

# PUBLIC DISCLOSURE

August 4, 1997

## COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

Bank: The Dime Bank  
043936690000  
P.O. Box 650  
Marietta, Ohio 45750

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 the 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 Dime Bank prepared by the Federal Reserve Bank of Cleveland, the institution's supervisory agency, as of August 4, 1997. 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 "Outstanding".

The assessment of the record of The Dime Bank takes into account the bank's financial capacity and size, legal impediments, and local economic conditions and demographics, including the competitive environment in which it operates.

Several factors support The Dime Bank's outstanding rating. First, the bank maintains a more-than-reasonable loan-to-deposit ratio. Second, a substantial majority of the number of the bank's loans are made within its assessment area. Third, based on an analysis of the loans, the bank has a reasonable record of lending to borrowers of different income levels and to small businesses. Fourth, the geographic distribution of the bank's loans is reasonable. Finally, the bank provided a community development service and a made a qualified investment which demonstrates its commitment to addressing the credit needs of low- and moderate-income borrowers and small businesses and small farms.

The following table indicates the performance level of The Dime Bank with respect to each of the five performance criteria:

SMALL INSTITUTION ASSESSMENT CRITERIA	THE DIME BANK 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 received since the previous examination.		

## DESCRIPTION OF INSTITUTION

The Dime Bank (ADB") is a \$50.6 million community bank located in the southeastern Ohio city of Marietta. DB is a wholly-owned subsidiary of Commercial BancShares of Parkersburg, West Virginia. DB operates two full-service offices and two deposit-taking-only branches in Washington County.

According to the March 31, 1997, Uniform Bank Performance Report (AUBPR®), the bank had total assets of approximately \$50.6 million. Since March 31, 1995, the bank's total assets increased \$8.3 million. The bank's average net loan-to-deposit ratio for the past eight quarters is approximately 82%. The net loan-to-deposit ratio has shown a moderate upward trend since the previous CRA evaluation. The bank's portfolio is primarily comprised of approximately 52% consumer, 23% real estate, 23% commercial, and 2% home equity loans.

Based on its size and financial condition, the bank effectively meets the credit needs of the communities in its assessment area. There are no legal or financial impediments that would prevent the bank from helping to meet the credit needs of its entire community.

## DESCRIPTION OF DIME BANK'S ASSESSMENT AREA

Dime Bank defines its assessment area as the entire County of Washington.

The bank's assessment area consists of 3 moderate-income, 12 middle-income, and 3 upper-income census tracts. The bank's assessment area does not include any low-income census tracts. According to 1990 census data, the population of the assessment area is 62,254. The table below shows the assessment area's population distribution by census tract income level:

POPULATION DISTRIBUTION BY CENSUS TRACT		
	Population	Percentage
Low-income	0	0%

Moderate-income	11,312	18.2%
Middle-income	45,201	72.6%
Upper-income	5,741	9.2%

Examiners contacted a director of a city development organization as part of the bank's CRA evaluation. Information from this contact was used to evaluate DB's CRA performance. This individual indicated that they were unaware of any unmet credit needs in the bank's assessment area.

As of June 1997, Washington County had a labor force of 29,074 and an unemployment rate of 6.2%. Per capital personal income within Washington County continues to grow at reasonable rates.

**CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA:**

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

- C the loan-to-deposit ratio, averaged over the past eight quarters;
- C lending activity inside and outside the bank's assessment area;
- C the reasonableness of the geographic distribution of loans within the bank's assessment area;
- C the record of lending to borrowers with varying income levels;
- C the distribution of loans to businesses and farms of different sizes;
- C the bank's response to any written complaints concerning its performance in helping to meet the credit needs within its assessment area; and
- C the bank's performance in making qualified investments and its performance in providing other services and delivery systems that enhance credit availability in its assessment area.

