



Comptroller of the Currency
Administrator of National Banks

PUBLIC DISCLOSURE

August 12, 1997

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

**Greenville National Bank
Charter No. 13944
446 South Broadway
Greenville, Ohio 45331**

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 the Greenville National Bank prepared by **Office of the Comptroller of the Currency**, the institution's supervisory agency, as of August 12, 1997. The agency rates the CRA performance of an institution consistent with the provisions set forth in Appendix A to 12 C.F.R. Part 25.*

INSTITUTION'S CRA RATING: This institution is rated **SATISFACTORY**.

Greenville National Bank exhibits a satisfactory CRA performance record. This rating is supported by the following:

- ▶ The bank has demonstrated an adequate and growing level of lending since the last CRA examination dated June 30, 1994. The bank's loan to deposit ratio has averaged 82.8% over this time period.
- ▶ A majority of loans granted over the last three years were inside the bank's assessment area.
- ▶ The bank is lending to individuals of all income levels and various sizes of small businesses and farms.
- ▶ A reasonable proportion of the bank's lending was to borrowers located in the moderate income area within the bank's assessment area.

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

SMALL INSTITUTION ASSESSMENT CRITERIA	<u>Greenville 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 have been received since the prior examination.		

DESCRIPTION OF INSTITUTION:

Greenville National Bank (GNB) is a \$213 million independently owned bank with its headquarters in Greenville, Ohio. The bank has nine branches, all of which are located in Darke County, Ohio. Four of the branches are in Greenville, two in Arcanum, and one each in Ansonia, Gettysburg, and Pitsburg. Two of the Greenville branches and one of the Arcanum branches have ATMs. All of GNB's branch locations are in middle income areas. The bank's loan portfolio mix as of March 31, 1997, was 45% residential real estate, 23% commercial and farm real estate, 8% commercial, 20% consumer loans, and 4% agricultural credits.

There are no financial or legal impediments that affect the bank's ability to meet the credit needs of its community. GNB's last CRA evaluation was dated June 30, 1994; the rating was "Satisfactory Record of Meeting Community Credit Needs". Bank management was unaware of any reasons why lending patterns for the second half of 1994 would have differed from those in the first half of the year. Given this, we did not include 1994 data in our analysis. This evaluation focused on originations made from January 1, 1995 through March 31, 1997.

DESCRIPTION OF ASSESSMENT AREA:

Greenville National Bank's assessment area (AA) consists of 12 block numbering areas (BNAs). All of these BNAs are located in Darke County Ohio. Ten of the twelve BNAs were middle income, one was moderate income, and one was upper income. Greenville National Bank's primary lending competition is the Second National Bank of Greenville. GNB also competes with branches of several large regional banks, savings and loan associations, and a state bank. Credit needs within the AA include residential real estate and home improvement loans, small farm and business loans, and small consumer loans.

The local economy is stable and diverse. The unemployment rate is relatively low at 3%. Major employers include; Allied Signal, Corning, and the Midmark Corporation. Assessment area employment is boosted slightly by commuters to the Dayton, Ohio, market. Some individuals supplement salary/wage based employment with farm income.

The AA's population is 53,619 made up of 14,940 families. Population trends are stable to slightly growing. The dispersion of families between income levels is: 15% low income; 19% moderate income; 26% middle income; and 40% upper income. Approximately 9% of the households in the AA live below the poverty level. There is significant variation in the age of housing stock these families inhabit, with a median age of 43 years.

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA :

Loan-to-Deposit Ratio

GNB's loan to deposit ratio is reasonable given the bank's size and assessment area needs.

GNB's average loan-to-deposit ratio since the prior CRA examination is 83%. The ratio has generally trended up over this time period. The average loan-to-deposit ratio for similarly situated banks in the Ohio and Indiana was 77%. In addition, the bank has sold \$1.1 million of residential real estate loans into the secondary market since 1995. These loans would raise the loan-to-deposit ratio if retained. There are no unusual restraints on the bank's capacity to lend.

Lending In Assessment Area

A majority of loans are made to borrowers inside the bank's assessment area.

In order to determine the volume of loans made inside/outside of the AA, we analyzed the actual volumes of originations in each of the years. The table which follows outlines the percentages of loans made within the assessment area, delineated by loan type.

Percentage of Loans Inside Assessment Area						
Loan Type	1995		1996		Y-T-D Mar-97	
	#	\$	#	\$	#	\$
Real Estate Mortgage	84%	86%	84%	81%	84%	76%
Small Business/Farm	82%	93%	72%	53%	100%	100%
Loans to Individuals	77%	74%	80%	78%	89%	90%

The percentages clearly reflect that a majority of lending is in the assessment area.

Lending to Borrowers of Different Incomes and Businesses of Different Sizes

The distribution of borrowers reflects, given the demographics of the AA, a reasonable penetration among individuals of different income levels (including low and moderate income) and businesses/farms of different sizes.

