



SMALL BANK

Comptroller of the Currency
Administrator of National Banks

Washington, DC 20219

PUBLIC DISCLOSURE

December 01, 2003

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

**First National Bank
Charter Number 13742**

**112 W. Market Street
P. O. Box 57
Orrville, OH 44667**

**Comptroller of the Currency
ADC-Northern Ohio
3 Summit Park Drive Summit Office Park, Suite 530
Independence, OH 44131**

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.

INSTITUTION'S CRA RATING -This institution is rated Satisfactory.

The major factors that support this rating include:

- A reasonable net loan-to-deposit ratio.
- A majority of loans were originated within the assessment area.
- A good level of home mortgage loans to borrowers of different income levels.

DESCRIPTION OF INSTITUTION

First National Bank (FNB) is located in Orrville, Ohio. FNB is a wholly owned subsidiary of National Bancshares Corporation, a one-bank holding company, also located in Orrville, Ohio. As of December 31, 2002, average assets for National Bancshares Corporation were \$295 million and FNB total assets were \$284 million. In addition to the main office located in Orrville, the bank has twelve full service branch offices, one check-cashing facility, and thirteen network ATMs. These ATMs are available 24 hours a day and are located at each full service branch office. The Marketplace office has two ATMs: One inside the Wal-Mart Store, and one outside Wal-Mart. Both ATMs are 24-hour accessible.

Since the last CRA exam the bank has opened the Cleveland Road Office in April of 1999, and in April of 2002, the bank purchased and merged with Peoples Federal Savings & Loan, which consisted of three offices in Massillon, Ohio. This merger increased the assets of the bank over the \$250 million threshold, which is the threshold within the CRA regulation to be evaluated under large bank criteria. However, also under the CRA regulations, the bank has two consecutive years from the time total assets reach \$250 million to be evaluated under community bank regulations. Our next CRA examination will be conducted using large bank examination procedures.

FNB offers a full range of banking products and services. As of December 31, 2002, FNB had \$284 million in assets. Loans represented 67% of total assets. The distribution of FNB's loan portfolio was as follows: Real Estate Loans (84%); Commercial and Industrial Loans (11%); Loans to Individuals (3%); the remaining (2%) was comprised of multiple other loan categories.

Residential real estate is the bank's primary lending product. The bank's real estate loan mix primarily consisted of 1-4 family residential (79%), Home Equity Loans (7%) and other real estate loans (14%).

There are no financial or legal impediments that could prevent the bank from meeting its community credit needs.

The last CRA Performance evaluation for this institution was as of November 1998.

DESCRIPTION OF ASSESSMENT AREAS:

FNB has three assessment areas (AA). One contains geographies located in a Non-MSA, one contains geographies in the Stark County MSA #1320, and one contains geographies located in the Cleveland MSA #1680. All three AAs meet the requirements of the regulations and do not arbitrarily exclude any low-or moderate-income areas. The AAs are contiguous. Since the majority of the banks AA is in the Non-MSA (32 geographies) and MSA 1320 (18 geographies), we are putting more weight on these 2 areas rather than the Cleveland MSA #1680 (3 geographies).

Non-MSA – Wayne County

This AA consists of 32 geographies. All geographies are located in Wayne County. Within the AA, there are no low-income geographies, one moderate-income geography (3% of the geographies), twenty-three middle-income geographies (72% of geographies), and eight upper-income geographies (25% of geographies).

Competitors in the AA include local community and large regional banks as well as local thrifts. The banks major competitors in the AA are Wayne County National Bank, Wooster, and FirstMerit Bank, N.A., headquartered in Akron, Ohio.

The unemployment rate as of December 2002 for Wayne County is 4.7%. This is slightly lower than the Ohio state unemployment rate of 5.7% and the national rate of 5.8%. Over the length of the evaluation period, unemployment trends have steadily increased from 3.3% in 1999 to 4.7% in 2002. Historically, Wayne County economy is manufacturing oriented, with education services secondary. Bosch Rexroth Corp is the major employer in the county, followed by the College of Wooster, and the JM Smucker Co. The city of Wooster is the largest city of the county followed by Orrville and Chippewa Township.