Loan-to-Deposit Ratio Analysis

For a bank of its size, location, and financial condition, DB's loan-to-deposit ratio is more than reasonable at 82% and, as such, meets the standards for exceeding satisfactory performance. The ratio was calculated by averaging DB's most recent eight quarterly net loan-to-deposit ratios. The bank's most current ending quarter ratio was 82.62% compared with a peer group ratio of 67.62%. The net loan-to-

deposit ratio was evaluated in terms of the bank's capacity to lend, the net loan-to-deposit ratios of similarly situated (peer) and competitor banks, and available lending opportunities in the assessment area.

### Comparison of Credit Extended Inside and Outside the Assessment Area

A review of a statistical sample of the loans originated by the bank since the previous CRA evaluation reveals that a substantial majority of its loans were made inside its assessment area. The level of concentration in the assessment area exceeds the standards for satisfactory performance. The following table shows the percentages for number and dollar volume of those major loan product lines sampled that were made inside and outside the assessment area. These product lines represent 98% of the bank's loan portfolio.

<i>DISTRIBUTION OF LOANS IN AND OUT OF THE ASSESSMENT AREA</i>								
<i>Loan Type</i>	<i>Inside the Assessment Area</i>				<i>Outside the Assessment Area</i>			
	<i>Number of Loans</i>	<i>%</i>	<i>\$ Amount of Loans</i>	<i>%</i>	<i>Number of Loans</i>	<i>%</i>	<i>\$ Amount of Loans</i>	<i>%</i>
<i>All Consumer Loans</i>	331	80%	\$2,383,325	78%	81	20%	\$668,445	22%
<i>Home Purchase</i>	67	84%	\$4,052,000	84%	13	16%	\$791,000	16%
<i>Refinancing</i>	60	94%	\$3,378,000	93%	4	6%	\$242,000	7%
<i>Home Improvement</i>	18	78%	\$356,000	76%	5	22%	\$114,000	24%
<i>Commercial/Ag Loans</i>	96	98%	\$2,666,678	97%	2	2%	\$72,459	3%

### Lending to Borrowers of Different Income Levels and to Businesses of Different Sizes

DB's record of lending to borrowers of different income levels, given the demographics of the assessment area, is reasonable and meets the standards for satisfactory performance.

The sampling indicates that the bank provides loans from all of its major product lines to

individuals of all different income levels, as shown in the following table. The income figures the bank uses to make its credit decisions are based on net, rather than gross, income.

<i>DISTRIBUTION OF CONSUMER LOANS SAMPLED IN THE ASSESSMENT AREA BY INCOME LEVEL OF BORROWER</i>									
<i>Income Level</i>	<i>Consumer-All</i>				<i>Home Purchase</i>				<i>% of Families<sup>5</sup></i>
	<i>Number of Loans</i>	<i>%</i>	<i>\$ Amount of Loans</i>	<i>%</i>	<i>Number of Loans</i>	<i>%</i>	<i>\$ Amount of Loans</i>	<i>%</i>	<i>%</i>
<i>Low<sup>1</sup></i>	20	24%	\$97,607	15%	10	15%	\$380,000	9%	20.8%
<i>Moderate<sup>2</sup></i>	23	27%	\$213,045	33%	13	19%	\$407,000	10%	18.7%
<i>Middle<sup>3</sup></i>	19	22%	\$142,610	22%	23	34%	\$1,143,000	28%	22.2%
<i>Upper<sup>4</sup></i>	23	27%	\$195,818	30%	21	31%	\$2,122,000	52%	38.3%

<i>Income Level</i>	<i>Home Improvement</i>				<i>Refinancing</i>				<i>% of Families<sup>5</sup></i>
	<i>Number of Loans</i>	<i>%</i>	<i>\$ Amount of Loans</i>	<i>%</i>	<i>Number of Loans</i>	<i>%</i>	<i>\$ Amount of Loans</i>	<i>%</i>	<i>%</i>
<i>Low<sup>1</sup></i>	2	11%	\$9,000	3%	10	17%	\$280,000	8%	20.8%
<i>Moderate<sup>2</sup></i>	2	11%	\$45,000	13%	6	10%	\$243,000	7%	18.7%
<i>Middle<sup>3</sup></i>	7	39%	\$69,000	39%	22	37%	\$1,051,000	31%	22.2%
<i>Upper<sup>4</sup></i>	7	39%	\$233,000	39%	22	37%	\$1,804,000	53%	38.3%

