



**LARGE BANK**

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Comptroller of the Currency  
Administrator of National Banks

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Washington, DC 20219

## **Public Disclosure**

July 23, 2001

# **Community Reinvestment Act Performance Evaluation**

**First National Bank of Southwestern Ohio  
Charter Number: 56**

**300 High Street  
Hamilton, OH 45011**

**Office of the Comptroller of the Currency**

**Central Ohio Field Office  
325 Cramer Creek Court, Suite 101  
Dublin, OH 43017**

**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, and should not 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.**

## Table of Contents

|   |     |
|---|-----|
| <u>OVERALL CRA RATING</u> .....                               | 2   |
| <u>DEFINITIONS AND COMMON ABBREVIATIONS</u> .....             | 4   |
| <u>DESCRIPTION OF INSTITUTION</u> .....                       | 6   |
| <u>SCOPE OF THE EVALUATION</u> .....                          | 7   |
| <u>FAIR LENDING REVIEW</u> .....                              | 8   |
| <u>CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS</u> .....    | 9   |
| <u>LENDING TEST</u> .....                                     | 9   |
| <u>INVESTMENT TEST</u> .....                                  | 14  |
| <u>SERVICE TEST</u> .....                                     | 15  |
| <u>APPENDIX A: SCOPE OF EXAMINATION</u> .....                 | A-1 |
| <u>APPENDIX B: MARKET PROFILES FOR FULL-SCOPE AREAS</u> ..... | B-1 |
| <u>APPENDIX C: TABLES OF PERFORMANCE DATA</u> .....           | C-1 |

## Overall CRA Rating

**Institution's CRA Rating:** This institution is rated **Outstanding**.

The following table indicates the performance level of **First National Bank of Southwestern Ohio** (First Southwestern) with respect to the Lending, Investment, and Service Tests:

| Performance Levels        | First National Bank of Southwestern Ohio<br>Performance Tests |                 |              |
|---------------------------|---|-----------------|--------------|
|                           | Lending Test*   | Investment Test | Service Test |
| Outstanding               | X   |                 | X            |
| High Satisfactory         |   | X               |              |
| Low Satisfactory          |   |                 |              |
| Needs to Improve          |   |                 |              |
| Substantial Noncompliance |   |                 |              |

\* The lending test is weighted more heavily than the investment and service tests when arriving at an overall rating.

The major factors that support this rating include:

- A majority (81 percent) of the bank's home mortgage loans and small loans to businesses and farms were within its assessment areas (AAs).

Within the full-scope AA (Hamilton-Middletown MSA):

- First Southwestern's lending levels reflect excellent responsiveness by the bank to the credit needs of the Hamilton-Middletown MSA.
- The overall distribution of First Southwestern's loans among geographies of different income levels is good. The overall distribution of small loans to businesses is excellent and the distribution of home mortgage loans is good.
- The overall distribution of First Southwestern's home mortgage loans and small loans to businesses among borrowers of different income levels is excellent.
- The bank has been successful in offering loan products that address the need for flexible lending for low- and moderate-income borrowers and small businesses. These products had a positive impact on the lending test rating.
- The bank's community development lending is excellent and addressed affordable housing and small business credit needs in the AA. CD lending had a positive impact on the lending test rating.

- First Southwestern's investments reflect good responsiveness by the bank to the needs of the AA.
- The bank's offices are readily accessibility to geographies and individuals of different income levels.
- The responsiveness of the bank's CD services to the needs of the AA is excellent.

## Definitions and Common Abbreviations

The following terms and abbreviations are used throughout this performance evaluation. The definitions are intended to provide the reader with a general understanding of the terms, not a strict legal definition.

**Affiliate** - Any company that controls, is controlled by, or is under common control with another company. A company is under common control with another company if the same company directly or indirectly controls both companies. A bank subsidiary is controlled by the bank and is, therefore, an affiliate.

**Assessment Area (AA)** - A geographic area delineated within which the OCC evaluates the bank's record of helping meet the credit needs of its community. AAs consist generally of one or more MSAs or one or more contiguous political subdivisions, such as counties, cities, or towns. AAs include the geographies in which the bank has its main office, its branches, and its deposit-taking ATMs, as well as the surrounding geographies in which the bank has originated or purchased a substantial portion of its loans.

**Block Numbering Area (BNA)** - Statistical subdivisions of counties in which census tracts have not been established. The U.S. Census Bureau has established BNAs in conjunction with state agencies.

**Census Tract (CT)** - Small, locally defined statistical areas within metropolitan statistical areas. These areas are determined by the U.S. Census Bureau in an attempt to group homogenous populations. A CT has defined boundaries per ten-year census and an average population of 4,000.

**Community Development (CD)** - Affordable 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.

**Community Reinvestment Act (CRA)** - The statute that requires the OCC to evaluate a bank's record of meeting the credit needs of its local community, consistent with the safe and sound operation of the bank, and to take this record into account when evaluating certain corporate applications filed by the bank.

**Full-Scope Review** - Performance under the lending, investment, and service tests is analyzed considering fully understood performance context, quantitative factors (e.g., geographic distribution, borrower distribution, total number and dollar amount of investments, branch distribution) and qualitative factors (e.g., innovation, complexity).

**Geography** - A census tract or a block numbering area delineated by the U.S. 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 applicants, the amount of loan requested, and the disposition of the application (e.g., approved, denied, withdrawn).

**Home Mortgage Loans** - Such loans include home purchase and home improvement loans, as defined in the HMDA regulation. This definition also includes multifamily (five or more families) dwellings loans, loans for the purchase of manufactured homes and refinancing of home improvement and home purchase loans.

**Limited-Scope Review** - Performance under the lending, investment, and service Tests is analyzed using only quantitative factors (e.g., geographic distribution, borrower distribution, total number and dollar amount of investments, branch distribution).

**Low-Income** - Income levels that are less than 50 percent of the median family income.

**Median Family Income (MFI)** - The median income determined by the U.S. Census Bureau every ten years and used to determine the income level category of geographies. Also, the median income determined by the Department of Housing and Urban Development annually that is used to determine the income level category of individuals. For any given area, the median is the point at which half of the families have income above it and half below it.

**Metropolitan Statistical Area (MSA)** - Area defined by the director of the U.S. Office of Management and Budget. MSAs consist of one or more counties, including large population centers and nearby communities that have a high degree of interaction.

**Middle-Income** - Income levels that are at least 80 percent and less than 120 percent of the MFI.

**Moderate-Income** - Income levels that are at least 50 percent and less than 80 percent of the MFI.

**Small Loans to Businesses** - Loans with original amounts of \$1 million or less that are: (1) secured by non-farm nonresidential properties; or (2) commercial and industrial loans to U.S. addresses.

**Small Loans to Farms** - Loans with original amounts of \$500,000 or less that are: (1) secured by farmland; or (2) to finance agricultural production and other loans to farmers.

**Tier 1 Capital** - The total of common shareholders' equity, perpetual preferred shareholders' equity with non-cumulative dividends, retained earnings and minority interests in the equity accounts of consolidated subsidiaries.

**Upper-Income** - Income levels that are 120 percent or more of the MFI.

## Description of Institution

First National Bank of Southwestern Ohio (First Southwestern) is a \$1.3 billion intrastate bank with its main office located in Hamilton, Ohio. Located approximately 25 miles northwest of Cincinnati, First Southwestern has a total of 34 offices that serve all or portions of four counties in southwest Ohio. The main office and nine branches are located in Hamilton. There are four branches in Middletown, three in Cincinnati, two each in Fairfield, West Chester, Monroe, and Oxford. One office is maintained in Camden, Maineville, Lewisburg, Mason, Ross, Seven Mile, Springboro, and Trenton. The bank merged with its affiliate, Home Federal Bank, FSB in July 2000. The merger increased First Southwestern's total assets by approximately \$300 million and loans, primarily real estate, by approximately \$250 million. The bank owns one subsidiary, FSWO, LLC, which was established in December of 2000 as a wholly owned subsidiary and formed to enable First Southwestern to restructure its capital. The activities of FSWO, LLC do not materially impact the bank's capacity and ability to lend or invest in its community and were not included in our assessment of First Southwestern's CRA performance.

First Southwestern is a subsidiary of First Financial Bancorp (FFB), a \$3.9 billion holding company also headquartered in Hamilton, Ohio. FFB owns 15 other financial institutions in Ohio, Indiana, and Michigan. In addition, FFB owns the Ohio City Insurance Agency, Ohio City, Ohio.

First Southwestern is a full-service bank and offers a wide range of commercial and retail products. Its primary lending focus is real estate lending. In addition, First Southwestern offers various business, farm, and consumer products. On December 31, 2000, total loans represented 78 percent of total assets. By dollar volume, the loan portfolio was comprised of real estate (68 percent), individual loans (14 percent), commercial loans (13 percent), and other loans (five percent). Agricultural loans totaled less than one percent of gross loans. First Southwestern also maintains a large trust department. Tier I capital was \$112.6 million at year-end 2000.

There are no legal, financial, or other factors impeding the bank's ability to help meet the credit needs of its assessment areas. First Southwestern received an "Outstanding" rating in its prior CRA Performance Evaluation which was completed June 8, 1998.

