



Comptroller of the Currency
Administrator of National Banks

PUBLIC DISCLOSURE

February 23, 1998

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

**The First National Bank in New Bremen
Charter Number 14294**

**435 South Washington Street, P.O. Box 68
New Bremen, Ohio 45869**

**Comptroller of the Currency
Central Ohio Field Office
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 in New Bremen** prepared by the **Office of the Comptroller of the Currency**, the institution's supervisory agency, as of February 23, 1998. 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**.

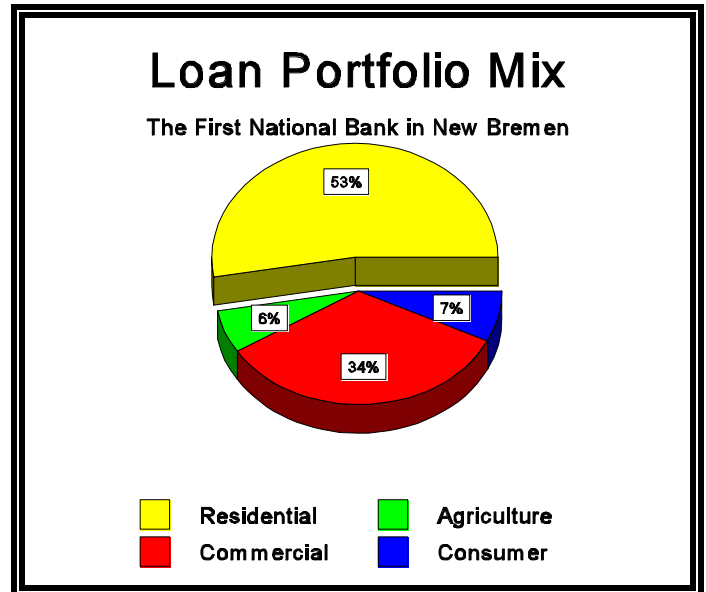
The current and 12 quarter average loan-to-deposit ratios of 91% and 84%, respectively, are reasonable when compared to ratios of national, custom and local peer banks. The loans we reviewed during our examination indicate that a majority of the bank's loans are made within its assessment area and demonstrate reasonable dispersion throughout the assessment area. Our examination also indicates good dispersion to borrowers of different income levels and to businesses of different sizes.

DESCRIPTION OF INSTITUTION:

The First National Bank in New Bremen (FNB) is an independently owned community bank located approximately 90 miles northwest of Columbus, Ohio in the village of New Bremen, Ohio. FNB operates three full-service banking offices, with two in Auglaize County (New Bremen and Wapakoneta) and the third in Shelby County (Sidney). Each location offers automated teller machines which operate 24 hours daily as part of a nationwide network. The bank is retail oriented, offering consumer purpose instalment loans and lines of credit, residential mortgages and home improvement loans, and business loans for farming or commercial operations. American Budget Company (ABC), a wholly owned finance company subsidiary of FNB, has six office locations including Coldwater, Lima, New Bremen, Sidney, Versailles, and Wapakoneta.

These offices are all within 25 miles of FNB and ABC’s main office locations in New Bremen and serve five counties. The finance company offers consumer loans of all dollar amounts and also offers first and junior lien real estate loans through a wholly owned subsidiary, American Budget Mortgage Company. A wholly owned subsidiary of ABC, New Bremen Life Insurance Company, acts as a reinsurer of credit life, accident and health insurance sold by both ABC and FNB. Competition comes primarily from four community banks, four regional banks with branch offices in Sidney and Wapakoneta, and Farm Credit Services in Celina. Overall competition is considered strong. No legal or financial impediments exist that could restrict the institution’s ability to serve the community’s credit needs.

As of the December 31, 1997 Call Report, the bank reported total assets of \$103 million and gross loans of \$73 million. Loans for one-to-four family residential housing purposes represented 53% of gross loans, with the remainder divided among loans having individual, agricultural and commercial/industrial purposes. Figure 1 shows the bank’s total loan mix at year-end 1997.



DESCRIPTION OF ASSESSMENT AREA:

The bank’s assessment area (AA) includes all of Auglaize and Shelby Counties and two block numbering areas (BNAs) in Mercer County. Auglaize County is in the Lima, Ohio Metropolitan Statistical Area (MSA) and includes 9 middle-income census tracts (CTs) and one upper-income CT. Shelby and Mercer Counties are not in an MSA and include 1 moderate-income, 4 middle-income and 7 upper-income BNAs. The AA complies with all regulatory requirements and does not arbitrarily exclude any low- or moderate- income areas. As of the 1990 Census, the population of this AA is 97,348. The non-MSA median family income is \$38,800 and the MSA median family income is \$42,300.

