



Comptroller of the Currency
Administrator of National Banks

Cleveland Duty Station
3 Summit Park Drive, Suite 530
Independence, Ohio 44131

PUBLIC DISCLOSURE

March 24, 1997

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

**United Bank, National Association
Charter Number 443
401 S. Sandusky Avenue, P.O. Box 568
Bucyrus, Ohio 44820**

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 **United Bank, National Association** prepared by the Comptroller of the Currency, the institution's supervisory agency, as of March 24, 1997. 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.

United Bank, National Association has a satisfactory record of meeting the credit needs of its assessment areas. The level of lending is appropriate. Loans are made to borrowers throughout the assessment areas. Loans are made to borrowers with differing income levels. Products offered are responsive to the needs of the community. Services are marketed by media advertisement, through direct contact with customers, and by directors, officers, and employee participation in community organizations.

The following table indicates the performance level of United Bank, National Association with respect to each of the five performance criteria.

| SMALL INSTITUTION ASSESSMENT CRITERIA | <u>United Bank, National Association</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 | | X | |
| Response to Complaints | No complaints were received since the prior examination. | | |

DESCRIPTION OF INSTITUTION

United Bank, National Association (UBNA) is a \$121 million institution headquartered in Bucyrus, Ohio with six banking locations. The main office and a limited service office are in Bucyrus. The limited service office offers deposit services and houses the mortgage banking

department. UBNA operates full service branches in Galion, Crestline, Prospect and Waldo Ohio. The Prospect and Waldo branches were acquired from another financial institution in 1996. UBNA closed a loan production office in Mansfield in 1996. Bucyrus and Galion are in Crawford County. Crestline is split between Crawford and Richland Counties. Prospect and Waldo are in southern Marion County.

UBNA operates three automatic teller machines (ATMs). ATMs are located at the main office and at the Galion and Crestline branches. An ATM is scheduled to be installed in April 1997 in Waldo.

UBNA's primary business focus is consumer lending which historically represents 65 percent of the loan portfolio. Traditional banking products are offered and the bank has tailored its services to meet community credit needs. The bank offers purchase money mortgages with low down payments and closing costs. The bank participates in government related business lending programs and currently has loans outstanding under the Small Business Administration and the Ohio Linked Deposit programs. There are no financial, legal or other impediments restricting the bank's ability to service its community.

DESCRIPTION OF THE BANK'S ASSESSMENT AREA

UBNA's first assessment area includes thirty-six census tracts of the Mansfield OH Metropolitan Statistical Area, or MSA 4800. Thirteen of these tracts are in Crawford County and surround the locations of the Bucyrus, Galion and Crestline branches. The remaining twenty-three tracts are in northern and central Richland County. MSA 4800 has forty-three census tracts in Richland and Crawford Counties and is approximately halfway between Columbus and Cleveland.

UBNA's second assessment area includes seventeen block numbering areas (BNAs) of Marion County. These BNAs are southwest of MSA 4800 and link Crawford County to the locations of the Waldo and Prospect branches. Marion County has a total of eighteen BNAs.

UBNA's third assessment area includes two BNAs of eastern Wyandot County. Wyandot County is west of MSA 4800 and has a total of six BNAs.

The detail that follows represents information on UBNA's assessment areas.

| Population / Households / Families / Family Income | | | |
|---|----------|---------------|----------------|
| | MSA 4800 | Marion County | Wyandot County |
| Population | 129,566 | 58,921 | 7,255 |
| Households | 50,272 | 21,357 | 2,578 |
| Families | 35,892 | 15,723 | 2,093 |

| Population / Households / Families / Family Income | | | |
|---|----------|----------|----------|
| Median Family Income | \$31,682 | \$30,563 | \$30,563 |

| Recap of Tract/BNA Status | | | | |
|----------------------------------|----------|---------------|----------------|-------|
| Tract type | MSA 4800 | Marion County | Wyandot County | Total |
| Low-income | 2 | 0 | 0 | 2 |
| Moderate-inc. | 9 | 4 | 0 | 13 |
| Middle-inc. | 23 | 9 | 2 | 34 |
| Upper-income | 2 | 4 | 0 | 6 |

| Percentage of Families by Income Status | | | |
|--|----------|---------------|----------------|
| Income Status | MSA 4800 | Marion County | Wyandot County |
| Low-income | 21.58% | 18.87% | 12.04% |
| Moderate-income | 19.95% | 18.29% | 19.88% |
| Middle-inc. | 25.66% | 25.21% | 27.71% |
| Upper-income | 32.81% | 37.60% | 40.42% |

| Housing Data | | | |
|----------------------|----------|---------------|----------------|
| | MSA 4800 | Marion County | Wyandot County |
| Total housing units | 53,362 | 23,097 | 2,699 |
| Owner occupied | 33,996 | 15,123 | 2,149 |
| Median housing value | \$42,500 | \$34,900 | \$43,800 |

