



PUBLIC DISCLOSURE

February 5, 2018

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

The Farmers National Bank of Canfield
Charter Number 3654

20 South Broad Street
Canfield, OH 44406

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.

Table of Contents

OVERALL CRA RATING	2
DEFINITIONS AND COMMON ABBREVIATIONS	3
DESCRIPTION OF INSTITUTION	7
SCOPE OF THE EVALUATION.....	8
DISCRIMINATORY OR OTHER ILLEGAL CREDIT PRACTICES REVIEW	10
CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS.....	11
LENDING TEST	11
COMMUNITY DEVELOPMENT TEST.....	22
APPENDIX A: SCOPE OF EXAMINATION.....	27
APPENDIX B: COMMUNITY PROFILES FOR FULL-SCOPE AREAS.....	B-1

Overall CRA Rating

INSTITUTION'S CRA RATING: This institution is rated Satisfactory.

The Lending Test is rated: Satisfactory.

The Community Development Test is rated: Satisfactory.

- The Farmers National Bank of Canfield (FNB or bank) originated a majority of its loans inside its assessment areas (AAs) during the evaluation period.
- FNB's average loan-to-deposit (LTD) ratio is reasonable given the bank's size and financial condition, and the credit needs of the community.
- FNB's record of lending to borrowers of different income levels and businesses of different sizes is adequate.
- FNB's geographic distribution of home mortgage loans and small loans to businesses reflects a reasonable dispersion among geographies of different income levels throughout its AAs.
- FNB's community development (CD) performance demonstrates an adequate responsiveness to CD needs in its AAs.

Definitions and Common Abbreviations

The following terms and abbreviations are used throughout 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. A bank subsidiary is controlled by the bank and is, therefore, an affiliate.

Aggregate Lending: The number of loans originated and purchased by all reporting lenders in specified income categories as a percentage of the aggregate number of loans originated and purchased by all reporting lenders in the MA/assessment area.

Census Tract (CT): A small subdivision of metropolitan and other densely populated counties. Census tract boundaries do not cross county lines; however, they may cross the boundaries of metropolitan areas. Census tracts generally have a population between 1,200 and 8,000 people, with an optimal size of 4,000 people. Their physical size varies widely depending upon population density. Census tracts are designed to be homogeneous with respect to population characteristics, economic status, and living conditions to allow for statistical comparisons.

Community Development: 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; activities that revitalize or stabilize low- or moderate-income geographies, distressed or underserved nonmetropolitan middle-income geographies, or designated disaster areas; or loans, investments, and services that support, enable or facilitate projects or activities under HUD Neighborhood Stabilization Program criteria that benefit low-, moderate-, and middle-income individuals and geographies in the bank's assessment area(s) or outside the assessment area(s) provided the bank has adequately addressed the community development needs of its assessment area(s).

Community Reinvestment Act (CRA): the statute that requires the OCC to evaluate a bank's record of meeting the credit needs of its local community, 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, home equity 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 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, loan pricing, the lien status of the collateral, any requests for preapproval, and loans for manufactured housing).

Home Mortgage Loans: Such loans include home purchase, home improvement and refinancings, as defined in the HMDA regulation. These include loans for multifamily (five or more families) dwellings, manufactured housing and one-to-four family dwellings other than manufactured housing.

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 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 income that is less than 50 percent of the area median income, or a median family income that is less than 50 percent, in the case of a geography.

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 MA/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. 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 it and half below it.

Metropolitan Area (MA): Any metropolitan statistical area or metropolitan division, as defined by the Office of Management and Budget, and any other area designated as such by the appropriate federal financial supervisory agency.

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.

Other Products: Includes any unreported optional category of loans for which the institution collects and maintains data for consideration during a CRA examination. Examples of such activity include consumer loans and other loan data an institution may provide concerning its lending performance.

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.

Rated Area: A rated area is a state or multi-state metropolitan 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 area, the institution will receive a rating for the multi-state metropolitan 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 One 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.

Description of Institution

FNB is a full-service interstate bank headquartered in Canfield, Ohio. The bank is a wholly owned subsidiary of Farmer's National Banc Corp. In addition to providing full banking services through the bank, Farmer's National Banc Corp. provides trust services through its subsidiary, Farmers Trust Company, and insurance services through an FNB subsidiary, Farmers National Insurance. As of December 31, 2016, the bank reported approximately \$1.948 billion in total assets and \$171 million in Tier One capital.

FNB acquired two financial institutions during the evaluation period. The bank's acquisition of the First National Bank of Orrville (FNBO) in June 2015 increased the number of the bank's AAs from three to five by adding the Wayne and Holmes Counties AA and the Medina County AA, and increased FNB's branch network by 14 offices. During October 2015, FNB acquired Tri-State Bank (TSB), which increased the bank's branch network within its Columbiana County AA by four offices. The acquisition also added a TSB branch office located in Midland, Pennsylvania, which increased the number of the bank's AAs from five to six. Excluding the Beaver County, Pennsylvania AA, see *Appendix B* for further details regarding each AA.

The bank's acquisitions throughout the evaluation period resulted in FNB having 35 full-service branch offices, including a branch located in the bank's main office, by the end of the evaluation period. The bank also has one stand-alone drive-through facility in the Trumbull County AA. The number of full-service branch offices in each AA includes 14 in the Mahoning and Trumbull Counties AA, nine in the Wayne and Holmes Counties AA, five in the Columbiana County AA, four in the Stark County AA, two in the Medina County AA, and one in the Beaver County, Pennsylvania AA. The bank's West Market branch location in Orrville, Ohio, is closed on Saturdays. However, all other branch locations as well as the stand-alone drive-through facility are open Monday through Saturday. Hours of operation vary slightly by approximately a half-hour. All but two branches offer drive-through services. Excluding a branch office in Niles, Ohio, all branch offices as well as the stand-alone drive-through facility have an automated teller machine (ATM). Nine of the offices and the drive-through facility offer full-service ATMs, and the other 25 branch offices have single-service ATMs. The bank also co-branded five stand-alone single-service ATMs, which are owned and serviced through a non-affiliated agency. These co-branded ATMs are located in grocery stores, which include three in the Columbiana County AA and two outside the bank's AAs in West Virginia. The bank also operated two loan production offices during the evaluation period. One is in the Beaver County, Pennsylvania AA, and the other is outside the bank's AAs in Akron, Ohio.

Subsequent to FNB's prior CRA evaluation, the bank closed two branch locations, consolidated two branch offices, and discontinued a full-service ATM. As of October 1, 2013, the bank closed one branch office in Warren, Ohio and one office in Leetonia, Ohio. The branch located in Warren was in a moderate-income CT, and the office in Leetonia was located in a middle-income CT. On November 7, 2015, as a result of the FNBO acquisition, FNB also consolidated its Salem, Ohio branch office with a former FNBO branch located within a half mile. The branch consolidation occurred within a middle-income CT. The stand-alone full service ATM was discontinued on September 19, 2016, and was located in moderate-income CT in Youngstown, Ohio. No correspondence was received from the communities regarding the two branch closures, branch consolidation, or the discontinuation of the full-service ATM.

FNB offers traditional loan products including home mortgages, consumer, commercial real estate, commercial, and agricultural loans. As of December 31, 2016, the bank's loan portfolio was comprised of 43.68 percent commercial real estate and commercial loans, 22.83 percent home mortgage loans, 6.62 percent home equity lines of credit (HELOCs), 8.96 percent agricultural loans, 15.26 percent consumer installment loans, and 2.65 percent other non-consumer loans. The bank also sells home purchase loans and home refinance loans to the secondary market, which are not included in these portfolio totals. Based on the bank's 2014, 2015, and 2016 HMDA loan application registrars, the bank sold approximately \$101 million of home purchase and refinance loans during those years to secondary market investors.

FNB's consumer deposit related products and services include checking, savings, money market, certificate of deposit, and individual retirement accounts, online banking, mobile banking, telephone banking, night deposit, and safe deposit boxes. Business related products and services include checking and business money market accounts, treasury management services, cash management services, remote deposit capture, and online banking. Wealth management services are provided by FNB's affiliates.

