



Office of the  
Comptroller of the Currency  
Washington, DC 20219

# INTERMEDIATE SMALL BANK

## PUBLIC DISCLOSURE

March 27, 2017

## COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

Greenville National Bank  
Charter Number 13944

446 South Broadway, Greenville, OH 45331

Office of the Comptroller of the Currency

West Lake Center, 4555 Lake Forest Drive, Suite 520, Blue Ash, OH 45242-3760

NOTE: This document is an evaluation of this 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. 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.

**TABLE OF CONTENTS**

**INSTITUTION'S CRA RATING ..... 2**

**SCOPE OF EVALUATION ..... 2**

**DESCRIPTION OF INSTITUTION ..... 3**

**SELECTION OF AREAS FOR FULL-SCOPE REVIEW..... 4**

**RATINGS ..... 4**

**CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA ..... 5**

**FAIR LENDING OR OTHER ILLEGAL CREDIT PRACTICES REVIEW..... 5**

**STATE RATINGS**

    STATE OF OHIO ..... 6

    STATE OF INDIANA..... 14

**APPENDIX A: SCOPE OF EVALUATION .....A1**

**APPENDIX B: SUMMARY OF STATE RATINGS.....B1**

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

**The Lending Test is rated: Satisfactory.**

**The Community Development Test is rated: Satisfactory.**

- Greenville National Bank's (GNB's) distribution of mortgage loans by borrower income represents reasonable market penetration.
- GNB's distribution of consumer loans by borrower income represents reasonable market penetration.
- GNB's geographic distribution of mortgage loans reflects reasonable dispersion in Darke County, the bank's primary market.
- GNB's Loan-to-Deposit (LTD) ratio is reasonable given their size, financial condition, and AA credit needs.
- GNB's lending in its Assessment Areas (AAs) is reasonable, as a majority of GNB's lending activity occurs inside of the bank's AAs.
- Community development activities are satisfactory and represent adequate responsiveness, given bank resources and the nature of community needs.
- We did not identify evidence of discriminatory or other illegal credit practices inconsistent with helping to meet community credit needs.

## **Scope of Evaluation**

Our office conducted a Community Reinvestment Act (CRA) evaluation to assess the bank's record of meeting the credit needs of its entire community, including low- and moderate-income areas. We used intermediate small bank evaluation procedures to evaluate the bank's performance.

The evaluation procedures include a lending test and a community development test. The lending test conclusions are based on loans originated from January 1, 2014, to December 31, 2016. We completed a data integrity examination of the bank's Home Mortgage Disclosure Act Loan Application Register (HMDA LAR) during the first quarter of 2017 to determine the reliability of the data. We found the data reliable.

We determined that the bank's primary lending products are residential mortgage and consumer loans. We made this determination through a review of bank loan production reports and financial statements prepared as of December 31, 2016. We used 2010 census data to analyze performance. We also used the bank's HMDA data to analyze the bank's residential mortgage lending patterns. In our HMDA-based mortgage analysis, we weighted purchase and refinance loans equally, with little weight provided to the small volume of home improvement loans. We also sampled consumer loans originated during the evaluation period. We sampled 60 consumer loans to determine the amount of consumer lending in the AAs. We then completed the geography-income and borrower-income samples by randomly reviewing additional loans known to be located within one of GNB's AAs until a minimum of 20 loans were identified for each

AA. Unless otherwise noted, we weighted residential mortgage and consumer loans equally.

GNB has three AAs consisting of contiguous whole geographies. The AAs meet the requirements of the regulation and do not arbitrarily exclude any low- or moderate-income areas. The first AA is Darke County, Ohio, a non-Metropolitan Statistical Area, in its entirety. The second AA is a five census tract (CT) area of Miami County, Ohio which is part of the Dayton OH Metropolitan Statistical Area (MSA) #19380. The third AA is a three CT area that comprises one CT each in Randolph, Wayne and Henry Counties in Indiana. The bank created the Indiana AA upon the opening of its office in the village of Losantville on December 14, 2015; therefore, performance in the Indiana AA is limited to 2016.

The community development test conclusions are based on our analysis of the bank's qualifying community development activities from November 18, 2013, to March 27, 2017.

