



Comptroller of the Currency
Administrator of National Banks

Central District Office
One Financial Place, Suite 2700
440 South LaSalle Street
Chicago, Illinois 60605

PUBLIC DISCLOSURE

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

December 31, 1996

National City Bank
Charter Number 786
1900 East Ninth Street
Cleveland, Ohio 44115

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

This document is an evaluation of the Community Reinvestment Act (CRA) performance of **National City Bank** prepared by the Office of the Comptroller of the Currency (OCC), the institution's supervisory agency.

The evaluation represents the OCC's current assessment and rating of the institution's CRA performance based on an examination conducted as of **December 31, 1996**. It does not reflect any CRA-related activities that may have been initiated or discontinued by the institution after the completion of the examination.

The purpose of the Community Reinvestment Act of 1977 (12 U.S.C. 2901), as amended, is to encourage each financial institution to help meet the credit needs of the communities in which it operates. The Act requires that in connection with its examination of a financial institution, each federal financial supervisory agency shall (1) assess the institution's record of helping to meet the credit needs of its entire community, including low- and moderate-income neighborhoods, consistent with safe and sound operations of the institution, and (2) take that record of performance into account when deciding whether to approve an application of the institution for a deposit facility.

The Financial Institutions Reform, Recovery and Enforcement Act of 1989, Pub. L. No. 101-73, amended the CRA to require the Agencies to make public certain portions of their CRA performance assessments of financial institutions.

Basis for the Rating

The assessment of the institution's record takes into account its financial capacity and size, legal impediments and local economic conditions and demographics, including the competitive environment in which it operates. Assessing the CRA performance is a process that does not rely on absolute standards. Institutions are not required to adopt specific activities, nor to offer specific types or amounts of credit. Each institution has considerable flexibility in determining how it can best help to meet the credit needs of its entire community. In that light, evaluations are based on a review of 12 assessment factors, which are grouped together under 5 performance categories, as detailed in the following section of this evaluation.

ABBREVIATIONS

The following abbreviations are used in this Public Evaluation:

ATM	-	Automated Teller Machine
BNA	-	Block Numbering Areas (A subdivision of a county having no census tracts for which demographic information is available)
CRA	-	Community Reinvestment Act
FHA	-	Federal Housing Administration
FmHA	-	Farmers Home Administration
HMDA	-	Home Mortgage Disclosure Act
MSA	-	Metropolitan Statistical Area
NCB	-	National City Bank
NCC	-	National City Corporation
NCCDC	-	National City Community Development Corporation
SBA	-	U.S. Small Business Administration
VA	-	Veteran's Administration

ASSIGNMENT OF RATING

Identification of Ratings

In connection with the assessment of each insured depository institution's CRA performance, a rating is assigned from the following groups:

Outstanding record of meeting community credit needs.

An institution in this group has an outstanding record of, and is a leader in, ascertaining and helping to meet the credit needs of its entire delineated community, including low- and moderate-income neighborhoods, in a manner consistent with its resources and capabilities.

Satisfactory record of meeting community credit needs.

An institution in this group has a satisfactory record of ascertaining and helping to meet the credit needs of its entire delineated community, including low- and moderate-income neighborhoods, in a manner consistent with its resources and capabilities.

Needs to improve record of meeting community credit needs.

An institution in this group needs to improve its overall record of ascertaining and helping to meet the credit needs of its entire delineated community, including low- and moderate-income neighborhoods, in a manner consistent with its resources and capabilities.

Substantial noncompliance in meeting community credit needs.

An institution in this group has a substantially deficient record of ascertaining and helping to meet the credit needs of its entire delineated community, including low- and moderate-income neighborhoods, in a manner consistent with its resources and capabilities.

DISCUSSION OF INSTITUTION'S PERFORMANCE

Institution's Rating:

Based on the findings presented below, this institution is rated:

Outstanding record of meeting community credit needs.

Evaluation Period - The bank's previous Public Disclosure is dated August 31, 1995. The current disclosure evaluates the bank's performance from September 1, 1995 through December 31, 1996.