There are no legal, financial, or other factors impeding FNB's ability to help meet the credit needs of the communities it serves. The bank received a rating of "Satisfactory" at the previous CRA evaluation, dated September 23, 2013.

Scope of the Evaluation

Evaluation Period/Products Evaluated

We evaluated FNB's performance in relation to the CRA using CRA Intermediate-Small Bank procedures. The evaluation period for this Performance Evaluation covers October 1, 2013, to December 31, 2016. The procedures used to assess the bank's performance rating focused on its lending and community development (CD) activities within its delineated AAs. The evaluation period for assessing the bank's home mortgage lending and small loans to businesses lending covered January 1, 2014, through December 31, 2016. Our assessment of the bank's CD lending, investments and services covered October 1, 2013, through December 31, 2016.

To assess the bank's lending performance, we focused on the bank's primary lending products. Based on lending volume, the bank's strategic plan, and discussions with senior management, we determined the bank's primary lending focus to be home mortgage loans and business lending. As stated in the *Description of Institution* section of this report, the bank does offer consumer, HELOCs, and farm loans. However, these products are not a primary lending focus of the bank. In addition, a significant majority of consumer loans are indirect auto loans originated or purchased through automotive dealers. As such, the bank has limited control over the applications received or applicants who apply for indirect auto loans. Therefore, we did not consider the bank's HELOC, farm, or consumer lending as part of this evaluation, as an analysis of this information would not be meaningful.

We also utilized other supporting information while evaluating the Bank's CRA performance. This information included 2016 peer mortgage and small loans to businesses data, 2010 Census Data, 2016 business demographic data, internal bank records, deposit market share

data, and information from governmental web sites regarding the characteristics and economy of the bank's AAs. Furthermore, we considered information from community contacts to help assess the needs of the communities, and the opportunities for financial institutions to lend and provide services to those areas.

Data Integrity

Prior to this evaluation, we also completed a data integrity examination to determine the accuracy of FNB's reported HMDA and CRA data. The data was found to be reliable for purposes of this CRA evaluation.

Selection of Areas for Full-Scope Review

Each of FNB's six AAs meets the requirements of the CRA, and does not arbitrarily exclude any low- or moderate-income CTs. The Mahoning and Trumbull Counties AA, Columbiana County AA, and Stark County AA were selected for full-scope reviews. These AAs account for majority of the bank's deposits and branch offices. Please refer to *Appendices A and B* for more information. The AAs of Wayne and Holmes Counties AA and the Medina County AA were evaluated using limited-scope procedures. These two AAs were new to the bank as of October 2015, and only can be assessed based on FNB's lending and CD activities during 2016. We did not evaluate the bank's performance within the Beaver County AA, as this AA was new to the bank in February 2016 and we did not have a full year of data to analyze.

Ratings

FNB's overall rating is based on the bank's performance in its AAs. We gave more consideration to the bank's performance within the Mahoning and Trumbull Counties AA, as this was the bank's primary market for a majority of the review period prior to the mergers and acquisitions. The bank's secondary markets were the Columbiana County and Stark County AAs. See *Appendix B* for details regarding each of the bank's full-scope AAs.

Discriminatory or Other Illegal Credit Practices Review

Pursuant to 12 C.F.R. §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 assessment area 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 Consumer Financial Protection Bureau, 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.

Conclusions with Respect to Performance Tests

LENDING TEST

FNB's performance under the lending test is Satisfactory.

Loan-to-Deposit Ratio

FNB's LTD ratio is reasonable. During the evaluation period of October 1, 2013, to December 31, 2016, FNB's average quarterly loan-to-deposit ratio was 79.91 percent, with quarterly ratios ranging from a low of 66.81 percent to a high of 93.15 percent. Loans sold to the secondary market are not included in the average quarterly loan-to-deposit ratio, which affects the bank's overall ratio. As described in the *Description of Institution* section, based on 2014, 2015, and 2016 HMDA data, the bank sold approximately \$101 million in home purchase and refinance loans to secondary market investors. FNB's average LZTD ration was comparable to its peer banks, whose average LTD ratios ranged from 76.96 percent to 107.20 percent during the same period.

Lending in Assessment Area

FNB originated a majority of its loans inside of its AAs during the evaluation period, which meets the standard for satisfactory performance. As shown in Table 1, FNB originated or purchased 69.25 percent of its home mortgage and small loans to businesses by number within its AAs. In addition, the bank originated or purchased 63.26 percent of its home mortgage and small loans to businesses by dollar amount within its AAs.

Table 1 - Lending in Assessment Areas										
Loan Type	Number of Loans					Dollars of Loans				
	Inside		Outside		Total	Inside		Outside		Total
	#	%	#	%		\$	%	\$	%	
Home Mortgage	1,546	73.83	548	26.17	2,094	173,512	66.13	88,875	33.87	262,387
Small Loans to Businesses	877	62.42	528	37.58	1,405	115,232	59.38	78,825	40.62	194,057
Totals	2,423	69.25	1,076	30.75	3,499	288,744	63.26	167,700	36.74	456,444

Source: Bank generated reports; Data reported under HMDA for 2014, 2015, and 2016.

Lending to Borrowers of Different Incomes and to Businesses of Different Sizes

FNB's distribution of home mortgage loans and small loans to businesses of different sizes is reasonable, and meets the standards for satisfactory performance. In drawing our conclusion, we gave more consideration to the bank's performance within the Mahoning and Trumbull Counties AA, as this was the bank's primary market for the majority of the review period. The bank's secondary market included the Columbiana County and Stark County AAs, in which the bank had a limited presence prior to its acquisitions and mergers. Regarding the Wayne and Holmes Counties AA and the Medina County AA, the bank only had one year of lending within these limited-scope areas.

Full-scope AAs

Mahoning and Trumbull Counties AA

FNB's distribution of home mortgage loans within the Mahoning and Trumbull Counties AA reflects reasonable penetration to borrowers of different income levels, and meets the standard for satisfactory performance. As shown in Table 2, the percentages the bank's home purchase, home improvement, and home refinance loans that were originated to low-income borrowers are significantly below the percentage of low-income families in the AA. However, the percentage of the bank's purchase and home improvement loans that were originated to moderate-income borrowers exceeds the percentage of moderate-income families in the AA, and the percentage of the bank's home refinance loans that were originated to moderate-income borrowers is near the percentage of moderate-income families in the AA. Despite the comparison to demographics, the bank's lending performance is consistent with aggregate lending performance by other mortgage lenders. Aggregate home purchase, home improvement, and home refinance lending to low-income borrowers represented 7.33 percent, 8.80 percent, and 5.65 percent of the total number of each of these loan types originated within the AA, respectively, and aggregate home purchase, home improvement, and home refinance lending to moderate-income borrowers represented 22.47 percent, 18.13 percent, and 14.62 percent of the total number of each of these loan types originated within the AA, respectively.

Borrower Income Level	Low		Moderate		Middle		Upper	
	% of AA Families	% of Number of Loans	% of AA Families	% of Number of Loans	% of AA Families	% of Number of Loans	% of AA Families	% of Number of Loans
Home Purchase	19.09	10.65	17.13	20.12	22.19	20.71	41.60	44.38
Home Improvement	19.09	9.96	17.13	24.07	22.19	28.63	41.60	31.12
Refinancing	19.09	5.65	17.13	14.78	22.19	24.78	41.60	51.30
Totals	19.09	9.02	17.13	19.78	22.19	24.23	41.60	42.40

Source: Combined HMDA data reported in 2014, 2015, 2016; 2010 U.S. Census data. Bank total percentage of HMDA loans reported as NA 4.57.

FNB's distribution of businesses loans within the AA reflects reasonable penetration among businesses of different sizes. In determining the bank's performance, we compared the percentage of the bank's business loans that were originated during 2014, 2015, and 2016 to businesses reporting \$1 million or less in annual revenue to the percentage of the AA's business that report \$1 million or less in annual revenue. As shown in Table 3, the bank's percentages of loans (both by number and dollar amount) originated to businesses reporting \$1 million or less in annual revenue are significantly below the percentage of the AA's businesses that report \$1 million or less in annual revenue. However, the bank's lending performance is consistent peer lending performance. Peer banks originated 43.49 percent of their business loans during the evaluation period to businesses that reported \$1 million or less in annual revenue.

