



PUBLIC DISCLOSURE

February 3, 2020

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

The First National Bank of Sycamore
Charter Number 11383
141 S. Sycamore Avenue
Sycamore, OH 44882

Office of the Comptroller of the Currency

200 Public Square Suite 1610
Cleveland, OH 44114-2301

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.

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Overall CRA Rating

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

The lending test is rated: Satisfactory.

The major factors that support this rating include:

- The bank's loan-to-deposit (LTD) ratio is reasonable given its size and financial condition, and the credit needs of its community.
- The bank originated or purchased a majority of its loans, by number and dollar amount, inside its assessment area (AA) during the evaluation period.
- The geographic distribution of home mortgage loans and loans to small businesses demonstrates a reasonable distribution of loans throughout the AA.
- The bank's distribution of home mortgage loans, loans to small businesses and farm loans reflects a reasonable penetration to borrowers of different income levels and businesses of different sizes.
- The bank received no complaints pertaining to its performance in helping meet the credit needs within its AA.

Loan-to-Deposit Ratio

Considering First National Bank of Sycamore's (FNB or bank) size and financial condition, and credit needs of the AA, its LTD ratio is reasonable.

FNB's LTD ratio is calculated on a bank-wide basis and meets the standard for satisfactory performance. From January 1, 2017 to December 31, 2019, the bank's average quarterly LTD ratio was 60.5 percent, and quarterly ratios ranged from a low of 52.1 percent in the fourth quarter of 2017 to a high of 72.4 percent in the fourth quarter of 2019. In comparison, the average LTD ratio for other banks of similar asset size ranged between 49.5 percent and 109.5 percent. Despite its lower average LTD ratio, FNB's performance is reasonable considering lending is impacted by competition from other banks, credit unions, and non-local financial institutions and that the LTD ratio increased steadily during the period. Additionally, FNB actively sells its home mortgage loans to the secondary market, with \$3.4 million purchased by investors during the evaluation period. FNB also experienced approximately \$14 million in deposit growth during the period.

Competition for deposits in the bank's AA is considerable, with 22 institutions operating in a mostly rural area, with a population of only 82,581. Half of FNB's competitors are large multi-state banks. There is significantly more competition for loans in the AA, with 129 lenders originating home mortgage loans, 52 originating business loans and 18 originating farm loans.

Lending in Assessment Area

A majority of the loans that FNB originated or purchased during the evaluation period were inside its AA. Our conclusion is based on a statistical sample of 56 farm loans, 78 business loans and 80 home mortgage loans originated between January 1, 2017 and December 31, 2019. As shown in Table A, of the 214 loans reviewed, the bank originated or purchased 72.4 percent by number and 61.0 percent by dollar amount of its total farm, business and home mortgage loans within the AA during the evaluation period.

Table A - Lending Inside and Outside of the Assessment Area 2017-2019										
Loan Category	Number of Loans				Total #	Dollar Amount of Loans \$(000s)				Total \$(000s)
	Inside		Outside			Inside		Outside		
	#	%	#	%		\$	%	\$	%	
Farm Loans	48	85.7	8	14.3	56	3,626	90.1	400	9.9	4,026
Business Loans	51	65.4	27	34.6	78	4,774	41.2	6,825	58.8	11,599
Home Mortgage Loans	56	70.0	24	30.0	80	6,756	73.2	2,475	26.8	9,231
Total	155	72.4	59	27.6	214	15,156	61.0	9,700	39.0	24,856

Source: Evaluation Period: 1/1/2017 - 12/31/2019 Bank Data. Due to rounding, totals may not equal 100.0

Description of Institution

FNB is a \$151.1 million intrastate bank headquartered in Sycamore, Ohio. It is a wholly-owned subsidiary of FNB Bancshares, Inc., a one-bank holding company headquartered at the main office. The bank has three full-service branches, including its main office. The main office is located in Sycamore, and the other branches are located in McCutchenville and New Riegel, Ohio. A Loan Production Office (LPO) opened in Tiffin, Ohio in June 2018 but does not offer customer deposit services. FNB's primary business focus is small loans to businesses, home mortgage loans, and farm lending.

The bank's AA is located in north central Ohio and is mostly rural in nature. The bank's delineated AA in 2017 consisted of only three census tracts (CTs), one each in Seneca, Wyandot and Crawford Counties. It contained no low- or moderate-income CTs, two middle-income CTs and one upper-income CT. After the AA boundary was expanded beginning in 2018 to include all of Seneca and Wyandot Counties in addition to the one CT in Crawford County, the number of CTs in the bank's AA increased to 21. The expanded AA still has no low-income CTs, but does include three moderate-income CTs, 14 middle-income CTs and 4 upper-income CTs. The AA does not arbitrarily exclude any low- or moderate-income geographies and it is not part of a Metropolitan Statistical Area (MSA). In addition, the AA contains no designated distressed or underserved middle-income areas.

The AA has a competitive banking environment, with a mix of large and community banks and credit unions serving the area. According to the June 30, 2019 Federal Deposit Insurance Corporation (FDIC) Deposit Market Share Report, 22 insured financial institutions with 47 offices serve the AA. This does not include credit unions or other financial services providers. FNB ranked ninth in terms of deposit market share, with 4.9 percent of the AA's insured deposits, which was consistent with 2017 and 2018.

