
Comptroller of the Currency
Administrator of National Banks

Northeastern District
1114 Avenue of the Americas, Suite 3900
New York, New York 10036

PUBLIC DISCLOSURE

January 13, 1997

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

**Columbia County Farmers National Bank
Charter Number: 11058
232 East Street
Bloomsburg, Pennsylvania 17815**

**Office of the Comptroller of the Currency
Wilkes-Barre Duty Station
100 Hazle Street, Suite 202
Wilkes-Barre, Pennsylvania 18702**

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 **Columbia County Farmers National Bank** prepared by The Office of the Comptroller of the Currency, the institution's supervisory agency, as of January 13, 1997. 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.

This overall rating is supported by the following factors:

- The bank's average loan-to-deposit ratio for the past two years is 86%.
- The majority of loans reviewed during this examination originated within the assessment area.
- The bank exhibits a good record of lending to small businesses.
- The bank extends credit to individuals of all incomes.

The following table indicates the performance level of Columbia County Farmers National Bank with respect to each of the five performance criteria.

SMALL INSTITUTION ASSESSMENT CRITERIA	<u>Columbia County Farmers 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	Not a Meaningful Analysis		
Response to Complaints	No complaints were received since the prior examination.		

DESCRIPTION OF INSTITUTION

Columbia County Farmers National Bank (CCFNB) assets totaled \$170 million on December 31, 1996. CCFNB is the sole subsidiary of CCFNB Bancorp, Inc. The bank maintains six full service offices, all in Columbia County. There are three branches in Bloomsburg, including the main office. Other locations are Benton, Millville, and Orangeville. Automated teller machines are located at four of the branches. No branches were opened or closed in the past two years. The bank's primary loan products are residential mortgages, small business loans, and small personal loans. The loan portfolio represents 68% of total assets and comprises 63% residential mortgages, 27% small commercial loans, 8% consumer loans, and 2% small farm loans. CCFNB's competitors are First Columbia Bank and Trust Company, First National Bank of Berwick, FNB Bank in Danville, PNC Bank, First Federal Savings and Loan Association and Northern Central Bank. There are no known legal or financial impediments to prevent CCFNB from meeting the credit needs of its community.

DESCRIPTION OF ASSESSMENT AREA

CCFNB's assessment area meets regulatory requirements and does not arbitrarily exclude low- or moderate-income geographies. The assessment area includes most of Columbia County, which is largely rural. Columbia County comprises the southwestern corner of the Scranton-Wilkes-Barre-Hazleton MSA 7560. The assessment area contains eleven middle-income census tracts and one upper-income census tract. The total population of the assessment area is 46,305 according to 1990 census data. The median family income is \$35,900. The economy is stable and only 2% of the labor force is unemployed. Major industries are textiles, food processing, health care, and educational services. According to bank management, the largest employers are Magee Industrial Enterprises, Milco Industries, Bloomsburg Mills, Bloomsburg Hospital, Geisinger Medical Center, Bloomsburg University, Heinz Pet Products, and Wise-Borden, Inc. Bank management stated that the community's credit needs are housing, small business, and small personal loans. An official from a local community organization contacted during this examination verified that CCFNB is addressing the credit needs of its community.

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA :

Loan to Deposit Ratio

CCFNB's average loan-to-deposit ratio over the past two years is 86%. This ratio greatly exceeds the average loan-to-deposit ratio of 69% for similarly-sized Pennsylvania banks.

Lending in Assessment Area

We found that the majority of loan originations during 1995 and 1996 were within the bank's assessment area. We based our conclusion on the bank's Home Mortgage Disclosure Act

(HMDA) reportable loan originations because the loan location is tracked and these loans comprise a large segment of the bank's credit extensions. The table below shows that 84% of HMDA loan originations were within the bank's assessment area (AA).

1995 and 1996 HMDA LOAN ORIGINATIONS				
	Number of Loans	%	Dollar Amount of Loans (\$000's)	%
Inside AA	209	84%	\$8,858	84%
Outside AA	40	16%	\$1,744	16%
Total	249	100%	\$10,602	100%

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

The bank's record of lending to borrowers of different income levels was evaluated using HMDA reportable loans originated during 1995 and 1996. We concluded that CCFNB's volume of lending is representative of the demographic composition of the assessment area. The table below includes originations within the assessment area according to the income level of the borrower.

1995 and 1996 HMDA LOAN ORIGINATIONS WITHIN ASSESSMENT AREA			Percentage of Families in Assessment Area According to Income Level
Income Level of Borrower	Dollar Amount of Loans	Number of Loans	
Low	7%	11%	16%
Moderate	16%	21%	21%
Middle	34%	31%	27%
Upper	43%	37%	36%
Total	100%	100%	100%

CCFNB has a good record of meeting the credit needs of small businesses within its community. The table below is based on call report data from June 30, 1996. It shows that all commercial loans outstanding on that date were to small businesses and small farms.

SMALL BUSINESS AND FARM LOANS OUTSTANDING JUNE 30, 1996						
Original Amount of Loan (000's)	Secured by Commercial Real Estate		Commercial		Secured by Farmland	
	\$ (000's)	#	\$ (000's)	#	\$ (000's)	#
≤ \$100	6,423	180	4,275	208	852	21
\$100 ≤ \$250	7,751	59	1,149	11	852	8
\$250 ≤ \$1000	7,973	22	957	4	0	0
> \$1000	0	0	0	0	0	0
Total	22,147	261	6,381	223	1,704	29

Geographic Distribution of Loans

An analysis of the geographic distribution of loans was not performed because there are no low-or moderate-income census tracts within the assessment area. Eleven of the twelve census tracts, comprised of 92% of the assessment area, are middle-income tracts. The remaining census tract is an upper-income tract.

Compliance with Antidiscrimination Laws

A fair lending review performed in conjunction with this CRA examination revealed satisfactory compliance with fair lending regulations. We noted no practices intended to discourage or impede potential borrowers from applying for credit.