The HUD 2002 adjusted median family income in the AA is \$48,700. The 1990 census bureau lists the assessment area population 101,461 persons, which comprises 27,082 families. Of these families, 14.45% in the AA are low-income, 17.23% of the families are moderate-income, 25.86% of the families are middle-income, and 42.46% are upper-income. In addition, approximately 10% of the households are below poverty level with 5% relying on public assistance. Twenty-four percent of the household income is derived from social security. Housing units consist of 68% owner-occupied. The housing units are primarily one-to-four family with a median housing value of \$65,357.

We made one contact with a local government agency within the community to discuss the community credit needs.

The following credit and non-credit related needs were identified in this AA:

- Affordable housing (i.e. single family rental, multifamily rental, homeownership) for low- and moderate-income individuals.
- Funds for rehabilitation for low- and moderate-income individuals.

- Small business working capital loans to existing and start-up businesses in amounts of \$100 thousand and less. Technical assistance to new and existing small businesses was also identified as a need.
- Social services to low- and moderate-income families, including counseling and job training, food donation, health care services and health care housing for low- to moderate-income seniors.

Canton-Massillon MSA #1320 – Stark County

This AA consists of 18 geographies which are located Stark County. Stark County is included in the Canton-Massillon MSA. Within the AA, there are no low-income geographies, four moderate-income geographies (22% of the geographies), twelve middle-income geographies (67% of geographies), and two upper-income geographies (11% of geographies).

Competitors in the AA include local community and large regional banks as well as local thrifts. The banks major competitor in the AA is FirstMerit Bank, N.A., headquartered in Akron, Ohio.

The unemployment rate as of December 2002 for Stark County is 5.5%. This is slightly lower than the Ohio state unemployment rate of 5.7% and the national rate of 5.8%. Over the length of the evaluation period, unemployment trends have steadily increased from 4.1% in 1999 to 5.5% in 2002. Major employers include Alliance Community Hospital, Canton Board of Education, Diebold Inc., HJ Heinz Co., and Maytag Corp./Hoover Co. The city of Canton is the largest city of the county followed by Massillon.

The HUD 2002 adjusted median family income in the AA is \$51,900. The 1990 census bureau lists the assessment area population 96,065 persons, which comprises 27,123 families. Of these families, 15.07% in the AA are low-income, 17.87% of the families are moderate-income, 25.50% of the families are middle-income, and 41.56% are upper-income. In addition, approximately 9% of the households are below poverty level with 6% relying on public assistance. Twenty-six percent of the household income is derived from social security. Housing units consist of 71% owner-occupied. The housing units are primarily one-to-four family with a median housing value of \$59,657.

We made one contact with a local government agency within the community to discuss the community credit needs.

The following credit and non-credit related needs were identified in this AA:

- Affordable housing (i.e. single family rental, multifamily rental, homeownership) for low- and moderate-income individuals.
- Funds for rehabilitation for low- and moderate-income individuals.
- Small business working capital loans to existing and start-up businesses in amounts of \$100 thousand and less. Technical assistance to new and existing small businesses was also identified as a need.
- Funds for small businesses to provide training for employees in the technology fields.

Cleveland MSA #1680 – Medina County

This AA consists of three geographies located Medina County. Medina County is included in the Cleveland MSA. Within the AA, there are no low- or moderate-income geographies, three middle-income geographies (100% of geographies), and no upper-income geographies.

Competitors in the AA include local community and large regional banks as well as local thrifts. The banks major competitors in the AA are Key Bank, which is headquartered in Cleveland, and FirstMerit Bank, N.A., headquartered in Akron, Ohio.

The unemployment rate as of December 2002 for Medina County is 5.3%. This is slightly lower than the Ohio state unemployment rate of 5.7% and the national rate of 5.8%. Over the length of the evaluation period, unemployment trends have steadily increased from 3.3% in 1999 to 5.3% in 2002. Historically, Medina County economy is government oriented, with health services secondary. Brunswick City Board of Education and Medina City Board of Education are the major employers in the county, followed by the Medina County government, and the Medina General Hospital. The city of Brunswick is the largest city of the county followed by Medina and Wadsworth.

