



---

Comptroller of the Currency  
Administrator of National Banks

---

## **Public Disclosure**

February 2, 1998

### **Community Reinvestment Act Performance Evaluation**

**The National Bank & Trust Company  
Charter Number 1997**

**48 North South Street  
Wilmington, Ohio 45177**

**Office of the Comptroller of the Currency  
Central Ohio Field Office  
325 Cramer Creek Court Circle, 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.**

## TABLE OF CONTENTS

<b>General Information</b>	1
<b>Definitions and Common Abbreviations</b>	2
<b>Overall Conclusions</b>	3
Description of the Institution	4
Description of the Assessment Area	5
Community Needs	8
Conclusions With Respect to Performance Tests (The National Bank & Trust Company):	
Lending Test	9
Investment Test	21
Service Test	22
Fair Lending Review	26
<b>Metropolitan Statistical Areas</b>	
Cincinnati, OH-KY-IN Primary Metropolitan Statistical Area - 1640:	27
Description of Institution's Operations	
Conclusions with Respect to Performance Tests	
Dayton-Springfield, OH Metropolitan Statistical Area - 2000:	34
Description of Institution's Operations	
Conclusions with Respect to Performance Tests	
<b>Appendix</b>	
Scope of Examination	36

## 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 **The National Bank & Trust Company (NB&T), Wilmington, Ohio**, prepared by the **Office of the Comptroller of the Currency**, the institution's supervisory agency, as of **February 2, 1998**. The agency evaluates performance in assessment area(s), as they are delineated by the institution, rather than individual branches. This assessment area evaluation may include the visits to some, but not necessarily all of the institution's branches. The agency rates the CRA performance of an institution consistent with the provisions set forth in Appendix A to 12 CFR Part 25.

## Definitions and Common Abbreviations

The following terms and abbreviations are used throughout this Public Disclosure. The definitions are intended to provide the reader with a general understanding of the terms, not a strict legal definition.

**Block Numbering Area (BNA)** - Usually larger, locally defined statistical areas. These areas are determined by the United States Census Bureau in an attempt to group counties in which census tracts have not been established. A BNA is also called a “geography.”

**Census Tract (CT)** - Small, locally defined statistical areas. These areas are determined by the United States Census Bureau in an attempt to group homogenous populations. A CT has defined boundaries per ten year census and contain between 2,500 and 8,000 inhabitants. A CT is also called a “geography.”

**Community Reinvestment Act (CRA)** - The statute that requires banking regulatory agencies to evaluate a bank’s record of meeting the credit needs of its local community, consistent with safe and sound operation of the bank, and to take this record into account when evaluating certain corporate applications filed by the bank.

**Geography** - A CT or BNA.

**Home Mortgage Disclosure Act (HMDA)** - A statute that requires certain mortgage lenders that do business or have banking offices in a metropolitan statistical area to file annual summary reports of their mortgage lending activity. The reports include such data as the race, gender, and the income of applicants, the amount of loan requested and its disposition (e.g. approved, denied, withdrawn).

**Median Family Income (MFI)** - The median income determined by the United States Census Bureau every ten years and used to determine the income level category of census tracts. Also, the median income determined by the Department of Housing and Urban Development annually that is used to determine the income level category of individuals. For any given area, the median is the point at which half of the families have income above it and half below it.

- **Low-Income** - Income levels that are less than 50% of the MFI.
- **Moderate-Income** - Income levels that are at least 50% and less than 80% of the MFI.
- **Middle-Income** - Income levels that are at least 80% and less than 120% of the MFI.
- **Upper-Income** - Income levels that are 120% or more of the MFI.

**Metropolitan Statistical Area (MSA)** - An area defined by the Director of the United States Office of Management and Budget. MSAs consist of one or more counties, including large population centers and nearby communities that have a high degree of interaction.

**Small Business Loans** - Loans with an original amount of \$1 million or less for which the bank is required to collect and report certain monitoring data under the CRA regulation.

**Small Farm Loans** - Loans with an original amount of \$500 thousand or less for which the bank is required to collect and report certain monitoring data under the CRA regulation.

## OVERALL CONCLUSIONS

**Institution's CRA Rating:** This institution is rated Satisfactory Record of Meeting Community Credit Needs for the following reasons:

- NB&T is responsive to its community credit needs as a substantially high portion of loans are made within the assessment area.
- NB&T is a leader in lending to low- and moderate-income borrowers and lending in moderate-income geographies.
- The responsiveness to small business and small farm credit needs is exceptional.
- NB&T makes use of several flexible lending programs.
- Retail banking services and alternative delivery systems are readily accessible in moderate-income areas.

The prior CRA examination dated May 15, 1995, resulted in an assigned rating of "Satisfactory Record of Meeting Community Credit Needs."

The following table indicates the performance level of **The National Bank & Trust Company** with respect to the lending, investment, and service tests.

Performance Levels	The National Bank & Trust Company Performance Tests		
	Lending Test*	Investment Test	Service Test
Outstanding	X		
High satisfactory			X
Low satisfactory		X	
Needs to improve			
Substantial noncompliance			

\* Note: The lending test is weighted more heavily than the investment and service tests when arriving at an overall rating.

## DESCRIPTION OF INSTITUTION

The National Bank & Trust Company (NB&T), is a \$436 million community bank headquartered in Wilmington, OH. The bank offers an extensive line of financial services to retail customers, small businesses, farms and trust customers. NB&T operates with a “community-oriented” philosophy and is wholly owned by InterCounty Bancshares, Inc., a one-bank holding company.

The bank has full and limited service offices in Clinton, Brown, Clermont and Warren Counties. In March 1996, one office was opened in the city of Batavia, in Clermont County. In November 1997, an office was opened in Hillsboro, OH. However, due to its very recent opening, its performance will not be evaluated for the purposes of this CRA examination. The bank has many full service and cash dispensing automated teller machines (ATMs) located in branch offices, convenience stores and other locations in Ohio, Kentucky and Indiana.

NB&T’s primary business focus is small- and medium-size businesses and retail customers. NB&T’s core market areas are Clinton County (a non-metropolitan area) and Brown County (in the Cincinnati Primary Metropolitan Statistical Area (PMSA)). These are core areas because the bank is headquartered in Clinton County, and a total of nine offices are located throughout these two Counties. Within the last several years, other branches have been opened in Clermont and Warren Counties, in the Cincinnati PMSA. NB&T opened two branch offices in central Clermont County in the past several years. The bank is realizing high deposit and loan growth from these areas. A branch office in southwest Warren County has not realized the same growth. This is due to its close proximity to the city of Cincinnati and the strong competition from other financial institutions. A very small portion of the Dayton-Springfield MSA is also in the bank’s service area. Table 1 displays the bank’s deposit and loan distributions within the three service areas:

Market Areas:	Total Deposits				Total Loans			
	Number of Accounts	Dollar Volume (000's)	Percent of Number	Percent of Dollar Volume	Number of Accounts	Dollar Volume (000's)	Percent of Number	Percent of Dollar Volume
Cincinnati PMSA	22,844	\$139,027	62%	59%	4,806	\$82,814	56%	52%
Non-Metropolitan	13,173	\$93,340	36%	40%	3,500	\$74,232	41%	46%
Dayton MSA	640	\$3,420	2%	1%	243	\$2,908	3%	2%
<b>Total</b>	<b>36,657</b>	<b>\$235,787</b>	<b>100%</b>	<b>100%</b>	<b>8,549</b>	<b>\$159,954</b>	<b>100%</b>	<b>100%</b>

Source: Bank’s Internal Records.

There are no current impediments which would hamper NB&T’s ability to meet its communities’ credit needs. On December 31, 1997, NB&T had total equity capital of \$41,528,000, net income of \$5,011,000, a net loan-to-deposit ratio of 83% and total loans of \$277,711,000. Loans make up 64% of total assets. Table 2 displays the loan portfolio distribution:

<b>Table 2</b> <b>NB&amp;T</b> <b>Loan Portfolio Distribution</b> <b>December 31, 1997</b>		
<b>Type of Loans:</b>	<b>Dollars (000's)</b>	<b>Percent of Total Loans</b>
Mortgage Real Estate	\$84,265	30%
Consumer	\$80,052	29%
Commercial & Industrial	\$61,252	22%
Commercial Real Estate	\$21,024	8%
Agriculture	\$12,740	5%
Construction & Development	\$8,226	3%
Agriculture - Real Estate	\$5,646	2%
Lease Financing Receivables	\$4,506	2%
Total	\$277,711	100%

Source: Consolidated Report of Condition and Income.