National City Bank (NCB) manages its obligations under the Community Reinvestment Act as a distinct legal entity. It does not rely in any fundamental way on the lending activities of affiliated lenders for the evaluation of its performance or for the rating contained in the Performance Evaluation. It does rely on National City Community Development Corporation (NCCDC), an affiliate, for the community development activities discussed in this evaluation.

Bank Profile - NCB is a wholly-owned subsidiary of National City Corporation (NCC), a multi-bank, diversified financial services company headquartered in the City of Cleveland, Cuyahoga County, Ohio. NCC operates 11 commercial banks in Ohio, Indiana, Kentucky, and Pennsylvania. As of December 31, 1996, NCC had assets of \$51 billion.

NCB's primary lending focus is commercial lending. Its loan to deposit ratio is 100% as of December 31, 1996. This compares favorably to the peer bank average of 90%.

Table 1 shows pertinent financial information for the period under review.

Table 1. Year-end Assets, Income, and Return on Assets
\$(millions)

	1995	1996
Average Assets	\$9,660	\$9,810
Net Income	\$142	\$155
Return on Average Assets	1.47%	1.58%

Source: Consolidated Report of Income and Condition

Community Profile - NCB delineates its local community based on geographical boundaries and branch locations. As of December 31, 1996, NCB's community delineation includes the following: Cuyahoga, Lorain, Geauga, Medina, and Lake counties in the Cleveland-Lorain-Elyria Metropolitan Statistical Area (MSA) #1680; the northern-most tracts of Summit and Portage counties in the Akron MSA #0080; and all of Seneca, Ottawa, Huron, and Erie counties, which are not in an MSA.

NCB's main office is in Cleveland, Ohio, the largest city in the delineated community. Cleveland is located in northern Ohio, on the south shore of Lake Erie. Primary industries in the Cleveland-Lorain-Elyria and the Akron MSAs include health services, capital goods, government services, automotive, steel manufacturing, and financial services. The economy of Seneca, Ottawa, Huron, and Erie counties is dependent on agriculture and tourism associated with these counties' close proximity to the Lake Erie Islands. The overall economic outlook of the community is generally stable.

Competition from other commercial banks, savings and loans, independent mortgage companies, and credit unions is strong.

As of the 1990 census, median family income for the community was \$35,154. The community consists of 705 census tracts and 56 BNAs, as follows:

Table 2. Census Tract Characteristics

Tract Characteristics	Number of Tracts	% of Total Tracts	% of Total Population	# of Housing Units
Low- and Moderate-income (<80% of Median)	230	30	22	229,925
Middle-income (80% to 120%)	327	43	49	484,999
Upper-income (>120%)	187	25	29	265,349
NA	17	2	<1	150

Source: 1990 U.S. Census

Table 3 shows additional demographic information for NCB's delineated community.

Table 3. Demographic Information for NCB's Delineated Community

	Totals
Population	2,393,212
# housing units	980,423
# occupied housing units	914,529
# owner-occupied housing units	614,948

Source: 1990 U.S. Census

The table shows that NCB's delineated community includes a high level (93%) of occupied housing units and a moderate level (62%) of owner-occupied housing units.

The average unemployment rate for the counties within the community is 5.9%. However, in rural Huron and Ottawa counties the unemployment rate is near 10%. The State of Ohio unadjusted rate is 4.8%. This information is provided by the Ohio Bureau of Employment Statistics, December, 1996.

It should also be noted that although the unemployment rate in Lorain County is currently 6.8%, the recent announcement by Ford Motor Company to close a large portion of its Lorain manufacturing facility may have a negative impact on that county's employment.

Community Credit Needs - Our evaluation included contacts with representatives from local government, neighborhood-based community development corporations, and religious leaders. These contacts were used to identify community credit needs.

Community credit needs identified include:

- Financing for affordable home ownership
- Home improvement loans
- Education programs that address home ownership and small business planning

These needs have also been identified by NCB. See Assessment Factor A for NCB's responses to these credit needs.

