



Comptroller of the Currency
Administrator of National Banks

PUBLIC DISCLOSURE

October 23, 1997

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

First National Bank Northwest Ohio

Charter Number 13899

310 South Main Street
Bryan, Ohio 43506

Comptroller of the Currency
Central District Office
One Financial Place, Suite 2700
440 South LaSalle Street
Chicago, Illinois 60605

NOTE: This evaluation is not, nor should it be construed as, an assessment of the financial condition of this institution. The rating assigned to this institution does not represent an analysis, conclusion or opinion of the federal financial supervisory agency concerning the safety and soundness of this financial institution.

TABLE OF CONTENTS

General Information	1
Institution Rating	1
Description of Institution	2
Description of Assessment Areas	3
Conclusions with respect to Performance Tests	7
Lending Test	7
Investment Test	18
Service Test	18
Fair Lending Review	21
MSA Analyses: MSA 8400 - Toledo, Ohio	21
Appendix	
Scope of Evaluation	22

GENERAL INFORMATION

The Community Reinvestment Act (CRA) requires each federal financial supervisory agency to use its authority when examining financial institutions subject to its supervision, to assess the institution's record of meeting the credit needs of its entire community, including low- and moderate-income neighborhoods, consistent with safe and sound operation of the institution. Upon conclusion of such examination, the agency must prepare a written evaluation of the institution's record of meeting the credit needs of its community.

This document is an evaluation of the CRA performance of First National Bank Northwest Ohio (FNB) prepared by The Office of the Comptroller of the Currency, the institution's supervisory agency, as of October 23, 1997. The agency evaluates performance in assessment area(s), as they are delineated by the institution, rather than individual branches. This assessment area evaluation may include the visits to some, but not necessarily all of the institution's branches. The agency rates the CRA performance of an institution consistent with the provisions set forth in Appendix A to 12 CFR Part 25.

Institution's CRA Rating: This institution is rated "**Satisfactory record of meeting community credit needs.**" The prior Performance Evaluation dated May 30, 1995 resulted in an assigned rating of "Outstanding record of meeting community credit needs."

Summary of Performance

FNB has a good record of addressing community credit needs as summarized below:

- Mortgage and small business lending activity has been good. Within its largest assessment area, FNB has been the leading home mortgage lender and the leader in lending to the low- and moderate-income segments of that community. Over 85% of small business loans made within the assessment areas have been made to businesses with annual revenues less than \$1 million. This is favorable in comparison to the demographic composition of the business market.
- Community development lending performance has been good. A relatively high level of loans were made which addressed affordable housing, a primary identified community development credit need.
- Flexible lending practices are employed. Special programs have been used to provide loans where traditional financing could not be offered.
- Banking offices and ATMs are reasonably accessible to all portions of the assessment areas, and business hours are tailored to the needs of the community. A new office and new ATMs have improved FNB's accessibility to some low- and moderate-income individuals in portions of the community.

The following table indicates the performance level of **First National Bank Northwest Ohio** with respect to the Lending, Investment, and Service tests.

Performance Levels	First National Bank Northwest Ohio Performance Tests		
	Lending Test*	Investment Test	Service Test
Outstanding			
High satisfactory	X		X
Low satisfactory		X	
Needs to improve			
Substantial noncompliance			

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

Description of Institution

First National Bank Northwest Ohio (FNB) is a full service commercial bank headquartered in Bryan, Ohio. With average assets of \$532 million during the first quarter of 1997, FNB serves all or portions of six counties in northwest Ohio through eighteen offices and ten Automatic Teller Machines (ATMs). Five of the ATMs are cash-dispensing only. FNB was chartered in 1933, and joined Mid-American National Bank & Trust Company in 1988 to form Mid Am, Inc., a multi-bank holding company. The bank nearly doubled its size to \$450 million in 1990 with the acquisition of Home Savings & Loan based in Defiance, Ohio. Several additional branches were subsequently acquired from area banks which helped FNB grow to its current size. FNB opened a loan production office in Fort Wayne, Indiana in 1996.

FNB is a wholly-owned subsidiary of Mid Am, Inc., a \$2.2 billion multi-bank holding company based in Bowling Green, Ohio. Formed in 1988, Mid Am, Inc. currently operates five banks and six non-bank financial service affiliates. Four of these banks operate in western Ohio and one operates in southeast Michigan. Non-bank affiliates include an investment / brokerage company, a national consumer finance company, a private trust bank, a specialized credit and leasing company, an information services corporation, and a collections company.

FNB provides a full range of retail and commercial banking products. A wide variety of residential mortgage, commercial, and consumer loans are offered. Trust, investment and brokerage services are provided through Mid Am, Inc. affiliates. While striving to be a full service financial institution, FNB has focused particular attention toward addressing the home mortgage and small business credit needs of the community. The bank's loan portfolio as of March 31, 1997 is summarized in Table 1.