- ◆ *The distribution of residential real estate lending reflects a reasonable penetration among individuals of different income levels, including low and moderate income.*

Distribution of Real Estate Loans Among Individuals								
Year	Low Income		Moderate Income		Middle Income		Upper Income	
	#	\$	#	\$	#	\$	#	\$
1995	5%	3%	25%	21%	15%	9%	55%	67%
1996	6%	1%	10%	6%	23%	21%	61%	72%
Y-T-D Mar-97	33%	14%	0%	0%	33%	26%	33%	60%
AA families	15%		19%		26%		40%	

GNB is extending residential real estate credit to individuals of all income groups. Based on our review of a sample of 57 real estate loans, the *number of loans* to individuals in each income category is reasonable in proportion to the number of families in the AA earning those amounts. The *dollar volume of loans* originated to low and moderate income individuals is somewhat low in relation to these individuals' representation in the population. This effect is common and is largely due to the fact higher income individuals qualify for relatively higher loan amounts.

- ◆ *The distribution of consumer lending reflects an excellent penetration among individuals of different income levels, including low and moderate income.*

Distribution of Consumer Loans Among Individuals								
Year	Low Income		Moderate Income		Middle Income		Upper Income	
	#	\$	#	\$	#	\$	#	\$
1995	35%	31%	35%	28%	18%	20%	12%	21%
1996	35%	28%	28%	29%	28%	30%	9%	12%
Y-T-D Mar-97	56%	36%	33%	39%	0%	0%	11%	25%
AA families	15%		19%		26%		40%	

Our consumer loan sample consisted of 89 loans. The absence of lending to moderate income individuals in 1997 is not considered a problem. It can be attributed to the small sample size associated with using only one quarter's data.

◆ *Commercial lending is primarily to relatively small businesses and farms, but GNB also demonstrates an ability to accommodate larger size credits as well.*

Distribution of Business/Farm Loans								
Revenue (\$000) Year	< 100		100 - 250		250-1,000		> 1,000	
	#	\$	#	\$	#	\$	#	\$
1995	33%	13%	24%	4%	29%	55%	14%	28%
1996	32%	7%	27%	24%	23%	20%	18%	49%
Y-T-D Mar-97	67%	41%	33%	59%	0%	0%	0%	0%

We also sampled 49 business/farm loans. The distribution of loans by revenue levels shows the bank is willing to make loans to various size small businesses and farms.

Geographic Distribution of Loans

The income distribution of geographies reflects reasonable dispersion of the bank's loans throughout its assessment area.

◆ *The geographic distribution of residential real estate lending reflects a reasonable dispersion among assessment area geography types.*

Geographic Distribution of Real Estate Loans												
Year	Moderate Income				Middle Income				Upper Income			
	#	%	\$(000)	%	#	%	\$(000)	%	#	%	\$(000)	%
1995	9	3%	376	3%	255	89%	12,607	86%	24	8%	1,639	11%
1996	18	4%	671	3%	395	89%	24,411	90%	32	7%	1,971	7%
Y-T-D Mar-97	5	6%	207	5%	70	89%	4,068	92%	4	5%	127	3%

One of the 12 geographies (8%) is moderate income and one is upper income. All of the rest are middle income. The percentages in the moderate BNA do warrant some discussion. A well above average number, 41%, of that BNA's total housing units are rental. This higher proportion of rental units may suggest less need for home purchase financing. Given these BNA characteristics, the geographic distribution of real estate loans is reasonable.

Geographic Distribution of Installment and Commercial Loans						
Year & Type	Moderate Income		Middle Income		Upper Income	
	#	\$	#	\$	#	\$
1995 Installment	9%	8%	71%	69%	6%	9%
1996 Installment	0%	0%	74%	68%	2%	1%
Mar-97 Y-T-D Installment	11%	1%	67%	79%	11%	9%
1995 Commercial	0%	0%	71%	91%	10%	2%
1996 Commercial	0%	0%	59%	37%	9%	15%
Mar-97 Y-T-D Commercial	0%	0%	100%	100%	0%	0%

We did not identify any commercial loans made within the moderate income BNA in our sample. However, upon request management identified several commercial credits granted within this BNA over the last three years. Given the relatively limited number of opportunities to extend business credit within this BNA compared with other BNAs, GNB's level of lending within the BNA is reasonable.

The percentages in the table above generally do not sum to 100% because the bank makes loans outside its assessment area. This was discussed in the "Lending In Assessment Area" section of this report. In addition, the implied percentage of loans made outside the area generally does not match the figures used in this table in that section of this report. This is because the figures used in that table (the Percentage of Loans Inside Assessment Area table on page five) were based upon analysis of all originations. The numbers in the table above were based upon analysis of a sample of loans and not all originations.

Response to Complaints

The bank has not received any complaints from the public or the OCC regarding its performance in meeting assessment area credit needs.