

# **PUBLIC DISCLOSURE**

February 25, 2013

## **COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION**

The Genoa Banking Company  
504311

801 Main Street  
Genoa, OH 43430

Federal Reserve Bank of Cleveland

P.O. Box 6387  
Cleveland, OH 44101-1387

**NOTE:** This document is an evaluation of this 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. 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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**INSTITUTION'S CRA RATING: This institution is rated "Satisfactory"**

- The loan-to-deposit ratio is reasonable given the institution's size, financial condition, and assessment area credit needs;
- A majority of loans were made inside the assessment area;
- The geographic distribution of loans reflects a poor dispersion throughout the assessment area;
- The distributions of loans to borrowers reflects a reasonable penetration among individuals of different income levels (including low- and moderate-income); and,
- There were no CRA-related complaints filed against the bank since the previous CRA examination.

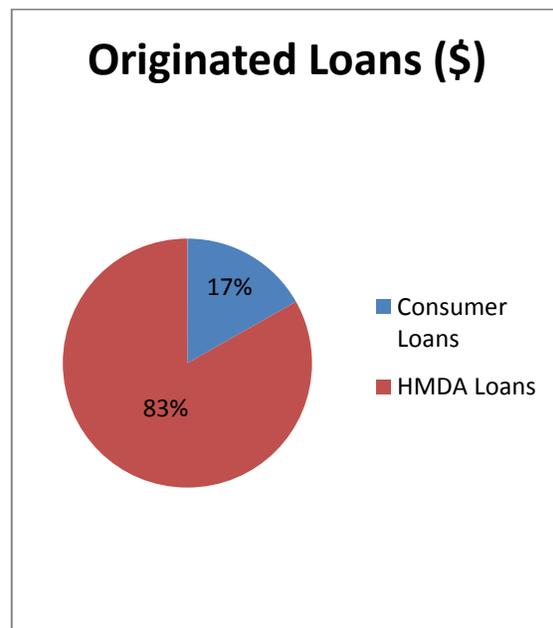
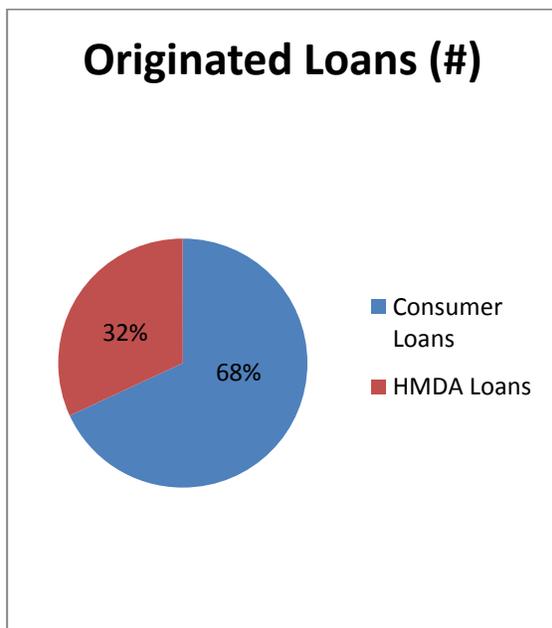
### SCOPE OF EXAMINATION

The Genoa Banking Company (Genoa) was evaluated using the small bank procedures. The bank’s CRA performance included lending data from January 1, 2012 to December 31, 2012.

The loan products evaluated included consumer loans and mortgage loans reported under the Home Mortgage Disclosure Act (HMDA). Consumer loans consisted of motor vehicle loans and other secured loans. HMDA loans consisted of home purchase, refinance, and home improvement loans.

The following table and charts illustrate the volume and distribution of loans originated during the evaluation period.

Number of Loans	Loan Type	Dollar Amount of Loans (000s)
384	Consumer Loans	4,611
180	HMDA Loans	22,830
<b>564</b>	<b>Total</b>	<b>27,441</b>



As the charts indicate, consumer loans accounted for the majority of originated loans by number; however, the dollar amount of HMDA loans was significantly greater than that of consumer loans. Therefore, HMDA loans were given greater weight than consumer loans.

The bank’s assessment area is economically diverse. Approximately 24.0% of the census tracts in the assessment area are either low- or moderate- income. Therefore, the geographic distribution and borrower distribution analyses were given equal weight.

The size and financial condition of the institution, lending opportunities in the assessment area, and competition with other financial institutions were also considered in the bank's performance context.

Lastly, two community contact interviews were conducted in conjunction with this examination. The community contacts provided context to the demographic and economic characteristics of the assessment area.

## DESCRIPTION OF INSTITUTION

The Genoa Banking Company (Genoa) is a state-member bank and the sole banking subsidiary of GenBanc, Inc.,. Both the bank and holding company are headquartered in Genoa, Ohio. As of September 30, 2012, Genoa reported approximately \$258 million in assets, which is a 26.0% increase since the previous examination in 2007.

Genoa's main office is located at 801 Main Street in Genoa, Ohio, a small rural community south of Toledo. The bank operates five additional branch locations with automated-teller machines (ATMs) and one loan production office in Ohio. The main office, two branch locations, and the loan production office are located in Ottawa County. Two branch locations are in Lucas County and the remaining branch location is in Wood County. Two office locations are located in middle-income census tracts and five office locations are in upper-income census tracts.

Genoa is a full-service, retail community bank that offers business and consumer deposit accounts and commercial, residential mortgage, and consumer loans. According to the September 30, 2012 Uniform Bank Performance Report (UBPR), Genoa's loan portfolio accounts for approximately 72.0% of the bank's assets.

The following chart represents the bank's loan portfolio as of September 30, 2012.

<b>Loan Type</b>	<b>Percent of Total Loans</b>
Commercial / Industrial & Non Farm Non-Residential Real Estate	42.86%
Loans for Agricultural Production & Secured by Farmland	2.74%
Construction & Land Development	5.79%
Secured by 1-4 Family Residential Real Estate	39.68%
Consumer Loans	8.83%
All Other Loans	0.12%
Total (gross)	100.00%

As of September 30, 2012, Genoa's investment portfolio was approximately \$52 million. The investment portfolio is primarily comprised of U.S. Treasury and Agencies securities and municipal securities, which account for 61.1% and 34.6%, respectively. The remaining investments are interest-bearing bank balances.

There are no legal or financial constraints preventing Genoa from meeting the credit needs of its assessment area consistent with its asset size, business strategy, resources, and local economy.

### DESCRIPTION OF ASSESSMENT AREA

For CRA purposes, Genoa has delineated one region in northwestern Ohio as its assessment area. The assessment area is comprised of contiguous portions of Ottawa, Wood, Lucas, and Sandusky Counties. Ottawa, Wood, and Lucas Counties are part of the Toledo Metropolitan Statistical Area (MSA), while Sandusky is part of non-MSA Ohio. Because only one census tract from Sandusky County is included, the region is treated as one assessment area. Census tracts excluded from the bank's assessment area are furthest away from any branch locations and have little or no lending activity.

In total, the bank's assessment area consists of 37 census tracts. Of these tracts, four are low-income, five are moderate-income, 12 are middle-income, and 16 are upper-income. The table below illustrates the census tracts in Genoa's assessment area by income level and county.

	Low	Moderate	Middle	Upper	Total
Lucas	4	5	3	7	19
Ottawa	0	0	2	3	5
Sandusky	0	0	0	1	1
Wood	0	0	7	5	12
<b>Total</b>	<b>4</b>	<b>5</b>	<b>12</b>	<b>16</b>	<b>37</b>

As the chart indicates, all of the low- and moderate- income census tracts are located in Lucas County.

