



Comptroller of the Currency
Administrator of National Banks

PUBLIC DISCLOSURE

January 10, 1997

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

**Community First Bank, N.A.
Charter No. 3291
P.O. Box 37
Ripley, Ohio 45167**

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 **Community First Bank, N.A.** prepared by **Office of the Comptroller of the Currency**, the institution's supervisory agency, as of January 10, 1996. 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**.

Community First Bank, N.A. exhibits a good CRA performance record. This rating is supported by the following:

- ▶ The bank has demonstrated an excellent level of lending since the last CRA examination dated November 30, 1993. The bank's loan to deposit ratio has averaged 85% over this time period.
- ▶ A majority of loans granted over the last three years were within the bank's assessment area.
- ▶ The bank is lending to individuals of all income levels.
- ▶ The bank has established itself as a leader in small business lending in the Ripley and Aberdeen areas. All of the business and farm loans which we sampled were to businesses with revenues of less than \$1 million dollars.

The following table indicates the performance level of Community First Bank, N.A. with respect to each of the five performance criteria.

SMALL INSTITUTION ASSESSMENT CRITERIA	<u>Community First Bank, N.A.</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	This section was not evaluated.		
Response to Complaints	No complaints have been received since the prior examination.		

DESCRIPTION OF INSTITUTION:

Community First Bank, N.A. (CFB) is a \$26 million bank with its headquarters in Ripley, Ohio, and one branch located in Aberdeen, Ohio. Both bank locations maintain ATM's. The bank is solely owned by a one bank holding company, Community First Financial, Inc. The holding company also owns two other community banks. These are headquartered in Mt. Olivet and Warsaw, Kentucky. Both of CFB's bank locations are in moderate income areas.

The bank's primary business focus is small business and agricultural lending. The bank's loan portfolio mix as of September 30, 1996 was 50% commercial, 31% residential real estate, 11% agricultural, and 7% consumer loans.

There are no financial or legal impediments that affect the bank's ability to meet the credit needs of its community. CFB's last CRA evaluation was dated November 30, 1993; the rating was "Satisfactory Record of Meeting Community Credit Needs".

DESCRIPTION OF ASSESSMENT AREA:

CFB's assessment area (AA) consists of Brown County, Ohio, with the exception of the northern portion of the county as outlined below. Brown County is wholly located in Cincinnati MSA 1640. For purposes of tracking census data, the county has been divided into 8 Block Numbering Areas, or BNA's. CFB's AA consists of 7 of the 8 BNA's. The bank's AA excludes BNA # 9512 which is located in the northern portion of the county and visually resembles a "panhandle". This AA was selected based upon review of CFB's loan activity and the bank's ability to service its deposit base. CFB's management had previously selected the southern half of Brown county as the bank's AA. This AA did not meet the requirements of the regulation by using dividing lines of whole geographies. Management modified the AA during our examination to the boundaries described above.

All BNA's within the AA are moderate income. Competition in the Ripley market comes primarily from other locally owned financial institutions, including one community bank and one savings and loan in Ripley itself, and another community bank in nearby Higginsport. Competition in the Aberdeen market is limited to one credit union. Competition in the Georgetown market comes from a local community bank, and the branch of a regional bank headquartered in Cincinnati.

Credit needs within the AA include loans for home improvement, small farm and business loans, and lower cost residential mortgage loans including mobile homes.

The local economy is diversified across agricultural, light manufacturing, and retail industries. The unemployment rate is relatively low at 3%. Assessment Area employment is boosted by commuters to the Cincinnati market, and to a lesser extent, the Maysville, Kentucky market. Many individuals supplement salary/wage based employment with farm income. Population and economic trends are stable. Major employers include Pepsi Cola Distributors, PCP Champion, The Ripley Corporation, Ohio Valley Manor Convalescent Center, Metal Tech, Inc., and various tobacco warehouses.

