
**Comptroller of the Currency
Administrator of National Banks**

PUBLIC DISCLOSURE

December 17, 1996

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

**First National Bank
Charter Number 14065**

**302 S. Main Street, Box 248
Cloverdale, Indiana 46120**

**Office of the Comptroller of the Currency
Indianapolis Duty Station
8777 Purdue Rd. , Suite 105
Indianapolis, Indiana 46268**

<p>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.</p>

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 **First National Bank** prepared by the **Office of the Comptroller of the Currency**, the institution's supervisory agency, as of December 17, 1996. The bank was previously assigned a rating of "Satisfactory" on April 17, 1994. 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.**"

First National Bank (FNB) has maintained a sound CRA performance. Factors supporting this rating include: a high loan to deposit ratio, a majority of lending is within the assessment area, loans are made to borrowers of all income levels consistent with the demographics of the bank's community, and lending to small businesses and farms is good. The bank has not received any complaints from the public regarding its CRA performance.

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

SMALL INSTITUTION ASSESSMENT CRITERIA	First National Bank 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	Analysis is not meaningful		
Response to complaints	No complaints received since the last examination.		

DESCRIPTION OF INSTITUTION

First National Bank (FNB) is a wholly owned subsidiary of First National Banc Corp, a one bank holding company. The main office is located approximately forty-five miles west of Indianapolis, Indiana in the town of Cloverdale, Indiana located in Putnam County. The bank's primary focus is home mortgages and it offers other traditional loan products through its offices located in Cloverdale and Greencastle (the Putnam County seat), as well as an office in Coatesville, Indiana located in western Hendricks County. An additional full service branch is located in Franklin, Indiana in Johnson County. Both the Greencastle and Coatesville offices were recently opened with Greencastle beginning operations in October 1995 and Coatesville during the first quarter of 1996. Competition for loans and deposits is strong and comes from a large number of community banks, branches of large regional institutions, and credit unions. Notable competition for retail loans is also provided by mortgage and finance companies. Currently, no legal or economic impediments exist which could restrict the institution's ability to serve the community's credit needs.

As of the September 30, 1996 Call Report, FNB reported total assets of \$118 million and gross loans of \$102 million. The current size of the bank reflects significant growth with a 45% increase in total assets and a 68% increase in gross loans since December 31, 1993. Loans for one-to-four family residential housing purposes represent 54% of gross loans with the remainder of the portfolio divided among commercial, individual, agricultural, and other purposes. FNB had the second largest home loan market share among forty lenders in Putnam County during 1995. The composition of the portfolio has not changed significantly despite the loan growth occurring since 1993. Figure 1 illustrates the bank's total loan mix as of September 30, 1996.

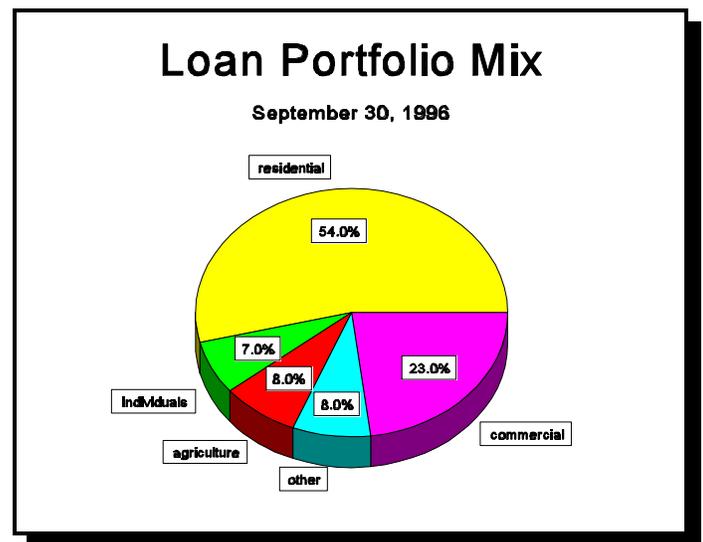


Figure 1

DESCRIPTION OF ASSESSMENT AREA

The bank has two assessment areas; both comply with all regulatory requirements and do not arbitrarily exclude any low- or moderate-income areas.

Putnam County Assessment Area

The Putnam County Assessment Area (AA) consists of Putnam County, two Owen County census tracts adjacent to Putnam County, and one census tract in Hendricks County where the Coatesville branch is located. The single Hendricks County geography lies within the Indianapolis Metropolitan Statistical Area (MSA). Of the ten census tracts within this AA, one Owen County tract is characterized as moderate income and nine are middle income.

According to 1990 census data, the AA contains a population of about 39,000 people and has an approximate median family income of \$30,700.

Johnson County Assessment Area

Johnson County Indiana is adjacent to Indianapolis and within the Indianapolis MSA. It contains nineteen census tracts: two are designated as moderate income, thirteen are middle income, and four are upper income. The 1990 census indicated that Johnson County has a population of 88,000 people and a median family income of \$36,962.

