

PUBLIC DISCLOSURE

April 1, 1999

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

Sycamore National Bank
Charter Number 22469

3209 West Galbraith Road
Cincinnati, Ohio 45239

Office of the Comptroller of the Currency
Central Ohio Field Office
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Dublin, Ohio 43017

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 institution.

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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 Community Reinvestment Act (CRA) performance of **Sycamore National Bank** prepared by the **Office of the Comptroller of the Currency**, the institution's supervisory agency, as of April 1, 1999. The agency rates the CRA performance of an institution consistent with the provisions set forth in Appendix A to 12 CFR Part 25.*

OVERALL CONCLUSIONS

INSTITUTION CRA Rating: This institution is rated **SATISFACTORY** record of meeting community credit needs.

Sycamore National Bank (SNB) exhibits a satisfactory performance record. This rating is supported by:

- , The bank's loan-to-deposit ratio is reasonable at 88% as of December 31, 1998.
- , SNB is responsive to the credit needs of its community. Our loan sample revealed a majority of the loans originated between December 31, 1996, and December 31, 1998, were located within the bank's assessment area.
- , SNB demonstrates a strong level of lending to small businesses. Of the commercial loans sampled, 76% were made to businesses with revenues of less than one million dollars annually.
- , SNB has a reasonable level of lending to borrowers of different income levels.

DESCRIPTION OF INSTITUTION

Sycamore National Bank (SNB), total assets of \$38 million, is an independent community bank with its main office located in the Cincinnati community of Grosbeck, a middle-income geography. The bank has one branch office located in the Cincinnati community of Mack, also a middle-income geography. The bank has two automated teller machines located within businesses in the Bridgetown and Addiston neighborhoods. SNB is not part of a bank holding company.

Although real estate loans represent the largest loan portfolio, SNB's primary line of business is small business (defined as businesses with annual revenues less than one million dollars) lending. From January 1, 1997, to December 31, 1998, SNB originated approximately \$1.2 million in residential real estate loans. During the same timeframe, in excess of \$15 million in commercial and commercial real estate loans were originated. This represents a shift in the bank's business focus, which, prior to December 1996, was residential lending. The bank offers a variety of lending products (both retail and commercial) to accommodate borrowers within its assessment area. The percentage of net loans to total assets as of December 31, 1998, was 72%. The loan portfolio consisted of the following loan types, as reported in the December 31, 1998, Consolidated Report of Condition:

LOAN TYPE	DOLLAR (000'S)	% OF TOTAL LOANS
Real Estate Loans	\$11,906	44%
Commercial Loans	\$ 8,630	32%
Loans to Individuals	\$ 7,052	26%
Other Loans	\$ 74	<1%
Total Loans	\$27,312	100%

There are no financial or legal impediments impacting the bank's ability to meet the credit needs within its assessment area. SNB's CRA rating as of March 3, 1997, was **A**Satisfactory Record of Meeting Community Credit Needs.@

DESCRIPTION OF ASSESSMENT AREA

The bank's assessment area consists of the western portion of Hamilton County and is located in one of the four counties that comprises the Greater Cincinnati Metropolitan Statistical Area (MSA) 1640. The

assessment area meets the requirements of the Community Reinvestment Act and does not arbitrarily exclude low or moderate-income geographies.

The economic status of families and census tracts is categorized into four income levels defined as follows: low-income is defined as an individual or census tract with income less than 50% of the median MSA family income; moderate-income is an individual or census tract with income of 50%-80% of the median MSA family income; middle-income is an individual or census tract with income of 80%-120% of the median MSA family income; and upper is an individual or census tract whose income is greater than 120% of the median MSA family income.

The bank’s assessment area consists of 109 census tracts located within the Greater Cincinnati Metropolitan Area. The assessment area contains 14 low-income tracts, 22 moderate-income tracts, 48 middle-income tracts and 25 upper-income tracts.

The median family income for the assessment area according to 1990 census data is \$36,658. The Department of Housing and Urban Development (HUD) estimated 1998 median family income for MSA 1640 was \$51,500. The population of the bank’s assessment area is 476,786 consisting of 122,843 families. The assessment area contains a total of 191,142 housing units. Of the housing units in the bank’s assessment area, 56% are owner occupied and 38% are renter occupied.

