



PUBLIC DISCLOSURE

January 8, 2018

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

The First National Bank of Waverly
Charter Number 5635

107 N. Market Street
Waverly, Ohio 45690

Office of the Comptroller of the Currency

Central Ohio Field Office
Westlake Center
4555 Lake Forest Drive, Suite 520
Cincinnati, Ohio 45242-3760

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	3
DEFINITIONS AND COMMON ABBREVIATIONS	4
DESCRIPTION OF INSTITUTION	8
SCOPE OF THE EVALUATION.....	9
DISCRIMINATORY OR OTHER ILLEGAL CREDIT PRACTICES REVIEW	10
CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS.....	11
LENDING TEST	11
APPENDIX A: SCOPE OF EXAMINATION.....	A-1
APPENDIX B: COMMUNITY PROFILES FOR FULL-SCOPE AREAS.....	B-1

Overall CRA Rating

The Lending Test is rated: **Outstanding**.

- The First National Bank of Waverly (FNB or the bank) makes a substantial majority of their loans inside their assessment area (AA).
- Lending to borrowers of different income levels and to businesses of different sizes reflects excellent penetration.
- All of the bank's census tracts (CTs) are moderate-income or distressed nonmetropolitan middle-income geographies, which receive CRA consideration. As a result of this CT categorization, the bank's overall geographic distribution reflects excellent dispersion.

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 metropolitan area/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 (CD): 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 the U.S. Department of Housing and Urban Development 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 metropolitan area/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 (MSA): 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 evaluation. 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 1 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

The First National Bank of Waverly is a subsidiary of Central Ohio Bancorp. Central Ohio Bancorp is a holding company, which consists of FNB, Central Ohio Loan Services, and Central Ohio Financial Services. The bank is a single state institution which operates five offices in Pike County, Ohio, with the main office and holding company located in Waverly, Ohio. The bank has two drive-thru facilities located at the main office and the Piketon office and five ATM facilities. The ATMs do not take deposits. Two of the bank's branches are located in moderate-income CTs and three are located in "distressed" nonmetropolitan middle-income geographies. Waverly is located in south-central Ohio about 15 miles south of Chillicothe and 65 miles south of Columbus.

FNB designated all of Pike County, Ohio, as its AA, which is located in a nonmetropolitan statistical area (non-MSA). In the AA, two CTs are moderate-income (33.33 percent) and four are distressed nonmetropolitan middle-income geographies (66.67 percent). There were two changes in CT categories from the 2010 U.S. Census to the 2015 American Community Survey (ACS) U.S. Census. CT 9522 went from a moderate-income CT as of the 2010 U.S. Census to a distressed nonmetropolitan middle-income CT as of the 2015 ACS U.S. Census data. CT 9523 went from a distressed nonmetropolitan middle-income CT to a moderate-income CT during the same time period. The overall branch composition remained the same. The entire AA is contiguous, meets the requirements of the regulation, and does not arbitrarily exclude any low- or moderate-income areas. Refer to "**Appendix B: Community Profiles for Full-Scope Areas**" for specific details regarding the AA.

The bank offers a variety of standard lending and deposit products and services through their full service banking offices to accommodate the customers in their AA. As of September 30, 2017, FNB reported total assets of \$176 million. For the same time period, FNB reported tier 1 capital of \$16 million, or 8.82 percent of total assets. The bank's net loan portfolio totaled \$73 million, representing 41.39 percent of total assets. The bank's primary business focus includes commercial/commercial real estate (business loans) and residential real estate loans. During the lending evaluation period (2015 – 2017), the loan mix based on dollar volume originated or purchased consisted of 72 percent in business loans, 21 percent in residential real estate loans, five percent in consumer loans, and two percent in farm loans.

Competition in the AA is moderate with state and national banks, savings banks, and branches of larger financial institutions. According to the June 30, 2017 Federal Deposit Insurance Corporation's (FDIC) Deposit Market Share Report for Pike County, the bank had a 57.07 percent market share which was the largest (out of five financial institutions) market share in the county.

There are no legal or financial impediments that affect FNB's ability to help meet the credit needs of its community. FNB received a "Satisfactory" rating during the last CRA Public Evaluation dated August 13, 2012.

Please refer to the CRA Public File for further information.