## Scope of the Evaluation

### Evaluation Period/Products Evaluated

The evaluation period is from June 8, 1998 through July 23, 2001. With the exception of community development (CD) loans, the primary data evaluated for the Lending Test is from April 1, 1998 through December 31, 2000. Lending data for the two months prior to the evaluation period was included in this evaluation since the last performance evaluation only included lending data through March 1998. The evaluation period for the Investment Test, Service Test and Community Development loans, is June 8, 1998 through July 23, 2001.

For the Lending Test, First Southwestern's originations/purchases of home mortgage loans, home improvement loans, as well as small loans to businesses were evaluated. First Southwestern's originations/purchases of small loans to farms were not evaluated, as the volume was not significant enough to perform a meaningful analysis (approximately two percent of the number of loan originations/purchases over the Lending Test evaluation period).

### Data Integrity

As part of this CRA evaluation, First Southwestern's publicly filed information on home mortgage loans, small loans to businesses and small loans to farms was tested for accuracy. The testing indicated inaccuracies in recording of the location of home mortgage loans, the location and loan type of small business/small farm loans, as well as less significant errors in other key data fields. Management corrected the information. This evaluation is based on the corrected information, which is deemed to be accurate.

Qualified investments, CD loans and CD services submitted by First Southwestern were verified to ensure that they met the regulatory definition for CD. Some items submitted by the bank for consideration were excluded from this evaluation because they did not meet the definition or purpose of CD.

### Selection of Areas for Full-Scope Review

First Southwestern operates in three assessment areas (AAs). The Hamilton-Middletown MSA was selected for a full-scope review. This AA contains twenty-six of the bank's branches (76 percent of the bank's offices) accounting for approximately 89 percent of its deposits and 73 percent of its lending activity over the evaluation period. The bank's other two AAs, the Cincinnati AA, which includes portions of the Cincinnati MSA, and non-MSA AA (Preble County) were selected for limited-scope reviews. Refer to Appendix A for additional information regarding the bank's AAs.

### Ratings

The bank's overall rating is based primarily on those areas that received full-scope reviews. When arriving at overall conclusions,



more weight was given to mortgage lending due to the bank's greater volume of mortgage loans relative to other types of lending. Within mortgage lending, slightly more weight was given to home purchase and home improvement lending than home refinances since home purchase and home improvement lending were identified as specific credit needs of the AA.

## **Other**

### Community Contacts

Two community contacts were made during the evaluation in addition to one community contact made during a recent examination of another institution. Of the contacts made, all three were in the Hamilton-Middletown MSA. The contacts included an organization involved with community development, an affordable housing community service organization and a small business development organization. Two of the contacts stressed the need for financing of quality affordable housing as the primary credit need of the AA. The other contact stated that there was an opportunity for financial institutions to provide a loan pool focused on fixing up the downtown Middletown area. While there is a strong demand for affordable housing, high construction costs, coupled with increased land values, provide little incentive for developers to construct affordable homes. Much of the development is in the form of rehabilitating existing housing, the cost of doing so often times exceeding the market value of the property. Special housing programs such as those provided by affordable housing organizations are needed in order to bridge the funding gap. The needs for affordable housing and small business related credit, investments and services in the AA were considered in our evaluation of First Southwestern's performance under the Lending, Investment and Service Tests. Refer to the Market Profile Appendix B of this Evaluation for more information.

## **Fair Lending Review**

An analysis of three years public comments and consumer complaints in addition to an analysis of HMDA, Small Business, and Small Farm lending data 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 need to be conducted in connection with the CRA evaluation this year. The latest comprehensive fair lending exam was performed in 1998.

## Conclusions with Respect to Performance Tests

### LENDING TEST

#### Conclusions for Areas Receiving Full-Scope Reviews

The bank's performance under the lending test is rated "Outstanding." Based on a full-scope review, the bank's performance in the Hamilton-Middletown MSA is excellent.

#### Lending Activity

Refer to Table 1 in Appendix C for the facts and data used to evaluate the bank's lending activity.

First Southwestern's lending activity is good in the Hamilton-Middletown MSA. Approximately 76 percent of the bank's loans originated/purchased during the evaluation period are home mortgage loans, 23 percent are small loans to businesses, and one percent are small loans to farms. Agricultural lending is not an important line of business to the bank. Among home mortgage loan originations/purchases in the Cincinnati MSA AA, approximately 41 percent are home refinances, 30 percent are home purchases, and 29 percent are home improvement.

First Southwestern's overall lending activity in the Hamilton-Middletown MSA is commensurate with its share of the deposit market, especially considering the large number of lending competitors operating in the area. First Southwestern ranks first in terms of deposits among depository institutions, with a 28.7 percent market share. According to 1999 aggregate HMDA data, First Southwestern is ranked fifth in the origination/purchase of home purchase loans (3.7 percent market share), third relative to home improvement (14.0 percent market share), third relative to home mortgage refinance (5.0 percent market share) and is ranked third overall for all home mortgage lending behind two substantially larger banks. While First Southwestern's market share percentages for home mortgage loans are lower than its deposit market share, this level of performance is good considering that 95 percent of approximately 400 mortgage lenders reporting loans in the AA do not take deposits; however, they account for approximately 71 percent of the mortgage lending activity in the AA. Based on 1999 aggregate CRA data, First Southwestern ranks second in small loans to businesses with a 13.4 percent market share.

#### Distribution of Loans by Income Level of the Geography

The overall geographic distribution of the bank's home mortgage and small loans to businesses is good. The volume of First Southwestern's small loans to farms in the Hamilton-Middletown MSA was not significant enough to perform a meaningful analysis. Agricultural lending is not a significant line of business for the bank since the AA is largely non-rural.

#### Home Mortgage Loans

Refer to Tables 2, 3 and 4 in Appendix C for the facts and data used to evaluate the geographic distribution of the bank's home mortgage loan originations and purchases.

The overall geographic distribution of home mortgage loans is good in the Hamilton-Middletown MSA.

The geographic distribution of home improvement loans is excellent. The portion of home improvement loans made in low- and moderate-income geographies exceeds the portion of owner-occupied housing units that are within those geographies. First Southwestern's market share in moderate-income geographies exceeds its overall market share, while its market share in low-income geographies is lower than its overall market share.

The geographic distribution of home purchase and home refinance loans is good. The portion of home purchase and refinance loans is near the percentage of owner-occupied housing units in both low- and moderate-income geographies. First Southwestern's market shares for refinance loans exceeds its overall market share in moderate-income geographies but is below in low-income geographies. The bank's market share for home purchase loans is substantially the same as its overall market share in both low- and moderate-income geographies. The portion of home mortgage and refinance loans made in low-income geographies is lower than the portion of owner-occupied housing units that are within those geographies. This level of performance is deemed adequate, given the high level of competition and the relatively small number of owner-occupied units in low-income geographies. Based on 1999 Aggregate HMDA data, there were 87 lenders competing for 250 home purchase loans and 110 lenders competing for 419 refinance loans in low-income geographies. The top five lending institutions, which are all large nationwide mortgage lenders, have a combined market share of over 35 percent of refinance loans in low-income geographies within the AA. First Southwestern ranks thirteenth in this market. First Southwestern is among the leaders in home purchase loans made in low-income geographies as it ranks third behind a mortgage lending affiliate of a large nationwide bank and a large regional bank. These two institutions have a combined market share of almost 20 percent.

### ***Small Loans to Businesses***

Refer to Table 5 in Appendix C for the facts and data used to evaluate the geographic distribution of the bank's origination/purchase of small loans to businesses.

The overall geographic distribution of small loans to businesses is excellent.

The portion of small loans to businesses made in both low- and moderate-income geographies exceeds the portion of businesses that are within those geographies. First Southwestern's market share for small loans to businesses in both low- and moderate-income geographies exceeds the bank's overall market share. First Southwestern is the leader in the AA among commercial banks, ranking second in small loans to businesses behind a large credit card lender.

### ***Small Loans to Farms***

Refer to Table 6 in Appendix C for the facts and data used to evaluate the geographic distribution of the bank's origination/purchase of small loans to farms. First Southwestern's originations/purchases of small loans to farms were not evaluated, as the volume was not significant enough to perform a meaningful analysis.

### **Lending Gap Analysis**

Maps and reports detailing First Southwestern's lending activity over the evaluation period for home mortgage loans and small loans to businesses were reviewed to identify gaps in the geographic distribution of those loans. No unexplained gaps were identified.

### ***Inside/Outside Ratio***

A majority (81 percent) of home mortgage loans, small loans to businesses and small loans to farms originated/purchased by First Southwestern over the evaluation period were within its AAs. Eighty-one percent of the bank's home mortgage loans, seventy-eight percent of the small loans to businesses, and eighty-four percent of the small loans to farms were within its AAs. This level of performance was positively factored in the overall analysis of the geographic distribution of lending by income level of geography.

### **Distribution of Loans by Income Level of the Borrower**

The overall distribution of the bank's home mortgage loans and small loans to businesses to borrowers at different income levels is excellent.

### ***Home Mortgage Loans***

Refer to Tables 7, 8, and 9 in Appendix C for the facts and data used to evaluate the borrower distribution of the bank's home mortgage loan originations and purchases.