FAMILY AND CENSUS TRACT BY INCOME								
Families & Census Tracts	Low Income		Moderate Income		Middle Income		Upper Income	
Families 122,843	26,568	22%	21,597	18%	29,856	24%	44,822	36%
Census tracts 109	14	13%	22	20%	48	44%	25	23%

The bank’s assessment area has a diverse economy and is considered stable. The economic sectors with the highest employment are services, manufacturing and retail trade. Major employers in the area are General Electric, Kroger and city, county and state governments.

The bank’s assessment area is largely suburban in nature and is dominated by residential, retail and commercial development. The bank’s assessment area is served by more than 50 financial institutions ranging in size from \$25 million to \$5 billion. These institutions include small community banks as well as larger banks owned by multi-bank holding companies. Competition within the assessment area is high.

Reliance was placed on seven recent community contacts conducted as part of other CRA examinations performed within MSA 1640. These community contacts with community development corporations, consumer advocacy groups and private business persons noted the need for flexible underwriting standards regarding home purchase, refinance and home improvement loans, small business loans in low or moderate-income areas and improved access to capital in low and moderate-income areas.

CONCLUSION WITH RESPECT TO ASSESSMENT AREA

LOAN-TO-DEPOSIT RATIO

The bank's loan-to-deposit ratio is reasonable given the bank's size, financial condition and assessment area credit needs.

The bank's average loan-to-deposit ratio since the prior CRA examination dated March 3, 1997, was 88.24%. The average loan-to-deposit ratio for the last four quarters, January 1998 to December 1998, was 86.39%. Other institutions ranging in size from \$25-\$100 million with two or more offices within metropolitan areas had an average loan-to-deposit ratio of 66.97% as of December 31, 1998.

LENDING IN ASSESSMENT AREA

A majority of the bank's loans are inside the bank's assessment area.

As the tables detailing Number and Volume of Loans Inside/Outside Assessment Area on the following page reflect, a majority of our sample of loans, originated during 1997 and 1998, were located within the bank's assessment area. Considering the bank's main business focus is small business loans (also identified as a community need) and with a majority of these loans being located inside the bank's assessment area, performance under this characteristic is satisfactory.

We analyzed all mortgage loans (home purchase, refinance, and home improvement) reported by SNB on the 1997 and 1998 loan application registers. A total of 31 home mortgage loans originated during this timeframe were reported on SNB's loan application registers totaling approximately \$1,198,000. As the tables on the following page indicate, a majority (58% based on number) of the bank's mortgage loans originated during 1997 and 1998 were located outside the bank's assessment area.

A sample of 21 commercial loans originated during 1997 and 1998 totaling \$1,964,568 was reviewed to determine the percentage of lending inside the bank's assessment area. The tables on the following page indicate a majority (62% based on number) of the bank's commercial loans originated during the review period are located within the bank's assessment area.

Number of Loans Inside/Outside Assessment Area				
Type of Loan	# of loans in assessment area	# outside assessment area	Total # of loans	% in assessment area
Home Mortgage	15	16	31	48%
Commercial	13	8	21	62%
Total	28	24	52	54%

Dollar Volume of Loans Inside/Outside Assessment Area				
Type of Loan	\$ of loans in assessment area	\$ outside assessment area	Total \$ of loans	% in assessment area
Home Mortgage	\$442	\$756	\$1,198	37%
Commercial	\$1,185	\$779	\$1,964	60%
Total	\$1,627M	\$1,535	\$3,162M	51%

Lending to Borrowers of Different Incomes and Businesses of Different sizes

The overall distribution of borrowers reflects a reasonable penetration among businesses of different sizes and among individuals of different income levels (including low- and moderate-income).

The analysis of borrower income levels indicates a majority of the bank's commercial loans were to small businesses. The analysis of borrower income levels indicates a low level of lending to low- and moderate-income borrowers.

