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Comptroller of the Currency  
Administrator of National Banks

Small Bank

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## **PUBLIC DISCLOSURE**

October 18, 1999

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

**Community First Bank, N.A.  
Charter Number 7518**

**118 East Lima Street  
Forest, Ohio 45843**

**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 **Community First Bank, N.A.**, Forest, Ohio as prepared by **The Comptroller of the Currency**, the institution's supervisory agency, as of **October 18, 1999**. 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: Satisfactory** record of meeting community credit needs. This rating is supported by:

- The bank's lending activity indicates reasonable dispersion to borrowers of different income levels and businesses of different sizes,
- A majority of the bank's lending activity occurs within its assessment area and is reasonably dispersed throughout the area, and
- The bank's current and 12 quarter average loan-to-deposit ratio is reasonable when compared with the ratios of its peer banks.

## **DESCRIPTION OF INSTITUTION**

Community First Bank, N.A. (CFB) is a wholly owned subsidiary of a one-bank holding company, Community First BancShares, Inc. The main offices of both CFB and the holding company are located in the village of Forest, Ohio, which is approximately 70 miles northwest of Columbus, Ohio. CFB also operates a full-service branch in the city of Kenton, which is about ten miles south of the main office. Out of those two branches, the bank offers primarily retail products and services, with a strong focus on residential real estate, as well as some commercial and agricultural products and services. In addition to ATMs at both offices, the bank has three off-premise ATMs located throughout their assessment area.

As of the June 30, 1999 Call Report Information, the bank had \$31.7 million in total assets with net loans representing approximately 60.0% of that asset base. Residential real estate loans account for 43.2% of the bank's loan portfolio, with commercial and industrial loans representing 20.0%, consumer loans accounting for 10.6%, agricultural loans 8.2%, and various other categories 18.0%

At the prior CRA examination, as of September 24, 1996, the bank received a satisfactory CRA rating. No legal or financial impediments exist that could restrict the institution's ability to serve the community's credit needs.

## **DESCRIPTION OF ASSESSMENT AREA**

The bank's Assessment Area (AA) consists of five (83.3%) middle-income and one (16.7%) moderate-income Block Numbering Areas (BNAs). Four middle-income BNAs (#9831, #9832, #9833, and #9837) and one moderate-income BNA (#9836) are located within northeastern Hardin County, and one middle-income BNA (#9882) is in southwestern Wyandot County. The AA meets the requirements of the regulation and does not arbitrarily exclude any low- or moderate-income areas.

The 1999 Department of Housing and Urban Development estimated median family income for the non-metropolitan statistical areas of Ohio is \$43,200. Of all the families living in the AA, 20.5% are classified as low-income (with 11.9% living below the poverty line), 18.5% are classified as moderate-income, 24.5% are classified as middle-income, and 36.5% are classified as upper-income. Businesses with revenues of less than \$1 million (considered small business for the regulation) account for 90.7% of all the business entities in the AA. As of the 1990 Census, the AA had a population of 24,657. The AA had 9,543 housing units, with 70.8% owner-occupied. The median housing value, as of the 1990 Census, was \$42,651.

The economic condition of the AA is healthy. The AA is primarily rural with an agricultural focus, but does contain several manufacturing and retail businesses. Larger employers include Meritor (formerly Rockwell International), Worthington Industries and Precision Strip, Inc. As of August 1999, the unemployment rates of both Hardin and Wyandot counties (3.5% and 3.4%, respectively) compare favorably with the state of Ohio's rate of 4.0% and the national rate of 4.2%.

Competition comes from three large (over \$150 million in assets) community banks, branches of two regional banks, and two savings and loan associations. Our discussions with an economic development officer and a real estate broker indicated that the banking and credit needs are being met by the financial institutions in the AA. They identified needs as financing for middle-income (\$80,000 to \$110,000) housing, and lending to both small and large businesses.

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

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

The bank's loan-to-deposit (LTD) ratio is reasonable. Since the last CRA examination (12 quarters), the bank's quarterly LTD ratio averaged 67.6%. This is in line with the quarterly averages exhibited by national peer banks (68.0%) and regional peer banks (72.5%). Regional peer consists of similar size banks with similar loan portfolio structures located in Ohio, Indiana, Kentucky, and West Virginia. The bank's LTD ratio of 65.9%, as of June 30, 1999, is within the range of LTD ratios of 48.3% and 94.0% exhibited by the two similarly sized institutions in its AA.

