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Comptroller of the Currency  
Administrator of National Banks

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## **PUBLIC DISCLOSURE**

February 23, 1998

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

Champaign National Bank and Trust  
Charter Number: 916

601 Scioto Street  
Urbana, Ohio 43078

**Office of the Comptroller of the Currency**

**Central Ohio Field Office  
325 Cramer Creek Court, Suite 202  
Dublin, Ohio 43017**

**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.*

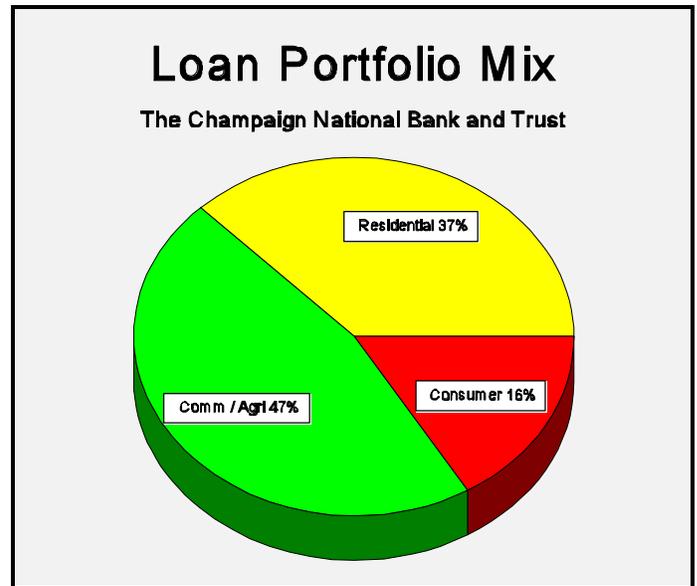
*This document is an evaluation of the Community Reinvestment Act (CRA) performance of **The Champaign National Bank and Trust** prepared by the **Office of the Comptroller of the Currency**, the institution's supervisory agency, as of February 23, 1998. The agency rates the CRA performance of an institution consistent with the provisions set forth in Appendix A to 12 CFR Part 25.*

**INSTITUTION'S CRA RATING:** This institution is rated **SATISFACTORY RECORD OF MEETING COMMUNITY CREDIT NEEDS**.

This institution meets the requirements for satisfactory performance for all applicable performance criteria. The current and thirteen quarter average loan-to-deposit (LTD) ratios exhibit increasing trends and are comparable to the ratios demonstrated by national, custom and local peer banks. Analysis of the location and dispersion of bank's loans indicate that the majority of loans are made within the identified AAs and are reasonably dispersed by both borrower income and income geography.

## ***DESCRIPTION OF INSTITUTION***

The Champaign National Bank and Trust (CNB) is a wholly owned subsidiary of Futura Banc Corp, Inc., a one bank holding company. The main office is located approximately 50 miles west of Columbus, Ohio in the City of Urbana, Ohio which is the Champaign County seat. The bank's primary business focus is retail/commercial banking and it offers standard products and services through a network of seven full service offices and one mobile office. Competition for loans and deposits is moderate and comes primarily from several community banks and branches of regional institutions in Urbana and surrounding cities. Currently, no legal or economic impediments exist that could restrict the institution's ability to serve the community's credit needs.



***Figure 1***

As of December 31, 1997, CNB reported total assets of \$140 million and gross loans of \$110 million. Loans for one-to-four family residential housing purposes represented about 37% of gross loans, with the remainder divided among loans having individual and commercial or agricultural purposes. Figure 1 shows the bank's total loan mix as of December 31, 1997.

## ***DESCRIPTION OF ASSESSMENT AREAS***

The bank currently has two assessment areas (AA) and both were selected based on management's targeted lending territory and desired expansion. The major, and primary AA consists of 21 block numbering areas (BNA) that incorporate all of Champaign and Logan Counties, the southeastern edge of Hardin County and the southern half of Union County. Of the 21 BNAs, two (10%) are characterized as Moderate-income tracts, thirteen (62%) are Middle-income and six (28%) are Upper-income areas. This AA contains a population of about 93,000 with a median family income of about \$33,861 as of the 1990 census. CNB currently has six offices in this AA, with one office located in a Moderate-income tract.

The second AA is made up of five census tracts (CT) of the Columbus Ohio Metropolitan Statistical Area (MSA) #1840 and is located on the eastern boundaries of Delaware and Franklin Counties and the northern tip of Madison County. Of the five geographies, one (20%) is a Middle-income area and four (80%) are Upper-income tracts. This AA is relatively new to the bank and was added in February 1996, when the bank opened a new office in the Dublin, Ohio area, a prosperous suburb of Columbus, Ohio. This AA has a population of about 48,000 with a median family income of \$48,100. The bank currently has one office located in this AA, and overall competition is considered strong.