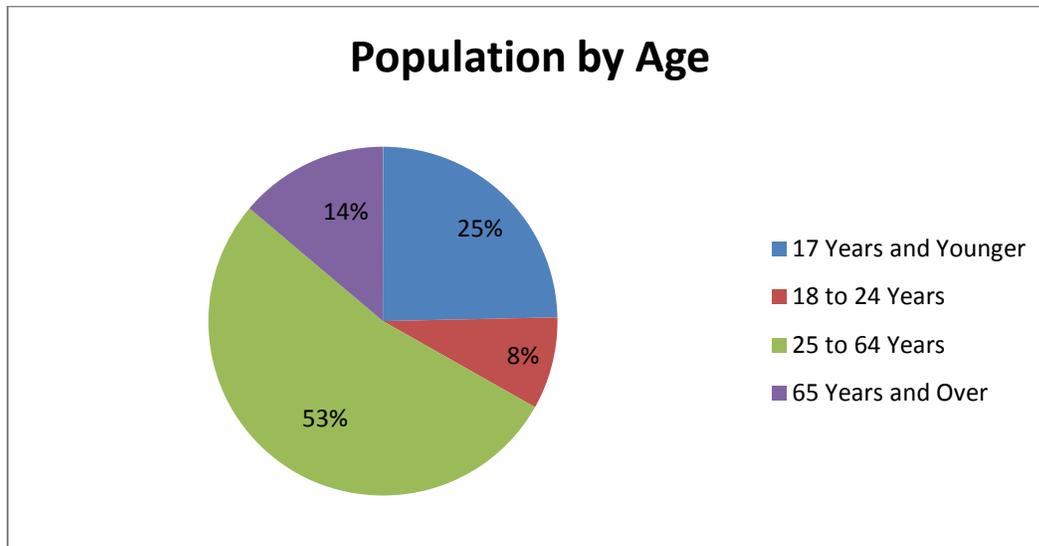
There is significant banking competition within the bank's assessment area. As of June 30, 2012, the Federal Deposit Insurance Corporation (FDIC) reported 26 insured financial institutions operating 209 branches in Lucas, Ottawa, Sandusky, and Wood Counties.<sup>1</sup> The FDIC's market share report indicates that Genoa ranks tenth, holding approximately 2.2% of the share of deposits in the area. The following table shows the deposit market share for the top 15 financial institutions in the four counties.

Rank	Financial Institution	Deposit Market Share
1	The Huntington National Bank	24.25%
2	Fifth Third Bank	22.12%
3	KeyBank National Association	13.14%
4	PNC Bank, National Association	7.81%
5	RBS Citizens, National Association	6.86%
6	Signature Bank, National Association	4.81%
7	The Croghan Colonial Bank	3.55%
8	Waterford Bank, N.A.	3.45%
9	First Federal Bank of the Midwest	2.29%
10	The Genoa Banking Company	2.17%
11	National Bank of Ohio	1.94%
12	The Old Fort Banking Company	0.97%
13	U.S. Bank National Association	0.97%
14	Firstmerit Bank, National Association	0.82%
15	The State Bank and Trust Company	0.80%

<sup>1</sup> <http://www2.fdic.gov/sod/sodMarketBank.asp>

## **Population**

According to 2010 U.S. Census Data, the total population in the assessment area is 150,470. The population by age is distributed as follows:



As the chart indicates, 25.0% of the population is under the age of 18, the legal age to enter into a contract. Approximately 61.0% of the population is between the ages of 18 and 64, the prime ages when individuals are generally in need of loans.

## **Income Characteristics**

According to 2010 U.S. Census data, there are 60,855 households in the assessment area, of which 40,683 (67%) are families. Of these families, 18.9% are low-income, 16.7% are moderate-income, 20.8% are middle-income, and 43.5% are upper income.

The median family income for the assessment area is \$62,403, which is higher than the median family incomes for Ohio (\$59,680), the Toledo MSA (\$59,003), and non-MSA Ohio (\$52,111). The median family income differed considerably among the four counties within the assessment area. Specifically, the median family incomes for Lucas and Sandusky Counties, at \$54,855 and \$57,500 respectively, are slightly below the statewide median family income. Ottawa and Wood Counties have the highest median family incomes at \$64,258 and \$69,768, respectively.

Approximately 9.8% of families in the assessment area are below the poverty level. Although the poverty level for the overall assessment area is slightly lower than poverty levels for Ohio at 10.3%, poverty levels in the individual counties within the assessment area varied. The following chart illustrates poverty levels for each of the four counties.

County	Poverty Level
Lucas	14.0%
Ottawa	6.3%
Sandusky	7.2%
Wood	6.4%

As the chart indicates, the 14.0% poverty level in Lucas County is significantly higher than the poverty rates in the remaining three counties and Ohio. In fact, from 2006-2010, Lucas County's overall poverty level ranked 13<sup>th</sup> among Ohio counties.<sup>2</sup>

### **Labor, Employment, and Economics**

The following tables illustrate land use in each county in the assessment area.<sup>3</sup>

County	Urban	Cropland	Pasture	Forest	Open Water	Bare Mines	Wetlands
Lucas	36.7%	36.6%	1.8%	14.9%	3.0%	0.5%	6.6%
Ottawa	8.1%	60.6%	10.9%	7.5%	7.0%	0.7%	5.2%
Sandusky	5.7%	71.6%	10.5%	6.6%	1.5%	0.4%	3.8%
Wood	9.4%	80.4%	3.5%	4.5%	0.9%	0.1%	1.2%

With the exception of Lucas County, the land in the assessment area is primarily cropland. Lucas County is a combination of both urban and cropland.

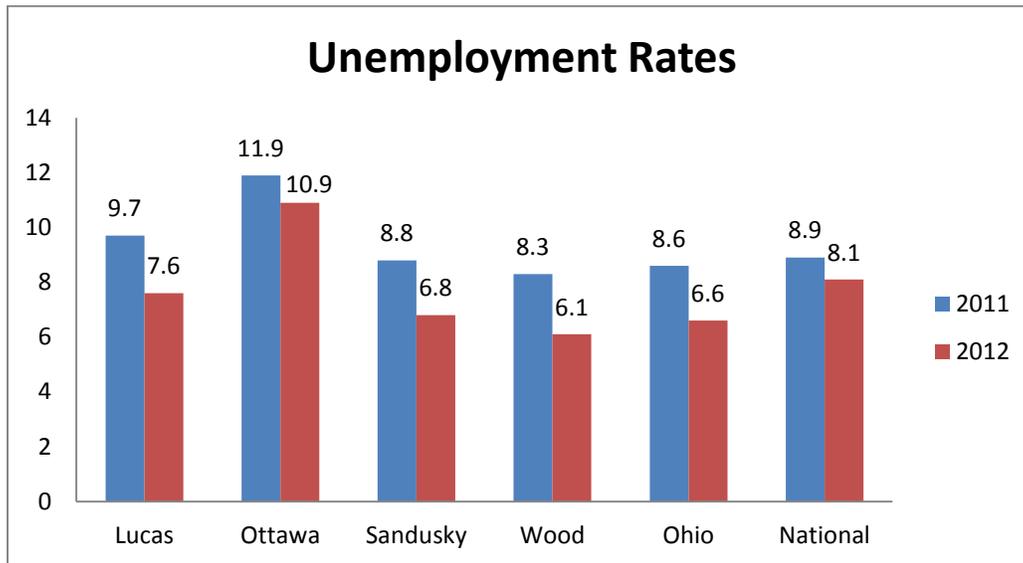
The following table shows the top three employment sectors (by number of persons employed in the county) and some of the major employers for each county.

