



Comptroller of the Currency
Administrator of National Banks

SMALL BANK

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Public Disclosure

November 19, 1998

Community Reinvestment Act Performance Evaluation

**The First National Bank of Bellevue
Charter Number 2302**

**120 North Street
Bellevue, Ohio 44811**

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.

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 **The First National Bank of Bellevue** prepared by **Comptroller of the Currency**, the institution's supervisory agency, as of **September 30, 1998**. The agency rates the CRA performance of an institution consistent with the provisions set forth in Appendix A to 12 C.F.R. Part 25.

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

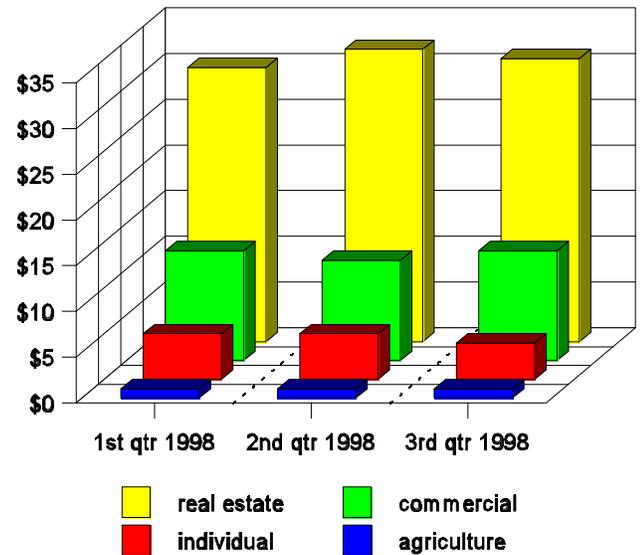
- The bank has a satisfactory average loan to deposit ratio of 65%.
- The bank originated a majority of its residential real estate loans in its assessment area.
- There are no low- income geographies in its assessment area. However, low- income families are dispersed throughout the bank's assessment area.
- The bank's origination of residential real estate loans to low- income families is not commensurate with the amount of low- income families in the assessment area.
- The bank's lending to small businesses and small business loans is good. Approximately, 78% of the bank's business loans are "small business and small farm" loans.
- The disbursement of residential real estate loans is consistent with the geographic makeup of the assessment area.
- There were no complaints received during this review period.
- There was no evidence of discrimination or other illegal credit practices.

Description of Institution

The First National Bank of Bellevue (FNB) is a community bank with total assets of \$89.6 million as of September 30, 1998. The bank is headquartered in Bellevue, Ohio and has four branch offices located in Sandusky, Port Clinton, Put In Bay and Catawba, Ohio. The bank has opened two branch locations since the last CRA public evaluation. These new branches are the Port Clinton and Sandusky locations. The Port Clinton branch was opened in November, 1996 and the Sandusky branch recently opened in January, 1998. The bank has drive-up service and automatic teller services (ATM) at each office location, except the ATM at the Put In Bay location is offsite. The bank's primary focus is consumer lending. They offer residential real estate loans, instalment, and credit card products. The bank also makes commercial loans. See the Loan Composition Chart for the outstanding balances on a quarterly basis for 1998.

FNB has a number of competitors throughout its assessment area. These competitors include multinational and regional banking companies to community sized banks, savings and loans, and credit unions. Competition has not hindered the bank's ability to make loans.

FNB's most recent CRA Public Evaluation was dated December 18, 1995. Its performance was rated "Satisfactory." FNB is owned by a holding company (First Bancshares, Inc.). No other banking operations are conducted through the holding company. FNB is not under any financial or legal impediments preventing it from fulfilling its requirements under CRA.



FNB LOAN COMPOSITION (in millions)

Description of Assessment Area

The assessment area defined by FNB includes all or portions of five Ohio counties: Erie, Huron, Ottawa, Sandusky, and Seneca. This assessment area was derived based upon the location of the bank's branches. None of the bank's assessment area is located in a metropolitan statistical area.