- 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 business loans by the income of the borrower and/or business revenue sampled within the assessment area is marginal. The bank originated 100% of its small business and farm loans to businesses and farms with revenues of less than \$1,000,000 but, at the same time, originated only 14% of business loans to low- or moderate-income individuals.

### Geographic Distribution of Loans

The bank's overall geographic distribution of loans reflects a reasonable dispersion throughout the bank's assessment given the bank's location, size, and competition. As previously noted, the bank's assessment area consists of three moderate-income, twelve middle-income, and three upper-income census tracts.

<b>DISTRIBUTION OF LOANS ACROSS THE ASSESSMENT AREA BY INCOME LEVEL OF CENSUS TRACTS COMPARED TO CHARACTERISTICS OF THOSE TRACTS</b>								
	Low-Income <sup>1</sup>		Moderate-Income <sup>2</sup>		Middle-Income <sup>3</sup>		Upper-Income <sup>4</sup>	
	#	\$	#	\$	#	\$	#	\$
<b>Consumer-All</b>	0	0	49	269,254	261	1,885,294	21	228,777
<i>Percent of Total</i>	0%	0%	15%	11%	79%	79%	6%	10%
<b>Home Purchase/Home Improvement/Refinancings</b>	0	0	24	875,000	99	5,836,000	22	1,075,000
<i>Percent of Total</i>	0	0	17%	11%	68%	75%	15%	14%
<b>Small Bus/Farm</b>	0	0	18	389,879	63	1,809,506	14	467,293
<i>Percent of Total</i>	0	0	19%	15%	66%	68%	15%	18%
<b>Number of tracts in Assessment Area</b>	0		3		12		3	
<i>Percentage of Tracts*</i>	0%		17%		66%		17%	



Number of Families by Tract	0	3,297	12,521	1,659
<i>Percentage of Families*</i>	0%	19%	72%	9%
Owner Occupied Households by Tract	0	2,904	12,850	1,860
<i>Percentage of Households*</i>	0%	17%	73%	10%

<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.

\* May not total 100 percent due to rounding.

### General Comments

No complaints have been received since the previous Community Reinvestment Act examination by either the Federal Reserve Bank of Cleveland or by DB. No violations regarding fair lending or fair housing laws were found during this examination.

During this examination, DB chose to be examined for an "Outstanding" rating. In assessing whether a bank's performance is Outstanding, the extent to which the bank exceeds each of the performance standards for a Satisfactory rating, its performance in making qualified investments, and its performance in providing branches and other services that enhance credit availability in its assessment area are considered.

Since the previous evaluation, the bank has made one CRA qualified investment in the form of a grant to the Marietta Mills Affordable Housing Project. DB made a substantial donation of \$150,000 toward the funding of this housing project which targets low- to moderate-income individuals. Moreover, it should be noted that opportunities for qualified investments in the bank's assessment area is limited. Making such a sizeable investment clearly indicates that the bank's commitment to serving the needs of low- and moderate-income individuals within the bank's assessment area.

The bank has continued to provide a service to the City of Marietta MAREHAB Program and the Buckeye Hills Hocking Valley Regional Development District revolving loan programs. These loan programs are targeted to those individuals residing in low- to moderate-income census tracts, and the funds that are made available are used for home improvement projects. The bank has assisted these programs by using their financial expertise in designing payment programs, generating coupon books, and opening accounts at their offices.

The bank's performance in making qualified investments and its performance in providing products and services that enhance credit availability in its assessment area are satisfactory and demonstrate its commitment to complying with the spirit of the Community Reinvestment Act.

