



PUBLIC DISCLOSURE

May 12, 2014

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

First National Bank
Charter Number 13742

112 West Market Street
Orrville, OH 44667

Office of the Comptroller of the Currency
Cleveland Field Office
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, 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.

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

The Lending Test is rated: Satisfactory.

The Community Development Test is rated: Satisfactory.

The major factors supporting First National Bank's rating include:

- The bank's performance in lending to borrowers of different income levels and businesses of different sizes reflects reasonable penetration.
- The bank's performance in lending to geographies of different income levels exhibits reasonable dispersion.
- The bank's loan-to-deposit ratio is reasonable, and compares favorably to that of similarly situated banks competing in the same assessment areas.
- The bank's community development performance, through its record of community development loans, qualified investments, and community development services, demonstrates adequate responsiveness to community development needs within its assessment areas.

Scope of Examination

Our office conducted a full-scope Community Reinvestment Act (CRA) examination of First National Bank to assess the bank's record of meeting the credit needs of its entire community, including low- and moderate-income areas. In conducting our examination, we used Intermediate Small Bank CRA examination procedures. The evaluation under the Lending Test considered performance from January 1, 2012, through December 31, 2013 (lending evaluation period), excluding any community development loans. The evaluation under the Community Development Test considered community development loans, investments, and services from April 25, 2011, through May 12, 2014.

First National Bank's primary loan products during the evaluation period were residential home mortgage loans and business loans, and performance in regards to these products was given foremost consideration during this CRA examination. The bank reports home mortgage data according to the requirements of the Home Mortgage Disclosure Act (HMDA), and we reviewed home purchase, home improvement, and refinance loans reported for 2012 and 2013. We also tested the accuracy of the bank's HMDA data, and found it reliable. To evaluate the bank's business lending performance, we reviewed all the bank's business loans made between January 1, 2012, and December 31, 2013.

The composition of the bank's loan portfolio as of March 31, 2014 was as follows:

Total Loan Portfolio Summary by Loan Product - March 31, 2014	
Loan Category	% of Outstanding Dollars
Residential Real Estate	37.56
Business Loans	56.51
Consumer Loans	5.93

Source: March 31, 2014 Report of Condition

We used the 2010 U.S. Census data, information from the bank, OCC information, and information from a member of the community to determine the characteristics and credit needs of the assessment areas.

Description of Institution

First National Bank is an intrastate bank headquartered in Orrville, Ohio. As of March 31, 2014, the bank reported \$498 million in total assets, \$40 million in Tier One capital, and \$343 million in gross loans (68 percent of total assets). The bank is a wholly owned subsidiary of National Bancshares Corporation, a single-bank holding company.

First National Bank operates 14 full service branches and 14 automated teller machines. The bank sold its Fairlawn, Ohio branch in Summit County on June 14, 2013, during the evaluation period. It also converted its Salem, Ohio loan production office in Columbiana County to a full service branch on September 3, 2013. Columbiana County will be a new assessment area for the bank going forward. There have been no significant changes to First National Bank's corporate structure, including merger or acquisition activities, since its last CRA evaluation.

First National Bank offers traditional banking products and services through its full-service banking offices. Residential mortgage lending and business lending are its primary focus, with consumer installment loans comprising only a small portion of the total loan portfolio. The bank also originates mortgage loans for sale on the secondary market. Deposit products and services include various checking, savings, and certificate of deposit accounts.

There are currently no legal or financial circumstances that impede the bank's ability to serve the credit needs of its assessment areas. First National Bank's last CRA examination was dated April 25, 2011, and resulted in a "Satisfactory" rating.

Description of Assessment Areas

First National Bank has four assessment areas within Wayne, Stark, Medina, and Summit Counties. In arriving at our conclusions, we primarily considered the bank's

performance in its Wayne, Stark, and Medina County assessment areas, as the bank did most of its lending within these assessment areas during the evaluation period. The bank also sold its only branch in the Summit County assessment area during 2013.