The AA's population is 27,919, made up of 7,843 families. The dispersion of families between income levels is fairly uniform: 31% low income; 23% moderate income; 24% middle income; and 22% upper income. There is significant variation in the age of housing stock these families inhabit, with a median age of 28 years. The housing stock in the township of Ripley (where CFB is headquartered) is much older, with a median age of 43 years. This is also the lowest income BNA in the AA with average income at 47% of the median MSA income of \$46,700. A significant portion of the housing stock within the AA consists of mobile home units (20%).

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA :

Loan-to-Deposit Ratio

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

CFB's average loan-to-deposit ratio since the prior CRA examination is 85%. This ratio is strong in and of itself, and compares well with the loan-to-deposit ratio for similarly situated banks in the bank's AA and surrounding counties in Kentucky and Ohio. This group consisted of 10 banks with an average loan to deposit ratio of 76% as of September 30, 1996. CFB's loan-to-deposit ratio since the last CRA examination has ranged from a high of 91% in September 1994 to a low of 76% in December 1993 . The ratio has trended up for the last three quarters.

Lending In Assessment Area

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

We evaluated the level of lending within the AA by sampling residential mortgage loans, small business, and small farm loans made during 1994, 1995, and 1996. Our sample consisted of 30 residential mortgage loans, 30 small business loans, and 15 small farm loans. The table which follows outlines the percentages of loans made within the assessment area, delineated by loan type.

Loan Type	1994		1995		YTD 1996	
	#	\$	#	\$	#	\$
Real Estate Mortgage	82%	75%	98%	90%	88%	80%
Small Business	82%	90%	68%	25%	57%	46%
Small Farm	92%	95%	83%	57%	78%	75%
Average	85%	87%	83%	57%	74%	67%

The percentages clearly reflect a majority of lending within the assessment area. The real estate mortgage and small farm figures indicate a substantial majority of loans are in the bank's AA. The small business lending comprises a majority, but does not represent a substantial majority.

Lending to Borrowers of Different Incomes and Businesses 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. Commercial lending is primarily to small businesses and farms.

CFB is making a significant number of loans to individuals of all income groups. Based on our 30 item sample, the *number of loans* to individuals in each income category is within a reasonable range of the proportion of families in the AA earning those amounts. The *dollar volume of loans* originated to low and moderate income individuals is often significantly lower than these individuals' representation in the population. It is significantly higher for both middle and upper income individuals. This is largely due to the fact higher income individuals qualify for relatively higher loan amounts. The following is a table of the percentage of loans we sampled by income level relative to the percentage of families earning those incomes.

Distribution of Real Estate Loans Among Individuals								
Year	Low Income		Moderate Income		Middle Income		Upper Income	
	#	\$	#	\$	#	\$	#	\$
1994	33%	20%	0%	0%	33%	31%	33%	49%
1995	29%	8%	14%	29%	29%	39%	29%	24%
YTD96	24%	6%	18%	11%	29%	21%	29%	62%

Distribution of Real Estate Loans Among Individuals				
AA	31%	23%	24%	22%

We sampled 30 business loans. All of those credits are classified as small business and were to entities with total revenues less than \$1 million. The distribution of loans by revenue levels shows the bank is willing to make loans to various size small businesses, as evidenced by the following table.

Distribution of Business Loans								
Revenue (\$000) Year	< 100		100 - 250		250-1,000		> 1,000	
	#	\$	#	\$	#	\$	#	\$
1994	50%	17%	0%	0%	50%	83%	0%	0%
1995	67%	50%	17%	35%	16%	15%	0%	0%
YTD96	71%	66%	21%	33%	7%	2%	0%	0%

We also sampled 15 small farm loans. All of those credits were to entities with total revenues less than \$1 million. A substantial majority were to entities with total revenues of less than \$100 thousand.

Geographic Distribution of Loans

We did not evaluate the geographic distribution of loans due to the fact the bank's AA consists of 7 BNA's, all of which are moderate income. An analysis of loans between those areas would not be meaningful.

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.