreviations are used throughout this performance evaluation, including the CRA tables. The definitions are intended to provide the reader with a general understanding of the terms, not a strict legal definition.

Affiliate: Any company that controls, is controlled by, or is under common control with another company. A company is under common control with another company if the same company directly or indirectly controls both companies. A bank subsidiary is controlled by the bank and is, therefore, an affiliate.

Aggregate Lending: The number of loans originated and purchased by all reporting lenders in specified income categories as a percentage of the aggregate number of loans originated and purchased by all reporting lenders in the metropolitan area/assessment area.

Census Tract (CT): A small subdivision of metropolitan and other densely populated counties. Census tract boundaries do not cross county lines; however, they may cross the boundaries of metropolitan areas. Census tracts generally have a population between 1,200 and 8,000 people, with an optimal size of 4,000 people. Their physical size varies widely depending upon population density. Census tracts are designed to be homogeneous with respect to population characteristics, economic status, and living conditions to allow for statistical comparisons.

Community Development (CD): Affordable housing (including multifamily rental housing) for low- or moderate-income individuals; community services targeted to low- or moderate-income individuals; activities that promote economic development by financing businesses or farms that meet Small Business Administration Development Company or Small Business Investment Company programs size eligibility standards or have gross annual revenues of \$1 million or less; activities that revitalize or stabilize low- or moderate-income geographies, distressed or underserved nonmetropolitan middle-income geographies, or designated disaster areas; or loans, investments, and services that support, enable or facilitate projects or activities under the U.S. Department of Housing and Urban Development Neighborhood Stabilization Program criteria that benefit low-, moderate-, and middle-income individuals and geographies in the bank's assessment area(s) or outside the assessment area(s) provided the bank has adequately addressed the community development needs of its assessment area(s).

Community Reinvestment Act (CRA): The statute that requires the OCC to evaluate a bank's record of meeting the credit needs of its local community, consistent with the safe and sound operation of the bank, and to take this record into account when evaluating certain corporate applications filed by the bank.

Consumer Loan(s): A loan(s) to one or more individuals for household, family, or other personal expenditures. A consumer loan does not include a home mortgage, small

business, or small farm loan. This definition includes the following categories: motor vehicle loans, credit card loans, home equity loans, other secured consumer loans, and other unsecured consumer loans.

Family: Includes a householder and one or more other persons living in the same household who are related to the householder by birth, marriage, or adoption. The number of family households always equals the number of families; however, a family household may also include non-relatives living with the family. Families are classified by type as either a married-couple family or other family, which is further classified into 'male householder' (a family with a male householder and no wife present) or 'female householder' (a family with a female householder and no husband present).

Full Review: Performance under the Lending, Investment, and Service Tests is analyzed considering performance context, quantitative factors (e.g., geographic distribution, borrower distribution, and total number and dollar amount of investments), and qualitative factors (e.g., innovativeness, complexity, and responsiveness).

Geography: A census tract delineated by the United States Bureau of the Census in the most recent decennial census.

Home Mortgage Disclosure Act (HMDA): The statute that requires certain mortgage lenders that conduct business or have banking offices in a metropolitan statistical area to file annual summary reports of their mortgage lending activity. The reports include such data as the race, gender, and the income of applicants, the amount of loan requested, the disposition of the application (e.g., approved, denied, and withdrawn, loan pricing, the lien status of the collateral, any requests for preapproval, and loans for manufactured housing).

Home Mortgage Loans: Such loans include home purchase, home improvement and refinancings, as defined in the HMDA regulation. These include loans for multifamily (five or more families) dwellings, manufactured housing and one-to-four family dwellings other than manufactured housing.

Household: Includes all persons occupying a housing unit. Persons not living in households are classified as living in group quarters. In 100 percent tabulations, the count of households always equals the count of occupied housing units.

Limited Review: Performance under the Lending, Investment, and Service Tests is analyzed using only quantitative factors (e.g., geographic distribution, borrower distribution, total number and dollar amount of investments, and branch distribution).

Low-Income: Individual income that is less than 50 percent of the area median income, or a median family income that is less than 50 percent, in the case of a geography.

Market Share: The number of loans originated and purchased by the institution as a percentage of the aggregate number of loans originated and purchased by all reporting lenders in the metropolitan area/assessment area.

Median Family Income (MFI): The median income determined by the U.S. Census Bureau every five years and used to determine the income level category of geographies. Also, the median income determined by the Federal Financial Institutions Examination Council (FFIEC) annually that is used to determine the income level category of individuals. For any given area, the median is the point at which half of the families have income above it and half below it.

