

# PUBLIC DISCLOSURE

February 9, 1998

## COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

Bank: The Oakwood Deposit Bank Company  
043946700000  
218 N. First Street  
Oakwood, Ohio 45873

Supervisory Agency: Federal Reserve Bank of Cleveland  
P.O. Box 6387  
Cleveland, Ohio 44101-1387

**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.

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## GENERAL INFORMATION

The Community Reinvestment Act ("CRA") requires each federal financial supervisory agency to use its authority, when examining financial institutions subject to its supervision, to assess the institution's record of meeting the credit needs of its entire community, including low- and moderate-income neighborhoods, consistent with safe and sound operation of the institution. Upon conclusion of such examination, the agency must prepare a written evaluation of the institution's record of meeting the credit needs of its community.

This document is an evaluation of the Community Reinvestment Act ("CRA") performance of The Oakwood Deposit Bank Company, Oakwood, Ohio, prepared by the Federal Reserve Bank of Cleveland, the institution's supervisory agency, as of February 9, 1998.

The agency rates the CRA performance of an institution consistent with the provisions set forth in Appendix A of 12 CFR Part 228.

**INSTITUTION'S CRA RATING:** This institution is rated "**Satisfactory**".

The Oakwood Deposit Bank Company ("ODBC") has a satisfactory record of helping to meet the credit needs of its entire community, consistent with the bank's resources and capabilities. The bank's loan-to-deposit ratio is reasonable, a majority of ODBC's loans are within its assessment area, loans are reasonably dispersed throughout the assessment area, and loans reflect an excellent penetration among individuals of different income levels, including low- and moderate-income individuals and small businesses.

## DESCRIPTION OF INSTITUTION

The Oakwood Deposit Bank Company's main office is located at 218 N. First Street, Oakwood, Ohio. The bank also operates one branch located in Grover Hill, Ohio. Based on its size and financial condition, the bank is able to effectively meet the credit needs of the communities in its assessment area. The types of credit offered, as noted in the bank's public file, include consumer loans, real estate loans, and loans to finance agriculture and small businesses.

The bank reported total assets of \$43.3 million in its September 30, 1997, Report of Condition and Income ("Call Report"). Table 1 reflects the distribution of the bank's loan portfolio as of that date.

**Table 1**

<b>LOAN PORTFOLIO DISTRIBUTION AS OF SEPTEMBER 30, 1997</b>		
<b>Type of Loan</b>	<b>Amount (In Thousands)</b>	<b>Percentage of Total Loans</b>
Commercial loans	2,610	10.90%
Loans secured by real estate:		
Secured by nonfarm, nonresidential properties	2,852	11.91%
Revolving, open end loans secured by 1- to 4-family residential properties	0	0.00%
Loans secured by 1- to 4-family residential properties	7,745	32.34%
Secured by farmland	2,871	11.99%
Construction and land development	230	0.96%
Secured by multifamily (5 or more) residential properties	0	0.00%
Agricultural loans	1,598	6.67%
Consumer loans	5,174	21.60%
Other	871	3.64%
<b>Total</b>	<b>23,951</b>	<b>100.00%</b>

The bank's performance under CRA was rated "Satisfactory" at the previous examination of September 23, 1996.

## DESCRIPTION OF ODBC'S ASSESSMENT AREA

The bank's assessment area is generally defined as portions of Paulding, Van Wert and Putnam Counties. More specifically, the bank has determined its assessment area to include the following census tracts and block numbering areas:

### Paulding County

9601	9604	9605
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### Van Wert County

302	307
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### Putnam County

201
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The following table shows the distribution of those census tracts and block numbering areas ("BNAs") among the four income categories:

**Table 2**

<b>INCOME CLASSIFICATION OF CENSUS TRACTS/BNAs IN ASSESSMENT AREA</b>					
	Census Tract Income Classifications <sup>6</sup>				
	Low <sup>1</sup>	Moderate <sup>2</sup>	Middle <sup>3</sup>	Upper <sup>4</sup>	Total
Number of Tracts	0	0	5	1	6
Percentage of Total Tracts*	0%	0%	83%	17%	100%
Population <sup>5</sup>	0	0	21,344	4,752	26,096
Percentage of Total Population*	0%	0%	82%	18%	100%
Number of Households <sup>5</sup>	0	0	7,311	1,527	8,838
Percentage of Total Households*	0%	0%	83%	17%	100%
Owner-Occupied Households <sup>5</sup>	0	0	6,173	1,372	7,545
Percentage of Total OOH*	0%	0%	82%	18%	100%
Number of Families <sup>5</sup>	0	0	5,888	1,256	7,144
Percentage of Total Families*	0%	0%	82%	18%	100%