## **Description of Institution**

GNB is a wholly-owned subsidiary of Greenville National Bancorp, a one-bank holding company. As of December 31, 2016, the bank had total assets of \$395 million, and tier 1 capital was \$43 million, or 10.9 percent of total assets.

GNB has nine full-service banking offices in total, seven in Darke County, Ohio, one in Miami County, Ohio, and one in Randolph County, Indiana that was opened during the current review period. Six of the nine branches have automated teller machines (ATMs). In addition, GNB has a loan production office in Darke County. All the branches, as well as the loan production office, are located in middle-income CTs. There are 20 CTs in the three AAs; only one of the CTs is moderate-income and none are low-income. The moderate-income CT is a portion of the city of Greenville in the Darke County AA, and is near the bank's main office in downtown Greenville. Of the 19 remaining CTs, all are middle-income with the exception of one upper-income CT in Darke County. GNB also has five stand-alone cash dispensing ATMs located in middle-income CTs in Darke County.

GNB is a traditional full-service community bank and offers a wide array of banking products. The primary loan products are residential mortgage and consumer. GNB sells a small amount of mortgage loans on the secondary market. In Table 1A, we illustrate the amount of loan originations by type during the evaluation period. In Table 1B, we illustrate the loan portfolio mix of these four primary products as of December 31, 2016.

<b>Table 1A - Loan Originations by Type During the Evaluation Period</b>		
<b>Loan Type</b>	<b>% by Dollar Amount</b>	<b>% of Total Number</b>
Agriculture Loans	19.9%	5.9%
<b>Mortgage Loans</b>	43.5%	11.7%
Commercial Loans	19.4%	12.7%
<b>Consumer Loans</b>	17.2%	69.7%

Source: GNB Internal Loan Origination Reports and HMDA annual filings.

<b>Table 1B - Loan Portfolio Mix as of December 31, 2016</b>		
<b>Loan Type</b>	<b>Dollar Volume</b>	<b>% by Dollar Volume</b>
Agriculture Loans	75,317	26.7%
Residential Loans	105,871	37.5%
Commercial Loans	51,319	18.2%
Consumer Loans	49,491	17.6%

Source: December 31, 2016 Call Report.

No legal or financial impediments exist that would restrict GNB's ability to meet the credit needs of the area. The bank's primary competitors are other community banks. We conducted the bank's last CRA evaluation as of November 18, 2013, which resulted in an overall "Satisfactory" rating.

## **Selection of Areas for Full-Scope Review**

In each state and multistate metropolitan area where the bank has an office, we selected a sample of AAs within that state/multistate metropolitan area for full-scope reviews. Refer to the "Scope" section under each State Rating section for details regarding how we selected the areas.

## **Ratings**

The bank's overall rating is a composite of the state ratings. Performance in the state of Ohio is given far greater weight, due to the large majority of bank operations being in Ohio. Within Ohio, performance in the Darke County AA was given far greater weight due to the large majority of operations in Ohio being located in Darke County.

The institution's CRA rating takes into account the ratings in different states by considering:

- The significance of the bank's activities in each state compared with the bank's overall activities.
- The lending opportunities in each state.

- The importance of the bank in providing loans to each state, particularly in light of the number of other institutions and the extent of their activities in each state.
- Demographic and economic conditions in each state.

The state ratings are based primarily on those areas that received full-scope reviews. Refer to the “Scope” section under each State Rating section for details regarding how the areas were weighted in arriving at the respective ratings.

## Conclusions with Respect to Performance Criteria

### Loan-to-Deposit Ratio

GNB’s Loan-to-Deposit (LTD) ratio is reasonable given their size, financial condition, and AA credit needs. GNB’s 13-quarter average LTD ratio was 80.3 percent, compared to the peer group average of 86.2 percent. The peer group was comprised of seven community banks and thrifts headquartered in or near one of GNB’s AAs. GNB’s LTD ratio gradually improved during the review period and ranged from a low of 76.3 percent at March 31, 2014, to a high of 85.4 at December 31, 2016. GNB sells a small percentage of their mortgage loan production on the secondary market. The LTD ratio does not reflect such loan sales activity.

### Lending in Assessment Area

A majority of GNB’s lending activity occurs inside of the bank’s AAs. More weight was given to the number of loans as compared to the dollar amount of loans, as the number of loans was viewed as a better measure of responsiveness to community needs. Lending activity inside the AAs supports a satisfactory rating. Table 1C details GNB’s lending activity during the review period by the number and dollar amount of residential mortgage and consumer loans.