Table 3 - Borrower Distribution of Loans to Businesses in Mahoning and Trumbull Counties AA				
Business Revenues (or Sales)	≤\$1,000,000	>\$1,000,000	Unavailable/ Unknown	Total
% of AA Businesses	79.68	7.05	13.27	100.00
% of Bank Loans in AA by #	39.11	60.31	.58	100.00
% of Bank Loans in AA by \$	30.36	67.20	2.44	100.00

Source: Bank small business loan reports 2014, 2015, 2016; 2016 Dun and Bradstreet data; FFIEC 2016 Peer report of small business lenders.

Columbiana County AA

FNB's distribution of home mortgage loans within the Columbiana County AA reflects reasonable penetration to borrowers of different income levels, and meets the standard for satisfactory performance. As shown in Table 4, the percentages the bank's home purchase, home improvement, and home refinance loans that were originated to low-income borrowers are significantly below the percentage of low-income families in the AA. In addition, the percentage of the bank's home refinance loans that were originated to moderate-income borrowers is significantly below the percentage of moderate-income families in the AA. However, the percentages of the bank's home purchase and home improvement loans that were originated to moderate-income borrowers exceeds the percentage of moderate-income families in the families. Despite the comparison to demographics, the bank's lending performance is better than aggregate lending performance by other mortgage lenders. Aggregate home purchase, home improvement, and home refinance lending to low-income borrowers represented 8.60 percent, 4.97 percent, and 7.25 percent of the total number of each of these loan types originated within the AA, respectively, and aggregate home purchase and home improvement lending to moderate-income borrowers represented 23.35 percent and 24.31 percent of the total number of each of these loan types originated within the AA, respectively. Aggregate home refinance lending to moderate-income borrowers represented 14.50 percent of the total number of this loan type originated within the AA, which exceeded the bank's percentage of home refinance loans to moderate-income borrowers.

Table 4 - Borrower Distribution of Residential Real Estate Loans in Columbiana County AA								
Borrower Income Level	Low		Moderate		Middle		Upper	
Loan Type	% of AA Families	% of Number of Loans	% of AA Families	% of Number of Loans	% of AA Families	% of Number of Loans	% of AA Families	% of Number of Loans
Home Purchase	21.82	15.22	20.44	24.64	20.88	22.46	36.86	34.78
Home Improvement	21.82	6.67	20.44	34.67	20.88	30.67	36.86	25.33
Refinancing	21.82	7.59	20.44	6.33	20.88	27.85	36.86	46.84
TOTAL	21.82	10.96	20.44	22.26	20.88	26.03	36.86	35.62

Source: Combined HMDA data 2014, 2015, 2016; 2010 U.S. Census data. Bank total percentage of HMDA loans reported as NA 5.14.

FNB's distribution of businesses loans reflects reasonable penetration among businesses of different sizes. As shown in Table 5, the bank's percentage of loans by number originated to businesses reporting \$1 million or less in annual revenue exceeded the percentage of the AA's businesses that report \$1 million or less in annual revenue, while the bank's percentage of loans by dollar amount to businesses reporting \$1 million or less in annual revenue was less

than the percentage of the AA's businesses that report \$1 million or less in annual revenue.

Business Revenues (or Sales)	≤\$1,000,000	>\$1,000,000	Unavailable/Unknown	Total
% of AA Businesses	81.14	6.44	12.42	100.00
% of Bank Loans in AA by #	84.83	14.48	.69	100.00
% of Bank Loans in AA by \$	55.59	42.62	1.79	100.00

Source: Bank small business loan reports 2014, 2015, 2016; 2016 Dun and Bradstreet data.

Stark County AA

FNB's distribution of home mortgage loans within the Stark County AA reflects reasonable penetration to borrowers of different income levels, and meets the standard for satisfactory performance. As shown in Table 6, the percentages the bank's home purchase, home improvement, and home refinance loans that were originated to low-income borrowers are significantly below the percentage of low-income families in the AA. However, the percentages of the bank's home purchase and home refinance loans that were originated to moderate-income borrowers exceed the percentage of moderate-income families in the AA, and the percentage of the bank's home improvement loans that were originated to moderate-income borrowers is near the percentage of moderate-income families in the families. Furthermore, the bank's lending performance is consistent with aggregate lending performance by other mortgage lenders. Aggregate home purchase and home improvement lending to low-income borrowers represented 7.59 percent and 11.46 percent of the total number of each of these loan types originated within the AA, respectively, and aggregate home purchase and home refinance lending to moderate-income borrowers represented 19.73 percent and 14.78 percent of the total number of each of these loan types originated within the AA, respectively. Aggregate home improvement lending to moderate-income borrowers represented 26.93 percent of the total number of this loan type originated within the AA, which exceeded the bank's percentage of home improvement loans to moderate-income borrowers.

Borrower Income Level	Low		Moderate		Middle		Upper	
	% of AA Families	% of Number of Loans	% of AA Families	% of Number of Loans	% of AA Families	% of Number of Loans	% of AA Families	% of Number of Loans
Home Purchase	16.26	7.45	17.28	20.21	21.81	20.21	44.65	48.94
Home Improvement	16.26	9.09	17.28	13.64	21.81	0.00	44.65	68.18
Refinancing	16.26	2.27	17.28	27.27	21.81	15.91	44.65	47.73
TOTAL	16.26	6.25	17.28	21.25	21.81	16.25	44.65	51.25

Source: Combined HMDA data 2014, 2015, 2016; 2010 U.S. Census data. Bank total percentage of HMDA loans reported as NA 5.00.

FNB's distribution of businesses loans within the AA reflects a reasonable penetration among businesses of different sizes. As shown in Table 7, the bank originated 69.74 percent of its business loans by number, and 56.84 percent by dollar amount, to businesses reporting \$1 million or less in annual revenue. This compares favorably to peer lending performance, as peer banks only originated 45.54 percent their loans by number to businesses reporting \$1 million or less in annual revenue.

Table 7 - Borrower Distribution of Loans to Businesses in Stark County AA				
Business Revenues (or Sales)	≤\$1,000,000	>\$1,000,000	Unavailable/Unknown	Total
% of AA Businesses	81.48	6.38	12.14	100.00
% of Bank Loans in AA by #	69.74	30.26	0.00	100.00
% of Bank Loans in AA by \$	56.84	43.16	0.00	100.00

Source: Bank small business loan reports 2014, 2015, 2016; 2016 Dun and Bradstreet data.

Limited-Scope AAs

Medina County AA

FNB's distribution of home mortgage loans within the Medina County AA reflects poor penetration to borrowers of different income levels. As shown in Table 8, the bank's percentage of home purchase and home improvement loans to moderate-income borrowers exceeded the percentage of moderate-income families in the AA, but the bank did not originate or purchase any home purchase, home improvement, or home refinance loans to low-income borrowers, and did not originate or purchase any home refinance loans to moderate-income borrowers during 2016. As indicated in the *Description of Institution and Appendix A and B*, the bank has only been operating in this AA for one year. As a result, the bank's performance in this AA does not impact its overall distribution rating.

Table 8 - Borrower Distribution of Residential Real Estate Loans in Medina County AA								
Borrower Income Level	Low		Moderate		Middle		Upper	
Loan Type	% of AA Families	% of Number of Loans	% of AA Families	% of Number of Loans	% of AA Families	% of Number of Loans	% of AA Families	% of Number of Loans
Home Purchase	14.42	0.00	17.96	37.50	24.76	12.50	42.86	50.00
Home Improvement	14.42	0.00	17.96	100.00	24.76	0.00	42.86	0.00
Refinancing	14.42	0.00	17.96	0.00	24.76	75.00	42.86	25.00
TOTAL	14.42	0.00	17.96	30.77	24.76	30.77	42.86	38.46

Source: Combined HMDA data 2014, 2015, 2016; 2010 U.S. Census data.

The bank's distribution of business loans within the Medina AA reflects reasonable penetration among businesses of different sizes. As shown in Table 9, the percentage of loans (both by number and dollar amount) to businesses with \$1 million or less in revenue exceeded the percentage of businesses with \$1 million or less in revenue within the AA.