The HUD 2002 adjusted median family income in the AA is \$60,000. The 1990 census bureau lists the assessment area population 8,170 persons, which comprises 2,259 families. Of these families, 14.12% in the AA are low-income, 21.91% of the families are moderate-income, 26.38% of the families are middle-income, and 37.59% are upper-income. In addition, approximately 8% of the households are below poverty level with 7% relying on public assistance. Twenty-three percent of the household income is derived from social security. Housing units consist of 74% owner-occupied. The housing units are primarily one-to-four family with a median housing value of \$70,852.

We made one contact with a local government agency within the community to discuss the community credit needs.

The following credit and non-credit related needs were identified in this AA:

- Affordable housing (i.e. single family rental, multifamily rental, homeownership) for low- and moderate-income individuals.
- Funds for rehabilitation for low- and moderate-income individuals.
- Small business working capital loans to existing and start-up businesses in amounts of \$100 thousand and less. Technical assistance to new and existing small businesses was also identified as a need.
- Social services to low- and moderate-income families, including counseling and job training, food donation, health care services and health care housing for low- to moderate-income seniors.

CONCLUSIONS ABOUT PERFORMANCE CRITERIA

As the bank is a HMDA reporter, our conclusions are based on all reportable home mortgage loans originated by the bank during the evaluation period. Therefore, the Public Evaluation covers the banks lending activity of all home mortgage loans originated during the period of January 1999 through December 2002.

Loan-to-Deposit Ratio

FNB's loan-to-deposit ratio is reasonable and it meets the standards for satisfactory performance. The bank's average quarterly net loan-to-deposit ratio for the period January 1, 1999 through December 31, 2002 is 74.46%. The banks loan-to-deposit ratio has steadily increased each quarter from first quarter 1999 (58.96%) to year-end 2002 (79.43%). This increase has been impacted by acquisition and branch expansion. The bank's loan-to-deposit ratio is consistent with the performance of similar sized institutions. In comparison, its state peer group of banks of similar size is 80.44%.

Lending in Assessment Area

Our rating is based on the total number of loans reviewed that were made in the assessment area. FNB's record of lending in the assessment area is good. A majority of the loans originated by the bank were located within the AA. The following table details the bank home mortgage lending within the assessment area by number of loan originations and dollar volume since its last CRA evaluation.

Record of Lending within All Assessment Area								
	Within Assessment Area				Outside Assessment Area			
	#	%	\$	%	#	%	\$	%
Home Mortgage	845	89%	71,872	88%	109	11%	9,904	12%
Purchase	296	90%	25,668	90%	32	10%	2,940	10%
Refinance	510	89%	44,857	87%	66	11%	6,577	13%
Home Improvement	39	76%	1,347	78%	11	24%	387	22%
Total Loans	845	89%	71,872	88%	109	11%	9,904	12%

Lending to Borrowers of Different Incomes

FNB's overall lending to borrowers of different income levels is satisfactory and reflects good penetration.

The bank's distribution of home mortgage loans in the Wayne County AA reflects good penetration and meets the standards for satisfactory performance. Although the bank's percentages of purchase loans and refinance loans for low-income borrowers and the percentage of refinance loans for moderate-income borrowers is less than the distribution of percentage of families, this is acceptable given the high poverty rate in the AA. The bank's percentage of

home improvement loans for low-income borrowers and the percentages of purchase loans and home improvement loans for moderate-income borrowers exceed the distribution of percentage of families. The bank's percentage of refinance loans for low-income borrowers exceed the distribution of percentage of families. Lending opportunities to low- and- moderate-income borrowers in these geographies is considered moderate.