Metropolitan Area (MA): Any metropolitan statistical area or metropolitan division, as defined by the Office of Management and Budget, and any other area designated as such by the appropriate federal financial supervisory agency.

Metropolitan Division: As defined by Office of Management and Budget, a county or group of counties within a Core Based Statistical Area that contains an urbanized population of at least 2.5 million. A Metropolitan Division consists of one or more main/secondary counties that represent an employment center or centers, plus adjacent counties associated with the main/secondary county or counties through commuting ties.

Metropolitan Statistical Area (MSA): An area, defined by the Office of Management and Budget, as a core based statistical area associated with at least one urbanized area that has a population of at least 50,000. The Metropolitan Statistical Area comprises the central county or counties containing the core, plus adjacent outlying counties having a high degree of social and economic integration with the central county or counties as measured through commuting.

Middle-Income: Individual income that is at least 80 percent and less than 120 percent of the area median income, or a median family income that is at least 80 percent and less than 120 percent, in the case of a geography.

Moderate-Income: Individual income that is at least 50 percent and less than 80 percent of the area median income, or a median family income that is at least 50 percent and less than 80 percent, in the case of a geography.

Multifamily: Refers to a residential structure that contains five or more units.

Other Products: Includes any unreported optional category of loans for which the institution collects and maintains data for consideration during a CRA evaluation. Examples of such activity include consumer loans and other loan data an institution may provide concerning its lending performance.

Owner-Occupied Units: Includes units occupied by the owner or co-owner, even if the unit has not been fully paid for or is mortgaged.

Qualified Investment: A qualified investment is defined as any lawful investment, deposit, membership share, or grant that has as its primary purpose community development.

Rated Area: A rated area is a state or multi-state metropolitan area. For an institution with domestic branches in only one state, the institution's CRA rating would be the state rating. If an institution maintains domestic branches in more than one state, the institution will receive a rating for each state in which those branches are located. If an institution maintains domestic branches in two or more states within a multi-state metropolitan area, the institution will receive a rating for the multi-state metropolitan area.

Small Loan(s) to Business(es): A loan included in 'loans to small businesses' as defined in the Consolidated Report of Condition and Income (call report) instructions. These loans have original amounts of \$1 million or less and typically are either secured by nonfarm or nonresidential real estate or are classified as commercial and industrial loans.

Small Loan(s) to Farm(s): A loan included in 'loans to small farms' as defined in the instructions for preparation of the Consolidated Report of Condition and Income (call report). These loans have original amounts of \$500,000 or less and are either secured by farmland, or are classified as loans to finance agricultural production and other loans to farmers.

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

Upper-Income: Individual income that is at least 120 percent of the area median income, or a median family income that is at least 120 percent, in the case of a geography.

Description of Institution

FCNB is an independent, intrastate community bank located approximately 65 miles north of Columbus, Ohio, in the city of Upper Sandusky, Ohio, the Wyandot County seat. The bank's primary business focus is retail, commercial, and agricultural banking. It offers traditional banking products and services through seven full service offices. All branches have deposit-taking automated teller machines (ATMs) with the exception of the Wyandot Avenue (Upper Sandusky), Nevada, and Dunkirk locations. All offices have drive-thrus with the exception of the Dunkirk location. Four branches are located in middle-income CTs and three branches are located in upper-income CTs. In 2017, FCNB closed a branch in Wharton, Ohio (upper-income CT) and plans to open a new branch in Marion, Ohio (middle-income CT) in 2018. Overall competition for loans and deposits within the bank's marketing area is moderate, and comes primarily from local community banks and credit unions, as well as branches of regional/national institutions. However, competition within the Columbus MSA AA market segment is strong and FCNB has historically had difficulty with penetrating this market. Larger financial institutions with significant activity in the area include First Federal Bank of the Midwest, Fifth Third, Huntington National Bank, The Park National Bank and Chase.

As of September 30, 2017, FCNB reported total assets of \$260.4 million, tier 1 capital of \$41.3 million, and gross loans of \$171.4 million. Loan origination volume during the evaluation period consisted of 60 percent commercial/commercial real estate loans, 26 percent agricultural/farmland loans, and 13 percent residential real estate loans.

Currently, no legal or financial impediments exist that could restrict the institution's ability to serve the community's credit needs. FCNB earned a rating of "Satisfactory" during the last CRA evaluation, dated June 20, 2012.