Table 1 FNB Loan Portfolio March 31, 1997 (\$000's)		
Commercial, Industrial, & Business Loans	\$198,745	52%
Residential Mortgages & Home Equity	88,500	23%
Consumer Loans	55,612	14%
Farm and Agriculture Loans	26,713	7%
Commercial Real Estate Loans	10,612	3%
Other Loans	4,274	1%
Total Loans Outstanding 3/31/97	\$384,456	100%

Source: FNB 3/31/97 Report of Condition

At March 31, 1997 FNB's assets were comprised of: Loans (72%), Cash and Investments (25%), and Other Assets (3%). Liabilities are comprised of: Domestic Deposits (90%), Borrowed Funds (9%), and Other Liabilities (1%). Equity Capital represents 8% of assets. No legal impediments which would impact the bank's ability to address community credit needs have been identified.

Description of Assessment Areas

FNB operates in six northwest Ohio counties, and has established two CRA assessment areas to serve this contiguous geographic territory. Both assessment areas are consistent with CRA regulatory requirements. Table 2 provides a breakdown of how the bank's deposits and loans are distributed between the assessment areas, as well as the distribution of various demographic variables. For instance, the Fulton County Assessment Area contains 15% of FNB's assessment area deposit dollars and 25% of the low- and moderate-income families residing in the assessment areas. The table also reflects the distribution of the number of owner-occupied (own-occ.) housing units, population, and number of businesses within the areas. Our evaluation placed more weight on FNB's performance in the Bryan-Defiance Assessment Area as that area represents a greater share of the bank and the market, including the number of low- and moderate-income families.

Table 2 Assessment Area Breakdown						
Assessment Area	Deposit Dollars %	Loan Dollars %	Low/Mod Families %	Population %	Own-Occ. Housing %	Businesses %
Fulton County	15	21	25	23	22	25
Bryan-Defiance	85	79	75	77	78	75
Total	100%	100%	100%	100%	100%	100%

Sources: Deposit and loan data according to FNB reports; U.S. Census data; Dun & Bradstreet, Inc. business data

FNB's *Fulton County Assessment Area* is within the Toledo Metropolitan Statistical Area (MSA 8400) and is comprised of Fulton County. The two other counties within the MSA (Lucas and Wood) are not included in the bank's assessment area, as FNB does not have offices in those parts of the MSA. Furthermore, Lucas and Wood counties are included in the assessment area of Mid-American National Bank & Trust Company, a MidAm, Inc. affiliate. The Fulton County Assessment Area is comprised of nine census tracts, none of which are designated as being low-income or moderate-income tracts. (*Note: the terms census tract and tract as used throughout this document refers also to block numbering areas.*) FNB serves this assessment area with six offices and two ATMs. Table 3 provides some demographic data relative to the area.

Table 3 <i>FNB's Fulton County Assessment Area Demographic Data</i>							
TOTAL POPULATION (1990 census data)		38,498					
AREA INCOME (Toledo MSA) 1990 HUD Median Family Income 1997 HUD Adjusted Median Family Income		\$35,775 \$44,500					
FAMILY INCOME LEVELS (Based on HUD Median family Income)		Count	%				
Low (below 50% of median)		1,593	15				
Moderate (50 - 80% of median)		1,964	18				
Middle (80-120% of median)		3,381	32				
Upper (over 120% of median)		3,672	35				
Total		10,610	100				
UNEMPLOYMENT RATES (Average of Monthly Seasonally Unadjusted Rates)		1995 Average	1996 Average		1997 Average Through May		
Fulton County		5.8	5.0		6.2		
State of Ohio		4.8	4.9		5.2		
CENSUS TRACT CHARACTERISTICS (Based on HUD Median Family Income)		Tracts		Families		Businesses	
		Count	%	Count	%	Count	%
Low (below 50% of median)		0	0	0	0	0	0
Moderate (50 - 80% of median)		0	0	0	0	0	0
Middle (80-120% of median)		8	89	9,460	89	954	83
Upper (over 120% of median)		1	11	1,150	11	199	17
Total		9	100	10,610	100	1,153	100
HOUSING INFORMATION (1990 census data)		Owner-Occupied Units		Rental-Occupied Units		Vacant Housing Units	
		Count	%	Count	%	Count	%
Total Units 14,095		10,601	75	2,903	21	591	4

*Sources: U.S. Census data; Dun & Bradstreet, Inc. business data;
Unemployment data according to Ohio Bureau of Employment Services*

The Fulton County Assessment Area is primarily rural in nature, while being an extension of metropolitan Toledo. Cities include Archbold, Delta, Fayette, and Wauseon. According to Dun

& Bradstreet, Inc. data as of June 1996, there are 1,153 businesses, including sixty-eight agriculture related-entities, located within the area. Prominent industries include manufacturing, service, and retail trade. Major employers include North Star Steel, Sauder Manufacturing, and LaChoy Food Products. Economic conditions have been stable during the past two years, although unemployment rates have been slightly above the state average, as reflected in Table 3.

The ***Bryan-Defiance Assessment Area*** is comprised of Defiance, Henry, Paulding, and Williams counties, and a northern portion of Putnam county. Putnam County is not included in its entirety as FNB has only one office in the northwest corner of the county. Furthermore, a sizeable portion of Putnam County is included in the assessment area of Mid-American National Bank & Trust Company, a Mid Am, Inc. affiliate.