Table 9 - Borrower Distribution of Loans to Businesses in Medina County AA				
Business Revenues (or Sales)	≤\$1,000,000	>\$1,000,000	Unavailable/Unknown	Total
% of AA Businesses	78.72	5.82	15.45	100.00
% of Bank Loans in AA by #	88.89	11.11	0.00	100.00
% of Bank Loans in AA by \$	79.65	20.35	0.00	100.00

Source: Bank small business loan reports 2014, 2015, 2016; 2016 Dun and Bradstreet data.

Wayne and Holmes Counties AA

FNB's distribution of home mortgage loans to borrowers of different income levels within the Wayne and Holmes Counties AA is adequate, and consistent with the bank's performance in the AAs receiving full-scope reviews. As shown in Table 10, the percentages the bank's home purchase, home improvement, and home refinance loans that were originated to low-income borrowers are significantly below the percentage of low-income families in the AA, and the percentage of home improvement loans that were originated to moderate-income borrowers was significantly below the percentage of moderate-income families. However, the percentages of the bank's home purchase and home refinance loans that were originated to moderate-income borrowers exceed the percentage of moderate-income families in the AA. Furthermore, the bank's lending performance is consistent with aggregate lending performance. Aggregate home purchase and home improvement lending to low-income borrowers represented 4.37 percent and 5.81 percent of the total number of each of these loan types originated within the AA, respectively, while aggregate home refinance lending to low-income borrowers represented 5.13 percent of the total number of this loan type. Aggregate home purchase and home improvement lending to moderate-income borrowers represented 22.30 percent and 14.19 percent of the total number of each of these loan types originated within the AA, respectively, while the bank's percentage of refinance loans to moderate-income borrowers exceeded the aggregate refinance lending to moderate income borrowers of 22.57 percent of the total number of loans of this type.

Borrower Income Level Loan Type	Low		Moderate		Middle		Upper	
	% of AA Families	% of Number of Loans	% of AA Families	% of Number of Loans	% of AA Families	% of Number of Loans	% of AA Families	% of Number of Loans
Home Purchase	15.03	6.43	17.01	21.64	22.60	23.39	45.35	40.94
Home Improvement	15.03	7.41	17.01	11.11	22.60	44.44	45.35	33.33
Refinancing	15.03	1.35	17.01	31.08	22.60	20.27	45.35	44.59
TOTAL	15.03	5.15	17.01	23.16	22.60	24.63	45.35	41.18

Source: Combined HMDA data 2014, 2015, 2016; 2010 U.S. Census data. Bank total percentage of HMDA loans reported as NA 5.88.

The bank's distribution of business loans within the AA reflects reasonable penetration among businesses of different sizes. As shown in Table 11, the bank originated 84.21 percent of its loans by number to businesses with \$1 million in annual revenue or less, which exceeds the percentage of businesses in the AA that reported \$1 million in revenue or less. However, the percentage of loans by dollar amount to businesses with \$1 million in revenue or less is less than the percentage of businesses in the AA with \$1 million in revenue or less.

Business Revenues (or Sales)	≤\$1,000,000	>\$1,000,000	Unavailable/Unknown	Total
% of AA Businesses	81.55	7.24	11.21	100.00
% of Bank Loans in AA by #	84.21	15.79	0.00	100.00
% of Bank Loans in AA by \$	67.74	32.26	0.00	100.00

Source: Bank small business loan reports 2014, 2015, 2016; 2016 Dun and Bradstreet data.

Geographic Distribution of Loans

FNB's geographic distribution of home mortgage loans and small loans to businesses among geographies of different income levels is reasonable, and meets the standards for satisfactory performance. In arriving at this conclusion, we gave consideration to factors such as the number of low- and moderate-income CTs within the bank's AAs as well as percentage of owner-occupied housing units within each CT, that would affect the bank's geographic distribution of lending throughout its AAs. We also gave more consideration to the bank's performance within the full-scope AAs of Mahoning and Trumbull Counties, Columbiana County, and Stark County, as these are bank's primary markets. Furthermore, FNB conducted lending activities within these markets for the entire evaluation period. The bank only has one year of lending activity within the limited-scope AAs of the Wayne and Holmes Counties and Medina County.

Full-Scope AAs

Mahoning and Trumbull Counties AA

FNB's distribution of home mortgage loans among geographies of different income levels reflects reasonable dispersion within the AA. As shown in Table 12, the bank did not make any loans in low-income CTs, and its percentages of home purchase and home refinance loans in moderate-income CTs are significantly below the percentage of owner-occupied housing in moderate-income CTs. However, as shown in *Appendix B*, the majority of owner-occupied housing is located in the AA's middle- and upper-income CTs. Furthermore, of the 80 CTs in the AA, only four (4) are low-income and 16 are moderate-income. These factors, combined with a high level of competition, have affected both the banks and peer (aggregate) mortgage lenders' ability to lend within the low- and moderate-income CTs. Based on 2016 peer mortgage lending data, peer home mortgage percentages for home purchase, home improvement, and home refinance loans in the low-income CTs were 0.31 percent, 0.54 percent, and 0.53 percent, respectively. Peer home mortgage lending performance in moderate-income CTs was similar to FNB's performance at 6.26 percent for home purchase loans, 9.69 percent for home improvement loans, and 5.83 percent for home refinance loans.

Census Tract Income Level	Low		Moderate		Middle		Upper	
Loan type	% of AA Owner Occupied Housing	% of Number of Loans	% of AA Owner Occupied Housing	% of Number of Loans	% of AA Owner Occupied Housing	% of Number of Loans	% of AA Owner Occupied Housing	% of Number of Loans
Home Purchase	2.09	0.00	12.22	4.14	54.25	48.22	31.44	47.63
Home Improvement	2.09	0.00	12.22	11.62	54.25	51.45	31.44	36.51
Refinancing	2.09	0.00	12.22	4.35	54.25	55.22	31.44	40.43
TOTAL	2.09	0.00	12.22	6.43	54.25	51.17	31.44	42.27

Source: Combined HMDA data 2014, 2015, 2016; 2010 U.S. Census data. Bank percentage of HMDA loans with census tract as NA.

FNB's distribution of business loans among geographies of different income levels reflects reasonable dispersion throughout the AA. As shown in Table 13, the bank made

approximately one percent of its small loans to businesses in low-income CTs, and the bank's percentage of business loans in moderate-income CTs is comparable with the percentage of AA businesses in those CTs. As described in *Appendix B*, 84.29 percent of the AA's businesses are located in middle- and upper-income CTs. As a result, and given the level of competition in the AA, FNB has a better opportunity to lend within the AA's middle- and upper-income CTs.

Table 13 - Geographic Distribution of Loans to Businesses in Mahoning and Trumbull Counties AA								
Census Tract Income Level	Low		Moderate		Middle		Upper	
Loan Type	% of AA Businesses	% of Number of Loans	% of AA Businesses	% of Number of Loans	% of AA Businesses	% of Number of Loans	% of AA Businesses	% of Number of Loans
Small Loans to Businesses	3.89	.97	11.82	8.56	45.44	55.25	38.85	35.22

Source: Bank small business loan report 2014, 2015, 2016; 2016 Dun and Bradstreet data.

Columbiana County AA

FNB's distribution of home mortgage loans among geographies of different income levels reflects reasonable dispersion within the AA. As shown in Table 14, the bank's percentage of home purchase loans in moderate-income CTs is near the percentage of owner-occupied housing in moderate-income CTs. However, its percentages of home improvement and home refinance loans in moderate-income CTs are significantly below the percentages of owner-occupied housing in moderate-income CTs. The bank's lower lending percentages in moderate-income CTs is a result of competition, and the fact that a significant majority of the AA's owner-occupied housing units are located within middle-income CTs. These factors have also impacted peer mortgage lenders ability to lend in the moderate-income CTs. As a result, the bank's lending performance within the moderate-income CTs is similar to peer lending performance. Specifically, the bank's percentage of home purchase loans exceeded peer's 12.53 percent of home purchase loans in moderate-income CTs, its percentage of home refinance loans is similar to peer's 12.72 percent of home refinance loans in moderate-income CTs, and its percentage of home improvement loans is significantly below peer's 15.47 percent of home improvement loans in moderate-income CTs.