Scope of the Evaluation

Evaluation Period/Products Evaluated

We conducted a full-scope CRA evaluation to assess the bank's record of meeting the credit needs of its entire community, including low- and moderate-income areas. We used small bank CRA evaluation procedures to assess the bank's performance under the Lending Test. The Lending Test includes loans originated or purchased from January 1, 2015, through December 31, 2016 (lending evaluation period). Residential real estate, farm, and business loans are the bank's primary lending products and were evaluated in the Lending Test. We used FCNB's 2015 and 2016 Home Mortgage Disclosure Act (HMDA) data to assess its residential real estate lending activity. We randomly sampled 20 loans originated/purchased during the lending evaluation period for farm and business loans.

Data Integrity

The OCC completed a target data integrity exam of 2015 and 2016 HMDA data as of March 31, 2017. We reviewed 60 HMDA applications from each year and verified the accuracy of reported data to source information. We identified two errors in the 2015 data and none in the 2016 data. The error rate was below the critical field error rate tolerance, so the information is considered reasonably accurate and reliable.

Selection of Areas for Full-Scope Review

We completed a full-scope review of the bank's Non-MSA AA and a limited scope review of the bank's Columbus, Ohio MSA, as described within the Description of Institution section of this report.

Ratings

The bank's overall rating is based on the review of the Non-MSA AA and a limited review of the Columbus, Ohio MSA.

Discriminatory or Other Illegal Credit Practices Review

Pursuant to 12 C.F.R. §25.28(c) or §195.28(c), respectively, in determining a national bank's or federal savings association's (collectively, bank) CRA rating, the OCC considers evidence of discriminatory or other illegal credit practices in any geography by the bank, or in any assessment area by an affiliate whose loans have been considered as part of the bank's lending performance. As part of this evaluation process, the OCC consults with other federal agencies with responsibility for compliance with the relevant laws and regulations, including the U.S. Department of Justice, the U.S. Department of Housing and Urban Development, and the Consumer Financial Protection Bureau, as applicable.

The OCC has not identified that this institution has engaged in discriminatory or other illegal credit practices that require consideration in this evaluation.

The OCC will consider any information that this institution engaged in discriminatory or other illegal credit practices, identified by or provided to the OCC before the end of the institution's next performance evaluation in that subsequent evaluation, even if the information concerns activities that occurred during the evaluation period addressed in this performance evaluation.

Conclusions with Respect to Performance Tests

LENDING TEST

FCNB's lending performance is satisfactory.

Loan-to-Deposit Ratio

FCNB's LTD ratio is reasonable given the bank's size, financial condition, and AA credit needs. FCNB has an average LTD ratio of 72 percent over the 22 quarters (March, 31 2012 to September 30, 2017) since the prior CRA evaluation. The bank's quarterly LTD ratio ranged from a low of 59 percent at March 31, 2013, to high of 84 percent at September 30, 2017. The average LTD ratio for similarly situated banks in Crawford, Delaware, Hancock, Hardin, Marion, and Wyandot counties was 71 percent as of the same timeframe. The bank's average LTD ratio of 72 percent is commensurate with its peer banks.

Lending in Assessment Area

The bank's record of lending within its AAs reflects a majority of FCNB's lending inside its AAs. As outlined in the description of the institution above, the bank's primary loan types are residential real estate, farm, and business loans. According to our analysis, the bank made 89 percent of the number of loans and 86 percent of the dollar amount of loans within its AAs.

Lending in Assessment Areas										
Loan Type	Number of Loans					Dollars of Loans				
	Inside		Outside		Total	Inside		Outside		Total
	#	%	#	%		\$ (000)	%	\$ (000)	%	
Residential Real Estate	144	92%	13	8%	157	16,231	91%	1,607	9%	17,838
Commercial/ Commercial Real Estate	16	80%	4	20%	20	2,123	73%	801	27%	2,924
Agricultural/ Farmland	15	75%	5	25%	20	4,403	76%	1,357	24%	5,760
Totals	175	89%	22	11%	197	22,757	86%	3,765	14%	26,522

Source: 2015 & 2016 bank reported HMDA Loan Application Register data and loan sample; loans originated/purchased from January 1, 2015 through December 31, 2016.

Conclusion for Area Receiving Full-Scope Review

Non-MSA AA

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

Lending to borrowers of different income levels and farms and businesses of different sizes reflects reasonable penetration.