This assessment area includes 39 block numbering areas, 2 moderate-income, 25 middle-income, and 12 upper-income areas. There are no low-income areas in the assessment area. The assessment area meets the requirements of the regulation and does not arbitrarily exclude low- to moderate-income areas.

Below are the demographics of the assessment area according to the 1990 U. S. Census. There are a total of 58,547 households with 42,243 total families in the assessment area. Most housing units are one to four family with 60% owner occupied. The average home was built in 1957. Home values average \$63,997. Approximately 73% of the population is age 16 and older.

Assessment area income is predominantly derived from wages and salaries. The HUD Estimated Non-MSA Median Family Income for 1998 for the State of Ohio is \$40,500. Income categories as a percent of the Median Family Income are as follows: low- income (0%-49%), up to \$20 thousand, moderate- income (50%-89%) \$21 to \$32 thousand, middle- income (90%-119%) \$33 to \$48 thousand, and upper- income (120%+) \$49 thousand and above.

TABLE 1 Assessment Area Demographics			
	# of Geographies in Assessment Area	# of Persons in Assessment Area	# of Businesses
Erie Assessment Area	15	61,590	2,559
Huron Assessment Area	8	33,827	1,076
Ottawa Assessment Area	8	26,340	1,265
Sandusky Assessment Area	5	22,506	528
Seneca Assessment Area	3	12,442	298

source: 1990 Census

The State of Ohio unemployment rate (unadjusted) as of September 1998 is 4.1%. Although three of the five counties in the bank's assessment area have higher unemployment rates for the same period, this has not affected the bank's opportunities to make loans. The Huron County unemployment rate is typically higher than the State unemployment rate. Huron County workforce is small and includes about 30,000 people. According to the Huron County development council, the Huron county area is stable with no significant job turnover. The southern part of the area is agricultural, seasonal, with workers filing for unemployment in the "out of season." A large part of the assessment work force is employed by auto makers located in Lorain, Mansfield, and Erie Counties. During 1998, unemployment rates were affected by the General Motors auto strike. Most residents in the assessment are blue collar workers at manufacturing, steel fabrication, and plastics companies. Most employers are subsidiaries with the parent located out of state.

Unemployment rates for the Counties are as follows:

TABLE 2 County Unemployment Rates as of September 1998	
Erie County	3.3%
Huron County	6.7%
Ottawa County	3.7%
Sandusky County	5.3%
Seneca County	5%

source: Ohio Bureau of Employment Services

Loan to Deposit Ratio

The bank's average loan to deposit ratio for this review period is satisfactory.

The bank's average loan to deposit ratio since the last CRA Evaluation is 65%. This ratio is lower than the peer ratio of 71%. The bank's loan to deposit ratio was most active during 1998. The ratio fell 400 basis points in the first quarter 1998, another 200 basis points in the second with no major shift in the third quarter 1998. These shifts primarily resulted from deposit and loan activity relating to establishing a presence in Erie County with the opening of a branch in the city of Sandusky, Ohio.

Lending In the Assessment Area

FNB originated a majority of its residential real estate loans within its assessment area.

An analysis of the bank's lending within the assessment area was based on the residential real estate portfolio. The analysis was based on a sample of the bank's residential real estate loans originated for the quarter commencing July 1998 through September 1998. The bank originated 59 residential real estate loans during this period. All but 13, or 78%, of the loans were within the assessment area. Three of the loans made outside the assessment area were to borrowers for the purchase of secondary residences within the bank's assessment area. The bank has three areas within their assessment area, Port Clinton, Catawba, and Sandusky, which are considered resort and/or vacation areas.

Lending to Borrowers of Different Incomes and Businesses of Different Sizes

Overall rating for this area is satisfactory.

Lending to Borrowers of Different Incomes

FNB's lending to borrowers of different incomes is less than satisfactory.