The overall economic condition for both AAs combined is good with stable to increasing trends. The AAs are primarily rural with an agricultural focus, but also contain a moderate level of light manufacturing. Larger employers of AA residents include Allied-Signal, Navistar, Honda of America Corporation and numerous suppliers to Honda. The average unemployment rate for all eight counties represented in the AAs as of November 1997, is 3.45%, which compares very favorably to state and national unemployment rates of 4.4% and 4.6%, respectively. Community contact interviews revealed that loans for the purchase, rehabilitation and construction of affordable residential properties and small business loans are the primary needs of the AA. Community contacts also revealed that these types of loans are readily available from institutions serving these areas.

## ***CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA***

### **Loan to Deposit Ratio:**

CNB's current loan-to-deposit (LTD) ratio of 88% as of December 31, 1997, and average LTD ratio over the last thirteen calendar quarters of 77% are reasonable and demonstrate increasing trends. CNB's LTD ratios were compared with a peer group of banks nationwide and a custom peer group consisting of banks in Ohio and Indiana with total assets between \$100 million and \$250 million. The bank's ratios were then further compared with two local community banks also competing in the AA. CNB's current LTD ratio compares favorably with the 73% - 77% range posted by the peer group and is within the 71% - 116% range posted by the local banks. In addition, CNB's thirteen quarter average LTD ratio was slightly higher than the 71% - 75% range demonstrated by the combined peer bank sample, and was within the 73% - 96% range posted by the local banks. Overall, CNB's LTD ratios were found to be comparable to other institutions of similar size, purpose and location, and reflect satisfactory performance.

### **Lending In the Assessment Areas:**

The majority of the bank's lending is done within the identified AAs and is consistent with satisfactory performance. Since the MSA AA is a relatively new lending area for the bank, a combined analysis for the purpose of this performance criteria was performed, placing more emphasis on the bank's primary or Non-MSA AA. This analysis was appropriate because the bank currently makes more than 70% of its loans in the Non-MSA AA, and this AA was in existence during the entire evaluation period. Of the 74 total home loans for the purpose of purchase or refinance reported on the bank's 1997 Home Mortgage Disclosure Act (HMDA) Loan Application Register (LAR), 51 or 69% were made within the AAs. Since this was the first year in which CNB was required to file the HMDA LAR, an additional 44 residential real estate loans made in 1996 and 1998 were sampled to determine the origin of each. Of the sampled loans, 37 or 84% were originated within the AAs. The following tables detail the number and percentage of loans made in each separate AA, as well as the combined totals for both the 1997 HMDA information and the residential sample.

<b>1997 HMDA LAR</b>				
	<b>Made Inside AA</b>	<b>Made Outside AA</b>	<b>Totals</b>	<b>% Made in AA</b>
<b>MSA 1840 AA</b>	2	16	18	<b>11%</b>
<b>Non MSA AA</b>	49	0	49	<b>100%</b>
<b>Other (outside)</b>	N/A	7	7	<b>N/A</b>
<b>Total Loans</b>	51	23	74	<b>69%</b>

\*Loans for the purpose of purchase or refinance only

<b>Sample of Residential Real Estate Loans</b>				
	<b>Made Inside AA</b>	<b>Made Outside AA</b>	<b>Totals</b>	<b>% Made in AA</b>
<b>MSA 1840 AA</b>	4	0	4	<b>100%</b>
<b>Non MSA AA</b>	33	2	35	<b>94%</b>
<b>Other (outside)</b>	N/A	5	5	<b>N/A</b>
<b>Total Sample</b>	37	7	44	<b>84%</b>

\*Loans for the purpose of purchase or refinance only

Although the 1997 HMDA information shows that the bank's lending within the identified tracts of MSA 1840 is low, this AA again is a relatively new market for the bank. CNB did not have a branch in this AA until it opened a De Novo office in this AA in February 1996, and has not yet established a significant market share or customer base within the identified tracts. The sixteen HMDA loans made outside the identified AA were from surrounding CTs and support management's attempts to lend to and establish a client base in this AA. In addition, management stated that some of the loans made outside this AA were made to meet the personal credit needs of existing business clients to practice relationship banking. It should also be noted that the MSA AA accounted for only 24% of the HMDA loans and only 9% of the sampled loans due primarily to its infancy.

### **Lending in Geographies of Different Income Levels:**

The bank's lending to geographies of different income levels is reasonable for both AAs and evidences satisfactory performance. Of the six reviewed loans (2 from 1997 HMDA LAR and 4 from the sample) made in the MSA AA, one (17%) loan was originated in a Middle-income tract and five (83%) were originated in Upper-income tracts. This dispersion is appropriate considering that this AA consists of only Middle- (20%) and Upper-income (80%) tracts.

The bank's geographic dispersion demonstrated similar trends in the Non-MSA AA. Of the eighty-two reviewed loans (49 from the HMDA LAR and 33 from the sample) made in this AA, five (6%) were made to Moderate-, forty-one (50%) were made to Middle- and thirty-six (44%) were made to Upper-income geographies. This is reasonable and consistent with the geographic dispersion of this AA, which contains two (10%) Moderate-, thirteen (62%) Middle- and six (28%) Upper-income tracts. The table below illustrates the geographic distribution for both the HMDA and sampled loans by AA.