FCNB's distribution of residential real estate loans to borrowers of different income levels reflects reasonable penetration. The bank's residential real estate loans demonstrate that the bank's lending serves the needs of low- and moderate-income borrowers. The bank's lending to moderate-income borrowers reflected reasonable penetration at 18 percent compared to the percentage of moderate-income families in the AA (19 percent). The distribution of residential real estate loans to low-income borrowers was lower than the percentage of families in the AA and reflects poor penetration. FCNB's overall performance is reasonable considering that 13 percent of AA low-income families live below the poverty level, resulting in limited lending opportunities, as residents of limited income may encounter difficulty meeting credit underwriting standards or affording the median housing cost of \$106,647. Additionally, lending to moderate-income borrowers approximates the demographic. Please refer to the following table for detail.

Borrower Distribution of Residential Real Estate Loans in the Non-MSA AA								
Borrower Income Level	Low		Moderate		Middle		Upper	
Loan Type	% of AA Families	% of Number of Loans	% of AA Families	% of Number of Loans	% of AA Families	% of Number of Loans	% of AA Families	% of Number of Loans
Home Purchase	17.77%	0%	18.57%	20.00%	21.62%	24.62%	42.04%	55.38%
Home Improvement	17.77%	13.04%	18.57%	26.09%	21.62%	21.74%	42.04%	39.13%
Refinancing	17.77%	3.39%	18.57%	13.56%	21.62%	30.51%	42.04%	52.54%
Total	17.77%	3.27%	18.57%	17.65%	21.62%	25.49%	42.04%	49.67%

Source: 2015 and 2016 HMDA originated home loans. Of note, 3.92 percent of the total number of FCNB's HMDA loans originated reported "NA" for income. Demographic data is from the 2010 U.S. Census.

The bank's lending to businesses of different sizes reflects reasonable penetration. A majority of the loans in our business loan sample were to small businesses with annual gross revenues of less than \$1 million. FCNB originated 75 percent of the number of loans in our business loan sample to businesses with gross revenues of \$1 million or less, which compared reasonably to the 80 percent of AA businesses with similar revenues. The bank made 179 business loans during the lending evaluation period. In addition, the bank had two loans in our sample with no income information available. Refer to the table below for more details on the borrower distribution of business loans in our sample.

Borrower Distribution of Loans to Businesses in the Non-MSA AA				
Business Revenue (or Sales)	≤\$1,000,000	>\$1,000,000	Unavailable/ Unknown	Total
% of AA Businesses	79.63%	5.54%	14.83%	100%
% of Bank Loans in AA by #	75.00%	15.00%	10.00%	100%
% of Bank Loans in AA by \$	76.09%	18.06%	5.85%	100%

Source: Sample of 20 commercial loans in this AA. Demographic data from Dun and Bradstreet June 2016.

The bank’s lending to farms of different sizes is reasonable and reflects satisfactory performance. A majority of the loans in our business loan sample were to small farm operations with annual gross revenues of less than \$1 million. FCNB originated 75 percent of the number of loans originated in our farm loan sample to farms with gross revenues of \$1 million or less, which compared reasonably to the 98 percent of AA farms with similar revenues. The bank made 126 farm loans during the lending evaluation period. Please refer to the table below for details on the borrower distribution of farm loans in our sample.

Borrower Distribution of Agricultural/Farmland Loans in the Non-MSA AA				
Business Revenue (or Sales)	≤\$1,000,000	>\$1,000,000	Unavailable/ Unknown	Total
% of AA Businesses	97.77%	0.68%	1.54%	100%
% of Bank Loans in AA by #	75.00%	10.00%	15.00%	100%
% of Bank Loans in AA by \$	69.89%	26.10%	4.01%	100%

Source: Sample of 20 commercial loans in this AA. Demographic data from Dun and Bradstreet June 2016.

Conclusion for Area Receiving Full-Scope Review

Columbus MSA AA

Based on limited-scope reviews, the bank’s performance under the lending test in the Columbus MSA AA is not inconsistent with the bank’s overall “Satisfactory” performance under the lending test.

Geographic Distribution of Loans

FCNB’s geographic distribution of loans reflects reasonable dispersion. Competition for loans is strong in the bank’s AA’s. FCNB’s AAs contain primarily middle- or upper-income tracts, with 90 percent of owner occupied households in the AA located in these geographies. The five low- or moderate-income CTs in the bank’s AAs are located in Marion County, where lending activity was minimal during the review period. FCNB originated only 15 residential loans in 2015 and 2016 across a total of 18 CTs in the Marion County. An analysis of the bank’s geographic distribution of lending activity was not meaningful and given little weight in the overall assessment. Additionally, 12 percent of low-income tract households and 22 percent of moderate-income tract households live below the poverty level in these CTs, resulting in limited lending

opportunities, as residents of limited income may encounter difficulty meeting credit underwriting standards or affording the median housing cost of \$106,647.