The overall borrower distribution of home mortgage loans is excellent. Consideration was given to the difficulty low-income families have in affording even a low priced home. Using 1990 census data, 10.66 percent of households in Hamilton-Middletown are below poverty level. The HUD adjusted median family income for 2000 was \$57,800. The weighted average of median housing costs for the same period was \$72,490. Based on these levels, the income of a low-income borrower would generally be less than the income needed to qualify for financing a median-priced home in this AA. While a supply of lower-cost homes exists, the homes are generally in need of significant repair and represent a "cost burden" to their owners.

Home mortgage lending performance is excellent for all mortgage products. The portion of home purchase, refinance and home improvement loans made to moderate-income borrowers in the AA exceeds the portion of families that are defined as such. The portion of home improvement loans made to low-income borrowers also exceeds the portion of families that are defined as such, while the portion of home purchase and refinance loans made to low-income borrowers is lower than the

portion of families defined as such. Consideration was given to the limited opportunities for making home purchase and refinance loans to low-income borrowers given the difficulty low-income families have in affording even a low priced home. The bank's market shares for loans to low- and moderate-income borrower segments exceeds First Southwestern's overall market share in the AA for home purchase, refinance and home improvement loans.

### ***Small Loans to Businesses***

Refer to Table 10 in Appendix C for the facts and data used to evaluate the borrower distribution of the bank's origination/purchase of small loans to businesses.

The borrower distribution of small loans to businesses is excellent. The portion of the bank's small loans to businesses substantially meets the portion of businesses that have revenue levels of \$1 million or less. First Southwestern's market share to this segment exceeds the bank's overall market share for small loans to businesses.

### ***Small Loans to Farms***

Refer to Table 11 in the Appendix C for the facts and data used to evaluate the borrower distribution of the bank's origination/purchase of small loans to farms. First Southwestern's originations/purchases of small loans to farms were not evaluated, as the volume was not significant enough to perform a meaningful analysis.

### **Community Development Lending**

Refer to Table 1 in Appendix C for the facts and data used to evaluate the bank's level of community development lending.

CD lending performance is good and has had a positive impact on the Lending Test conclusions for the Hamilton/Middletown MSA. While none of the bank's CD loans are considered necessarily complex or innovative, they nonetheless addressed the primary community development credit needs of the AA. During the evaluation period, First Southwestern originated five CD loans totaling approximately \$16 million in the Hamilton/Middletown area. The bank's CD lending focused on addressing affordable housing and small business credit needs in the AA. The more significant loans included a \$4 million loan to construct a new building in the Brownsfield area of Hamilton. This project will help revitalize the area and create jobs for low- and moderate-income individuals. The bank also made three loans totaling \$10.4 million to finance the purchase of affordable housing rental units, which were targeted to primarily low- to moderate-income individuals. The rents for these rental units are below the gross median rents established for the area.

The bank also made other small business and affordable housing loans of over \$4 million that have community development features but do not necessarily meet the definition of CD. These loans were already reported with the bank's HMDA and small loans to businesses.

## **Product Innovation and Flexibility**

First Southwestern's use of flexible loan products has a positive impact on the Lending Test conclusions for the AA. Two of First Southwestern's loan products, the CHAMP Loan Program and the NHS Loan Program address specific identified credit needs of the community. While the products are flexible, they are not considered innovative.

Through its CHAMP Loan Program, the bank provides flexible credit terms to assist low- and moderate-income buyers in purchasing homes. The program has set income limitations that direct funds to low- and moderate-income borrowers. The loan product provides for financing up to 95 percent of a home's value and allows higher debt-to-income ratios than conventional loans. Private mortgage insurance (PMI) is not required. During the evaluation period, First Southwestern made 115 CHAMP loans totaling approximately \$1.2 million.

Through a loan program sponsored by Neighborhood Housing Services (NHS), the bank makes loans to rehabilitate existing vacant and occupied units so they can be sold to low- and moderate-income individuals at affordable prices. Income limitations direct funds to low- and moderate-income borrowers. The loan product features 30-year first mortgage loans and 15-year second mortgage loans. The product allows combined loan-to-value ratios of up to 120 percent of the appraised value of the property and a higher debt-to-income ratio of 35 percent than conventional mortgage loans. No down payment or PMI is required. During the evaluation period, First Southwestern made 82 NHS loans totaling approximately \$5.8 million. While the products are flexible, they are not considered innovative.

First Southwestern also participated in Ohio Housing Finance Agency Bond Program. The program provides below market interest rates to borrowers purchasing homes in low- and moderate-income geographies and to first-time homebuyers. During the evaluation period, First Southwestern made eight loans under this program totaling \$557 thousand of its \$623 thousand allotment.

In addition to flexible affordable housing loans, First Southwestern also makes flexible loans to small businesses through the State of Ohio Small Business Linked Deposit Program. This program enables the bank to provide loans, generally under \$250 thousand, to small businesses at rates of 3 percent below its normal rate for the loans. The program requires the borrower to save or create jobs. The business must retain or save one job for every \$25 thousand in loan funds. During the evaluation period, First Southwestern made seventeen Linked Deposit loans totaling approximately \$4.7 million.

## **Conclusions for Areas Receiving Limited-Scope Reviews**

Based on limited-scope reviews, the bank's performance under the lending test is weaker in the Cincinnati AA and the Preble County non-MSA than the bank's overall Outstanding performance. The weaker performance is primarily due to weaker geographic and borrower distribution performance related to lower overall lending volumes in the limited-scope AAs. The weaker performance in limited-scope AAs did not adversely affect the bank's overall lending test conclusions.

These two areas combined represent only about 11 percent of the bank's deposits. The Preble County AA has no low- or moderate- income tracts and the Cincinnati AA only accounts for about 16 percent of the bank's overall lending activity. Refer to Tables 1 through 11 in appendix C for the facts and data that support these conclusions.

## **INVESTMENT TEST**

### **Conclusions for Areas Receiving Full-Scope Reviews**

The bank's performance under the investment test is rated " High Satisfactory." Based on a full-scope review, the bank's performance in the Hamilton-Middletown MSA is good.

Refer to Table 12 in Appendix C for the facts and data used to evaluate the bank's level of qualified investments.

During the evaluation period, First Southwestern made \$1.9 million in qualified investments in the AA. In addition, the bank had a prior period investment in the form of a low-income housing tax credit with \$402 thousand outstanding as of the end of the current evaluation period. The continuing impact of this investment was considered in the evaluation and has had a positive affect on the overall investment test rating. The most significant investment is the bank's purchase of a \$1.8 million mortgage-backed bond that facilitated the construction of affordable apartments in Middletown, OH. The majority of apartments in this project are reserved for individuals who are low- and moderate-income. Affordable housing is one of the primary community development needs of the AA. The remaining portion of the bank's qualified investments consisted of \$142 thousand in grants and donations to twenty-six different organizations that provide a broad range of community development services, many that address affordable housing needs in the AA.

While none of the bank's investments are considered innovative or complex, they do add significant value to the community and are indicative of the bank's responsiveness to the needs of the community. The level of the bank's investments is significant due to the limited number of community resources and opportunities for partnerships that exist to facilitate activities to address the unmet credit and community development needs of the AA. Investment opportunities are typically limited to donations and grants. These conclusions are based on discussions with local community service organizations, our review of CRA performance evaluations of other banks operating in the MSA, and discussions with bank management.

### **Conclusions for Area Receiving Limited-Scope Reviews**

Based on a limited scope review, the bank's performance under the Investment Test in the Non-MSA AA and the Cincinnati MSA AA is weaker than the bank's overall " High Satisfactory" performance under the Investment Test. Refer to Table 12 in Appendix C for the facts and data that support these conclusions. The weaker performance is attributed to the lower number and volume of investments in the limited-scope AAs.

Although performance in the limited-scope AAs is weaker, it did not negatively impact the overall conclusion for investments. These two areas combined represent only about 11 percent of the bank's deposits. The Preble County AA has no low- or moderate- income tracts and the Cincinnati AA only accounts for about 16 percent of the bank's overall lending activity.

## **SERVICE TEST**

### **Conclusions for Areas Receiving Full-Scope Reviews**

The bank's performance under the Service Test is rated "Outstanding." Based on the full-scope review, the bank's performance is excellent in the Hamilton-Middletown MSA.

### **Retail Banking Services**

Refer to Table 13 in Appendix C for the facts and data used to evaluate the distribution of the bank's branch delivery system and branch openings and closings.

First Southwestern's delivery systems are readily accessible to essentially all portions of the Hamilton-Middletown MSA. Many of its branches are located in the major economic centers of the AA and especially in low- income geographies where the portion of bank's branch offices in those geographies is greater than the portion of population living in those geographies. While the bank's office distribution in moderate-income geographies of the AA is lower than the portion of the population living in those geographies, an analysis of office locations indicates that the majority (86 percent) of these moderate-income geographies are immediately adjacent to census tracts that had an office located within two miles to the moderate-income geography. During the evaluation period, the bank closed no branches in the full-scope AA.

First Southwestern's hours and services offered throughout the full-scope AA are good. Services and hours do not vary in a way that inconvenience certain portions of the AA, particularly low- and moderate-income individuals. In addition to weekday banking hours, the bank provides Saturday banking at approximately half of the bank's branches in the AA and to all income level geographies.