Loan Type	Number of Loans					Dollars of Loans (000s)				
	Inside		Outside		Total	Inside		Outside		Total
	#	%	#	%		\$	%	\$	%	
Home Purchase	243	66.0	125	34.0	368	26,660	56.7	20,344	43.3	47,004
Home Refinance	217	74.8	73	25.2	290	29,215	31.0	65,122	69.0	94,337
Home Improvement	40	80.0	10	20.0	50	3,307	62.6	1,973	37.4	5,280
Consumer	47	78.3	13	21.7	60	251	83.7	49	16.3	300
<b>Total</b>	<b>547</b>	<b>71.2</b>	<b>221</b>	<b>28.8</b>	<b>768</b>	<b>59,433</b>	<b>40.5</b>	<b>87,488</b>	<b>59.5</b>	<b>146,921</b>

Source: Bank HMDA data for 2014, 2015, and 2016 and bank consumer loan origination reports.

## Fair Lending or Other Illegal Credit Practices Review

We did not identify evidence of discriminatory or other illegal credit practices inconsistent with helping to meet community credit needs.

## State of Ohio

### CRA Rating for Ohio: Satisfactory

The Lending Test is rated: Satisfactory.

The Community Development Test is rated: Satisfactory.

- GNB's distribution of mortgage loans by borrower income represents reasonable market penetration.
- GNB's distribution of consumer loans by borrower income represents reasonable market penetration.
- GNB's geographic distribution of mortgage loans reflects reasonable dispersion in Darke County, the bank's primary market.
- Community development activities are satisfactory and demonstrate adequate responsiveness, given bank resources and the nature of community needs.
- The bank received no complaints from the public regarding its CRA performance.

## DESCRIPTION OF INSTITUTION'S OPERATIONS IN OHIO

The Darke County Non-MSA AA includes all of Darke County, Ohio. The AA consists of 12 CTs comprised of ten middle-income CTs (83 percent), one moderate-income CT (8 percent), and one upper-income CT (8 percent). The 2016 weighted average median family income is \$55,400. As of the 2010 Census, the population in this AA was 52,959 with 20,769 households and 22,654 housing units.

According to the 2010 Census, 71.3 percent of the housing units are owner occupied, 20.3 percent are renter occupied and 8.4 percent are vacant. The median housing value was \$116,070 and the average monthly gross rent was \$574.

Banking competition is significant in the AA with 11 banks accepting deposits. Based on June 30, 2016, Federal Deposit Insurance Corporation (FDIC) market share information, GNB held \$308.7 million in deposits and ranked first of the 11 banks in the AA for market share of deposits with a 27.8 percent market share. Many out of area banks, mortgage companies and credit unions are active in the mortgage lending market. The most recent mortgage market share data available is 2015. During 2015, GNB ranked first out of 93 HMDA reporting mortgage lenders active in Darke County, with a 16.1 percent market share.

The local economy has been improving since the financial crisis. The unemployment figures for Darke County are favorable when compared to the Ohio average. Per the Bureau of Labor Statistics, as of December 31, 2016, the unemployment rate for Darke County was 4.1 percent while the Ohio rate was 4.8 percent. Per the U.S. Census Bureau, the poverty rate was 10.5 percent. Per the Darke County Economic Development website, the largest employers in Darke County are Whirlpool Corporation, Greenville Technology and Midmark Corporation.

We conducted an interview of a local government official to determine the official's opinion of local credit and community development needs. The contact indicated that on-going economic development is the most pressing need in Darke County. The contact was of the opinion that local banks were supportive of these on-going efforts.

Additional Ohio operations are based in Miami County which is part of the Dayton MSA. GNB's operations in Miami County do not vary materially from those in Darke County. The Miami County AA consists of five middle-income CTs along the western border of Miami County contiguous to Darke County. There is only one branch in Miami County. The branch is located in the town of Bradford and is located on a state highway that also serves as the Miami/Darke County line. The branch is on the Miami County side of the highway. With no branch office in the larger Miami County cities of Troy or Piqua, we find management's decision to limit the AA to the five CTs reasonable.