### *Lending in Assessment Area:*

The bank makes a majority of its loans within its AA. We sampled 50 loans (30 residential real estate, and 20 commercial and industrial), representing the bank's primary loan products, originated since the last CRA examination. Of those loans sampled, 82.0% of the number and 85.7% of the dollar amount, were made within the bank's AA.

*Lending to Borrowers of Different Income Levels and Businesses of Different Sizes:*

The bank's lending to borrowers of different income levels and businesses of different sizes is reasonable. The following table includes only residential real estate loans and commercial and industrial loans made in the AA based on the previously identified sample.

Based on the residential real estate loan sample, distribution to borrowers in different income categories reflects penetration to all income categories. While lending to moderate-income borrowers is lower than the demographics of the AA, the lending to low-income borrowers, at a level greater than the demographics of the AA, is a compensating factor. The aggregate of loans originated to low- and moderate-income borrowers mirrors the aggregate percentage of families in both the low- and moderate-income categories in the AA, which reflects satisfactory performance.

Based on the commercial and industrial loan sample, distribution to businesses of different sizes indicates lending to both small and large businesses. The low representation to small businesses is not a concern given the fact that community contacts indicated a need for both small and large business financing.

| <b>DISTRIBUTION OF LOAN SAMPLE BY BORROWER INCOME AND BUSINESS REVENUE</b> |   |                                     |
|--|---|-------------------------------------|
| <b>Income Category</b>   | <b>% of families by income category in the AA</b> | <b>% of sample in each category</b> |
| Low-Income   | 20.5%   | 23.1%                               |
| Moderate-Income  | 18.5%   | 15.4%                               |
| Middle-Income  | 24.5%   | 34.6%                               |
| Upper-Income   | 36.5%   | 26.9%                               |
|  |   |                                     |
| <b>Business Size</b>   | <b>% of Businesses by size in AA</b>              | <b>% of sample by size</b>          |
| Small (Under \$1 million in annual revenue)                                | 90.7%   | 66.7%                               |
| Large (Over \$1 million in annual revenue)                                 | 9.3%  | 33.3%                               |

*Geographic Distribution of Loans:*

The bank's geographic distribution of loans reflects reasonable dispersion throughout its AA. Our analysis of the loan sample reflects lending in both types of income tracts for residential real estate loans and commercial and industrial loans. The following tables, which only include loans made in the AA based on the previously identified sample, illustrate the distribution of loans in each type of income geography in the AA.

| <u>DISTRIBUTION OF RESIDENTIAL REAL ESTATE LOANS IN THE AA</u> |  |   |  |
|--|--|---|--|
|  | % of total owner occupied units in each type of income tract | % of loan sample in each type of income tract (#) | % of loan sample in each type of income tract (\$) |
| Moderate-Income Tract (1)                                      | 17.4%  | 3.9%  | 6.2%   |
| Middle-Income Tracts (5)                                       | 82.6%  | 96.1%   | 93.8%  |

Because the residential real estate loan sample indicated such a low representation in the one moderate-income tract, we reviewed the bank's own geographic lending analysis. This analysis does not specifically track loans by BNA. However, we were able to use it to determine the bank's activity within the City of Kenton, which is where part of the moderate-income tract is located. Of the loans originated in the AA since the last CRA examination, the bank made 20.9% within the City of Kenton.

| <u>DISTRIBUTION OF COMMERCIAL AND INDUSTRIAL LOANS IN THE AA</u> |  |   |  |
|--|--|---|--|
|  | % of total businesses in each type of income tract | % of loan sample in each type of income tract (#) | % of loan sample in each type of income tract (\$) |
| Moderate-Income Tract (1)  | 37.3%  | 33.3%   | 35.9%  |
| Middle-Income Tract (5)  | 62.7%  | 66.7%   | 64.1%  |

*Consumer Complaints:*

No complaints relating to the bank's CRA performance have been submitted about the bank since our previous examination.

*Record of Compliance with Antidiscrimination Laws:*

Based on our review of consumer automobile loans, we found no evidence of discriminatory or other illegal credit practices on any prohibited basis. We compared the qualifications of 27 approved male applicants with the qualifications of 11 female denied applicants from June 1998 to June 1999.