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Comptroller of the Currency  
Administrator of National Banks

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## **PUBLIC DISCLOSURE**

July 11, 1997

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

**Brookville National Bank  
Charter No. 14141**

**132 Market Street  
Brookville, Ohio 45309**

**Office of the Comptroller of the Currency**

**Central District Office  
One Financial Place, Suite 2700  
Chicago, Illinois 60605**

**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 **Brookville National Bank** prepared by **Office of the Comptroller of the Currency**, the institution's supervisory agency, as of March 31, 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**.

Brookville National Bank exhibits a satisfactory performance record. This rating is supported by:

- A majority of the real estate, small business, and small farm loans reviewed were within the bank's assessment area.
- The geographic distribution of loans reflects reasonable dispersion throughout the assessment area.
- The distribution of borrowers reflects an excellent penetration among individuals of different income levels.

## DESCRIPTION OF INSTITUTION

Brookville National Bank (BNB), with assets of \$62 million, has a total of two banking offices. Both offices are in Brookville, Montgomery County, Ohio. Both are also located in census tract 1301, a middle income census tract. The bank maintains automatic teller machines (ATMs) at its branch office and in a local grocery store (cash dispensing machine). Both offices have drive-up facilities.

BNB's primary business focus is lending to individuals (residential real estate and installment loans) and small businesses. They offer a variety of lending products to accommodate borrowers within their assessment area (AA). At March 31, 1997, the loan portfolio consisted of the following loan types:

	VOLUME	% OF GROSS LOANS
Residential Real Estate	\$17,212	48%
Commercial Real Estate	\$7,379	21%
Commercial Loans	\$3,204	9%
Consumer Loans	\$7,766	22%

There are no financial or legal impediments that affect the bank's ability to help meet the credit needs of its AA. BNB's CRA rating as of March 31, 1994 was "Satisfactory Record of Meeting Community Credit Needs." The bank's lending performance for 1995, 1996, and year-to-date 1997 was reviewed in detail. A cursory review of 1994 data demonstrated similar results.

## DESCRIPTION OF ASSESSMENT AREA

The bank's AA consists of seven census tracts. Five of the census tracts are located in Metropolitan Statistical Area (MSA) 2000 in Montgomery County. Two census tracts are located in Preble County and are not in MSA 2000. The seven census tracts are characterized as follows: six middle income (86%) and one upper income (14%). There are a total of 14,494 housing units in the bank's AA with 10,296 or 71% being owner occupied units. The AA meets the requirements of the regulation and does not arbitrarily exclude low-income or moderate-income geographies.

The median family income for MSA 2000 is \$35,999 and the Ohio statewide nonmetropolitan median family income is \$30,562 based on 1990 U.S. Census information. The bank's AA has a population of 37,981. The distribution of families among income categories is as follows: 14% are low income, 18% are moderate income, 26% are middle income, and 42% are upper income.

The local economy is considered strong and is growing. The major employers for the local residents are General Motors, Wright Patterson Air Force Base, Dayton Power & Light Co.,

and NCR. There are also various small businesses located in the Brookville area that employ many local residents. Unemployment rates are low in Montgomery County. Competition is provided by several local financial institutions and many branches of larger financial institutions.

We conducted one interview with a local chief of police to ascertain the credit needs of the community. The credit needs of the assessment area include consumer loans (residential and installment loans) and loans to small businesses. The local financial institutions are meeting these needs. The community contact interview did not identify any unmet credit needs in the community.

**CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA:**

**Loan-to-Deposit Ratio**

***The loan-to-deposit ratio is reasonable given the bank’s size, financial condition, and assessment area credit needs.***

During the past 12 quarters (6/30/94 to 3/31/97) the bank’s loan-to-deposit ratio went from a low of 54.72% on June 30, 1994 to a high of 65.93% on March 31, 1997, with an average loan-to-deposit ratio of 59.37%. Similarly situated institutions based upon asset size of \$100 million or less which are located in Ohio had an average loan-to-deposit ratio of 68.82% as of March 31, 1997. The bank’s loan-to-deposit ratio is reasonable in comparison to similarly situated institutions and in light of the competition and demand for loans in the bank’s AA.