The Bryan-Defiance Assessment Area encompasses thirty-one census tracts, none of which are designated as being low-income or moderate-income areas. The area is primarily rural in nature, with the cities of Bryan (Williams County), Defiance (Defiance County), and Napoleon (Henry County) being the population centers. Dominant industries within the Bryan-Defiance Assessment Area are automotive-related manufacturing, services, and retail trade. Much of the area is used for farming. According to June 1996 Dun & Bradstreet, Inc. data, there are 3,506 businesses, including 131 agriculture-related entities, located within this area. Primary employers include General Motors, Spangler Candy Company, Bryan Custom Plastics, and Campbell Soup. FNB serves the Bryan-Defiance Assessment Area with twelve offices, three “full-service” ATMs, and five ATMs which dispense cash only. Table 4 provides some demographic data relative to the area.

The northwest Ohio financial market is competitive. FNB competes with several regional and community sized financial institutions. The primary competition in this market area includes Farmers and Merchants State Bank, First Federal Savings and Loan, and State Bank and Trust. National City Bank, KeyBank, N.A., and Fifth Third Bank of Northwestern Ohio, N.A. are regional institutions that have a presence in the market as well. Based on deposit balances reported by Bancpen using Sheshunoff Information Services, Inc. data, FNB has a moderate presence in most counties. FNB’s largest presence is in Williams County where its deposit share was approximately 25% at June 30, 1996, the most recent information available.

Our evaluation took into consideration information derived from members of the community. Five contacts were made, including a housing developer, a community action agency, a regional private industry council, and social service agencies. Furthermore, information from contacts made during the past two years by the OCC and the other federal financial regulating agencies was considered. While no unmet credit needs were specifically identified, contacts cited affordable housing, economic development, and job training as primary community development needs.

Table 4					FNB's Bryan - Defiance Assessment Area Demographic Data					
TOTAL POPULATION (1990 census data)					131,889					
AREA INCOME (MFI-Median Family Income) 5-county Weighted Average 1990 MFI Ohio 1997 Nonmetropolitan HUD MFI					\$30,563 \$38,800					
FAMILY INCOME LEVELS (Based on HUD Median family Income)					Count		%			
Low (below 50% of median)					4,689		13			
Moderate (50 - 80% of median)					5,885		16			
Middle (80-120% of median)					9,353		26			
Upper (over 120% of median)					16,471		45			
Income Not Available					7		0			
Total					36,405		100			
UNEMPLOYMENT RATES (Average of Monthly Seasonally Unadjusted Rates)					1995 Average		1996 Average		1997 Average Through May	
Defiance County					4.6		4.4		5.1	
Henry County					5.5		4.7		7.0	
Paulding County					4.6		4.2		4.1	
Putnam County					4.5		4.7		4.9	
Williams County					3.7		4.9		4.2	
State of Ohio					4.8		4.9		5.2	
CENSUS TRACT CHARACTERISTICS (Based on HUD Median Family Income)					Tracts		Families		Businesses	
					Count	%	Count	%	Count	%
Low (below 50% of median)					0	0	0	0	0	0
Moderate (50 - 80% of median)					0	0	0	0	0	0
Middle (80-120% of median)					24	77	27,824	76	2,975	85
Upper (over 120% of median)					7	23	8,581	24	531	15
Total					31	100	36,405	100	3,506	100
HOUSING INFORMATION (1990 census data)					Owner- Occupied Units		Rental- Occupied Units		Vacant Housing Units	
					Count	%	Count	%	Count	%
Total Units 50,466					37,509	74	9,951	20	3,006	6

*Sources: U.S. Census data; Dun & Bradstreet, Inc. business data;
Unemployment data according to Ohio Bureau of Employment Services*

Conclusions with Respect to Performance Tests

Lending Test

Lending Activity

FNB is an active lender offering a wide variety of consumer, mortgage, and commercial lending products. Residential real estate-related lending and business financing have been the primary focus. Table 1 reflects that these product lines represent 75% of the bank's loan portfolio. As FNB sells most of its residential mortgages to the secondary market, the portfolio breakdown understates the degree in which mortgage lending dominates the bank's lending activity.

Table 5 details FNB's lending activity for the loan products considered during this evaluation. Information is based on Home Mortgage Disclosure Act (HMDA) disclosure reports, CRA disclosure reports, and internal bank reports which were tested and found to be accurate. All 1997 data used within this document is preliminary.

Table 5						
<i>FNB Lending Activity</i>						
Loan Type	1995		1996		YTD 3/97	
	Count	\$(000's)	Count	\$(000's)	Count	\$(000's)
Home Purchase	1,189	62,347	978	62,388	135	8,038
Home Refinance	912	52,279	1,424	88,682	232	15,975
Home Improvement	200	1,900	154	2,835	22	287
Multifamily	7	1,807	5	554	5	3,175
Small Business	N/A	N/A	471	49,260	116	10,646
Small Farm	N/A	N/A	239	12,400	40	1,648
Total Loans	2,308	118,333	3,271	216,119	550	39,769

Sources: HMDA data; CRA Disclosure Report data; FNB reports

Note: N/A - small business and small farm data was not collected for 1995

Housing Related Lending

FNB is an active home mortgage lender, with emphasis on Home Purchase and Home Refinance loans. Home improvement loans are also made, but for HMDA purposes, the bank has elected to not track or report home equity lines of credit made for home improvement reasons. Therefore, home improvement activity may be understated. Multifamily housing financing is offered but is not a particular focus for FNB.