Scope of the Evaluation

Evaluation Period/Products Evaluated

We conducted a full-scope CRA evaluation to assess the bank's record of meeting the credit needs of its entire community, including low- and moderate-income areas. We used small bank CRA evaluation procedures to assess the bank's performance under the Lending Test. The Lending Test includes loans originated or purchased from January 1, 2015 to December 31, 2017 (lending evaluation period). Business and residential real estate loans are the bank's primary lending products and were evaluated under the Lending Test. We used the 2010 U.S. Census data for loans originated or purchased in 2015 and 2016 and the 2015 ACS U.S. Census data for loans originated or purchased in 2017. We randomly transaction tested 20 loans originated or purchased during the lending evaluation period from each primary lending product and each census period.

Data Integrity

The bank is not a HMDA data reporter. Therefore we randomly transaction tested the business and residential real estate loans from the lending evaluation period, as described above. We reviewed source documentation for each of the loans in our sample, and did not note data integrity issues.

Selection of Areas for Full-Scope Review

We completed a full-scope review of the bank's only AA, the Pike County AA, as described within the ***Description of Institution*** and ***Appendix B: Community Profiles for Full-Scope Areas*** of this report.

Ratings

The bank's overall rating is based on the review of the Pike County AA.

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 lending performance is outstanding.

Loan-to-Deposit Ratio

The loan-to-deposit (LTD) ratio is reasonable given the bank's size, financial condition, and AA credit needs. FNB has a quarterly average LTD ratio of 54.59 percent over the 22 quarters (September 30, 2012 to December 31, 2017) since the prior CRA evaluation. The bank's quarterly LTD ratios ranged from a low of 46.44 percent as of September 30, 2017, to a high of 65.20 percent at September 30, 2012. As of December 31, 2017, the LTD ratio was 51.89 percent. Loan demand has been low in Pike County, and the bank's LTD ratio has also been affected by a significant volume of public deposits at various quarter-ends. On average, the volatility in deposits has ranged from five to seven percent.

The average LTD ratio for similarly situated banks in Pike, Ross, and Scioto counties was 87.39 percent for the same time period. There were only two banks of similar characteristics for comparison purposes, with a range of 74.30 percent to 100.48 percent. Neither one of these banks was located in Pike County. We also compared the bank's LTD ratio to a national peer ratio as of December 31, 2017, which was 77.11 percent. FNB's LTD ratios are lower than peer, but remain overall reasonable given the current economic conditions of the AA, lower loan demand, and significant volatility in deposits due to public funds.

Lending in Assessment Area

FNB originated a substantial majority of its loans inside its AA. As outlined in the *Description of Institution* above, the bank's primary lending products are business and residential real estate loans. During the lending evaluation period, the bank originated or purchased nearly 78 percent of the number of loans inside its AA. Refer to Table 1 for the number and dollar volume of originated or purchased loans inside the AA.

Table 1 - Lending in the AA										
Loan Type	Number of Loans					Dollars of Loans (in 000s)				
	Inside		Outside		Total	Inside		Outside		Total
	#	%	#	%		\$	%	\$	%	
Business Loans	16	80.00%	4	20.00%	20	2,222	67.15%	1,087	32.85%	3,309
Residential Real Estate Loans	15	75.00%	5	25.00%	20	1,487	79.48%	384	20.52%	1,871
Totals	31	77.50%	9	22.50%	40	3,709	71.60%	1,471	28.40%	5,180

Source: Loan sample; loans originated or purchased from January 1, 2015 – December 31, 2017.

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

Lending to borrowers of different income levels and businesses of different sizes reflects excellent penetration. We transaction tested 20 loans that were originated or purchased in 2015 – 2016 for each primary product and 20 loans originated or purchased in 2017 for each primary product. We compared the results to the respective census data as indicated below. We placed more weight on the business loans, as 72 percent of the loans originated during the lending evaluation period were business loans. A substantial majority of the business loans in the sample were originated to small businesses with annual gross revenues less than \$1 million.

Information as of the 2010 U.S. Census data; Loans originated or purchased in 2015 and 2016

The bank's distribution of residential real estate loans in their AA reflects excellent penetration among borrowers of different income levels for loans originated or purchased in 2015 – 2016. The bank's lending to moderate-income borrowers reflected excellent penetration at 25 percent of the number of loans originated to moderate-income borrowers compared to the percentage of moderate-income families in the AA (18.96 percent). The distribution of loans to low-income borrowers was lower than the percentage of low-income families in the AA, but was overall reasonable. We note that the 17.96 percent poverty rate (families below poverty level) limits lending opportunities, as residents of limited income may encounter difficulty meeting credit underwriting standards. Refer to Table 2 for the distribution of residential real estate loans among borrowers of different income levels in our sample.

