



Comptroller of the Currency
Administrator of National Banks

SMALL BANK

Cleveland Field Office
3 Summit Park Drive, Suite #530
Independence, Ohio 44131
Phone 216-447-8866
Fax 216-447-9335

Public Disclosure

March 17, 1998

Community Reinvestment Act Performance Evaluation

Summit Bank, N.A.
Charter Number 23439

2680 West Market Street
Akron, Ohio 44333

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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 CRA performance of **Summit Bank, N.A., Akron, Ohio** prepared by the **Comptroller of the Currency**, the institution's supervisory agency, as of **March 17, 1998**. 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: Satisfactory Record of Meeting Community Credit Needs

The bank was evaluated for activity occurring in 1996 and 1997.

- The bank's loan to deposit ratio averaged 87% during the review period.
- The bank originated 88% of their residential real estate loans within their assessment area which is good.
- The bank made an adequate amount of loans to borrowers of different incomes.
- The bank made a good amount of loans to small businesses. The majority of the bank's loans were for small dollar amounts and were predominantly made to small businesses (annual gross revenues of \$1 million or less.)
- The bank originated residential real estate loans and business loans in approximately 87% of the designated census tracts.
- Residential real estate originations to low- income families were less proportionate to those total families in the assessment area. Additionally, residential real estate loans originated in low- income geographies were less proportionate than the total of those geographies in the assessment area. We noted that several of the low- income tracts were in downtown Akron which is comprised of business entities and some surrounding residential areas.
- There were no complaints received against the bank.
- The bank is in substantial compliance with anti-discrimination laws and regulations.

Description of Institution

Summit Bank, N.A. is a subsidiary of First Federal Financial Services Corp, Wooster, Ohio, a \$1 billion plus holding company. The bank was acquired by this holding company in July 1997. Summit Bank, N.A. had average assets of \$88,391,000 as of December 31, 1997. Summit Bank, N.A. operates an equipment leasing subsidiary headquartered in Chagrin Falls, Ohio. The bank's main office is west of Akron in the City of Fairlawn. Fairlawn is contiguous to the City of Akron. Fairlawn is a community with many retail establishments. The bank has one branch in the City of Hudson, approximately 13 miles from the main office.

The bank offers all types of commercial and consumer lending products; however, they are primarily a commercial and real estate lender. Also, the bank is active in originating government loans, including FHA and VA loans. The bank sells a very high percentage of its residential real estate mortgages on the secondary market.

Summit Bank, N.A. is one of the few community banks in the area. Its competitors are mostly regional banks with assets of \$1 billion or more. No legal impediments impair the bank's ability to lend to the community.

Loan Portfolio Composition As Of December 31, 1997		
Loan Product	Balance	Percent of Portfolio
Real Estate	\$44,834,000	56%
Commercial	\$17,405,000	22%
Individual	\$ 2,314,000	3%
Other Loans	\$14,957,000	19%
Gross Loans	\$79,510,000	100%

Description of the Assessment Area - Metropolitan Statistical Area - 080 - Akron

The bank's assessment area is all of Summit County. Summit County has a total of 121 census tracts including 20 low- income, 27 moderate- income, 47 middle- income, 24 upper- income, and 3 NA. Approximately two-thirds of the area's housing is owner-occupied. More than three quarters of the housing is one-to-four family units. The average home was built in 1956, and the median cost of housing units is \$65,003. The MSA/Non-MSA Updated Median Family Income is \$44,300. The area's income is primarily (75%) derived from wages.

Summit County covers approximately 412.8 square miles. The City of Akron is the largest city and is the County Seat. Akron has a population of 223,000. The next largest city is less than one-third of Akron's population. Akron is nationally known as the "Rubber Capital" and leader in Polymer research. Summit County's major employers are manufacturers, such as GenCorp, Inc., Goodyear Tire & Rubber, and B.F. Goodrich.

LOAN TO DEPOSIT RATIO

The bank is a strong lender. The average loan to deposit ratio was 87% for the eight quarters in 1996 and 1997. The bank sells the bulk of its real estate loans in the secondary market. The bank's performance exceeds its peer banks' (banks with similar characteristics) average loan to deposit ratio of 69%.

LENDING IN THE ASSESSMENT AREA

The bank makes a substantial majority of its residential real estate loans and small business loans in its assessment area. The following chart displays the number and dollar of loans originated within the assessment area and the total number and dollar of all originations for residential real estate and commercial loans (small business loans) for the years 1996 and 1997. The information on commercial loan originations (small business) was available on an aggregate basis for the years 1996 and 1997.

Residential real estate origination data was based on the Home Mortgage Disclosure Act (HMDA) Loan Application Registers (LAR).