County	Primary Employment Sectors	Major Employers
Lucas	Education and Health Services; Trade, Transportation, and Utilities; Professional and Business Services	Andersons Inc.; Chrysler Group LLC; City of Toledo; General Motors Company; Libbey Inc.
Ottawa	Trade, Transportation, and Utilities; Leisure and Hospitality; Manufacturing	Benton-Carroll-Salem Local Schools; Brush Wellman Inc.; First Energy Corp.; Luther Home of Mercy; Ottawa County Government
Sandusky	Manufacturing; Trade, Transportation, and Utilities; Education and Health Services	Atlas Industries; Bellevue Hospital; Crown Battery; Fremont City Schools; HJ Heinz Co.
Wood	Trade, Transportation, and Utilities; Manufacturing; Local Government	Bowling Green State University; Chrysler Group LLC; First Solar Inc.; Walgreen Co.; Wood County Government

<sup>2</sup> <http://www.indexmundi.com/facts/united-states/quick-facts/ohio/percent-of-people-of-all-ages-in-poverty#chart>

<sup>3</sup> [http://development.ohio.gov/reports/reports\\_countytrends\\_map.htm](http://development.ohio.gov/reports/reports_countytrends_map.htm)

The following chart compares the 2011 and 2012 (not seasonally adjusted) unemployment rates in the counties represented in the assessment area to the state and national unemployment rates.



As indicated in the chart, the unemployment rate in Ottawa County is significantly higher than the remaining counties, as well as state and national rates. In fact, in December 2012, Ottawa County had the fourth highest unemployment rate in Ohio.<sup>4</sup> A community contact from Ottawa County indicated that a significant number of jobs in Ottawa are based on tourism. During the economic recession, this job sector struggled and has been slow to recover.

The unemployment rate in Lucas County is also higher than the state average. According to a community contact from Lucas County, unemployment rates rose sharply in 2009 as a result of significant job losses in the automotive sector. The county has noticed a slow, but steady recovery from these losses.

### **Housing**

Based on 2010 U.S. Census data, there are 68,663 total housing units within the assessment area. Of these units, 65.3% are owner-occupied, 25.7% are rental units, and 9.0% are vacant. Single family units account for 74.9% of the units and two-to-four family units account for 8.4%. Approximately 81.0% of the housing units are located in middle- and upper-income census tracts, while only 19.0% of the housing units are located in low-to moderate income census tracts.

The median age of the housing stock in the assessment area is 48 years. However, there were notable differences in the median ages of each county represented in the assessment area. The median ages in Lucas and Sandusky Counties were 53 and 52 years, respectively, which are older than the median ages in Wood and Ottawa Counties at 39 and 36 years, respectively.

<sup>4</sup> <http://ohiolmi.com/laus/Ranking.pdf>

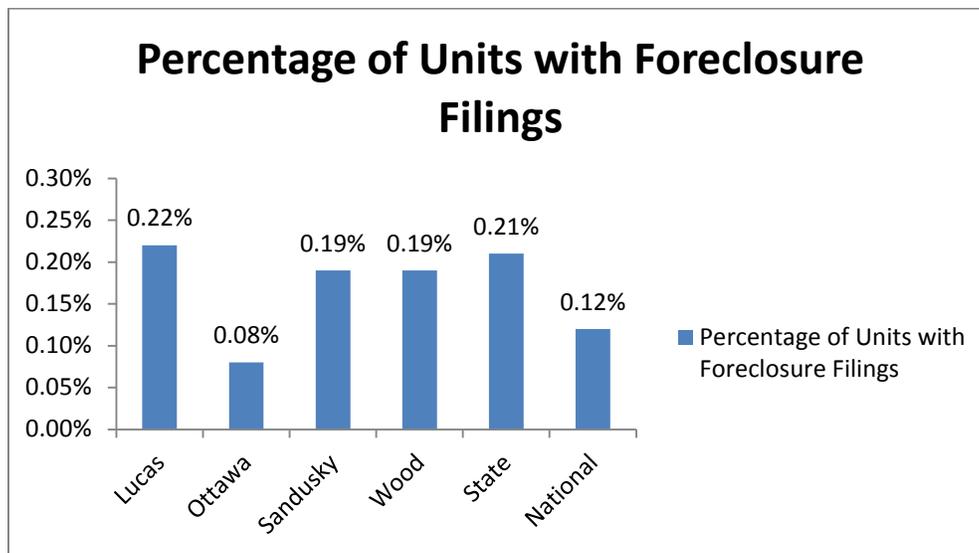
The age of the housing stock may indicate a need for home improvement loans rather than home purchase or refinance loans in some areas. According to a community contact in Ottawa County, the local Habitat for Humanity has determined a strong need for improving older homes in the area and will begin projects to rehabilitate existing homes in addition to building new homes.

The median housing value in the assessment area is \$139,543. Of the 43,680 owner-occupied housing units in the assessment area, approximately 71.4% are valued at \$100,000 or more and 44.0% are valued at \$150,000 or more.

Based on the median family income for the assessment area (\$62,403), about 39.4% of homes valued up to \$119,729 would be affordable for low-income individuals and 74.3% of homes valued up to \$191,566 would be affordable for moderate-income individuals. These percentages were calculated assuming a housing expense ratio of 28.0% of gross income for a 3.625% fixed rate, 30-year loan.

The median gross rent for the assessment area is \$647, which is lower than the median gross rent for Ohio, but slightly higher than the Toledo MSA and non-MSA Ohio.

According to RealtyTrac, an online database that tracks and provides foreclosure statistics, Ohio had the fifth highest foreclosure rate in the country in December 2012, with one in every 473 units receiving a foreclosure filing.<sup>5</sup> The following chart shows the foreclosure rates in each of the counties represented in the assessment area and compares them to state and national rates for December 2012.



As indicated in the chart, foreclosure rates for Lucas, Sandusky, and Wood Counties, as well as Ohio were well above national foreclosure rates. Conversely, the foreclosure rate for Ottawa County was below state and national averages.

