



Comptroller of the Currency
Administrator of National Banks

Small Bank

Pittsburgh Field Office
4075 Monroeville Boulevard, Suite 300
Monroeville, Pennsylvania 15146

PUBLIC DISCLOSURE

February 17, 1999

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

Marion Center National Bank

Charter Number 7819

**201 East Main Street
Marion Center, Pennsylvania 15759**

**Office of the Comptroller of the Currency
4075 Monroeville Boulevard, Suite 300
Monroeville, Pennsylvania 15146**

NOTE: 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.

GENERAL INFORMATION

The Community Reinvestment Act (CRA) requires each federal financial supervisory agency to use its authority when examining financial institutions subject to its supervision, to assess the institution's record of meeting the credit needs of its entire community, including low- and moderate-income neighborhoods, consistent with safe and sound operation of the institution. Upon conclusion of such examination, the agency must prepare a written evaluation of the institution's record of meeting the credit needs of its community.

*This document is an evaluation of the Community Reinvestment Act (CRA) performance of **Marion Center National Bank** prepared by **The Office of the Comptroller of the Currency** the institution's supervisory agency, as of February 27, 1999. The agency rates the CRA performance of an institution consistent with the provisions set forth in Appendix A to 12 CFR Part 25.*

INSTITUTION'S CRA RATING:This institution is rated Satisfactory.

Marion Center National Bank's (MCNB) record of lending within its assessment area (AA) is reasonable and reflects comparably to similarly situated financial institutions. In addition, MCNB's distribution of loans to borrowers of various income levels and businesses of different sizes reflects the AA's demographics. The bank makes a substantial majority of loans within its' AA.

The following table indicates the performance level of Marion Center National Bank with respect to each of the five performance criteria.

Small Institution Assessment Criteria	<u>Marion Center National Bank</u> Performance Levels		
	Exceeds Standards for Satisfactory Performance	Meets Standards for Satisfactory Performance	Does Not Meet Standards for Satisfactory Performance
Loan-to-deposit ratio		X	
Lending in assessment area	X		
Lending to borrowers of different incomes and to businesses of different sizes		X	
Geographic distribution of loans		X	
Response to complaints		No Complaints Received	

DESCRIPTION OF INSTITUTION

MCNB is a full service, \$120 million, community bank located in northern Indiana County, Pennsylvania. MCNB is wholly owned by Community Banker's Corporation, a one-bank holding company. The bank's main office is in Marion Center, Pennsylvania. Four additional branches are located in Willow Springs, Big Run, Dayton, and Clymer. Automated teller machines (ATMs) are available at each of the four branches.

MCNB's credit products focus on residential real estate, consumer loans, and commercial lending. As of our examination, 47% of the loan portfolio by *dollar volume* was in residential real estate loans, 22% in consumer loans, and 26% in commercial loans. The bank's financial condition and product offerings do not limit its ability to meet the community's credit needs. Individuals can refer to the bank's CRA Public File for a specific list of available products and services.

DESCRIPTION OF BANKS ASSESSMENT AREA

MCNB's AA includes northern Indiana County and parts of Armstrong, Clearfield, and Jefferson Counties. The AA is a non-metropolitan statistical area (Non-MSA), and includes 26 whole Block Numbering Areas (BNAs). According to the 1990 U.S. Census Bureau, nineteen BNAs were designated as middle income, four BNAs were designated moderate income, and three BNAs were designated as low income. U.S. Census Bureau population for the entire AA is approximately 106,000. The bank's primary trade area is rural northern Indiana County with a population of approximately 50,000. MCNB's AA meets legal requirements and does not arbitrarily exclude low- and moderate-income geographies.

The bank's AA is served by at least five competitive financial institutions and includes both similarly situated community banks and branches of larger institutions.

The 1997 statewide non-MSA median *family* income was \$35,200. Major employers include coal and gas operations, timber and dairy farming operations, and local government facilities. In addition, a state university and hospital are located within nearby Indiana, Pennsylvania. Upper Indiana County is predominantly rural with a stagnate to declining economic base. The area is impacted by movements in the coal and gas industry and has historically represented one of the highest unemployment rates in Pennsylvania. Current unemployment approximates 6% and is 7th highest in the state.