Distribution of Small Business Loans				
Revenue \$000's	#	% of Sample	Original Loan \$000's	% of Sample

Distribution of Small Business Loans				
<\$100	6	29%	\$163	14%
100-250	2	10%	\$116	10%
250-1000	8	38%	\$865	44%
Total	16	77%	\$1,144	58%

We sampled 21 commercial loans originated during 1997 and 1998 to determine SNB's loan distribution to businesses of different sizes. As the preceding table illustrates, a majority of the bank's loans commercial loans, 16 out of 21, were made to small businesses. Additionally, the sample reveals that the bank has a good distribution of loans to businesses of different sizes.

Distribution of Home Mortgage Loans Originated 1997 & 1998								
	Low income		Moderate income		Middle income		Upper income	
	%	\$000	#	\$000	#	\$000	#	\$000
Sample # & \$	3	\$9M	3	\$15M	6	\$139M	17	\$756M
Sample %=	10%	1%	10%	2%	21%	15%	67%	82%
Families in A.A.	22%		18%		24%		36%	

SNB makes home loans primarily to upper-income borrowers. Lending to low- and moderate-income borrowers is low when compared to the proportion of low- and moderate-income families in the assessment area. According to bank management, the cause of the low level of lending to low- and moderate-income borrowers is the lack of proximity of the bank's branch offices to low- and moderate-income areas. Although the bank's level of lending to low- and moderate-income borrowers is low, the bank's primary line of business is small business.

Geographic Distribution of Loans

The geographic distribution of loans reflects a reasonable dispersion throughout the assessment area.

The following table represents our sample of distribution of home mortgage and small business loans within the bank's assessment area. The bank's assessment area contains 191,142 housing units. Of these housing units, 107,104 or 56% are owner occupied. The proportion of owner occupied units by tract income is as follows: 4.5% of owner-occupied housing units are in low-income tracts, 12% are in moderate-income tracts, 51% are in middle-income tracts, and 33% are owner-occupied. Thirteen percent of the bank's census tracts are low-income, 20% are moderate-income, 44% are middle-income and 23% are upper-income.

Our analysis revealed a reasonable dispersion throughout the assessment area. While only 4.5% of owner-occupied housing units in the assessment area are in low-income tracts, the analysis revealed that 13% of the home mortgage loans originated within the bank's assessment area were located in low-income census tracts. Eleven percent of owner-occupied housing units are in moderate-income tracts while 7% of home mortgages originated were in moderate-income areas. Fifty-one percent and 33% of owner-occupied housing units are located in middle-and upper-income tracts, respectively, compared to home mortgage loans granted in 47% and 33% of middle- and upper-income tracts, respectively.

Loans were identified in 21 of the bank's 109 census tracts. This limited penetration, noted in the bank's assessment area, is due to a concentration of loans around the bank's two branch offices. However, it is noted that the bank has originated both small business and home mortgage loans in low and moderate-income census tracts.

The following table illustrates mortgage and small business lending within the bank's assessment area by number of loans and origination amount according to census tract designation.

Geographic Distribution of Loans in Assessment Area											
	Low income Tracts		Moderate income Tracts		Middle income Tracts		Upper income Tracts				
Type of Loan	#	\$000	#	%	\$000	#	%	\$000	#	%	\$000
Home Mortgage	2-13%	\$135	1 - 7%	\$46	7 - 7%	\$188	5 - 33%	\$73			
Small Business	0 - 0%	\$0	1 - 11%	\$25	5 - 56%	\$236	3 - 33%	\$158			
Total	2 - 8%	\$135	2 - 8%	\$71	12-50%	\$424	8 - 33%	\$231			

Responses to Complaints

The bank has not received any complaints from the public regarding its performance in meeting the credit needs of the assessment area during the evaluation period.

Other Considerations

Based on our review, we found no evidence of discriminatory or other illegal credit practices on any prohibited basis. No violations of anti-discrimination laws and regulations were identified. The bank's fair lending policies, procedures and training programs are adequate.

The bank's record of complying with anti-discrimination laws and regulations was reviewed as of April 2, 1999. We tested a sample of applications for installment loans. Our analysis utilized denied single female applicants as the prohibited basis group and compared them with approved loans with at least one male applicant as the control group.