UBNA's assessment areas are a mix of urban, suburban and rural, with varied manufacturing and service industries. The local economy is stable. Within the bank's assessment area, the population and economic centers are located in Bucyrus, Marion and Mansfield. Other towns or villages are Crestline, Prospect, Waldo, Galion, Shelby and Ontario. The remaining portions of the assessment area are primarily rural. Mass transportation is not readily available throughout the assessment area.

Regulatory interviews with various community organizations in UBNA's assessment area revealed the following as local credit needs. Home purchase loans are needed as new businesses are bringing in new residents. Commercial loans are needed to help manufacturing and industrial companies expand or relocate in nearby industrial parks. Financing is required to assist in the acquisition and renovation of existing commercial buildings for service and retail use.

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA :

UBNA's overall performance is Satisfactory. Conclusions for each of the assessment areas are:

MSA 4800 - Satisfactory
 Marion County - Satisfactory
 Wyandot County - Satisfactory

The following conclusions are based on both the MSA and non-MSA assessment areas. We reviewed the bank's performance since our last CRA Public Disclosure dated October 31, 1993.

UBNA's loan to deposit ratio meets expectations for similar sized institutions. UBNA's loan to deposit ratio averages 64.37 percent over the last thirteen quarters. We found five banks operating in UBNA's assessment area with assets between \$78 and \$170 million. These five banks had an average loan to deposit ratio of 62.71 percent at September 30, 1996. These banks' loan to deposit ratios ranged from 40.42 percent to 78.37 percent.

UBNA sells mortgage loans to the secondary market. Loans originated and later sold are not on the bank's balance sheet and would not be reflected in the loan to deposit ratio. The table below illustrates a slightly upward trend in UBNA's quarterly loan to deposit ratio.

| Loan to Deposit Ratios | | | | | | | | | | | | | |
|------------------------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|
| Qtr | 12/93 | 3/94 | 6/94 | 9/94 | 12/94 | 3/95 | 6/95 | 9/95 | 12/95 | 3/96 | 6/96 | 9/96 | 12/96 |
| % | 63.12 | 64.18 | 62.14 | 63.91 | 63.44 | 63.77 | 64.44 | 66.04 | 66.38 | 68.79 | 60.94 | 64.12 | 65.78 |

A majority of UBNA's lending is within its assessment areas which meets expected performance levels for small institutions. Bank provided information reflected that 84.8 percent of the number (or 72.7 percent of dollars) of all real estate, agricultural, consumer and commercial loans outstanding as of December 31, 1995 are within the assessment areas. We confirmed that the majority of loans were inside the assessment area during 1996 and agreed with the bank provided analysis.

We analyzed 1994, 1995 and 1996 Home Mortgage Disclosure Act - Loan Application Registers (HMDA-LARs) and found that the majority (by both number and dollar) of residential real estate loans originated since our last evaluation were within the bank's assessment area. We reviewed 1996 commercial and agricultural originations by addresses and found that the majority (by both number and dollar) of these loans were within the assessment area.

UBNA's willingness to lend to borrowers and businesses of different income levels in its assessment area meets expected performance levels for small institutions. We analyzed 1994, 1995 and 1996 HMDA information, focusing on the income level of borrowers in the bank's assessment area.

In our review of 1994, 1995 and 1996 HMDA originations we found that the bank is making loans to individuals of differing income levels. The majority of HMDA lending activity is to middle- and upper-income individuals. The majority of families in UBNA's assessment area are middle- and upper-income. The number of loans to low- and moderate-income individuals is reasonable as compared with the level of families in these categories in the assessment area. The level of dollars extended to low- and moderate-income individuals are much lower than extensions to middle- and upper-income individuals. Middle- and upper-income individuals borrowed larger amounts.