NB&T compares its performance to 14 other financial institutions headquartered in the area or in central or southern Ohio. They include small community as well as large regional financial institutions.

## **DESCRIPTION OF ASSESSMENT AREA**

NB&T's assessment area consists of the following:

- All of Clinton County (nine geographies), and portions of Fayette County (two geographies), Highland County (three geographies), and Adams County (two geographies). These Counties are located in non-metropolitan areas.
- All of Brown (8 geographies) and Clermont (twenty-five geographies) Counties, and a portion of Warren County (eighteen geographies) in the Cincinnati PMSA.
- Four geographies in southeast Green County, located in the Dayton-Springfield MSA 2000.

Entire counties or MSAs are not included in the assessment area because these areas do not have a branch office nearby and other financial institutions more readily serve the areas.

The U.S. Census 1990 median family incomes (MFI) are \$36,658, \$35,999 and \$30,563 for the Cincinnati PMSA, the Dayton-Springfield MSA and the nonmetropolitan areas of Ohio, respectively. Tables 3 and 4 display other demographic information for the assessment area:

<b>Table 3 Demographic Information of the Assessment Area</b>						
<b>Income Level of Geography:</b>	<b>Total Population</b>	<b>Percent of Total</b>	<b>Number of Geographies</b>	<b>Percent of Total</b>	<b>Number of Housing Units</b>	<b>Percent of Housing Units</b>
Low Income	There are no low-income geographies in the bank's assessment areas.					
Moderate Income	59,528	18%	13	18%	22,718	18%
Middle Income	227,119	68%	48	69%	84,791	69%
Upper Income	45,062	14%	9	13%	16,401	13%
Total	331,709	100%	70	100%	123,910	100%

Source: 1990 Census Data, U.S. Bureau of the Census.

<b>Table 4 Family Income Information</b>		
<b>Income as a Percent of HUD* MSA Median Family Income:</b>	<b>Number of Families</b>	<b>Percent of Total</b>
Low Income	17,148	19%
Moderate Income	17,672	19%
Middle Income	23,562	25%
Upper Income	34,463	37%
Total	92,845	100%

Source: 1990 Census Data, U.S. Bureau of the Census.

\* HUD - U.S. Department of Housing and Urban Development.

The area's overall economy is stable to good. November 1997, unemployment rates are as follows: Clinton County 2.7%, Brown County 4.9%, Highland County 5.4%, Adams County 9.8% (among the highest in the State of Ohio), Clermont County 3.6%, Warren County 3.0% and Greene County 3.5%. Manufacturing is the major industry. The largest employers include Airborne Express, Ford Motor Company, Cincinnati Milacron and U.S. Precision Lens, Inc. Tables 5 and 6 display additional information about the business and farm sectors within the assessment area:



<b>Table 5 Businesses and Farms by Annual Sales Revenue Size</b>			
<b>Type:</b>	<b>Total Number</b>	<b>Sales Revenue</b>	
		<b>Percent with Less than \$1 Million</b>	<b>Percent with \$1 Million or Greater</b>
<b>Business</b>	9,386	92%	8%
<b>Farm</b>	439	99%	1%

Source: 1990 Census Data, U.S. Bureau of the Census.

<b>Table 6 Business and Farm Information</b>				
<b>Income Level of Geography:</b>	<b>Businesses</b>		<b>Farms</b>	
	<b>Number of Businesses</b>	<b>Percent of Total</b>	<b>Number of Farms</b>	<b>Percent of Total</b>
<b>Moderate Income</b>	1,420	15%	55	13%
<b>Middle Income</b>	6,603	70%	341	78%
<b>Upper Income</b>	1,363	15%	43	9%
<b>Total</b>	9,386	100%	439	100%

Source: 1990 Census Data, U.S. Bureau of the Census.

There are numerous other financial institutions in direct competition with NB&T. They range from small community banks to large regional corporations with extensive branching networks. The following is a brief description of each county where the bank has a branch office:

#### Clinton County

Clinton County's population is about 38,019, with 51% living in urban areas and 49% in rural areas. Wilmington is the county seat of Clinton County and is within a one-hour drive to the metropolitan areas of Cincinnati, Dayton and Columbus, Ohio. The largest city is Wilmington, followed by the villages of Blanchester, population of 4,200, and Sabina, population of 2,660. The median housing value is low at \$52,200. One interstate, three U.S. Routes, and 13 state highways run through the County. There are two colleges in the County, Wilmington College and Southern State Community College. The soil in Clinton County is very fertile and well adapted to agricultural production. Clinton County is a heavy agricultural area and is know for its corn and hog production. New housing developments are scarce due to the large use of land for agriculture purposes.

Five financial institutions are based in Clinton County. They are First National Bank of Blanchester, Liberty Savings, The National Bank and Trust Company, The Sabina Bank, and Wilmington Savings. Other institutions serving the area include Citizens Federal Bank, Fifth Third Bank of Southern Ohio, First Federal Savings Bank and Wright Patt Credit Union. There are also several branch offices of larger regional or multi-national banks headquartered elsewhere in Ohio.

Airborne Express is one of the largest area employers with over 6,900 employed at its sort data center. They are located in the Wilmington Air Park/Airborne Commerce Park. Airborne Express is also the largest employer in southwest Ohio.

### Brown County

Brown County is due south of Clinton County and is in the Cincinnati PMSA. The population is about 34,966 per 1990 census data, with 90% and 10% living in rural and urban areas, respectively. The largest villages are Georgetown, Mount Orab and Ripley. Seven of the eight geographies are moderate-income geographies. The median housing value is low at \$49,000. Major employers by industry are government followed by retail trade and services. Major employers are Cincinnati Milacron, a plastics manufacturer, Brown County General Hospital and various school Boards of Education.

### Clermont County

Clermont County is southeast of Clinton County and is in the Cincinnati PMSA. The population is 150,187 per 1990 census data, with 53% and 47% living in urban and rural areas, respectively. The area is among the fastest growing in Ohio. The largest cities are Milford, Bethel and New Richmond. Four of the total 25 geographies are moderate-income. The median housing value is moderate at \$71,200. Major employers by industry are the retail trade and service sectors followed by manufacturing. Large county employers are Ford Motor Company and U.S. Precision Lens, Inc.

### Warren County

Warren County is due west of Clinton County and is in the Cincinnati PMSA. The population is 113,909 per 1990 census data with 63% and 37% living in urban and rural areas, respectively. The area is among the fastest growing in Ohio. The largest cities are Mason, Lebanon and Franklin, with populations of each between 10,000 and 12,000. The median housing value is higher than other area counties at \$77,600. Major employers by industry are retail trade and manufacturing. Large county employers include Federated Department Stores, Cintas Corporation, Sumitomo Sitix Corporation, Proctor & Gamble Company and Viacom Inc./Paramount Parks.

## **COMMUNITY NEEDS**

Numerous interviews with community leaders were used to determine the area's credit needs. Three contacts were made during this examination. Other information gathered by the three banking regulatory agencies in the past 24 months was also utilized. The individuals contacted represent housing and neighborhood organizations, social services, economic development, real estate and small business organizations. The following community needs were identified from these contacts: development of affordable housing for low- or moderate-income individuals - price range of less than \$80,000; home down payment assistance programs for low-income individuals; loan improvement programs to upgrade dilapidated owner-occupied and rental homes; low-cost checking accounts; budgeting and credit counseling; loans to very small businesses; vocational training; and, infrastructure improvement, particularly major roadway development and improvement.

## **Format of this Public Disclosure**

Pages eight through twenty-five discuss NB&T's overall performance and this Office's conclusions and ratings for each of the three performance tests and the fair lending review. These are followed by a discussion of NB&T's performance in the Cincinnati PMSA and performance in the Dayton-Springfield MSA.

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

### **LENDING TEST**

NB&T's lending activities are considered Outstanding for the following reasons:

- NB&T's responsiveness to its community credit needs is high.
- A substantially high portion of loans are made within the assessment area.
- NB&T is among the leaders in lending to low- and moderate-income borrowers and lending in moderate-income geographies.
- The responsiveness to small business and small farm credit needs is exceptional.
- NB&T makes use of several innovative and/or flexible lending programs.

