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Comptroller of the Currency  
Administrator of National Banks

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## **PUBLIC DISCLOSURE**

January 22, 1998

### **COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION**

**The Citizens National Bank of Bluffton  
Charter Number 11573**

**102 South Main Street  
Bluffton, Ohio 45817**

**Office of the Comptroller of the Currency  
Central Ohio Field Office  
Suite 202  
325 Cramer Creek Court  
Dublin, Ohio 43017**

**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 **The Citizen National Bank of Bluffton** prepared by the **Office of the Comptroller of the Currency**, the institution's supervisory agency, as of **January 22, 1998**. 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” record of meeting community credit needs.

The following factors summarize the institution's rating:

- The distribution of loans reflects a reasonable penetration among borrowers of different incomes and businesses and farms of different sizes.
- The bank's geographic distribution of loans is reasonable.
- A substantial majority of loans is made within the assessment areas.
- The loan-to-deposit ratio is extremely high.

## DESCRIPTION OF INSTITUTION

The Citizens National Bank of Bluffton (CNB) is an independent community bank headquartered in Bluffton, Ohio, located approximately 80 miles northwest of Columbus, Ohio, the state's capital. The bank's primary business focus is retail banking and it offers standard products and services through three full service offices located in Bluffton, Lima and Elida. Competition for loans and deposits is strong and comes primarily from several community banks in surrounding cities and branches of large, regional institutions.

As of the September 30, 1997, CNB reported total assets of \$276 million and gross loans of \$223 million. Loans for one-to-four family residential housing purposes represent about 58% of total loans, with the remainder divided among other loan types as follows: commercial real estate (17%), agriculture real estate (8%), commercial/industrial (8%), consumer (5%) and agriculture (4%). Using financial information as of March 31, 1997, CNB's deposit base is derived from the following Counties: Allen County (87%), Hancock County (10%), Hardin County (1.4%) and Auglaize County (1.4%). The loan distribution among the Counties is comparable.

Currently, no legal or economic impediments exist that could restrict the institution's ability to serve the community's credit needs. The prior CRA examination dated January 22, 1996, rated the bank "Outstanding record of meeting community credit needs."

## DESCRIPTION OF ASSESSMENT AREAS

The bank currently has two assessment areas (AA). The first AA consists of thirty-eight geographies in the Lima, Ohio Metropolitan Statistical Area (**MSA #4320**) located in Allen and Auglaize Counties. Specifically, it includes all geographies in Allen County and two northeastern geographies in Auglaize County. The remaining geographies in Auglaize County are not included in the assessment area because they are not within a reasonable distance to a bank office and the areas cannot be reasonably serviced by the bank. The second AA (**non-MSA**) consists of three geographies, one each in the surrounding counties of Putnam, Hardin and Hancock. Each of these geographies is adjacent to the Lima, Ohio MSA to the east, north-east and north, respectively. Management selected these AAs based on the bank's desired lending territory.

The overall economic condition of both AAs is fair with stable trends. As of November 1997, the average unemployment rate for all five counties represented in the AAs is roughly 3.8%, which is slightly below the state and national unemployment rates of 4.2% and 4.3%, respectively. The AAs are primarily rural, but do contain some urban areas. Agriculture and Agri-business are the primary industry within the bank's identified lending areas. Larger area employers include Ford Motor Company, BP Oil Company, General Dynamics, Inc., Mid Bus, Inc. and Cooper Tire. In addition to these employers, the bank's lending area contains several companies that are direct suppliers to Honda of America Corporation.

The identified geographies of **MSA #4320** contain a total population of about 118,000. The census median family income of the MSA is \$33,291. Of the thirty-eight geographies in this AA, four (11%) are categorized as low-income, eight (21%) are moderate-income, twenty-one (55%)

are middle-income and five (13%) are upper-income geographies. All three of the bank's offices are located in this AA, one of which is located in a low-income geography. The 1997 HUD updated median family income is \$42,300. The income distribution of families is as follows: 6,374 (20%), 5,855 (19%), 7,299 (23%), 11,751 (38%) are of low-, moderate-, middle- and upper-incomes, respectively. Table 1 displays other demographic information:

<b>Table 1 Demographic Information for MSA #4320</b>				
<b>Income Level of Geography</b>	<b>Total Population</b>	<b>% of Total Population</b>	<b># of Owner-Occupied Units</b>	<b>% of total Owner-Occupied Units</b>
Low-Income	6,771	6%	1,066	4%
Moderate-Income	16,292	14%	3,444	11%
Middle-Income	76,674	65%	20,845	68%
Upper-Income	17,940	15%	5,137	17%
Total	117,677	100%	30,492	100%

Source: 1990 Census Data, U.S. Bureau of the Census.