<sup>5</sup> www.realtytrac.com

### Combined Demographics Report

Assessment Area(s): Genoa AA 2012

Income Categories	Tract Distribution		Families by Tract Income		Families < Poverty Level as % of Families by Tract		Families by Family Income	
	#	%	#	%	#	%	#	%
Low-income	4	10.8	3,915	9.6	1,625	41.5	7,700	18.9
Moderate-income	5	13.5	2,966	7.3	622	21.0	6,798	16.7
Middle-income	12	32.4	14,025	34.5	1,067	7.6	8,480	20.8
Upper-income	16	43.2	19,777	48.6	667	3.4	17,705	43.5
Unknown-income	0	0.0	0	0.0	0	0.0	0	0.0
<b>Total Assessment Area</b>	<b>37</b>	<b>100.0</b>	<b>40,683</b>	<b>100.0</b>	<b>3,981</b>	<b>9.8</b>	<b>40,683</b>	<b>100.0</b>
	<b>Housing Units by Tract</b>	<b>Housing Types by Tract</b>						
		<b>Owner-Occupied</b>			<b>Rental</b>		<b>Vacant</b>	
		#	%	%	#	%	#	%
Low-income	7,120	2,538	5.8	35.6	3,423	48.1	1,159	16.3
Moderate-income	5,803	2,783	6.4	48.0	2,345	40.4	675	11.6
Middle-income	23,641	16,173	37.0	68.4	5,043	21.3	2,425	10.3
Upper-income	30,299	22,186	50.8	73.2	6,364	21.0	1,749	5.8
Unknown-income	0	0	0.0	0.0	0	0.0	0	0.0
<b>Total Assessment Area</b>	<b>66,863</b>	<b>43,680</b>	<b>100.0</b>	<b>65.3</b>	<b>17,175</b>	<b>25.7</b>	<b>6,008</b>	<b>9.0</b>
	<b>Total Businesses by Tract</b>	<b>Businesses by Tract &amp; Revenue Size</b>						
		<b>Less Than or = \$1 Million</b>		<b>Over \$1 Million</b>		<b>Revenue Not Reported</b>		
		#	%	#	%	#	%	#
Low-income	0	0.0	0	0.0	0	0.0	0	0.0
Moderate-income	0	0.0	0	0.0	0	0.0	0	0.0
Middle-income	0	0.0	0	0.0	0	0.0	0	0.0
Upper-income	0	0.0	0	0.0	0	0.0	0	0.0
Unknown-income	0	0.0	0	0.0	0	0.0	0	0.0
<b>Total Assessment Area</b>	<b>0</b>	<b>.0</b>	<b>0</b>	<b>.0</b>	<b>0</b>	<b>.0</b>	<b>0</b>	<b>.0</b>
<b>Percentage of Total Businesses:</b>				<b>.0</b>		<b>.0</b>		<b>.0</b>
	<b>Total Farms by Tract</b>	<b>Farms by Tract &amp; Revenue Size</b>						
		<b>Less Than or = \$1 Million</b>		<b>Over \$1 Million</b>		<b>Revenue Not Reported</b>		
		#	%	#	%	#	%	#
Low-income	0	0.0	0	0.0	0	0.0	0	0.0
Moderate-income	0	0.0	0	0.0	0	0.0	0	0.0
Middle-income	0	0.0	0	0.0	0	0.0	0	0.0
Upper-income	0	0.0	0	0.0	0	0.0	0	0.0
Unknown-income	0	0.0	0	0.0	0	0.0	0	0.0
<b>Total Assessment Area</b>	<b>0</b>	<b>.0</b>	<b>0</b>	<b>.0</b>	<b>0</b>	<b>.0</b>	<b>0</b>	<b>.0</b>
<b>Percentage of Total Farms:</b>				<b>.0</b>		<b>.0</b>		<b>.0</b>

Based on 2011 D&B information according to 2010 ACS Boundaries.

## CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA

The bank is rated “Satisfactory” under the lending test.

### Loan-to-Deposit Ratio

A financial institution’s loan-to-deposit ratio compares the institution’s aggregate loan balances outstanding to its total deposits outstanding. The ratio is a measure of an institution’s lending volume relative to its capacity to lend and is derived by adding the quarterly loan-to-deposit ratios and dividing the total by the number of quarters.

The following table shows Genoa’s quarterly loan-to-deposit ratios for 21 quarters since the previous evaluation, along with the average loan-to-deposit ratio for the same period. It also shows similar information for Genoa’s national peer group and three local peer institutions.<sup>6</sup>

Genoa’s Quarterly Loan-to-Deposit Ratios					
As of Date	Bank Ratio	Peer Ratio	Waterford Bank <sup>7</sup>	National Bank <sup>8</sup>	Signature Bank <sup>9</sup>
December 31, 2012	86.32	72.03	72.77	92.59	88.88
September 30, 2012	85.62	72.50	74.10	91.75	91.89
June 30, 2012	85.51	72.81	78.26	88.27	89.05
March 31, 2012	83.97	71.92	74.68	90.69	88.74
December 31, 2011	84.90	73.89	77.15	90.21	89.81
September 30, 2011	82.79	74.44	72.38	87.47	88.24
June 30, 2011	83.12	74.99	74.17	85.67	89.18
March 31, 2011	79.34	74.88	75.02	85.29	84.48
December 31, 2010	85.87	76.71	75.15	84.14	87.65
September 30, 2010	82.25	77.77	73.57	82.00	91.41
June 30, 2010	84.20	78.75	72.85	83.68	91.44
March 31, 2010	86.28	79.33	86.73	82.58	94.89
December 31, 2009	87.32	81.08	90.61	87.74	95.08
September 30, 2009	89.61	82.60	83.36	80.53	92.34
June 30, 2009	87.33	83.71	83.90	78.59	88.43
March 31, 2009	84.34	84.26	80.26	84.29	88.49
December 31, 2008	85.36	86.95	79.57	87.14	95.64
September 30, 2008	86.17	87.35	74.71	85.10	97.05
June 30, 2008	82.71	86.84	85.07	84.72	94.48
March 31, 2008	83.88	85.30	89.07	88.20	95.55
December 31, 2007	93.43	85.47	69.55	87.06	97.80
<b>Quarterly Loan-to-Deposit Ratio Average since the previous examination</b>	<b>85.25</b>	<b>79.22</b>	<b>78.23</b>	<b>86.08</b>	<b>91.45</b>

<sup>6</sup> Genoa’s national peer group consists of all commercial banks having assets between \$100 and \$300 million in nonmetropolitan areas with three or more full service offices.

<sup>7</sup> Waterford Bank NA, Toledo, Ohio. Waterford’s peer group is insured commercial banks having assets between \$300 million and \$1 billion.

<sup>8</sup> National Bank of Ohio, Oak Harbor, Ohio. National is part of Genoa’s national peer group.

<sup>9</sup> Signature Bank, National Association, Toledo, Ohio. Signature’s peer group is insured commercial banks having assets between \$300 million and \$1 billion.

Genoa's loan-to-deposit ratio is reasonable given the bank's size, financial condition, and assessment area credit needs. The bank has averaged an 85.25% LTD over the past 21 quarters since the previous examination and is above the peer group average ratio of 79.22%. The loan-to-deposit ratio dropped significantly from 2007 and 2008 and has experienced slight fluctuations since that time.

### **Lending in the Assessment Area**

The table below depicts Genoa's volume of loans extended inside and outside of the assessment area.

Loan Type - Description	Inside				Outside				Total			
	#	%	\$(000s)	%	#	%	\$(000s)	%	#	%	\$(000s)	%
MV - Motor Vehicle	144	49.5	1,586	47.8	147	50.5	1,732	52.2	291	100.0	3,318	100.0
OS - Other - Secured	57	61.3	531	41.1	36	38.7	762	58.9	93	100.0	1,293	100.0
<b>Total Consumer related</b>	<b>201</b>	<b>52.3</b>	<b>2,116</b>	<b>45.9</b>	<b>183</b>	<b>47.7</b>	<b>2,495</b>	<b>54.1</b>	<b>384</b>	<b>100.0</b>	<b>4,611</b>	<b>100.0</b>
CV - Home Purchase - Conventional	38	60.3	3,401	45.8	25	39.7	4,024	54.2	63	100.0	7,425	100.0
HI - Home Improvement	11	78.6	283	38.5	3	21.4	452	61.5	14	100.0	735	100.0
RF - Refinancing	72	69.9	8,809	60.0	31	30.1	5,861	40.0	103	100.0	14,670	100.0
<b>Total HMDA related</b>	<b>121</b>	<b>67.2</b>	<b>12,493</b>	<b>54.7</b>	<b>59</b>	<b>32.8</b>	<b>10,337</b>	<b>45.3</b>	<b>180</b>	<b>100.0</b>	<b>22,830</b>	<b>100.0</b>
<b>TOTAL LOANS</b>	<b>322</b>	<b>57.1</b>	<b>14,609</b>	<b>53.2</b>	<b>242</b>	<b>42.9</b>	<b>12,832</b>	<b>46.8</b>	<b>564</b>	<b>100.0</b>	<b>27,441</b>	<b>100.0</b>

The table illustrates that a majority of the bank's loans by number and dollar amount were originated within the assessment area.