### **Lending Activity**

NB&T's loan portfolio has shown some growth in the past two years. In 1996 and 1997, gross loans increased by 11.5% and 3%, respectively. Commercial loans and agriculture loans increased the most during the same time period. Commercial loans grew 47% and agriculture loans grew 13%. Real estate loans followed with an 8.5% growth rate. At December 31, 1997, net loans as a percent of deposits were 83%.

NB&T is very responsive to its communities credit needs. Table 7 shows the volume of loans originated within the assessment area is high.

<b>Table 7</b> <b>Loans Originated by Type of Loan</b> <b>January 1, 1996 through December 31, 1997</b>						
Type of Loans:	Total Loans Originated		Loans Originated within the Assessment Area			
	Number	Dollars (000's)	Number	Percent of Number Originated	Dollars (000's)	Percent of Dollar Originated
Mortgage	947	\$41,633	872	92%	\$38,998	94%
Small Business	1,132	\$89,096	1,043	92%	\$79,271	89%
Small Farm	696	\$24,641	657	94%	\$23,832	97%
Total	2,775	\$155,370	2,572	93%	\$142,101	91%

Source: Federal Financial Institutions Examination Council (FFIEC), 1996 and 1997 Home Mortgage Disclosure Act (HMDA) Data; 1990 Census Data, U.S. Bureau of the Census; FFIEC, 1996 and 1997 CRA Disclosure Statement.

### Home Mortgage Lending

NB&T originates home mortgage loans and sells many in the secondary market. This provides NB&T with increased liquidity and for reinvestment of funds to originate additional loans. The bank developed and/or uses various home mortgage programs to assist home mortgage loan applicants in becoming home owners or rehabilitating their homes. These programs are further discussed under the Innovative and/or Flexible Lending Programs later in this Disclosure.

When compared to 14 other market area financial institutions, NB&T is the leader or is among the leaders in lending in moderate-income geographies and to low- and moderate-income borrowers. Table 8 displays the bank's ranking compared to other market area financial institutions.

<b>Table 8</b> <b>NB&amp;T's Ranking and Comparison to 14 Other Market Area Banking Financial Institutions</b> <b>Mortgage Loans Originated in 1996</b>			
<b>Category:</b>	<b>Number of NB&amp;T's Loans</b>	<b>NB&amp;T's Percent of Market Share</b>	<b>Ranking in Market Share</b>
<b>Total Mortgage Loans</b>	454	12%	4
<b>Total Mortgage Loans in Moderate-Income Areas</b>	123	23%	2
Home Purchase in Moderate-Income Areas	23	17%	2
Home Improvement in Moderate-Income Areas	56	32%	1
Refinance in Moderate-Income Areas	44	19%	3
<b>Total Mortgage Loans to Low/Moderate Income Borrowers</b>	191	18%	2
<b>Total Mortgage Loans to Low-Income Borrowers</b>	60	20%*	1
Home Purchase to Low-Income Borrowers	17	27%	1
Home Improvement to Low-Income Borrowers	32	26%	1
Refinance to Low-Income Borrowers	11	9%	5
<b>Total Mortgage Loans to Moderate-Income Borrowers</b>	131	17%	2
Home Purchase to Moderate-Income Borrowers	36	22%	2
Home Improvement to Moderate-Income Borrowers	64	27%	1
Refinance to Moderate-Income Borrowers	31	9%	5

Source: FFIEC, 1996 HMDA Aggregate Data.

\* - One other financial institution had the same percent of market share.

### Business Lending

NB&T has an outstanding record of lending to small businesses. In 1997, the U.S. Small Business Administration (SBA) - Office of Advocacy recognized the bank, in the total asset range of \$100 - \$500 million, as a top State of Ohio small business lender. Seventy-nine banks in Ohio fall in this asset range. NB&T made 3,060 small business loans totaling over \$72 million. NB&T's small business loans to total asset ratio of about 12.3% shows the bank is risking a larger portion of its assets in originating small business loans. The bank's ranking is also significant because the SBA uses \$250,000 as their definition of a small business loan. The bank is also ranked among the top "small business friendly banks" when compared to all other Ohio financial institutions, regardless of asset size. The SBA used data from the June 30, 1996 Consolidated Report of Condition and Income to conduct its analysis. NB&T was also recognized among the top State of Ohio small business lenders in 1995 and in 1996.

The most recent FFIEC CRA aggregate data (1996) for the area reveals NB&T as the leader in small business lending with a market share of 11.4%, when compared to all other banking financial

institutions within the assessment area. They are followed by two other banks with a market share of 10.6% and 6.4%, respectively.

NB&T uses other lending programs to meet the needs of its small business loan customers in addition to using traditional lending products. These programs include the SBA 504 Certified Development Company Program and Loan Documentation (LowDoc) Small Loan Program, the Withdraw Linked Deposit Loan program and the Wilmington and Milford Downtown Revitalization Loan program. These programs are further discussed under Innovative and/or Flexible Lending Programs later in this Disclosure.

### Farm Lending

NB&T originates farm loans and is the clear leader in making farm loans within its assessment area. In 1996, NB&T had the top market share of farm loans at 46%. A far second was a state bank with a market share of 17%. Although farm loans make up 7% of the loan portfolio, NB&T's farm lending is exceptional considering the assessment area is largely rural. Of the farm loans originated, almost all are to small farms.

### **Geographic Distribution of Loans**

NB&T's geographic distribution of loans is good. The following sections show the volume of home mortgage and farms loans in moderate-income geographies is exceptional. Also, NB&T penetrated a substantial majority of its geographies.

### Home Mortgage Loans

NB&T's home mortgage loan distribution in moderate-income geographies is exceptional. Twenty-seven percent and 30% of the number of loans, in 1996 and 1997, respectively, exceed the 18% of housing units in moderate-income geographies. Table 9 displays the results:

<b>Table 9</b>									
<b>Mortgage Loans Originated by Census Tract Income Level</b>									
<b>January 1, 1996 through December 31, 1997</b>									
<b>Income Level of Geography:</b>	<b>1996</b>				<b>1997</b>				<b>Assessment Area Characteristics</b>
	<b>Number of Loans</b>	<b>Dollars (000's)</b>	<b>Percent of Total</b>		<b>Number of Loans</b>	<b>Dollars (000's)</b>	<b>Percent of Total</b>		
			<b>Number of Loans</b>	<b>Dollars (000's)</b>			<b>Number of Loans</b>	<b>Dollars (000's)</b>	
Moderate Income	123	\$4,423	27%	24%	125	\$4,733	30%	23%	18%
Middle Income	321	\$13,475	71%	72%	274	\$14,625	66%	72%	69%
Upper Income	10	\$770	2%	4%	19	\$972	4%	5%	13%
<b>TOTAL</b>	454	\$18,668	100%	100%	418	\$20,330	100%	100%	100%

Source: FFIEC, 1996 and 1997 HMDA Data; 1990 Census Data, U.S. Bureau of the Census.

Table 10 shows similar results by type of mortgage loan. NB&T's lending in moderate-income geographies is high in all categories of mortgage loans. This further supports NB&T's commitment in meeting the housing credit needs in moderate-income areas. The bank's results are similar for

1996, and are not shown.

Table 10 Mortgage Loan Distribution by Loan Product and Income Level of Geography January 1, 1997 through December 31, 1997									
Income Level of Geography:	Type of Mortgage Loan								Assessment Area Characteristics
	Home Purchase		Home Improvement		Refinance		Totals		Percent Distribution of Housing Units
	Number of Loans	Dollar (000's)	Number of Loans	Dollar (000's)	Number of Loans	Dollar (000's)	Number of Loans	Dollar (000's)	
	Percent of Number	Percent of Dollar	Percent of Loans	Percent of Dollar	Percent of Loans	Percent of Dollar	Percent of Loans	Percent of Dollar	
Moderate Income	22	\$1,127	75	\$1,280	28	\$2,326	125	\$4,733	18%
	20%	16%	36%	40%	28%	24%	30%	23%	
Middle Income	85	\$5,748	122	\$1,692	67	\$7,185	274	\$14,625	69%
	78%	80%	58%	53%	68%	72%	66%	72%	
Upper Income	2	\$316	13	\$228	4	\$428	19	\$972	13%
	2%	4%	6%	7%	4%	4%	4%	5%	
TOTAL	109	\$7,191	210	\$3,200	99	\$9,939	418	\$20,330	100%
	100%	100%	100%	100%	100%	100%	100%	100%	

Source: FFIEC, 1997 HMDA Data; 1990 Census Data, U.S. Bureau of the Census.