FNB's mortgage lending in the Bryan-Defiance Assessment Area has been good. FNB was the overall market leader in both Home Purchase and Home Refinance lending in 1996. With 410 Home Purchase loans, FNB captured 38% of the market. FNB's 758 Home Refinance loans represented 52% of the market. Relative to its size of the deposit market, FNB made more loans than nearly all competitors in each county. FNB also made the most mortgage loans to low- and moderate-income borrowers within the Bryan-Defiance Assessment Area.

FNB's mortgage lending in the Fulton County Assessment Area has been good. While FNB was the number two lender in terms of loan volume in 1996, relative to its size in the deposit market, FNB made more than twice as many loans per \$1 million it had in area deposits than the average of the other significant lenders in the market. Also, relative to its deposit size, FNB's lending to the low- and moderate-income segments of the population out paced the average of the other significant lenders in the market by more than two-to-one. FNB's mortgage lending in the Fulton County Assessment Area increased by 49% between 1995 and 1996 compared to the 34% experienced by the aggregate market.

Small Business Lending

FNB is an active small business lender with performance considered good. This conclusion is based on: 1) a high volume of lending activity has occurred; 2) a substantial majority of the bank's commercial loan portfolio is for small business purposes; and 3) OCC peer group analyses demonstrate that the level of small business loans outstanding is relatively high. For CRA purposes, *small business loans* are defined as commercial loans originated for \$1 million or less.

Table 5 reflects that FNB made 587 small business loans between January 1, 1996 and March 31, 1997. This represents nine loans per week on average, and reflects that FNB is active in small business financing. Furthermore, 77% of the number of small business loans made within the assessment areas were for amounts less than \$100,000. This demonstrates FNB's willingness to make smaller-size loans.

The small business segment of FNB's commercial loan portfolio is proportionally larger than that of other banks. This is based on an analysis of June 30, 1996 Call Report data (the most recent data available) from FNB and other banks of similar size and characteristics from the OCC's six-state Central District (Illinois, Indiana, Kentucky, Michigan, Ohio, and Wisconsin). Two peer groups were used in the analyses. The *Central District* peer group was comprised of seventy banks with assets from \$500 million to \$1 billion. The *Commercial Loan* peer group is a subset of the *Central District* peer, but which most closely resembled FNB's degree of emphasis on commercial lending. The twenty-four banks in this group had commercial loans representing 40% to 60% of the banks' overall loan portfolios.

Table 6 shows that nearly 68% of FNB's commercial loan dollars outstanding were reported as small business loans, and that for every \$1 million in commercial loans in its portfolio, FNB had eight small business loans outstanding. FNB exceeded or was comparable to both peer groups in both of these criteria. Furthermore, FNB's lending in amounts less than \$100,000 was

comparable to or exceeded peer group levels. Our analyses also found that FNB's small business lending was proportionally higher than peers in relation to gross loans and total assets. A review of preliminary June 30, 1997 Call Report data indicated that FNB's portfolio characteristics have not materially changed since June 30, 1996.

Table 6 <i>Small Business Lending Peer Group Analysis</i>			
Criteria	Central District Peer Average	Commercial Loan Peer Average	FNB
% of All C/L Dollars which are Small Business Loans	64.6	62.6	67.8
# of SBLs per \$1 Million of Commercial Loans Outstanding	8.7	7.4	8.0
% of the Number of SBLs which are < \$100,000	71.3	67.9	69.8

Source: June 1996 Call Report data from Uniform Bank Performance Report data base as administered by the Federal Financial Institutions Examination Council.

SBL - Small Business Loan

Small Farm Lending

While FNB is not a significant agriculture lender, it has affirmatively addressed the community's small farm credit needs. As indicated in Tables 1 and 5, agricultural lending represents less than 10% of FNB's lending activity. Nevertheless, when agricultural loans are made, they are primarily for small farm purposes. For CRA purposes, *small farm loans* are defined as farming and agriculture-related business loans originated for \$500,000 or less.

An OCC peer group analysis similar to that conducted with regard to small business lending using June 30, 1996 Call Report data was done relative to small farm loans. That analysis showed that 99% of FNB's agricultural loan dollars were for small farm purposes, as compared to 79% for the peer. It also reflected that FNB has 39% more small farms loans outstanding than average for each \$1 million outstanding in agricultural loans. Finally, the percentage of small farm loans that were for amounts less than \$100,000 also exceeded peer averages (85% for FNB vs. the peer average of 81%). The peer group consisted of the fifteen banks from the previously described seventy bank Central District Peer group where farm lending represented between 3% and 10% of gross loans.

Geographic Distribution of Loans

FNB's geographic distribution of credit extensions has been reasonable. This conclusion is based on: 1) a moderately high percentage of FNB's lending activity has occurred within the assessment areas; and 2) penetration into all segments of the community has been excellent as loans were made in all census tracts of each assessment area during the evaluation period. FNB made HMDA-reported loans in each tract in 1996, and made small business and farm loans in 82% of the tracts. As FNB's assessment areas do not include any designated low- income or moderate-income areas, analyses regarding loan distribution among the income segments of the market would not be meaningful.