The bank's lending to businesses of different sizes is excellent. FNB originated 95 percent of the number of loans in the business loan sample to small businesses with annual gross revenues less than \$1 million, which represents excellent penetration. Refer to Table 3 for details on the borrower distribution of business loans in our sample.

Table 2 - Borrower Distribution of Residential Real Estate Loans in the AA 2015- 2016 Loan Sample								
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
Residential Real Estate Loans	29.22%	25.00%	18.96%	25.00%	20.07%	15.00%	31.75%	35.00%

Source: Loan sample; 2010 U.S. Census data.

Table 3 - Borrower Distribution of Loans to Businesses in the AA 2015 – 2016 Loan Sample				
Business Revenues (or Sales)	≤\$1,000,000	>\$1,000,000	Unavailable/ Unknown	Total
% of AA Businesses	76.97%	5.48%	17.55%	100.00%
% of Bank Loans in AA by #	95.00%	5.00%	0.00%	100.00%
% of Bank Loans in AA by \$	66.22%	33.78%	0.00%	100.00%

Source: Loan sample; Dun and Bradstreet data as of June 2016; 2010 U.S. Census data.

Information as of the 2015 ACS U.S. Census data; Loans originated or purchased in 2017

The bank’s distribution of residential real estate loans in their AA reflects reasonable penetration among borrowers of different income levels for loans originated or purchased in 2017. The distribution of loans to low- and moderate-income borrowers was lower than the percentage of families in the AA, but was overall reasonable. We note that the 17.99 percent poverty rate (families below poverty level) limits lending opportunities, as residents of limited income may encounter difficulty meeting credit underwriting standards. Additionally 27.75 percent of the total housing units in the AA are occupied rental units. We also considered the median price of housing in the AA (\$95,513) relative to the maximum income of borrowers in the low- and moderate-income category, which demonstrates a barrier to homeownership. Refer to Table 4 for the distribution of residential real estate loans among borrowers of different income levels in our sample.

The bank’s lending to businesses of different sizes reflects excellent penetration. FNB originated 100 percent of the number of loans in our business loan sample to small businesses with annual gross revenues less than \$1 million. Refer to Table 5 for details on the borrower distribution of business loans in our sample.

Table 4 - Borrower Distribution of Residential Real Estate Loans in the AA 2017 Loan Sample								
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
Residential Real Estate Loans	30.55%	15.00%	17.63%	10.00%	18.60%	25.00%	33.22%	50.00%

Source: Loan Sample; 2015 ACS U.S. Census data.

Table 5 - Borrower Distribution of Loans to Businesses in the AA 2017 Loan Sample				
Business Revenues (or Sales)	≤\$1,000,000	>\$1,000,000	Unavailable/ Unknown	Total
% of AA Businesses	76.45%	5.81%	17.74%	100.00%
% of Bank Loans in AA by #	100.00%	0.00%	0.00%	100.00%
% of Bank Loans in AA by \$	100.00%	0.00%	0.00%	100.00%

Source: Loan sample; Dun and Bradstreet data as of June 2017; 2015 ACS U.S. Census data.

Geographic Distribution of Loans

The geographic distribution of loans reflects excellent dispersion throughout the AA. As of the 2010 U.S. Census and 2015 ACS U.S. Census data, the bank had two moderate-income and four distressed nonmetropolitan middle-income geographies. The distressed nonmetropolitan middle-income geographies are a result of high poverty and unemployment; therefore revitalization or stabilization activities in these CTs are eligible to receive CRA consideration. As such, with a substantial majority of loans originated inside the AA, the majority of the loans were also originated in either moderate-income or distressed nonmetropolitan middle-income geographies. The geographic distribution analysis reflects lending in all CTs in the AA.

The percentage of families below poverty as of the 2010 U.S. Census data was 17.96 percent; it was 17.99 percent as of the 2015 ACS U.S. Census data. The percentage of households below poverty was 22.33 percent and 20.71 percent respectively for the 2010 and 2015 census data. The unemployment rate (not seasonally adjusted) in Pike County as of December 2017 was 6.8 percent, which is higher than the state and national levels, respectively at 4.5 percent and 3.9 percent. Pike County has one of the highest unemployment rates in the State of Ohio. The unemployment data is from the Ohio Department of Job and Family Services, Office of Workforce Development – Bureau of Labor Market Information, as of December 2017.