All the Miami County AA CTs are middle-income. The 2016 updated weighted average median family income for the AA is \$59,500. As of the 2010 Census, the population in this AA was 19,743 with 7,731 households and 8,296 housing units. According to the 2010 Census, 73.2 percent of the housing units are owner occupied, 20.0 percent are renter occupied, and 6.8 percent are vacant. The median housing value was \$136,148 and the average monthly gross rent is \$700.

Competition figures are available for whole counties only; thus we analyzed the bank's competition in this small AA by reviewing all of Miami County. Banking competition is strong with eight local community banks accepting deposits in Miami County. Based on June 30, 2016, FDIC information, GNB held \$13.2 million in deposits and ranked 13th out of 15 banks in Miami County for market share of deposits with a 0.9 percent market share. Many out of area banks, mortgage companies and credit unions are active in the Miami County mortgage lending market. The most recent mortgage market share data available is 2015. During 2015, GNB ranked 14th out of 93 HMDA reporting mortgage lenders active in Miami County, with a market share of 2.8 percent.

Per the Bureau of Labor Statistics, Miami County's unemployment rate at December 31, 2016, was 4.2 percent, which compares favorably to the statewide rate of 4.8 percent. Per the U.S. Census Bureau, the poverty rate was 8.9 percent. Per the Ohio Department of Development, the largest employers in Miami County are Upper Valley Medical Center, Clopay Building Products and F&P America.

The bank's performance in the Darke County AA received the large majority of weight in determining the Ohio rating, due to the bank's substantial presence in Darke County.

## **SCOPE OF EVALUATION IN OHIO**

As of June 30, 2016, 95.9 percent of GNB's Ohio retail bank deposits were in the Darke County AA; therefore, we selected Darke County for a full-scope review. Due to GNB's bank operations and concentration of lending in Darke County, performance in Darke County was given much greater weight than performance in the Dayton, OH AA.

## **CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS IN OHIO**

### **LENDING TEST**

The bank's performance under the lending test in Ohio is rated "Satisfactory." Due to the existence of only one moderate-income CT and no low-income CTs, we placed greater weight on the borrower income analysis.

#### **Lending to Borrowers of Different Incomes**

GNB's distribution of loans by borrower income level reflects reasonable penetration in the Ohio rating area.

#### **Performance in the Darke County Non-MSA AA**

The bank's borrower distribution of residential mortgage and consumer loans reflects reasonable penetration in the Darke County AA. We note that the 10.5 percent poverty rate limits lending opportunities, as residents of limited income may encounter difficulty meeting credit underwriting standards. Our conclusions are primarily based upon the bank's performance as measured against AA demographics, and is illustrated by tables 2A and 2B. We also considered performance relative to other HMDA-reporting mortgage lenders active in the AA by analyzing the bank's mortgage market shares based on product and income segments.

#### **Home Purchase Loans**

The borrower distribution of home purchase loans reflects reasonable penetration.

The distribution of loans to low-income families is below the percentage of low-income families in the AA. However, the distribution of loans to moderate-income families exceeds the percentage of moderate-income families in the AA. The bank's market share to both low- and moderate-income borrowers is below the bank's overall market share.

#### **Home Improvement Loans**

The borrower distribution of home improvement loans reflects reasonable penetration.

The distribution of loans to low-income families is below the percentage of low-income families in the AA. The distribution of loans to moderate-income families is below the percentage of moderate-income families in the AA. The bank's market share to low-income borrowers exceeded the bank's overall market share, while the bank's market share to moderate-income borrowers was below the bank's overall market share.

### Home Refinance Loans

The borrower distribution of home refinance loans reflects reasonable penetration.

The distribution of loans to low-income families is below the percentage of low-income families in the AA, while the distribution of loans to moderate-income families exceeds the percentage of moderate-income families in the AA. The bank’s market share to low-income borrowers is below the bank’s overall market share, while the market share to moderate-income borrowers substantially meets the bank’s overall market share.

Table 2A - Borrower Distribution of Residential Real Estate Loans in the Darke County AA								
Borrower Income Level	Low		Moderate		Middle		Upper	
Loan Type	% of AA Families	% of Number of Loans	% of AA Families	% of Number of Loans	% of AA Families	% of Number of Loans	% of AA Families	% of Number of Loans
Home Purchase	17.2	7.2	18.8	22.6	24.3	23.6	39.7	46.6
Home Improvement	17.2	5.7	18.8	11.4	24.3	28.6	39.7	54.3
Home Refinance	17.2	7.4	18.8	22.2	24.3	25.4	39.7	45.0

Source: 2010 U.S. census data and bank’s HMDA data.