<i>Lending Activity by Income Geography</i>									<i>Income Dispersion of AA by Geography</i>			
1997 HMDA Loans				Residential Loan Sample								
Income Category	MSA 1840		Non MSA		MSA 1840		Non MSA		MSA 1840		Non MSA	
	#	%	#	%	#	%	#	%	#	%	#	%
<i>Low</i>	0	0%	0	0%	0	0%	0	0%	0	0%	0	0%
<i>Moderate</i>	0	0%	3	6%	0	0%	2	6%	0	0%	2	10%
<i>Middle</i>	1	50%	24	49%	0	0%	17	52%	1	20%	13	62%
<i>Upper</i>	1	50%	22	45%	4	100%	14	42%	4	80%	6	28%
<i>Totals</i>	2	100%	49	100%	4	100%	33	100%	5	100%	21	100%

Although the level of lending to Moderate-income tracts initially appears low, this income geography contains only 4% of all available owner-occupied housing stock (homes available for purchase or refinance). Therefore, the bank’s home loan activity would obviously be lower in this geography. In addition, the two Moderate-income geographies include Indian Lake and contain a large percentage of vacation homes, which would also reduce the level of homes available for purchase or refinance.

**Lending to Borrowers of Different Income Levels:**

The bank’s record of lending to borrowers of different income levels and businesses of different sizes is reasonable and rated satisfactory for both AAs. The stated income level of the borrower(s) for each loan reviewed was compared to either the median family income of MSA #1840 for the MSA AA or the State of Ohio non-metropolitan statistical area median family income figure for the Non-MSA AA. This was done to determine the applicable income category for each. Of the six reviewed loans made in the MSA AA identified above, two (33%) were made to Middle-income borrowers and four (67%) were made to Upper-income borrowers, which is consistent with the demographic income makeup of this area. Although the level of lending to Low and Moderate Income borrowers initially appears low, this AA represents a very prosperous suburb of Columbus, Ohio, with approximately 86% of all families in the Middle- and Upper-income categories. In addition, the average housing price in this AA is very high at \$137,509 as of the 1990 census, and could not be readily afforded by Low-or Moderate-income families, which would greatly reduce the home loan activity in these income categories.

The dispersion by borrower income for the Non-MSA AA is also reasonable. Of the eighty-two loans reviewed that were made in this AA, seven (9%) were made to Low-, six (7%) to Moderate-, thirty-two (39%) to Middle- and thirty-seven (45%) to Upper-income borrowers. This dispersion is reasonable and consistent with the income composition of this AA which contains 15% Low-, 16% Moderate-, 24% Middle- and 45% Upper-income families, according to the 1990 census. Although home loans made to Low- and Moderate-income borrowers appear slightly below these benchmarks, approximately 3,500 families (10% of all Non-MSA AA

families and 33% of all Low- or Moderate-income families in this AA) are below the poverty level and could not afford to purchase a home. This significantly reduces the number and percentage of credit worthy borrowers in these income categories with the financial ability to purchase or refinance homes. In addition, management states that there is a general lack of affordable homes for persons of these income categories to purchase due to the strong economy. Although the median housing price according to the 1990 census is only \$55,000, most new home construction is in the \$120,000 to \$150,000 range due mostly to rising land values forcing lot prices higher. CNB participated with the county development office in constructing five speculative homes in Urbana in an attempt to create new units of affordable housing, but higher than anticipated lot prices forced the cost of these new homes over the \$100,000 range. Also, older homes are realizing increased appreciation and now routinely sell well above the 1990 median housing value. In an attempt to address the housing issue, CNB now offers several low down payment programs (including a 100% Loan-to-Value loan product) to accommodate Low- and Moderate-income home buyers. To date, there has been little interest in these programs.

In addition, twenty-five recently made commercial or farm loans were sampled to determine the level of the bank's lending to businesses and farms of different sizes. The sample indicated that approximately 84% of these loans were made to businesses with annual gross revenues of less than \$1 million. This sample also revealed that approximately 32% of the commercial loans were made in amounts less than \$100,000, which indicates the bank's willingness to make small loans to businesses of all sizes. Also worth noting in the commercial area is the bank's history of lending to Champaign Residential Services, Inc. (CRSI), and its innovative efforts to make a YMCA facility in Urbana a reality. CRSI is a non-profit organization with a primary mission to assist physically and developmentally challenged individuals in rural Ohio counties with permanent housing, education, general independence, and other daily necessities. CRSI is based in Urbana and has over 220 clients in fifteen different Ohio counties, including the majority of the bank's Non-MSA AA. Since 1996, the bank has financed the purchase and rehabilitation of six properties for CRSI, which has created about twenty-four new units of housing for developmentally challenged individuals within the AAs.

#### **Response to Complaints Regarding the Bank's CRA Performance:**

The bank has had no complaints regarding its CRA performance during the evaluation period.

No evidence of discriminatory or other illegal credit practices on any prohibited basis was noted during the course of the examination. The bank is in compliance with the substantive provisions of the antidiscrimination laws.