Top competitors for deposits in the AA include Sutton Bank, The Old Fort Bank and First Federal Bank of the Midwest, which hold a combined 33.3 percent of the deposit market as of June 30, 2019.

There are no legal, financial, or other factors impeding the bank's ability to help meet the credit needs of the communities it serves. As of December 31, 2019, Tier 1 capital totaled \$15.9 million or 10.5 percent of total assets. The bank received a "Satisfactory" rating as a result of its previous Community Reinvestment Act (CRA) Performance Evaluation, dated October 27, 2014.

Scope of the Evaluation

Evaluation Period/Products Evaluated

This Performance Evaluation assesses FNB's record of meeting the credit needs of its AA. We performed a review using Small Bank CRA examination procedures. The lending test evaluates the bank's record of meeting the credit needs of the bank's AA through its business, home mortgage and farm lending activities. The lending activity analyzed covers January 1, 2017 to December 31, 2019.

We evaluated FNB's lending performance for the year 2017 separately from 2018 and 2019 due to an adjustment bank management made to FNB's AA boundary at the beginning of 2018. This change resulted in updated population and housing demographic information and the addition of three moderate-income CTs to the bank's AA. Prior to the boundary adjustment, the bank's AA contained only three CTs, with none being low- or moderate-income. The 2018 through 2019 analysis period will receive more weight than 2017, as this period represents a larger portion of the bank's lending activity, as well as the expanded AA. Based on the bank's internal reports for lending activity during the evaluation period and discussions with senior management, we determined that the bank's primary lending focus during the evaluation period was business, home mortgage and farm loans. Equal consideration was given to the performance related to these three products in order to arrive at our conclusions. Though the bank also originates consumer loans and home equity lines of credit (HELOCs), they are not a lending focus of the bank and are not considered as part of this performance evaluation, as an analysis would not be meaningful.

We utilized other supporting information while evaluating FNB's CRA performance. Additional supporting information included the 2015 American Community Survey (ACS) census data, internal bank records, deposit market share data, and information from governmental websites regarding the characteristics and economy of the bank's AA.

We also considered information obtained from a community organization within the bank's AA as part of our evaluation that focuses on affordable housing and services to low- and moderate-income people. The organization identified that the community development and credit needs of the AA included affordable single-family housing units and mortgages for low- and moderate-income clients. Low-interest financing for rehabilitation projects and Federal Home Loan Bank sponsorship for grants also exists. The availability of business checking accounts with lower fees would provide more flexibility to local businesses. In addition, grants for matching funds in Individual Development Accounts will assist individuals to save for homes, business start-ups or higher education goals.

Selection of Areas for Full-Scope Review

FNB has one AA in the state of Ohio, and a full-scope review was performed for that AA. The AA is not part of an MSA. Refer to *Appendix A - Scope of Examination*, for more information on this AA.

Ratings

FNB's overall rating is based on the bank's performance within its AA. In reaching our conclusion, we weighed information from the following performance criteria when analyzing the bank's primary lending products: lending within the AA, lending to borrowers of different incomes and businesses of different sizes, as well as the geographic distribution of loans. Since the AA contains no low-income CTs and only three moderate-income CTs, additional weight was given to lending to borrowers of different incomes and businesses of different sizes since it represents a better measure of the bank's lending performance as compared to the geographic distribution test.

Discriminatory or Other Illegal Credit Practices Review

Pursuant to 12 CFR 25.28(c) or 195.28(c), respectively, in determining a national bank's or federal savings association's (collectively, bank) CRA rating, the OCC considers evidence of discriminatory or other illegal credit practices in any geography by the bank, or in any AA by an affiliate whose loans have been considered as part of the bank's lending performance. As part of this evaluation process, the OCC consults with other federal agencies with responsibility for compliance with the relevant laws and regulations, including the U.S. Department of Justice, the U.S. Department of Housing and Urban Development, and the Bureau of Consumer Financial Protection, as applicable.

The OCC has not identified that this institution has engaged in discriminatory or other illegal credit practices that require consideration in this evaluation.

The OCC will consider any information that this institution engaged in discriminatory or other illegal credit practices, identified by or provided to the OCC before the end of the institution's next performance evaluation in that subsequent evaluation, even if the information concerns activities that occurred during the evaluation period addressed in this performance evaluation.

State Rating

State of Ohio

CRA rating for the State of Ohio: Satisfactory

The Lending Test is rated: Satisfactory

The major factors that support this rating include:

- The geographic distribution of home mortgage loans and loans to small businesses demonstrates a reasonable distribution of loans throughout the AA.
- The bank's distribution of home mortgage loans, loans to small businesses and farm loans reflects a reasonable penetration to borrowers of different income levels and businesses of different sizes.

Description of Institution's Operations in Ohio

FNB offers traditional banking products and services, including business loans, residential mortgages and farm loans. The bank also offers HELOCs and consumer installment loans, and provides a range of deposit products and services including checking, savings, certificates of deposits, health savings accounts, electronic and mobile banking, and other services such as safe deposit boxes and bill pay. Business related deposit products and services include checking, night deposit and wire transfers. The bank also offers a first-time homebuyer program with 10 percent down and no Private Mortgage Insurance (PMI).