First Southwestern's ATM network offers an effective alternative delivery system for delivering retail banking services to customers at all income levels. In the Hamilton-Middletown MSA, First Southwestern's distribution of ATMs in low-income geographies is greater than the distribution of population living in those geographies while the distribution in moderate-income geographies is only slightly lower than the distribution of population living in those geographies.

In addition to the bank's ATM network, First Southwestern provides twenty-four hour telephone information on a customer's deposit account, ATM transactions, overdraft protection, and installment and mortgage loans. Additional CD services provided by the bank include electronic accounts for the receipt of federal government benefits and



free checking accounts. These accounts increase financial services for low- or moderate-income individuals.

As specific information is not available as to the degree to which low- and moderate-income individuals and geographies are impacted by these services, significant weight was not placed on these services when drawing conclusions for the for the full-scope AA under the Service Test.

### **Community Development Services**

First Southwestern's performance in providing CD services to its full-scope AA is excellent overall in terms of the number of groups served as well as their relationship to community development needs.

First Southwestern officers participate in various organizations that seek to fulfill identified community development needs. Community contacts have identified a need for organizational services to assist in increasing availability of affordable homes for rent or purchase by improving the existing housing stock. A need also exists for infrastructure improvements to attract small businesses to the AA.

The bank's officers had significant participation in the following organizations and activities that provide CD services during the evaluation period:

**Neighborhood Housing Services of Hamilton:** A senior officer of First Southwestern serves on the board of directors and provides financial and underwriting expertise. NHS seeks to revitalize neighborhoods by promoting home ownership; building affordable housing, rehabilitating housing; building, renovating, and managing affordable rental housing; creating resident leaders; and stimulating economic development. NHS has recently assisted in the rehabilitation of a dozen homes in a low-income area of the City of Hamilton. NHS also assisted low- and moderate-income individuals with the purchase of those properties.

**Butler County Development Advisory Board:** The Advisory Board met in 1998 to prepare a consolidated development plan to submit to the Department of Housing and Urban Development (HUD). Submission of such a plan is necessary for Butler County to qualify for funding under the Community Development Block Grant Program. A senior officer of First Southwestern worked on the board and provided financial expertise. As a result of the plan being approved, Butler County received additional funding under the program.

**Brownfield Redevelopment Advisory Council:** The council promotes the redevelopment of abandoned or underutilized industrial and commercial facilities where redevelopment is complicated by real or perceived contamination. The Council was successful in securing a major redevelopment of a Brownfield site in the City of Hamilton. The area has been designated as an enterprise zone to target industrial and limited commercial investment to the most distressed sections of the community. A 60 thousand square foot facility for the processing and distribution of steel is now under construction on the site. A senior officer of the bank provides the council with financial expertise and

was involved in identifying, assessing, and aiding local business and property owners in redeveloping the area.

**Community Development Company (CDC) of Butler Co:** The CDC consists of several banks that serve Butler County. The CDC divides risk of loss among the institutions to enable affordable credit to be extended to small businesses. A senior officer of First Southwestern is a member of the board of directors and provides financial and underwriting expertise. The officer is involved in the approval of SBA financing and Butler County revolving loans.

**Shared Harvest Food Bank:** Shared Harvest Food Bank is a national program that collects and purchases food for distribution to local food banks. In 1999, Shared Harvest distributed 5.7 million pounds of food, providing 4.5 million meals. The bank's officer provides the organization with financial and underwriting expertise. The officer is a member of the local organization's executive committee, Chairperson for the Finance Committee, and is a member of the Personnel Committee. Shared Harvest is located in Fairfield, Ohio.

**Home Buyers Seminars:** First Southwestern sponsored a series of three home buyer seminars. A senior officer of the bank spoke at and directed the seminars. The seminars were designed to provide guidance to low-income and first-time home buyers.

**Fannie Mae Southwest Advisory Council:** A senior officer of the bank participated on the council and provided insight on issues pertaining to predatory lending and its impact on low- and moderate-income persons.

**House of Hope for the Homeless of Middletown, Inc.:** " Hope House" is a permanent shelter serving homeless individuals and families in northern Butler and Warren Counties who have little or no income. An officer of the bank serves as a board member and provides financial expertise as Treasurer and Finance Committee chairperson. Hope House has continuously worked on remodeling its facility and has added a transitional housing wing for homeless women.

#### **Conclusions for Areas Receiving Limited-Scope Reviews**

Based on limited-scope reviews, the bank's performance under the Service Test in both the Cincinnati MSA AA and the non-MSA AA is weaker than the bank's overall " Outstanding" performance under the Service Test. The accessibility of offices is not as extensive in these AAs. The conclusions for areas receiving limited-scope reviews did not negatively impact the conclusions regarding the bank's overall performance under the Service Test. These two areas combined represent only about 11 percent of the bank's deposits. The Preble County AA has no low- or moderate-income tracts and the Cincinnati AA only accounts for about 16 percent of the bank's overall lending activity. Refer to Table 13 in Appendix C for the facts and data that support these conclusions.

## Appendix A: Scope of Examination

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The following table identifies the time period covered in this evaluation, affiliate activities that were reviewed, and loan products considered. The table also reflects the metropolitan and non-metropolitan areas that received comprehensive examination review (designated by the term "full-scope" ) and those that received a less comprehensive review (designated by the term "limited-scope" ).

|   |  |                          |
|---|--|--------------------------|
| <b>Time Period Reviewed</b>   | Lending Test (excludes CD Loans): 4/1/1998 to 12/31/2000<br>Investment and Service Tests and CD Loans: 6/8/1998 to 7/23/2001 |                          |
| <b>Financial Institution</b>  | <b>Products Reviewed</b>   |                          |
| First National Bank of Southwestern Ohio (First Southwestern)<br>Hamilton, Ohio   | Home mortgage loans, small loans to businesses, small loans to farms, community development loans                            |                          |
| <b>Affiliate(s)</b>   | <b>Affiliate Relationship</b>  | <b>Products Reviewed</b> |
| None.   |  |                          |
| <b>List of Assessment Areas and Type of Examination</b>                           |  |                          |
| <b>Assessment Area</b>  | <b>Type of Exam</b>  | <b>Other Information</b> |
| Hamilton-Middletown #3200 MSA<br>Cincinnati #1640 MSA AA<br>Preble County non-MSA | Full-Scope<br>Limited-Scope<br>Limited-Scope   |                          |

# Appendix B: Market Profiles for Full-Scope Areas

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## Table of Contents

### Market Profiles for Areas Receiving Full-Scope Reviews

|  |   |
|--|---|
| Hamilton-Middletown #3200 Metropolitan Statistical Area..... | 2 |
|--|---|

## Hamilton-Middletown #3200 Metropolitan Statistical Area

| Demographic Information for Full-Scope Area: Hamilton-Middletown Assessment Area |         |            |                                 |               |              |   |
|--|---------|------------|---------------------------------|---------------|--------------|---|
| Demographic Characteristics  | #       | Low % of # | Moderate % of #                 | Middle % of # | Upper % of # | NA* % of #                                    |
| Geographies (Census Tracts/BNAs)   | 73      | 10.96      | 23.29                           | 43.84         | 20.55        | 1.37  |
| Population by Geography  | 291,479 | 7.65       | 19.99                           | 45.26         | 26.40        | 0.69  |
| Owner-Occupied Housing by Geography  | 72,365  | 3.53       | 18.21                           | 49.46         | 28.79        | 0.01  |
| Businesses by Geography  | 10,132  | 8.75       | 15.81                           | 47.68         | 27.72        | 0.03  |
| Farms by Geography   | 443     | 2.26       | 5.64                            | 71.33         | 20.77        | 0.00  |
| Family Distribution by Income Level  | 78,113  | 19.22      | 18.20                           | 24.53         | 38.05        | 0.00  |
| Distribution of Low- and Moderate-Income Families throughout AA Geographies      | 29,230  | 12.41      | 32.61                           | 42.30         | 12.68        | 0.00  |
| Median Family Income = \$38,674  |         |            |                                 |               |              |   |
| HUD Adjusted Median Family Income for 2001 = \$59,300                            |         |            | Median Housing Value = \$72,490 |               |              | Unemployment Rate as of December, 2000 = 2.5% |
| Households Below the Poverty Level = 10.66%                                      |         |            |                                 |               |              |   |

(\*) The NA category consists of geographies that have not been assigned an income classification.  
Source: 1990 U.S. Census, and 2001 HUD updated MFI.

First Southwestern's Hamilton-Middletown assessment area (AA) consists of Butler County in its entirety. Major economic centers in the county include the cities of Hamilton, Middletown, Fairfield and Oxford. First Southwestern is headquartered in Hamilton, the largest city and the county seat of Butler County. The bank has 26 offices located throughout the MSA. As of June 30, 2000, 89 percent of First Southwestern's deposits were derived from this AA. Over the evaluation period, 76 percent of the bank's home mortgage loans and 67 percent of its small loans to businesses were derived from this AA.

First Southwestern's deposits in the Hamilton-Middletown MSA total approximately \$762 million. Based on FDIC market share data as of June 30, 2000, this equates to a 28.7 percent deposit market share that ranks First Southwestern as the largest deposit taking institution in the AA. The two next largest deposit taking institutions are large regional banks that have a combined deposit market share of 41 percent. These banks are First Southwestern's major competitors.