Competition among financial institutions (which includes local community, regional, and large nationwide banks) within the bank's four assessment areas is strong. June 30, 2013 deposit data from the Federal Deposit Insurance Corporation (FDIC) shows that 31 depository institutions operate 402 offices within the four counties. First National Bank ranked twelfth in deposits, with a 1.81 percent share.

Wayne County Assessment Area

The Wayne County assessment area consists of all 32 of this county's census tracts, and is not in a Metropolitan Statistical Area (MSA). Within the assessment area, there is one low-income census tract, three moderate-income census tracts, nineteen middle-income census tracts, and nine upper-income census tracts. The assessment area meets the requirements of the regulation, and consists of contiguous geographies. Low- and moderate-income areas are not arbitrarily excluded.

First National Bank has nine full-service branches in the Wayne County assessment area, with one branch located in a moderate-income census tract. As of June 30, 2013, deposit balances totaled \$301 million according to the FDIC Deposit Market Share Report.

The following table highlights the assessment area's demographic information:

Demographic Information for the Wayne County Assessment Area					
	#	% Low	% Moderate	% Middle	% Upper
Geographies (Census Tracts)	32	3.13	9.38	59.38	28.13
Population by Geography	114,520	1.09	7.41	60.67	30.83
Owner-Occupied Housing by Geography	32,072	0.06	5.50	60.90	33.54
Businesses by Geography	7,854	0.17	8.52	56.29	35.03
Farms by Geography	916	0.00	2.84	63.65	33.52
Family Distribution by Income Level	30,246	14.71	15.73	22.31	47.25
Census Median Family Income (MFI)		\$52,111	Median Housing Value		\$135,956
HUD-Adjusted MFI: 2013		\$53,000	Families Below the Poverty Level		7.82%
HUD-Adjusted MFI: 2012		\$53,600	Unemployment Rate – Seasonal Unadjusted 2013		6.3%

Source: 2010 U.S. Census data and 2013 Dun & Bradstreet data

The national and local economies improved during the evaluation period. According to the FDIC Regional Economic Conditions (RECON) report, using U.S. Bureau of Labor Statistics data, the December 2013 seasonally unadjusted unemployment rate for

Wayne County was 6.3 percent. This compares favorably to the state and national averages of 7.3 percent and 7.4 percent, respectively, at that same time.

Major employers in the county include J.M. Smucker Company, Luk USA LLC, College of Wooster, Buehler Food Markets, and Wooster Community Hospital.

Stark County Assessment Area

The Stark County assessment area consists of 31 census tracts in western Stark County, and is part of the Canton-Massillon, Ohio MSA #15940. Within the assessment area, there is one low-income census tract, one moderate-income census tract, twenty-two middle-income census tracts, and seven upper-income census tracts. The assessment area meets the requirements of the regulation, and consists of contiguous geographies. Low- and moderate-income areas are not arbitrarily excluded.

First National Bank has two full-service branches in the Stark County assessment area, and one of the branches is located in a moderate-income census tract. As of June 30, 2013, deposits totaled \$48 million according to the FDIC Deposit Market Share Report.

The following table highlights the assessment area’s demographic information:

Demographic Information for the Stark County Assessment Area					
	#	% Low	% Moderate	% Middle	% Upper
Geographies (Census Tracts)	31	3.23	3.23	70.97	22.58
Population by Geography	131,813	2.25	2.22	67.61	27.92
Owner-Occupied Housing by Geography	39,330	1.37	1.45	69.25	27.93
Businesses by Geography	9,905	1.20	4.12	55.06	39.62
Farms by Geography	423	0.00	1.42	69.98	28.61
Family Distribution by Income Level	36,608	16.13	17.34	22.25	44.28
Census Median Family Income (MFI)		\$55,645	Median Housing Value		\$138,179
HUD-Adjusted MFI: 2013		\$54,100	Families Below the Poverty Level		6.62%
HUD-Adjusted MFI: 2012		\$58,900	Unemployment Rate – Seasonal Unadjusted 2013		7.5%

Source: 2010 U.S. Census data and 2013 Dun & Bradstreet data

The national and local economies improved during the evaluation period. According to the FDIC RECON report, using U.S. Bureau of Labor Statistics data, the December 2013 seasonally unadjusted unemployment rate for Stark County was 7.5 percent. This compares closely to the state and national averages of 7.3 percent and 7.4 percent, respectively, at that same time.