The residential lending sample mentioned above was used for this analysis to assess the income of borrowers. Only one loan was made to low- income families. This level is not in proportion to the number of low- income families in the assessment area. The bank made less than 10 percent of its residential real estate loans to moderate- income families which represent 17% of the total families in the bank's assessment area.

TABLE 3 Residential Real Estate Originations to Borrowers of Different Incomes						
	Families Within The Assessment Area		Originations July 1998 through September 1998			
Income Level	#	%	#	%	\$ (000's)	%
low- income	6,246	15%	1	2%	57,778	1%
moderate- income	7,332	17%	4	7%	290,350	6%
middle- income	10,135	23%	11	18%	779,062	17%
upper- income	19,527	45%	43	73%	3,628,913	76%
Total	43,240	100%	59	100%	4756,103	100%

source: 1990 Census and internal records

Small Business and Small Farm Lending

The bank's small business lending is good.

The bank's commercial loan portfolio totals \$21 million. This includes \$8.4 million of commercial real estate. According to regulatory reports and the June 30, 1998 Call Report, the bank makes most of its commercial loans in amounts of \$250 thousand or less. Most of the businesses that the bank serves are small businesses with annual gross revenues of \$1 million or less. Small business and small farm loans total \$16 million or 78% of the bank's commercial loans.

TABLE 4 Small Business Lending										
	Nonfarm/Nonresidential				Commercial and Industrial Loans				Total	
Amounts (000's)	#	%	\$ (000's)	%	#	%	\$ (000's)	%	\$ (000's)	%
\$100 or less	42	67%	1,355	25%	111	83%	2,315	30%	3,670	28%
\$100 - \$250	12	19%	1,436	26%	13	10%	1,628	21%	3,064	23%
\$250 - \$1,000	9	14%	2,724	49%	9	7%	3,791	49%	6,515	49%
Total	63	100%	5,515	100%	133	100%	7,734	100%	13,249	100%

source: regulatory reports - June 1998

TABLE 5 Small Farm Lending										
Amounts (000's)	Loans Secured by Farmland				Loans to Finance Agricultural Production				Total	
	#	%	\$ (000's)	%	#	%	\$ (000's)	%	\$ (000's)	%
\$100 or less	15	56%	585	27%	17	71%	484	49%	1,069	34%
\$100 - \$250	9	33%	1,167	55%	6	25%	427	43%	1,594	51%
\$250 - \$500	3	11%	379	18%	1	4%	80	8%	459	15%
Total	27	100%	2,131	100%	24	100%	991	100%	3,122	100%

source: regulatory reports - June 1998

Geographic Distribution

The distribution of the bank's residential real estate loans in its assessment area is less than satisfactory.

The sample of residential real estate loans previously mentioned was also used for this analysis. None of these loans were made in the bank's two moderate- income block numbering areas which represent five percent of the total geographic area. However, the two moderate- income areas were added the bank's assessment area when it recently opened its Sandusky branch in January 1998. The middle-income block numbering areas comprise the majority of the total block numbering areas and the bank made most of its real estate loans there.

TABLE 6 Geographic Distribution						
Geographies	Distribution of BNAs within the Assessment Area		Residential Real Estate Loans Originated from July 1998 through September 1998 Within The Assessment Area			
	#	%	#	%	\$ (000's)	%
low- income	0	0%	0	0%	0	0%
moderate- income	2	5%	0	0%	0	0%
middle- income	25	64%	45	98%	3,727	98%
upper- income	12	31%	1	2%	75	2%
Total	39	100%	46	100%	3,802	100%

source: 1990 Census and internal records

Review of Complaints

FNB received no CRA-related complaints since the last Public Evaluation.

Conclusions on Fair Lending Analysis

The scope of our fair lending review consisted of all denied single female residential real estate applicants compared to all approved single male residential real estate applicants from January 1, 1998 to September 30, 1998. The purpose of this review was to determine if single females received similar treatment as single males during the approval process. In addition, we reviewed the bank's fair lending and residential loan policies. This review did not detect any violations of the substantive provisions of the antidiscrimination laws and regulations.