Borrower Distribution of Purchase Loans in Non-MSA Wayne County					
	Purchase Loans				Percentage of Families in AA
	# of Loans	% of Loans	\$ of Loans	% of Loans	
Low	17	6.61%	\$1,089	4.73%	14.45%
Moderate	68	26.46%	\$4,868	21.15%	17.23%
Middle	82	31.91%	\$7,342	31.90%	25.86%
Upper	84	32.68%	\$9,179	39.89%	42.46%
N/A	6	2.34%	\$535	2.33%	

*The N/A category consists of geographies that have not been assigned an income classification

Borrower Distribution of Refinance Loans in Non-MSA Wayne County					
	Refinance Loans				Percentage of Families in AA
	# of Loans	% of Loans	\$ of Loans	% of Loans	
Low	19	4.70%	\$868	2.43%	14.45%
Moderate	57	14.11%	\$3,621	10.14%	17.23%
Middle	134	33.17%	\$10,984	30.77%	25.86%
Upper	174	43.07%	\$18,484	51.78%	42.46%
N/A	20	4.95%	\$1,737	4.88%	

*The N/A category consists of geographies that have not been assigned an income classification

Borrower Distribution of Home Improvement Loans in Non-MSA Wayne County					
	Home Improvement Loans				Percentage of Families in AA
	# of Loans	% of Loans	\$ of Loans	% of Loans	
Low	6	17.14%	\$125	10.11%	14.45%
Moderate	9	25.71%	\$167	13.51%	17.23%
Middle	11	31.43%	\$329	26.62%	25.86%
Upper	8	22.86%	\$503	40.70%	42.46%
N/A	1	2.86%	\$112	9.06%	

*The N/A category consists of geographies that have not been assigned an income classification

The bank's distribution of home mortgage loans in the Stark County AA reflects satisfactory penetration and meets the standards for satisfactory performance. The bank's percentage of purchase loans to both low- and moderate-income borrowers exceeds the distribution of

percentage of families. In addition, the bank's percentage of refinanced loans to moderate-income borrowers exceeds the distribution of percentage of families. The bank's percentage of refinance loans for low-income borrowers is less than the distribution of percentage of families. Although the bank's percentage of home improvement loans for low- and moderate-income borrowers is less than the distribution of percentage of families, this performance is adequate given the competition from other banks in this AA is high with FirstMerit Bank, the leading competitor, dominating the market for home improvement loans.

Borrower Distribution of Purchase Loans in Stark County					
	Purchase Loans				Percentage of Families in AA
	# of Loans	% of Loans	\$ of Loans	% of Loans	
Low	5	16.13%	\$270	11.62%	15.07%
Moderate	12	38.71%	\$817	35.17%	17.87%
Middle	6	19.35%	\$384	16.53%	25.50%
Upper	8	25.81%	\$852	36.68%	41.56%

*The N/A category consists of geographies that have not been assigned an income classification

Borrower Distribution of Refinance Loans in Stark County					
	Refinance Loans				Percentage of Families in AA
	# of Loans	% of Loans	\$ of Loans	% of Loans	
Low	1	1.32%	\$22	.33%	15.07%
Moderate	18	23.68%	\$1,063	16.13%	17.87%
Middle	26	34.21%	\$1,967	29.85%	25.50%
Upper	29	38.16%	\$3,304	50.14%	41.56%
N/A	2	2.63%	\$233	3.55%	

*The N/A category consists of geographies that have not been assigned an income classification

Borrower Distribution of Home Improvement Loans in Stark County					
	Home Improvement Loans				Percentage of Families in AA
	# of Loans	% of Loans	\$ of Loans	% of Loans	
Low	0	0%	\$0	0%	15.07%
Moderate	0	0%	\$0	0%	17.87%
Middle	1	50.00%	\$82	94.25%	25.50%
Upper	1	50.00%	\$5	5.75%	41.56%

The bank's distribution of home mortgage loans in the Medina County MSA reflects satisfactory penetration and meets the standards for satisfactory performance. The bank's percentage of home improvement loans to low- income borrowers significantly exceeds the distribution of percentage of families. In addition, the bank's percentage of purchase and refinanced loans to moderate-income borrowers also exceeds the distribution of percentage of families. The bank's percentage of purchase loans and refinance loans for low-income borrowers and the percentage

of home improvement for moderate-income borrowers is less than the distribution of percentage of families.