Butler County is experiencing rapid growth due to its location between the Cincinnati and Dayton metropolitan areas. Residential and commercial growth is concentrated in the southern and eastern portions of the county and is attributed to excellent schools, an abundance of

land available for development, and access to interstate highways. The county maintains a diversified economic base that contributes to its stability. Several of the traditional large employers in Hamilton and Middletown have closed or reduced employment. These jobs were replaced by the smaller businesses that operate outside of these cities.

According to the Bureau of Labor Statistics, in December 2000 the unemployment level for the county was 2.5 percent, well below the 3.7 percent unemployment level for the State of Ohio. However, the cities of Hamilton (3.9 percent) and Middletown (3.8 percent) had unemployment rates much higher than Butler County as a whole. These cities also contain larger concentrations of low- and moderate-income census tracts and older housing.

Major employers include AK Steel Co, Smart Paper Co., Cincinnati Financial, Fort Hamilton-Hughes Memorial Hospital, and four area school districts.

Two community contacts were made during the evaluation, in addition to one community contact made during a recent examination of another institution. The contacts included an organization involved with community development, an affordable housing community service organization and a small business development organization. Two of the contacts stressed the need for financing of quality affordable housing as the primary credit need of the AA. The other contact stated that there was an opportunity for financial institutions to provide a loan pool focused on fixing up the downtown Middletown area.

The primary credit and investment needs within the Hamilton-Middletown MSA are financing for purchase and rehabilitation of affordable housing as well as financing for small business development. Small business development financing includes infrastructure development to attract new businesses to urban areas. While there is an ample supply of affordable homes in Hamilton and Middletown, most affordable priced housing is in need of repair. Additionally, low- and moderate-income families generally require assistance in selecting a property, acquiring the down payment, and financing the purchase, according to one of the community contacts.

A limited level of community resources and opportunities for partnerships exists to facilitate activities to address the unmet credit and community development needs of the AA. Investment opportunities are generally limited to supporting local organizations through grants and donations, although some opportunities exist through the purchase of low-income housing tax credits as well as mortgage-backed securities consisting of mortgage loans in low- and moderate-income geographies within the AA. Opportunities also exist for financial institutions to provide flexible lending products for low-and moderate-income homebuyers as well as funding loans to developers of affordable housing. These conclusions are based on discussions with local community service organizations, our review of CRA performance evaluations of other banks operating in the AA, and discussions with bank management. Competition for community development loans, investments and services in the AA is moderate and consists primarily of the larger regional and local financial institutions.

## Appendix C: Tables of Performance Data

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### Content of Standardized Tables

References to the "bank" include activities of any affiliates that the bank provided for consideration (refer to appendix A: Scope of the Examination). For purposes of reviewing the lending test tables, the following are applicable: purchased loans are treated as originations/purchases and market share is the number of loans originated and purchased by the bank as a percentage of the aggregate number of reportable loans originated and purchased by all lenders in the MSA/assessment area.

The following is a listing and brief description of the tables:

- Table 1. Lending Volume** - Presents the number and dollar amount of reportable loans originated and purchased by the bank over the evaluation period by MSA/assessment area.
- Table 2. Geographic Distribution of Home Purchase Loans** - Compares the percentage distribution of the number of loans originated and purchased by the bank in low-, moderate-, middle-, and upper-income geographies to the percentage distribution of owner-occupied housing units throughout those geographies. The table also presents market share information based on the most recent aggregate market data available.
- Table 3. Geographic Distribution of Home Improvement Loans** - See Table 2.
- Table 4. Geographic Distribution of Refinance Loans** - See Table 2.
- Table 5. Geographic Distribution of Small Loans to Businesses** - The percentage distribution of the number of small loans (less than or equal to \$1 million) to businesses originated and purchased by the bank in low-, moderate-, middle-, and upper-income geographies compared to the percentage distribution of businesses (regardless of revenue size) throughout those geographies. The table also presents market share information based on the most recent aggregate market data available.
- Table 6. Geographic Distribution of Small Loans to Farms** - The percentage distribution of the number of small loans (less than or equal to \$500,000) to farms originated and purchased by the bank in low-, moderate-, middle-, and upper-income geographies compared to the percentage distribution of farms (regardless of revenue size) throughout those geographies. The table also presents market share information based on the most recent aggregate market data available.
- Table 7. Borrower Distribution of Home Purchase Loans** - Compares the percentage distribution of the number of loans originated and purchased by the bank to low-, moderate-, middle-, and upper-income borrowers to the percentage distribution of families

by income level in each MSA/assessment area. The table also presents market share information based on the most recent aggregate market data available.

**Table 8. Borrower Distribution of Home Improvement Loans** - See Table 7.

**Table 9. Borrower Distribution of Refinance Loans** - See Table 7.

**Table 10. Borrower Distribution of Small Loans to Businesses** - Compares the percentage distribution of the number of small loans (less than or equal to \$1 million) originated and purchased by the bank to businesses with revenues of \$1 million or less to the percentage distribution of businesses with revenues of \$1 million or less. In addition, the table presents the percentage distribution of the number of loans originated and purchased by the bank by loan size, regardless of the revenue size of the business. Market share information is presented based on the most recent aggregate market data available.

**Table 11. Borrower Distribution of Small Loans to Farms** - Compares the percentage distribution of the number of small loans (less than or equal to \$500,000) originated and purchased by the bank to farms with revenues of \$1 million or less to the percentage distribution of farms with revenues of \$1 million or less. In addition, the table presents the percentage distribution of the number of loans originated and purchased by the bank by loan size, regardless of the revenue size of the farm. Market share information is presented based on the most recent aggregate market data available.

**Table 12. Qualified Investments** - Presents the number and dollar amount of qualified investments made by the bank in each MSA/AA. The table separately presents investments made during prior evaluation periods that are still outstanding and investments made during the current evaluation period. Prior-period investments are reflected at their book value as of the end of the evaluation period. Current period investments are reflected at their original investment amount even if that amount is greater than the current book value of the investment. The table also presents the number and dollar amount of unfunded qualified investment commitments. In order to be included, an unfunded commitment must be legally binding and tracked and recorded by the bank's financial reporting system.

**Table 13. Distribution of Branch Delivery System and Branch Openings/Closings** - Compares the percentage distribution of the number of the bank's branches in low-, moderate-, middle-, and upper-income geographies to the percentage of the population within each geography in each MSA/AA. The table also presents data on branch openings and closings in each MSA/AA.



Table 1. Lending Volume

| LENDING VOLUME                |                                      | State: OHIO   |            |                           |            | Evaluation Period: April 1, 1998 TO December 31, 2000 |            |                               |            |                      |            |                                       |
|-------------------------------|--------------------------------------|---------------|------------|---------------------------|------------|---|------------|-------------------------------|------------|----------------------|------------|---------------------------------------|
| MSA/Assessment Area:          | % of Rated Area Loans (#) in MSA/AA* | Home Mortgage |            | Small Loans to Businesses |            | Small Loans to Farms                                  |            | Community Development Loans** |            | Total Reported Loans |            | % of Rated Area Deposits in MSA/AA*** |
|                               |                                      | #             | \$ (000's) | #                         | \$ (000's) | #   | \$ (000's) | #                             | \$ (000's) | #                    | \$ (000's) |                                       |
| Full-Review:                  |                                      |               |            |                           |            |   |            |                               |            |                      |            |                                       |
| Hamilton-Middletown #3200 MSA | 72.75                                | 2,715         | 199,100    | 804                       | 81,222     | 40  | 3,944      | 5                             | 16,350     | 3,564                | 300,616    | 88.96                                 |
| Limited-Review:               |                                      |               |            |                           |            |   |            |                               |            |                      |            |                                       |
| Cincinnati #1640 MSA AA       | 16.11                                | 637           | 72,122     | 145                       | 17,662     | 7   | 1,031      | 0                             | 0          | 789                  | 90,815     | 6.50                                  |
| Preble County non-MSA         | 11.15                                | 237           | 9,603      | 243                       | 2,626      | 66  | 811        | 0                             | 0          | 546                  | 13,040     | 4.54                                  |

(\*) Rated area refers to either the state or multistate MSA rating area.

(\*\*) The evaluation period for Community Development Loans is June 8, 1998 to July 23, 2001.

(\*\*\*) Deposit data as of June 30, 2000. Rated area refers to either the state or multistate MSA rating area.

