



PUBLIC DISCLOSURE

May 19, 2025

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

1st National Bank
Charter Number: 8709

1000 East Main Street
Lebanon, OH 45036

Office of the Comptroller of the Currency

Central Ohio – Indiana Office
Westlake Center
4555 Lake Forest Drive, Suite 520
Blue Ash, OH 45242

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.

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Overall CRA Rating

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

The Lending Test is rated: Satisfactory.

The major factors that support this rating include:

- The Lending Test rating is based on 1st National Bank's (or "the bank") record of performance in meeting the credit needs of its Ohio assessment areas (AA) during the January 1, 2022, to December 31, 2024, evaluation period through its lending activity.
- 1st National Bank exhibits a reasonable distribution of loans to individuals of different income levels.
- A majority of the bank's loans are inside its AAs.
- The bank's loan-to-deposit (LTD) ratio is reasonable.

Loan-to-Deposit Ratio

Considering the bank's size, financial condition, and credit needs of the AAs, the bank's LTD ratio is reasonable.

The bank's quarterly LTD ratio averaged 85.3 percent over the 12-quarter evaluation period (January 1, 2022, to December 31, 2024), which marks an increase from the 77.12 percent quarterly (17 quarters) average LTD ratio cited during the bank's previous small bank Community Reinvestment Act (CRA) performance evaluation. During the current evaluation period, the LTD ratio ranged from a quarterly low of 70.92 percent as of March 31, 2022, to a quarterly high of 95.56 percent as of June 30, 2023. The bank's quarterly LTD ratio was overall reasonable when compared to other institutions of similar size with total assets less than \$350 million and geographic footprint with overlapping AAs (Clermont, Hamilton, Montgomery, and Warren counties in Ohio). Peer institutions during the same time period reported an average LTD ratio of 104.34 percent, ranging from a quarterly low average of 83.64 percent to a quarterly high average of 152.20 percent. There were six financial institutions in the peer group, with three in the peer group having average LTD ratios of 85.13 percent, 83.64 percent, and 86.13 percent. 1st National Bank's average LTD ratio was reasonable when compared to these three financial institutions. There was one outlier in the group with an average LTD ratio of 152.20 percent, which impacted the overall average LTD ratio for the peer group. When removing the outlier, the quarterly average LTD would have been 94.77 percent for the five remaining financial institutions.

Lending in Assessment Area

A majority of the bank's loans are inside its AAs.

The bank originated and purchased 60.95 percent of its total loans inside the bank's AAs during the evaluation period. This analysis was performed at the bank, rather than the AA, level.

Table 1: Lending Inside and Outside of the Assessment Area										2022 - 2024
Loan Category	Number of Loans				Total #	Dollar Amount of Loans \$(000s)				Total \$(000s)
	Inside		Outside			Inside		Outside		
	#	%	#	%		\$	%	\$	%	
Home Mortgage	690	60.95	442	39.05	1,132	207,292	65.38	109,778	34.62	317,070
Total	690	60.95	442	39.05	1,132	207,292	65.38	109,778	34.62	317,070
Source: 1/1/2022 - 12/31/2024 Bank Data.										
Due to rounding, totals may not equal 100.0%.										

Description of Institution

1st National Bank is a full-service community bank headquartered in Lebanon, Ohio. Lebanon is located northeast of Cincinnati. As of December 31, 2024, the bank had total assets of \$281.7 million and tier 1 capital of \$22.5 million, with net loans and leases representing 72.76 percent of total assets. As of December 31, 2024, the bank reported total loans of \$207.1 million, representing 73.52 percent of total assets. The bank has no holding company. There was no merger or acquisition activity that affected the scope of the bank's operations during the evaluation period. 1st National Bank LLC is an operating subsidiary established only to hold and manage a portion of the bank's investment portfolio. Activities for this operating subsidiary do not have a significant impact on the CRA performance evaluation.

1st National Bank is a single-state financial institution with one rating area, the state of Ohio. The bank designated two AAs, which included Warren County in its entirety and portions of Butler, Clermont, and Hamilton Counties in the Cincinnati, OH-KY-IN MSA 17140 (Cincinnati MSA) and portions of Montgomery and Greene Counties in the Dayton-Kettering-Beavercreek, OH MSA 19430 (Dayton MSA). The AAs are further described in the "Description of Institution's Operations in Ohio" section of this evaluation.

As of December 31, 2024, 1st National Bank had eight branches. The main office is in Lebanon, Ohio, in an upper-income census tract (CT) as of the 2020 U.S. Census. In addition to the main office in Warren County, the bank has four branches in Warren County, one each in Lebanon, Morrow, Maineville, and Mason. The bank has one branch in Butler County in Liberty Township and one in Hamilton County in Loveland. 1st National Bank has one branch in Centerville in Montgomery County, which is the bank's only branch in the Dayton MSA. Each office has an automated teller machine (ATM). All branches and ATMs are in middle- and upper-income CTs as of the 2020 U.S. Census. Additionally, the bank has two stand-alone ATMs in Warren County. In 2022, the bank closed the West Chester Wal-Mart Branch in West Chester, Colony Square Branch in Lebanon, Lebanon Annex Branch in Lebanon, and Fields Ertel Branch in Cincinnati. The Liberty Township Branch was opened as of February 28, 2022, and the main office moved to its current location on May 2, 2022.