- 1 Less than 50 percent of the metropolitan statistical area ("MSA") median family income.
- 2 At least 50 percent and less than 80 percent of the MSA median family income.
- 3 At least 80 percent and less than 120 percent of the MSA median family income.
- 4 120 percent or more of the MSA median family income.
- 5 Based on 1990 Census Data information.
- 6 Based on HUD's estimated median family income for the MSA of 8400 which was \$38,800 in 1997.
- \* May not total 100 percent due to rounding.

Based on the information from the 1990 census, there are 26,096 persons and 8,838 households within The Oakwood Deposit Bank Company's assessment area. The median household income in the assessment area is \$30,276, and the median family income is \$33,910. The median family income in Ohio for 1997 is \$38,800. Household income includes the income of all persons residing within a household, while family income includes only the income of persons related by blood, marriage, or adoption within a household.

Oakwood, Ohio, a village of about 860 residents located in Paulding County, has a very large concentration in manufacturing (36%) according to the most recent data (1990). The largest industrial employer in Oakwood is Braun Industries, Inc. The producer of custom emergency medical vehicles employs 93 people, which constitutes 0.9% of the county's workforce. Other Oakwood manufactures include small producers of fabricated metals and general machinery.

The largest employer in the tri-county area (Paulding, Putnam and Van Wert counties) is Philips Display Components Company. Less than 20 miles from Oakwood, Philips Display Components Company manufactures color television picture tubes and employs 10.3% of the Putnam workforce.

Though heavily involved in manufacturing, Paulding and the surrounding counties are

predominately engaged in farming and are important contributors to Ohio's agriculture. In 1996, Van Wert County lead the state in percentage of land absorbed in agriculture activities at 96.0%, Putnam followed at 95.8%, and Paulding County was 13<sup>th</sup> (86.2%). Van Wert ranked 1<sup>st</sup> in Ohio's soybean production and 7<sup>th</sup> in its corn production. While, Putnam ranked 1<sup>st</sup> in processing tomatoes. Paulding County farmers' primary crop is wheat, and that county ranked 4<sup>th</sup> in Ohio's production in 1996.

The tri-county area tends to have lower per capita personal income growth than the state, perhaps due to its heavy concentration in agriculture. However, over the most recent 5 years (ending in 1995), Paulding County's per capita personal income growth, at 4.5%, slightly exceeded the state average, most likely as a result of a surge in manufacturing activity over this period. Historically, the area's joblessness has been in pace with, or slightly lower than the state and nation's average. The November 1997 unemployment rates for Paulding, Putnam and Van Wert Counties were 4.0%, 3.9% and 3.1%, respectively, compared with that of the state unadjusted average of 4.2% and the national unadjusted average of 4.3% for the same time period.

One community contact was conducted in conjunction with the examination. This contact provided information used in developing the performance context for the assessment area.

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

The bank's CRA performance was analyzed using interagency examination procedures. The analysis includes the following criteria:

- loan-to-deposit ratio;
- lending activity inside and outside the bank's assessment area;
- distribution of loans to borrowers of different income levels;
- distribution of loans to businesses and farms of different sizes;
- reasonableness of the geographic distribution of loans within the bank's assessment area;
- bank's response to written complaints regarding its performance in helping to meet the credit needs of the assessment area.

### Loan-To-Deposit Ratio

The Oakwood Deposit Bank Company's loan-to-deposit ratio is reasonable given the bank's size, financial condition, assessment area credit needs, and competition. The bank's average loan-to-deposit ratio for the five quarters between examinations, based on September 30, 1997, Call Report information, is 58.43%. As listed in the September 30, 1997, Uniform Bank Performance Report, the bank's loan-to-deposit ratio was 62.41% which is less than the national peer average of 69.74% for banks of similar size for the same time period.

### Lending Volume Within Assessment Area

Based on a sample of loans reviewed during the examination, it appears that a majority of loans are in the bank's assessment area. Four loan types which were determined to be the bank's major loan types were sampled, including consumer-other, motor vehicle, small business, and small farm loans.