The economies of Auglaize and Shelby Counties are centered in agriculture and also have significant manufacturing interests. As of December 31, 1997, the unemployment rates for the counties were 4.8% and 4.3%, respectively. The economy of Mercer County is heavily tied to agriculture and dependent on surrounding counties for the majority of its manufacturing employment base. The unemployment rate for Mercer County was 8.8% as of December 31, 1997. Ohio's unemployment rate is 4.3%, and the national unemployment rate is 4.4%. The AA's economy is generally described as strong with controlled and steady industrial development. The largest employers in Auglaize County are Crown Equipment Corporation with 2,500 employees, Minster Machine Company with 1,000 employees, and Goodyear Tire and Rubber Company, Inc. with 800 employees. The largest employers in Shelby County are Honda of America with 2,000 employees, Copeland Corporation with 1,200 employees, and Norcold, Inc. with 1,200 employees.

Our discussions with various community leaders and bank personnel, along with our review of demographic and loan sample information, indicate that the community credit needs are adequately met. Our discussions also indicated the biggest concern within the AA is to maintain and attract qualified employees for available work.

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA:

LOAN-TO-DEPOSIT RATIO:

The bank meets the standards for satisfactory performance with respect to the loan-to-deposit ratio. Over the past 12 quarters, the bank's loan-to-deposit (LTD) ratio has averaged 84%. This compares favorably with a national peer average of 70% and custom peer average of 78%. The custom peer group included banks in Indiana and Ohio with total assets between \$80 and \$120 million with similar loan portfolio structures. The bank's LTD has fluctuated the past 12 quarters between a low of 78% as of March 31, 1996, and a high of 91% on December 31, 1997. As of December 31, 1997, the bank compares toward the middle of the range in relation to local community banks (4) with a LTD range of 67% to 102%.

LENDING IN ASSESSMENT AREA:

The bank meets the standards for satisfactory performance with respect to lending in the AA. A majority of the bank's loans are made within its assessment area. Of 59 commercial and commercial real estate loans reviewed during our examination, 54 or 92% of the total number and \$4,491,000 or 86.3% of the dollar volume sampled were to borrowers in the bank's assessment area. In addition, 194 or 71% * of the bank's residential real estate loans made in 1997 were to borrowers in the bank's assessment area.

* Information taken from the 1997 Home Mortgage Disclosure Act Loan Activity Report.

GEOGRAPHIC DISTRIBUTION OF LOANS:

The bank meets the standards for satisfactory performance with respect to geographic distribution of loans. The bank has reasonable penetration throughout its assessment areas. The assessment area within the Lima MSA consists of nine middle-income and one upper-income CTs. A vast majority, or 96% of the residential real estate loans made by the bank in the MSA were in the middle-income tracts. Loans were made in each of the CTs within the AA. The assessment area outside the MSA consists of one moderate-income, 4 middle-income and 7 upper-income BNAs. The loans made in non-MSA areas were distributed with 50% in the middle-income BNAs and 46% in upper-income BNAs. Two loans or 4% of the activity was in the moderate-income area. Only one upper-income area exhibited no activity. Management attributed the inactivity to strong competition and the availability of other credit providers in those areas.

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

The bank's lending to borrowers of different income levels, given the demographic characteristics of both assessment areas, is satisfactory. Of 59 commercial and commercial real estate loans reviewed

during our examination, 47 or 80% were made to business with annual revenues of \$1 million or less. The following tables illustrate the bank's residential real estate lending activity within its assessment area in 1997.

BORROWER'S INCOME DISTRIBUTION OF RESIDENTIAL REAL ESTATE LOANS MADE IN MSA 4320			
	NUMBER OF RESIDENTIAL RE LOANS*	% IN CATEGORY	1990 % OF FAMILIES BY INCOME LEVEL IN ASSESSMENT AREA
LOW	10	8.3%	13.4%
MODERATE	25	20.7%	19.3%
MIDDLE	33	27.3%	25.4%
UPPER	53	43.7%	41.9%
TOTAL	121	100%	100%

*Information taken from the 1997 Home Mortgage Disclosure Act Loan Activity Report.

BORROWER'S INCOME DISTRIBUTION OF RESIDENTIAL REAL ESTATE LOANS MADE IN MERCER AND SHELBY COUNTIES			
	NUMBER OF RESIDENTIAL RE LOANS*	% IN CATEGORY	1990 % OF FAMILIES BY INCOME LEVEL IN ASSESSMENT AREA
LOW	5	6.8%	12.4%
MODERATE	12	16.2%	16.4%
MIDDLE	22	29.7%	23.4%
UPPER	35	47.3%	47.8%
TOTAL	74	100%	100%

*Information taken from the 1997 Home Mortgage Disclosure Act Loan Activity Report.

CONSUMER COMPLAINTS

No complaints relating to the bank's Community Reinvestment Act performance have been submitted toward the bank since our previous examination.

OTHER

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.

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