There are 45,685 total housing units in MSA # 4320. Of this volume, 67% are owner-occupied, 25% are rental and 8% are vacant housing units. The following Table details the housing distribution within each income level of geography:

<b>Table 2 MSA #4320 Distribution of Housing within Geographies</b>								
<b>Income Level of Geography</b>	<b># of Owner Occupied Units</b>	<b>% of Owner Occupied Units</b>	<b># of Renter Occupied Units</b>	<b>% of Renter Occupied Units</b>	<b># of Vacant Units</b>	<b>% of Vacant Units</b>	<b>Total # of Housing Units</b>	<b>Total % of Housing Units</b>
Low-Income	1,066	31%	1,615	47%	789	23%	3,470	100%
Moderate-Income	3,444	50%	2,483	36%	961	14%	6,888	100%
Middle-Income	20,845	72%	6,481	23%	1,478	5%	28,804	100%
Upper-Income	5,137	79%	1,106	17%	280	4%	6,523	100%
Total	30,492	67%	11,685	25%	3,508	8%	45,685	100%

Source: 1990 Census Data, U.S. Bureau of the Census.

Rental occupied units represent 47% of total housing units in low-income geographies and 36% of total housing units in moderate-income geographies. The average median housing value is \$50,805 with a median year built of 1957. The following table shows the number of businesses and farms by income level of geography:

<b>Table 3 Businesses and Farms by Income Level of Geography in MSA #4320 January 1, 1997 through December 31, 1997</b>				
<b>Income Level of Geography</b>	<b># of Businesses</b>	<b>% of Total</b>	<b># of Farms</b>	<b>% of Total</b>
Low-Income	518	14%	2	2%

Moderate-Income	485	13%	5	5%
Middle-Income	2,041	57%	72	74%
Upper-Income	566	16%	18	19%
TOTAL	3,610	100%	97	100%

Source: 1990 Census Data, U.S. Bureau of the Census.

**MSA #4320** has many small businesses. Of the 3,610 total business establishments, 2,464 (68%) have sales revenues of less than \$1 million. Of the 97 farms, 85 (88%) have sales revenues of less than \$1 million.

The statewide non-MSA census median family income of this AA is \$30,563. The three geographies that represent the **non-MSA** AA contain a small population of about 14,000. All three geographies are categorized as middle-income. The statewide non-MSA 1997 HUD updated median family income is \$38,800. The income distribution of families is as follows: 481 (14%), 573 (17%), 986 (29%), 1,393 (40%) are of low-, moderate-, middle- and upper-incomes, respectively. There are 5,058 housing units. Of this volume, 69% are owner-occupied, 26% are rental and 5% are vacant housing units. The average median housing value is \$55,627, with a median year built of 1954.

The total of business establishments is 278 in the **non-MSA** AA. Of this number, 207 (74%) have sales revenues of less than \$1 million. Approximately 50 farms are in this AA. All have sales revenues of less than \$1 million.

**Community Contacts:**

Six community contacts conducted by this Agency and by two other banking regulatory agencies within the prior two years were reviewed. The individuals contacted represent the following types of organizations: economic development, community development, a housing program, a home rehabilitation program, city government and a realty company. Credit needs identified by these contacts include low down payment mortgage products, operating and development funds for new companies, and personal loans.

## CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA

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

CNB's lending to borrowers of different incomes and businesses of different sizes is reasonable and meets the standards for satisfactory performance. The following sections describe the bank's lending volume of home mortgage, commercial and farm loans in **MSA #4320** and in the **non-MSA AA**.

#### MSA #4320

##### Home Mortgage Loans:

CNB's major product is home mortgage loans. Home mortgage loans represent 58% of the bank's loan portfolio. Overall, CNB's home mortgage lending meets the standard for satisfactory performance. All home mortgage loans originated in 1996 and 1997 reported under the Home Mortgage Disclosure Act were analyzed. The following sections separately discuss CNB's home mortgage loans by AA:

Borrower Income as a % of MSA Median Family Income	# of Loans	\$ (000's)	% of Total		Assessment Area Characteristics
			# of Loans	\$ (000's)	% of Families
Low-Income	50	\$1,056	6%	2%	20%
Moderate-Income	157	\$4,385	19%	10%	19%
Middle-Income	240	\$11,078	29%	26%	23%
Upper-Income	331	\$24,123	41%	56%	38%
NA	39	\$2,563	5%	6%	0%
TOTAL	817	\$43,205	100%	100%	100%

Source: FFIEC, 1996 HMDA (Home Mortgage Disclosure Act) Data.