Table 14 - Geographic Distribution of Residential Real Estate Loans in Columbiana County AA								
Census Tract Income Level	Low		Moderate		Middle		Upper	
Loan type	% of AA Owner Occupied Housing	% of Number of Loans	% of AA Owner Occupied Housing	% of Number of Loans	% of AA Owner Occupied Housing	% of Number of Loans	% of AA Owner Occupied Housing	% of Number of Loans
Home Purchase	0.00	0.00	18.86	14.49	75.13	81.16	6.01	4.35
Home Improvement	0.00	0.00	18.86	4.00	75.13	94.67	6.01	1.33
Refinancing	0.00	0.00	18.86	12.66	75.13	84.81	6.01	2.53
TOTAL	0.00	0.00	18.86	11.30	75.13	85.62	6.01	3.08

Source: Combined HMDA data 2014, 2015, 2016; 2010 U.S. Census data.

FNB’s distribution of business loans among geographies of different income levels reflects poor dispersion throughout the AA. As shown in Table 15, the bank only originated or purchased 4.14 percent of its small loans to businesses within the moderate-income CTs, which is significantly below the percentage of AA businesses within those CTs. Furthermore, the bank’s percentage of small loans to business within moderate-income CTs is also significantly below peer’s 14.96 percent of loans with moderate-income CTs in the AA.

Table 15 - Geographic Distribution of Loans to Businesses in Columbiana County AA

Census Tract Income Level	Low		Moderate		Middle		Upper	
Loan Type	% of AA Businesses	% of Number of Loans	% of AA Businesses	% of Number of Loans	% of AA Businesses	% of Number of Loans	% of AA Businesses	% of Number of Loans
Small Loans to Businesses	0.00	0.00	15.65	4.14	76.71	91.03	7.64	4.83

Source: Bank small business loan report 2014, 2015, 2016; 2016 Dun and Bradstreet data.

Stark County AA

FNB’s distribution of home mortgage loans among geographies of different income levels reflects reasonable dispersion within the AA. As shown in Table 16, the bank did not make any home purchase or home improvement loans in low-income CTs. However, the bank’s percentage of home refinance loans in low-income CTs exceeded the percentage of the AA’s owner-occupied housing in low-income CTs. Furthermore, the bank’s percentages of home purchase and home improvement loans in moderate-income CTs are similar to the percentage of owner-occupied housing in moderate-income CTs. However, the bank did not originate or purchase any home refinance loans in moderate-income CTs. The lower lending percentages in both the low- and moderate-income CTs is a result of competition and the fact that a significant majority of the AA’s owner-occupied housing is located within middle- and upper-income CTs. These factors have also impacted peer mortgage lenders’ ability to lend in low- and moderate-income CTs. As a result, the bank’s performance within the low- and moderate-income CTs is similar to peer performance. Specifically, the bank’s percentage of home refinance loans in low-income CTs exceeded peer’s 0.31 percent of home refinance loans in low-income CTs, and peer’s percentages of home purchase and home improvement loans in low-income CTs was less than one percent at only 0.44 percent and 0.86 percent, respectively. The bank’s percentages of home purchase and home improvement loans in moderate-income CTs was similar to peer’s 3.86 percent and 5.73 percent, respectively, while peer’s percentage of home refinance loans in moderate-income CTs was slightly lower than the percentage of owner-occupied housing at 2.78 percent.

Table 16 - Geographic Distribution of Residential Real Estate Loans in Stark County AA								
Census Tract Income Level	Low		Moderate		Middle		Upper	
Loan type	% of AA Owner Occupied Housing	% of Number of Loans	% of AA Owner Occupied Housing	% of Number of Loans	% of AA Owner Occupied Housing	% of Number of Loans	% of AA Owner Occupied Housing	% of Number of Loans
Home Purchase	.86	0.00	4.37	3.19	60.35	59.57	34.43	37.23
Home Improvement	.86	0.00	4.37	4.55	60.35	63.64	34.43	31.82
Refinancing	.86	2.27	4.37	0.00	60.35	63.64	34.43	34.09
TOTAL	.86	.63	4.37	2.50	60.35	61.25	34.43	35.63

Source: Combined HMDA data 2014, 2015, 2016; 2010 U.S. Census data.

FNB's distribution of business loans among geographies of different income levels reflects reasonable dispersion throughout the AA. As described in *Appendix B* and shown in Table 17, a significant majority of the AA's businesses are located in middle- and upper-income CTs. Based on this information combined with the high level of competition in the AA, the ability to lend in the AA's low- and moderate-income CTs can be limited. As shown in Table 17, the bank did not make any small loans to businesses in low-income CTs, but its percent of small loans to businesses within moderate-income CTs is near the percentage of AA businesses located in these CTs.

Table 17 - Geographic Distribution of Loans to Businesses in Stark County AA								
Census Tract Income Level	Low		Moderate		Middle		Upper	
Loan Type	% of AA Businesses	% of Number of Loans	% of AA Businesses	% of Number of Loans	% of AA Businesses	% of Number of Loans	% of AA Businesses	% of Number of Loans
Small Loans to Businesses	.57	0.00	6.05	3.95	51.08	59.21	42.30	36.84

Source: Bank small business loan report 2014, 2015, 2016; 2016 Dun and Bradstreet data.

Limited-Scope AAs

Wayne and Holmes Counties AA

FNB's distribution of home mortgage loans among geographies of different income levels reflects reasonable dispersion within the AA. In addition, the bank's lending within the AA is consistent with its lending in the AAs that received a full-scope reviews. As shown in Table 18, the bank's percentage of home purchase loans in low-income CTs exceeded the percentage of the AA's owner-occupied housing in those low-income CTs. However, the bank did not make any home improvement or home refinance loans within the AA's low-income CTs. The bank's percentages of home purchase, home refinance, and home improvement loans in moderate-income CTs are all similar to the percentage of the AA's owner-occupied housing located in moderate-income CTs. The bank's performance in both low- and moderate-income census tracts is negatively impacted by both a strong level of competition and the fact that a significant majority of the AA's owner-occupied housing is located within middle- and upper-income CTs. These factors have also impacted peer mortgage lenders' ability to lend in low- and moderate-income CTs. As a result, the bank's lending performance is similar to peer lending performance. Specifically, peer home purchase and home refinance percentages in low-

income CTs were only 0.20 percent and 0.11 percent, respectively, and peer did not originate or purchase any home improvement loans in low-income CTs. Peer lending percentages in moderate-income CTs for home purchase, home improvement and home refinance loans were 6.29percent, 3.23 percent, and 5.88 percent, respectively. As indicated in the *Description of Institution* and *Appendix A and B*, the bank has only been operating in this AA for one year. As a result, the overall rating in this AA does not impact the bank’s overall geographic distribution rating.

Table 18 - Geographic Distribution of Residential Real Estate Loans in Wayne and Holmes Counties AA								
Census Tract Income Level	Low		Moderate		Middle		Upper	
Loan type	% of AA Owner Occupied Housing	% of Number of Loans	% of AA Owner Occupied Housing	% of Number of Loans	% of AA Owner Occupied Housing	% of Number of Loans	% of AA Owner Occupied Housing	% of Number of Loans
Home Purchase	.05	1.17	7.31	3.51	65.91	76.61	26.72	18.71
Home Improvement	.05	0.00	7.31	3.70	65.91	85.19	26.72	11.11
Refinancing	.05	0.00	7.31	4.05	65.91	85.14	26.72	10.81
TOTAL	.05	.74	7.31	3.68	65.91	79.78	26.72	15.81

Source: Combined HMDA data 2014, 2015, 2016; 2010 U.S. Census data.

FNB’s distribution of business loans among geographies of different income levels reflects reasonable dispersion throughout the AA, given the fact that the bank has only been operating within the AA for one year. As shown in Table 19, the bank did not make any small loans to businesses in low-income CTs, and the percentage of small loans to businesses in moderate-income CTs is generally near the percentage of businesses located in moderate-income CTs. The lower level of lending in the low- and moderate-income CTs is a result of competition and the fact that a significant majority of businesses are located in middle- and upper-income CTs. However, FNB’s performance is similar to peer performance. Specifically, peer percentages of small loans to businesses percentages in the low- and moderate-income CTs were 0.04 percent and 9.86 percent, respectively, with most lending occurring in middle-income CTs.