**Table 2. Geographic Distribution of Home Purchase Loans**

| Geographic Distribution: HOME PURCHASE |                           | State: OHIO |                        | Evaluation Period: April 1, 1998 TO December 31, 2000 |                             |              |                           |              |                          |              |                                   |      |      |      |      |
|--|---------------------------|-------------|------------------------|---|-----------------------------|--------------|---------------------------|--------------|--------------------------|--------------|-----------------------------------|------|------|------|------|
| MSA/Assessment Area:                   | Total Home Purchase Loans |             | Low-Income Geographies |   | Moderate-Income Geographies |              | Middle-Income Geographies |              | Upper-Income Geographies |              | Market Share (%) by Geography *** |      |      |      |      |
|  | #                         | % of Total* | % Owner OCC Units**    | % BANK Loans  | % Owner OCC Units**         | % BANK Loans | % Owner OCC Units**       | % BANK Loans | % Owner OCC Units**      | % BANK Loans | Overall                           | Low  | Mod  | Mid  | Upp  |
| Full-Review:                           |                           |             |                        |   |                             |              |                           |              |                          |              |                                   |      |      |      |      |
| Hamilton-Middletown #3200 MSA          | 815                       | 67.63       | 3.53                   | 1.96  | 18.21                       | 18.16        | 49.46                     | 60.37        | 28.79                    | 19.51        | 3.74                              | 3.60 | 3.68 | 4.91 | 2.29 |
| Limited-Review:                        |                           |             |                        |   |                             |              |                           |              |                          |              |                                   |      |      |      |      |
| Cincinnati #1640 MSA AA                | 340                       | 28.22       | 1.10                   | 0.88  | 10.41                       | 2.65         | 50.03                     | 39.71        | 38.46                    | 56.76        | 1.14                              | 0.50 | 0.26 | 0.85 | 1.68 |
| Preble County non-MSA                  | 50                        | 4.15        | 0.00                   | 0.00  | 0.00                        | 0.00         | 100.00                    | 100.00       | 0.00                     | 0.00         | 3.27                              | 0.00 | 0.00 | 3.27 | 0.00 |

(\*) Home purchase loans originated and purchased in the MSA/AA as a percentage of all home purchase loans originated and purchased in the rated area.

(\*\*) Percentage of Owner-Occupied Units is the number of owner-occupied housing units in a particular geography divided by the number of owner-occupied housing units in the area based on 1990 Census information.

(\*\*\*) Based on 1999 Aggregate HMDA Data only.

**Table 3. Geographic Distribution of Home Improvement Loans**

| Geographic Distribution: HOME IMPROVEMENT |                              |             |                        |              |                             |              |                           |              |                          |              |                                   |      |       |       | State: OHIO |  |  |  |  | Evaluation Period: April 1, 1998 TO December 31, 2000 |  |  |  |  |
|---|------------------------------|-------------|------------------------|--------------|-----------------------------|--------------|---------------------------|--------------|--------------------------|--------------|-----------------------------------|------|-------|-------|-------------|--|--|--|--|---|--|--|--|--|
| MSA/Assessment Area:                      | Total Home Improvement Loans |             | Low-Income Geographies |              | Moderate-Income Geographies |              | Middle-Income Geographies |              | Upper-Income Geographies |              | Market Share (%) by Geography *** |      |       |       |             |  |  |  |  |   |  |  |  |  |
|   | #                            | % of Total* | % Owner OCC Units**    | % BANK Loans | % Owner OCC Units**         | % BANK Loans | % Owner OCC Units**       | % BANK Loans | % Owner OCC Units**      | % BANK Loans | Overall                           | Low  | Mod   | Mid   | Upp         |  |  |  |  |   |  |  |  |  |
| Full-Review:                              |                              |             |                        |              |                             |              |                           |              |                          |              |                                   |      |       |       |             |  |  |  |  |   |  |  |  |  |
| Hamilton-Middletown #3200 MSA             | 768                          | 76.88       | 3.53                   | 4.56         | 18.21                       | 22.92        | 49.46                     | 59.77        | 28.79                    | 12.76        | 13.99                             | 9.46 | 17.66 | 16.95 | 6.84        |  |  |  |  |   |  |  |  |  |
| Limited-Review:                           |                              |             |                        |              |                             |              |                           |              |                          |              |                                   |      |       |       |             |  |  |  |  |   |  |  |  |  |
| Cincinnati #1640 MSA AA                   | 117                          | 11.71       | 1.10                   | 0.00         | 10.41                       | 5.13         | 50.03                     | 64.10        | 38.46                    | 30.77        | 1.63                              | 0.00 | 1.30  | 1.71  | 1.68        |  |  |  |  |   |  |  |  |  |
| Preble County non-MSA                     | 114                          | 11.41       | 0.00                   | 0.00         | 0.00                        | 0.00         | 100.00                    | 100.00       | 0.00                     | 0.00         | 18.11                             | 0.00 | 0.00  | 18.11 | 0.00        |  |  |  |  |   |  |  |  |  |

(\*) Home improvement loans originated and purchased in the MSA/AA as a percentage of all home improvement loans originated and purchased in the rated area.

(\*\*) Percentage of Owner-Occupied Units is the number of owner-occupied housing units in a particular geography divided by the number of owner-occupied housing units in the area based on 1990 Census information.

(\*\*\*) Based on 1999 Aggregate HMDA Data only.

**Table 4. Geographic Distribution of Home Mortgage Refinance Loans**

| Geographic Distribution: HOME MORTGAGE REFINANCE |                            | State: OHIO |                        | Evaluation Period: April 1, 1998 TO December 31, 2000 |                             |              |                           |              |                          |              |                                   |      |      |      |      |
|--|----------------------------|-------------|------------------------|---|-----------------------------|--------------|---------------------------|--------------|--------------------------|--------------|-----------------------------------|------|------|------|------|
| MSA/Assessment Area:                             | Total Home Refinance Loans |             | Low-Income Geographies |   | Moderate-Income Geographies |              | Middle-Income Geographies |              | Upper-Income Geographies |              | Market Share (%) by Geography *** |      |      |      |      |
|  | #                          | % of Total* | % Owner OCC Units*     | % BANK Loans  | % Owner OCC Units**         | % BANK Loans | % Owner OCC Units**       | % BANK Loans | % Owner OCC Units**      | % BANK Loans | Overall                           | Low  | Mod  | Mid  | Upp  |
| Full-Review:                                     |                            |             |                        |   |                             |              |                           |              |                          |              |                                   |      |      |      |      |
| Hamilton-Middletown #3200 MSA                    | 1,111                      | 81.75       | 3.53                   | 2.34  | 18.21                       | 17.01        | 49.46                     | 62.29        | 28.79                    | 18.36        | 5.03                              | 1.67 | 5.16 | 6.57 | 2.95 |
| Limited-Review:                                  |                            |             |                        |   |                             |              |                           |              |                          |              |                                   |      |      |      |      |
| Cincinnati #1640 MSA AA                          | 177                        | 13.02       | 1.10                   | 2.26  | 10.41                       | 4.52         | 50.03                     | 59.89        | 38.46                    | 33.33        | 0.48                              | 1.27 | 0.26 | 0.63 | 0.32 |
| Preble County non-MSA                            | 71                         | 5.22        | 0.00                   | 0.00  | 0.00                        | 0.00         | 100.00                    | 100.00       | 0.00                     | 0.00         | 3.41                              | 0.00 | 0.00 | 3.41 | 0.00 |

(\*) Home mortgage refinance loans originated and purchased in the MSA/AA as a percentage of all home mortgage refinance loans originated and purchased in the rated area.

(\*\*) Percentage of Owner-Occupied Units is the number of owner-occupied housing units in a particular geography divided by the number of owner-occupied housing units in the area based on 1990 Census information.

(\*\*\*) Based on 1999 Aggregate HMDA Data only.

**Table 5. Geographic Distribution of Small Loans to Businesses**

| Geographic Distribution: SMALL LOANS TO BUSINESSES |                                 |             |                        |              |                             |              |                           |              |                          |              |                                   | State: OHIO |       | Evaluation Period: April 1, 1998 TO December 31, 2000 |       |  |  |  |
|--|---------------------------------|-------------|------------------------|--------------|-----------------------------|--------------|---------------------------|--------------|--------------------------|--------------|-----------------------------------|-------------|-------|---|-------|--|--|--|
| MSA/Assessment Area:                               | Total Small Loans To Businesses |             | Low-Income Geographies |              | Moderate-Income Geographies |              | Middle-Income Geographies |              | Upper-Income Geographies |              | Market Share (%) by Geography *** |             |       |   |       |  |  |  |
|  | #                               | % of Total* | % of Businesses **     | % BANK Loans | % of Businesses **          | % BANK Loans | % of Businesses **        | % BANK Loans | % of Businesses **       | % BANK Loans | Overall                           | Low         | Mod   | Mid   | Upp   |  |  |  |
| Full-Review:                                       |                                 |             |                        |              |                             |              |                           |              |                          |              |                                   |             |       |   |       |  |  |  |
| Hamilton-Middletown #3200 MSA                      | 804                             | 67.45       | 8.75                   | 8.83         | 15.81                       | 17.54        | 47.68                     | 51.87        | 27.72                    | 21.77        | 13.39                             | 18.05       | 24.91 | 12.69   | 10.31 |  |  |  |
| Limited-Review:                                    |                                 |             |                        |              |                             |              |                           |              |                          |              |                                   |             |       |   |       |  |  |  |
| Cincinnati #1640 MSA AA                            | 145                             | 12.16       | 2.86                   | 0.69         | 14.15                       | 11.72        | 44.17                     | 48.28        | 38.83                    | 39.31        | 0.77                              | 0.49        | 0.56  | 0.61  | 1.08  |  |  |  |
| Preble County non-MSA                              | 243                             | 20.39       | 0.00                   | 0.00         | 0.00                        | 0.00         | 100.00                    | 100.00       | 0.00                     | 0.00         | 28.13                             | 0.00        | 0.00  | 29.03   | 0.00  |  |  |  |

(\*) Small loans to businesses originated and purchased in the MSA/AA as a percentage of all small loans to businesses originated and purchased in the rated area.