The bank's primary lending areas surround the Sycamore, McCutchenville and New Riegel offices, which is where the bank's customer deposit base is located, as well as the Tiffin LPO. Each of the bank's full-service branches are open Monday through Saturday and offer drive-through services. Non-deposit taking ATMs are located at each branch with a stand-alone ATM inside the Sycamore IGA store. The Sycamore and New Riegel branch ATMs offer 24-hour accessibility. The bank is also a member of the Pulse, Plus and Cirrus ATM networks. Based on 2015 ACS Census Data, the Sycamore and McCutchenville offices are located in upper-income tracts, while New Riegel is in a middle-income tract. None of the offices are near one of the three moderate-income CTs. The bank did not open or close any branch locations during the period but did open an LPO in Tiffin in mid-2018.

FNB's loan portfolio increased by 62.3 percent during the evaluation period. As of December 31, 2019, the bank's loan portfolio totaled \$89.9 million of which 84.1 percent was secured by real estate. The loan portfolio consists of 38.4 percent 1-4 family residential, 25.7 percent non-farm/non-residential, 14.2 percent farm, 10.9 percent commercial, 5.3 percent multi-family, 2.7 percent consumer 1.8 percent HELOCs and 1.0 percent construction loans. During the evaluation period, the bank originated \$27.5 million in business loans, \$24.4 million in home mortgage loans, \$12.1 million in farm loans and \$3.0 million in consumer loans.

Demographic information for the full-scope assessment area is contained in the following tables.

Sycamore AA

Table B-1: Demographic Information of the Assessment Area						
Assessment Area: Sycamore 2017						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	3	0.0	0.0	66.7	33.3	0.0
Population by Geography	12,806	0.0	0.0	67.9	32.1	0.0
Housing Units by Geography	5,231	0.0	0.0	66.1	33.9	0.0
Owner-Occupied Units by Geography	4,221	0.0	0.0	65.3	34.7	0.0
Occupied Rental Units by Geography	661	0.0	0.0	69.6	30.4	0.0
Vacant Units by Geography	349	0.0	0.0	69.1	30.9	0.0
Businesses by Geography	606	0.0	0.0	68.5	31.5	0.0
Farms by Geography	203	0.0	0.0	70.4	29.6	0.0
Family Distribution by Income Level	3,679	12.3	16.1	22.5	49.1	0.0
Household Distribution by Income Level	4,882	13.8	13.5	18.6	54.1	0.0
Median Family Income Non-MSAs - OH		\$56,217	Median Housing Value			\$120,239
			Median Gross Rent			\$775
			Families Below Poverty Level			6.4%

Source: 2015 ACS Census and 2017 D&B Data. Due to rounding, totals may not equal 100.0. (*) The NA category consists of geographies that have not been assigned an income classification.

Table B-2: Demographic Information of the Assessment Area						
Assessment Area: Sycamore 2018-2019						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	21	0.0	14.3	61.9	23.8	0.0
Population by Geography	82,581	0.0	14.1	60.0	25.9	0.0
Housing Units by Geography	35,557	0.0	14.7	60.5	24.8	0.0
Owner-Occupied Units by Geography	23,466	0.0	12.2	59.5	28.3	0.0
Occupied Rental Units by Geography	8,971	0.0	20.5	62.1	17.3	0.0
Vacant Units by Geography	3,120	0.0	17.3	63.5	19.2	0.0
Businesses by Geography	4,108	0.0	11.9	63.4	24.7	0.0
Farms by Geography	533	0.0	4.7	56.7	38.6	0.0
Family Distribution by Income Level	21,958	18.4	18.3	22.4	40.9	0.0
Household Distribution by Income Level	32,437	21.8	16.4	18.7	43.1	0.0
Median Family Income Non-MSAs - OH		\$55,785	Median Housing Value			\$102,070
			Median Gross Rent			\$642
			Families Below Poverty Level			11.1%

Source: 2015 ACS Census and 2019 D&B Data. Due to rounding, totals may not equal 100.0. (*) The NA category consists of geographies that have not been assigned an income classification.

Scope of Evaluation in Ohio

We performed a full-scope review of FNB's AA. The lending test for the bank's primary products of business, home mortgage and farm loans covers the period January 1, 2017 through December 31, 2019. Based upon loan origination data, equal consideration was given to performance related to these three portfolios in order to arrive at our conclusions. FNB is not required to report home mortgage or small business lending data. Therefore, we based our lending-related conclusions on a statistical loan sample. As FNB only originated 38 business loans and 16 farm loans during 2017, our total loan samples were 80 home mortgage, 78 business and 56 farm loans. Since the AA contains no low-income geographies and only three moderate-income CTs, additional weight was given to lending to borrowers of different incomes and businesses and farms of different sizes since it represents a better measure of the bank's lending performance as compared to the geographic distribution test.

LENDING TEST

The bank's performance under the Lending Test in Ohio is rated Satisfactory.

Distribution of Loans by Income Level of the Geography

FNB's geographic distribution of home mortgage loans and small loans to businesses is reasonable. We considered the percentage of owner-occupied housing units, non-farm businesses and households in moderate-income geographies, as well as aggregate lending distribution data in the AA. We also weighed demographic factors of the AA that could affect the bank's ability to lend. These factors include competition from larger institutions, the lack of low- and moderate-income CTs, and the location of the majority of businesses, farms and owner-occupied housing.