Major employers in the county include Timken Company, Diebold, Aultman Hospital, The Hoover Company, and Stark County Government.

In conducting our assessment of the bank's performance in this assessment area, we used OCC and bank information to identify the needs of the community. We also contacted an official from a local economic development organization, who indicated there is a need for more bank branches and financial education in the area.

Medina County Assessment Area

The Medina County assessment area consists of four census tracts in southwest Medina County, and is part of the Cleveland-Elyria-Mentor, Ohio MSA #17460. Within the assessment area, there are no low-income census tracts, no moderate-income census tracts, three middle-income census tracts, and one upper-income census tract. The assessment area meets the requirements of the regulation, and consists of contiguous geographies. Low- and moderate-income areas are not arbitrarily excluded.

First National Bank has two full-service branches in the Medina County assessment area. As of June 30, 2013, deposit balances totaled \$31 million according to the FDIC Deposit Market Share Report.

The following table highlights the assessment area's demographic information:

Demographic Information for the Medina County Assessment Area					
	#	% Low	% Moderate	% Middle	% Upper
Geographies (Census Tracts)	4	0	0	75	25
Population by Geography	14,310	0	0	71.25	28.75
Owner-Occupied Housing by Geography	4,788	0	0	68.96	31.04
Businesses by Geography	1,232	0	0	71.75	28.85
Farms by Geography	104	0	0	71.15	28.85
Family Distribution by Income Level	4,216	14.42	17.96	24.76	42.86
Census Median Family Income (MFI)		\$62,627	Median Housing Value		\$160,142
HUD-Adjusted MFI: 2013		\$63,400	Families Below the Poverty Level		4.39%
HUD-Adjusted MFI: 2012		\$63,700	Unemployment Rate – Seasonal Unadjusted 2013		6.5%

Source: 2010 U.S. Census data and 2013 Dun & Bradstreet data

The national and local economies improved during the evaluation period. According to the FDIC RECON report, using U.S. Bureau of Labor Statistics data, the December 2013 seasonally unadjusted unemployment rate for Medina County was 6.5 percent. This compares favorably to the state and national averages of 7.3 percent and 7.4 percent, respectively, for that same time.

Major employers in the county include Brunswick City School District, Medina City Schools, Medina County Government, Medina General Hospital, and Westfield Group.

Summit County Assessment Area

The Summit County assessment area consists of eight census tracts in western Summit County, and is part of the Akron, Ohio MSA #10420. Within the assessment area, there are no low-income census tracts, no moderate-income census tracts, three middle-income census tracts, and five upper-income census tracts. The assessment area meets the requirements of the regulation, and consists of contiguous geographies. Low- and moderate-income areas are not arbitrarily excluded.

First National Bank operated one full-service branch in the Summit County assessment area until June 2013, when the bank sold that branch. It no longer has a branch or an ATM in Summit County.

The following table highlights the assessment area's demographic information:

Demographic Information for the Summit County Assessment Area					
	#	% Low	% Moderate	% Middle	% Upper
Geographies (Census Tracts)	8	0	0	37.50	62.50
Population by Geography	42,946	0	0	37.24	62.76
Owner-Occupied Housing by Geography	12,195	0	0	33.70	66.30
Businesses by Geography	4,894	0	0	26.07	73.93
Farms by Geography	105	0	0	36.19	63.81
Family Distribution by Income Level	11,941	11	14.95	22.87	51.18
Census Median Family Income (MFI)		\$62,882	Median Housing Value		\$202,142
HUD-Adjusted MFI: 2013		\$64,400	Families Below the Poverty Level		4.05%
HUD-Adjusted MFI: 2012		\$66,500	Unemployment Rate – Seasonal Unadjusted 2013		7.2%

Source: 2010 U.S. Census data and 2013 Dun & Bradstreet data

The national and local economies improved during the evaluation period. According to the FDIC RECON report, using U.S. Bureau of Labor Statistics data, the December 2013 seasonally unadjusted unemployment rate for Summit County was 7.2 percent. This compares favorably to state and national averages of 7.3 percent and 7.4 percent, respectively, at that same time.

