

PUBLIC DISCLOSURE

January 22, 1996

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

Bank: The Union Bank & Savings Company
043905500000
One Union Square
Bellevue, Ohio 44811

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.

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 Union Bank and Savings Company prepared by The Federal Reserve Bank of Cleveland, the institution's supervisory agency, as of January 22, 1996. 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 Union Bank and Savings Company ("UBS") 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 UBS'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, small businesses and small farms.

The following table indicates the performance level of The Union Bank and Savings Company with respect to each of the five performance criteria:

SMALL INSTITUTION ASSESSMENT CRITERIA	<u>THE UNION BANK AND SAVINGS COMPANY</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

The Union Bank and Savings Company is a subsidiary of Union Bancshares Corporation located in Bellevue, Ohio. In addition to the main office, the bank operates three branch offices in Bellevue, Clyde, and Monroeville. The bank has total assets of approximately \$94 million. Loans comprise 66% of UBS' assets while investments account for 28%. Real estate loans are approximately 80% of the bank's lending and include residential units, commercial buildings, and farms. The remaining lending volume consists primarily of consumer installment loans, small business loans, and small farm loans.

UBS offers a wide variety of loan products including, but not limited to, commercial loans, agricultural loans, residential real estate loans, consumer and business installment loans, credit cards, overdraft protection, and home equity loans.

DESCRIPTION OF UBS's ASSESSMENT AREA

The city of Bellevue is divided between Huron and Sandusky counties. In addition, Erie and Seneca counties boarder on the Bellevue area. Therefore, the bank has determined its assessment area to include the following townships and block numbering areas ("BNAs") or census tracts:

<u>County</u>	<u>Township</u>	<u>BNA/CT</u>
Erie County	Groton Township	414
	Margaretta Township	415
	Oxford Township	416
	Perkins Township	417
		418
Huron County	Lyme Township	9957
	Peru Township	9958
	Ridgefield Township	9959
	Sherman Township	9960
Sandusky County	Green Creek Township	9608
	Riley Township	9619
	Townsend Township	9620
	York Township	9621
Seneca County	Adams Township	9622
	Reed Township	9625
	Scipio Township	9626
	Thompson Township	9638

The population and number of households within the assessment area are approximately 70,000 and 25,000, respectively. The median household income is \$30,908 and the median family income is 35,048. The block numbering areas and census tracts within the assessment area are classified as middle- and upper-income areas according to the 1990 Census Bureau data. There are no low- and moderate-income areas in or around the bank's assessment area.

Approximately two-thirds of the population and households in the assessment area are located in middle-income areas. Even though there are no low- and moderate-income areas within UBS's assessment area, approximately 29% of the residents earn less than 80% of the median household and family incomes. The assessment area is fairly racially homogenous with only a 3.7% minority population.

Housing consists primarily of owner-occupied one-to four-family dwellings and mobile homes. Rental units account for approximately 20% of the housing market. The median housing value is \$62,219 and the average rent is \$369.

Manufacturing and retail/wholesale services are the predominant industries within the assessment area followed by government, construction, financial, and farming industries. Major employers include, but are not limited to, Armstrong Air Conditioning, Hueter Toledo, American National Can, A. O. Smith Automotive Products, Whirlpool, and Faulhaber Company. Unemployment in the Erie, Huron, Sandusky, and Seneca counties is 5.15%, 8.3%, 5.5%, and 6.5%, respectively. Overall, the unemployment rates are higher in these counties than the state and national average of 5.3% as of November 1995. Unemployment in these areas is seasonal due to the agricultural and tourism industries.

Two community contacts were conducted during the examination with a city governmental office and a county economic development office. These contacts provided information used in developing the performance context for the assessment area.

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA:

The assessment of the bank's CRA performance included a review of the following:

- loan-to-deposit ratio
- lending volume within its assessment area
- geographic distribution of loans within the assessment area
- distribution of loans within the assessment area to low- and moderate-income borrowers and small businesses and small farms.

An average loan-to-deposit ratio of 73.23% was calculated using the ratios from the nine quarters between examination dates. The bank's loan-to-deposit ratio has remained constant varying only from 70.25% to 75.43%. The loan-to-deposit ratio reflects the level of deposited funds reinvested in the community through loans. A ratio of 73.23% is reasonable for UBS's given its size, financial condition, and assessment area as previously described.

To assess the remaining areas, a statistical sample of the bank's major product categories was selected for review. The sample included small business, small farm, residential real estate, and motor vehicle loans. Based upon the sample, the loan volume (number of loans) within UBS's assessment area was 77% and the loan amount (dollar amount of loans) was 69%. The following shows the distribution by loan type:

Type of Loan Sampled	Number in Assessment Area	Percent in Assessment Area	Amount in Assessment Area	Percent in Assessment Area
Small Business	34	87%	\$ 904,091	65%
Small Farm	33	80%	\$1,687,794	80%
Residential Real Estate	32	74%	\$1,349,461	59%
Motor Vehicle	90	74%	\$ 990,425	76%

This distribution reflects that a majority of loans are within the bank's assessment area.

A review of the loans by BNA or census tract areas revealed that UBS had made loans in each BNA or tract within its assessment area. This geographic distribution reflects a reasonable dispersion throughout the assessment area.

Business and farms loans were reviewed to determine the percentages of loans made to small businesses and farms. Small businesses and farms are defined as those with less than \$1,000,000 in revenues. Based upon the sample, the loan volume to small businesses and small farms within UBS's assessment area was 91% and the loan amount was 67%. The following shows the distribution by loan type:

Type of Loan	Number of Loans to Small Bus./ Small Farm Within Assessment Area	Percent of Loans to Small Bus./ Small Farm Within Assessment Area	Amount of Loans to Small Bus./ Small Farm Within Assessment Area	Percent of Loans to Small Bus./ Small Farm Within Assessment Area
Small Business	31	91%	\$ 720,387	80%
Small Farm	30	91%	\$1,011,794	60%

Residential real estate loans and motor vehicle loans were reviewed to determine the percentages of loans made to low- and moderate-income applicants. Low- and moderate-income applicants are individuals who earn less than 80% of the median family income. In reviewing the information on low- and moderate-income applicants, it should be noted that the analysis relies upon the income reported by the applicant and used by the bank in making the credit decision. Income not reported or not relied upon in making the decision was not included. Therefore, an applicant could earn more than 80% of the median family income, but be classified as low- and moderate-income based upon the reported income. Based upon the sample, the loan volume to low- and moderate-income applicants within UBS's assessment area was 36% and the loan amount was 23%. These numbers compare favorably with the

percentage of low- and moderate-income residents within the assessment area of 29%. The following shows the distribution by loan type:

<u>Type of Loan</u>	Number of Loans to LTM Income Applicants Within Assessment Area	Percent of Loans to LTM Income Applicants Within Assessment Area	Amount of Loans to LTM Income Applicants Within Assessment Area	Percent of Loans to LTM Income Applicants Within Assessment Area
Residential real estate	8	25%	\$232,800	17%
Motor Vehicle	36	40%	\$308,818	31%

The distributions of borrowers reflects a reasonable penetration among individuals of different income levels, including low- and moderate-income individuals, and businesses and farms of different sizes.

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

No substantive violations of the Equal Credit Opportunity Act were noted during the examination. UBS's loan policy contains an Equal Credit Opportunity Act statement. The bank has also provided fair lending and Equal Credit Opportunity Act training to its employees. Interviews with employees revealed an understanding of the regulatory requirements regarding fair lending.