Information as of the 2010 U.S. Census data; Loans originated or purchased in 2015 and 2016

The geographic distribution of residential real estate loans in the AA for loans originated or purchased in 2015 – 2016 reflects reasonable dispersion, based on the comments

above. All of the CTs in the AA are either moderate-income or distressed nonmetropolitan middle-income geographies. The poverty and unemployment rates in Pike County are high. The bank originates a substantial majority of their loans inside the AA to many low- and moderate-income borrowers. In addition, approximately 25.06 percent of the total housing units in the AA are occupied rental units. Refer to Table 6 for the geographic distribution of residential real estate loans originated or purchased in 2015 – 2016 in the loan sample.

The geographic distribution of business loans in the AA for loans originated or purchased in 2015 – 2016 reflects reasonable dispersion based on the comments above. FNB originated 15 percent of the number of loans in our business loan sample in moderate-income CTs, which is overall reasonable when compared to the 34 percent of businesses in moderate-income CTs. The other 85 percent of loans in the sample were originated in distressed nonmetropolitan middle-income geographies with high poverty and unemployment rates, and the bank receives CRA credit for these loans under the regulation. Refer to Table 7 for the geographic distribution of loans originated or purchased in 2015 – 2016 in the business loan sample.

Table 6 – Geographic Distribution of Residential Real Estate Loans in the AA 2015 – 2016 Loan Sample				
Census Tract Income Level	Moderate		Middle	
Loan type	% of AA Owner Occupied Housing	% of Number of Loans	% of AA Owner Occupied Housing	% of Number of Loans
Residential Real Estate Loans	41.20%	20.00%	58.80%	80.00%

Source: Loan sample; 2010 U.S. Census data.

Table 7 - Geographic Distribution of Loans to Businesses in the AA 2015 – 2016 Loan Sample				
Census Tract Income Level	Moderate		Middle	
Loan Type	% of AA Businesses	% of Number of Loans	% of AA Businesses	% of Number of Loans
Business Loans	34.00%	15.00%	66.00%	85.00%

Source: Loan sample; Dun and Bradstreet data as of June 2016; 2010 U.S. Census data.

Information as of the 2015 ACS U.S. Census data; Loans loan originated or purchased in 2017

The distribution of residential real estate loans in the AA for loans originated or purchased in 2017 reflects excellent dispersion based on the comments above. FNB originated 30 percent of the loans in the sample to borrowers in moderate-income CTs, which is excellent when compared to the 36.69 percent AA owner occupied housing and the comments stated above. In addition, they originated 70 percent to borrowers in distressed nonmetropolitan middle-income geographies, which also receives consideration under CRA. This is considered overall excellent given the bank's CT

categorization and a high level of poverty and unemployment in Pike County. Additionally, 27.75 percent of the total housing units in the AA are occupied rental units. Refer to Table 8 for the geographic distribution of loans originated or purchased in 2017 in the residential real estate loan sample.

The geographic distribution of business loans in the AA for loans originated or purchased in 2017 reflects excellent dispersion. FNB originated 40 percent of the number of loans in our business sample in moderate-income CTs, which is excellent when compared to the 31.21 percent of businesses in moderate-income CTs. Refer to Table 9 for the geographic distribution of loans originated or purchased in 2017 in the business loan sample.

Table 8 – Geographic Distribution of Residential Real Estate Loans in the AA 2017 Loan Sample				
Census Tract Income Level	Moderate		Middle	
Loan type	% of AA Owner Occupied Housing	% of Number of Loans	% of AA Owner Occupied Housing	% of Number of Loans
Residential Real Estate Loans	36.69%	30.00%	63.31%	70.00%

Source: Loan sample; 2015 ACS U.S. Census data.

Table 9 - Geographic Distribution of Loans to Businesses in the AA 2017 Loan Sample				
Census Tract Income Level	Moderate		Middle	
Loan Type	% of AA Businesses	% of Number of Loans	% of AA Businesses	% of Number of Loans
Business Loans	31.21%	40.00%	68.79%	60.00%

Source: Loan sample; Dun and Bradstreet data as of June 2017; 2015 ACS U.S. Census data.

Responses to Complaints

FNB has not received any complaints about its performance in helping to meet the AA credit needs during the evaluation period.