### Consumer Loans

The bank’s borrower distribution of consumer loans reflects reasonable penetration.

The distribution of loans to low-income households is well below the percentage of low-income households in the AA, while the distribution of loans to moderate-income households greatly exceeds the percentage of moderate-income households in the AA. Unlike HMDA data, consumer lending data is not widely reported by lenders, so no market share analysis could be performed.

Table 2B - Borrower Distribution of Consumer Loans in the Darke County AA								
Borrower Income Level	Low		Moderate		Middle		Upper	
Consumer Loans	% of AA Households	% of Number of Loans	% of AA Households	% of Number of Loans	% of AA Households	% of Number of Loans	% of AA Households	% of Number of Loans
Consumer Loans	20.9	4.6	16.7	44.2	20.5	23.3	41.9	27.9

Source: 2010 U.S. census data and internal bank reports.

### Performance in the Dayton, OH MSA AA

Based on a limited-scope review, the bank’s performance in the Dayton, OH AA with regard to borrowers of different incomes under the lending test is not inconsistent with the bank’s overall “Satisfactory” performance under the lending test in Ohio.

## **Geographic Distribution of Loans**

### Performance in the Darke County Non-MSA AA

The bank's geographic distribution of residential mortgage and consumer loans reflects reasonable dispersion. There are no low-income CTs in the Darke County AA. We did not identify geographic gaps in lending activities. Our conclusions are primarily based upon the bank's performance as measured against AA demographics, and is illustrated by tables 3A and 3B. We also considered performance relative to other HMDA-reporting mortgage lenders active in the AA by analyzing the bank's mortgage market shares based on product and income segments.

### **Home Purchase Loans**

The geographic distribution of home purchase loans reflects more than reasonable dispersion.

The distribution of loans in the moderate-income CT approximates the percentage of owner-occupied housing units in the moderate-income CT. The bank's market share of loans in the moderate-income CT exceeds the bank's overall market share.

### **Home Improvement Loans**

The geographic distribution of home improvement loans reflects reasonable dispersion.

The distribution of loans in the moderate-income CT is near the percentage of owner-occupied housing units in the moderate-income CT. The bank's market share of loans in the moderate-income CT is also near the bank's overall market share.

### **Home Refinance Loans**

The geographic distribution of home refinance loans reflects reasonable market penetration.

The distribution of loans in the moderate-income CT is below the percentage of owner-occupied housing units in the moderate-income CT. The bank's market share of loans in the moderate-income CT exceeds the bank's overall market share.

Table 3A - Geographic Distribution of Residential Real Estate Loans in the Darke County AA								
Census Tract Income Level	Low		Moderate		Middle		Upper	
Loan Type	% of AA Owner Occupied Housing	% of Number of Loans	% of AA Owner Occupied Housing	% of Number of Loans	% of AA Owner Occupied Housing	% of Number of Loans	% of AA Owner Occupied Housing	% of Number of Loans
Home Purchase	NA	NA	6.2	6.0	86.2	88.9	7.6	5.1
Home Improvement	NA	NA	6.2	5.7	86.2	94.3	7.6	0.0
Home Refinance	NA	NA	6.2	5.1	86.2	91.4	7.6	3.5

Source: 2010 U.S. census data and bank's HMDA data.

No CTs in the Darke County AA lacked mortgage lending activity.

**Consumer Loans**

Performance in the Darke County Non-MSA AA

The bank's geographic distribution of consumer loans reflects less than reasonable dispersion.

The distribution of loans in the moderate-income CT is well below the percentage of households in the moderate-income CT. Unlike HMDA data, consumer lending data is not widely reported by lenders, so no market share analysis could be performed.

Table 3B - Geographic Distribution of Consumer Loans in the Darke County AA								
Census Tract Income Level	Low		Moderate		Middle		Upper	
	% of AA Households	% of Number of Loans	% of AA Households	% of Number of Loans	% of AA Households	% of Number of Loans	% of AA Households	% of Number of Loans
Consumer Loans	NA	NA	8.6	2.3	84.5	95.4	6.9	2.3

Source: 2010 U.S. census data and internal reports.