### Business Loans

Table 11 shows between 1996 and 1997, the dollar volume of business loans increased. Most of the bank's small loans to businesses are in middle-income geographies. Although loans in moderate-income geographies are slightly lower than the number of businesses in those same geographies, the volume is considered reasonable.

Table 11 Small Loans to Businesses By Income Level of Geography January 1, 1996 through December 31, 1997									
Income Level of Geography:	1996				1997				Assessment Area Characteristics
	Number of Loans	Dollars (000's)	Percent of Total		Number of Loans	Dollars (000's)	Percent of Total		Percent Distribution of Businesses
			Number of Loans	Dollars (000's)			Number of Loans	Dollars (000's)	
Moderate Income	70	\$2,535	13%	8%	66	\$3,146	13%	9%	15%
Middle Income	430	\$26,525	79%	81%	391	\$28,819	79%	82%	70%
Upper Income	42	\$3,720	8%	11%	38	\$3,106	8%	9%	15%
TOTAL	542	\$32,780	100%	100%	495	\$35,071	100%	100%	100%

Source: FFIEC, 1996 and 1997 CRA Disclosure Statement.

### Farm Loans

NB&T's farm lending is exceptional considering a large portion of the bank's assessment area is rural. From 1996 through 1997, farm loans increased, in both the number and dollar, in moderate-income geographies. The number of loans (19%) made in 1997, in moderate-income geographies, exceeded the 13% of farms located in moderate-income areas. Table 12 shows NB&T is meeting the credit needs of farms at an exceptional rate.

Table 12 Small Loans to Farms By Income Level of Geography January 1, 1996 through December 31, 1997									
Income Level of Geography:	1996				1997				Assessment Area Characteristics
	Number of Loans	Dollars (000's)	Percent of Total		Number of Loans	Dollars (000's)	Percent of Total		Percent Distribution of Farms
			Number of Loans	Dollars (000's)			Number of Loans	Dollars (000's)	
Moderate Income	46	\$1,072	13%	8%	57	\$1,188	19%	13%	13%
Middle Income	300	\$11,878	87%	92%	251	\$8,184	81%	87%	78%
Upper Income	0	\$0	0%	0%	1	\$14	0%	0%	9%
TOTAL	346	\$12,950	100%	100%	309	\$9,386	101%	100%	100%

Source: FFIEC, 1996 and 1997 CRA Disclosure Statement.

### Loan Penetration

NB&T originates loans in a substantial majority of its moderate-income geographies. Table 13 shows that NB&T has a good distribution of loans within its assessment area. Overall, the bank has penetrated over two-thirds of its geographies. In those geographies where there are few or no mortgage, business or farm loans, NB&T has originated other types of loans such as consumer loans.



Table 13 Number of Geographies Penetrated by Loan Product January 1, 1996 through December 31, 1997					
Income Level of Geography:	Number and Percent of Geographies Penetrated				Assessment Area Characteristics
	1996		1997		
	Mortgage Loans	Business and Farm Loans	Mortgage Loans	Business and Farm Loans	Percent Distribution of Geographies
	Number of Geographies	Number of Geographies	Number of Geographies	Number of Geographies	
	Percent of Geographies	Percent of Geographies	Percent of Geographies	Percent of Geographies	
Moderate Income	11	12	10	11	13
	85%	92%	77%	85%	100%
Middle Income	38	39	40	44	48
	79%	81%	83%	92%	100%
Upper Income	5	4	6	6	9
	56%	44%	67%	67%	100%
TOTAL	54	55	56	61	70
	77%	79%	80%	87%	100%

Source: FFIEC, 1996 and 1997 HMDA Data; 1990 Census Data, U.S. Bureau of the Census.  
FFIEC, 1996 and 1997 CRA Disclosure Statement.

### Loans By Borrower Distribution

NB&T has a high penetration of loans among borrowers of different incomes and businesses and farms of different sizes. NB&T's lending to moderate-income borrowers and small businesses and farms is exceptional.

#### Home Mortgage Loans

Table 14 below shows NB&T is lending to moderate-income borrowers at an exceptional rate considering affordable housing to individuals of lower income levels is an identified credit need. While 19% of families in the assessment area are of moderate-income, NB&T originated 29% and 26%, in 1996 and 1997, respectively, of its mortgage loans to this same income level of borrowers. Mortgage loans to low-income borrowers is lower than the 19% of low-income families in the assessment area. However, when compared to other financial institutions in the same market area, NB&T ranks first in the volume of loans to low-income borrowers. Refer to Table 8 above for the bank's market share ranking.

**Table 14**  
**Mortgage Loans Originated**  
**January 1, 1996 through December 31, 1997**

Borrower Income as a Percent of HUD MSA Median Family Income:	1996				1997				Assessment Area Characteristics
	Number of Loans	Dollars (000's)	Percent of Total		Number of Loans	Dollars (000's)	Percent of Total		
			Number of Loans	Dollar (000's)			Number of Loans	Dollar (000's)	Percent Distribution of Families
Low Income	60	\$1,214	13%	6%	66	\$1,442	16%	7%	19%
Moderate Income	131	\$4,023	29%	22%	109	\$3,218	26%	16%	19%
Middle Income	132	\$5,029	29%	27%	135	\$5,537	32%	27%	25%
Upper Income	127	\$7,629	28%	41%	106	\$9,968	25%	49%	37%
NA	4	\$773	1%	4%	2	\$165	1%	1%	NA
TOTAL	454	\$18,668	100%	100%	418	\$20,330	100%	100%	100%

Source: FFIEC, 1996 and 1997 HMDA Data; 1990 Census Data, U.S. Bureau of the Census.  
 NA - Not applicable-data not available.

Table 15 displays the loan distribution by type of mortgage loan. NB&T's lending by type is strong to moderate-income borrowers. Among low-income borrowers, the home improvement loan volume is good. This supports that NB&T is meeting the home credit needs of low- and moderate-income borrowers. The bank's results for 1996 are similar and are not shown.

Table 15 Mortgage Loan Distribution by Loan Product and Income Level of Borrower January 1, 1997 through December 31, 1997									
Borrower Income as a Percent of HUD MSA Median Family Income:	Home Purchase		Home Improvement		Refinance		Totals		Assessment Area Characteristics
	Number of Loans	Dollars (000's)	Number of Loans	Dollars (000's)	Number of Loans	Dollars (000's)	Number of Loans	Dollars (000's)	Percent Distribution of Families
	Percent of Loans	Percent of Dollars	Percent of Loans	Percent of Dollars	Percent of Loans	Percent of Dollars	Percent of Loans	Percent of Dollars	
Low Income	18	\$596	42	\$508	6	\$338	66	\$1,442	19%
	17%	8%	20%	16%	6%	3%	16%	7%	
Moderate Income	33	\$1,389	62	\$860	14	\$969	109	\$3,218	19%
	30%	19%	30%	27%	14%	10%	26%	16%	
Middle Income	27	\$1,759	75	\$1,108	33	\$2,670	135	\$5,537	25%
	25%	25%	36%	35%	33%	27%	32%	27%	
Upper Income	30	\$3,322	30	\$684	46	\$5,962	106	\$9,968	37%
	28%	46%	14%	21%	47%	60%	25%	49%	
Not Applicable	1	\$125	1	\$40	0	\$0	2	\$165	NA
	1%	2%	0%	1%	0%	0%	1%	1%	
TOTAL	109	\$7,191	210	\$3,200	99	\$9,939	418	\$20,330	100%
	100%	100%	100%	100%	100%	100%	100%	100%	

Source: FFIEC, 1997 HMDA Data; 1990 Census Data, U.S. Bureau of the Census.  
NA - Not applicable-data not available.

### Business Loans

NB&T's lending to small businesses is exceptional considering it is an identified credit need. Tables 16 and 17 show NB&T strongly supports small businesses in its assessment area. Eighty-five and 84% of loans, in 1996 and 1997, respectively, are to small businesses. The table also shows the bank makes a large number of very small business loans, 87% and 84%, in 1996 and 1997, respectively.