I. ASCERTAINMENT OF COMMUNITY CREDIT NEEDS

***Assessment Factor A** - Activities conducted by the institution to ascertain the credit needs of its community, including the extent of the institution's efforts to communicate with members of its community regarding the credit services being provided by the institution.*

- **NCB has established an effective program of outreach to its local communities, which enables it to be aware of credit needs on an ongoing basis.**

NCB continues its strong efforts toward ascertaining the community credit needs. Management determines credit needs through a variety of means including a formal calling program, contacts with community group representatives, and data analysis. NCB maintains contacts with a wide variety of civic, small business, and commercial and residential development groups, particularly those serving low- and moderate-income individuals. In addition, contacts are ongoing with several government officials and private and nonprofit developers.

The extensive network of community contacts and relationships allow for ongoing feedback about community credit needs. Several working partnerships with community development corporations (CDCs) have resulted from these contacts. Through its participation in several different CDC projects, bank management may keep abreast of community needs on a first hand basis.

NCB loan originators work directly with private developers on specific housing developments. The bank is able to offer affordable financing for low- and moderate-income borrowers and ascertain community credit needs through these relationships.

Through its outreach efforts, NCB has identified the following primary credit needs:

- Availability of financing for home purchase mortgages and investment products, affordable to low- and moderate-income occupants
- Financing for repair and rehabilitation of owner occupied and investor owned units
- Information, credit counseling, and/or business assistance for potential home purchasers, existing home owners, and entrepreneurs

NCB continues to offer a variety of home purchase mortgage products, flexible to fit the needs of the low- and moderate-income borrower. These products include RIGHT Option, RIGHT Alternative, RIGHT Rehab, CHAMP, and government guaranteed loans.

As a result of its outreach efforts, NCB formed a partnership with Cleveland Action to Support Housing (CASH) to develop a special home improvement product geared towards the low- and moderate-income borrower, the RIGHT Rehab loan. To date, this product is only offered in the Cleveland market due to its involvement with CASH. CASH is in the process of modifying its charter to enable NCB to offer this product throughout the delineated community. Discussion has

now centered on modifying the RIGHT Rehab product to allow investor-owned units to qualify.

NCB has entered into agreements with Lutheran Housing Corporation and Consumer Credit Counseling to address the need for credit counseling and business assistance for potential home buyers and entrepreneurs. In addition, NCB frequently sponsors or actively participates with community groups in a variety of home ownership and small business finance seminars.

Meetings with housing and economic development organizations have recently resulted in a new initiative to provide in-depth foreclosure prevention counseling. NCB plans to work closely with neighborhood groups to minimize the impact of properties in the foreclosure process. This initiative includes representatives of Cleveland Housing Network, Buckeye Area Development, Stockyard Area Development, Consumer Credit Counseling, Lutheran Housing Corporation and NCB.

These programs are addressed in detail under Assessment Factors B, I, and L.

***Assessment Factor C** - The extent of participation by the institution's board of directors in formulating the institution's policies and reviewing its performance with respect to the purposes of the Community Reinvestment Act.*

- **The Board of Directors takes an active role in the formulation of CRA policies and practices.**

CRA is an integral part of the Board and management planning process. A formal, written CRA program exists. This program includes policy statements, goals and objectives for each service area, and a CRA Officer. An effective annual self-assessment process is in place. The Board and senior management are apprised of the bank's CRA program on an ongoing basis through periodic reports and the self-assessment program.

The Board of Directors has adopted the CRA policy developed by NCC. This policy is customized to create the bank's CRA program. The Board and Senior management are actively involved in the development of the CRA program through their respective committees, the Board Public Policy Committee and the Management Public Policy Committee. Both committees provide active oversight of the CRA program. The CRA program is reviewed and adopted by the full Board of Directors on an annual basis.

NCB is in compliance with the technical requirements of CRA. The current CRA statement was approved by the Board of Directors on October 1, 1996.

