

# LARGE BANK

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Comptroller of the Currency  
Administrator of National Banks

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Washington, DC 20219

## Public Disclosure

June 12, 2000

### Community Reinvestment Act Performance Evaluation

First Merchants Bank, N.A.  
Charter Number: 2234

200 East Jackson Street  
Muncie, Indiana 47308-0792

Office of the Comptroller of the Currency

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**NOTE:** 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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## 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 CRA performance of First Merchants Bank, N.A. prepared by the Office of the Comptroller of the Currency (OCC), the institution's supervisory agency, as of June 12, 2000. The agency evaluates performance in assessment area(s), as they are delineated by the institution, rather than individual branches. This assessment area evaluation may include the visits to some, but not necessarily all, of the institution's branches. The agency rates the CRA performance of an institution consistent with the provisions set forth in Appendix A to 12 CFR Part 25.*

## Definitions and Common Abbreviations

The following terms and abbreviations are used throughout this Performance Evaluation. 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 by another company. A company is under common control with another company if both companies are directly or indirectly controlled by the same company. A bank subsidiary is controlled by the bank and is, therefore, an affiliate.

**Block Numbering Area (BNA)** - Statistical subdivisions of counties in which census tracts have not been established. BNAs have been established by the United States Census Bureau in conjunction with state agencies.

**Census Tract (CT)** - Small, locally defined statistical areas within metropolitan statistical areas. These areas are determined by the United States Census Bureau in an attempt to group homogenous populations. A CT has defined boundaries per ten year census and an average population of 4,000.

**Community Development (CD)** - Affordable 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 the size eligibility standards of the Small Business Administration's Development Company or Small Business Investment Company programs (13 CFR 121.301) or have gross annual revenues of \$1 million or less; or, activities that revitalize or stabilize low- or moderate-income geographies.

**Community Reinvestment Act (CRA)** - The statute that requires the OCC to evaluate a bank's record of meeting the credit needs of its local community, 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.

**FMB** - First Merchants Bank, N.A.

**Full-Scope Review** - Performance under the Lending, Investment and Service Tests is analyzed considering fully understood performance context, quantitative factors (e.g., geographic distribution, borrower distribution, total number and dollar amount of investments, branch distribution) and qualitative factors (e.g., innovation, complexity).

**Geography** - A census tract or a block numbering area 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 do 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, and the disposition of the application (e.g., approved, denied, withdrawn).

**Home Mortgage Loans** - Such loans include home purchase and home improvement loans, as defined in the HMDA regulation. This definition also includes multifamily (five or more families) dwellings loans, loans for the purchase of manufactured homes and refinancing of home improvement and home purchase loans.

**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 investments, branch distribution).

**Low-Income** - Income levels that are less than 50% of the median family income.

**Median Family Income (MFI)** - The median income determined by the United States Census Bureau every ten years and used to determine the income level category of geographies. Also, the median income determined by the Department of Housing and Urban Development 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 it and half below it.

**Metropolitan Statistical Area (MSA)** - Area defined by the Director of the United States Office of Management and Budget. MSAs consist of one or more counties, including large population centers and nearby communities that have a high degree of interaction.

**Middle-Income** - Income levels that are at least 80% and less than 120% of the MFI.

**Moderate-Income** - Income levels that are at least 50% and less than 80% of the MFI.

**Small Business Loans** - Loans with original amounts of \$1 million or less that are: (1) secured by nonfarm nonresidential properties; or (2) commercial and industrial loans to U.S. addresses.

**Small Farm Loans** - Loans with original amounts of \$500 thousand or less that are: (1) secured by farmland; or (2) to finance agricultural production and other loans to farmers.

**Tier 1 Capital** - The total of common shareholders' equity, perpetual preferred shareholders' equity with noncumulative dividends, retained earnings and minority interests in the equity accounts of consolidated subsidiaries.

**Upper-Income** - Income levels that are 120% or more of the MFI.

## Overall CRA Rating

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

The following table indicates the performance level of First Merchants Bank, N.A. with respect to the Lending, Investment, and Service Tests:

Performance Levels	First Merchants Bank, N.A. Performance Tests		
	Lending Test*	Investment Test	Service Test
Outstanding			
High Satisfactory			
Low Satisfactory	X	X	X
Needs to Improve			
Substantial Noncompliance			

\* The Lending Test is weighted more heavily than the Investment and Service Tests when arriving at an overall rating.

The major factors that support this rating include:

- FMB's distribution of loans among borrowers of different income levels throughout its AAs is adequate. FMB's small business lending to businesses with revenues of less than \$1 million is lower than the level of businesses in its AAs which have revenues below \$1 million. FMB's home purchase and home improvement lending to moderate-income borrowers exceeds the level of moderate-income families in the Muncie MSA. However, lending to low-income borrowers is significantly lower than the level of low-income families in both AAs for home purchase loans.
- The distribution of small business loans among low- and moderate-income CTs in the AAs is good. FMB's lending performance exceeds the distribution of businesses in the low-income tracts in the Muncie MSA but is lower than the percent of businesses in the moderate-income tracts in this MSA.

- The distribution of FMB's HMDA loans among different income level geographies is adequate. FMB's home purchase lending in low-income geographies mirrors the level of owner-occupied units in the low-income CTs in the Muncie MSA. Home purchase and refinance lending in moderate-income geographies is significantly below the level of owner-occupied units in these CTs.
- Investments reflect an adequate responsiveness by FMB to the needs of its AAs.
- First Merchants' delivery systems are reasonably accessible to geographies and individuals of different income levels in the institution's assessment areas.