<p><b>Table 16</b>  <b>Small Loans to Businesses by Loan Size and Small Loans</b>  <b>to Businesses with Annual Revenues of less than \$1 Million</b>  <b>January 1, 1996 through December 31, 1996</b></p>
---

Loan Size:	Number of Loans	Dollar (000's)	Percent of Total	
			Number of Loans	Dollar (000's)
Less than \$100,000	471	\$13,732	87%	42%
\$100,000 - \$249,999	48	\$7,492	9%	23%
\$250,000 - \$1,000,000	23	\$11,556	4%	35%
Total Small Loans	542	\$32,780	100%	100%
Total Small Loans to Businesses with Annual Revenues of Less Than \$1 Million (Small Business Loans)	458	\$22,232		
As a Percent of Total Small Loans	85%	68%		

Source: FFIEC, 1996 CRA Disclosure Statement.

<b>Table 17</b> <b>Small Loans to Businesses by Loan Size and Small Loans to Businesses with Annual Revenues of less than \$1 Million</b> <b>January 1, 1997 through December 31, 1997</b>				
Loan Size:	Number of Loans	Dollar (000's)	Percent of Total	
			Number of Loans	Dollar (000's)
Less than \$100,000	413	\$11,698	84%	33%
\$100,000 - \$249,999	51	\$8,261	10%	24%
\$250,000 - \$1,000,000	31	\$15,112	6%	43%
Total Small Loans	495	\$35,071	100%	100%
Total Small Loans to Businesses with Annual Revenues of Less Than \$1 Million (Small Business Loans)	417	\$20,733		
As a Percent of Total Small Loans	84%	59%		

Source: FFIEC, 1997 CRA Disclosure Statement.

### Farm Loans

NB&T's farm lending activity is exceptional considering a large portion of the bank's assessment area is rural and considering of those farms, 99% are small. Table 18 shows almost all small loans in 1997 are to farms with annual revenues of less than \$1 million. This further supports that NB&T is meeting the credit needs of small farms. The bank's results for 1996 reveal similar results and are not shown.

<b>Table 18</b> <b>Small Loans to Farms by Loan Size and Small Loans to Farms with Annual Revenues of Less than \$1 Million</b> <b>January 1, 1997 through December 31, 1997</b>				
--	--	--	--	--

Loan Size:	Number of Loans	Dollars (000's)	Percent of Total	
			Number of Loans	Dollars (000's)
Less than \$100,000	292	\$6,278	94%	67%
\$100,000 - \$249,999	14	\$2,240	5%	24%
\$250,000 - \$500,000	3	\$868	1%	9%
Total Small Loans	309	\$9,386	100%	100%
Total Small Loans to Farms with Annual Revenues of Less Than \$1 Million (Small Farm Loans)	305	\$9,184		
As a Percent of Total Small Loans	99%	98%		

Source: FFIEC, 1997 CRA Disclosure Statement.

### **Innovative and/or Flexible Lending Programs**

NB&T makes use of several flexible lending programs to assist borrowers purchase and rehabilitate homes. The bank also uses several business and farm loan programs to assist the loan customer. All loans originated under these programs are included in the home mortgage, business or farm loans sections previously discussed. Some of these programs are essential as they entice the bank to approve loans they may not normally approve.

NB&T developed HOME CARE, an unsecured home improvement program geared to low- and moderate-income borrowers whose income does not exceed certain income guidelines. Loan amounts up to \$3,000 are allowed, with a maximum 60-month repayment term. The interest rate is set at one percent above the bank's home equity loan rate, a rate far less than a regular unsecured loan. In 1997, 25 loans totaling \$47,000 were made under this program.

Under NB&T's First Time Home Buyer's Program, higher qualifying ratios are allowed based on loan-to-value (LTV) ratios. With an 80% LTV ratio, up to a 44% qualifying ratio is acceptable. With a 90% LTV ratio, up to a 41% qualifying ratio is allowed. Of the minimum 10% down payment, 5% may be "gifted." In addition, a 1% to 1.5% below market mortgage rate is offered. In 1996, NB&T made 12 loans totaling \$642,700. In 1997, NB&T originated 10 loans totaling \$570,550.

In 1997, NB&T also originated one loan totaling \$46,800 under the First Time Home Buyer's Program in conjunction with the Clinton County Home Buyers Assistance - Community Housing Improvement Program (CHIP). CHIP provides home loan applicants up to \$8,000 down payment assistance deferred loans to help low- and moderate-income households in purchasing a home. The CHIP program is financed through HOME grant funding from the State of Ohio and U.S. Department of Housing and Urban Development.

In 1996, NB&T originated 17 loans totaling \$305,700 under the Rural Economic Community Development Services Leverage Program. The program is geared to assist low- or moderate-income

home loan applicants with down payment assistance. NB&T originates a small portion of the total loan which allows borrowers to obtain up to 100% home loan financing.

The bank makes home loans in conjunction with the Guaranteed Rural Housing Loan Program. The program is for low- or moderate-income households who may not have sufficient funds for a down payment and/or closing costs. The maximum loan amount can be up to 100% of the market value or acquisition cost of the property or \$67,000, and may include closing fees and other fees. The home must be located in a rural area. In 1996, 27 loans totaling \$409,370 were originated. In 1997, NB&T originated 3 loans totaling \$164,250.

NB&T uses the SBA's 504 and LowDoc loan programs. These programs help facilitate the availability of credit for small business working capital or expansion projects and are intended to encourage longer term financing. The SBA loan guarantee provides sufficient additional collateral to allow the bank to approve loans it might not normally approve, or under more favorable terms and conditions than are usually offered for conventional loans. The SBA 504 program promotes economic development through job creation and retention, and provides growing businesses with long-term, fixed rate financing for major fixed assets. The SBA LowDoc program allows the bank to provide financing with relaxed collateral requirements. Five loans totaling \$297,500 and 3 loans totaling \$198,000 were made in 1996 and 1997, respectively.

The bank uses the following State of Ohio's Withrow Plan of Linked Deposit programs:

The Small Business Linked Deposit Program helps fund loans to small businesses who plan job creation or job savings at reduced interest rates. The business must have 150 or less employees. The interest rate can be reduced up to 3% below the bank's normal market rate. Four loans totaling \$735,500 were made in 1996 and 1997.

The Agriculture Linked Deposit Program helps fund operating loans to Ohio farmers at rates of up to 3% below the bank's normal market rate. Sixteen and seventeen loans totaling \$1,239,000 and \$1,321,000 were made in 1996 and 1997, respectively.

NB&T uses the Wilmington and Milford Downtown Revitalization Loan Program. This program is designed for business customers to purchase or rehabilitate buildings in designated areas of downtown Wilmington and Milford. The program allows a fixed interest rate and a longer than normal loan term. Five loans totaling \$885,000 were made in 1996 and 1997.

NB&T makes extensive use of the U. S. Department of Agriculture-Farm Service Agency's guaranteed farm loan program. The guaranteed program assists farmers who are temporarily unable to obtain conventional farm loans. These farmers are usually either beginning farmers, or established farmers who have suffered financial setbacks from natural disasters or whose resources are too limited to maintain profitable farming operations. In 1996 and 1997, NB&T originated 16 loans totaling \$2,351,400.

### **Community Development Loans**

NB&T has one community development loan. It is a multi-family home loan totaling \$620,000, to refinance an apartment building housing low- or moderate-income persons. Rental rates are somewhat lower than market rates for similar units. Other community development-related loans are already considered in the business loans discussed above.

## **INVESTMENT TEST**

NB&T's performance under the Investment Test is rated Low Satisfactory due to the following:

- The level of investments of \$14,050 is slightly low, but adequate considering the opportunities and level of cohesiveness of area organizations supporting community development.
- The investments are neither innovative nor complex.

There are some opportunities to assist in community development. Overall, it appears that local governments, community development, business and housing organizations, and financial institutions could better interact to support community development efforts. The following describes NB&T's investments:

NB&T provided \$4,000 to Chatfield College for grants to low-income individuals for job skills retaining. This endeavor is positive as vocational training is an identified community need.

NB&T waived its \$3,000 investment management fee for managing the endowment fund for Chatfield College in Brown County. The fund provides scholarships to low-to moderate-income nontraditional students.

NB&T provided \$2,000 to Habitat for Humanity to assist with the acquisition of property and other Habitat operations. This contribution is positive as this organization assists low-income families obtain homes.

NB&T provided \$1,200 for the Downtown Wilmington Community Improvement Corporation's needs assessment survey. The survey was performed to determine the housing needs of the area.