1st National Bank serves the two AAs with traditional deposit and lending products through their full-service banking centers, including home mortgage, business, and consumer loans. There are no substantial differences in the business focus or services offered between the branches. Additionally, the bank offers online banking, bill pay, and mobile banking. Mortgage banking, including servicing, is the primary business line. In addition to conventional home mortgage loans, the bank offers Federal Housing Administration, U.S. Department of Veteran's Affairs, and Rural Housing Service loans to eligible applicants. During the evaluation period, the bank sold \$223.5 million in home mortgage loans to the secondary market. The home mortgage lending orientation of the bank was reflected on the December 31, 2024, Consolidated Report of Condition and Income (Call Report), as loans secured by residential real estate (including multifamily and home equity lines of credit) totaled \$147.4 million, or 71.16 percent of total loans and leases. The remainder of the loan portfolio consisted of commercial and

industrial and commercial real estate loans (business loans) at 27.14 percent, and less than 2 percent farm and consumer loans.

There are no financial, legal, or other factors impeding 1st National Bank's ability to help meet the credit needs of its AAs. The previous CRA rating was Satisfactory as of the Performance Evaluation dated April 15, 2022.

Scope of the Evaluation

Evaluation Period/Products Evaluated

This performance evaluation assessed the bank's record of meeting the credit needs of its entire community, including low- and moderate-income areas. The Office of the Comptroller of the Currency (OCC or examiners) used small bank CRA evaluation procedures to assess the bank's performance under the Lending Test. The OCC analyzed lending activity in full-year increments during the evaluation period, January 1, 2022, to December 31, 2024.

The OCC evaluated the bank's lending performance based on its primary lending product, home mortgage lending. Based on the number and dollar volume of loans originated and purchased during the evaluation period, residential real estate loans (including home equity lines of credit) accounted for 83.22 percent and 91.81 percent, respectively, of total loan originations. Business, consumer, and farm loans were not considered in this evaluation as these loan types did not constitute a substantial majority of the bank's lending. Bank management did not request consideration of these loans. Examiners used Home Mortgage Disclosure Act (HMDA) data for each year of the evaluation period for the home mortgage lending analysis.

In evaluating the geographic distribution and borrower income distribution under the Lending Test for the home mortgage loan analysis (HMDA data), examiners compared the bank's lending performance to the demographic data from the 2020 U.S. Census and 2022 HMDA Aggregate Data. No affiliate activity was included in this analysis. Refer to the table in appendix A, Scope of the Examination, for more information on the scope of the review.

Selection of Areas for Full-Scope Review

In each state where the bank has an office, one or more of the AAs within that state was selected for a full-scope review. For purposes of this evaluation, bank delineated AAs located within the same metropolitan statistical area (MSA), multistate metropolitan statistical area (MMSA), or combined statistical area (CSA), if applicable are combined and evaluated as a single AA. Similarly, bank delineated non-MSA AAs within the same state are combined and evaluated as a single area. These combined AAs may be evaluated as full- or limited-scope. Refer to the "Scope" section under each State Rating for details regarding how full-scope AAs were selected. Refer to appendix A, Scope of Examination, for a list of full- and limited-scope AAs.

1st National Bank has two AAs in Ohio, as described in the "Description of Institution's Operations in Ohio" section of this evaluation. Examiners completed a full-scope review of each AA, the Cincinnati MSA and Dayton MSA.

Ratings

The bank's overall rating is based on the state of Ohio rating. The state rating in rating areas with multiple AAs are based on the weighted-average conclusions in those AAs. During the evaluation period, 1st National Bank operated all branch offices in a single state. Therefore, its overall rating is based on performance solely in Ohio. The state of Ohio rating is based on performance in both AAs. Refer to the "Scope" section under each state section for details regarding how the areas were weighted in arriving at the respective ratings.

The Cincinnati MSA represented the bank's largest market with the most deposits and lending activity. By number of home mortgage loans originated or purchased inside the AAs, 94.93 percent were in the Cincinnati MSA and 5.07 percent were in the Dayton MSA. The Cincinnati MSA held 99.47 percent of total deposits as of June 30, 2024, and 87.5 percent of total branches as of December 31, 2024. The bank's main office is headquartered in the Cincinnati MSA. Examiners placed more weight on the Cincinnati MSA.

Discriminatory or Other Illegal Credit Practices Review

Pursuant to 12 CFR 25.28(c) (March 29, 2024) in determining a national banks 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 AA 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.

State Rating

State of Ohio

CRA rating for the State of Ohio: Satisfactory.

The Lending Test is rated: Satisfactory.

The major factors that support this rating include:

- The bank exhibits a reasonable distribution of loans to individuals of different income levels.
- The bank was not subject to any CRA related complaints during the evaluation period.

Description of Institution's Operations in Ohio

1st National Bank designated two AAs in the state of Ohio. The Cincinnati MSA included 286 CTs, which included all of Warren County, and portions of Butler, Clermont, and Hamilton Counties. The Dayton MSA included 26 CTs, which included portions of Montgomery and Greene Counties. Bank management selected the AAs based on its targeted lending area, deposits, and branch locations. The bank offers traditional banking products with a focus on mortgage lending, but also offers consumer and business products, mobile banking, and online banking. Refer to appendix A for a complete list of counties included.