NA - Information is not available.

Table 5 Home Mortgage Loans by Borrower Income January 1, 1997 through December 19, 1997					
Borrower Income as a % of MSA Median Family Income	# of Loans	\$ (000's)	% of Total		Assessment Area Characteristics
			# of Loans	\$ (000's)	% of Families
Low-Income	33	\$701	5%	2%	20%
Moderate-Income	115	\$4,581	19%	13%	19%
Middle-Income	184	\$8,957	30%	26%	23%
Upper-Income	243	\$18,225	40%	52%	38%
NA	35	\$2,605	6%	7%	0%
TOTAL	610	\$35,069	100%	100%	100%

Source: FFIEC, 1997 HMDA Data.  
NA - Information is not available.

Tables 4 and 5 show that the bank's lending to low-income borrowers is low when compared to the characteristics of **MSA #4320** in both 1996 and 1997. Although low, CNB's lending to low-income borrowers meets the satisfactory standard. Fifty-eight percent of low-income families live in low-income geographies. Rental occupied units represent a high of 47% of total housing units in these low-income geographies. Therefore, there are less home mortgage opportunities to low-income families and they are less likely to be home owners. CNB's home mortgage loans to moderate-income borrowers in both years meet the satisfactory standard.

#### Commercial Loans:

CNB's commercial loans are largely small loans to small businesses. A sample of 2.5% of new commercial loans was tested to determine if the loans are small loans and if the loans are made to small businesses (businesses with annual revenues of less than \$1 million). The following two tables show that CNB's lending to small businesses meets the standard for satisfactory performance.

Table 6 Commercial Loans by Loan Size and Loans to Businesses with Annual Revenues of Less than \$1 Million January 1, 1996 through December 31, 1996				
Loan Size	# of Loans	\$ (000's)	% of Total	
			# of Loans	\$ (000's)
Less than \$100,000	12	\$339	92%	55%
\$100,000 - \$249,999	0	\$0	0%	0%
\$250,000 - \$1,000,000	1	\$282	8%	45%
Total Small Loans	13	\$621	100%	100%
Total Small Loans to Businesses with Annual Revenues of Less Than \$1 Million (Small Business Loans)	9	\$181		
As a % of Total Small Loans	69%	29%		

Source: CNB's internal reports.

The above table shows that 92% of the number and 55% of the dollar volume of CNB's loans are small commercial loans. Of all small loans made, 69% of the number are small loans to small businesses. This is favorable as it shows the bank is making many very small commercial loans. The 29% of the dollar volume is low because each of these loans did not exceed \$37,000. Four loans, one of which totaled \$282 thousand, are to large businesses with annual revenues of greater than \$1 million. CNB's lending is comparable to the 68% of small business establishments in **MSA #4320**.

Table 7 Commercial Loans by Loan Size and Loans to Businesses with Annual Revenues of Less than \$1 Million January 1, 1997 through December 31, 1997				
Loan Size	# of Loans	\$ (000's)	% of Total	
			# of Loans	\$ (000's)
Less than \$100,000	10	\$331	71%	40%
\$100,000 - \$249,999	4	\$500	29%	60%
\$250,000 - \$1,000,000	0	\$0	0%	0%
Total Small Loans	14	\$831	100%	100%
Total Small Loans to Businesses with Annual Revenues of Less Than \$1 Million (Small Business Loans)	8	\$327		
As a % of Total Small Loans	57%	39%		

Source: CNB's internal reports.

Table 7 shows that in 1997, very small commercial loans represented 71% of the number and 40% of the dollar volume, a smaller volume than in 1996. This is because four loans were made in \$100,000- \$249,999 dollar range versus zero made in 1996. Fifty-seven percent of the number and 39% of the dollar volume were small loans made to small businesses. Lending to small businesses meets the satisfactory standard considering this is not CNB's main product line.