Better lending opportunities exist in the middle- and upper-income CTs within the AA. According to 2015 ACS data, those geographies contain 87.8 percent of owner-occupied housing units, 88.1 percent of businesses and 95.3 percent of farms in the AA. Another factor was the expansion of FNB's AA boundary in 2018 and its effect on the bank's geographic lending. For example, the three newly added moderate-income CTs are located in Fostoria and Tiffin, Ohio, where the bank does not have a branch presence and competes with seven large banks, five community banks and three credit unions with branches located in those cities. Additionally, borrowers are using online financing options more often, leading to a larger pool of lenders vying for a small pool of applicants. These factors add significant challenges for a community bank. As the bank's delineated AA for 2017 contained no low- or moderate-income CTs, no geographical analysis was performed on the bank's 2017 lending data, as the results would not be meaningful.

Economic growth in the AA is generally keeping pace with the state of Ohio and the AA's unemployment rate was consistent with or better than state averages during the evaluation period. According to the U.S. Department of Labor, the unadjusted average annual unemployment rate for Seneca County declined from 6.2 percent in January 2017 to 4.1 percent as of December 31, 2019, while Wyandot County declined from 5.0 percent to 2.9 percent during the same period. The state-wide unemployment rate declined from 6.1 percent in January 2017 to 4.1 percent as of December 31, 2019.

Home Mortgage Loans

Refer to Tables O-1 and O-2 in *Appendix D* for the facts and data used to evaluate FNB's geographic distribution of home mortgage loans.

Based on our statistical loan sample from January 1, 2018 through December 31, 2019, FNB's overall distribution of home mortgage loans among geographies of different income levels is reasonable. In our analysis, we considered that the AA included only three moderate-income tracts and that limited lending opportunities exist for the bank in these CTs. Nearly a quarter of the households in these CTs live below poverty. And while 81.8 percent of housing units in these tracts are single-family homes, only 54.5 percent are owner-occupied and represent just 2,855 total owner-occupied housing units within moderate-income CTs.

During 2018 and 2019, the bank originated 3.1 percent of its home mortgage loans in moderate-income CTs. While this percentage is below both the percentage of owner-occupied housing units of 12.2 percent and the aggregate lending percentage of 12.5 percent, it is considered reasonable based upon the factors previously noted.

Small Loans to Businesses

Refer to Tables Q-1 and Q-2 in *Appendix D* for the facts and data used to evaluate FNB's geographic distribution of small loans to businesses.

FNB's geographic distribution of small loans to businesses among geographies of different income levels is reasonable, given the level of competition for loans to only 383 small businesses located in moderate-income CTs. Based on our statistical loan sample from January 1, 2018 through December 31, 2019, FNB made 3.0 percent of its small loans to businesses in moderate-income CTs. For comparison, the bank was below both the 11.9 percent of businesses and the aggregate small loans to business lending of 12.1 percent in moderate-income CTs.

Farm Loans

Refer to Tables S-1 and S-2 in *Appendix D* for the facts and data used to evaluate FNB's geographic distribution of the bank's farm loans.

FNB's overall distribution of farm lending had a neutral impact on the bank's geographic lending performance within the AA. The bank did not make any farm loans in moderate-income CTs. FNB had limited opportunity to make these loans as 2018 Dun & Bradstreet (D&B) business demographics show only 24 small farms located in moderate-income tracts. Reported farm data demonstrates that other banks in the AA also have difficulty lending in moderate-income CTs, as only one percent of farm loans originated in these tracts. This shows the effect competition and the limited number of farms has on a lender's ability to originate farm loans within the moderate-income CTs of the AA.

Distribution of Loans by Income Level of the Borrower

The bank exhibits a reasonable distribution of loans to individuals of different income levels and businesses and farms of different sizes. In evaluating the borrower distribution of home mortgage loans, we considered the poverty rate and related barriers to home ownership, as well as the level of

competition in the AA. According to 2018 aggregate mortgage data, in an AA with only 23,466 owner-occupied housing units, 129 lenders made mortgage loans. The top five home loan lenders in the AA are larger banks and mortgage companies, which hold a combined 36.1 percent of the market. The 2015 ACS data identified that 36.7 percent of families in the AA are considered low- or moderate-income and 12.2 percent of households spend more than 30 percent of their income on housing.

For business and farm lending, we considered the level of competition from other banks, credit unions, and non-bank financial institutions for lending opportunities to just 3,273 small businesses and 520 small farms in the AA. Per 2018 aggregate business data, 52 lenders made loans to small businesses. The top five business lenders in the AA are large banks that account for 52.7 percent of business lending in the market, while approximately 80.0 percent of farm loans are made by the top five lenders in the market. The June 2019 D&B data reflects that 81.7 percent of farm and non-farm businesses within the AA are small. A significant majority of these businesses had less than five employees, operated from a single location and had less than \$1 million in gross revenues. The service and retail trade business sectors comprised 47.6 percent of employers within the AA, while the agricultural sector accounted for almost 12.0 percent. Agriculture production is significant in the AA as Seneca County ranked fifth in the state for wheat production and sixth for soybeans according to U.S. Department of Agriculture 2018 data.

Home Mortgage Loans

Refer to Tables P-1 and P-2 in *Appendix D* for the facts and data used to evaluate the FNB's distribution of home mortgage loans to borrowers of different income levels.

FNB's borrower distribution of home mortgage loans among borrowers of different income levels is reasonable. The bank's ability to lend to low- and moderate-income borrowers is impacted by the percentage of families living below poverty. We considered that families with incomes below the poverty level totaled 11.1 percent according to 2015 ACS data. People living in poverty may not have the financial resources to qualify for and service mortgage debt in amounts necessary to afford homes in the AA, particularly considering the median housing value of \$102,070. We also considered the age of the housing stock within the AA, noting that the median age of housing units is over 60 years. Older homes often cost more to maintain, frequently require significant repairs and are typically less energy efficient. All of these factors add to the overall cost of homeownership, which can affect the ability of low- and moderate-income individuals to qualify for home mortgage loans.