As reflected in Table 7, 65% of the number of loans and 58% of loan dollars extended between January 1, 1996 and March 31, 1997 were made within the assessment areas. While a sizeable portion of FNB's mortgage lending was done outside of the assessment areas, positive consideration is given to the fact that FNB's lending levels within the assessment areas have been good, as discussed under the *Lending Activity* section.

Table 7 <i>Lending In and Outside of Assessment Areas (1996-3/97)</i>						
Loan Type	Numbers of Loans			Dollars of Loans (000's)		
	In Area	Out of Area	% In Area	In Area	Out of Area	% In Area
Home Purchase	579	534	52%	36,066	34,360	51%
Home Refinance	1,096	560	66%	66,135	38,522	63%
Home Improvement	152	24	86%	2,691	431	86%
Multifamily	1	9	10%	150	3,579	4%
Small Business	425	162	72%	32,246	27,660	54%
Small Farm	248	31	89%	11,841	2,207	84%
Total Lending Activity	2,501	1,320	65%	149,129	106,759	58%

Sources: HMDA Disclosure Report Data, CRA Disclosure report data, and FNB reports.

Borrower Characteristics

FNB has reasonably addressed the credit needs of individuals at all income levels and businesses of all sizes. This conclusion is based on a review of HMDA and small business lending activity.

Housing Related Lending

The proportion of FNB’s lending made to each of the low-, moderate-, middle-, and upper-income segments of the populace has been generally consistent with market demographics and the proportion of lending done by the aggregate market in those segments. When assessing lending to the low-income segment of the community, the aggregate market’s lending record is considered to be a more reliable indicator of lending opportunities than the percentage of the population represented by that segment of the community. Aggregate market data for non-MSA areas is not available for 1995.

FNB’s lending to low-income and moderate-income individuals in the Fulton County Assessment Area has been similar to the aggregate market’s overall lending record. In 1996, FNB’s lending was somewhat proportionally higher than the market. Refer to Table 8. Also, FNB’s lending to those segments of the market reflect an increasing trend from 1995 levels. In the Bryan-Defiance Assessment Area, FNB’s lending to low- and moderate-income individuals was somewhat lower, but reasonably consistent with, the aggregate market’s lending record. Refer to Table 9.

Table 8 HMDA Lending to Individuals by Income Category - Fulton County Assessment Area					
Income Category and Loan Products	The % of the Number of Loans which were made by FNB and aggregate market to individuals in each income category				The % of families in each income category
	Aggregate Market		FNB		
	1995	1996	1995	1996	
<i>Low Income Individuals</i>					
Home Purchase	10%	9%	7%	11%	15%
Home Refinance	4%	4%	3%	5%	
<i>Moderate Income Individuals</i>					
Home Purchase	22%	25%	22%	25%	18%
Home Refinance	21%	18%	25%	21%	
<i>Middle Income Individuals</i>					
Home Purchase	34%	33%	32%	33%	32%
Home Refinance	33%	36%	36%	39%	
<i>Upper Income Individuals</i>					
Home Purchase	33%	32%	38%	31%	35%
Home Refinance	39%	40%	14%	35%	

Sources: U.S. Census data; HMDA data; FNB data

Note: Some loan product data does not add to 100% due to rounding and income not being available for some applicants.

**Table 9 HMDA Lending to Individuals by Income Category
Bryan-Defiance Assessment Area**

Income Category and Loan Products	The % of the Number of Loans which were made by FNB and aggregate market to individuals in each income category in 1996		The % of families in each income category
	Aggregate Market	FNB	
<i>Low Income Individuals</i>			
Home Purchase	6%	4%	13%
Home Refinance	3%	2%	
<i>Moderate Income Individuals</i>			
Home Purchase	22%	20%	16%
Home Refinance	16%	15%	
<i>Middle Income Individuals</i>			
Home Purchase	34%	35%	26%
Home Refinance	31%	30%	
<i>Upper Income Individuals</i>			
Home Purchase	36%	40%	45%
Home Refinance	48%	53%	

Sources: U.S. Census data; FNB data

Note: Some loan product data does not add to 100% due to rounding and information not available for some applicants.

Market share analyses of 1995 and 1996 aggregate HMDA data were also used to assess FNB's lending to low-, moderate-, middle-, and upper-income individuals. We determined that FNB's share of lending to low-income and moderate-income individuals has been reasonable, although somewhat lower than its relative lending levels to the remainder of the market. As aggregate data for non-MSAs was not available prior to 1996, the Bryan-Defiance Assessment Area analysis was limited to 1996. Analyses were limited to Home Purchase and Home Refinance loans as FNB's share of the Home Improvement market was too small to reach meaningful conclusions.

FNB's lending to low-income and moderate-income individuals in the Fulton County Assessment Area was good. In most instances in 1995 and 1996, FNB's share of the low- and moderate-income segments exceeded its share of the overall market for that product line. See Table 10. While some lending levels in low-income and moderate-income categories are higher or lower than the bank's overall market share for that product line, most disparities are represented by relatively few loans. For instance, the difference between FNB's 13.6% share of the 1995 low-income Home Refinance market and its overall Home Refinance share of 20.9% represents less than two loans. FNB would have needed to make two additional loans to low-income individuals

to achieve its overall market share for Home Refinance loans. Similarly, the difference between FNB's 28.1% share of the 1996 Home Purchase market and its 22.5% overall Home Purchase market share is represented by two loans. In drawing our conclusions, positive consideration was also given to the increasing market share trend of lending to low-income and moderate-income individuals in the Fulton County Assessment Area between 1995 and 1996.