(\*\*) Source of Data-Dunn and Bradstreet.

(\*\*\*) Based on 1999 Aggregate Small Business Data only.

**Table 6. Geographic Distribution of Small Loans to Farms**

| Geographic Distribution: SMALL LOANS TO FARMS |                            |             |                        |              |                             |              |                           |              |                          |              |                                   |      |      |       | State: OHIO |  | Evaluation Period: April 1, 1998 TO December 31, 2000 |  |  |  |  |
|---|----------------------------|-------------|------------------------|--------------|-----------------------------|--------------|---------------------------|--------------|--------------------------|--------------|-----------------------------------|------|------|-------|-------------|--|---|--|--|--|--|
| MSA/Assessment Area:                          | Total Small Loans To Farms |             | Low-Income Geographies |              | Moderate-Income Geographies |              | Middle-Income Geographies |              | Upper-Income Geographies |              | Market Share (%) by Geography *** |      |      |       |             |  |   |  |  |  |  |
|   | #                          | % of Total* | % of Farms**           | % BANK Loans | % of Farms**                | % BANK Loans | % of Farms**              | % BANK Loans | % of Farms**             | % BANK Loans | Overall                           | Low  | Mod  | Mid   | Upp         |  |   |  |  |  |  |
| Full-Review:                                  |                            |             |                        |              |                             |              |                           |              |                          |              |                                   |      |      |       |             |  |   |  |  |  |  |
| Hamilton-Middletown #3200 MSA                 | 40                         | 35.40       | 2.26                   | 2.50         | 5.64                        | 17.50        | 71.33                     | 50.00        | 20.77                    | 30.00        | 11.11                             | 0.00 | 0.00 | 14.71 | 0.00        |  |   |  |  |  |  |
| Limited-Review:                               |                            |             |                        |              |                             |              |                           |              |                          |              |                                   |      |      |       |             |  |   |  |  |  |  |
| Cincinnati #1640 MSA AA                       | 7                          | 6.19        | 1.80                   | 0.00         | 9.53                        | 14.29        | 54.50                     | 14.29        | 34.17                    | 71.43        | 0.00                              | 0.00 | 0.00 | 0.00  | 0.00        |  |   |  |  |  |  |
| Preble County non-MSA                         | 66                         | 58.41       | 0.00                   | 0.00         | 0.00                        | 0.00         | 100.00                    | 100.00       | 0.00                     | 0.00         | 30.47                             | 0.00 | 0.00 | 30.95 | 0.00        |  |   |  |  |  |  |

(\*) Small loans to farms originated and purchased in the MSA/AA as a percentage of all small loans to farms originated and purchased in the rated area.

(\*\*) Source of Data-Dunn and Bradstreet.

(\*\*\*) Based on 1999 Aggregate Small Farm Data only.

**Table 7. Borrower Distribution of Home Purchase Loans**

| Borrower Distribution: HOME PURCHASE |                           |             | State: OHIO          |                 |                           |                 | Evaluation Period: April 1, 1998 TO December 31, 2000 |                 |                        |                 |         | Market Share (%) by Borrower Income**** |      |      |      |  |
|--------------------------------------|---------------------------|-------------|----------------------|-----------------|---------------------------|-----------------|---|-----------------|------------------------|-----------------|---------|---|------|------|------|--|
| MSA/Assessment Area:                 | Total Home Purchase Loans |             | Low-Income Borrowers |                 | Moderate-Income Borrowers |                 | Middle-Income Borrowers                               |                 | Upper-Income Borrowers |                 | Overall | Low                                     | Mod  | Mid  | Upp  |  |
|                                      | #                         | % of Total* | % of Families**      | % BANK Loans*** | % of Families**           | % BANK Loans*** | % of Families**                                       | % BANK Loans*** | % of Families**        | % BANK Loans*** |         |   |      |      |      |  |
| Full-Review:                         |                           |             |                      |                 |                           |                 |   |                 |                        |                 |         |   |      |      |      |  |
| Hamilton-Middletown #3200 MSA        | 815                       | 67.63       | 19.22                | 12.02           | 18.20                     | 23.19           | 24.53   | 26.99           | 38.05                  | 35.21           | 3.74    | 5.15                                    | 4.56 | 4.20 | 4.94 |  |
| Limited-Review:                      |                           |             |                      |                 |                           |                 |   |                 |                        |                 |         |   |      |      |      |  |
| Cincinnati #1640 MSA AA              | 340                       | 28.22       | 17.63                | 4.41            | 16.96                     | 17.94           | 23.55   | 20.29           | 41.87                  | 53.53           | 1.14    | 0.54                                    | 1.02 | 0.90 | 2.06 |  |
| Preble County non-MSA                | 50                        | 4.15        | 15.88                | 6.00            | 18.94                     | 22.00           | 25.18   | 36.00           | 39.99                  | 32.00           | 3.27    | 5.56                                    | 3.11 | 4.14 | 2.59 |  |

(\*) Home purchase loans originated and purchased in the MSA/AA as a percentage of all home purchase loans originated and purchased in the rated area.

(\*\*) Percentage of Families is based on 1990 Census information.

(\*\*\*) As a percentage of loans with borrower income information available. No information was available for 3.1% of loans originated and purchased by the bank.

(\*\*\*\*) Based on 1999 Aggregate HMDA Data only.

**Table 8. Borrower Distribution of Home Improvement Loans**

| Borrower Distribution: HOME IMPROVEMENT |                              |             |                      |                  |                           |                  |                         |                  |                        |                  |   | State: OHIO |       | Evaluation Period: April 1, 1998 TO December 31, 2000 |       |  |  |  |
|---|------------------------------|-------------|----------------------|------------------|---------------------------|------------------|-------------------------|------------------|------------------------|------------------|---|-------------|-------|---|-------|--|--|--|
| MSA/Assessment Area:                    | Total Home Improvement Loans |             | Low-Income Borrowers |                  | Moderate-Income Borrowers |                  | Middle-Income Borrowers |                  | Upper-Income Borrowers |                  | Market Share (%) by Borrower Income**** |             |       |   |       |  |  |  |
|   | #                            | % of Total* | % of Families **     | % BANK Loans *** | % of Families **          | % BANK Loans *** | % of Families **        | % BANK Loans *** | % of Families **       | % BANK Loans *** | Overall                                 | Low         | Mod   | Mid   | Upp   |  |  |  |
| Full-Review:                            |                              |             |                      |                  |                           |                  |                         |                  |                        |                  |   |             |       |   |       |  |  |  |
| Hamilton-Middletown #3200 MSA           | 768                          | 76.88       | 19.22                | 21.61            | 18.20                     | 31.25            | 24.53                   | 24.48            | 38.05                  | 20.44            | 13.99                                   | 25.88       | 17.35 | 12.48   | 9.11  |  |  |  |
| Limited-Review:                         |                              |             |                      |                  |                           |                  |                         |                  |                        |                  |   |             |       |   |       |  |  |  |
| Cincinnati #1640 MSA AA                 | 117                          | 11.71       | 17.63                | 14.53            | 16.96                     | 22.22            | 23.55                   | 34.19            | 41.87                  | 28.21            | 1.63                                    | 2.35        | 1.64  | 1.23  | 1.73  |  |  |  |
| Preble County non-MSA                   | 114                          | 11.41       | 15.88                | 7.89             | 18.94                     | 21.93            | 25.18                   | 29.82            | 39.99                  | 40.35            | 18.11                                   | 31.25       | 21.57 | 14.86   | 17.53 |  |  |  |

(\*) Home improvement loans originated and purchased in the MSA/AA as a percentage of all home improvement loans originated and purchased in the rated area.

(\*\*) Percentage of Families is based on 1990 Census information.

(\*\*\*) As a percentage of loans with borrower income information available. No information was available for 1.7% of loans originated and purchased by the bank.

(\*\*\*\*) Based on 1999 Aggregate HMDA Data only.



**Table 9. Borrower Distribution of Home Mortgage Refinance Loans**

| Borrower Distribution: HOME MORTGAGE REFINANCE |                                     |              |                      |                  |                           |                  |                         |                 |                        |                  |   | State: OHIO |      | Evaluation Period: April 1, 1998 TO December 31, 2000 |      |  |  |  |
|--|-------------------------------------|--------------|----------------------|------------------|---------------------------|------------------|-------------------------|-----------------|------------------------|------------------|---|-------------|------|---|------|--|--|--|
| MSA/Assessment Area:                           | Total Home Mortgage Refinance Loans |              | Low-Income Borrowers |                  | Moderate-Income Borrowers |                  | Middle-Income Borrowers |                 | Upper-Income Borrowers |                  | Market Share (%) by Borrower Income**** |             |      |   |      |  |  |  |
|  | #                                   | % of Total * | % of Families **     | % BANK Loans *** | % of Families **          | % BANK Loans *** | % of Families **        | % BANK Loans*** | % of Families **       | % BANK Loans *** | Overall                                 | Low         | Mod  | Mid   | Upp  |  |  |  |
| Full-Review:                                   |                                     |              |                      |                  |                           |                  |                         |                 |                        |                  |   |             |      |   |      |  |  |  |
| Hamilton-Middletown #3200 MSA                  | 1,111                               | 81.75        | 19.22                | 11.52            | 18.20                     | 21.15            | 24.53                   | 26.73           | 38.05                  | 37.53            | 5.03                                    | 5.49        | 5.75 | 6.61  | 6.27 |  |  |  |
| Limited-Review:                                |                                     |              |                      |                  |                           |                  |                         |                 |                        |                  |   |             |      |   |      |  |  |  |
| Cincinnati #1640 MSA AA                        | 177                                 | 13.02        | 17.63                | 9.60             | 16.96                     | 16.38            | 23.55                   | 26.55           | 41.87                  | 45.20            | 0.48                                    | 0.67        | 0.39 | 0.59  | 0.53 |  |  |  |
| Preble County non-MSA                          | 71                                  | 5.22         | 15.88                | 1.41             | 18.94                     | 11.27            | 25.18                   | 45.07           | 39.99                  | 42.25            | 3.41                                    | 1.54        | 2.79 | 4.46  | 4.82 |  |  |  |

(\*) Home mortgage refinance loans originated and purchased in the MSA/AA as a percentage of all home mortgage refinance loans originated and purchased in the rated area.