Cincinnati MSA

As of December 31, 2024, 1st National Bank had seven branches in the Cincinnati MSA. Each branch had an ATM, with two stand-alone ATMs in Warren County. All branches and ATMs were in middle- or upper-income CTs as of the 2020 U.S. Census. The main office is in Lebanon, Ohio, in an upper-income CT as of the 2020 U.S. Census. Of the seven branches, the main office moved on May 2, 2022, to its present location, and the bank opened the Liberty Township Branch as of February 28, 2022. When the bank moved its main office to its present location, it closed the Colony Square Branch in Lebanon on May 7, 2022, and Lebanon Annex Branch in Lebanon on May 2, 2022, and both branches were near the bank's present location. Additionally, the bank closed its West Chester Wal-Mart Branch on February 25, 2022, and the Fields Ertel Branch on November 5, 2022.

The following information regarding demographic data, affordable housing cost, job market and economic conditions, competition, and community contacts/credit needs provides additional performance context for the bank's operations in the Cincinnati MSA. The table below provides a summary of demographic data for the AA.

Assessment Area - Cincinnati MSA 2024						
2022 - 2024						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	286	7.69	17.83	33.22	37.06	4.20
Population by Geography	1,200,783	5.23	17.64	33.08	42.05	2.00
Housing Units by Geography	502,341	6.21	18.78	33.95	38.85	2.21
Owner-Occupied Housing by Geography	304,309	2.93	13.14	35.62	47.58	0.74
Occupied Rental Units by Geography	160,480	10.63	28.15	32.10	25.17	3.96
Vacant Units by Geography	37,552	13.89	24.53	28.31	26.53	6.74
Businesses by Geography	57,708	4.85	16.03	30.33	47.37	1.42
Farms by Geography	1,679	2.92	14.29	35.85	45.98	0.95
Family Distribution by Income Level	296,628	18.59	16.21	19.82	45.38	0.00
Household Distribution by Income Level	464,789	22.98	14.74	16.99	45.29	0.00
Unemployment rate (%)	4.57	9.65	6.47	4.10	3.33	12.89
Households Below Poverty Level (%)	10.76	32.08	19.03	8.33	4.72	39.86
Median Family Income (17140 - Cincinnati, OH-KY-IN MSA)		\$83,600	Median Housing Value			\$181,900
Median Family Income (17140 - Cincinnati, OH-KY-IN MSA) for 2024		\$103,500	Median Gross Rent			\$914
			Families Below Poverty Level			7.25
FFIEC File - 2020 Census						
FFIEC File - 2024 Census						
2024 Dun & Bradstreet SBSF Demographics						
Due to rounding, totals may not equal 100.0%.						
(*) The NA category consists of geographies that have not been assigned an income classification.						

Demographic Data

As of the 2020 U.S. Census data in the table above, the population in the Cincinnati MSA was 1,200,783, with 5.23 percent of the population living in low-income CTs, 17.64 percent in moderate-income CTs, 33.08 percent in middle-income CTs, 42.05 percent in upper-income CTs, and 2 percent in CTs that have not been assigned an income classification. The AA consisted of 286 CTs, and was comprised of 22 low-income CTs, 51 moderate-income CTs, 95 middle-income CTs, 106 upper-income CTs, and 12 CTs that have not been assigned an income classification. The AA included 296,628 families and 464,789 households.

Affordable Housing Cost

Assuming a 30-year mortgage with a 5 percent interest rate, and not accounting for down payment, homeowners' insurance, real estate taxes, or any additional monthly expenses, a low-income borrower making \$51,750 per year (or less than 50 percent of the 2024 Federal Financial Institutions Examination Council (FFIEC) adjusted median family income in the AA) could afford a \$241,002 mortgage with a payment of \$1,294 per month. A moderate-income borrower making \$82,800 per year (or less than 80 percent of the 2024 FFIEC adjusted median family income in the AA) could afford a \$385,603 mortgage with a payment of \$2,070 per month. This illustrates that low-income borrowers would be challenged to qualify for a mortgage loan in the AA with an estimated payment of \$1,713. The median housing value in the AA was \$300,000 and \$319,050 in 2022 and 2024, respectively, reflecting a change of 6.35 percent from 2022 to 2024 according to Realtor.com data.

Examiners considered the poverty level across the AA in the evaluation of lending performance. Families living below the poverty level are identified as having difficulty meeting basic financial needs and, as such, are less likely to have the financial wherewithal to qualify for a home loan than those with income above the poverty level. For the Cincinnati MSA, the percentage of families below poverty level was 7.25 percent as noted in the above table.

Housing availability in the AA posed challenges to lending in low- and moderate-income geographies. As of the 2020 U.S. Census, total occupied rental units in the AA were 31.95 percent (38.78 percent in low- and moderate-income CTs) of available units. An additional barrier to available units was the volume of vacant units of 7.47 percent (38.42 percent in low- and moderate-income CTs) of total housing units. Owner-occupied units in the AA accounted for 60.58 percent of total housing units, with only 2.93 percent in low-income CTs and 13.14 percent in moderate-income CTs.