Table 10 <i>Borrower Market Share Analysis - Fulton County Assessment Area</i>								
Borrower Income Level	Home Purchase				Home Refinance			
	1995		1996		1995		1996	
	Market Share	Number of Loans	Market Share	Number of Loans	Market Share	Number of Loans	Market Share	Number of Loans
Low-income	9.8%	6	16.7%	11	13.6%	3	28.1%	9
Moderate-income	12.8%	18	13.5%	24	24.3%	27	26.7%	40
Middle-income	12.0%	26	13.5%	32	21.6%	37	24.2%	73
Upper-income	14.8%	31	12.9%	30	20.7%	42	19.8%	65
Total Market	12.7%	81	13.4%	97	20.9%	109	22.5%	187

Source: HMDA data

FNB's lending to low-income and moderate-income individuals in the Bryan-Defiance Assessment Area was adequate. While lending levels in low-income and moderate-income categories have been lower than the bank's overall market share for the individual product lines, most disparities are not represented by high numbers of loans. For instance, the difference between FNB's 25.4% share of the low-income Home Purchase market and its overall Home Purchase share of 38.2% represents eight loans. The difference between FNB's 34.7% share of the low-income Home refinance market and its overall Home refinance share of 52.5% represents nine loans. Refer to Table 11. In drawing our conclusions regarding the adequacy of FNB's lending to low- and moderate-income borrowers within the Bryan-Defiance Assessment Area, we took into consideration that FNB was the overall market leader in making mortgage loans to that segment of the community.

	Home Purchase		Home Refinance	
	Market Share	Number of Loans	Market Share	Number of Loans
Low-income individuals	25.4%	16	34.7%	17
Moderate-income individuals	33.8%	81	47.7%	113
Middle-income individuals	38.9%	144	50.9%	226
Upper-income individuals	42.4%	165	57.7%	402
Income not available	-----	4	-----	0
Total Market	38.2%	410	52.5%	758

Source: HMDA data

Small Business Lending

FNB's small business lending predominately addresses the needs of businesses of the smallest size - those with annual revenues less than \$1 million. Table 12 reflects that 85% of the number of small business loans made by FNB within its assessment areas between January 1, 1996 and March 31, 1997 were made to this segment of the businesses population. According to Dun & Bradstreet, Inc. June 1996 business demographic data, 70% of businesses located with the bank's assessment areas have annual revenues less than \$1 million. Table 12 also reflects that a significant majority (77%) of the number of small business loans made within the assessment areas were for amounts less than \$100,000, as discussed under the *Lending Activity* section.

Loan Size	Total Small Business Lending Activity		Small Business Lending to Businesses with Annual Revenues less than \$1 million			
	# Loans	\$(000's) Loans	Number of Loans Count	%	Dollars of Loans \$(000's)	%
< \$100,000	329	9,317	293	89%	8,051	86%
\$100,000 - \$250,000	62	8,633	45	73%	6,223	72%
\$250,000 - \$1,000,000	34	14,296	23	68%	9,395	66%
Total	425	32,246	361	85%	23,669	73%

Source: FNB CRA Disclosure report data

Small Farm Lending

FNB's small farm lending primarily serves the credit needs of farms and agricultural-related companies with annual revenues less than \$1 million, as reflected by Table 13. According to Dun & Bradstreet, Inc. June 1996 business demographic data, 90% of farm-related businesses located with the bank's assessment areas have annual revenues less than \$1 million.

Loan Size	Total Small Farm Lending Activity		Lending to Agricultural related businesses Annual Revenues less than \$1 million			
	# Loans	\$(000's) Loans	Number of Loans Count	%	Dollars of Loans \$(000's)	%
< \$100,000	216	5,972	212	98%	5,788	97%
\$100,000 - \$250,000	24	3,286	21	88%	2,937	89%
\$250,000 - \$500,000	8	2,583	7	88%	2,243	87%
Total	248	11,841	240	97%	10,968	93%

Source: FNB CRA Disclosure report data

Community Development Lending

FNB community development lending performance has been good. This conclusion is based on the volume of community development loans generated, especially in relation to the bank's size and financial capacity, and that loans have been made throughout the portions of the assessment areas where opportunities have existed. *Community Development Loans* are generally defined as loans which have community development as their primary purpose, as described by the CRA regulation, and have not been reported as small business loans or one-to-four family loans for HMDA purposes.

Community contacts cited affordable housing, economic development, and support for social service agencies as primary community development credit needs. Most of FNB's community development loans funded affordable housing initiatives.

FNB originated sixteen community development loans for \$5.6 million. Some of the largest loans are described below:

- o FNB originated a loan for \$225,000 in May 1997 to a real estate development initiative in Defiance. Funds were for the purchase and development of four lots for future construction of single family homes to be sold to moderate-income families.