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): 01/01/2015 to 12/31/2017 Investment and Service Tests and CD Loans: Not applicable (NA)	
Financial Institution		Products Reviewed
The First National Bank of Waverly (FNB) Waverly, Ohio		Business Loans and Residential Real Estate Loans
Affiliate(s)	Affiliate Relationship	Products Reviewed
None		
List of Assessment Areas and Type of Examination		
Assessment Area	Type of Exam	Other Information
Ohio Pike County AA	Full-Scope	

Appendix B: Community Profiles for Full-Scope Areas

Pike County AA

Demographic Information for Full-Scope Area: Pike County AA, based on 2010 U.S. Census data						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts/BNAs)	6	0.00	33.33	66.67	0.00	0.00
Population by Geography	28,709	0.00	40.67	59.33	0.00	0.00
Owner-Occupied Housing by Geography	7,530	0.00	41.20	58.80	0.00	0.00
Businesses by Geography	1,259	0.00	34.00	66.00	0.00	0.00
Farms by Geography	84	0.00	47.62	52.38	0.00	0.00
Family Distribution by Income Level	7,758	29.22	18.96	20.07	31.75	0.00
Distribution of Low- and Moderate-Income Families throughout AA Geographies	3,738	0.00	43.87	56.13	0.00	0.00
Median Family Income	= \$52,573	Median Housing Value				= \$94,706
FFIEC Adjusted Median Family Income for 2016	= \$55,400	Unemployment Rate – Pike County, December 2017 (not seasonally adjusted)				= 6.8%
Households Below the Poverty Level	= 22.33%					

(*) The NA category consists of geographies that have not been assigned an income classification.
Source: 2010 U.S. Census, and 2016 FFIEC updated MFI.

Demographic Information for Full-Scope Area: Pike County AA, based on 2015 ACS U.S. Census data						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts/BNAs)	6	0.00	33.33	66.67	0.00	0.00
Population by Geography	28,396	0.00	38.38	61.62	0.00	0.00
Owner-Occupied Housing by Geography	7,463	0.00	36.69	63.31	0.00	0.00
Businesses by Geography	1,240	0.00	31.21	68.79	0.00	0.00
Farms by Geography	92	0.00	39.13	60.87	0.00	0.00
Family Distribution by Income Level	7,254	30.55	17.63	18.60	33.22	0.00
Distribution of Low- and Moderate-Income Families throughout AA Geographies	3,495	0.00	41.40	58.60	0.00	0.00
Median Family Income = \$56,217						
FFIEC Adjusted Median Family Income for 2017 = \$57,600						
Households Below the Poverty Level = 20.71%						
				Median Housing Value = \$95,513		
				Unemployment Rate – Pike County, December 2017 (not seasonally adjusted) =6.8%		

(*) The NA category consists of geographies that have not been assigned an income classification.
Source: 2015 ACS U.S. Census, and 2017 FFIEC updated MFI.

FNB's AA includes all of Pike County, Ohio, and consists of six CTs. Pike County is in a non-MSA. According to the 2010 U.S. Census data, the AA consists of two moderate-income CTs (9522 and 9526) and four distressed nonmetropolitan middle-income CTs (9523, 9524, 9525, and 9527). As of the 2015 ACS U.S. Census data, the AA consists of two moderate-income CTs (9523 and 9526) and four distressed nonmetropolitan middle-income CTs (9522, 9524, 9525, and 9527). Pike County has a population of 28,396, according to the 2015 ACS U.S. Census data.

FNB operates five offices and five ATMs in Pike County. For two offices, the income category of the CT changed from the 2010 to 2015 census; however the overall branch composition remained the same (two offices in moderate-income and three in distressed nonmetropolitan middle-income geographies).

The AA is primarily rural with manufacturing, service and state/local government as the major industries. Major employers in the AA include Fluor-BWXT Portsmouth, local school systems, city/county government offices, and Wal-Mart Stores Inc. Competition in the AA is moderate and comes from national banks, savings banks, and several branches of large state and national banks in the surrounding areas.

The overall economic condition of Pike County is weak. Pike County has one of the highest unemployment rates in the State of Ohio. The unemployment rate (not seasonally adjusted) in Pike County as of December 2017 was 6.8 percent, which is higher than the state and national levels, respectively at 4.5 percent and 3.9 percent.

The unemployment data is from the Ohio Department of Job and Family Services, Office of Workforce Development – Bureau of Labor Market Information, as of December 2017.

According to the 2015 ACS U.S. Census data, the median housing value in the Pike County AA was \$95,513. Based on the 2017 median family income of \$57,600, low-income families make less than \$28,800 and moderate-income families make less than \$46,080. Overall median housing values are approximately 2.1 to 3.3 times the annual income of low- and moderate-income families in the AA, thus a homeownership affordability issue exists for many low- and moderate-income families. The housing costs relative to income have a limiting effect on mortgage demand among low- and moderate-income families.

A community contact did not specify any specific credit or community development needs. However, the contact indicated that many people in the county are just focused on paying their utilities and mortgages. According to the contact, local financial institutions are adequately meeting the credit and community development needs of the community.