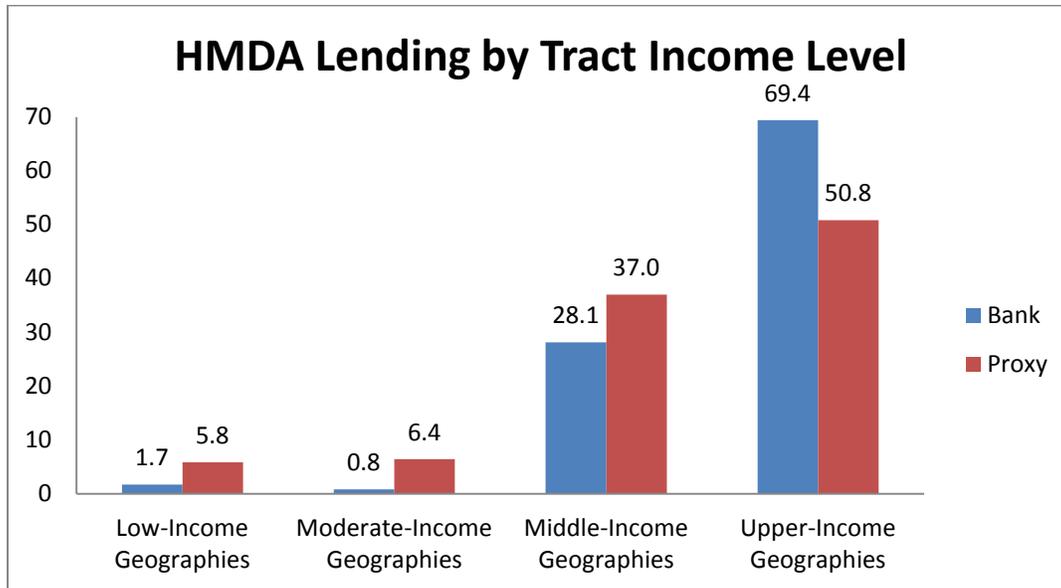
### **Geographic Distribution of Lending**

The geographic distribution of lending is poor.

#### ***HMDA Loans***

During the evaluation period, Genoa originated 121 HMDA loans within the assessment area, which included a combination of 38 home purchase loans, 72 refinance loans, and 11 home improvement loans. Of these 121 loans, two were in low-income census tracts, one was in a moderate-income census tract, 34 were in middle-income census tracts, and 84 were in upper-income census tracts.

The following table compares the percentage of loans originated by tract income levels to the demographics of the assessment area.



HMDA lending in low-income census tracts was significantly below the percentage of owner-occupied housing units in low-income census tracts. Similarly, lending in moderate-income census tracts was substantially below the proxy. In fact, overall HMDA lending in low- and moderate-income census tracts was less than 3.0%. Lending in middle-income census tracts was below the proxy, while lending in upper-income census tracts was above the proxy.

A number of factors could limit a bank's ability to extend mortgage loans in low- and moderate-income geographies. One key factor could be the bank's branching structure. All of the low- and moderate-income census tracts in the assessment area are located in Lucas County. The bank has one branch location in Lucas County which is located in a middle-income census tract.

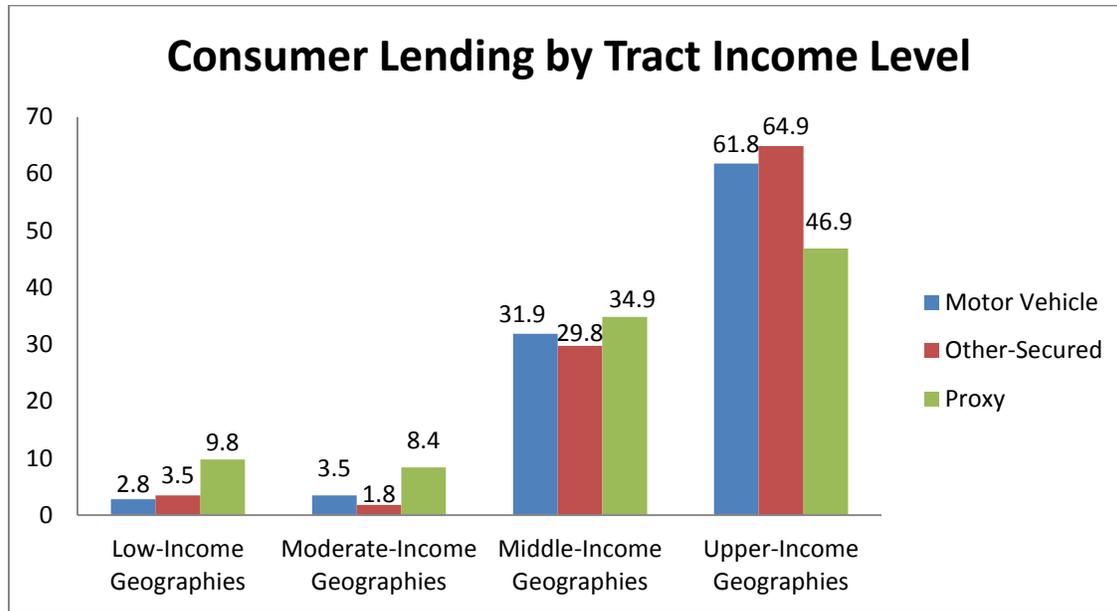
Further, the demographics of the assessment could explain disparities in lending to low- and moderate-income areas. In particular, the median age of housing stock in Lucas County is relatively old at 53 years. Older homes result in increased maintenance and upkeep costs for potential homebuyers, which may make homeownership a less attractive investment.

Although these factors can explain diminished levels of lending in low- and moderate-income tracts, Genoa's HMDA lending is still very low. In fact, only one HMDA loan was made in the five moderate-income census tracts in the assessment area. Therefore, the geographic distribution of HMDA loans is poor.

### ***Consumer Loans***

Genoa originated 201 consumer loans in the assessment area during the evaluation period, which included a combination of 144 motor vehicle loans and 57 other-secured loans. Of these 201 loans, six were in low-income census tracts, six were in moderate-income census tracts, 63 were in middle-income census tracts, and 126 were in upper-income tracts.

The following table compares the percentage of loans originated by tract income levels to the demographics of the assessment area.



As the chart illustrates, motor vehicle and other-secured lending in low-income tracts was substantially below the percentage of households in low-income tracts. Motor vehicle lending in moderate-income tracts was also below the proxy and other-secured lending in moderate-income tracts was especially low. Lending for both products was slightly below the proxy in middle-income census tracts, while lending in upper-income census tracts was significantly above the proxy. While the bank’s branching structure and demographics of the assessment area may account for reduced lending in these geographies, lending levels in low- and moderate-income areas are quite low. Therefore, the geographic distribution of consumer loans is poor.

There were slight lending gaps within the assessment area. Four census tracts had no lending activity. Of these four, two were moderate-income, one was middle-income, and one was upper income.

Further, the overall lending activity in low and moderate-income census tracts was minimal. The following chart depicts the total loans originated for each tract income level and the number and percentage of tracts in the assessment area by income level.