II. **MARKETING AND TYPES OF CREDIT OFFERED AND EXTENDED**

***Assessment Factor B** - The extent of the institution's marketing and special credit-related programs to make members of the community aware of the credit services offered by the institution.*

- **NCB makes a strong effort to ensure that its entire community is aware of the products and services it offers.**

NCB develops a formal marketing plan annually. The plan is designed to promote products tailored to meet the particular credit needs ascertained in the community. NCB uses a variety of media sources to ensure community awareness of its loan and deposit products.

Primary vehicles used in the bank's advertising efforts include: targeted advertisements; involvement in housing expos and community events; direct mailings to realtors, consumers, and small businesses; small business seminars and networking events; small business call program; branch promotions; and the distribution of the NCB Inside Track Newsletter.

Marketing is done through the traditional media of newspaper, radio, magazines, publications, and television, as well as an extensive network of community groups and realtors. Media selection is designed to inform the entire community and does not exclude any low- and moderate-income areas. Both image and targeted methods are used to market products and services throughout the community. Products are also marketed through its extensive branch network, point of sale posters, and alternative delivery vehicles such as the Service 24 telephone line and database marketing.

Targeted methods are used to market products designed to meet the needs of low- and moderate-income consumers. Media used in these instances are newspaper, local community publications, and radio. Local community publications include Russiky Magazine, Nuevo Horizontes, Cudell News, Plain Press, Kaleidoscope (minority magazine), and the Living in Cleveland Center Mortgage Bulletin. These advertisements highlight products specifically designed to meet the credit needs of low- and moderate-income borrowers.

***Assessment Factor I** - The institution's origination of residential mortgage loans, housing rehabilitation loans, home improvement loans and small business loans.*

- **NCB's level of origination of mortgage, home improvement and small business loans within its community reflects a strong level of responsiveness to identified credit needs.**

NCB offers a variety of consumer and commercial loan products to meet identified credit needs. The current CRA Statement correctly lists the credit products offered by the bank. These products are readily available throughout the entire delineated community.

- Residential: Purchase money mortgage loans, home improvement loans, home equity loans and lines of credit
- Consumer: Installment loans, lines of credit, credit cards, and education loans
- Commercial: Term loans and lines of credit

NCB continues to offer its RIGHT and CHAMP affordable home mortgage products. The RIGHT loans offer flexible underwriting guidelines primarily to first-time home buyers with limited incomes or to those purchasing homes within targeted areas. The CHAMP loan provides low interest mortgages to purchasers of homes in the City of Cleveland that have been built or renovated with the cooperation of NCCDC. Table 4 shows the level of originations in these programs during 1996. Affordable loan originations represent 14% of the total number of originations in 1996, indicating a strong level of responsiveness to this credit need.

Table 4. 1996 Affordable Loan Originations

	# of loans	\$(millions)
RIGHT	367	\$19,918
CHAMP	22	\$2,405
Total	389	\$22,323

Source: Internal Bank Reports

Table 5 below shows significant mortgage loan activity generated by NCB during the review period. This table includes the affordable loans that are detailed above. It indicates that there was a 10% increase in the number, and a 23% increase in the dollar amount of mortgage loans originated between 1995 and 1996.

Table 5. Housing-Related Loan Originations

	1995		1996	
	#	\$(millions)	#	\$(millions)
Mortgage	2,491	\$223	2,743	\$274
Home Improvement	1,958	\$25	1,947	\$25
Total	4,449	\$248	4,690	\$299

Source: Internal Bank Reports

The table below shows the breakdown of small commercial loans originated by NCB in 1996. Small businesses are generally defined as those with annual revenues of less than one million dollars. Ninety-four percent of these loans were made to businesses located within the delineated community. These numbers were not available in 1995. The table indicates that 75% of the small business loans made in 1996 were for amounts of less than \$100,000; the average loan size was \$112,000. This demonstrates the fact that the bank is making small loans to small businesses.