Borrower Distribution of Purchase Loans in Medina County					
	Purchase Loans				Percentage of Families in AA
	# of Loans	% of Loans	\$ of Loans	% of Loans	
Low	0	0%	\$0	0%	14.12%
Moderate	2	50.00%	\$92	27.71%	21.91%
Middle	1	25.00%	\$130	39.16%	26.38%
Upper	1	25.00%	\$110	33.13%	37.59%

Borrower Distribution of Refinance Loans in Medina County					
	Refinance Loans				Percentage of Families in AA
	# of Loans	% of Loans	\$ of Loans	% of Loans	
Low	2	6.67%	\$129	5.84%	14.12%
Moderate	10	33.33%	\$826	37.38%	21.91%
Middle	6	20.00%	\$395	17.87%	26.38%
Upper	10	33.33%	\$733	33.17%	37.59%
N/A	2	6.67%	\$127	5.75%	

*The N/A category consists of geographies that have not been assigned an income classification

Borrower Distribution of Home Improvement Loans in Medina County					
	Home Improvement Loans				Percentage of Families in AA
	# of Loans	% of Loans	\$ of Loans	% of Loans	
Low	1	50.00%	\$15	62.50%	14.12%
Moderate	0	0%	\$0	0%	21.91%
Middle	0	0%	\$0	0%	26.38%
Upper	1	50.00%	\$9	37.50%	37.59%

Geographic Distribution of Loans

FNB's overall geographic distribution is satisfactory and reflects good penetration. Our analysis of the residential real estate loans sample in the table below indicates that FNB has an excellent distribution of loans throughout the AA. The bank's overall distribution of home purchase loans within moderate-income geographies significantly exceeds the percentage of owner-occupied units within the same area.

The bank's geographic distribution for the Wayne County AA is excellent and exceeds the standards for satisfactory performance. For all 3 home mortgage categories, the percentage of bank loans significantly exceeds the percent of owner occupied units within moderate-income geographies. There are no low-income geographies within this AA.

HMDA Geographic Distribution* of Loans in Non MSA Wayne County AA						
	Home Purchase		Home Improvement		Refinance	
	% of # of bank loans	Percentage of Owner-Occupied Housing in AA	% of # of bank loans	Percentage of Owner-Occupied Housing in AA	% of # of bank loans	Percentage of Owner-Occupied Housing in AA
Low	NA	NA	NA	NA	NA	NA
Moderate	21.40%	4.13%	22.86%	4.13%	9.65%	4.13%
Middle	61.48%	73.10%	57.14%	73.10%	69.06%	73.10%
Upper	17.12%	22.77%	20.00%	22.77%	21.29%	22.77%

*Based on HUD 2002 income and demographic data.

The bank's geographic distribution for the Stark County AA is excellent and exceeds the standards for satisfactory performance. For the home purchase and home improvement categories, the percentage of bank loans significantly exceeds the percent of owner occupied units within moderate-income geographies. There are no low-income geographies within this AA.

HMDA Geographic Distribution* of Loans in Canton MSA Stark County AA						
	Home Purchase		Home Improvement		Refinance	
	% of # of bank loans	Percentage of Owner-Occupied Housing in AA	% of # of bank loans	Percentage of Owner-Occupied Housing in AA	% of # of bank loans	Percentage of Owner-Occupied Housing in AA
Low	NA	NA	NA	NA	NA	NA
Moderate	25.81%	11.06%	50.00%	11.06%	1.32%	11.06%
Middle	70.97%	64.75%	50.00%	64.75%	80.26%	64.75%
Upper	3.23%	24.19%	0%	24.19%	18.42%	24.19%

*Based on HUD 2002 income and demographic data

HMDA Geographic Distribution of Loans in Cleveland MSA Medina County AA

The bank's geographic distribution for the Medina County AA was not performed because this AA has no low- or moderate-income geographies. Therefore, geographic distribution analysis is not meaningful.

Responses to Complaints

No complaints relating to the bank's CRA performance have been submitted during the evaluation period.

Fair Lending or Other Illegal Credit Practices Review

An analysis of recent public comments and consumer complaint information, and Home Mortgage Disclosure Act (HMDA) was performed according to the OCC's risk based fair lending approach. Based on its analysis of the information, the OCC decided that a comprehensive fair lending examination would not be conducted in connection with the CRA evaluation this year.