



SMALL BANK

Comptroller of the Currency
Administrator of National Banks

PUBLIC DISCLOSURE

July 29, 2002

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

**The First National Bank Of Sycamore
Charter Number 11383**

**South Sycamore Avenue
Sycamore, OH 44882**

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

NOTE: This document is an evaluation of this institution's record of meeting the credit needs of its entire community, including low- and moderate-income neighborhoods consistent with safe and sound operation of the institution. This evaluation is not, nor should it be construed as, an assessment of the financial condition of this institution. The rating assigned to this institution does not represent an analysis, conclusion, or opinion of the federal financial supervisory agency concerning the safety and soundness of this financial institution.

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INSTITUTION'S CRA RATING

This institution is rated Satisfactory.

The major factors that support FNB's rating include:

- The majority of loans were originated in the bank's assessment area.
- The bank does a satisfactory job of originating loans to borrowers of different incomes. The number of loans made to low-income families was less than the amount of low-income families in the assessment area, but the loans made to moderate-income families was higher than the moderate-income families in the assessment area.
- The bank's lending activity is satisfactory. Loan growth has steadily increased slightly each year and loan to deposit ratios have also been increasing.

The last CRA performance evaluation for this institution was prepared October 22, 1997 and resulted in a Satisfactory evaluation.

DESCRIPTION OF INSTITUTION

First National Bank is a \$73 million independent bank headquartered in Sycamore, Ohio. The bank is the only financial institution in town. Sycamore is located in northwestern Ohio with Mansfield being the nearest urban area. The bank has four banking offices and three stand alone ATMs. In addition to the main office located in Sycamore, there is one branch in McCutchenville and one branch in New Riegel. These offices offer full service lending and deposit products. The second office in Sycamore offers lending products only. One ATM is located at the New Riegel office. The other three ATMs are stand alone ATMs located at the Sycamore Marathon Station in Sycamore, KC Junction Truck Stop in Alvada, and Tracy's Market in McCutchenville. All ATM's are walk-up/drive-up ATMs that are 24-hour accessible.

The bank's primary business focus is real estate lending, which represents 63% of the banks loan portfolio. The portfolio consists of 36% consumer real estate lending, 11% commercial real estate lending, 15% farmland, 8% commercial loans, 26% loans to individuals, and 4% agriculture. Traditional banking products are offered and the bank has tailored its services to meet community credit needs. The bank offers conventional purchase money mortgages and makes small balance loans. Net loans to total assets equal 55.2%.

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

DESCRIPTION OF ASSESSMENT AREA

The bank's assessment area consists of three block-numbering areas (BNAs). One in Seneca County, one in Wyandot County, and one in Crawford County. BNA #9742 in Crawford County

is actually in the northwestern part of the Mansfield MSA, but since it is only one BNA and the characteristics are identical to, and, more representative of the non-MSA; this BNA is not being addressed separately. Of these geographies all (100%) are middle-income. All branch offices and ATMs are located within the designated assessment area. The area is basically rural, with varied manufacturing, agriculture and other service industries. The Assessment Area meets the requirements of the regulation and does not arbitrarily exclude low- and moderate-income geographies.

The Department of Housing and Urban Development (HUD) updated median family income for the assessment area is \$33,587 for the year 2001. The 1990 census Bureau lists the assessment area population at 13,634 persons, which comprises 3,892 families. Of these families 12% are low-income, 17% are moderate-income, 30% are middle-income, and 41% upper-income. Twenty-six percent of the household income in this assessment area is derived from social security. Households with incomes below the poverty level are 7%, with 4% of the households relying on public assistance. Housing units consist of 80% owner-occupied. The housing units are primarily one-to-four family with a median housing value of \$51,948.

As of July 2002, the Seneca County unemployment rate was 8.8%, the Crawford County rate was 8.0%, and the Wyandot County rate was 8.5%. All are above the Ohio state unemployment rate of 5.8% and also above the national rate of 6%. Over the length of the evaluation period, unemployment trends have remained relatively the same with only slight fluctuations.

The local economy is stable and influenced by local employers involved in manufacturing and services. Within the assessment area, the population and economic centers are located in Sycamore, Upper Sandusky, and McCutchenville. The market for financial services is moderately competitive. Other financial institutions of similar size operating within the bank's assessment area, are First Citizens National Bank in Bucyrus, Commercial Savings, and branches of large institutions including, Fifth Third Bank and Key Bank.