Table 19 - Geographic Distribution of Loans to Businesses in Wayne and Holmes Counties AA								
Census Tract Income Level	Low		Moderate		Middle		Upper	
Loan Type	% of AA Businesses	% of Number of Loans	% of AA Businesses	% of Number of Loans	% of AA Businesses	% of Number of Loans	% of AA Businesses	% of Number of Loans
Small Loans to Businesses	.11	0.00	11.64	5.26	60.69	72.18	27.56	22.56

Source: Bank small business loan report 2014, 2015, 2016; 2016 Dun and Bradstreet data.

Medina County AA

The Medina County AA does not have any low- or moderate-income CTs. As a result, we did not complete an analysis of the geographic distribution of small loans to businesses in the Medina AA because the analysis would not be meaningful.

Responses to Complaints

FNB did not receive any written complaints related to its CRA performance during the evaluation period.

COMMUNITY DEVELOPMENT TEST

The bank's overall performance under the CD test reflects adequate responsiveness in meeting the CD lending, qualified investment, and service needs of its AAs, and meets the standard for satisfactory performance. When drawing our overall CD rating conclusion, we gave the greatest consideration to the bank's performance within the Mahoning and Trumbull Counties AA, as this was the bank's primary market for a majority of the review period. We gave the least weight to performance in the limited-scope AAs, as the bank only had one year of CD activities in the Wayne and Holmes Counties AA and the Medina County AA.

Number and Amount of Community Development Loans

Full-Scope AAs

Mahoning and Trumbull County AA

FNB's CD lending in the Mahoning and Trumbull Counties AA had a positive impact on its CD lending performance rating. FNB originated three qualified CD loans during the review period, totaling approximately \$976,440. The qualifying loans included:

- \$500,000 to an organization located in a low-income area that assists individuals who have been convicted of crimes in refraining from future criminal activity, and achieve their highest level of personal development through chemical dependency programs, employment/vocational training, and aftercare for those recently released from jail/prison;
- \$126,440 to an organization that provides affordable housing to low- and moderate-income individuals; and
- \$350,000 to an organization that serves the educational and spiritual needs for all ages with funding used to build housing units in a low-income area.

Columbiana County AA

FNB's CD lending within the Columbiana County AA had a neutral impact on its CD lending performance rating. During the evaluation period, the bank did not originate any CD loans in the Columbiana County AA. The lack of CD lending was a result of limited opportunities to originate CD loans within the AA, and competition from other financial institutions for the CD loans. In addition, as noted by the community contact conducted within the Columbiana County AA, the primary need was not additional loans. FNB did originate seven home mortgage loans to low- and moderate-income borrowers as part of the Farmer's Affordable Housing Program. However, the seven loans are included as part of the lending test.

Stark County AA

The bank's CD lending within the Stark County AA had a neutral impact on its CD lending performance rating. During the evaluation period, FNB did not originate any CD loans in the Stark County AA. The lack of CD lending was a result of limited opportunities to originate CD loans within the small AA, and competition from other financial institutions for the CD loans. FNB did originate one home mortgage loan to a qualifying low- or moderate-income borrower as part of the Farmer's Affordable Housing Program. However, the one loan is included as part of the lending test.

Limited-Scope AAs

Wayne and Holmes Counties AA

FNB's CD lending in the Wayne and Holmes Counties AA had a positive impact on its CD lending performance rating. Despite the bank's limited one-year presence in the AA, it was able to originate one qualified loan for approximately \$660,690 to an organization that provides outpatient, rehabilitation/recovery, psychiatric, children, and community education services for those who may not be able to afford these services. Funds were used to build 15 one-bedroom apartments to serve homeless young adults who have experienced a psychotic episode and have been unable to live successfully in the community.

Medina County AA

FNB's CD lending within the Medina County AA had a neutral impact on its CD lending performance rating. The bank expanded into this AA when it acquired FNBO. This acquisition took place in October 2015, limiting the opportunity to originate CD loans in this AA during the evaluation period.

Number and Amount of Qualified Investments

The bank's responsiveness to the CD investment needs of its AAs is adequate, and meets the standards for satisfactory performance. During the evaluation period, the bank donated or invested approximately \$4,179,392 in qualified CD investments and donations.

FNB AAs, Regional and Broad State Area

The bank made two qualified investments totaling \$4,000,000 in low-income housing tax credits. The purpose was to provide funding for housing to low- and moderate-income people or households.

Full-Scope AAs

Mahoning and Trumbull Counties AA

FNB displayed adequate responsiveness to the CD needs of this AA by making 42 qualified investments totaling approximately \$142,517 during the evaluation period. Examples are detailed below:

- The bank made 38 Affordable Housing Grants totaling \$116,662 for down payment assistance to low- and moderate-income individuals.
- The bank donated \$1,000 to an organization that helps to support special needs children who otherwise might not be able to afford much needed services such as physical, occupational, and speech/language therapies along with individual and family counseling.
- The bank donated \$5,000 to an organization that assists families who are financially distressed and who cannot benefit by a debt reduction program, but still need assistance to recover financially and obtain the financial education to improve personal financial and credit management in light of reduced income.
- The bank donated \$4,855 to an organization that supports women and children bound in the cycle of poverty and homelessness.
- The bank invested \$15,000 in an organization that operates a program that teaches, assesses and certifies students in financial literacy. The six schools benefiting from the financial literacy program had a majority of students that were financially disadvantaged.

Columbiana County AA

FNB's responsiveness to the CD needs of this AA is adequate. During the evaluation period, the bank made four Affordable Housing Grants totaling \$10,085 for down payment assistance to low- and moderate-income individuals, and one donation of \$5,000 to an organization that rehabilitates houses for those in need, and helps to keep the new homeowners' monthly mortgage payment affordable.

Stark County AA

FNB's responsiveness to the CD needs of this AA is poor. During the evaluation period, the bank made two Affordable Housing Grants totaling \$6,540 for down payment assistance to low- and moderate-income individuals, and one donation of \$250 to an organization that provides clothes and food to those in need.

Limited-Scope AAs

Wayne and Holmes County AA

FNB's responsiveness to the CD needs of this AA were adequate, as the bank made qualified investments totaling \$15,000 during the evaluation period. FNB donated \$15,000 to an organization that rehabilitates houses for those in need, and helps to keep the new homeowners' monthly mortgage payment affordable. The bank expanded into this AA when it acquired the FNBO, which took place in October 2015. As a result, there were limited investments for this AA during our evaluation period. Therefore, the rating in this area has a neutral impact on the bank's overall investment test rating.

Medina County AA

FNB's responsiveness to the CD needs of the Medina AA was poor. However, there is no impact to the bank's overall CD investment rating, as the bank only expanded into this AA when it acquired FNBO in late 2015.

Extent to Which the Bank Provides Community Development Services

FNB's service performance during the evaluation period reflects an adequate level of responsiveness to CD service needs. While the bank provides or volunteers for several community services within the AAs that it serves, not all qualify as community development services. The following represent qualifying community development services performed.

ALL AAs

FNB offers a full range of consumer and commercial banking products and services at all of its 34 full-service branch locations in Ohio. Branch locations are accessible to low- and moderate-income individuals and small businesses throughout its Ohio AAs. The bank's consumer deposit products and services include checking, savings, money market, certificates of deposit, and individual retirement accounts, online banking, mobile banking, telephone banking, night deposit, and safe deposit boxes. Business products and services include checking and business money market accounts, treasury management services, cash management services, remote deposit capture, and online banking. Customers can access their accounts through the bank's 37 ATMs in the Ohio AAs. While branch hours vary by county, there are no significant variations in branch hours with most being open Monday through Saturday. All but two branches have drive-through services.

Full-Scope AAs

Mahoning and Trumbull County

- An employee serves on the Board of Directors and Finance Committee of an organization that helps to support low- and moderate-income special needs children who otherwise might not be able to afford much-needed services such as physical, occupational, and speech/language therapies along with individual and family counseling.
- FNB has one branch office located in a moderate-income CT. Additionally, two other branch offices are near moderate-income CTs.

Columbiana County

- An employee is the Vice-President for an organization that provides free meals to individuals and families in need.
- FNB has one branch and two co-branded ATMs located in a moderate-income CTs.