Performance in the Dayton, OH MSA AA

No meaningful geographic distribution analysis could be conducted as all CTs in the Dayton, OH MSA AA are middle-income.

**Responses to Complaints**

The bank received no complaints from the public regarding its CRA performance in either Ohio AA.

## **COMMUNITY DEVELOPMENT TEST**

The bank's performance under the community development test in Ohio is rated "Satisfactory." Community development lending opportunities are limited. Management has focused their efforts on community development services and grants as their primary approach to meeting GNB's community development obligations.

### **Number and Amount of Community Development Loans**

#### Performance in the Darke County Non-MSA AA

Performance in the Darke County AA reflects adequate performance. GNB did not originate any qualifying loans during the review period; however, economic conditions are generally positive and there are limited opportunities in the AA.

#### Performance in the Dayton, OH MSA AA

Performance in the Dayton, OH AA reflects adequate performance. GNB did not originate any qualifying loans during the review period; however, economic conditions are generally positive and there are limited opportunities in the AA.

### **Number and Amount of Qualified Investments**

The number and amount of qualified investments represents adequate performance.

#### Performance in the Darke County Non-MSA AA

The number and amount of qualified investments in the Darke County AA is adequate.

During the current evaluation period, the bank purchased two local school bond issues. Both bond issues specifically fund the construction or improvement to buildings where the majority of the children are eligible for reduced-price or free lunches, a proxy for low- or moderate-income status. The bond purchases totaled \$380,000.

Prior to the current evaluation period, the bank purchased a municipal bond as part of the City of Greenville's downtown revitalization plan. The downtown district is also geographically very close to the one moderate-income CT in the bank's AA. At December 31, 2016, the bond balance was \$96,250.

In addition, GNB made seventeen donations totaling \$47,940 to Darke County organizations with a primary purpose of either economic development or the provision of community services to low- or moderate-income residents. One noteworthy donation was for \$5,200 to an indigent aid fund at a local retirement community to assist residents after all personal financial resources have been exhausted. Another noteworthy donation was \$7,500 to an aid fund maintained by the local YMCA to

provide free memberships to residents with financial hardship. Recipients of another donation included a local healthcare organization for indigent aid and a local food bank.

#### Performance in the Dayton, OH MSA AA

Because of the nature and small size of the AA, the number and amount of qualified investments is much less than in Darke County, but still represents adequate performance.

The bank made three donations totaling nearly \$300 to assist a local school district with a financial literacy program. The majority of students throughout the district are eligible for reduced-price or free lunches.

#### **Extent to Which the Bank Provides Community Development Services**

The number and amount of qualified community development services represents excellent performance.

#### Performance in the Darke County Non-MSA AA

The provision of community development services in the Darke County AA is excellent.

Bank employees serve as directors or committee members on 13 different community development organizations. Four of the organizations have a primary purpose of economic development, two focused on affordable housing, and the remaining six are community service providers. A total of 20 bank employees served in these roles, including directors, members of management and other employees. In total, the 20 employees have contributed 45 years of service to these organizations.

The bank also provides a financial literacy program to local public school students. GNB led seven classes, attended by 281 students, in schools where the majority of students were eligible for either reduced-price or free lunches.

#### Performance in the Dayton, OH MSA AA

The provision of community development services in the Dayton, OH AA is adequate.

The bank also conducted two financial literacy classes in this AA, attended by 48 students. All schools in the district have a majority of students eligible for reduced-price or free lunches.

#### **Responsiveness to Community Development Needs**

The bank's responsiveness to community development needs is adequate and reflects the need for community services and additional economic development.

## State of Indiana

### CRA Rating for Indiana: Satisfactory

The Lending Test is rated: Satisfactory.

The Community Development Test is rated: Satisfactory.

- GNB's distribution of mortgage refinance loans by borrower income represents reasonable market penetration.
- GNB's distribution of consumer loans by borrower income represents reasonable market penetration.
- Community development activities demonstrate adequate responsiveness. GNB opened a banking office that serves a distressed non-metropolitan middle-income geography.

## DESCRIPTION OF INSTITUTION'S OPERATIONS IN INDIANA

The nature of GNB operations in Indiana do not vary materially from those in Ohio.