Table 6. 1996 Small Business Loans

Loan Amounts	# of loans	\$(000)
<\$100,000	1,165	\$32,723
>\$100,000 & < \$250,000	196	\$34,816
>\$250,000	187	\$105,176
Total	1,548	\$172,715

Source: Internal Bank Reports

During 1996, NCB originated 77 farm loans totaling over \$4.8 million. These loans were primarily in the more rural counties of the bank’s delineated community. The vast majority (91%) of the loans were made to farms with annual revenues of less than one million dollars. Once again, this demonstrates management’s focus on providing small loans to small farms.

***Assessment Factor J** - The institution's participation in government insured, guaranteed or subsidized loan programs.*

- **NCB’s participation in government programs is strong.**

NCB is involved in several programs sponsored by federal, state, and local government agencies whose purposes are to assist in financing small businesses and home ownership. Federal government programs include the Small Business Administration (SBA), which guarantees small business loans, and the FHA, VA, and FmHA, which insure or guarantee home loans. State and local government programs include the State of Ohio Linked Deposit program, which links state treasury deposits to small business loans; the City of Cleveland Storefront revitalization program, which is a rebate program in connection with loans to redesign storefronts in Cleveland neighborhoods; and the City of Cleveland Microloan program, which offers “start-up” assistance. These programs are principally designed to assist small businesses.

NCB’s participation in these programs is detailed in the table below. Table 7 shows that government programs are used extensively to assist small businesses in obtaining affordable credit.

Table 7. Government Program Originations

Government Program	1995		1996	
	#	\$(000)	#	\$(000)
SBA	17	\$2,483	16	\$2,162
Ohio Linked Deposit	16	\$2,756	15	\$4,980
Microloans	2	\$29	2	\$23
Storefront	1	\$20	3	\$154
FHA/VA/FmHA	14	\$976	18	\$1,675
Total	50	\$6,264	54	\$8,995

Source: Internal Bank Reports

III. GEOGRAPHIC DISTRIBUTION AND RECORD OF OPENING AND CLOSING OFFICES

Reasonableness of Delineated Community

NCB's delineated area, as defined previously in the evaluation, is reasonable, and does not arbitrarily exclude low- and moderate-income areas.

***Assessment Factor E** - The geographic distribution of the institution's credit extensions, credit applications, and credit denials.*

- **The geographic distribution of NCB's credit extensions, credit applications, and denials is good. NCB has received applications and has extended credit throughout the delineated community.**

The following tables show the distribution of various residential mortgage products that are reported on Home Mortgage Disclosure Act Loan Application Registers (HMDA-LAR). This information is only reported for applications and loans within MSAs. Our market share analysis is based on the number of applications received and loans originated by over 350 providers of mortgage products within the Cleveland-Lorain-Elyria and the Akron MSAs.

Numbers of loans, rather than the dollar amount of those loans, are used for this analysis. They are most meaningful for comparison purposes as they are more indicative of the number of borrowers being served.

Census tract characteristics were identified under the Community Profile section of this report. Our market share analysis focuses on 1995. Comparable information for 1996 is not yet available. Table 8 shows that NCB's overall market share of all loans within low- and moderate- income census tracts was comparable to its overall market share.

**Table 8. 1995 Market Share by Tract Characteristics
(Market Position)
MSA 1680 & 0080**

	Low/Mod	Mid	Upper	Total
Purchase Money Applications	7% (2)	3% (7)	3% (6)	4% (3)
Purchase Money Loans	7% (2)	3% (5)	4% (5)	4% (3)
Home Improvement Applications	9% (3)	11% (3)	17% (2)	12% (3)
Home Improvement Loans	11% (3)	13% (3)	18% (2)	13% (3)
Total Applications	6% (5)	4% (5)	5% (4)	5% (4)
Total Loans	7% (3)	5% (4)	6% (3)	6% (4)

Source: HMDA-LAR

Also considered in this evaluation is the total number of HMDA-reportable loans that NCB originated within various census tracts and to borrowers of various income levels. In 1995, this distribution was available only for loans originated within MSAs. NCB originated an additional 1,145 loans outside of the MSAs in 1995, which are not included in the analysis below. The 1996 tables include all of the delineated community.