Of the total number and total dollar volume of loans sampled, 90% and 87%, respectively, were originated within the bank's assessment area. As shown in the following table, the concentration of the number and dollar volume of loans within the assessment area meets and sometimes exceeds standards.

**Table 3**

<b>DISTRIBUTION OF LOANS IN AND OUT OF THE ASSESSMENT AREA</b>								
<b>Loan Type</b>	<b><i>Inside the Assessment Area</i></b>				<b><i>Outside the Assessment Area</i></b>			
	Number of Loans	%	\$ Amount of Loans	%	Number of Loans	%	\$ Amount of Loans	%
<b>Consumer-Other</b>	256	91%	\$ 887,458	87%	25	9%	\$131,077	13%
<b>Motor Vehicle</b>	94	85%	\$ 668,750	80%	17	15%	\$170,468	20%
<b>Small Business</b>	63	93%	\$1,728,745	92%	5	7%	\$152,008	8%
<b>Small Farm</b>	49	91%	\$ 988,177	86%	5	9%	\$160,896	14%
<b>Total</b>	462	90%	\$4,273,130	87%	52	10%	\$614,449	13%

Lending to Borrowers of Different Incomes

The distribution of borrowers, given the demographics of the assessment area, reflects an excellent penetration among borrowers of different income levels, particularly low- and moderate-income borrowers.

Overall, the distribution of total loans sampled to low- and moderate-income level borrowers is significant. For instance, 72% of all consumer-other loans were made to borrowers of low- to moderate-income levels, while 70% of all motor vehicle loans were made to low- to moderate-income borrowers. Such percentages are particularly noteworthy considering that only 29.2% of the families in the assessment area are low- to moderate-income, of which 7.2% are families whose incomes fall below the poverty level. The following table shows the breakdown of loan types to borrowers within the different income levels by loan product for the assessment area.



**Table 4**

<b>DISTRIBUTION OF CONSUMER LOANS SAMPLED IN THE ASSESSMENT AREA BY INCOME LEVEL OF BORROWER</b>									
<b>Income Level</b>	<b><i>Consumer-Other</i></b>				<b><i>Residential-All</i></b>				<b><i>% of Families<sup>5</sup></i></b>
	No.	%	\$ Amount	%	No.	%	\$ Amount	%	%
<b>Low <sup>1</sup></b>	53	41	109,613	23	24	39	92,989	22	13.7
<b>Moderate <sup>2</sup></b>	40	31	140,056	30	19	31	143,927	34	15.5
<b>Middle <sup>3</sup></b>	19	15	101,448	21	13	21	95,884	23	27.0
<b>Upper <sup>4</sup></b>	18	14	120,745	26	5	8	91,819	22	43.8

- 1 Less than 50 percent of the metropolitan statistical area ("MSA") median family income
- 2 At least 50 percent and less than 80 percent of the MSA median family income
- 3 At least 80 percent and less than 120 percent of the MSA median family income
- 4 120 percent or more of the MSA median family income
- 5 Represents the percentage of families in the assessment area categorized by income level.

Additionally, the distribution of small business and farm loans within the assessment area by borrower revenue is also significant. As shown in the following tables, 78% of the small business loans and 100% of the small farm loans originated were made to businesses and farms with revenues less than \$1,000,000.

**Table 5**

<b>DISTRIBUTION OF COMMERCIAL LOANS SAMPLED WITHIN THE ASSESSMENT AREA</b>				
<b>Revenue Category<sup>1</sup></b>	<b>Number of Loans</b>	<b>%</b>	<b>Dollar Amount of Loans</b>	<b>%</b>
Less than \$100,000	<b>8</b>	<b>30</b>	<b>149,698</b>	<b>14</b>
Greater than or equal to \$100,000 but less than \$250,000	<b>1</b>	<b>4</b>	<b>29,000</b>	<b>3</b>
Greater than or equal to \$250,000 but less than \$500,000	<b>4</b>	<b>15</b>	<b>117,140</b>	<b>11</b>
Greater than or equal to \$500,000 but less than \$1,000,000	<b>8</b>	<b>30</b>	<b>300,840</b>	<b>27</b>
Greater than or equal to \$1,000,000	<b>6</b>	<b>22</b>	<b>507,813</b>	<b>46</b>

