



Comptroller of the Currency
Administrator of National Banks

PUBLIC DISCLOSURE

March 7, 1997

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

**The First National Bank of Pandora
Charter Number 11343**

**102 East Main Street
P.O. Box 329
Pandora, Ohio 45877**

Office of the Comptroller of the Currency

**Columbus Duty Station
325 Cramer Creek Court, Suite 202
Dublin, Ohio 43017**

NOTE: This evaluation is not, nor should it be construed as, an assessment of the financial condition of this institution. The rating assigned to this institution does not represent an analysis, conclusion or opinion of the federal financial supervisory agency concerning the safety and soundness of this financial institution.

GENERAL INFORMATION

The Community Reinvestment Act (CRA) requires each federal financial supervisory agency to use its authority when examining financial institutions subject to its supervision, to assess the institution's record of meeting the credit needs of its entire community, including low- and moderate-income neighborhoods, consistent with safe and sound operation of the institution. Upon conclusion of such examination, the agency must prepare a written evaluation of the institution's record of meeting the credit needs of its community.

*This document is an evaluation of the Community Reinvestment Act (CRA) performance of **The First National Bank of Pandora** prepared by **Office of the Comptroller of the Currency**, the institution's supervisory agency, as of March 7, 1997. The agency rates the CRA performance of an institution consistent with the provisions set forth in Appendix A to 12 CFR Part 25.*

INSTITUTION'S CRA RATING: This institution is rated **SATISFACTORY**.

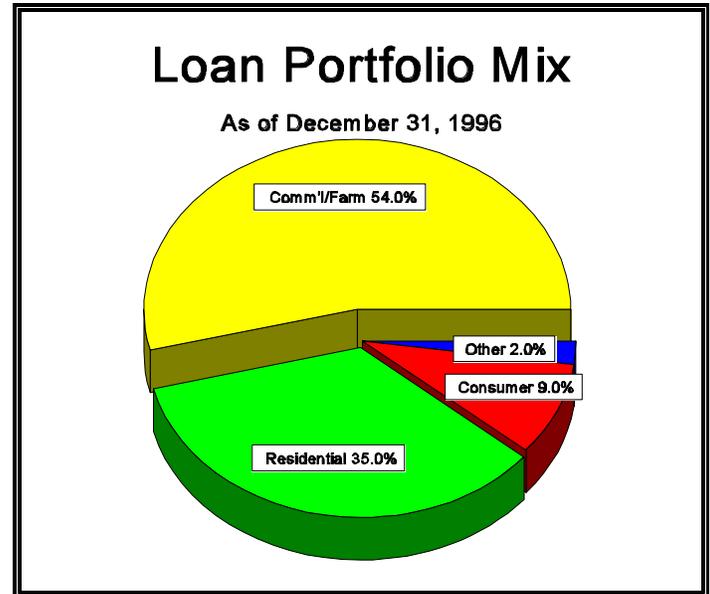
The current and 12 quarter average loan-to-deposit ratios of 88% and 82% respectively, are more than reasonable when compared to ratios of national, custom, and local peer banks. The bank's loan-to-deposit ratio does not reflect 34 loans totaling \$2.6 million sold during 1995 and 1996. The sample reflects that a majority of the bank's loans are made within its assessment area and demonstrates reasonable dispersion throughout the assessment area. Distribution of the bank's loans reflects good penetration to borrowers of different income levels and to businesses of different sizes.

The following table indicates the performance level of *The First National Bank of Pandora* with respect to each of the five performance criteria.

SMALL INSTITUTION ASSESSMENT CRITERIA	<i>The First National Bank of Pandora</i> PERFORMANCE LEVELS		
	Exceeds Standards for Satisfactory Performance	Meets Standards for Satisfactory Performance	Does not meet Standards for Satisfactory Performance
Loan to Deposit Ratio	X		
Lending in Assessment Area		X	
Lending to Borrowers of Different Incomes and to Businesses of Different Sizes		X	
Geographic Distribution of Loans		X	
Response to Complaints	No complaints were received since the prior examination.		

DESCRIPTION OF INSTITUTION

The First National Bank of Pandora (FNB) is a wholly-owned subsidiary of Pandora Bancshares, Inc., a one-bank holding company. The main office is located in northwest Ohio, approximately 22 miles northeast of Lima and 22 miles southwest of Findlay in the Village of Pandora. The bank also operates a full service branch in Bluffton, Ohio which is 8 miles southeast of Pandora in Allen County. The bank offers three 24 hour Automated Teller Machines, one at each office and one at Bluffton College, which is in the Village of Bluffton. The bank's primary focus is commercial and consumer banking and it offers standard products and services through its two full service offices. As of August 1996, the bank initiated a 24 hour Tele Bank program, which allows customers access to their bank accounts over the telephone. Competition is strong, and comes from six community banks headquartered throughout the bank's assessment area and one branch of a large regional bank. Currently no legal or economic impediments exist that could restrict the bank's ability to serve the community's credit needs.



FNB's December 31, 1996 Call Report reported total assets of \$73.7 million and gross loans of \$53.0 million. Loans to commercial and agricultural borrowers are 54% of gross loans, residential home loans are 35% of gross loans, and consumer loans are 9% of gross loans.