Job Market and Economic Conditions

Economic conditions in the Cincinnati MSA were stable. According to the U.S. Bureau of Labor Statistics, the average annual unemployment rate for each county gradually declined from 2022 to 2023 but increased in 2024. Comparatively, the average annual unemployment rate for each county was lower than or commensurate with the state of Ohio and national unemployment rates. The following table summarizes the unemployment rates.

Average Annual Unemployment Rates			
	2022	2023	2024
State of Ohio	4.0	3.7	4.3
United States	3.7	3.6	4.0
Butler County	3.5	3.3	4.0
Clermont County	3.5	3.3	4.0
Hamilton County	3.6	3.4	4.1
Warren County	3.3	3.1	3.8

Source: U.S. Bureau of Labor Statistics; Rates Not Seasonally Adjusted.

The AA had a diverse mix of companies across many industries with a significant presence of manufacturing, services, and retail trade. Large employers in the Cincinnati MSA included Cincinnati Children's Hospital Medical Center, TriHealth Inc., University of Cincinnati, Procter & Gamble Co., Miami University, GE Aerospace, and The Kroger Co. According to the Moody's Analytics Report dated February 2025, total job growth in 2024 came in behind the state and nation.

Competition

Competition for deposits in the Cincinnati MSA was strong with 43 total Federal Deposit Insurance Corporation (FDIC) insured financial institutions operating 441 offices in Butler, Clermont, Hamilton, and Warren Counties in the Cincinnati MSA. According to the FDIC's Deposit Market Share Report as of June 30, 2024, 1st National Bank had \$243.8 million in deposits in Butler, Clermont, Hamilton, and Warren Counties, which comprised 99.47 percent of total bank deposits. The bank had a deposit market share of 0.15 percent and was ranked 20th out of 43 financial institutions. The top competitors in the AA were U.S. Bank, National Association (N.A.) with 46 branches and 55.58 percent market share, Fifth Third Bank, N.A. with 75 branches and 26.27 percent market share, and PNC Bank, N.A. with 39 branches and 4.57 percent market share.

The bank's primary business focus was home mortgage lending. There was strong competition for home mortgage loans during the evaluation period. Based on 2023 Peer Mortgage Data and 2020 U.S. Census data, the bank ranked 39th out of 529 lenders in the Cincinnati MSA in residential home mortgage application volume. As of the 2023 Peer Mortgage Data Report, 1st National Bank had 0.56 percent of the lending market share, based on the number of mortgage applications, with application volume of approximately \$53.5 million. Based on 2023 Peer Mortgage Data, top mortgage lenders in the

Cincinnati MSA included Fifth Third Bank, N.A. with 6.31 percent market share, Union Savings Bank with 4.84 percent market share, and Huntington National Bank with 4.71 percent market share. During the evaluation period, 94.93 percent of the bank's home mortgage loan originations and purchases inside the AAs were in the Cincinnati MSA.

Community Contacts/Credit Needs

Examiners reviewed information provided from interviews with community contacts that were conducted during the evaluation period to understand the Cincinnati MSA's needs and opportunities. The contacts included affordable housing organizations. According to the contacts, overall economic conditions in the Cincinnati MSA were stable and the unemployment rates were typically lower than or commensurate with the state and national rates. Needs in the community included affordable housing, home repair programs for low- and moderate-income individuals, homeownership counseling and financial education, downpayment and closing cost assistance, small landlord rehab financing, and child/elderly nutrition. One contact noted that Warren County was one of the most affluent counties in the state and that housing was increasingly unaffordable for many low- and moderate-income individuals. One contact stated that low-income households face long wait lists for access to affordable housing. The contact also stated that the small number of affordable homes, or those that low-and moderate-income individuals would rent, tend to be substandard.

Dayton MSA

As of December 31, 2024, 1st National Bank had one branch and ATM in the Dayton MSA in an upper-income geography. No branches were opened or closed in the Dayton MSA during the evaluation period.

The following information regarding demographic data, affordable housing cost, job market and economic conditions, competition, and community contacts/credit needs provides additional performance context for the bank's operations in the Dayton MSA. The table below provides a summary of demographic data for the AA.

Assessment Area - Dayton MSA 2024						
2022 - 2024						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	26	0.00	3.85	38.46	57.69	0.00
Population by Geography	121,183	0.00	1.66	38.43	59.91	0.00
Housing Units by Geography	50,528	0.00	1.81	41.22	56.97	0.00
Owner-Occupied Housing by Geography	33,023	0.00	1.26	37.74	61.00	0.00
Occupied Rental Units by Geography	14,030	0.00	2.47	47.61	49.91	0.00
Vacant Units by Geography	3,475	0.00	4.32	48.52	47.17	0.00
Businesses by Geography	5,707	0.00	1.31	32.68	66.01	0.00
Farms by Geography	177	0.00	1.13	41.24	57.63	0.00
Family Distribution by Income Level	30,629	12.56	13.30	17.71	56.42	0.00
Household Distribution by Income Level	47,053	15.36	12.85	15.93	55.86	0.00
Unemployment rate (%)	4.22	0.00	9.89	4.09	4.14	0.00
Households Below Poverty Level (%)	6.90	0.00	25.95	9.26	4.69	0.00
Median Family Income (19430 - Dayton-Kettering-Beavercreek, OH MSA)		\$75,125	Median Housing Value			\$175,950
Median Family Income (19430 - Dayton-Kettering-Beavercreek, OH MSA) for 2024		\$92,900	Median Gross Rent			\$951
			Families Below Poverty Level			5.27
FFIEC File - 2020 Census						
FFIEC File - 2024 Census						
2024 Dun & Bradstreet SBSF Demographics						
Due to rounding, totals may not equal 100.0%.						
(*) The NA category consists of geographies that have not been assigned an income classification.						