Major employers in the county include Summa Health System, Akron General Health System, Summit County Government, Akron Public Schools, and Goodyear Tire and Rubber Company.

Conclusions with Respect to Performance Tests

LENDING TEST

- **First National Bank's performance under the Lending Test is satisfactory.**

First National Bank's loan-to-deposit ratio is reasonable, it makes a majority of its loans within its identified assessment areas, and its record of lending to borrowers and geographies of different income levels (including low- and moderate-income borrowers and geographies) is reasonable.

In arriving at our conclusions under the Lending Test, we gave primary consideration to the bank's performance in the Wayne County, Stark County, and Medina County assessment areas. We did not give as much weight to performance in the Summit County assessment area, because only a small portion of the bank's overall deposit and lending activity occurred in that assessment area during the evaluation period. Furthermore, the bank sold its only branch in this assessment area during June 2013.

Loan-to-Deposit Ratio

- **First National Bank's loan-to-deposit ratio is reasonable, and meets the standard for satisfactory performance.**

First National Bank's loan-to-deposit ratio is reasonable given the bank's size and financial condition, and the credit needs of its community. The loan-to-deposit ratio has averaged 69.54 percent since January 1, 2011, and ranged from a quarterly low of 60.72 percent to a quarterly high of 83.97 percent. It should also be noted that the bank's loan-to-deposit ratio does not reflect all of the bank's home mortgage lending activity, because it sells mortgages in the secondary market. Adding back loans sold during the evaluation period would increase this ratio.

The bank's loan-to-deposit ratio is consistent with other community banks in the area. First National Bank's management identified four competitor banks that operate within 40 miles of First National Bank's main office. First National Bank's loan-to-deposit ratio compares favorably to one competitor's, and is similar to two other competitors'. The average loan-to-deposit ratios for the four competitor banks over the same time period were 80.11 percent, 74.53 percent, 69.96 percent, and 58.14 percent.

Lending in Assessment Area

- **A majority of First National Bank's lending activity occurs within its assessment areas, meeting the standard for satisfactory performance.**

A majority of First National Bank's lending activity during the evaluation period occurred within its assessment areas. The following table details the bank's lending inside versus outside its assessment areas, by number of loans and total dollar amount of

loans. Loans originated within the assessment areas represented 51.51 percent of the total number of loans originated during the evaluation period.

2012 and 2013 Lending in the Wayne, Stark, Medina, and Summit County Assessment Areas										
Loan Type	Number of Loans					Dollars of Loans				
	Inside		Outside		Total	Inside		Outside		Total \$(000s)
	#	%	#	%		\$(000s)	%	\$(000s)	%	
Mortgage	571	64.45	315	35.55	886	64,063	58.54	45,365	41.46	109,428
Business	266	35.99	473	64.01	739	42,766	40.24	63,521	59.76	106,286
Totals	837	51.51	788	48.49	1625	106,829	49.52	108,886	50.48	215,714

Source: 2012-2013 HMDA data; 2012-2013 loan reports.

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

- **First National Bank's distribution of loans to borrowers of different income levels and businesses of different sizes reflects reasonable penetration, and meets the standard for satisfactory performance.**

Home Mortgage Loans

The bank's distribution of home mortgage loans to borrowers of different incomes levels reflects reasonable penetration, and supports satisfactory performance overall. While distribution within the Summit County assessment area is poor, the impact on the bank's overall performance is mitigated by its very low level of activity within this assessment area during the evaluation period, and the sale of its only branch within this assessment area. Performance in each assessment area is detailed below.