(\*\*) Percentage of Families is based on 1990 Census information.

(\*\*\*) As a percentage of loans with borrower income information available. No information was available for 3.2% of loans originated and purchased by the bank.

(\*\*\*\*) Based on 1999 Aggregate HMDA Data only.

**Table 10. Borrower Distribution of Small Loans to Businesses**

| Borrower Distribution: SMALL LOANS TO BUSINESSES |                                 | State: OHIO |   | Evaluation Period: April 1, 1998 TO December 31, 2000 |  |                         |                           |                  |                         |
|--|---------------------------------|-------------|---|---|--|-------------------------|---------------------------|------------------|-------------------------|
|  | Total Small Loans to Businesses |             | Businesses with Revenues of \$1 million or less |   | Loans by Original Amount Regardless of Business Size |                         |                           | Market Share**** |                         |
|  | #                               | % of Total* | % of Businesses**                               | % BANK Loans***                                       | \$100,000 or Less                                    | >\$100,000 to \$250,000 | >\$250,000 to \$1,000,000 | All              | Rev \$1 million or less |
| Full-Review:                                     |                                 |             |   |   |  |                         |                           |                  |                         |
| Hamilton-Middletown #3200 MSA                    | 804                             | 67.45       | 86.71   | 84.83   | 72.26  | 16.79                   | 10.95                     | 13.39            | 18.08                   |
| Limited-Review:                                  |                                 |             |   |   |  |                         |                           |                  |                         |
| Cincinnati #1640 MSA AA                          | 145                             | 12.16       | 87.32   | 77.24   | 70.34  | 15.86                   | 13.79                     | 0.77             | 0.98                    |
| Preble County non-MSA                            | 243                             | 20.39       | 90.28   | 89.71   | 99.18  | 0.82                    | 0.00                      | 28.13            | 36.65                   |

(\*) Small loans to businesses originated and purchased in the MSA/AA as a percentage of all small loans to businesses originated and purchased in the rated area.

(\*\*) Businesses with revenues of \$1 million or less as a percentage of all businesses.

(\*\*\*) Small loans to businesses with revenues of \$1 million or less as a percentage of all loans reported as small loans to businesses. No information was available for 8.4% of small loans to businesses originated and purchased by the bank.

(\*\*\*\*)Based on 1999 Aggregate Small Business Data only.

**Table 11. Borrower Distribution of Small Loans to Farms**

| Borrower Distribution: SMALL LOANS TO FARMS |                            | State: OHIO |  |                 | Evaluation Period: April 1, 1998 TO December 31, 2000 |                         |                           |                  |                         |
|---|----------------------------|-------------|--|-----------------|---|-------------------------|---------------------------|------------------|-------------------------|
|   | Total Small Loans to Farms |             | Farms with Revenues of \$1 million or less |                 | Loans by Original Amount Regardless of Farm Size      |                         |                           | Market Share**** |                         |
|   | #                          | % of Total* | % of Businesses**                          | % BANK Loans*** | \$100,000 or Less                                     | >\$100,000 to \$250,000 | >\$250,000 to \$1,000,000 | All              | Rev \$1 million or less |
| Full-Review:                                |                            |             |  |                 |   |                         |                           |                  |                         |
| Hamilton-Middletown #3200 MSA               | 40                         | 35.40       | 99.32                                      | 87.50           | 70.00   | 20.00                   | 10.00                     | 11.11            | 9.52                    |
| Limited-Review:                             |                            |             |  |                 |   |                         |                           |                  |                         |
| Cincinnati #1640 MSA AA                     | 7                          | 6.19        | 94.96                                      | 100.00          | 71.43   | 14.29                   | 14.29                     | 0.00             | 0.00                    |
| Preble County non-MSA                       | 66                         | 58.41       | 98.30                                      | 95.45           | 98.48   | 1.52                    | 0.00                      | 30.47            | 31.71                   |

(\*) Small loans to farms originated and purchased in the MSA/AA as a percentage of all small loans to farms originated and purchased in the rated area.

(\*\*) Farms with revenues of \$1 million or less as a percentage of all businesses.

(\*\*\*) Small loans to farms with revenues of \$1 million or less as a percentage of all loans reported as small loans to farms. No information was available for 1.5% of small loans to farms originated and purchased by the bank.

(\*\*\*\*)Based on 1999 Aggregate Small Farm Data only.

Table 12. Qualified Investments

| QUALIFIED INVESTMENTS State: OHIO Evaluation Period: June 8, 1998 TO July 23, 2001 |                           |            |                            |            |                   |            |                 |                        |            |
|--|---------------------------|------------|----------------------------|------------|-------------------|------------|-----------------|------------------------|------------|
| MA/Assessment Areas:   | Prior Period Investments* |            | Current Period Investments |            | Total Investments |            |                 | Unfunded Commitments** |            |
|  | #                         | \$ (000's) | #                          | \$ (000's) | #                 | \$ (000's) | % of Total \$'s | #                      | \$ (000's) |
| Full-Review:   |                           |            |                            |            |                   |            |                 |                        |            |
| Hamilton-Middletown #3200 MSA  | 1                         | 402        | 27                         | 1,920      | 28                | 2,322      | 99.91           | 0                      | 0          |
| Limited-Review:  |                           |            |                            |            |                   |            |                 |                        |            |
| Cincinnati #1640 MSA AA  | 0                         | 0          | 2                          | 2          | 2                 | 2          | 0.09            | 0                      | 0          |
| Preble County non-MSA  | 0                         | 0          | 0                          | 0          | 0                 | 0          | 0.00            | 0                      | 0          |

(\*) "Prior Period Investments" means investments made in a previous evaluation period that are outstanding as of the examination date.

(\*\*) "Unfunded Commitments" means legally binding investment commitments that are tracked and recorded by the bank's financial reporting system.

**Table 13. Distribution of Branch Delivery System and Branch Openings/Closings**

| DISTRIBUTION OF BRANCH DELIVERY SYSTEM AND BRANCH OPENINGS/CLOSINGS |                                    |                    |                                    | State: OHIO                                   |       | Evaluation Period: June 8, 1998 TO July 23, 2001 |       |                          |                      |   |     |            |     |   |       |        |       |
|---|------------------------------------|--------------------|------------------------------------|---|-------|--|-------|--------------------------|----------------------|---|-----|------------|-----|---|-------|--------|-------|
| MSA/Assessment Area:  | Deposits                           | Branches           |                                    |   |       |  |       | Branch Openings/Closings |                      |   |     | Population |     |   |       |        |       |
|   | % of Rated Area Deposits in MSA/AA | # of BANK Branches | % of Rated Area Branches in MSA/AA | Location of Branches by Income of Geographies |       |  |       | # of Branch Closings     | # of Branch Openings | Net Change in Location of Branches (+ or -) |     |            |     | % of the Population within Each Geography |       |        |       |
|   |                                    |                    |                                    | Low   | Mod   | Mid  | Upp   |                          |                      | Low   | Mod | Mid        | Upp | Low                                       | Mod   | Mid    | Upp   |
| Full-Review:  |                                    |                    |                                    |   |       |  |       |                          |                      |   |     |            |     |   |       |        |       |
| Hamilton-Middletown #3200 MSA                                       | 88.96                              | 26                 | 76.47                              | 11.54   | 11.54 | 50.00  | 26.92 | 0                        | 3                    | 0   | 0   | 2          | 1   | 7.65                                      | 19.99 | 45.26  | 26.40 |
| Limited-Review:   |                                    |                    |                                    |   |       |  |       |                          |                      |   |     |            |     |   |       |        |       |
| Cincinnati #1640 MSA AA   | 6.50                               | 6                  | 17.65                              | 0.00  | 0.00  | 50.00  | 50.00 | 1                        | 2                    | 0   | 0   | 0          | 1   | 3.20                                      | 14.10 | 49.71  | 32.99 |
| Preble County non-MSA   | 4.54                               | 2                  | 5.88                               | 0.00  | 0.00  | 100.00   | 0.00  | 0                        | 0                    | 0   | 0   | 0          | 0   | 0.00                                      | 0.00  | 100.00 | 0.00  |