Total Loans Originated in the Assessment Area by Tract Income Level					
Income Level	Low-Income	Moderate-Income	Middle-Income	Upper-Income	Total
# (%) of Tracts in the Assessment Area	4 (10.8%)	5 (13.5%)	12 (32.4%)	16 (43.2%)	<b>37</b>
# (%) of Total Originated Loans	8 (2.5%)	7 (2.2%)	97 (30.1%)	210 (65.2%)	<b>322</b>

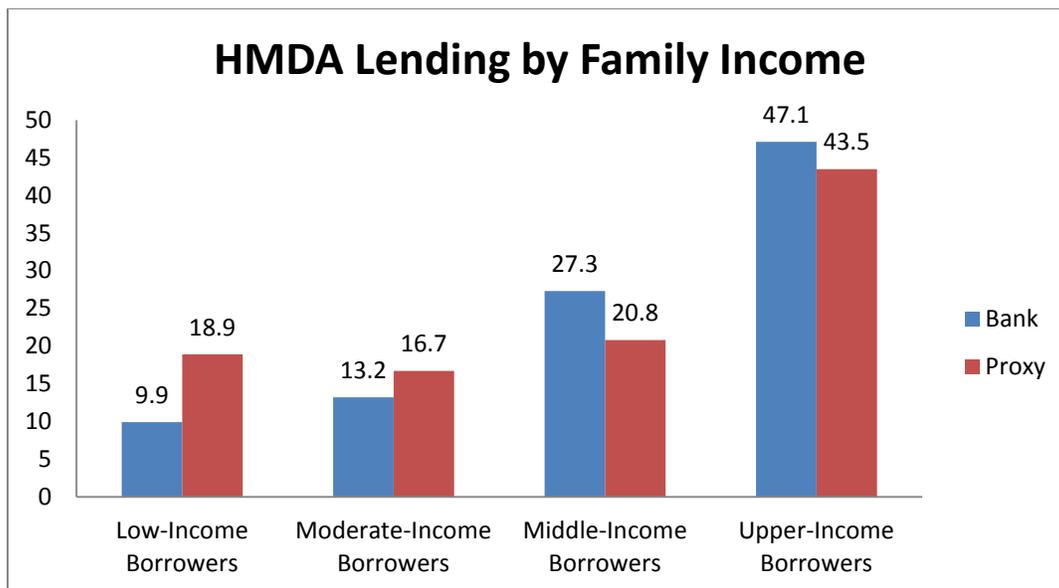
As the chart illustrates, low- and moderate- income census tracts account for approximately 24.0% of the tracts in the assessment area, but less than 5.0% of loans were originated in these tracts. Due to the low penetration of HMDA and consumer lending in low- and moderate-income geographies, the overall geographic distribution of loans is poor. Refer to the tables in Appendix B for further information.

## **Borrower Distribution of Lending**

The borrower distribution of lending is reasonable.

### ***HMDA Loans***

Of the 121 HMDA loans originated in the assessment area during the evaluation period, 12 were to low-income borrowers, 16 were to moderate-income borrowers, 33 were to middle-income borrowers, and 57 were to upper-income borrower. Three loans were made to borrowers with unknown incomes. The following chart compares the percentage of loans originated by family income to the demographics of the assessment area.



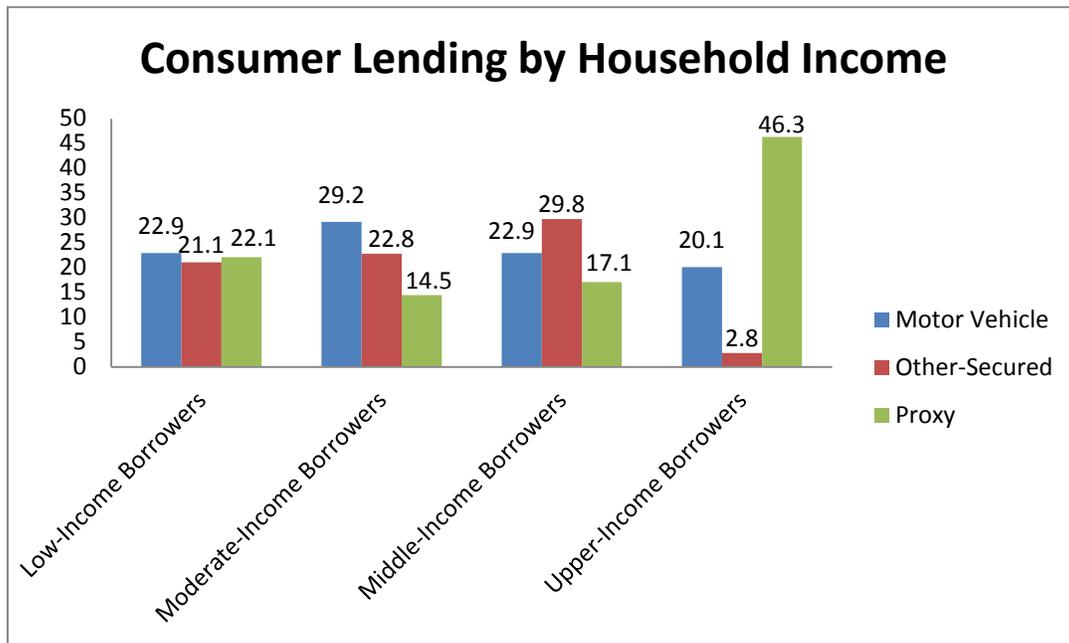
HMDA lending to low- and moderate-income borrowers was below the percentage of low- and moderate- income families in the assessment area. Conversely, HMDA lending to middle- and upper-income borrowers exceeded the proxies.

Although HMDA lending to low- and moderate-income borrowers was below the proxy, there are several factors that could contribute to a bank's inability to make home mortgage loans to low- and moderate-income individuals. Specifically, job losses and unemployment rates in the assessment area make it difficult for some individuals to qualify for mortgage loans. As previously noted, Ottawa County (the location of the main office, two branch offices, and the loan production office) has unemployment rates well above the state and national averages.

Furthermore, only 39.4% of the housing stock in the assessment area would be affordable for low-income individuals. Lastly, almost 10.0% of the families in the assessment area are below the poverty level. Many of these families are likely to be low- or moderate-income and possibly unable to qualify for residential mortgage loans. Considering these factors, the borrower distribution of HMDA loans is reasonable.

**Consumer Loans**

Of the 201 consumer loans originated in the assessment area during the evaluation period, 45 were to low-income borrowers, 55 were to moderate-income borrowers, 50 were to middle-income borrowers, and 39 were to upper-income borrowers. Twelve loans were made to borrowers with unknown incomes. The following chart compares the percentage of loans originated by household income to the demographics of the assessment area.



The chart shows that motor vehicle lending to low-income borrowers exceeded the percentage of low-income households in the assessment area, while other-secured lending was fairly consistent with the proxy. Consumer lending to moderate- and middle-income borrowers exceeded the proxies. Consumer lending to upper-income borrowers was substantially below the proxy. Due to the significant percentage of loans to low- and moderate-income borrowers, the borrower distribution of consumer loans is excellent.

Given the bank’s level of lending to borrowers of different income levels, the overall borrower distribution of loans is reasonable. Refer to the tables in Appendix B for further information.

**Community Development Activities**

Although Genoa is evaluated under the small bank performance test for CRA, the bank requested to have their community development activities considered. Since the previous examination in 2007, Genoa made four community development loans totaling approximately \$2.7 million. Two loans were to an organization that provides affordable housing options to low-income families. One loan was to an organization that provides community services to low- and moderate income individuals and the remaining loan was to an entity that promotes economic development in the assessment area.

The bank also made various donations to entities that assist low- and moderate-income individuals and promote economic development and bank employees offered financial expertise to local organizations that provided community development services including: Oak House of Port Clinton; Ottawa County Improvement Corporation; Oregon Economic Development Foundation; Wood County Economic Development Commission; Ottawa County Community Development Committee; and the Wood County Alcohol, Drug Addiction, and Mental Health Services Board.