Farms Loans:



CNB's farm lending volume is reasonable considering the characteristics of the AA. A sample of 2.5% of new farm loans was tested to determine if the loans are small loans and if the loans are made to farms with annual revenues of less than \$1 million. The following are the results:

<b>Table 8</b> <b>Farms Loans by Loan Size and Loans to Farms with Annual Revenues of Less than \$1 Million</b> <b>January 1, 1996 through December 31, 1996</b>				
<b>Loan Size</b>	<b># of Loans</b>	<b>\$ (000's)</b>	<b>% of Total</b>	
			<b># of Loans</b>	<b>\$ (000's)</b>
Less than \$100,000	5	\$170	62%	16%
\$100,000 - \$249,999	2	\$400	25%	37%
\$250,000 - \$500,000	1	\$500	13%	47%
Total Small Loans	8	\$1,070	100%	100%
Total Small Loans to Farms with Annual Revenues of Less Than \$1 Million (Small Farm Loans)	8	\$1,070		
As a % of Total Small Loans	100%	100%		

Source: CNB's internal reports.

Table 8 shows CNB makes a large number, 62%, of very small farm loans. All loans, or 100%, are small loans to small farms.

<b>Table 9</b> <b>Farms Loans by Loan Size and Loans to Farms with Annual Revenues of Less than \$1 Million</b> <b>January 1, 1997 through December 31, 1997</b>				
<b>Loan Size</b>	<b># of Loans</b>	<b>\$ (000's)</b>	<b>% of Total</b>	
			<b># of Loans</b>	<b>\$ (000's)</b>
Less than \$100,000	4	\$34	66%	6%
\$100,000 - \$249,999	1	\$200	17%	38%
\$250,000 - \$500,000	1	\$300	17%	56%
Total Small Loans	6	\$534	100%	100%
Total Small Loans to Farms with Annual Revenues of Less Than \$1 Million (Small Farm Loans)	6	\$534		
As a % of Total Small Loans	100%	100%		

Source: CNB's internal reports.

Table 9 shows that over half of CNB's farm loans are very small. This is reflected in the 66% of loans considered to be very small farm loans. CNB also made 100% of its small loans to small

farms. Although farm loans are not the bank's main product line, this reflects favorably on the bank considering 88% of the farms in **MSA #4320** have annual revenues of less than \$1 million.

### Non-MSA AA

#### Home Mortgage Loans:

CNB's home mortgage lending volume by borrower income level is reasonable considering the characteristics of this AA. Tables 10 and 11 summarize the bank's home mortgage lending by borrower income:

<b>Table 10</b>					
<b>Home Mortgage Loans by Borrower Income</b>					
<b>January 1, 1996 through December 31, 1996</b>					
<b>Borrower Income as a % of MSA Median Family Income</b>	<b># of Loans</b>	<b>\$ (000's)</b>	<b>% of Total</b>		<b>Assessment Area Characteristics</b>
			<b># of Loans</b>	<b>\$ (000's)</b>	<b>% of Families</b>
Low-Income	2	\$40	2%	1%	14%
Moderate-Income	15	\$386	18%	10%	17%
Middle-Income	31	\$1,438	37%	35%	29%
Upper-Income	32	\$2,019	38%	49%	40%
NA	4	\$220	5%	5%	0%
<b>TOTAL</b>	<b>84</b>	<b>\$4,103</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>

Source: FFIEC, 1996 HMDA Data; 1990 Census Data, U.S. Bureau of the Census.

NA - Information is not available.

Table 11 Home Mortgage Loans by Borrower Income January 1, 1997 through December 19, 1997					
Borrower Income as a % of MSA Median Family Income	# of Loans	\$ (000's)	% of Total		Assessment Area Characteristics
			# of Loans	\$ (000's)	% of Families
Low Income	6	\$119	8%	2%	14%
Moderate Income	10	\$326	14%	6%	17%
Middle Income	23	\$1,353	31%	25%	29%
Upper Income	29	\$2,396	40%	45%	40%
NA	5	\$1,197	7%	22%	0%
TOTAL	73	\$5,391	100%	100%	100%

Source: FFIEC, 1997 HMDA Data; 1990 Census Data, U.S. Bureau of the Census.  
NA - Information is not available.

Tables 10 and 11 show that CNB's home mortgage lending to low-income borrowers is low in both 1996 and 1997, when compared to the characteristics of this AA. Although low, it meets the standards for satisfactory performance because 51% of the number of low-income households live below the poverty level and are less likely to be home owners. Lending to moderate-income borrowers is comparable to the assessment area characteristics in 1996, but slightly lower in 1997.

#### Commercial Loans:

Of the 2.5% of new commercial loans sampled, none are located in this assessment area. This is reasonable considering this AA only has 207 business establishments.