Based on our statistical sample from January 1, 2017 through December 31, 2017, FNB originated 17.4 percent of its home mortgage loans to low-income borrowers. This significantly exceeded both the 12.3 percent of low-income families in the AA and the 3.6 percent of aggregate mortgage lending. The bank also originated 17.4 percent of its home mortgage loans to moderate-income borrowers. This exceeded the 16.1 percent of moderate-income families in the AA and is near the 19.9 percent of aggregate home mortgage lending.

The bank's lending from January 1, 2018 through December 31, 2019 is similar to 2017. Based on our statistical sample, FNB originated 12.1 percent of its home mortgage loans to low-income borrowers. While the bank's percentage of lending to low-income borrowers is below the 18.4 percent of low-income families, it exceeded aggregate bank lending of 9.4 percent. FNB also made 21.2 percent of its home mortgage loans to moderate-income borrowers. This exceeded the 18.3 percent of families in the AA that are moderate-income and is near the aggregate lending percentage of 25.2 percent.

Small Loans to Businesses

Refer to Tables R-1 and R-2 in *Appendix D* for the facts and data used to evaluate the borrower distribution of the bank's small loans to businesses.

FNB's distribution of small loans to small businesses reflects reasonable penetration among businesses of different sizes. The bank's volume of small loans to businesses in the 2017 delineated AA was not significant enough to allow for meaningful quantitative analysis. As a result, business loans for 2017 were not included in our evaluation.

Based on our statistical sample of business loans from January 1, 2018 through December 31, 2019, the bank made 77.2 percent of its small loans to businesses with gross annual revenues of \$1 million or less. This is comparable to the 79.7 percent of small businesses in the AA and significantly exceeded the aggregate small loans to small businesses percentage of 47.5 percent.

Farm Loans

Refer to Tables T-1 and T-2 in *Appendix D* for the facts and data used to evaluate the borrower distribution of the bank's consumer installment loan originations and purchases.

FNB's distribution of farm loans among borrowers of different income levels is reasonable. We considered that one of the largest agricultural lenders in the region also operates within the AA. FNB's volume of farm loans within the 2017 delineated AA was not significant enough to allow for meaningful quantitative analysis. As a result, farm loans for 2017 were not included in our evaluation.

Based on our statistical sample of farm loans from January 1, 2018 through December 31, 2019, the bank originated 91.9 percent of its loans to farms with gross annual revenues of \$1 million or less. This is near the 97.6 percent of small farms located in the AA and significantly exceeded the 32.4 percent of aggregate small loans to farms.

Responses to Complaints

FNB did not receive any complaints pertaining to the Community Reinvestment Act during the evaluation period.

Appendix A: Scope of Examination

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 MSAs and non-MSAs 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”.

Time Period Reviewed:	01/01/2017 to 12/31/2019	
Bank Products Reviewed:	Business Loans Farm Loans Home Mortgage Loans	
List of Assessment Areas and Type of Examination		
Rating and Assessment Areas	Type of Exam	Other Information
Ohio		
Sycamore	Full-scope	2017- AA consisted of one census tract in each of Seneca, Wyandot and Crawford Counties. 2018/2019 - AA consisted of one census tract in Crawford County and all of Seneca and Wyandot Counties.

Appendix B: Summary of State Ratings

Ratings	The First National Bank of Sycamore
Overall Bank:	Lending Test Rating
The First National Bank of Sycamore	Satisfactory
State:	
State of Ohio	Satisfactory

Appendix C: Definitions and Common Abbreviations

The following terms and abbreviations are used in this performance evaluation, including the CRA tables. 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. For example, a bank subsidiary is controlled by the bank and is, therefore, an affiliate.

Aggregate Lending (Aggt.): The number of loans originated and purchased by all reporting lenders (HMDA or CRA) in specified income categories as a percentage of the aggregate number of loans originated and purchased by all reporting lenders in the state/assessment area.

Census Tract (CT): A small, relatively permanent statistical subdivision of a county delineated by a local committee of census data users for the purpose of presenting data. Census tracts nest within counties, and their boundaries normally follow visible features, but may follow legal geography boundaries and other non-visible features in some instances, Census tracts ideally contain about 4,000 people and 1,600 housing units.

Combined Statistical Area (CSA): A geographic entity consisting of two or more adjacent Core Based Statistical Areas with employment interchange measures of at least 15. An employment interchange measure is a measure of ties between two adjacent entities. The employment interchange measure is the sum of the percentage of workers living in the smaller entity who work in the larger entity and the percentage of employment in the smaller entity that is accounted for by workers who reside in the larger entity.

Community Development (CD): Affordable housing (including multifamily rental housing) for low- or moderate-income individuals; community services targeted to low- or moderate-income individuals; activities that promote economic development by financing businesses or farms that meet Small Business Administration Development Company or Small Business Investment Company programs size eligibility standards or have gross annual revenues of \$1 million or less; or activities that revitalize or stabilize low- or moderate-income geographies, distressed or underserved nonmetropolitan middle-income geographies, or designated disaster areas.