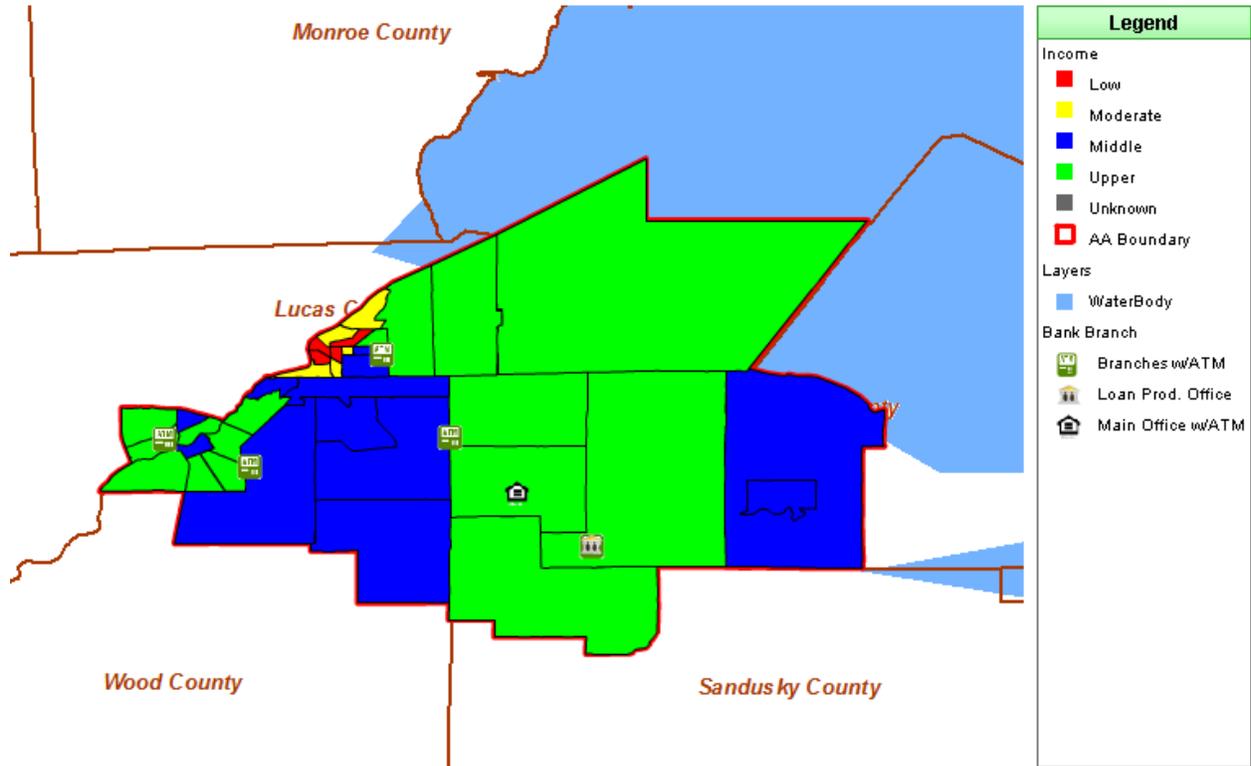
### **Response to Consumer Complaints**

There were no CRA- related complaints filed against Genoa during this evaluation period.

### **Fair Lending or Other Illegal Credit Practices Review**

No evidence of discriminatory or other illegal practices was noted during this evaluation.

### APPENDIX A ASSESSMENT AREA MAP



**APPENDIX B**  
**LENDING TABLES**

**HMDA Loan Distribution Table**

Exam: Genoa Banking Company

Assessment Area/Group :Genoa AA 2012

Income Categories	HMDA							
	By Tract Income				By Borrower Income			
	#	%	\$(000s)	%	#	%	\$(000s)	%
	<b>Home Purchase</b>							
Low	1	2.6%	16	0.5%	4	10.5%	130	3.8%
Moderate	0	0.0%	0	0.0%	9	23.7%	456	13.4%
Low/Moderate Total	1	2.6%	16	0.5%	13	34.2%	586	17.2%
Middle	14	36.8%	1,158	34.0%	11	28.9%	1,028	30.2%
Upper	23	60.5%	2,227	65.5%	11	28.9%	1,567	46.1%
Unknown	0	0.0%	0	0.0%	3	7.9%	220	6.5%
Tract Unknown	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Total	38	100.0%	3,401	100.0%	38	100.0%	3,401	100.0%
	<b>Refinance</b>							
Low	0	0.0%	0	0.0%	5	6.9%	341	3.9%
Moderate	1	1.4%	58	0.7%	6	8.3%	409	4.6%
Low/Moderate Total	1	1.4%	58	0.7%	11	15.3%	750	8.5%
Middle	19	26.4%	2,202	25.0%	16	22.2%	1,851	21.0%
Upper	52	72.2%	6,549	74.3%	45	62.5%	6,208	70.5%
Unknown	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Tract Unknown	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Total	72	100.0%	8,809	100.0%	72	100.0%	8,809	100.0%
	<b>Home Improvement</b>							
Low	1	9.1%	11	3.9%	3	27.3%	17	6.0%
Moderate	0	0.0%	0	0.0%	1	9.1%	4	1.4%
Low/Moderate Total	1	9.1%	11	3.9%	4	36.4%	21	7.4%
Middle	1	9.1%	5	1.8%	6	54.5%	222	78.4%
Upper	9	81.8%	267	94.3%	1	9.1%	40	14.1%
Unknown	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Tract Unknown	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Total	11	100.0%	283	100.0%	11	100.0%	283	100.0%
	<b>Multi-Family</b>							
Low	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Moderate	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Low/Moderate Total	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Middle	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Upper	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Unknown	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Tract Unknown	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Total	0	0.0%	0	0.0%	0	0.0%	0	0.0%
	<b>HMDA Totals</b>							
Low	2	1.7%	27	0.2%	12	9.9%	488	3.9%
Moderate	1	0.8%	58	0.5%	16	13.2%	869	7.0%
Low/Moderate Total	3	2.5%	85	0.7%	28	23.1%	1,357	10.9%
Middle	34	28.1%	3,365	26.9%	33	27.3%	3,101	24.8%
Upper	84	69.4%	9,043	72.4%	57	47.1%	7,815	62.6%
Unknown	0	0.0%	0	0.0%	3	2.5%	220	1.8%
Tract Unknown	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Total	121	100.0%	12,493	100.0%	121	100.0%	12,493	100.0%