The overall distribution of home mortgage loans to borrowers of different income levels within the Wayne County assessment area reflects reasonable penetration. While the percentage of loans to low-income borrowers is lower than percentage of low-income families in the assessment area, this is reasonable given the fact that 7.82 percent of the families in the assessment area live below the poverty line. It is especially difficult for this segment of the low-income population to afford home ownership and qualify for a mortgage loan, especially given the \$136 thousand median price of a house in the assessment area. This has an impact on the bank's opportunity to lend to low-income borrowers. The distribution of home mortgage loans to moderate-income borrowers reflects excellent penetration. The bank originated 21.61 percent of its loans to moderate-income borrowers, while only 15.73 percent of the families in the assessment area are moderate-income.

The following table details the bank's distribution of HMDA-reportable home mortgage loans originated during the two-year review period within the Wayne County assessment area (AA).

Borrower Distribution of Home Mortgage Loans - Wayne County Assessment Area (2012 & 2013)								
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 Mortgage Loans	14.71	5.52	15.73	21.61	22.31	27.59	47.25	41.61

Source: HMDA data for 2012-2013 and 2010 U.S. Census data.

Note: Income information was not recorded for 3.68% of First National Bank loans.

The overall distribution of home mortgage loans to borrowers of different income levels within the Stark County assessment area reflects excellent penetration. The percentage of loans to low-income borrowers (13.59 percent) is very close to the percentage of low-income families in the assessment area, which is considered reasonable. The distribution of home mortgage loans to moderate-income borrowers reflects excellent penetration. The bank originated 20.39 percent of its loans to moderate-income borrowers, while only 17.34 percent of the families in the assessment area are moderate-income.

The following table details the bank’s distribution of HMDA-reportable home mortgage loans originated during the two-year review period within the Stark County assessment area.

Borrower Distribution of Home Mortgage Loans - Stark County Assessment Area (2012 & 2013)								
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 Mortgage Loans	16.13	13.59	17.34	20.39	22.25	31.07	44.28	31.07

Source: HMDA data for 2012-2013 and 2010 U.S. Census data.

Note: Income information was not recorded for 3.88% of First National Bank loans.

The overall distribution of home mortgage loans to borrowers of different income levels within the Medina County assessment area reflects reasonable penetration. While the percentage of loans to low-income borrowers is lower than percentage of low-income families in the assessment area, this is reasonable given the fact that 4.39 percent of families in the assessment area live below the poverty line. It is especially difficult for this segment of the low-income population to afford home ownership and qualify for a mortgage loan, especially given the \$160 thousand median price of a house in the assessment area. This has an impact on the bank’s opportunity to lend to low-income borrowers. The distribution of home mortgage loans to moderate-income borrowers reflects excellent penetration. The bank originated 23.08 percent of its loans to moderate-income borrowers, while only 17.96 percent of the families in the assessment area are moderate-income.

The following table details the bank’s distribution of HMDA-reportable home mortgage loans originated during the two-year review period within the Medina County assessment area.

Borrower Distribution of Home Mortgage Loans - Medina County Assessment Area (2012 & 2013)								
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 Mortgage Loans	14.42	7.69	17.96	23.08	24.76	23.08	42.86	42.31

Source: HMDA data for 2012-2013 and 2010 U.S. Census data.

Note: Income information was not recorded for 3.85% of First National Bank loans.

The overall distribution of home mortgage loans to borrowers of different income levels within the Summit County assessment area reflects poor penetration. The bank did not originate any loans to low-income or moderate-income individuals during the review period. However, less weight was given to the bank's performance in this assessment area because its overall volume of lending was low. The bank only originated seven home mortgage loans within the assessment area during the review period. Furthermore, the bank sold its only branch in Summit County during June 2013.

The following table details the bank's distribution of HMDA-reportable home mortgage loans originated during the two-year review period within the Summit County assessment area.