Community Reinvestment Act (CRA): The statute that requires the OCC to evaluate a bank's record of meeting the credit needs of its entire community, including LMI areas, 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.

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

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

Full-Scope Review: Performance under the Lending, Investment, and Service Tests is analyzed considering performance context, quantitative factors (e.g., geographic distribution, borrower distribution, and total number and dollar amount of investments), and qualitative factors (e.g., innovativeness, complexity, and responsiveness).

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

Home Mortgage Disclosure Act (HMDA): The statute that requires certain mortgage lenders that conduct 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, the disposition of the application (e.g., approved, denied, and withdrawn), the lien status of the collateral, any requests for preapproval, and loans for manufactured housing.

Home Mortgage Loans: A closed-end mortgage loan or an open-end line of credit as these terms are defined under 12 CFR 1003.2, and that is not an excluded transaction under 12 CFR 1003.3(c)(1) through (c)(10) and (c)(13).

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

Limited-Scope Review: Performance under the Lending, Investment, and Service Tests is analyzed using only quantitative factors (e.g., geographic distribution, borrower distribution, total number and dollar amount of investments, and branch distribution).

Low-Income Individual: Individual income that is less than 50 percent of the area median income.

Low Income Geography: A census tract with a median family income that is less than 50 percent.

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

Median Family Income (MFI): The median income determined by the U.S. Census Bureau every five years and used to determine the income level category of geographies. The median is the point at which half of the families have income above, and half below, a range of incomes. Also, the median income determined by the Federal Financial Institutions Examination Council (FFIEC) 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, and half below, a range of incomes.

Metropolitan Division: As defined by Office of Management and Budget, a county or group of counties within a Core Based Statistical Area that contains an urbanized population of at least 2.5 million. A Metropolitan Division consists of one or more main/secondary counties that represent an employment center or centers, plus adjacent counties associated with the main/secondary county or counties through commuting ties.

Metropolitan Statistical Area: An area, defined by the Office of Management and Budget, as a core based statistical area associated with at least one urbanized area that has a population of at least 50,000. The Metropolitan Statistical Area comprises the central county or counties containing the core, plus adjacent outlying counties having a high degree of social and economic integration with the central county or counties as measured through commuting.

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

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

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

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

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

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

Small Loan(s) to Business(es): A loan included in 'loans to small businesses' as defined in the Consolidated Report of Condition and Income (Call Report) instructions. These loans have original amounts of \$1 million or less and typically are either secured by nonfarm or nonresidential real estate or are classified as commercial and industrial loans.

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

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: Individual income that is at least 120 percent of the area median income, or a median family income that is at least 120 percent, in the case of a geography.

Appendix D: Tables of Performance Data

Content of Standardized Tables

A separate set of tables is provided for each state. All multistate metropolitan statistical areas, if applicable, are presented in one set of 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: (1) purchased are treated as originations; and (2) “aggregate” is the percentage of the aggregate number of reportable loans originated and purchased by all HMDA or CRA-reporting lenders in the MMSA/assessment area. Deposit data are compiled by the FDIC and are available as of June 30th of each year. Tables without data are not included in this PE.

The following is a listing and brief description of the tables included in each set:

- Table O. Assessment Area Distribution of Home Mortgage Loans by Income Category of the Geography** - 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 aggregate peer data for the years the data is available.
- Table P. Assessment Area Distribution of Home Mortgage Loans by Income Category of the Borrower** - 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 MMSA/assessment area. The table also presents aggregate peer data for the years the data is available.
- Table Q. Assessment Area Distribution of Loans to Small Businesses by Income Category of the Geography** - The percentage distribution of the number of small loans (less than or equal to \$1 million) to businesses that were 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) in those geographies. Because aggregate small business data are not available for geographic areas smaller than counties, it may be necessary to compare bank loan data to aggregate data from geographic areas larger than the bank’s assessment area.
- Table R. Assessment Area Distribution of Loans to Small Businesses by Gross Annual Revenue** - Compares the percentage distribution of the number of small loans (loans less than or equal to \$1 million) originated and purchased by the bank to businesses with revenues of \$1 million or less to: 1) the percentage distribution of businesses with revenues of greater than \$1 million; and, 2) the percentage distribution of businesses for which revenues are not available. The table also presents aggregate peer small business data for the years the data is available.

Table S. Assessment Area Distribution of Loans to Farms by Income Category of the Geography - 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 aggregate peer data for the years the data is available. Because aggregate small farm data are not available for geographic areas smaller than counties, it may be necessary to use geographic areas larger than the bank's assessment area.

Table T. Assessment Area Distribution of Loans to Farms by Gross Annual Revenues - Compares the percentage distribution of the number of small loans (loans less than or equal to \$500 thousand) originated and purchased by the bank to farms with revenues of \$1 million or less to: 1) the percentage distribution of farms with revenues of greater than \$1 million; and, 2) the percentage distribution of farms for which revenues are not available. The table also presents aggregate peer small farm data for the years the data is available.