\*Information based on 2010 ACS data

**Consumer Loan Distribution Table**

Exam: Genoa Banking Company

Assessment Area/Group :Genoa AA 2012

	CONSUMER LOANS							
	By Tract Income				By Borrower Income			
	#	%	\$(000s)	%	#	%	\$(000s)	%
	<b>Motor Vehicle</b>							
Low	4	2.8%	31	1.9%	33	22.9%	311	19.6%
Moderate	5	3.5%	29	1.8%	42	29.2%	383	24.2%
Low/Moderate Total	9	6.3%	60	3.8%	75	52.1%	694	43.8%
Middle	46	31.9%	546	34.4%	33	22.9%	369	23.3%
Upper	89	61.8%	980	61.8%	29	20.1%	408	25.8%
Unknown	0	0.0%	0	0.0%	7	4.9%	115	7.3%
Tract Unknown	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Total	144	100.0%	1,586	100.0%	144	100.0%	1,586	100.0%
	<b>Other - Secured</b>							
Low	2	3.5%	2	0.3%	12	21.1%	58	11.0%
Moderate	1	1.8%	5	0.9%	13	22.8%	95	18.0%
Low/Moderate Total	3	5.3%	7	1.2%	25	43.9%	154	29.0%
Middle	17	29.8%	233	44.0%	17	29.8%	157	29.5%
Upper	37	64.9%	291	54.8%	10	17.5%	169	31.9%
Unknown	0	0.0%	0	0.0%	5	8.8%	52	9.7%
Tract Unknown	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Total	57	100.0%	531	100.0%	57	100.0%	531	100.2%
	<b>Consumer Loan Totals</b>							
Low	6	3.0%	32	1.5%	45	22.4%	369	17.5%
Moderate	6	3.0%	34	1.6%	55	27.4%	478	22.6%
Low/Moderate Total	12	6.0%	66	3.1%	100	49.8%	847	40.1%
Middle	63	31.3%	779	36.8%	50	24.9%	525	24.8%
Upper	126	62.7%	1,271	60.1%	39	19.4%	577	27.3%
Unknown	0	0.0%	0	0.0%	12	6.0%	166	7.9%
Tract Unknown	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Total	201	100.0%	2,116	100.0%	201	100.0%	2,116	100.0%

## APPENDIX C

### GLOSSARY OF TERMS

**Aggregate lending:** The number of loans originated and purchased by all reporting lenders in specified income categories as a percentage of the aggregate number of loans originated and purchased by all reporting lenders in the metropolitan area/assessment area.

**Census tract:** A small subdivision of metropolitan and other densely populated counties. Census tract boundaries do not cross county lines; however, they may cross the boundaries of metropolitan statistical areas. Census tracts usually have between 2,500 and 8,000 persons, and their physical size varies widely depending upon population density. Census tracts are designed to be homogeneous with respect to population characteristics, economic status, and living conditions to allow for statistical comparisons.

**Community development:** All Agencies have adopted the following language. Affordable housing (including multifamily rental housing) for low- or moderate-income individuals; community services targeted to low- or moderate-income individuals; activities that promote economic development by financing businesses or farms that meet the size eligibility standards of the Small Business Administration's Development Company or Small Business Investment Company programs (13 CFR 121.301) or have gross annual revenues of \$1 million or less; or, activities that revitalize or stabilize low- or moderate-income geographies.

Effective September 1, 2005, the Board of Governors of the Federal Reserve System, Office of the Comptroller of the Currency, and the Federal Deposit Insurance Corporation have adopted the following additional language as part of the revitalize or stabilize definition of community development. Activities that revitalize or stabilize:

- (i) Low-or moderate-income geographies;
- (ii) Designated disaster areas; or,
- (iii) Distressed or underserved nonmetropolitan middle-income geographies designated by the Board, Federal Deposit Insurance Corporation, and Office of the Comptroller of the Currency, based on:
  - a. Rates of poverty, unemployment, and population loss; or
  - b. Population size, density, and dispersion. Activities that revitalize and stabilize geographies designated based on population size, density, and dispersion if they help to meet essential community needs, including needs of low- and moderate-income individuals.

**Consumer loan(s):** A loan(s) to one or more individuals for household, family, or other personal expenditures. A consumer loan does not include a home mortgage, small business, or small farm loan. This definition includes the following categories: motor vehicle loans, credit card loans, home equity loans, other secured consumer loans, and other unsecured consumer loans.

**Family:** Includes a householder and one or more other persons living in the same household who are related to the householder by birth, marriage, or adoption. The number of family households always equals the number of families; however, a family household may also include non-relatives living with the family. Families are classified by type as either a married-couple family or other family, which is further classified into ‘male householder’ (a family with a male householder and no wife present) or ‘female householder’ (a family with a female householder and no husband present).

**Full-scope review:** Performance under the Lending, Investment, and Service Tests is analyzed considering performance context, quantitative factors (for example, geographic distribution, borrower distribution, and total number and dollar amount of investments), and qualitative factors (for example, innovativeness, complexity, and responsiveness).

**Geography:** A census tract delineated by the United States Bureau of the Census in the most recent decennial census.

**Home Mortgage Disclosure Act (HMDA):** The 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 applications, the amount of loan requested, and the disposition of the application (for example, approved, denied, and withdrawn).

**Home mortgage loans:** Includes home purchase and home improvement loans as defined in the HMDA regulation. This definition also includes multifamily (five or more families) dwelling loans, loans for the purchase of manufactured homes and refinancings of home improvement and home purchase loans.

**Household:** Includes all persons occupying a housing unit. Persons not living in households are classified as living in group quarters. In 100 percent tabulations, the count of households always equals the count of occupied housing units.

**Limited-scope review:** Performance under the Lending, Investment, and Service Tests is analyzed using only quantitative factors (for example, geographic distribution, borrower distribution, total number and dollar amount of investments, and branch distribution).

**Low-income:** Individual income that is less than 50 percent of the area median income, or a median family income that is less than 50 percent, in the case of a geography.

**Market share:** The number of loans originated and purchased by the institution as a percentage of the aggregate number of loans originated and purchased by all reporting lenders in the metropolitan area/assessment area.

**Metropolitan area (MA):** A metropolitan statistical area (MSA) or a metropolitan division (MD) as defined by the Office of Management and Budget. A MSA is a core area containing at least one urbanized area of 50,000 or more inhabitants, together with adjacent communities having a high degree of economic and social integration with that core. A MD is a division of a MSA based on specific criteria including commuting patterns. Only a MSA that has a population of at least 2.5 million may be divided into MDs.

**Middle-income:** Individual income that is at least 80 percent and less than 120 percent of the area median income, or a median family income that is at least 80 percent and less than 120 percent, in the case of a geography.

**Moderate-income:** Individual income that is at least 50 percent and less than 80 percent of the area median income, or a median family income that is at least 50 percent and less than 80 percent, in the case of a geography.

**Multifamily:** Refers to a residential structure that contains five or more units.

**Other products:** Includes any unreported optional category of loans for which the institution collects and maintains data for consideration during a CRA examination. Examples of such activity include consumer loans and other loan data an institution may provide concerning its lending performance.

**Owner-occupied units:** Includes units occupied by the owner or co-owner, even if the unit has not been fully paid for or is mortgaged.

**Qualified investment:** A qualified investment is defined as any lawful investment, deposit, membership share, or grant that has as its primary purpose community development.

**Rated area:** A rated area is a state or multistate metropolitan area. For an institution with domestic branches in only one state, the institution's CRA rating would be the state rating. If an institution maintains domestic branches in more than one state, the institution will receive a rating for each state in which those branches are located. If an institution maintains domestic branches in two or more states within a multistate metropolitan area, the institution will receive a rating for the multistate metropolitan area.

**Small loan(s) to business(es):** A loan included in 'loans to small businesses' as defined in the Consolidated Report of Condition and Income (Call Report) and the Thrift Financial Reporting (TFR) instructions. These loans have original amounts of \$1 million or less and typically are either secured by nonfarm or nonresidential real estate or are classified as commercial and industrial loans. However, thrift institutions may also exercise the option to report loans secured by nonfarm residential real estate as "small business loans" if the loans are reported on the TFR as nonmortgage, commercial loans.

**Small loan(s) to farm(s):** A loan included in ‘loans to small farms’ as defined in the instructions for preparation of the Consolidated Report of Condition and Income (Call Report). These loans have original amounts of \$500,000 or less and are either secured by farmland, or are classified as loans to finance agricultural production and other loans to farmers.

**Upper-income:** Individual income that is more than 120 percent of the area median income, or a median family income that is more than 120 percent, in the case of a geography.