Borrower Distribution of Home Mortgage Loans - Summit County Assessment Area (2012 & 2013)								
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 Mortgage Loans	11.00	0	14.95	0	22.87	42.86	51.18	57.14

Source: HMDA data for 2012-2013 and 2010 U.S. Census data.

Business Loans

The bank's distribution of loans to businesses of different sizes reflects reasonable penetration overall. This conclusion is based on a review of all of the bank's business loans made during the lending evaluation period. Performance in each assessment area is detailed below. However, there were not enough business loans originated in the Summit County assessment area to allow for a meaningful analysis.

The distribution of loans to businesses of different sizes within the Wayne County assessment area reflects reasonable penetration. The bank originated 68.42 percent of its loans by number, and 52.78 percent of its loans by dollar amount, to businesses with annual revenues of \$1 million or less. This performance is reasonable considering demographic data, which shows that 72.73 percent of the assessment area's businesses have annual revenues of \$1 million or less.

The following table details the bank's distribution of business loans originated during the two-year review period within the Wayne County assessment area.

Borrower Distribution of Business Loans - Wayne County Assessment Area (2012 & 2013)				
Business Revenues (or Sales)	≤\$1,000,000	>\$1,000,000	Unavailable/Unknown	Total
% of AA Businesses	72.73	4.88	22.40	100.00
% of Bank Loans in AA by #	68.42	31.58	0.00	100.00
% of Bank Loans in AA by \$	52.78	47.22	0.00	100.00

Source: 2012-2013 loan reports; 2013 Dun and Bradstreet data

The distribution of loans to businesses of different sizes within the Stark County assessment area reflects reasonable penetration. The bank originated 68.85 percent of its loans by number, and 42.11 percent of its loans by dollar amount, to businesses with annual revenues of \$1 million or less. This performance is reasonable considering demographic data, which shows that 71.71 percent of the assessment area's businesses have annual revenues of \$1 million or less.

The following table details the bank's distribution of business loans originated during the two-year review period within the Stark County assessment area.

Borrower Distribution of Business Loans - Stark County Assessment Area (2012 & 2013)				
Business Revenues (or Sales)	≤\$1,000,000	>\$1,000,000	Unavailable/Unknown	Total
% of AA Businesses	71.71	4.83	23.46	100.00
% of Bank Loans in AA by #	68.85	31.15	0.00	100.00
% of Bank Loans in AA by \$	42.11	57.89	0.00	100.00

Source: 2012-2013 loan reports; 2013 Dun and Bradstreet data

The distribution of loans to businesses of different sizes within the Medina County assessment area reflects excellent penetration. The bank originated 90.91 percent of its loans by number, and 86.05 percent of its loans by dollar amount, to businesses with annual revenues of \$1 million or less. This performance is excellent considering demographic data, which shows that only 70.62 percent of the assessment area's businesses have annual revenues of \$1 million or less.

The following table details the bank's distribution of business loans originated during the two-year review period within the Medina County assessment area.

Borrower Distribution of Business Loans - Medina County Assessment Area				
Business Revenues (or Sales)	≤\$1,000,000	>\$1,000,000	Unavailable/Unknown	Total
% of AA Businesses	70.62	4.55	24.84	100.00
% of Bank Loans in AA by #	90.91	9.09	0.00	100.00
% of Bank Loans in AA by \$	86.05	13.95	0.00	100.00

Source: 2012-2013 loan reports; 2013 Dun and Bradstreet data

Geographic Distribution of Loans

- **First National Bank’s performance lending to geographies of different income levels within its assessment areas, including low- and moderate-income geographies, reflects reasonable dispersion and meets the standard for satisfactory performance.**

Home Mortgage Loans

The bank’s geographic distribution of home mortgage loans to census tracts of different income levels reflects a reasonable dispersion, given the demographic composition of its assessment areas. Furthermore, the bank originated loans in most of the census tracts in its assessment areas during the review period. Our conclusions regarding geographic distribution focused on the bank’s performance in the Wayne County and Stark County assessment areas. A meaningful geographic distribution analyses could not be performed for the Medina County and Summit County assessment areas, because those assessment areas do not include any low- or moderate-income census tracts. Performance in the Wayne County and Stark County assessment areas is detailed below.