DESCRIPTION OF ASSESSMENT AREA

FNB's assessment area (AA) is all of Putnam County, the western part of Hancock County, and the northeast quadrant of Allen County. Putnam and Hancock Counties include four middle-income block numbering areas (BNAs) and five-upper income BNAs. The northeast quadrant of Allen County consists of six middle-income census tracts (CTs) and is located within the Lima, Ohio Metropolitan Statistical Area (MSA), #4320. Neither Putnam nor Hancock Counties are located in an MSA. The AA complies with all regulatory requirements and does not arbitrarily exclude any low- or moderate-income areas. As of the 1990 Census, population of this AA is 46,095. The non-metro median family income is \$36,821, and the MSA median family income is \$33,394.

The economies of Putnam, Hancock, and Allen Counties are centered in agriculture with moderate manufacturing interests. As of December 31, 1996, the unemployment rates for the counties are 4.4%, 3.1%, and 6.2% respectively. Ohio's unemployment rate is 4.8%, and the national unemployment rate is 5.0%. The AA's economy is described as strong with controlled and steady industrial and commercial development. The largest employers in Putnam County are Phillip Display Components Co, with 2,071 employees, W.C. Wood

Company, with 370 employees, and the government of Putnam County, with 265 employees. Whirlpool Corp, which has 2200 employees, Cooper Tire & Rubber Co, which has 1966 employees, and Marathon Oil, which has 1406 employees, are the largest employers in Hancock County. The significant employers for the bank's AA in Allen county are D.T.R Industries Inc, with 325 employees, Triplett Corp, with 150 employees, and Bluffton College, with 130 employees.

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA:

LOAN-TO-DEPOSIT RATIO

Over the 12 quarters since the last CRA examination, the bank's loan-to-deposit (LTD) ratio has averaged 82%. This compares very favorably with a national peer average of 61% over the same period. The bank's LTD ratio increased from 76% at March 31, 1994 to 88% at

December 31, 1996. This compares very favorably to LTD ratios ranging from 57% to 82% exhibited other banks in the area. The bank's loan-to-deposit ratio does not reflect 34 loans totaling \$2.6 million sold during 1995 and 1996. A custom peer group was created consisting of banks in Ohio and Indiana with average assets between \$50 and \$80 million and a similar loan structure. The bank's 12 quarter average LTD ratio was very strong compared to the custom peer's 12 quarter average of 70%. The bank exceeds the standards for satisfactory performance with respect to the loan-to-deposit ratio.

LENDING IN ASSESSMENT AREA:

A sample of 99 loans originated in the in the past six months were reviewed to determine location and borrower income. That sample included 56 commercial and agricultural loans, 34 residential home loans, and 9 consumer loans. The majority of that sample, 70%, were made within the bank's assessment area.

GEOGRAPHIC DISTRIBUTION OF LOANS:

The bank has reasonable penetration throughout its assessment area. The assessment area consists of ten middle-income and five-upper income BNAs and CTs. Based on the sample of loans mentioned above, a vast majority of the bank's loans are to borrowers in the middle-income tracts. Out of the 15 BNA and CTs in the bank's assessment area, eight (four in middle-income areas and four in upper-income areas) exhibited little, if any, loan activity. Management attributed this fact to strong competition and the availability of other credit providers in those areas.

LENDING TO BORROWERS OF DIFFERENT INCOME AND BUSINESSES OF DIFFERENT SIZES:

Of the 56 commercial and agricultural loans reviewed, 50 or 89% were made to businesses with annual revenues of \$1 million or less. The bank’s lending to borrowers of different income levels, given the demographic characteristics of the assessment area, is good. The following table illustrates this point.

BORROWER’S INCOME DISTRIBUTION OF RESIDENTIAL RE LOANS MADE IN MSA 4320			
	<i>Residential REloans*</i>	<i>% IN CATEGORY</i>	<i>1990 % OF FAMILIES BY INCOME LEVEL MSA</i>
LOW	9	16%	14%
MODERATE	10	18%	19%
MIDDLE	21	38%	21%
UPPER	15	28%	40%
TOTAL	55	100%	100%

* Data from 1995 and 1996 Home Mortgage Disclosure Act Loan Activity Report.

BORROWER’S INCOME DISTRIBUTION FOR SAMPLE OF RESIDENTIAL RE LOANS MADE IN HANCOCK AND PUTNAM COUNTIES			
	<i>Residential REloans</i>	<i>% IN CATEGORY</i>	<i>1990 % OF FAMILIES BY INCOME LEVEL NON MSA</i>
LOW	0	0%	11%
MODERATE	7	39%	13%
MIDDLE	6	33%	26%
UPPER	5	28%	50%
TOTAL	18	100%	100%

Bank’s performance in MSA 4320 is consistent with performance in the overall assessment area in respect to all five performance criteria.

No evidence of discriminatory or other illegal credit practices on any prohibited basis was noted during the course of the examination. The bank is in compliance with the substantive provisions of the anti discrimination laws.