The Non-MSA Indiana AA includes three contiguous CTs in three different Indiana counties: Randolph, Wayne and Henry. There is one banking office in the AA in the village of Losantville, which is in the southwest corner of Randolph County. The banking office is new and small. The CTs are relatively large geographically, thus we found the AA reasonable. Each CT is middle-income; however, the Wayne County tract is a distressed non-metropolitan middle-income CT. The 2016 updated weighted average median family income for the AA is \$57,100. As of the 2010 Census, the population in this AA was 10,763 with 3,997 occupied housing units and 266 vacant housing units.

According to the 2010 Census, 81.9 percent of the housing units are owner occupied, 11.9 percent are renter occupied, and 6.2 percent are vacant. The median housing value is \$111,542 and the average monthly gross rent is \$741.

Competition figures are available for whole counties only; thus we analyzed the bank's competition in this AA by reviewing all of Randolph, Wayne and Henry Counties. Banking competition is significant with 15 banks accepting deposits. Based on June 30, 2016, FDIC information, GNB held \$2.7 million in deposits and GNB's market share ranked 14th out of 15 banks in the three-county area with 0.1 percent market share. Many out of area banks, mortgage companies and credit unions are active in this three-county mortgage lending market. The most recent mortgage market share data available is 2015. During 2015, there were 247 HMDA reporting mortgage lenders active in this three-county area. GNB opened its office in Indiana in December 2015, so no mortgage market share figures for GNB are available.

Per the Bureau of Labor Statistics, unemployment rates for the three Indiana counties were similar to the statewide average. As of December 31, 2016, Randolph, Wayne

and Henry Counties had unemployment rates of 4.4 percent, 4.4 percent and 4.2 percent, respectively, while the unemployment rate for the state of Indiana was 4.4 percent. Per the U.S. Census Bureau, the poverty rate was 10.5 percent. The three census tract AA has no large employers. Per Hoosierdata.in.gov, some of the larger employers elsewhere in Randolph, Wayne and Henry Counties are the Ardagh Group, Astral Industries, Reid Health, Henry County Hospital, and Draper, Inc.

We reviewed a recent community contact of one rural development agency that serves the AA. The organization contacted offers loans, grants, and loan guarantees to support essential services such as affordable housing, economic development, and infrastructure needs. The contact noted significant opportunities for economic development throughout rural Indiana.

## **SCOPE OF EVALUATION IN INDIANA**

The CRA statute requires a separate rating when branches exist in multiple states; therefore, we conducted a full-scope review of performance in the one Indiana AA. Unlike Ohio, we provided more weight to consumer lending in Indiana.

## **CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS IN INDIANA**

### **LENDING TEST**

The bank's performance under the lending test in Indiana is rated "Satisfactory."

#### **Lending to Borrowers of Different Incomes**

GNB's distribution of loans by income level of the borrower reflects reasonable penetration.

#### Performance in the Indiana Non-MSA AA

The bank's borrower distribution of residential mortgage loans reflects reasonable penetration. The 10.5 percent poverty rate limits lending opportunities, as residents of limited income may encounter difficulty meeting credit underwriting standards. Further, the bank only recently entered the AA by opening its branch office on December 14, 2015. The analysis period for the Indiana AA is 2016 only. Our conclusions are primarily based upon the bank's performance as measured against AA demographics, as illustrated by Tables 4A and 4B. We did not consider performance relative to other HMDA-reporting mortgage lenders active in the AA, such as market share data, as it is not yet available for 2016. We weighted consumer lending

performance more than mortgage lending, as bank operations in Indiana have been more oriented to consumer lending.

**Home Purchase Loans**

There were too few home purchase loans originated in the AA for meaningful analysis.

**Home Improvement Loans**

There were too few home improvement loans originated in the AA for meaningful analysis.

**Home Refinance Loans**

The borrower distribution of home refinance loans reflects reasonable market penetration.

The distribution of loans to low-income families is well below the percentage of low-income families in the AA, while the distribution of loans to moderate-income families exceeds the percentage of moderate-income families in the AA.