Ohio Lending

Table O-1: Assessment Area Distribution of Home Mortgage Loans by Income Category of the Geography																			2017
Assessment Area:	Total Home Mortgage Loans				Low-Income Tracts			Moderate-Income Tracts			Middle-Income Tracts			Upper-Income Tracts			Not Available-Income Tracts		
	#	\$	% of Total	Overall Market	% of Owner-Occupied Housing Units	% Bank Loans	Aggregate	% of Owner-Occupied Housing Units	% Bank Loans	Aggregate	% of Owner-Occupied Housing Units	% Bank Loans	Aggregate	% of Owner-Occupied Housing Units	% Bank Loans	Aggregate	% of Owner-Occupied Housing Units	% Bank Loans	Aggregate
Sycamore	23	2,382	100.0	166	0.0	0.0	0.0	0.0	0.0	0.0	65.3	47.8	57.2	34.7	52.2	42.8	0.0	0.0	0.0
<i>Source: 2015 ACS Census; 01/01/2017 - 12/31/2017 Bank Data, 2017 HMDA Aggregate Data, "--" data not available. Due to rounding, totals may not equal 100.0</i>																			

Table O-2: Assessment Area Distribution of Home Mortgage Loans by Income Category of the Geography																			2018-19
Assessment Area:	Total Home Mortgage Loans				Low-Income Tracts			Moderate-Income Tracts			Middle-Income -Tracts			Upper-Income Tracts			Not Available-Income Tracts		
	#	\$	% of Total	Overall Market	% of Owner-Occupied Housing Units	% Bank Loans	Aggregate	% of Owner-Occupied Housing Units	% Bank Loans	Aggregate	% of Owner-Occupied Housing Units	% Bank Loans	Aggregate	% of Owner-Occupied Housing Units	% Bank Loans	Aggregate	% of Owner-Occupied Housing Units	% Bank Loans	Aggregate
Sycamore	33	4,373	100.0	1,562	0.0	0.0	0.0	12.2	3.1	12.5	59.5	69.7	64.0	28.3	27.2	23.4	0.0	0.0	0.0
<i>Source: 2015 ACS Census; 01/01/2018 - 12/31/2019 Bank Data, 2018 HMDA Aggregate Data, "--" data not available. Due to rounding, totals may not equal 100.0</i>																			

Table P-1: Assessment Area Distribution of Home Mortgage Loans by Income Category of the Borrower																				2017
		Total Home Mortgage Loans				Low-Income Borrowers			Moderate-Income Borrowers			Middle-Income Borrowers			Upper-Income Borrowers			Not Available-Income Borrowers		
Assessment Area:	#	\$	% of Total	Overall Market	% Families	% Bank Loans	Aggregate	% Families	% Bank Loans	Aggregate	% Families	% Bank Loans	Aggregate	% Families	% Bank Loans	Aggregate	% Families	% Bank Loans	Aggregate	
Sycamore	23	2,382	100.0	166	12.3	17.4	3.6	16.1	17.4	19.9	22.5	30.4	24.1	49.1	34.8	42.2	0.0	0.0	10.2	
<i>Source: 2015 ACS Census; 01/01/2017 - 12/31/2017 Bank Data, 2017 HMDA Aggregate Data, "--" data not available. Due to rounding, totals may not equal 100.0</i>																				

Table P-2: Assessment Area Distribution of Home Mortgage Loans by Income Category of the Borrower																				2018-19
		Total Home Mortgage Loans				Low-Income Borrowers			Moderate-Income Borrowers			Middle-Income Borrowers			Upper-Income Borrowers			Not Available-Income Borrowers		
Assessment Area:	#	\$	% of Total	Overall Market	% Families	% Bank Loans	Aggregate	% Families	% Bank Loans	Aggregate	% Families	% Bank Loans	Aggregate	% Families	% Bank Loans	Aggregate	% Families	% Bank Loans	Aggregate	
Sycamore	33	4,373	100.0	1,562	18.4	12.1	9.4	18.3	21.2	25.2	22.4	18.2	24.8	40.9	48.5	29.6	0.0	0.0	10.9	
<i>Source: 2015 ACS Census; 01/01/2018 - 12/31/2019 Bank Data, 2018 HMDA Aggregate Data, "--" data not available. Due to rounding, totals may not equal 100.0</i>																				

Table Q-1: Assessment Area Distribution of Loans to Small Businesses by Income Category of the Geography																				2017
Assessment Area:	Total Loans to Small Businesses				Low-Income Tracts			Moderate-Income Tracts			Middle-Income Tracts			Upper-Income Tracts			Not Available-Income Tracts			
	#	\$	% of Total	Overall Market	% Businesses	% Bank Loans	Aggregate	% Businesses	% Bank Loans	Aggregate	% Businesses	% Bank Loans	Aggregate	% Businesses	% Bank Loans	Aggregate	% Businesses	% Bank Loans	Aggregate	
Sycamore	16	686	100.0	102	0.0	0.0	0.0	0.0	0.0	0.0	68.5	33.3	60.8	31.5	66.7	39.2	0.0	0.0	0.0	
<i>Source: 2017 D&B Data; 01/01/2017 - 12/31/2017 Bank Data; 2017 CRA Aggregate Data, "--" data not available. Due to rounding, totals may not equal 100.0</i>																				

Table Q-2: Assessment Area Distribution of Loans to Small Businesses by Income Category of the Geography																				2018-19
Assessment Area:	Total Loans to Small Businesses				Low-Income Tracts			Moderate-Income Tracts			Middle-Income Tracts			Upper-Income Tracts			Not Available-Income Tracts			
	#	\$	% of Total	Overall Market	% Businesses	% Bank Loans	Aggregate	% Businesses	% Bank Loans	Aggregate	% Businesses	% Bank Loans	Aggregate	% Businesses	% Bank Loans	Aggregate	% Businesses	% Bank Loans	Aggregate	
Sycamore	35	4,088	100.0	829	0.0	0.0	0.0	11.9	3.0	12.1	63.4	54.2	68.0	24.7	42.8	19.9	0.0	0.0	0.0	
<i>Source: 2019 D&B Data; 01/01/2018 - 12/31/2019 Bank Data; 2018 CRA Aggregate Data, "--" data not available. Due to rounding, totals may not equal 100.0</i>																				