#### Farm Loans:

Of the 2.5% of new farm loans sampled, none are located in this assessment area. This is reasonable considering this AA only has 23 farms in the three geographies. Also, farm loans are not the bank's main product line.

### Geographic Distribution of Loans

Overall, CNB's geographic distribution of loans meets the standard for satisfactory performance. The following two sections separately discuss CNB's lending volume in the two AAs.

#### MSA #4320

#### Home Mortgage Loans:

CNB's distribution of home mortgage loans is reasonable considering the characteristics of the AA. The following two tables summarize the bank's lending by income level of geography:

Table 12 Home Mortgage Loans by Income Level of Geography January 1, 1996 through December 31, 1996					
Income Level of Geography	# of Loans	\$ (000's)	% of Total		Assessment Area Characteristics
			# of Loans	\$ (000's)	% of Families

Table 12 Home Mortgage Loans by Income Level of Geography January 1, 1996 through December 31, 1996					
			# of Loans	\$ (000's)	% of Owner-Occupied Units
Low-Income	20	\$1,020	3%	2%	3%
Moderate-Income	50	\$1,033	6%	2%	11%
Middle-Income	574	\$29,221	70%	68%	68%
Upper-Income	173	\$11,931	21%	28%	18%
TOTAL	817	\$43,205	100%	100%	100%

Source: FFIEC, 1996 HMDA Data; 1990 Census Data, U.S. Bureau of the Census.

Table 13 Home Mortgage Loans by Income Level of Geography January 1, 1997 through December 19, 1997					
Income Level of Geography	# of Loans	\$ (000's)	% of Total		Assessment Area Characteristics
			# of Loans	\$ (000's)	% of Owner-Occupied Units
Low-Income	8	\$200	1%	1%	3%
Moderate-Income	51	\$1,021	9%	3%	11%
Middle-Income	434	\$23,827	71%	68%	68%
Upper-Income	117	\$10,021	19%	28%	18%
TOTAL	610	\$35,069	101%	99%	100%

Source: FFIEC, 1997 HMDA Data; 1990 Census Data, U.S. Bureau of the Census.

As shown in Tables 12 and 13, CNB's lending is low in low-income and moderate-income geographies. Although low, these lending volumes meet the standards for satisfactory performance. Of the housing units in low-income and moderate-income geographies, 47% and 36%, respectively, are renter occupied. Therefore, it is reasonable that CNB would not originate many home mortgage loans in these geographies.

#### Commercial Loans:

CNB's commercial loan volume is low in both low- and moderate-income geographies. A sample of 2.5% of new commercial loans was tested to determine where the new loans are located. The following two tables display the number and dollar volume of commercial loans originated in 1996 and 1997:

Table 14 Commercial Loans by Income Level of Geography January 1, 1996 through December 31, 1996						
Income Level of Geography	# of Loans	\$ (000's)	% of Total		Assessment Area Characteristics	
			# of Loans	\$ (000's)	% of Businesses	% of Geographies
Low-Income	1	\$25	8%	4%	14%	11%

**Table 14**  
**Commercial Loans by Income Level of Geography**  
**January 1, 1996 through December 31, 1996**

Moderate-Income	1	\$55	8%	9%	13%	21%
Middle-Income	10	\$504	76%	81%	57%	55%
Upper-Income	1	\$37	8%	6%	16%	13%
TOTAL	13	\$621	100%	100%	100%	100%

Source: CNB's internal reports; 1990 Census Data, U.S. Bureau of the Census.

**Table 15**  
**Commercial Loans by Income Level of Geography**  
**January 1, 1997 through December 31, 1997**

Income Level of Geography	# of Loans	\$ (000's)	% of Total		Assessment Area Characteristics	
			# of Loans	\$ (000's)	% of Businesses	% of Geographies
Low-Income	1	\$50	7%	6%	14%	11%
Moderate-Income	1	\$50	7%	6%	13%	21%
Middle-Income	9	\$570	64%	69%	57%	55%
Upper-Income	3	\$161	22%	19%	16%	13%
TOTAL	14	\$831	100%	100%	100%	100%

Source: CNB's internal reports; 1990 Census Data, U.S. Bureau of the Census.

Both tables 14 and 15 show that CNB's lending volume is low when compared to both the percentage of business establishments and geographies in **MSA #4320**. Although low, this loan volume meets the satisfactory standard because the bank's primary loan product is home mortgage loans, not commercial loans. Commercial loans make up only 8% of the loan portfolio.