Information on small business origination data was based on an internally generated computer report used to track commercial loan activity (small business loans) by census tract.

	Residential Real Estate Originations				Small Business Originations			
	In Assessment Area		Total Originated		In Assessment Area		Total Originated	
	#	\$(000's)	#	\$	#	\$(000's)	#	\$(000's)
1996	356	30,534	371	31,966				
1997	320	26,851	399	34,180				
Total	676	57,385	770	66,146	196	38,662	251	47,519
% of Total Originated	88%	87%			78%	81%		

LENDING TO BORROWERS OF DIFFERENT INCOMES AND BUSINESSES OF DIFFERENT SIZES

The bank makes an adequate amount of loans to borrowers of varying incomes. The bank's commercial loans are primarily small business loans.

Residential Real Estate Lending

Loans originated by the bank to low- income borrowers (incomes of less than 50% of the median census tract income) were less proportionate in relation to the number of low- income families in the bank's assessment area. There are 29,599 low- income families in the assessment area which represent 20% of the total families in the assessment area. The bank made 9% of its residential loans to low- income families. Lending to moderate- income families in the assessment area, based on the number of originations, was proportionate to the number of moderate- income families in the assessment area. The bank made 26% of their loans to moderate- income families, and those families represent 18% of the total families in the assessment area.

	Loans Originated by Borrower's Income				Families by Income within Assessment Area	
	#	%	\$(000's)	%	Population	% of Total Families
Low-income	60	9%	\$2,765	5%	29,599	20%
Moderate- income	172	26%	\$10,567	19%	25,843	18%
Middle- income	210	31%	\$16,267	28%	32,993	23%
Upper- income	225	33%	\$26,626	46%	54,181	39%
NA	9	1%	\$1,160	2%	0	0%
Total	676	100%	\$57,385	100%	140,616	100%

Business Lending

Based on regulatory reports, the bank makes a good amount of loans to businesses for small dollar amounts. Business loans originated in amounts of \$100,000 or less represented 80% of the commercial loans originated by the bank.

Business Loans Outstanding By Dollar Amount				
Dollar Size of Loans	#	%	\$(000's)	%
\$100,000 or less	371	80%	\$11,759	35%
\$100,000 - \$250,000	66	14%	\$9,512	28%
\$250,000-\$1,000,000	26	6%	\$12,290	37%
Total	463	100%	\$33,561	100%

The majority of the bank's business borrowers are considered "small businesses" with annual gross revenues of \$1 million or less. Based on an internal computer report that tracks borrowers' incomes and sales, it showed that 76% of the commercial borrowers are small businesses. These borrowers had loans outstanding totaling \$31 million or 66% of the total commercial loans, excluding commercial leases.

GEOGRAPHIC DISTRIBUTION OF LOANS

The bank's geographic distribution of loans is satisfactory. The bank made residential real estate and commercial (small business) loans in 87% of their geographies.

The bank has a total of 121 census tracts in their assessment area. Based on the number of all HMDA reportable loans (residential real estate loan originations) the bank serviced 75% of their assessment area. A review of those HMDA reportable originations evidenced that the bank did not have residential real estate originations in 30 tracts, or 25% of their assessment area. Of the 30 tracts, 14 (47%) were low- income, and 9 (30%) were moderate- income. The bank relates this lack of activity to areas being high rental that comprise 62% - 77% of the low- income and the moderate- income households. Of the 30 tracts mentioned above, 23 or 77%, are in the City of Akron. The 23 tracts are either low- income or moderate- income. These areas in Akron center around the downtown area with many small businesses and a small section of surrounding residential areas. In these 23 tracts alone, there were 114 financial institutions that provided mortgage lending services to this area. This bank did originate business loans in 14 of the 30 tracts mentioned; 10 were in low- income census tracts.

The following chart on HMDA reportable originations shows that the bank did the majority of originations in middle- income geographies. Originations in low- income geographies were not proportionate to the total low- income geographies in the assessment area. Originations in moderate- income geographies were slightly less proportionate to the total moderate- income geographies in the assessment area.

HMDA REPORTABLE ORIGINATIONS BY GEOGRAPHIES			
Geographies	#	% Of Total Originations	% of Geographies in Assessment Area
Low-Income	26	4%	17%
Moderate- Income	111	16%	22%
Middle- income	367	54%	39%
Upper- income	172	26%	20%
NA	0	0	2%
Total	676	100%	100%

Responses to Complaints

The bank has received no CRA related complaints since the last examination.

Compliance with Anti-Discrimination Laws

The bank is in compliance with the substantive provisions of the fair lending laws. We tested a sample of purchase loans to determine if credit standards were consistently applied and if rates and terms offered were similar for different borrowers. We found no evidence of discrimination.