Table R-1: Assessment Area Distribution of Loans to Small Businesses by Gross Annual Revenues												2017
Assessment Area:	Total Loans to Small Businesses				Businesses with Revenues <= 1MM			Businesses with Revenues > 1MM		Businesses with Revenues Not Available		
	#	\$	% of Total	Overall Market	% Businesses	% Bank Loans	Aggregate	% Businesses	% Bank Loans	% Businesses	% Bank Loans	
Sycamore	16	686	100.0	102	81.5	68.7	35.3	5.8	18.8	12.7	12.5	
<i>Source: 2017 D&B Data; 01/01/2017 - 12/31/2017 Bank Data; 2017 CRA Aggregate Data, "--" data not available. Due to rounding, totals may not equal 100.0</i>												

Table R-2: Assessment Area Distribution of Loans to Small Businesses by Gross Annual Revenues												2018-19
Assessment Area:	Total Loans to Small Businesses				Businesses with Revenues <= 1MM			Businesses with Revenues > 1MM		Businesses with Revenues Not Available		
	#	\$	% of Total	Overall Market	% Businesses	% Bank Loans	Aggregate	% Businesses	% Bank Loans	% Businesses	% Bank Loans	
Sycamore	35	4,088	100.0	829	79.7	77.2	47.5	5.7	17.1	14.6	5.7	
<i>Source: 2019 D&B Data; 01/01/2018 - 12/31/2019 Bank Data; 2018 CRA Aggregate Data, "--" data not available. Due to rounding, totals may not equal 100.0</i>												

Table S-1: Assessment Area Distribution of Loans to Farms by Income Category of the Geography																				2017
Assessment Area:	Total Loans to Farms				Low-Income Tracts			Moderate-Income Tracts			Middle-Income Tracts			Upper-Income Tracts			Not Available-Income Tracts			
	#	\$	% of Total	Overall Market	% Farms	% Bank Loans	Aggregate	% Farms	% Bank Loans	Aggregate	% Farms	% Bank Loans	Aggregate	% Farms	% Bank Loans	Aggregate	% Farms	% Bank Loans	Aggregate	
Sycamore	11	1,111	100.0	40	0.0	0.0	0.0	0.0	0.0	0.0	70.4	54.5	62.5	29.6	45.5	37.5	0.0	--	0.0	
Source: 2017 D&B Data; 01/01/2017 - 12/31/2017 Bank Data; 2017 CRA Aggregate Data, "--" data not available. Due to rounding, totals may not equal 100.0																				

Table S-2: Assessment Area Distribution of Loans to Farms by Income Category of the Geography																				2018-19
Assessment Area:	Total Loans to Farms				Low-Income Tracts			Moderate-Income Tracts			Middle-Income Tracts			Upper-Income Tracts			Not Available-Income Tracts			
	#	\$	% of Total	Overall Market	% Farms	% Bank Loans	Aggregate	% Farms	% Bank Loans	Aggregate	% Farms	% Bank Loans	Aggregate	% Farms	% Bank Loans	Aggregate	% Farms	% Bank Loans	Aggregate	
Sycamore	37	2,514	100	102	0.0	0.0	0.0	4.7	0.0	1.0	56.7	62.2	63.7	38.6	37.8	35.3	0.0	0.0	0.0	
Source: 2019 D&B Data; 01/01/2018 - 12/31/2019 Bank Data; 2018 CRA Aggregate Data, "--" data not available. Due to rounding, totals may not equal 100.0																				

Table T-1: Assessment Area Distribution of Loans to Farms by Gross Annual Revenues											2017
Assessment Area:	Total Loans to Farms				Farms with Revenues <= 1MM			Farms with Revenues > 1MM		Farms with Revenues Not Available	
	#	\$	% of Total	Overall Market	% Farms	% Bank Loans	Aggregate	% Farms	% Bank Loans	% Farms	% Bank Loans
Sycamore	11	1,111	100.0	40	98.5	81.8	40.0	0.5	0.0	1.0	18.2
<i>Source: 2017 D&B Data; 01/01/2017 - 12/31/2017 Bank Data; 2017 CRA Aggregate Data, "--" data not available. Due to rounding, totals may not equal 100.0</i>											

Table T-2: Assessment Area Distribution of Loans to Farms by Gross Annual Revenues											2018-19
Assessment Area:	Total Loans to Farms				Farms with Revenues <= 1MM			Farms with Revenues > 1MM		Farms with Revenues Not Available	
	#	\$	% of Total	Overall Market	% Farms	% Bank Loans	Aggregate	% Farms	% Bank Loans	% Farms	% Bank Loans
Sycamore	37	2,514	100	102	97.6	91.9	32.4	1.3	2.7	1.1	5.4
<i>Source: 2019 D&B Data; 01/01/2018 - 12/31/2019 Bank Data; 2018 CRA Aggregate Data, "--" data not available. Due to rounding, totals may not equal 100.0</i>											