Stark County

- FNB has one branch that is located in a moderate-income CT, which is also near a low-income CT.

Limited-Scope AAs

Wayne and Holmes County

FNB's responsiveness to the CD services needs of this AA is poor. The bank offered no qualifying CD services in this AA during the evaluation period. However, the bank has one branch near a low-income CT in the AA. There is no impact to the bank's overall CD service rating, as it only expanded into this AA when it acquired FNBO in late 2015.

Medina County

FNB's responsiveness to the CD service needs of this AA is poor. The bank offered no qualifying CD services in this AA during the evaluation period. However, there are no low- or moderate-income CTs within this AA, and the bank's performance has no impact on its overall CD service rating as it only expanded into this AA when it acquired FNBO in late 2015.

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 metropolitan and nonmetropolitan areas 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	Lending Test (excludes CD loans): (01/01/2014 to 12/31/2016) Investment and Service Tests and CD Loans: (10/01/2013 to 12/31/2016)	
Financial Institution	Products Reviewed	
The Farmers' National Bank of Canfield (FNB) Canfield, OH	Residential Mortgages and Business Loans	
List of Assessment Areas and Type of Examination		
Assessment Area	Type of Exam	Other Information
Ohio Mahoning & Trumbull 49660 Stark County 25940 Columbiana County Non-MSA Wayne & Holmes Non-MSA Medina County 17460 Beaver County	Full-Scope Full-Scope Full-Scope Limited-Scope Limited-Scope NA	No Low Income Census Tracts The Beaver County AA was new to the bank in February 2016.

Appendix B: Community Profiles for Full-Scope Areas

Mahoning and Trumbull Counties AA

Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts/BNAs)	80	5.00	20.00	53.75	21.25	0.00
Population by Geography	316,427	3.21	15.45	52.61	28.73	0.00
Owner-Occupied Housing by Geography	146,561	2.09	12.22	54.25	31.44	0.00
Businesses by Geography	17,765	3.89	11.82	45.44	38.85	0.00
Farms by Geography	541	1.29	7.76	58.04	32.90	0.00
Family Distribution by Income Level	85,096	2.88	14.04	53.18	29.90	0.00
Distribution of Low- and Moderate-Income Families throughout AA Geographies	30,816	5.97	22.03	53.66	18.34	0.00
Median Family Income = \$52,933		Median Housing Value = \$107,649				
HUD Adjusted Median Family Income for 2016 = \$55,100		Unemployment Rate December 2016				
Households Below the Poverty Level = 13.68		United States = 4.7%				
		Ohio = 4.8%				
		Mahoning = 5.9%				
		Trumbull = 6.2%				

Source: 2010 U.S. Census. (*) The NA category consists of geographies that have not been assigned an income classification.

FNB's primary AA is the Trumbull and Mahoning Counties AA. The AA is within the Youngstown-Warren-Boardman, OH-PA Metropolitan Statistical Area (MSA) (# 49660). The AA includes portions of both Trumbull and Mahoning Counties, and meets the requirements of the CRA. Specifically, the AA in Mahoning County excludes only the northeastern corner of the county, while the AA in Trumbull County only includes the southwest portion of the county. The two areas are contiguous and do not arbitrarily exclude low- or moderate-income CTs.

The AA consists of 80 CTs, including four (4) low-income, 16 moderate-income, 43 middle-income, and 17 upper-income CTs. As described in the *Description of Institution* section, FNB operated 14 branch offices and one stand-alone drive-through facility within the AA during the evaluation period. One of the branch offices was located in a moderate-income CT, five branch offices as well as the drive-through facility were located in middle-income CTs, and eight branch offices were located in upper-income CTs. The bank also supplemented its branch network with ATMs located at 13 of the offices as well as the drive-through facility within the AA. FNB closed one branch office in the AA in October 2013, and a stand-alone full-service ATM in September 2016. Both the branch office and stand-alone ATM were located in moderate-income CTs.

According to the 2010 U.S. Census Data and shown in Table 20, the population of the AA equated to 316,427 persons, 85,096 families, and 131,627 households. A majority of the families are either middle- or upper-income, with only 19.09 percent low-income families and 17.13 percent moderate-income families. Additionally, 13.86 percent of households live below the poverty level. The majority of owner-occupied housing is also located in the middle- and upper-income CTs of the AA. Specifically, on an aggregate basis, 85.69 percent of the owner-occupied homes are either in middle- or upper-income CTs. Only 2.09 percent of owner-occupied housing is located in low-income CTs, and 12.22 percent is located in moderate-income CTs. A significant majority of businesses are also located in the middle- and upper-income CTs of the AA, with only 3.89 percent in low-income CTs and 11.82 percent in moderate-income CTs.

Mahoning and Trumbull counties are located in northeast Ohio, approximately 80 miles southeast of Cleveland and 12 miles from the Pennsylvania border. Major area employers include AT&T, City of Youngstown, Exal Corporation, Falcon Transport, First Place Bank, Forum Health, HM Health Partners, Home Savings and Loan, InfoCision, Mahoning County Government, Schwebel Baking Company, Toys R'Us, V&M, Windsor House and Youngstown State University.

The AA has a highly competitive banking environment. During the review period, there were 14 financial institutions operating 137 offices in the AA. FNB ranked sixth in total deposits with a 10.50 percent market share according to the FDIC Deposit Market Share Report dated June 30, 2016. The top three banks in the AA were The Huntington National Bank with a 25.54 percent deposit market share, JPMorgan Chase Bank with a 12.23 percent market share, and Home Savings Bank with a 12.01 percent market share. FNB was ranked eighth out of 275 mortgage lenders in the AA with a 3.46 percent market share according to the December 31, 2016, peer mortgage market share report. The top three mortgage lenders in the AA were The Huntington National Bank with a 9.08 percent market share, Seven Seventeen Credit Union with a 6.95 percent market share, and The Home Savings and Loan Company with a 6.25 percent market share.

Based on data from the U.S. Bureau of Labor Statistics, the average unemployment of the AA has consistently been above the average unemployment rate for the state of Ohio and the U.S. The unemployment rates for Trumbull and Mahoning Counties in December 2016 were 6.2 percent and 5.9 percent respectively, while the unemployment rates for the state of Ohio and the U.S. were 4.8 percent and 4.7 percent, respectively.

We conducted two community contacts during our evaluation to determine the credit and community needs of the AA. One of the contacts serves both Mahoning County and the Columbiana County AA. Both organizations have a purpose or mission of providing housing and social services to low-income individuals. In addition, one of the organizations also utilizes programs to create affordable housing opportunities and works with low-income individuals providing support services, home counseling, youth after-school programs, and access to neighborhood network computer centers. Based

on our discussions with the community contacts, there are CD opportunities for the bank to participate in. The opportunities include participating in financial literacy programs, providing short-term mortgage financing, developing and implementing a “rent to own” home finance program, and donating funds to support financial literacy classes.

Columbiana County AA

Table 21 - Demographic Information for Full-Scope Area: Columbiana County						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts/BNAs)	22	0.00	27.27	68.18	4.55	0.00
Population by Geography	99,283	0.00	19.62	74.77	5.60	0.00
Owner-Occupied Housing by Geography	43,695	0.00	18.86	75.13	6.01	0.00
Businesses by Geography	4,985	0.00	15.65	76.71	7.64	0.00
Farms by Geography	304	0.00	13.49	82.57	3.95	0.00
Family Distribution by Income Level	27,122	0.00	19.77	74.28	5.95	0.00
Distribution of Low- and Moderate-Income Families throughout AA Geographies	11,463	0.00	27.04	69.19	3.77	0.00
Median Family Income	= \$52,573	Median Housing Value		= \$99,083		
HUD Adjusted Median Family Income for 2016	= \$55,400	Unemployment Rate		December 2016		
Households Below the Poverty Level	= 15.35	United States		= 4.7%		
		Ohio		= 4.8%		
		Columbiana		= 5.9%		

Source: 2010 U.S. Census. (*) The NA category consists of geographies that have not been assigned an income classification.