Tables 9 and 10 show a significant level of loan distribution across both census tracts and the income levels of borrowers. Income levels of borrowers and families are irrespective of where they live within the community. These tables support our conclusion that NCB is reasonably meeting the credit needs of its delineated community.

Table 9. 1995 Loan Originations by Tract Characteristics

	Low/Mod	Mid	Upper	Total
Number of Loans	730	1,524	1,050	3,306
% of Loans Originated	22%	46%	32%	
% of Total Tracts	30%	43%	25%	
% of Housing Units	23%	49%	27%	

Source: HMDA-LAR

Table 10. 1995 Loan Originations by Borrower Income Characteristics

	Low/Mod	Mid	Upper	NA*	Total
Number of Loans	1,146	756	1,217	187	3,306
% of Loans Originated	35%	23%	37%	5%	
% of Families	36%	24%	40%	0%	

Source: HMDA-LAR

*Income not available

Tables 11 and 12 include all HMDA-reportable loans originated within NCB's delineated community during 1996. These tables show similar distribution to that noted in 1995.

Table 11. 1996 Loan Originations by Tract Characteristics

	Low/Mod	Mid	Upper	Total
Number of Loans	823	2,262	1,316	4,403
% of Loans Originated	19%	51%	30%	
% of Total Tracts	30%	43%	25%	
% of Housing Units	23%	49%	27%	

Source: HMDA-LAR

Table 12. 1996 Loan Originations by Borrower Income Characteristics

	Low/Mod	Mid	Upper	NA*	Total
Number of Loans	1,357	1,111	1,685	250	4,403
% of Loans Originated	31%	25%	38%	6%	
% of Families	36%	24%	40%	0%	

Source: HMDA-LAR

*Income not available

NCB performs a distribution analysis of its consumer deposit and loan portfolios among various census tracts. The following table shows the results of the distribution analysis for 1996. This analysis represents number of accounts and percentage of total accounts. The analysis is based on loans outstanding as of year-end 1996, and does not reflect loans that may have been sold to third parties. Table 13 shows that the loan distribution is comparable to the distribution of deposits.

Table 13. 1996 Distribution Analysis by Tract Characteristics

	Low/Mod		Mid		Upper	
	#	%	#	%	#	%
CONSUMER DEPOSITS	71,783	15%	239,585	50%	169,732	35%
Consumer Mortgage Loans	2,043	14%	7,688	54%	4,553	32%
Other Consumer Loans	29,508	12%	121,997	51%	87,677	37%
TOTAL CONSUMER LOANS	31,551	12%	129,685	51%	92,230	37%

Source: Internal Bank Reports

Assessment Factor G - *The institution's record of opening and closing offices and providing services at offices.*

- **NCB's branch offices are reasonably accessible and have a good record of providing services to all segments of the community.**

NCB has 94 full service offices located throughout the community. Eighty-nine of these offices have Automated Teller Machines (ATM) and 40 have drive-in service. There are 18 freestanding ATM stations. Sixteen offices are in low- and moderate-income census tracts. Most offices are open six days per week, with extended hours on Friday and limited hours on Saturday. Three offices are open on Sundays.

During the review period, NCB closed one office, relocated three, consolidated two, and opened two.

The Euclid-260th office, located in a low- and moderate-income census tract, was closed. The impact of the closing was mitigated by the fact that customer accounts were transferred to a nearby office within two miles. Management met with representatives of the City of Euclid and solidified NCB's commitment to continue service to the low- and moderate-income community.

The effect of the relocation of offices was mitigated by the fact that the new locations are nearby and within the same community. They are located in grocery stores, which provides a special convenience to shoppers.

The Venice Road Office was consolidated into the Washington Street Office, a low-income area of Sandusky.

In each of the above cases, NCB complied with the NCC branch closing policy which requires detailed analysis of the effect of the closings on the customer base of the branch. The institution's record of closing offices has not had an adverse impact on its local community.