- o FNB originated two loans in late 1995 totaling \$2.7 million for the purchase and improvement of a mobile home community for primarily low- and moderate-income persons.
- o In November 1996, FNB originated three loans totaling \$246,000 for the purchase and development of fifteen lots and construction of two homes under a rural housing development program in Paulding county. The development will consist of seventeen single family homes for sale to low- or moderate-income families.
- o FNB extended two loans in 1995 and 1996 totaling \$643,000 for the purchase and development of forty lots in Defiance for the construction of single family homes for low- and moderate-income families. This project is being done consistent with the Guaranteed Rural Housing program requirements.

Innovative and Flexible Lending Practices

FNB has actively employed flexible lending practices, and at times has been innovative as well. This is demonstrated through making loans that do not qualify for sale in the secondary market, and the use of special loan programs and creative financing arrangements.

Flexible underwriting practices have been actively used when making mortgage loans to low- and moderate-income individuals. This is reflected by loans FNB has retained in its portfolio due to not qualifying for sale in the secondary market. Approximately 44% of the 477 loans made to low- and moderate-income individuals (inside and outside of the bank's assessment areas) in 1996 were retained in the bank's portfolio. As relaxed underwriting standards were applied, the substantial majority of these loans did not qualify for sale to the secondary market.

FNB uses special loan programs and government programs to provide financing to customers who would not have access to funds through traditional products. The primary programs that FNB has utilized are as follows:

- o FNB created a Disaster Recovery Loan product to meet the needs of 1996 flooding victims in Paulding, Williams, and Defiance counties. The loan featured a low rate, interest-only repayment for thirty months, 100% loan to value financing, waiver of fees, and relaxed debt ratio requirements. FNB made four loans for approximately \$12,000 under the program.
- o FNB actively makes Fannie Mae 97. This low-down payment product features flexible underwriting criteria to borrowers whose income does not exceed 100% of median area income. FNB made forty loans totaling \$1.95 million within the assessment area and thirty loans for \$1.46 million to borrowers outside the assessment area in 1996.

- o Rural Housing and Community Development Services (Formerly known as Farmers Home Administration) loan programs are utilized. In part, this U.S. Department of Agriculture agency provides financing for rural homes and to farmers for working capital and long-term financing.
 - > The rural housing program is designed to assist low- and moderate-income families by providing 100% financing, a flexible feature. FNB made twelve loans totaling \$678,000 from January 1995 through March 1997.
 - > The Farmer Mac II program is a flexible financing program for farm loans. Customers benefit from long-term fixed-rate financing at below-market rates. Standard bank financing would be for shorter time periods at higher and adjustable interest rates. FNB generated twenty-one loans totaling \$3.2 million under this program since January 1996.

- o FNB actively makes U.S. Small Business Administration (SBA) lending options available to its customers. SBA lending is considered flexible as given their risk profiles, the substantial majority of SBA customers: 1) gain access to credit which they would not normally qualify for without the SBA guarantee; or 2) obtain credit with terms and conditions that are more favorable to the customer. For example, the SBA 504 Development Company Loan Program uses partnerships to finance fixed assets which can result in allowing longer terms at a reduced fixed rate of interest. The LowDoc program allows the bank to provide financing with relaxed collateral requirements. FNB has extended loans under these and other SBA programs. FNB made eleven SBA loans totaling \$1.8 million since the beginning of 1995.

- o FNB has participated in the State of Ohio Link Deposit program. The program provides an injection of funds within the banking community specifically for creating lower-cost capital for Ohio businesses. The program represents flexible underwriting as it provides loans at interest rates that are lower than typically available to customers with similar risk profiles. FNB made sixty-four loans totaling \$4.8 million to farmers from January 1995 through March 1997 under this program.

Some creative financing packages have been made to provide customers with loans where traditional financing could not be offered. For example, in November 1995 FNB borrowed funds from the Federal Home Loan Bank in order to provide fixed-rate financing at a reduced rate for the purchase and development of a mobile home community for low- and moderate-income individuals.

Investment Test

FNB's investment performance has exhibited adequate responsiveness to the credit and economic development needs of the community. Community development investments by FNB totaled \$54,000 from May 1995 through December 1996. While this volume is low in relation to the bank's size and financial capacity, few qualified community development investment opportunities have been identified within the market. Community contacts cited affordable housing, economic development, and job training as primary community development needs. Other than supporting local organizations through grants, no qualified community development investment opportunities were identified.

FNB investments have been in the form of grants to organizations whose primary purpose is economic development and organizations that provide social services to low-income persons. While FNB's investments are not considered innovative or complex in nature, they do address some of the needs identified within the market. FNB provided community development grants to seven organizations during 1996 and 1997. Examples are: Camp Palmer (education and recreation for low- and moderate-income individuals); Defiance County Economic Development; Habitat for Humanity; United Way; and YMCA and YWCA Affordable Housing Projects.

Service Test

FNB has a good record of supporting the community through the provision of services. This conclusion is based on the following: 1) offices and ATMs are accessible to all portions of the assessment areas. 2) Offices and ATMs are located where they serve the low- moderate-, middle, and upper-income segments of the population consistently; 3) Business hours at offices are tailored to the needs of the community; 4) A new office and new ATMs have improved FNB's accessibility to low- and moderate-income individuals in portions of the community; and 5) FNB provides an adequate level of community development services.