Responses to Complaints

FCNB has not received any complaints about its performance in helping to meet AA credit needs during this evaluation period.

Appendix A: Scope of Examination

The following table identifies the time period covered in this evaluation, affiliate activities that were reviewed, and loan products considered. The table also reflects the metropolitan and nonmetropolitan areas that received comprehensive examination review (designated by the term “full-scope”) and those that received a less comprehensive review (designated by the term “limited-scope”).

Time Period Reviewed	Lending Test (excludes CD loans): (01/01/2015 – 012/31/2016) Investment and Service Tests and CD Loans: Not Applicable	
Financial Institution	Products Reviewed	
The First Citizens National Bank of Upper Sandusky (FCNB) Upper Sandusky, Ohio	Residential real estate, farm, and business loans.	
Affiliate(s)	Affiliate Relationship	Products Reviewed
None reviewed.		
List of Assessment Areas and Type of Examination		
Assessment Area	Type of Exam	Other Information
Non-MSA AA Columbus, Ohio AA	Full-Scope Limited-Scope	

Appendix B: Community Profiles for Full-Scope Areas

Non-MSA AA

Demographic Information for Full-Scope Area: Non-MSA AA						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	N/A* % of #
Geographies (Census Tracts/BNAs)	28	3.57	14.29	60.71	17.86	3.57
Population by Geography	106,222	4.38	8.91	61.77	20.46	4.48
Owner-Occupied Housing by Geography	30,098	2.49	7.72	66.00	23.79	0.00
Businesses by Geography	4,438	3.70	11.87	62.62	21.65	0.16
Farms by Geography	584	0.51	0.86	62.50	35.96	0.17
Family Distribution by Income Level	28,352	17.77	18.57	21.62	42.04	0.00
Distribution of Low- and Moderate-Income Families throughout AA Geographies	10,305	7.74	14.95	60.68	16.63	0.00
Median Family Income						
HUD Adjusted Median Family Income for XXXX	= \$52,573					
Households Below the Poverty Level	= \$55,400					
	= 13%					
			Median Housing Value			= \$106,647
			Unemployment Rate			= 3.73%

(*) The N/A category consists of geographies that have not been assigned an income classification.
Source: 2010 U.S. Census, and 2016 FFIEC updated MFI.

The non-MSA AA represents all six CTs of Wyandot County, two CTs in northeast Hardin County, one CT in southeast Hancock County, one CT in Crawford County, and all 18 CTs in Marion County. Given its size and structure, FCNB is not able to adequately meet the credit and banking needs for all of Hardin, Hancock, and Crawford Counties. Additionally, competition in these counties is strong and FCNB's branch locations are not centrally located in close proximity to all geographies within the counties. Because of these facts, FCNB's decision to include only parts of those counties within its AA is reasonable and consistent with the requirements of the regulation.

FCNB holds approximately 5.3 percent of all the deposits within the five counties in the Non-MSA AA, which ranks it sixth out of the 28 financial institutions, according to the June 30, 2017, FDIC market share report.

The Non-MSA AA has 28 CTs (one low-income, four moderate-income, 17 middle-income, five upper-income, and one not applicable). According to FDIC's June 30, 2017, market share report, about 97 percent of FCNB's deposit base is within these five counties. This non-MSA AA represents the bank's primary market territory.

The economic condition in this AA has improved since the prior CRA evaluation period. The area had lost both businesses and jobs during the economic recession but has experienced recent activity with respect to investment in buildings and an increase in employment. Employers in the area are primarily in the manufacturing sector. Major employers in the non-MSA AA include Wyandot Inc., Marion Industries, Inc., Nucor Steel Marion, Inc., Whirlpool Corporation, OhioHealth, and Wyandot Memorial Hospital. Agriculture is also an important segment of the Non-MSA AA's economic base. The combined average unemployment rate for the five counties within the Non-MSA AA as of September 30, 2017, represented 4.2 percent, compared to the State of Ohio average rate of 4.7 percent, and the national average rate of 4.2 percent.

A community contact, with the director of a local non-profit organization Hancock, Hardin, Putnam, and Wyandot Counties, conducted as part of this evaluation, indicated that the most significant needs for low- to moderate-income areas includes the need for public transportation, child care, and medical care. The reputation of financial institutions in the area is positive and key credit/banking needs are being met.