<sup>1</sup> Based on gross annual revenue figures

**Table 6**

<b>DISTRIBUTION OF AGRICULTURAL LOANS SAMPLED WITHIN THE ASSESSMENT AREA</b>				
Revenue Category <sup>1</sup>	Number of Loans	%	Dollar Amount of Loans	%
Less than \$100,000	<b>12</b>	<b>67</b>	<b>222,581</b>	<b>51</b>
Greater than or equal to \$100,000 but less than \$250,000	<b>4</b>	<b>22</b>	<b>107,830</b>	<b>24</b>
Greater than or equal to \$250,000 but less than \$500,000	<b>2</b>	<b>11</b>	<b>110,000</b>	<b>25</b>
Greater than or equal to \$500,000 but less than \$1,000,000	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
Greater than or equal to \$1,000,000	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

<sup>1</sup> Based on gross annual revenue figures

Geographic Distribution Within Assessment Area

The bank’s overall geographic distribution of loans reflects a reasonable dispersion throughout the bank’s assessment area given the bank’s location, size, and level of competition. As depicted in the following table, a substantial majority of the loans made were concentrated in middle-income census tract areas.

The analysis of data in the following table shows that, while 83% of the assessment area is comprised of five middle-income level census tracts, 100% of the number of consumer-other, motor vehicle, and small business and farm loans were made within these tracts. There are no low- or moderate-income level census tracts within the bank’s assessment area.

**Table 7**

<b>DISTRIBUTION OF LOANS ACROSS THE ASSESSMENT AREA BY INCOME LEVEL OF CENSUS TRACTS COMPARED TO CHARACTERISTICS OF THOSE TRACTS</b>								
	<b>Low-Income<sup>1</sup></b>		<b>Moderate-Income<sup>2</sup></b>		<b>Middle-Income<sup>3</sup></b>		<b>Upper-Income<sup>4</sup></b>	
	<b>No.</b>	<b>\$</b>	<b>No.</b>	<b>\$</b>	<b>No.</b>	<b>\$</b>	<b>No.</b>	<b>\$</b>
<b>Consumer-Other</b>	0	0	0	0	255	882,048	1	2,410
<i>Percent of Total</i>	<i>0%</i>	<i>0%</i>	<i>0%</i>	<i>0%</i>	<i>100%</i>	<i>100%</i>	<i>0%</i>	<i>0%</i>
<b>Residential-All</b>	0	0	0	0	94	668,750	0	0
<i>Percent of Total</i>	<i>0%</i>	<i>0%</i>	<i>0%</i>	<i>0%</i>	<i>100%</i>	<i>100%</i>	<i>0%</i>	<i>0%</i>
<b>Small Farm</b>	0	0	0	0	63	1,728,745	0	0
<i>Percent of Total</i>	<i>0%</i>	<i>0%</i>	<i>0%</i>	<i>0%</i>	<i>100%</i>	<i>100%</i>	<i>0%</i>	<i>0%</i>
<b>Small Business</b>	0	0	0	0	49	988,177	0	0
<i>Percent of Total</i>	<i>0%</i>	<i>0%</i>	<i>0%</i>	<i>0%</i>	<i>100%</i>	<i>100%</i>	<i>0%</i>	<i>0%</i>
Number of Tracts in Assessment Area <i>Percentage of Tracts</i>	0 <i>0%</i>		0 <i>0%</i>		5 <i>83%</i>		1 <i>17%</i>	
Number of Families by Tract <i>Percentage of Families</i>	0 <i>0%</i>		0 <i>0%</i>		5,888 <i>82%</i>		1,256 <i>18%</i>	
Owner- Occupied Households by Tract <i>Percentage of Households</i>	0 <i>0%</i>		0 <i>0%</i>		6,173 <i>82%</i>		1,372 <i>18%</i>	

<sup>1</sup> Census tract having less than 50 percent of the MSA median family income.

<sup>2</sup> Census tracts having at least 50 percent and less than 80 percent of the MSA median family income.

<sup>3</sup> Census tracts having at least 80 percent and less than 120 percent of the MSA median family income.

<sup>4</sup> Census tracts having 120 percent or more of the MSA median family income.

**ADDITIONAL FACTORS**

No complaints were received by the Federal Reserve Bank of Cleveland or The Oakwood Deposit Bank Company regarding the bank's performance under the Community Reinvestment Act.

No substantive violations of the fair lending laws were noted during the examination. Interviews with employees and management revealed an understanding of the regulatory requirements regarding fair lending.