The following tables reflect the income category of mortgage borrowers by number and volume within UBNA's assessment area (AA). UBNA experienced HMDA reportable mortgage loan growth in 1996.

| 1994 HMDA Originations by Applicant Income | | | | |
|---|------------------|------------------|---------------------------|---------------|
| | # of loans in AA | % of loans in AA | \$ of loans in AA (000's) | % of \$ in AA |
| Low-income | 4 | 11.76 | \$99 | 6.72 |
| Moderate-income | 5 | 14.71 | \$122 | 8.28 |
| Middle-income | 8 | 23.53 | \$351 | 23.83 |

| 1994 HMDA Originations by Applicant Income | | | | |
|---|----|-------|---------|-------|
| Upper-income | 17 | 50.00 | \$901 | 61.17 |
| TOTAL | 34 | 100% | \$1,473 | 100% |

| 1995 HMDA Originations by Applicant Income | | | | |
|---|------------------|------------------|---------------------------|---------------|
| | # of loans in AA | % of loans in AA | \$ of loans in AA (000's) | % of \$ in AA |
| Low-income | 5 | 10.42 | \$85 | 3.78 |
| Moderate-income | 12 | 25.00 | \$406 | 18.05 |
| Middle-income | 15 | 31.25 | \$647 | 28.77 |
| Upper-income | 16 | 33.33 | \$1,111 | 49.40 |
| TOTAL | 48 | 100% | \$2,249 | 100% |

| 1996 HMDA Originations by Applicant Income | | | | |
|---|------------------|------------------|---------------------------|---------------|
| | # of loans in AA | % of loans in AA | \$ of loans in AA (000's) | % of \$ in AA |
| Low-income | 39 | 9.65 | \$1,166 | 6.29 |
| Moderate-income | 73 | 18.07 | \$2,383 | 12.85 |
| Middle-income | 138 | 34.16 | \$6,233 | 33.61 |
| Upper-income | 154 | 38.12 | \$8,764 | 47.25 |
| TOTAL | 404 | 100% | \$18,546 | 100% |

We found that a majority of commercial and agricultural loans were made to businesses and farms with revenues of less than \$1 million during 1996. UBNA's asset size precludes lending to very large businesses. Commercial and agricultural originations during 1996 were \$16, 647,000 (two hundred twenty-two loans). We were unable to analyze commercial and agricultural originations for 1994 and 1995 as UBNA's records are purged of paid or renewed loans.

UBNA's geographic loan distribution meets expected performance levels for small institutions. We used 1994, 1995 and 1996 HMDA information to determine the level of lending within each category of tract/BNA income level in the bank's assessment area. The geographic loan distribution mirrors the overall census tract/BNA characteristics of the bank's assessment area. The majority of the bank's assessment area tracts/BNAs are middle-income. As noted in the description of the assessment area, there are two low-income census tracts in the bank's assessment area. These tracts are in Mansfield. The closest full service branch to the Mansfield low-income tracts is the Crestline branch which is approximately twelve miles away. The low loan penetration in these tracts is mitigated given the distance to the closest branch and more readily accessible competitor institutions.

| HMDA Originations by Census Tract/Block Numbering Area | | | | | |
|---|------------|--------------|------------|-----------|----------|
| | Low-income | Moderate-inc | Middle-inc | Upper-inc | |
| 1994 | | | | | Total |
| Number | 1 | 1 | 20 | 12 | 34 |
| (000's) | \$103 | \$7 | \$989 | \$374 | \$1,473 |
| 1995 | | | | | |
| Number | 2 | 5 | 27 | 14 | 48 |
| (000's) | \$58 | \$113 | \$1,263 | \$815 | \$2,249 |
| 1996 | | | | | |
| Number | 0 | 70 | 285 | 49 | 404 |
| (000's) | \$0 | \$2,335 | \$12,562 | \$3,649 | \$18,546 |

In reviewing bank reports, we found that loans were made throughout the assessment area. Loans are concentrated in the Bucyrus, Galion, Crestline census tracts where UBNA's older branches are located. Penetration in the remaining census tracts/BNAs is acceptable with secondary concentrations of loans in Marion, Prospect, Waldo, Mansfield and Shelby.

We found no violations of the substantive provisions of the antidiscrimination laws and regulations. We reviewed a sample of each of the bank's mortgage related loan products to determine compliance. Fair lending training and policies are informal, but sufficient.

Note: The source for demographic information used in this document is CRA WIZ developed by PCI Services, Inc., Boston, MA.