Demographic Data

As of the 2020 U.S. Census data in the table above, the population in the Dayton MSA was 121,183, with 1.66 percent living in moderate-income CTs, 38.43 percent in middle-income CTs, and 59.91 percent in upper-income CTs. The AA consisted of 26 CTs, and was comprised of one moderate-income, 10 middle-income, and 15 upper-income CTs. The AA included 30,629 families and 47,053 households.

Affordable Housing Cost

Assuming a 30-year mortgage with a 5 percent interest rate, and not accounting for down payment, homeowners' insurance, real estate taxes, or any additional monthly expenses, a low-income borrower making \$46,450 per year (or less than 50 percent of the 2024 FFIEC adjusted median family income in the AA) could afford a \$216,320 mortgage with a payment of \$1,161 per month. A moderate-income borrower making \$74,320 per year (or less than 80 percent of the 2024 FFIEC adjusted median family income in the AA) could afford a \$346,111 mortgage with a payment of \$1,858 per month. This illustrates that low-income borrowers would be challenged to qualify for a mortgage loan in the AA with an estimated payment of \$1,234. The median housing value in the AA was not available for 2022 and was \$229,850 for 2024, according to Realtor.com data.

Examiners considered the poverty level across the AA in the evaluation of lending performance. Families living below the poverty level are identified as having difficulty meeting basic financial needs and, as such, are less likely to have the financial wherewithal to qualify for a home loan than those with income above the poverty level. For the Dayton MSA, the percentage of families below poverty level was 5.27 percent as noted in the above table.

Job Market and Economic Conditions

Economic conditions in the Dayton MSA were overall stable during the evaluation period. According to the U.S. Bureau of Labor Statistics, the average annual unemployment rate for Montgomery and Greene Counties gradually declined from 2022 to 2023 but increased in 2024. The unemployment rate for Montgomery County was typically higher than the state and national rates, with Greene County typically lower than the state and national rates. The following table summarizes the unemployment rates.

Average Annual Unemployment Rates			
	2022	2023	2024
State of Ohio	4.0	3.7	4.3
United States	3.7	3.6	4.0
Montgomery County	4.1	4.0	4.7
Greene County	3.6	3.4	4.0

Source: U.S. Bureau of Labor Statistics; Rates Not Seasonally Adjusted.

The AA had a diverse mix of companies across many industries with a significant presence of manufacturing, services, government, and retail trade. Large employers in the Dayton MSA included Wright-Patterson Air Force Base, Kettering Health Network, Premiere Health Partners, Dayton Children's Hospital, and The Kroger Co. According to the Moody's Analytics Report dated February 2025, Dayton has lost momentum, with benchmark employment revisions indicating that manufacturing continues to lose ground.

Competition

Competition for deposits in the Dayton MSA (Montgomery and Greene Counties) was strong with 22 total FDIC insured financial institutions operating 132 offices in Montgomery and Greene Counties. According to the FDIC's Deposit Market Share Report as of June 30, 2024, 1st National Bank had \$1.3 million in deposits in Montgomery and Greene Counties which comprised 0.53 percent of total bank deposits. The bank had a deposit market share of 0.01 percent and was ranked last out of 22 financial institutions. The top competitors in the AA were Fifth Third Bank, N.A. with 19 branches and 27.9 percent market share, JPMorgan Chase Bank, N.A. with 17 branches and 19.37 percent market share, and PNC Bank, N.A. with 15 branches and 12.88 percent market share.

The bank's primary business focus was home mortgage lending. There was strong competition for home mortgage loans during the evaluation period. Based on 2023 Peer Mortgage Data and 2020 U.S. Census data, the bank ranked 89th out of 283 lenders in the Dayton MSA in residential home mortgage application volume. As of the 2023 Peer Mortgage Data Report, 1st National Bank had 0.12 percent of the lending market share, based on the number of mortgage applications, with application volume of approximately \$1.7 million. Based on 2023 Peer Mortgage Data, top mortgage lenders in the Dayton MSA included Wright Patt Credit Union Inc. with 10.68 percent market share, Union Savings Bank with 7.92 percent market share, and Huntington National Bank with 6.35 percent market share. During the evaluation period, 5.07 percent of the bank's home mortgage loan originations and purchases inside the AAs were in the Dayton MSA.