The bank’s geographic distribution of home mortgage loans in the Wayne County assessment area reflects a reasonable dispersion throughout census tracts of different income levels. The table below details the distribution of home mortgage loans during the two-year review period. The bank originated 0.23 percent of its loans in low-income census tracts while only 0.06 percent of the assessment area’s housing units are in low-income census tracts, and 4.14 percent of its loans in moderate-income census tracts while 5.50 percent of housing units are in moderate-income census tracts.

Geographic Distribution of Home Mortgage Loans - Wayne County Assessment Area (2012 & 2013)								
Census Tract Income Level	Low		Moderate		Middle		Upper	
Loan Type	% of AA Housing	% of Number of Loans	% of AA Housing	% of Number of Loans	% of AA Housing	% of Number of Loans	% of AA Housing	% of Number of Loans
Home Mortgage Loans	0.06	0.23	5.50	4.14	60.90	69.43	33.54	26.21

Source: HMDA data for 2012-2013 and 2010 U.S. Census data

The bank’s geographic distribution of home mortgage loans in the Stark County assessment area reflects a reasonable dispersion throughout census tracts of different income levels. The table below details the distribution of home mortgage loans during the two-year review period. While the bank did not originate any loans in low-income census tracts, opportunities to lend in these areas are limited because they only contain 1.37 percent of the assessment area’s housing units. The bank made 0.97 percent of its loans in moderate-income census tracts, while 1.45 percent of housing units are in moderate-income census tracts.

Geographic Distribution of Home Mortgage Loans - Stark County Assessment Area (2012 & 2013)								
Census Tract Income Level	Low		Moderate		Middle		Upper	
Loan type	% of AA Housing	% of Number of Loans	% of AA Housing	% of Number of Loans	% of AA Housing	% of Number of Loans	% of AA Housing	% of Number of Loans
Home Mortgage Loans	1.37	0.00	1.45	0.97	69.25	79.61	27.93	19.42

Source: HMDA data for 2012-2013 and 2010 U.S. Census data

Business Loans

The bank's geographic distribution of business loans reflects a reasonable dispersion throughout census tracts of different income levels, given the demographic composition its assessment areas. Our conclusions regarding geographic distribution again focused on the bank's performance in the Wayne County and Stark County assessment areas, for the reasons discussed above. Performance in the Wayne County and Stark County assessment areas is detailed below.

The bank's geographic distribution of business loans in the Wayne County assessment area reflects a reasonable dispersion throughout census tracts of different income levels. The table below details the distribution of business loans during the two-year review period. The bank originated 0.53 percent of its loans in low-income census tracts while only 0.17 percent of the assessment area's businesses are in low-income census tracts, and 8.42 percent of its loans in moderate-income census tracts while 8.52 percent of businesses are in moderate-income census tracts.

Geographic Distribution of Business Loans - Wayne County Assessment Area (2012 & 2013)								
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
Business Loans	0.17	0.53	8.52	8.42	56.29	56.32	35.03	34.74

Source: 2012-2013 loan reports; 2013 Dun and Bradstreet data

The bank's geographic distribution of business loans in the Stark County assessment area reflects a reasonable dispersion throughout census tracts of different income levels. The table below details the distribution of business loans during the two-year review period. While no loans were originated in low-income census tracts, opportunities to lend in these areas are limited due to their limited number of businesses. Furthermore, the bank originated 6.65 percent of its loans in moderate-income census tracts while only 4.12 percent of businesses are in moderate-income census tracts.

Geographic Distribution of Businesses Loans - Stark County Assessment Area (2012 & 2013)								
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
Business Loans	1.20	0.00	4.12	6.56	55.06	72.13	39.62	21.31

Source: 2012-2013 loan reports; 2013 Dun and Bradstreet data.