New offices opened in Aurora and Chagrin Falls will further enhance customer accessibility. Both offices are in upper-income census tracts.

In addition to the branch network available to provide banking services to its community, NCB offers 24-hour customer sales and service telephone banking.

NCB offers a low-cost lifeline checking product for customers with limited banking needs. As of December 31, 1996, NCB had 12,446 of these accounts opened, with average balances of \$478. Twenty-six percent of these accounts were held by individuals living in low-and moderate-income areas.

IV. DISCRIMINATION AND OTHER ILLEGAL CREDIT PRACTICES

***Assessment Factor D** - Any practices intended to discourage applications for types of credit set forth in the institution's CRA Statement(s).*

- **NCB does not discourage credit applicants on a prohibited basis.**

NCB affirmatively solicits credit applications from all segments of its community, including low- and moderate-income areas. Policies, procedures, and training promote fair lending. NCB's policy on non-discrimination in lending states that NCB is committed to full compliance with the letter and the spirit of all regulations governing fair lending.

Training in fair lending laws and principles is provided to all applicable employees. NCB has implemented procedures, such as second review of denied loan applications, in order to detect and address potential discriminatory practices.

***Assessment Factor F** - Evidence of prohibited discriminatory or other illegal credit practices.*

- **NCB is in compliance with fair lending and fair housing laws and regulations. No violations or illegal practices were noted.**

Our examination included testing for compliance with the Equal Credit Opportunity Act and the Fair Housing Act. We performed a review of direct home improvement loan applications, testing for illegal discrimination based on race of the applicant. We compared a sample of denied applications from black applicants to a sample of approved applications from white applicants, testing for non-discriminatory application of the bank's credit scoring system. All of these loan applications were received by NCB during the second half of 1996. Our review found no evidence of illegal discrimination.

V. COMMUNITY DEVELOPMENT

***Assessment Factor H** - The institution's participation, including investments, in local community development and redevelopment projects or programs.*

- **NCB actively participates in community development projects through direct loans, contributions, and its community development affiliate, NCCDC. Both NCB and NCCDC are leaders in providing funding and expertise to revitalize and stabilize the communities that they serve.**

NCB makes direct loans to address community development needs. During 1996, 14 such loans were originated for a total of \$15 million. Some examples of these loans are:

- \$600,000 working capital line of credit to a construction company that specializes in the rehabilitation of inner city homes
- \$800,000 revolving line of credit to a developer to build 25 single-family homes in a low-income neighborhood in the City of Cleveland
- \$65,000 loan to a neighborhood development corporation whose goal is to halt the deterioration of and stimulate reinvestment in target area neighborhoods in the City of Sandusky and Perkins Township

Also during the review period, NCB contributed nearly \$300 thousand to over 30 organizations that promoted community development within the local community. These organizations specifically support local development, provide social services to low- and moderate-income people, and assist low- and moderate-income individuals with housing needs.

Since its inception in 1982, NCCDC has acted as a catalyst to assist in revitalizing the communities it serves. It has been a leader in establishing partnerships with both for-profit and not-for-profit developers to construct new housing and rehabilitate existing structures. Over the years, NCCDC has invested over \$31 million in community development projects within NCB's local community. These projects total nearly \$310 million. During this review period, NCCDC provided equity funding of over \$3 million to projects totaling \$12.3 million. These projects provided nearly 750 units of affordable housing throughout NCB's delineated community.

Assessment Factor K - *The institution's ability to meet various community credit needs based on its financial condition and size, legal impediments, local economic conditions and other factors.*

- **There are no financial impediments which inhibit NCB's efforts to help meet the credit needs of its delineated community.**

NCB participates in CRA activities commensurate with its size and financial capacity. The Community and Bank profiles detailed earlier provide further information on the financial trends of the institution and the local economy.

Assessment Factor L - *Any other factors that, in the regulatory authority's judgement, reasonably bear upon the extent to which an institution is helping to meet the credit needs of its entire community.*

- **None noted.**