The overall economic condition of both assessment areas is good with increasing trends. Both areas' historical reliance on small manufacturing industries and agriculture is diversifying with increased service and retail business development. Population growth in Putnam and Johnson counties is attributed to both local economic development and an expanding Indianapolis metropolitan area. Unemployment is very low at 2.4% in Putnam County and 2.1% in Johnson County. Community contact interviews revealed that housing and home construction loans are primary needs in both areas and that area institutions adequately offer these types of credit.

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA

FNB's September 30, 1996 loan to deposit (LTD) ratio of 95%, and average LTD ratio over the prior ten calendar quarters of 86%, significantly exceed those of similarly situated banks. In addition to a comparison of national peer banks, composite LTD ratios for state and local banks having total assets between \$75 million and \$200 million were reviewed. At June 30, 1996, the state peer bank group LTD ratio was 73% and the local peer bank group LTD ratio was 74%.

A sample of loans originated during 1996 was reviewed to determine the location and income of borrowers. The analysis included the 346 originated home loans reported on the bank's 1996 quarterly HMDA-LAR report through November 1996 and 19 randomly selected instalment loans. A listing of business and farm loans extended during June-December 1996 was also reviewed. As detailed below, analyses indicated that a majority of all types of loans were extended to borrowers within the bank's assessment areas.

Loans Within the Assessment Area

TYPE	Total		Within AA		Percent Within AA	
	#	\$	#	\$	#	\$
	\$(000's)		(000's)			
Home Loans	346	23,710	251	17,480	73%	74%
Instalment	19	149	17	136	89%	91%
Small Business	230	N/A	210	N/A	91%	N/A

Figure 2

Based on the limited number of low- and moderate-income geographies within the bank's assessment areas, a meaningful analysis of the geographic distribution of loans to these areas could not be performed.

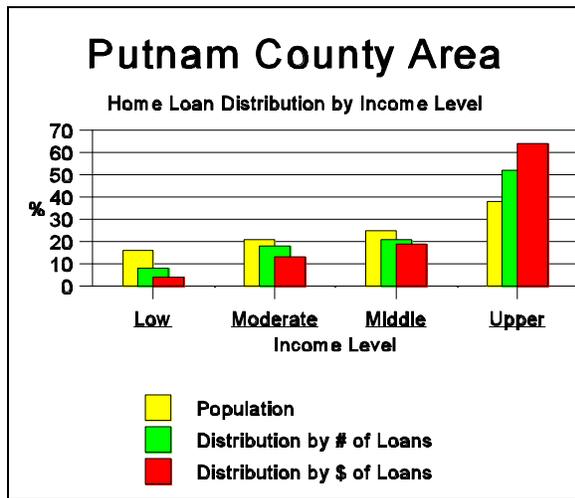


Figure 3

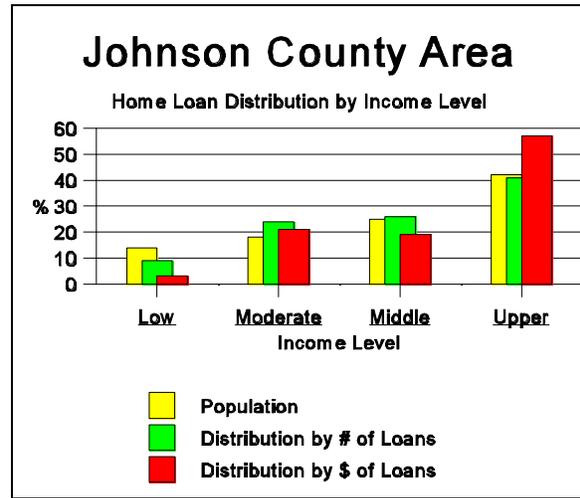


Figure 4

An analysis of 1996 HMDA-LAR data through November 1996 indicates that the bank's record of extending home loans to low- and moderate income borrowers is reasonable and consistent with the income characteristics of both assessment areas.

Within the Putnam County AA (Figure 3), 37% of families are low- or moderate income; FNB made 26% of its home loans to low- or moderate-income borrowers¹. Figure 4 shows that 32% of Johnson County families are low- or moderate-income while loans extended by FNB to low- or moderate-income borrowers represented 33% all 1996 home loans made within Johnson County.² Virtually all of FNB's commercial and agricultural loans are to businesses with less than \$1 million in annual revenues or small farms. Of the business or farm loans extended during September-November 1996, 89% of Johnson County loans and 76% of Putnam County AA loans were originated in amounts of \$100 thousand or less.

¹ Income levels for the Putnam County Area are based on the median family income of \$37,200 as defined by 1995 HUD information for nonmetropolitan areas of Indiana.

² Johnson County Area income distribution is based on 1990 Census data.

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 antidiscrimination laws.