NB&T contributed \$1,000 to the South Central Development Company in Highland County for its start up costs. The Company administers the Intermediary Relending Program offered through the U.S. Department of Agriculture Rural Development. The program finances business facilities and community development projects in rural areas. This contribution is positive as it assists the area with economic development.

NB&T also contributed to the following organizations. These contributions assist in providing needed services to low- or moderate-income individuals.

- \$1,200 to the Hills and Dales Training Center in Highland County which helps low- or moderate-income disabled individuals develop independent living skills.

- \$500 to the Clermont Senior Services which provides meals to low-or moderate-income individuals in Clermont County.
- \$500 to the Clinton County Kids & Company for grants to lower-income children to attend summer camp at Wilmington College.

NB&T's employees developed the "Casual for a Cause" program to contribute money to area organizations. For a small contribution, an employee may dress casually on Fridays. In 1997, \$650 was contributed to community development-related organizations.

## **SERVICE TEST**

NB&T's performance under the Service Test is rated High Satisfactory due to the following:

- Retail banking services and alternative delivery systems are readily accessible within the assessment area, particularly in moderate-income areas.
- The bank is responsive and demonstrates a high level of community development services.

### **Retail Banking Services**

NB&T's delivery systems are readily accessible to all income levels of geographies. NB&T has 15 branch offices through the assessment area. There are full service and drive-up limited service offices. One full service office is located in a supermarket.

Table 19 shows that NB&T has a high number of offices in moderate-income geographies. The bank's distribution in moderate-income geographies compares favorably to both the distribution of geographies and population in this same income level. This supports the conclusion that NB&T's delivery systems are readily accessible in moderate-income geographies.



Table 19 Distribution of Retail Banking Services				
Income Level of Geography:	Number of Offices	Percent of Total	Assessment Area Characteristics	
			Percent Distribution of Geographies	Percent Distribution of Population
Moderate Income	4	27%	18%	18%
Middle Income	10	67%	69%	68%
Upper Income	1	6%	13%	14%
TOTAL	15	100%	100%	100%

Source: Bank's Internal Records.

All services are available at all branch offices with the exception of drive-up facilities. Since the previous CRA examination, one office was opened in downtown Batavia, in a middle-income geography. This branch office improved the accessibility of full banking services to a portion of the low- and moderate-income families. Seventeen percent of low-income and 18% of moderate-income families, of those living within the PMSA 1640 assessment area, live in or in the surrounding areas of the new office. Of the 15 branch offices, 3 are drive-up facilities and offer limited deposit-related services. No offices have been closed.

Branch office hours are tailored to the needs of the area in which they are located. For example, the Sabina office hours on Wednesday are 9:00 a.m. to 12:00 p.m. These hours are traditional banking hours for the area. The one other bank in Sabina also has the same hours on Wednesday but closes two hours earlier than NB&T's office on Monday, Tuesday and Thursday. The supermarket branch office in Sardinia, located in a moderate-income geography, is open until 2:00 p.m. on Saturdays. This is longer than other branch hours for Saturday. Office hours in Sardinia are also extended to 6:30 p.m. on Thursdays and Fridays for the convenience of customers who receive their salary checks. The Mason office hours are longer each weekday due to the high volume of customers after 5 p.m. NB&T's hours in Wilmington are comparable to other banking financial institutions in the area. Only one savings bank had longer hours in Wilmington. All offices are open on Saturday mornings. Overall, NB&T's hours appear more tailored to the needs of the area when compared to other area financial institutions.

### **Alternative Delivery Systems**

Twelve automated teller machines supplement the bank's retail banking offices. Table 20 shows that the number of ATM's in moderate-income geographies is high when compared to the area's characteristics. This supports the conclusion that NB&T's alternative delivery systems are readily accessible in moderate-income geographies.

Table 20 Distribution of Alternative Delivery Systems				
Income Level of Geography:	Automated Teller Machines		Assessment Area Characteristics	
	Number of Machines	Percent of Total	Percent Distribution of Geographies	Percent Distribution of Population
Moderate Income	4	33%	18%	18%
Middle Income	7	59%	69%	68%
Upper Income	1	8%	13%	14%
TOTAL	12	101%	100%	100%

Source: Bank's Internal Records.

NB&T also has an extensive network of cash dispensing machines. There are approximately 77 cash dispensing machines located in Ohio, Kentucky and Indiana. Table 21 only displays those machines within the assessment area and shows a high number of machines in moderate-income areas when compared to the area's characteristics.

Table 21 Distribution of Alternative Delivery Systems				
Income Level of Geography:	Cash Dispensing Machines		Assessment Area Characteristics	
	Number of Machines	Percent of Total	Percent Distribution of Geographies	Percent Distribution of Population
Moderate Income	6	30%	18%	18%
Middle Income	11	55%	69%	68%
Upper Income	3	15%	13%	14%
TOTAL	20	100%	100%	100%

Source: Bank's Internal Records.

NB&T offers MAC Phone to its customers. MAC Phone is a 24-hour account information system. MAC Phone allows a bank customer to obtain information about checking and savings accounts, overdraft protection, certificates of deposit and home mortgage loans. This system is available to both retail and business customers and a toll free phone number is available.

NB&T uses a Bank by Mail program. Pre-addressed bank envelopes are provide to individuals who are unable to visit a branch office or who prefer to mail in their deposits and other correspondence.

### Community Development Services

NB&T demonstrates a high level of responsiveness to community development services. These services are summarized on the following page.

NB&T is responsive to the need for lower cost checking accounts. The following accounts are

available for low- or moderate-income customers:

The Payroll Plus Checking account is for direct deposit customers. A minimum opening balance is \$25. There is a \$7.00 monthly service charge if a \$100 or more daily balance is not maintained.

The Budget Checking account is available to everyone, but is best suited for students and individuals on fixed incomes and who write few checks. There is a \$25 minimum opening balance and a \$3.50 maintenance fee. The first 10 transactions per statement cycle are free. Thereafter, a 50 cent per item fee is charged.

A few banks in the area have comparable low-cost checking accounts. However, NB&T has the lowest minimum opening balance.

NB&T's Home Savers Account is for individuals interested in saving to purchase a home. Up to \$1,000 may be deposited each month and the interest earned is 1/2% above the bank's regular saving rate. An account may be opened with a minimum of \$10.

NB&T established a Banking at School program called Really Awesome Dollar (RAD). RAD teaches students about savings and financial goal setting.

NB&T:

- Provides instructors to two area high schools to teach about banking and credit.
- Presents topics about banking and credit to students at four area high schools.
- Conducts banking programs for New Housing Opportunities, an agency that provides housing for low-income mentally handicapped individuals.
- Provides money management skills classes for the Clinton County Courts Supervision Program.

Many bank officers and employees are active in their respective communities. They utilize their financial expertise and serve as board members, committee members and/or active participants in organizations which assists in economic development, provide housing education/financial assistance or other housing/financial services to low-or moderate-income individuals. Some of these organizations are as follows:

Affordable Housing Coalition of Brown & Clermont Counties.

Blanchester Chamber of Commerce.

Brown County Farm Bureau.

Clermont County - Department of Community Planning & Development - Ad Hoc Community.

Housing Improvement Strategy Committee.

Clinton County Alliance for Economic Development.

Clermont County Comprehensive Housing Improvement Committee.

Clermont Chamber Economic Development Committee.

Downtown Wilmington Community Improvement Corporation.

Habitat for Humanity of Clinton County.

Mason - Landen - Kings Chamber of Commerce.  
Milford/Miami Township Area Chamber of Commerce.  
Private Industry County #17.  
Sabina Action Group.  
The Clinton County Foundation.  
Wilmington/Clinton Chamber of Commerce.  
Wilmington Community Industrial Committee.  
Wilmington Chamber of Commerce.

## **FAIR LENDING REVIEW**

A fair lending review was performed during a recently completed compliance examination. No violations of the substantive provisions of antidiscrimination laws and regulations were identified. NB&T's fair lending policies, procedures, training and internal compliance assessments have been effective in this area.

## CINCINNATI, OH-KY-IN PMSA 1640

### DESCRIPTION OF INSTITUTION'S OPERATIONS IN CINCINNATI PMSA 1640

NB&T's assessment area within PMSA 1640 includes all of Brown County, Clermont County and a portion of Warren County. The bank's operations in this area were reviewed using the CRA examination procedures. NB&T's activity in PMSA 1640 accounts for over one-half of all bank operations. The following provides additional information about the bank's operations in this area:

- 62% of deposits.
- 56% of loans.
- 53% of total branch offices.
- 100% of total branch offices in moderate-income geographies.