Community Contacts/Credit Needs

Examiners reviewed information provided from interviews with community contacts that were conducted during the evaluation period to understand the Dayton MSA's needs and opportunities. The

contacts included affordable housing and economic and community development organizations. Credit needs in the community included affordable housing, small dollar mortgage products, home repair programs for low- and moderate-income individuals, and downpayment assistance. There was also a need for referrals for Small Business Administration (SBA) loans, lines of credit, and participation loans, as well as capacity building funding and technical assistance for small community organizations. One contact noted that there was a low inventory of quality, affordable housing in Montgomery County and that many of the affordable units were substandard. It was noted that there were many individuals in the county that need help with daily needs such as food, clothing, shelter, and paying utility bills. A contact stated that the preservation of and addition to the affordable rental housing market will be critical to the health of the local housing market.

Scope of Evaluation in Ohio

Examiners performed a full-scope review of both AAs, the Cincinnati MSA and Dayton MSA. The data in the AAs was analyzed and presented as two AAs for the purposes of this evaluation. The Cincinnati MSA represented the largest concentration of deposit and lending activity, with more weight placed on the Cincinnati MSA in this evaluation. Home mortgage lending was the bank's primary lending product during the evaluation period. Examiners used 2022, 2023, and 2024 HMDA data for the home mortgage lending analysis, as discussed above. Refer to the Scope of Evaluation section above for more details.

LENDING TEST

The bank's performance under the Lending Test in Ohio is rated Satisfactory.

Conclusions for Areas Receiving Full-Scope Reviews

Based on full-scope reviews, the bank's performance in the Cincinnati and Dayton MSAs is reasonable.

Distribution of Loans by Income Level of the Geography

The bank exhibits poor geographic distribution of loans in the state of Ohio.

Home Mortgage Loans

Refer to Table 7 in the state of Ohio section of appendix D for the facts and data used to evaluate the geographic distribution of the bank's home mortgage loan originations and purchases.

Cincinnati MSA

The geographic distribution of home mortgage loans in the Cincinnati MSA was poor.

The percentage of home mortgage loans in low-income geographies was well below both the percentage of owner-occupied (OO) housing units located in those geographies and the aggregate percentage of all reporting lenders (aggregate HMDA data). The percentage of home mortgage loans in moderate-income geographies was below both the percentage of OO housing units located in those geographies and the aggregate percentage of all reporting lenders.

Dayton MSA

The geographic distribution of home mortgage loans in the Dayton MSA was poor.

The AA did not include any low-income geographies. The bank did not make any home mortgage loans in moderate-income geographies during the evaluation period.

This assessment of performance in moderate-income geographies considered the limited number of OO housing units, 416 or approximately 1.26 percent of all AA OO units, in moderate-income geographies and overall AA competition. Additionally, the bank had a limited presence in the AA, with only one branch and ATM. Both demographic and aggregate lending data reflected minimal lending opportunities in moderate-income geographies. The bank faced competition from other community banks as well as larger regional credit unions and national mortgage lenders. In 2023, 1st National Bank ranked 89th among 283 other competing lenders for home mortgage loans originated in the AA, with less than 1 percent market share via six mortgage applications. The top five home mortgage originators in application volume in the Dayton MSA during 2023 included Wright Patt Credit Union Inc. (10.68 percent), Union Savings Bank (7.92 percent), Huntington National Bank (6.35 percent), Fifth Third Bank, N.A (4.82 percent), and Day Air Credit Union (3.19 percent). These five had a combined market share of approximately 32.96 percent, with all originators outside of the top four individually maintaining less than 4 percent market share. Examiners also noted that approximately 3.85 percent of the geographies in the AA during the evaluation period were classified as moderate-income.

Lending Gap Analysis

Examiners reviewed summary reports and maps and analyzed the bank's home mortgage lending activity over the evaluation period to identify any gaps in the geographic distribution of loans. Examiners noted no home mortgage lending activity by the bank within the moderate-income geographies, demonstrating overall poor geographic distribution performance as noted above.

Distribution of Loans by Income Level of the Borrower

The bank exhibits a reasonable distribution of loans to individuals of different income levels, given the product lines offered by the bank.

Home Mortgage Loans

Refer to Table 8 in the state of Ohio section of appendix D for the facts and data used to evaluate the borrower distribution of the bank's home mortgage loan originations and purchases.

Cincinnati MSA

The bank's distribution of home mortgage loans to individuals of different income levels in the Cincinnati MSA was reasonable.

The percentage of home mortgage loans to low-income borrowers was well below the percentage of families and below the aggregate percentage of all reporting lenders. The percentage of home mortgage loans to moderate-income borrowers exceeded the percentage of families and was near to the aggregate percentage of all reporting lenders.

This assessment of performance also considered the affordability of home ownership for low-income borrowers in the AA relative to the median housing value. As previously discussed, based on the 2024 FFIEC adjusted median family income, low-income borrowers earning no more than \$51,750 per year would find it challenging to qualify for a mortgage given the AA's reported median housing values of \$300,000 and \$319,050, in 2022 and 2024, respectively, according to Realtor.com data. Examiners also noted that approximately 7.25 percent of the families in the AA were below the poverty level and the median gross rent was \$914 per month.

Dayton MSA

The bank's distribution of home mortgage loans to individuals of different income levels in the Dayton MSA was excellent.