Table 4A - Borrower Distribution of Residential Real Estate Loans in the Indiana AA								
Census Tract Income Level	Low		Moderate		Middle		Upper	
Loan Type	% of AA Families	% of Number of Loans	% of AA Families	% of Number of Loans	% of AA Families	% of Number of Loans	% of AA Families	% of Number of Loans
Home Refinance	17.1	0.0	18.7	33.0	24.0	17.0	40.2	50.0

Source: 2010 U.S. census data and bank's HMDA data.

**Consumer Loans**

The bank's borrower distribution of consumer loans reflects reasonable penetration.

The distribution of loans to low-income households is near the percentage of low-income households in the AA, while the distribution of loans to moderate-income households is below the percentage of moderate-income households in the AA. Unlike HMDA data, consumer lending data is not widely reported by lenders, so no market share analysis could be performed.

Table 4B - Borrower Distribution of Consumer Loans in the Indiana AA								
Borrower Income Level	Low		Moderate		Middle		Upper	
Loan Type	% of AA Households	% of Number of Loans	% of AA Households	% of Number of Loans	% of AA Households	% of Number of Loans	% of AA Households	% of Number of Loans
Home Refinance	16.5	15.0	15.4	10.0	24.0	45.0	44.1	25.0

Source: 2010 U.S. census data and internal bank reports.  
Income was not available on one loan sampled.

**Geographic Distribution of Loans**

Performance in the Indiana Non-MSA AA

No meaningful geographic distribution analysis could be conducted as all CTs in the Indiana Non-MSA AA are middle-income.

**Responses to Complaints**

The bank received no complaints from the public regarding its CRA performance in the Indiana Non-MSA AA.

**COMMUNITY DEVELOPMENT TEST**

The bank’s responsiveness to community development needs is adequate.

We noted limited opportunities for community development activities in the AA, and GNB only recently entered the market.

**Number and Amount of Community Development Loans**

Community development lending activity reflects adequate performance. GNB did not originate any community development loans in the Indiana AA. However, given the very small and rural nature of this AA and surrounding counties, community development lending opportunities are limited.

**Number and Amount of Qualified Investments**

Qualified investment activity reflects adequate performance, given the nature of the AA and GNB’s recent entry into the market. One investment for \$500 was made to a scholarship fund for students in a school district inside the AA. The school is one of the smallest districts in the state and has a high percentage of students on free or reduced lunch programs.

### **Extent to Which the Bank Provides Community Development Services**

The extension of community development services reflects adequate performance. GNB did not provide community development services in the Indiana AA; however, the opening of the Losantville office serves to increase the availability of financial services to a distressed non-metropolitan middle-income CT.

### **Responsiveness to Community Development Needs**

Pursuant to 12 CFR 25.28(c) in determining a national bank's (bank) CRA rating, the OCC considers evidence of discriminatory or other illegal credit practices in any geography by the bank, or in any assessment area by an affiliate whose loans have been considered as part of the bank's lending performance. We found no evidence of discriminatory or other illegal credit practices inconsistent with helping to meet community credit needs.

## Appendix A: Scope of Evaluation

The following table identifies the time period covered in this evaluation, affiliate activities that were reviewed, and loan products considered. The table also reflects the metropolitan and nonmetropolitan areas that received comprehensive evaluation review (designated by the term “full-scope”) and those that received a less comprehensive review (designated by the term “limited-scope”).

<b>Time Period Reviewed</b>	Lending Test: (01/01/2014 to 12/31/2016) Community Development Test: (11/18/2013 to 03/27/17)	
<b>Financial Institution</b>	<b>Products Reviewed</b>	
Greenville National Bank (“GNB” or “bank”) Greenville, OH)	Residential mortgage and consumer	
<b>Affiliate(s)</b>	<b>Affiliate Relationship</b>	<b>Products Reviewed</b>
None		
<b>List of Assessment Areas and Type of Evaluation</b>		
<b>Assessment Area</b>	<b>Type of Exam</b>	<b>Other Information</b>
Ohio Non-MSA (Darke County) Dayton, OH MSA #19380 (portion of Miami County)	Full Scope Limited Scope	
Indiana Non-MSA (portions of Randolph, Wayne and Henry Counties)	Full Scope	

## Appendix B: Summary of State Ratings

---

State:	Lending Test Rating	Community Development Test Rating	Overall Bank/State/Multistate Rating
Ohio	Satisfactory	Satisfactory	Satisfactory
Indiana	Satisfactory	Satisfactory	Satisfactory