The following describes PMSA 1640's demographic information in relation to NB&T's overall assessment area:

- 77% of the population.
- 77% of total families.
- 74% of low-income families.
- 77% of moderate-income families.
- 71% of total geographies.
- 92% of moderate-income geographies.
- 79% of total businesses.
- 96% of total businesses in moderate-income geographies.
- 72% of total farms.
- 95% of farms in moderate-income geographies.

Tables 22 and 23 display demographic information about PMSA 1640:

<b>Table 22 Demographic Information of PMSA 1640</b>						
<b>Income Level of Geography:</b>	<b>Total Population</b>	<b>Percent of Total</b>	<b>Number of Geographies</b>	<b>Percent of Total</b>	<b>Number of Housing Units</b>	<b>Percent of Housing Units</b>
Low Income	There are no low-income geographies in this assessment area.					
Moderate Income	54,509	21%	12	24%	20,859	22%
Middle Income	155,723	61%	29	58%	57,724	61%
Upper Income	45,062	18%	9	18%	16,401	17%
Total	255,294	100%	50	100%	94,984	100%

Source: 1990 Census Data, U.S. Bureau of the Census.

<b>Table 23 Family Income Information</b>		
<b>Income as a Percent of HUD MSA Median Family Income:</b>	<b>Number of Families</b>	<b>Percent of Total</b>
Low Income	12,632	18%
Moderate Income	13,599	19%
Middle Income	18,183	25%
Upper Income	26,990	38%
<b>Total</b>	<b>71,404</b>	<b>100%</b>

Source; 1990 Census Data, U.S. Bureau of the Census.

Tables 24 and 25 display information about the business and farm sectors:

<b>Table 24 Businesses and Farms by Annual Sales Revenue Size</b>			
<b>Type:</b>	<b>Total Number</b>	<b>Sales Revenue</b>	
		<b>Percent with Less than \$1 Million</b>	<b>Percent with \$1 Million or Greater</b>
<b>Business</b>	7,435	92%	8%
<b>Farm</b>	318	100%	0%

Source: 1990 Census Data, U.S. Bureau of the Census.

<b>Table 25 Business and Farm Information</b>				
<b>Income Level of Geography:</b>	<b>Businesses</b>		<b>Farms</b>	
	<b>Number of Businesses</b>	<b>Percent of Total</b>	<b>Number of Farms</b>	<b>Percent of Total</b>
<b>Moderate Income</b>	1,361	18%	52	16%
<b>Middle Income</b>	4,711	63%	223	70%
<b>Upper Income</b>	1,363	18%	43	14%
<b>Total</b>	<b>7,435</b>	<b>100%</b>	<b>318</b>	<b>100%</b>

Source: 1990 Census Data, U.S. Bureau of the Census.

Other business and economic information are discussed under the Overall Conclusions - Description of Assessment Area - Brown County, Clermont County and Warren County.

## **COMMUNITY NEEDS**

The needs are similar to those discussed under the Overall Conclusions-Community Needs section of this Disclosure.

The following sections discuss NB&T's lending, investments and services in PMSA 1640.

## CONCLUSIONS ABOUT PERFORMANCE IN PMSA 1640

NB&T's performance is consistent with the overall conclusions of the bank considering the bank's operations in this area. The bank's lending is exceptional. There is a low level of investments and retail banking services and delivery systems are readily accessible in moderate-income geographies.

### LENDING TEST

NB&T's responsiveness to credit needs is exceptional in all categories of loans evaluated. The bank's proportion of loans in moderate-income geographies and its proportion of loans to low- or moderate-income borrowers, in relation to the characteristics of PMSA 1640, are exceptional. NB&T is also addressing the credit needs of small businesses and small farms.

### Geographic Distribution of Loans

NB&T's geographic distribution of loans in moderate-income geographies is exceptional. The following sections support this conclusion.

#### Home Mortgage Loans

NB&T's home mortgage loan volume is exceptional in moderate-income geographies. Table 26 supports this conclusion. Although not shown below, the proportion of loans made in moderate-income areas have increased since 1996.

Income Level of Geography:	Number of Loans	Dollar (000's)	Percent of Total		Assessment Area Characteristics	
			Number of Loans	Dollar (000's)	Percent Distribution of Housing Units	Percent Distribution of Geographies
Moderate Income	125	\$4,733	50%	46%	22%	24%
Middle Income	108	\$4,518	43%	44%	61%	58%
Upper Income	19	\$972	7%	10%	17%	18%
TOTAL	252	\$10,223	100%	100%	100%	100%

Source: FFIEC, 1997 HMDA Data; 1990 Census Data, U.S. Bureau of the Census.

Table 27 displays that NB&T's lending in moderate-income geographies is exceptional across all product types of mortgage loans. Also, 60% of total mortgage loans are home improvement loans and of those loans, 50% are in moderate-income geographies. NB&T is meeting an identified credit need - "home improvement for owner-occupied and rental homes."

**Table 27**  
**Mortgage Loan Distribution by Loan Product and Income Level of Geography**  
**January 1, 1997 through December 31, 1997**

Income Level of Geography:	Type of Mortgage Loan								Assessment Area Characteristics
	Home Purchase		Home Improvement		Refinance		Totals		
	Number of Loans	Dollar (000's)	Number of Loans	Dollar (000's)	Number of Loans	Dollar (000's)	Number of Loans	Dollar (000's)	Percent Distribution of Housing Units
Percent of Total	Percent of Dollar	Percent of Total	Percent of Dollar	Percent of Total	Percent of Dollar	Percent of Total	Percent of Dollar		
Moderate Income	22	\$1,127	75	\$1,280	28	\$2,326	125	\$4,733	22%
	44%	38%	50%	54%	55%	47%	50%	46%	
Middle Income	26	\$1,488	63	\$840	19	\$2,190	108	\$4,518	61%
	52%	51%	42%	36%	37%	44%	43%	44%	
Upper Income	2	\$316	13	\$228	4	\$428	19	\$972	17%
	4%	11%	8%	10%	8%	9%	7%	10%	
TOTAL	50	\$2,931	151	\$2,348	51	\$4,944	252	\$10,223	100%
	100%	100%	100%	100%	100%	100%	100%	100%	

Source: FFIEC, 1997 HMDA Data; 1990 Census Data, U.S. Bureau of the Census.

NB&T shows a good penetration of geographies in PMSA 1640. Home mortgage loans were made in 10 (83%), 25 (86%) and six (67%) of moderate-, middle- and upper-income geographies, respectively.

**Business Loans**

NB&T originated 235 business loans totaling \$14,422,000 and 212 loans totaling \$16,727,000 in 1996 and 1997, respectively. Of small loans made in 1997, 31% were made in moderate-income geographies and exceed the expected level of 18% of businesses located in moderate-income geographies. These results show the bank is meeting the small business credit need at an exceptional rate.

A majority of geographies were penetrated. In 1997, business loans were made in eight (67%), 22 (76%) and six (67%) of moderate-, middle- and upper-income geographies, respectively.

**Farm Loans**

NB&T originated 91 loans totaling \$3,387,000 and 104 loans totaling \$2,980,000 in 1996 and 1997, respectively. Of those small loans made in 1997, 50% were made in moderate-income geographies and exceed the expected level of 16% of farms located in moderate-income geographies. These results show the bank is meeting the farm credit need of the area at an exceptional rate.

A satisfactory number of geographies were penetrated considering the area's characteristics. In 1997, farm loans were made in eight (67%), eleven (38%) and one (11%) of the moderate-, middle-



and upper-income geographies, respectively.

### Loans By Borrower Distribution

NB&T demonstrates an excellent responsiveness to low- and moderate-income borrowers. The bank also demonstrates a commitment in assisting small businesses and small farms with their credit needs. The following sections support these conclusions.

#### Home Mortgage Loans

The volume of loans to both low- or moderate-income borrowers is exceptional as shown in Table 28. The results for loans made in 1996 are similar and are not shown below. NB&T is meeting the housing credit need of low- or moderate-income individuals.