Retail Banking Services

FNB has eighteen banking offices, including one branch located in a grocery store. Offices are located throughout the assessment areas and are accessible to all parts of the community, especially the population centers.

As there are no designated low-income or moderate-income neighborhoods within the bank's assessment areas, a distribution analysis of delivery systems by census tract income category would not be meaningful. Nevertheless, an analysis of demographic data indicates that FNB's offices and ATMs serve each of the income segments of the populace. Table 14 reflects that

34% of all families within the bank’s assessment areas are located in a census tract with a FNB office, and 13% of families are in tracts with full-service ATMs. Likewise, similar percentages of the families in each income category reside in tracts with FNB offices and ATMs.

FNB’s office hours are generally tailored to the needs of the surrounding area. All branch offices maintain Saturday hours, with one office also maintaining hours on Sunday. While staffing of product and service experts at branches vary to some degree, all FNB products and services are available through any location.

Family Income Category	The percentage of families within each income category residing within tracts with a:	
	FNB office	Full-Service FNB ATM
Low Income	34%	13%
Moderate Income	35%	12%
Middle Income	34%	13%
Upper Income	33%	13%
Total	34%	13%

Sources: U.S. Census data; FNB records.

Lenders will readily make appointments to meet with customers at any bank office or other location of the customer’s choice including their residence or place of business. Appointments are not limited to regular business hours. The bank’s “mortgage hotline” allows applicants to call in by telephone to apply for a loan or leave questions for loan officers twenty-four hours a day. Also, all branches have drive-up facilities which offer loan products and open new deposit accounts.

Since the last CRA examination, FNB opened one branch in Wauseon, a middle-income community in Fulton County. This improved the bank’s ability to serve the area, including low- and moderate income individuals, and enhanced the market’s access to credit. According to 1990 U.S. Census data, 289 low-income families and 334 moderate-income families reside within the census tract that includes Wauseon. This represents 17.5% of low- and moderate-income families within the assessment area. No branches were closed during this period.

Alternative Delivery Systems

FNB serves its communities with ten ATMs. Five units are full-service and five are cash-dispensing only. Four of the full-service ATMs are located at branch offices. FNB added two new full-service ATMs and four cash-dispensing ATMs to its system since May 1995. According to 1990 U.S. census data, 1,542 low- and moderate-income families reside in the tracts in which the new ATMs are located. This represents 11% of the low- and moderate-income families within FNB’s assessment areas.

In conjunction with the bank’s Basic Checking product, which is targeted towards low-income persons, FNB provides the **Visa Check Card**, a point of sale debit card. The Check Card allows

customers the convenience of accessing their checking account without having to write a check. The debit card is also provided to other deposit customers as well.

Two additional FNB programs are actively offered and provided to the entire community, including low- and moderate-income individuals. The characteristics of the programs enhance the delivery of products to the market as a whole. As data demonstrating the extent that they are used by the low- and moderate-income segments of the community is not available, significant weight cannot be placed on these programs when drawing CRA performance conclusions. Nevertheless, the programs demonstrate FNB's commitment to finding alternative ways to deliver products to the market. **Telebanc** is a twenty-four hour account information system that allows customers to obtain information about checking and savings accounts, and to transfer funds between existing accounts. **Mortgage Connection** is an innovative twenty-four hour toll-free number service that can be used by a caller to obtain basic information on mortgage products, pre-qualify for a mortgage, or generate an application. Bank staff members support the service twenty-four hours a day as well.

Community Development Services

FNB has provided an adequate level of community development services, as summarized below:

- o Some bank employees are actively involved in organizations which promote economic development or other financial services to low- or moderate-income persons. At times, FNB employees are in leadership roles. Examples of these organizations from both assessment areas are: Micro Enterprise Loan Advisory Committee, Archbold Business & Professional Women, Montpelier Industrial Board, and Fulton County Housing Authority.
- o FNB employees have participated in or conducted a number of seminars and workshops, including those for first time home buyers, affordable housing, financial education, and credit counseling for low- and moderate-income individuals.
- o FNB offers **Basic Checking**, a low-cost account targeted towards low-income persons with limited activity. There is no minimum balance, low monthly fee, fifteen checks per month at no charge, overdraft protection, and issuance of a Visa Check Card.

Fair Lending Review

FNB has effective fair lending policies, procedures, training programs, and internal monitoring processes in place. We reviewed purchase money mortgage loan applications from the second half of 1996. No violations of the substantive provisions of the antidiscrimination laws and regulations have been identified, including the Equal Credit Opportunity Act, Fair Housing Act, or Home Mortgage Disclosure Act.

Conclusions with Respect to Performance Tests in the Toledo, Ohio MSA (The Fulton County Assessment Area)

FNB's performance in the Toledo MSA is consistent with the bank's overall performance. The bank's performance within this area was specifically taken into consideration when assigning the bank's overall rating, as a measurable portion of the bank's operations and community are represented by the Toledo MSA.

APPENDIX

Scope of Evaluation

The evaluation assessed FNB's performance as outlined below:

- Both assessment areas were evaluated using examination procedures.
- The period of review was May 30, 1995 (the date of the last evaluation) to date.
- Primary loan data considered consisted of home mortgage and small business loans.
- No affiliate lending performance was considered.
- Two banking offices were visited.