The percentage of home mortgage loans to low-income borrowers was near to the percentage of families and exceeded the aggregate percentage of all reporting lenders. The percentage of home mortgage loans to moderate-income borrowers exceeded both the percentage of families and the aggregate percentage of all reporting lenders.

Responses to Complaints

The bank has not received any complaints about its CRA performance in helping to meet the AAs' 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 MSAs and non-MSAs 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:	1/1/22 to 12/31/24	
Bank Products Reviewed:	Home mortgage loans	
Affiliate(s)	Affiliate Relationship	Products Reviewed
Not applicable		Not applicable
List of Assessment Areas and Type of Examination		
Rating and Assessment Areas	Type of Exam	Other Information
Ohio		
Cincinnati MSA	Full-scope	Warren County, Ohio – entire county. Portions of Butler, Clermont, and Hamilton Counties.
Dayton MSA	Full-scope	Portions of Montgomery and Greene Counties.

Appendix B: Summary of State Ratings

RATINGS	
Overall Bank:	Lending Test Rating
1 st National Bank	Satisfactory
State:	
Ohio	Satisfactory

Appendix C: Definitions and Common Abbreviations

The following terms and abbreviations are used in 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. For example, a bank subsidiary is controlled by the bank and is, therefore, an affiliate.

Aggregate Lending (Aggt.): The number of loans originated and purchased by all reporting lenders (HMDA or CRA) in specified income categories as a percentage of the aggregate number of loans originated and purchased by all reporting lenders in the state/AA.

Census Tract (CT): A small, relatively permanent statistical subdivision of a county delineated by a local committee of census data users for the purpose of presenting data. Census tracts nest within counties, and their boundaries normally follow visible features, but may follow legal geography boundaries and other non-visible features in some instances. Census tracts ideally contain about 4,000 people and 1,600 housing units.

Combined Statistical Area (CSA): A geographic entity consisting of two or more adjacent Core Based Statistical Areas with employment interchange measures of at least 15. An employment interchange measure is a measure of ties between two adjacent entities. The employment interchange measure is the sum of the percentage of workers living in the smaller entity who work in the larger entity and the percentage of employment in the smaller entity that is accounted for by workers who reside in the larger entity.

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; or activities that revitalize or stabilize low- or moderate-income geographies, distressed or underserved nonmetropolitan middle-income geographies, or designated disaster areas.

Community Reinvestment Act (CRA): The statute that requires the OCC to evaluate a bank's record of meeting the credit needs of its entire community, including LMI areas, 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, 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-Scope 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), the lien status of the collateral, any requests for preapproval, and loans for manufactured housing.

Home Mortgage Loans: A closed-end mortgage loan or an open-end line of credit as these terms are defined under 12 CFR 1003.2, and that is not an excluded transaction under 12 CFR 1003.3(c)(1) through (c)(10) and (c)(13).

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-Scope 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 CD loans and qualified investments, branch distribution, and CD services).

Low-Income: Individual income that is at 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 state/AA.

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. The median is the point at which half of the families have income above, and half below, a range of incomes. 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, and half below, a range of incomes.

Metropolitan Division (MD): 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.

Multistate Metropolitan Statistical Area (MMSA): Any multistate metropolitan statistical area or multistate combined statistical area, as defined by the Office of Management and Budget.

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.

Prior Period Investments: Investments made in a previous evaluation period that are outstanding as of the end of the evaluation period.

Qualified Investment: A qualified investment is defined as any lawful investment, deposit, membership share, or grant that has as its primary purpose community development.

Rating Area: A rated area is a state or multistate metropolitan statistical 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 multistate metropolitan statistical area, the institution will receive a rating for the multistate metropolitan statistical 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.

Unfunded Commitments: Legally binding investment commitments that are tracked and recorded by the institution's financial reporting system.

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.

Appendix D: Tables of Performance Data

Content of Standardized Tables

A separate set of tables is provided for each state. All multistate metropolitan statistical areas, if applicable, are presented in one set of tables. References to the “bank” include activities of any affiliates that the bank provided for consideration (refer to appendix A: Scope of the Examination). For purposes of reviewing the Lending Test tables, the following are applicable: (1) purchased are treated as originations; and (2) “aggregate” is the percentage of the aggregate number of reportable loans originated and purchased by all HMDA or CRA-reporting lenders in the MMSA/AA. Deposit data are compiled by the FDIC and are available as of June 30th of each year. Tables without data are not included in this PE.

The following is a listing and brief description of the tables included in each set:

- Table 7. Assessment Area Distribution of Home Mortgage Loans by Income Category of the Geography** - Compares the percentage distribution of the number of loans originated and purchased by the bank in low-, moderate-, middle-, and upper-income geographies to the percentage distribution of owner-occupied housing units throughout those geographies. The table also presents aggregate peer data for the years the data is available.
- Table 8. Assessment Area Distribution of Home Mortgage Loans by Income Category of the Borrower** - Compares the percentage distribution of the number of loans originated and purchased by the bank to low-, moderate-, middle-, and upper-income borrowers to the percentage distribution of families by income level in each MMSA/AA. The table also presents aggregate peer data for the years the data is available.
- Table 9. Assessment Area Distribution of Loans to Small Businesses by Income Category of the Geography** - The percentage distribution of the number of small loans (less than or equal to \$1 million) to businesses that were originated and purchased by the bank in low-, moderate-, middle-, and upper-income geographies compared to the percentage distribution of businesses (regardless of revenue size) in those geographies. Because aggregate small business data are not available for geographic areas smaller than counties, it may be necessary to compare bank loan data to aggregate data from geographic areas larger than the bank’s AA.
- Table 10. Assessment Area Distribution of Loans to Small Businesses by Gross Annual Revenue** - Compares the percentage distribution of the number of small loans (loans less than or equal to \$1 million) originated and purchased by the bank to businesses with revenues of \$1 million or less to: 1) the percentage distribution of businesses with revenues of greater than \$1 million; and, 2) the percentage distribution of businesses for which revenues are not available. The table also presents aggregate peer small business data for the years the data is available.
- Table 11. Assessment Area Distribution of Loans to Farms by Income Category of the Geography** - The percentage distribution of the number of small loans (less than or equal to \$500,000) to farms originated and purchased by the bank in low-, moderate-, middle-,

and upper-income geographies compared to the percentage distribution of farms (regardless of revenue size) throughout those geographies. The table also presents aggregate peer data for the years the data is available. Because aggregate small farm data are not available for geographic areas smaller than counties, it may be necessary to use geographic areas larger than the bank's AA.

- Table 12. Assessment Area Distribution of Loans to Farms by Gross Annual Revenues -**
Compares the percentage distribution of the number of small loans (loans less than or equal to \$500,000) originated and purchased by the bank to farms with revenues of \$1 million or less to: 1) the percentage distribution of farms with revenues of greater than \$1 million; and, 2) the percentage distribution of farms for which revenues are not available. The table also presents aggregate peer small farm data for the years the data is available.
- Table 13. Assessment Area Distribution of Consumer Loans by Income Category of the Geography -** Compares the percentage distribution of the number of loans originated and purchased by the bank in low-, moderate-, middle-, and upper-income geographies to the percentage distribution of households in those geographies.
- Table 14. Assessment Area Distribution of Consumer Loans by Income Category of the Borrower -** Compares the percentage distribution of the number of loans originated and purchased by the bank to low-, moderate-, middle-, and upper-income borrowers to the percentage distribution of households by income level in each MMSA/AA.

State of Ohio

Table 7: Assessment Area Distribution of Home Mortgage Loans by Income Category of the Geography																			2022 - 2024	
Assessment Area:	Total Home Mortgage Loans				Low-Income Tracts			Moderate-Income Tracts			Middle-Income Tracts			Upper-Income Tracts			Not Available-Income Tracts			
	#	\$	% of Total Number	Overall Market	% of Owner-Occupied Housing Units	% Bank Loans	% Aggregate	% of Owner-Occupied Housing Units	% Bank Loans	% Aggregate	% of Owner-Occupied Housing Units	% Bank Loans	% Aggregate	% of Owner-Occupied Housing Units	% Bank Loans	% Aggregate	% of Owner-Occupied Housing Units	% Bank Loans	% Aggregate	
Cincinnati MSA	655	199,954	94.93	73,521	2.93	1.37	3.34	13.14	9.31	15.59	35.62	31.15	35.95	47.58	56.95	44.33	0.74	1.22	0.78	
Dayton MSA	35	7,338	5.07	7,557	--	--	--	1.26	--	1.73	37.74	45.71	36.50	61.00	54.29	61.77	--	--	--	
Total	690	207,292	100.00	81,078	2.64	1.30	3.03	11.97	8.84	14.30	35.82	31.88	36.00	48.90	56.81	45.96	0.66	1.16	0.71	
Source: FFIEC File - 2020, 2024 Census; 1/1/2022 - 12/31/2024 Bank Data, 2022 HMDA Aggregate Data, "--" data not available. Due to rounding, totals may not equal 100.0%.																				

Table 8: Assessment Area Distribution of Home Mortgage Loans by Income Category of the Borrower																		2022 - 2024	
Assessment Area:	Total Home Mortgage Loans				Low-Income Borrowers			Moderate-Income Borrowers			Middle-Income Borrowers			Upper-Income Borrowers			Not Available-Income Borrowers		
	#	\$	% of Total Number	Overall Market	% Families	% Bank Loans	% Aggregate	% Families	% Bank Loans	% Aggregate	% Families	% Bank Loans	% Aggregate	% Families	% Bank Loans	% Aggregate	% Families	% Bank Loans	% Aggregate
Cincinnati MSA	655	199,954	94.93	73,521	18.59	5.80	9.57	16.21	18.32	19.37	19.82	23.66	21.37	45.38	52.21	34.87	--	--	14.83
Dayton MSA	35	7,338	5.07	7,557	12.56	11.43	5.41	13.30	28.57	13.96	17.71	25.71	21.66	56.42	34.29	46.33	--	--	12.64
Total	690	207,292	100.00	81,078	18.02	6.09	9.18	15.94	18.84	18.86	19.62	23.77	21.39	46.42	51.30	35.94	--	--	14.62
Source: FFIEC File - 2020, 2024 Census; 1/1/2022 - 12/31/2024 Bank Data, 2022 HMDA Aggregate Data, "--" data not available.																			
Due to rounding, totals may not equal 100.0%.																			