Borrower Income as a Percent of HUD MSA Median Family Income:	Number of Loans	Dollar (000's)	Percent of Total		Assessment Area Characteristics
			Number of Loans	Dollar (000's)	Percent Distribution of Families
Low Income	53	\$1,031	21%	10%	18%
Moderate Income	75	\$1,868	30%	18%	19%
Middle Income	79	\$3,309	31%	33%	25%
Upper Income	45	\$4,015	18%	39%	38%
TOTAL	252	\$10,223	100%	100%	100%

Source: FFIEC, 1997 HMDA Data; 1990 Census Data, U.S. Bureau of the Census.

The distribution of mortgage loans by product type is good. Home purchase and home improvement loans make up 80% of all mortgage loans. In 1996, 19% and 34% of home purchase loans were made to low- and moderate-income borrowers, respectively. The same proportion, 19% and 34%, of home improvement loans were made to low- and moderate-income borrowers, respectively. In 1997, 26% and 32% of home purchase loans were made to low- and moderate-income borrowers, respectively. Twenty-four percent and 34% of home improvement loans were made to low- and moderate-income borrowers, respectively. In both years, the proportion of refinance loans to low-income and moderate-income borrowers are lower than the area's characteristics. This can be attributed to the lower volume of refinancing loan applications received from applicants with incomes in these two levels.

#### Business Loans

NB&T's business lending is primarily to small businesses. Of the business loans originated, 77% and 81%, in 1996 and 1997, respectively, were made to small businesses. In addition, 87% and 86% of loans in each year were in amounts of less than \$100,000. This supports NB&T's commitment to meet the credit needs of small businesses, and it further supports NB&T's status as one of the top State of Ohio "small business friendly banks."

### Farm Loans

Almost all of NB&T's farm loans are to small farms. Of the farm loans originated, 100% and 99%, in 1996 and 1997, respectively, were made to small farms. In addition, 91% and 94% of loans in each year were in amounts of less than \$100,000. This shows NB&T is supporting the smallest of farms by originating very small loans.

The Overall Conclusions section of this Disclosure discusses Innovative and/or Flexible Loan Programs.

There are no community development loans in this area. Other community development-related loans are considered in the business loans discussed above.

### **INVESTMENT TEST**

The level of investments of \$7,500 is slightly low, but adequate considering the opportunities and level of cohesiveness of organizations supporting community development. The investments are neither innovative nor complex.

The following describes NB&T's investments in PMSA 1640:

NB&T provided \$4,000 to Chatfield College in Brown County to use as grants to low-income individuals for job skills retaining. This endeavor is positive as vocational training is an identified community need.

NB&T waived its \$3,000 investment management fee for managing the endowment fund for Chatfield College in Brown County. The fund is used to provide scholarships to low- to moderate-income nontraditional students.

NB&T also contributed \$500 to the Clermont Senior Services who provide meals to low-or moderate-income individuals in Clermont County.

NB&T's employees developed the "Casual for a Cause" program to contribute money to area organizations. In 1997, employees contributed \$209 to one organization whose primary purpose is community development.

### **SERVICE TEST**

NB&T's retail banking services and alternative delivery systems are readily accessible within this PMSA, particularly in moderate-income areas. The bank demonstrates a high level of community development services. The following sections support these conclusions:

#### **Retail Banking Services**

Table 29 displays the current distribution of bank offices. Four, or 50% of offices, are in moderate-

income geographies. This compares favorably to both the distribution of geographies and population in this same income level. One office was opened in a middle-income geography in the town of Batavia. This branch office improved the accessibility of full banking services to a portion of the low- and moderate-income families. Seventeen percent of low-income and 18% of moderate-income families, living within the PMSA 1640 assessment area, live in the surrounding areas of the new office.

Table 29 Distribution of Retail Banking Services				
Income Level of Geography:	Number of Offices	Percent of Total	Assessment Area Characteristics	
			Percent Distribution of Geographies	Percent Distribution of Population
Moderate Income	4	50%	24%	21%
Middle Income	3	37%	58%	61%
Upper Income	1	13%	18%	18%
TOTAL	8	100%	100%	100%

Source: Bank's Internal Records.

Other information regarding office hours and services offered is detailed in the Overall Conclusions-Service Test section of this Disclosure.

### Alternative Delivery Systems

Table 30 shows that NB&T's distribution of ATM's is high in moderate-income geographies when compared to the area's characteristics.

Table 30 Distribution of Alternative Delivery Systems				
Income Level of Geography:	Automated Teller Machines		Assessment Area Characteristics	
	Number of Machines	Percent of Total	Percent Distribution of Geographies	Percent Distribution of Population
Moderate Income	4	57%	24%	21%
Middle Income	2	29%	58%	61%
Upper Income	1	14%	18%	18%
TOTAL	7	100%	100%	100%

Source: Bank's Internal Records.

NB&T also has 14 cash dispensing machines. Of the 14 machines, 36%, 43% and 21% are in moderate-, middle- and upper-income geographies, respectively. This supports the conclusion that

alternative delivery systems are readily accessible in moderate-income geographies.

See the Overall Conclusions-Service Test section of this Disclosure for further details about community development services.

## **Dayton-Springfield, Ohio MSA 2000**

### **DESCRIPTION OF INSTITUTION'S OPERATIONS IN DAYTON-SPRINGFIELD MSA 2000**

NB&T's assessment area within this MSA includes four middle-income geographies located in the southwest corner of Greene County. These geographies border Clinton County to the north. The Wilmington and Sabina offices in Clinton County are the closest to and serve the four geographies. The remaining seven geographies in this MSA are not included in NB&T's assessment area because there are no branch offices in Greene County and the bank could not reasonably serve the area. NB&T's activity in this area accounts for only a very small portion of overall bank operations - 2% of deposits and 3% of loans.

The following describes MSA 2000's demographic information in relation to NB&T's overall assessment area:

- 3% of the population.
- 3% of total families.
- 3% of low-income families.
- 4% of moderate-income families.
- 6% of total geographies - all are middle-income.
- 3% of total businesses.
- 4% of total farms.

The area is primarily rural. According to 1990 Census Data, there are 17 farms in the area of which 94% are small farms with less than \$1 million in annual revenues. There are 234 businesses of which 91% are small businesses with less than \$1 million in annual revenues. The four geographies have a population of 10,956 with 3,085 families. The area's credit need is largely farm loans.

The following sections discuss NB&T's lending, investments and services in MSA 2000.

### **CONCLUSIONS ABOUT PERFORMANCE IN MSA 2000**

NB&T's performance in this MSA is good considering the small assessment area, the characteristics of the area, and the level of deposit and lending activity in the area. Farm lending is good and business lending is satisfactory considering the area is primarily rural. There are no investments nor branch offices in this MSA.

## **LENDING TEST**

NB&T's lending activity includes farm and business loans. Overall, lending to small businesses and small farms is good, as all loans made were to businesses/farms with annual revenues less than \$1 million dollars. The volume of farm loans is good and the business loan activity is satisfactory considering the characteristics of the area.

### Farm Loans

In 1996, NB&T made 24 farm loans totaling \$556,000. All 24 loans are in amounts less than \$100,000, and all are to farms with annual revenues of less than \$1 million. In 1997, NB&T made 13 farm loans totaling \$208,000. All loans are in amounts less than \$100,000 and all 13 loans were made to farms with annual revenues of less than \$1 million. Lending within the area is good. At least two loans were made in each of the four geographies in this assessment area. This farm lending volume and geographic distribution are considered good considering that most of this assessment area is primarily rural with an emphasis in farming.

### Business Loans

In 1996, NB&T made two business loans totaling \$25,000. Both loans are in amounts less than \$100,000, and both are to businesses with annual revenues less than \$1 million. In 1997, NB&T made two business loans totaling \$20,000, both in amounts less than \$100,000. Both are to businesses with annual revenues less than \$1 million. The volume of business loans is reasonable considering that the area is primarily rural with an emphasis on farm production.

NB&T has not originated any home mortgage loans in this area. This is reasonable considering the area has few families, is primarily rural and there are no branch offices.

## **INVESTMENT TEST**

There are no investments in this area. This is reasonable considering the assessment area is small and the area is primarily rural.

## **SERVICE TEST**

There is one cash dispensing machine in the area. There are no branch offices nor ATMs. See the Overall Conclusions-Service Test section of this Disclosure for further details about community development services.

## **Appendix A**

### **Scope of Examination**

The scope of this CRA examination included a review of NB&T's home mortgage, business and farm loans originated in 1996 and 1997. All portions of the assessment area were reviewed using the CRA examination procedures.