No community contacts were made during this exam since several local governmental entities, were contacted in 2002 in conjunction with other area CRA exams. We interviewed local government agencies because of the lack of organized community groups in the area. All indicated a need for small business lending. One indicated a need for low-income housing and rehabilitation for existing housing. They also indicated a need for affordable residential mortgage loans for first time buyers. FNB offers all of these products in their efforts to meet the needs of the community. Other financial institutions in the assessment area also offer these products. Competition for these types of loans is high.

CONCLUSIONS ABOUT PERFORMANCE CRITERIA

Loan-to-Deposit Ratio

FNB's loan-to-deposit ratio meets the standards for satisfactory performance. The bank's average quarterly net loan-to-deposit ratio for the years ending 1997 through June 30, 2002 is 57%. The banks loan to deposit ratio has shown a steady increase from year-end 1997 (50.16%) until quarter end 6/2002 (67.99%). The bank's loan-to-deposit ratio is lower than the average performance of similar sized institutions. No financial institutions of similar size operate within

the bank's assessment area. Therefore, a comparison of local peer banks was not possible. In comparison to its state peer group of banks of similar size 77.51%, FNB's loan to deposit ratio appears reasonable.

Lending in Assessment Area

FNB's record of lending in the assessment area is satisfactory, a majority of the banks consumer and home mortgage lending is in the assessment area. The following table details the bank real estate lending and consumer lending within the assessment areas by number of loan originations and dollar volume since its last CRA evaluation. A random sample of fifty residential real estate loans and thirty-five consumer loans were chosen to determine the bank's lending within the assessment area. The sample was chosen from loans made for the period of July 1, 1997 until May 30, 2002.

FNB's Lending Patterns for Consumer Installment and Real Estate Loans								
	Consumer Installment Loans				Real Estate Loans			
	#	% of #	\$ Amount	% of \$ Amount	#	% of #	\$ Amount	% of \$ Amount
Loans within AA	20	57%	119	52%	39	78%	1,259	76%
Loans outside AA	15	43%	112	48%	11	22%	390	24%
Total	35	100%	231	100%	50	100%	1,649	100%

Lending to Borrowers of Different Incomes

The distribution of residential real estate lending reflects reasonable penetration amount individuals of different income levels including low- and moderate-income borrowers and supports overall satisfactory performance. The sample of 39 real estate loans and twenty consumer loans made in the assessment area since the previous CRA evaluation were analyzed in terms of the borrowers incomes. The bank extends residential mortgage loans and consumer loans to low- and moderate-income people. These loans are helping to meet the credit needs of the community as they were both identified as a specific credit need. The information below details the bank's performance in this area for the bank's assessment area.

Borrower Distribution by income level					
	Residential Real Estate		Consumer Loans		
Income Level	# of loans	%	# of Loans	%	Percentage of families in AA
Low	3	7%	4	20%	12%

Moderate	10	27%	6	30%	17%
Middle	7	18%	3	15%	30%
Upper	19	48%	7	35%	41%
Totals	39	100%	20	100%	100%

Residential Real Estate Loans

FNB's distribution of residential real estate loans to borrowers of different income levels is satisfactory. The level reflects the demographics of the bank's assessment area. Residential Real Estate loans to low-income borrowers is lower compared to the portion of low-income families in the assessment area, but is considered reasonable. Lending to moderate-income borrowers exceeds the percentage of moderate-income families and is considered good.

Consumer Loans

FNB's distribution of consumer loans to borrowers of different income levels is excellent. The level exceeds the demographics for both low-income and moderate-income borrowers for the bank's assessment areas. Consumer lending represents the bank's highest penetration of loan products to low-income and moderate-income borrowers within the assessment area.

Geographic Distribution of Loans

The bank's assessment area is made up of three BNA's with no low-or moderate-income geographies. All three BNA's are middle-income.

Since there are no low- or moderate-income geographies in the assessment area, analysis of bank's lending performance for agriculture, residential real estate loans, and commercial lending would be meaningless and was not performed.

Responses to Complaints

FNB has not received any written complaints about its performance in helping to meet the credit needs within its assessment areas during this evaluation period.

Fair Lending Review

An analysis of recent public comments and consumer complaint information, and the Home Mortgage Disclosure Act (HMDA) was performed according to the OCC's risk based fair lending approach. Based on this analysis of the information, the OCC decided that a comprehensive fair lending examination would not need to be conducted in connection with the CRA evaluation this year. The latest comprehensive fair lending exam was performed in 1997.