COMMUNITY DEVELOPMENT TEST

- **The bank's community development performance is satisfactory.**

Performance in the Wayne County, Stark County, Medina County and Summit County assessment areas is adequate. The bank has been sufficiently responsive to community development needs through community development services, considering the bank's capacity and the need and availability of opportunities for community development in the bank's assessment areas. The bank's level of qualified investments is adequate.

The evaluation period for community development loans, investments, and services was from April 25, 2011 to May 12, 2014. In arriving at our conclusions under this test, we gave primary consideration to the bank's performance in the Wayne County, Stark County, and Medina County assessment areas. We did not place as much weight on the bank's performance in the Summit County assessment area, because it only represented a small portion of the bank's overall activity during the evaluation period. Furthermore, First National Bank sold its only branch in the Summit County assessment area during June 2013.

Number and Amount of Community Development Loans

First National Bank did not originate any community development loans during the evaluation period.

Number and Amount of Qualified Investments

During the evaluation period, First National Bank made 80 qualified donations totaling \$233 thousand to organizations within its assessment areas. All funds were specifically targeted to benefit low- and moderate-income persons, low- and moderate-income geographies within the assessment areas, or organizations whose primary purpose is to provide economic development, revitalize central business districts, and/or offer assistance to attract, expand, and retain small business entities, payrolls, and job levels throughout the assessment areas.

Specifically, the bank made 60 qualified donations totaling \$196 thousand to 32 organizations in the Wayne County assessment area, five qualified donations totaling

\$18 thousand to three organizations in the Stark County assessment area, one qualified donation for \$1 thousand to an organization in the Medina County assessment area, and one qualified donation for \$500 to an organization in the Summit County assessment area. The bank made 13 additional donations totaling \$18 thousand to organizations benefitting multiple assessment areas.

Extent to Which the Bank Provides Community Development Services

The community development services provided by the bank reflect responsiveness, and demonstrate satisfactory performance. First National Bank's retail banking delivery systems are satisfactory, and are reasonably accessible to geographies and individuals of different income levels within the bank's assessment areas. Business hours do not vary in a manner that inconveniences any portion of the assessment areas, including low- to moderate-income geographies and families. The bank had fourteen banking offices and fourteen automated teller machines during the evaluation period, and two (14 percent) are located in moderate-income geographies. Nine branches are in the Wayne County assessment area (with one in a moderate-income census tract), two branches are in the Stark County assessment area (with one in a moderate-income census tract), and two branches are in the Medina County assessment area. First National Bank closed its one branch in the Summit County assessment area in June 2013.

In addition to full-service branches and ATM locations, First National Bank offers on-line banking to provide customer access to consumer and business accounts. Customers can access accounts, check balances, view statements and cancelled checks, and transfer funds between accounts. They also have the option of using mobile banking to transact business. Business customers can also make loan payments, make automated clearing house (ACH) and wire transfer requests, and link various corporate entities to a parent organization. First National Bank also provides a telephone bill payment system that allows customers to make bill payments directly from their deposit accounts. Furthermore, the bank offers all of its customers free checking accounts that include the following features: unlimited check writing, direct deposit options, no minimum monthly balance requirements, free bill pay, and check safekeeping.

First National Bank's employees volunteer on the boards of several local organizations, and have participated in various charitable events benefiting the same. The organizations are primarily responsible for providing services to low- or moderate-income families or individuals within the bank's assessment areas.

Responses to Complaints

There have been no consumer complaints relating to the bank's CRA performance during this evaluation period.

Fair Lending or Other Illegal Credit Practices Review

Pursuant to 12 C.F.R. 25.28(c), or 12 C.F.R. 195.28(c), in determining a national bank's (bank) or Federal savings association's (FSA) CRA rating, respectively, the OCC considers evidence of discriminatory or other illegal credit practices in any geography by the bank or FSA, or in any assessment area by an affiliate whose loans have been considered as part of the bank's or FSA's lending performance.

We found no evidence of discriminatory or other illegal credit practices inconsistent with helping to meet community credit needs.