Economic development and housing needs in the AA include residential mortgage loans, small business and small farm loans, and consumer loans.

Sampling Analysis

MCNB originated approximately 250 mortgage loans by number and \$12 million by dollar since our January 31, 1996 examination. Consumer loan originations approximately 2,700 by number and \$26 million by dollar. Examiners sampled 21% by number and 20% by dollar of mortgage loans and 2% by both dollar and number of consumer loans. The availability of business lending data was limited to 1998 and approximated 380 by number and \$17 million by dollar. Examiners sampled 7% by number and 11% by dollar of 1998 business loans. Sample findings were applied to the entire examination period.

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA

Loan to Deposit Analysis

MCNB's overall lending performance is reasonable and is comparable to similarly situated financial institutions. The December 31, 1998 loan to deposit ratio was 68% compared to a local peer ratio of 66%. The bank's average loan to deposit ratio since the last examination is 62% compared to the local peer average of 59%.

Lending to Borrowers of Different Incomes and Businesses of Different Sizes

MCNB's lending activity among low- and moderate-income individuals and small businesses is satisfactory. Lending patterns reflect MCNB's AA demographics and the communities' credit needs.

The following represents U.S. Census Data for 1990 regarding the number of low- and moderate-income families within MCNB's assessment area.

	Low Income	Moderate Income	Middle Income	Upper Income
Percentage of Families	21%	21%	24%	34%

The bank's home improvement and home equity lending is reflected in the consumer instalment category and demonstrates a good penetration to low- and moderate-income borrowers. Since 12/31/96, MCNB has originated approximately 23% by dollar and 37% by number of its consumer instalment loans to low- and moderate-income borrowers. The bank's residential mortgage lending is reasonable and exceeds area demographics regarding moderate-income borrowers.

The following table details mortgage and consumer loan originations since 12/31/96:

	Low Income		Moderate Income		Middle Income		Upper Income	
	\$\$\$	###	\$\$\$	###	\$\$\$	###	\$\$\$	###
Mortgage	2%	4%	27%	33%	32%	33%	39%	29%
Consumer	12%	17%	11%	20%	49%	40%	28%	23%

* \$\$\$ indicates loan originated by dollar amounts
 ### indicates loans originated by volume

Housing and Urban Development (HUD) prepared information indicates the volume of reporting businesses with gross annual revenues less than \$1 million is 77% within the AA.

MCNB's lending to small businesses is also satisfactory with the bank originating commercial loans of approximately 88% by number and 89% by dollar to businesses with gross annual revenues less than \$1 million.

Geographic Distribution of Loans

The following represents U.S. Census Data for 1990 regarding the distribution of income tracts within MCNB's assessment area.

	Moderate Income	Middle Income	Upper Income
Tracts	15%	73%	12%

MCNB's lending activity among low- and moderate-income tracts is reasonable and reflects area demographics. In addition, lending patterns to business within middle income tracts demonstrate a substantial volume of small dollar loans. The average dollar size of these loans was approximately \$1,200 and indicates a strong dedication to small dollar business borrowers.

The following table details mortgage, consumer, and business loan originations within the AA since 12/31/96:

	Moderate Income		Middle Income		Upper Income	
	\$\$\$	###	\$\$\$	###	\$\$\$	###
Mortgage	25%	26%	65%	61%	10%	13%
Consumer	14%	17%	86%	83%	0%	0%
Business	4%	5%	12%	86%	84%	9%

* \$\$\$ indicates loan originated by dollar amounts

indicates loans originated by volume

Lending in Assessment Area

A substantial majority of the bank's loan originations are to borrowers within its AA. Since January 1996, MCNB has originated 88% by number and 77% by dollar of total loans within the AA.

Response to Complaints

No complaints have been received since the last examination.

Record of Compliance with Antidiscrimination Laws

Examiners found no violations of antidiscrimination laws and regulations. The bank has appropriate policies, procedures and training programs in place to prevent discriminatory or other illegal credit practices.