**Lending in Assessment Area**

***A majority of loans are in the bank’s assessment area.***

All of the bank’s home mortgage loans (purchase, refinance, and home improvement) originated from 1/1/95 to 5/8/97 were reviewed using Home Mortgage Disclosure Act information. All of the small business and small farm loans originated from 1/1/96 to 3/31/97 were reviewed using the bank’s internal list of small business and farm loans made for that period. We used the samples to determine the percentage of lending within the bank’s AA.

The following table shows the number and dollar percentage of our sample of home mortgage, small business, and small farm loans made inside the bank’s AA. The table shows that a majority of the loans are made inside the bank’s AA. Eighty-two percent of home mortgage loans, 78% of small business, and 75% of small farm loans were within the bank’s AA.

Lending In Assessment Area				
Loan Category	#	%	\$	%

Lending In Assessment Area				
Home Mortgage	159	82%	5,490	76%
Small Business	78	78%	3,513	66%
Small Farm	3	75%	42	91%

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

*The distribution of borrowers reflects, given the demographics of the assessment area, reasonable penetration among individuals of different income levels (including low- and moderate-income) and businesses of different sizes.*

The following table shows an excellent penetration of the distribution of home mortgage loans among borrowers of different incomes within the AA. The sample included all the home mortgage loans originated from 1/1/95 to 5/8/97. Based on 1990 census information, the AA consists of six middle income and one upper income census tracts. Our review of the home mortgage loans revealed that the majority of the loans were made to middle and upper income borrowers. This is consistent with the demographic make up of the AA.

Distribution of Home Mortgage Loans Among Individuals								
	Low Income		Moderate Income		Middle Income		Upper Income	
	#	\$	#	\$	#	\$	#	\$
1/1/95-5/8/97	12%	4%	24%	19%	33%	26%	31%	51%
AA	14%		18%		26%		42%	

We sampled all the small business and small farm loans originated between 1/1/96 and 3/31/97 within the AA using the bank's internal list of small business and farm loans. The following table is the distribution among different sizes of businesses. This table illustrates that 63% of the loans were made to small businesses and farms with gross revenues less than \$250,000. The distribution represents reasonable penetration among businesses of different sizes.

Distribution of Small Business Loans and Small Farm Loans				
Revenue (in \$000's)	#	%	\$	%

<b>Distribution of Small Business Loans and Small Farm Loans</b>				
<b>&lt;100</b>	34	42%	729	20%
<b>100-250</b>	17	21%	354	10%
<b>250-1000</b>	30	37%	2,472	70%

**Geographic Distribution of Loans**

*The geographic distribution of loans reflects reasonable dispersion throughout the assessment area.*

The following table represents the distribution of home mortgage, small business, and small farm loans sampled among census tracts within the bank’s AA. Six census tracts are middle income and one is upper income. The bank does not have any low or moderate income census tracts. Both offices are located in census tract 1301 (middle income). The bank makes the majority of their loans to borrowers located in middle income census tracts. This distribution is consistent with the demographic make up of the AA. The bank’s internal CRA reviews also revealed reasonable dispersion throughout the AA and that loans were made in all census tracts.

<b>Geographic Distribution of Loans</b>				
<b>Type of Loan</b>	<b>Middle Income Census Tract</b>		<b>Upper Income Census Tract</b>	
	<b>#</b>	<b>\$</b>	<b>#</b>	<b>\$</b>
<b>Home Mortgage</b>	154	\$5,390	5	\$100
	97%	98%	3%	2%
<b>Small Business</b>	74	\$3,348	4	\$165
	95%	95%	5%	5%
<b>Small Farm</b>	2	\$22	1	\$20
	67%	52%	33%	48%
<b>COMBINED TOTAL</b>	96%	97%	4%	3%

**Responses to Complaints**

The bank has not received any complaints from the public regarding its performance in meeting the credit needs of the AA.

**Other Considerations**

No violations of the substantive provisions of the antidiscrimination laws and regulations were identified.