The Columbiana County AA is comprised of a portion of Columbiana County, and is not part of an MSA. The AA meets the requirements of the CRA and does not arbitrarily exclude any low- or moderate-income CTs. The Columbiana AA consists of 22 contiguous CTs, which includes six (6) moderate-income, 15 middle-income, and one upper-income CTs. As described in the *Description of Institution* section, FNB has five branches all with ATMs located within the AA. Additionally, FNB has three co-branded ATMs in the AA. One of the branch offices and two of the co-branded ATMs were located in moderate-income CTs. Three branch offices were located in middle-income CTs, and one branch along with one co-branded ATM were located in upper-income CTs. During the evaluation period, the bank closed a branch in Leetonia, Ohio, in October 2013, and one other branch in Salem, Ohio, in November 2015. Both branch offices were located in middle-income CTs.

According to the 2010 U.S. Census Data and shown in Table 21, the population of the AA equated 99,283 persons, 27,122 families, and 39,050 households. The percentage of low- and moderate-income families totaled 42.26 percent, and the percentages of middle- and upper-income families were 20.88 percent and 36.86 percent, respectively.

The percentage of households living below the poverty level equated to 15.35 percent. A significant majority of owner-occupied housing is located in middle-income CTs. Specifically, 75.13 percent of owner-occupied housing was in middle-income CTs, with only 18.86 percent in moderate-income CTs and 6.01 percent in upper-income CTs. A significant majority of businesses are also located in the middle-income CTs of the AA, with only 15.56 percent in moderate-income CTs and 7.64 percent in upper-income CTs.

Columbiana County is located in the Cleveland-Pittsburgh industrial corridor in northeast Ohio. Of Ohio's 88 counties, Columbiana is ranked as the eighth largest agricultural county, and the 16th largest industrial county. Major employers in the AA include American Standard Inc., Columbiana County, East Liverpool City Hospital, Fresh Mark Inc/Carriage Hill Foods, Hall China Company, Salem Community Hospital, Wal-Mart Stores, US Industries, and Butech-Bliss.

The AA has a relatively competitive banking environment. There are ten financial institutions operating 36 offices in the Columbiana AA. FNB ranked third in total deposits with a 16.36 percent market share, according to the FDIC Deposit Market Share Report dated June 30, 2016. The top two banks in the AA were Huntington Bank with a 24.73 percent market share and Home Savings Bank with a 19.70 percent market share. FNB ranks fourth out 179 mortgage lenders in the AA with 6.13 percent market share according to the December 31, 2016, peer mortgage data report. The top three mortgage lenders in the AA are The Huntington National Bank with a 11.08 percent market share, The Home Savings and Loan Company with a 9.57 percent market share, and LoanDepot.com, LLC with a 6.73 percent market share.

Based on data from the U.S. Bureau of Labor Statistics, the unemployment rate of Columbiana County has consistently been above the average unemployment rate for the state of Ohio and the U.S. The unemployment rate for Columbiana County in December 2016 was 5.9 percent, while Ohio's unemployment rate was 4.8 percent and the U.S. unemployment rate was 4.7 percent.

We conducted one community contact during the evaluation to determine the credit and community needs of this AA. The contact serves both Mahoning County and the Columbiana County. The organization has a purpose or mission of providing housing and social services for low-income individuals. Based on our discussion with the community contact, the contact did not feel that loan products were a primary need of the AA. However, the contact stated that there are opportunities for banks to participate in financial literacy programs.

Stark County AA

Table 22 - Demographic Information for Full-Scope Area: Stark County						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts/BNAs)	47	2.13	8.51	59.57	29.79	0.00
Population by Geography	213,800	1.38	6.34	59.25	33.03	0.00
Owner-Occupied Housing by Geography	94,508	0.86	4.37	60.35	34.43	0.00
Businesses by Geography	12,011	0.57	6.05	51.08	42.30	0.00
Farms by Geography	357	0.28	2.80	60.78	35.13	0.00
Family Distribution by Income Level	57,814	1.32	5.50	59.54	33.64	0.00
Distribution of Low- and Moderate-Income Families throughout AA Geographies	19,390	2.83	10.11	67.25	19.81	0.00
Median Family Income = \$55,645				Median Housing Value = \$137,533		
HUD Adjusted Median Family Income for 2016 = \$61,100				Unemployment Rate December 2016		
Households Below the Poverty Level = 9.81				United States = 4.7%		
				Ohio = 4.8%		
				Stark = 5.2%		

Source: 2010 U.S. Census. (*) The NA category consists of geographies that have not been assigned an income classification.

The Stark County AA is comprised of two portions of Stark County, which is part of the Canton-Massillon, OH MSA. The AA meets the requirements of the CRA, and does not arbitrarily exclude any low- or moderate-income CTs. The first portion of the AA includes 46 contiguous CTs that covers the western portion of the county. The second consists of one small CT located in the northeastern corner of Stark County where the bank has one small branch office. The first portion of the AA includes one low-income CT, four moderate-income CTs, 27 middle-income CTs, and 14 upper-income CTs. As described in the *Description of Institution* section, FNB has four branches all with ATMs in the AA. One branch is located in a moderate-income CT, two are in middle-income CTs, and one is in an upper-income CT. The bank did not close any locations in the AA during the evaluation period. On June 1, 2015, the bank opened a branch in Alliance, Ohio.

According to the 2010 U.S. Census data, and as shown in Table 22, the population of the AA equated 213,800 persons, 57,814 families, and 87,841 households. A majority of the families are either middle- or upper-income, with only 16.26 percent low-income and 17.28 percent moderate-income. Additionally, 9.81 percent of households are living below the poverty level. The significant majority of owner-occupied housing in the AA is also located in the middle- and upper-income CTs of the AA. Specifically, on an aggregate basis, 94.69 percent of the owner-occupied homes are either in middle- or upper-income CTs. Only 0.86 percent of owner-occupied housing units are located in low-income CTs, and 4.37 percent is in moderate-income CTs. A significant majority of

the AA's businesses are also located in the middle- and upper-income CTs of the AA, with only .57 percent in low-income CTs and 6.05 percent in moderate-income CTs.

Stark County is located in northeast Ohio, approximately 60 miles south of Cleveland. Stark County is nationally recognized for serving as the location of the National Football League's Professional Football Hall of Fame. The area is also the world headquarters for several large corporations including The Timken Company, Timken Steel, Diebold Nixdorf Corporation, the Kenan Advantage Group, and LG Fuel Cell Systems, Inc. Other major employers include Aultman Hospital, Fisher Foods, GE Capital, and Nationwide Insurance.

The AA has a highly competitive banking environment. There were 17 financial institutions operating 123 offices in the Stark AA. FNB ranked tenth in total deposits with a 1.19 percent market share, according to the FDIC Deposit Market Share Report dated June 30, 2016. The top three banks in the AA were The Huntington National Bank with a 25.41 percent market share, First Merit Bank, N.A. with a 25.03 percent market share, and JPMorgan Chase Bank, N.A. with a 13.36 percent market share. According to 2016 peer mortgage lending data, FNB was ranked twenty-second out of 258 lenders originating mortgage loans, with a 1.11 percent market share. The top five lenders had a combined market share of 33.80 percent, and included The Huntington Bank, Quicken Loans, Wells Fargo, MYCU Mortgage, LLC, and Signature Mortgage Corporation.

Based on data from the U.S. Bureau of Labor Statistics, the unemployment rate for Stark County has consistently been above the average unemployment rates for the state of Ohio and the U.S. The unemployment rate for Stark County in December 2016 was 5.2 percent, while Ohio's unemployment rate was 4.8 percent and the U.S. unemployment rate was 4.7 percent.

We conducted two community contacts during our evaluation to determine the credit and community needs of the AA. Both contacts serve the Stark County AA. The first organization is a private non-profit engaged in economic development. The second organization administers various federal and state programs that benefit low- and moderate-income persons and families within the county. Based on our discussions with the community contacts, there are CD opportunities to provide financing to start-up companies as well as companies looking to expand. They also indicated that offering or donating to apprenticeship programs for high school students would be beneficial to the community to build a younger and diverse work-force. One of the contacts also identified FNB as instrumental within the AA, providing financial support by extending credit. FNB also hosts an educational seminar each year along with a non-affiliated industry expert, to discuss the economy of the AA.