#### Farm Loans:

CNB's farm loan volume is low in both low- and moderate-income geographies. A sample of 2.5% of new farm loans was tested to determine where the new farm loans are located. The following two tables display the number and dollar volume of farm loans originated in 1996 and 1997:

**Table 16**  
**Farm Loans by Income Level of Geography**  
**January 1, 1996 through December 31, 1996**

Income Level of Geography	# of Loans	\$ (000's)	% of Total		Assessment Area Characteristics	
			# of Loans	\$ (000's)	% of Farms	% of Geographies
Low-Income	0	\$0	0%	0%	2%	11%
Moderate-Income	0	\$0	0%	0%	5%	21%
Middle-Income	7	\$920	88%	86%	74%	55%
Upper-Income	1	\$150	12%	14%	19%	13%
TOTAL	8	\$1,070	100%	100%	100%	100%

Source: CNB's internal reports; 1990 Census Data, U.S. Bureau of the Census.

Table 17 Farm Loans by Income Level of Geography January 1, 1997 through December 31, 1997						
Income Level of Geography	# of Loans	\$ (000's)	% of Total		Assessment Area Characteristics	
			# of Loans	\$ (000's)	% of Farms	% of Geographies
Low-Income	0	\$0	0%	0%	2%	11%
Moderate-Income	0	\$0	0%	0%	5%	21%
Middle-Income	4	\$330	67%	62%	74%	55%
Upper-Income	2	\$204	33%	38%	19%	13%
TOTAL	6	\$534	100%	100%	100%	100%

Source: CNB's internal reports; 1990 Census Data, U.S. Bureau of the Census.

Both tables 16 and 17 show CNB's lending volume is low when compared to both the percentage of farms and geographies in MSA # 4320. Although low, this loan volume meets the satisfactory standard because the low-income areas are urban, not rural. Also, the bank's primary loan product is home mortgage loans, not farm loans. Farm loans make up only 4% of the bank's loan portfolio.

### Non-MSA AA

A geographic distribution analysis of home mortgage, commercial and farm loans would not be meaningful because all geographies in Hardin, Hancock and Putnam are middle-income.

### Lending in Assessment Areas

A review of all home mortgage, commercial and farm loans originated in 1996 and 1997 was performed. A substantial majority of CNB's loans are originated with the assessment areas. The following table supports this conclusion:

Table 18 Loans Originated in the Assessment Areas January 1, 1996 through December 31, 1997						
Type of Loans	Total Loans Reviewed		Loans Originated within the Assessment Areas			
	# of Loans	\$ Total of Loans	# of Loans	% of Total	\$ Total of Loans	% of Total
Home Mortgage	1,022	\$54,806	908	89%	\$47,760	87%
Commercial	1,100	\$36,999	1,023	93%	\$26,639	72%
Farm	610	\$10,010	530	87%	\$9,309	93%
Total	2,732	\$101,815	2,461	90%	\$83,709	82%

Sources: FFIEC, 1996 and 1997 HMDA Data and CNB's internal reports.

Table 18 shows that CNB's lending in its AAs is substantial and exceeds the standard for satisfactory performance. The review found that 89% of home mortgage, 93% of commercial and

87% of farms loans were made in the AAs. By dollar volume, 87%, 72% and 93% of home mortgage, commercial and farm loans, respectively, were made in the AAs.

### **Loan-to-Deposit Ratio**

CNB's current loan-to-deposit (LTD) ratio of 110% as of September 30, 1997, and average LTD ratio over the last seven calendar quarters of 107% are well above the ratios demonstrated by similarly situated institutions. These ratios substantially exceed the standards for satisfactory performance. CNB's LTD ratios were compared with a peer group of banks nationwide and a custom peer group consisting of 26 banks located in Ohio and Indiana with total assets between \$150 million and \$350 million. CNB's ratios are much higher than the 71% average LTD ratio shown by the national peer group and the 85% average LTD ratio shown by the custom peer group.

### **Response to Complaints**

This factor is not rated. This Office has not received any CRA-related complaints

### **Compliance with Fair Lending Laws and Regulations**

A fair lending review was conducted to determine if the bank engaged in illegal discriminatory practices. We reviewed a sample of home mortgage loan applications processed during 1996 and 1997. Based on the results of the review, the bank does not engage in illegal discrimination. The institution's fair lending policies, procedures and training programs have been effective in assisting lenders in these issues.