## Description of Institution

First Merchants Bank, National Association (FMB) is an intrastate institution headquartered in Muncie, Indiana. FMB has two (2) assessment areas, both of which are located in the state of Indiana. FMB services the Muncie, Indiana MSA and Hamilton County, which is part of the Indianapolis MSA. The bank operates 15 offices and 23 ATMs. Each branch has an Automated Teller Machine (ATM) on the premises except two. There are two ATMs at the Main Office, Muncie Mall, and Village locations. FMB also has seven freestanding ATMs. There are 12 branches and 20 ATMs in the Muncie MSA and three branches and three ATMs in Hamilton County. The distribution of the branches in the Muncie MSA shows no branches located in low-, two located in moderate-, seven located in middle-, and three located in upper-income CTs. All the branches and ATMs in Hamilton County are in upper-income census tracts.

FMB is wholly owned by First Merchants Corporation (FMC), which is headquartered in Muncie, Indiana. In addition to FMB, FMC owns five other community banks as well as an insurance company. As of December 31, 1999, FMC had total assets of \$1.5 billion.

FMB had \$780 million in total assets, \$540 million in total loans, and \$78 million in Tier I capital on December 31, 1999. The loan portfolio is 52% real estate secured. Thirty-two percent (32%) of the portfolio is 1-4 family residential loans, 13% is commercial real estate loans, 4% is construction loans, 2% is multifamily loans, and less than 1% is secured by farmland. Another 26% are commercial loans, 18% are loans to individuals, 1% credit card loans, and 4% other loans.

There are no financial, legal or other factors which impede the bank's ability to meet its communities' credit needs.



## Scope of the Evaluation

### Evaluation Period/Products Evaluated

We reviewed home mortgage, small business, and small farm loans for the time period of January 1, 1998 to December 31, 1999. Community development loans were reviewed from December 10, 1997 through June 12, 2000. FMB's last CRA evaluation dated December 10, 1997 rated the bank "Satisfactory."

Our review of investments included a review of FMB's investment portfolio and an analysis of the donations and grants made between December 10, 1997 and June 12, 2000. We considered investments and donations or grants to organizations that have community development as their primary purpose. Our evaluation of bank services included analyzing the bank's branch and ATM network for the availability and effectiveness of delivering retail-banking services. We analyzed the effect of changes in branch locations since our previous CRA examination. We also considered the extent and innovativeness of the bank's community development services in meeting the credit needs of its AAs.

### Data Integrity

We verified a sample of HMDA, small business, and small farm loans to determine the accuracy of data presented by the bank. We reviewed the sample of HMDA-reportable transactions to ensure the purpose, action taken, location, race, gender, applicant income, and loan size were accurately included on FMB's Loan Application Report (LAR). We reviewed the sample of small business and small farm loans to ensure the loan type, original amount, location, and gross revenue were accurately reported. We noted significant errors in key fields of HMDA, small business, and small farm data during our review. FMB management performed a file search for all small business/small farm and HMDA loans reported during 1998 and 1999 and corrected all errors noted. Our second review of HMDA, small business, and small farm data noted only minor clerical errors. This performance evaluation is based on accurate data following FMB's file search.

We also reviewed bank investments and donations made from December 10, 1997 through June 12, 2000. The bank submitted several loans, investments, and donations for our review that did not meet the definition of community development. We determined which investments and organizations met the definition of community development and included those under the Investment Test.

## Selection of Areas for Full-Scope Review

Our analysis included full-scope examination procedures for both of FMB's assessment areas. Although the bank's lending performance is limited in the Hamilton County AA, we included this area in our full-scope review since this is a new AA for the bank since our last examination. Please refer to the table in Appendix A for additional information on the scope of our review.

## Ratings

FMB's overall rating and ratings assigned to each test are the consolidation of conclusions reached for each full-scope AA. When consolidating AA conclusions into overall ratings, significantly more weight was given to the Muncie MSA than the Hamilton County AA based on the significance of the Muncie MSA to FMB. Only 1% of FMB's deposits and 4% of the loans made during this evaluation period are from Hamilton County. The low level of deposits and loans in this AA is a result of FMB's recent entry into this market as defined in the Market Profile in Appendix B of this report.

When determining conclusions for the Lending Test in each AA, small loans to businesses were weighted more heavily than home mortgage products or small loans to farms, as commercial loans represent a larger portion of FMB's loan portfolio and are a stronger focus of its business strategy.

## Other

We conducted four community contact interviews during our evaluation. We contacted three organizations in the Muncie MSA and one organization in Hamilton County. The contacts included one county government office, one affordable housing organization, and two realtors. The contacts indicated that the major credit needs of the community were being met by the local financial institutions. The contacts stated that there is a broad range of credit products being offered. One of the contacts believed that more flexible products geared toward low- and moderate-income individuals were needed. One of the contacts stated that more could be done to make consumers aware of the special programs currently available. Another of the contacts stated that the more flexible lending products that are geared towards low- and moderate-income individuals are being offered by institutions such as smaller mortgage companies or insurance agencies that work with lenders outside of the local area. All contacts stated that it had been their experience that all consumers desiring loans were able to find financing, regardless of their income status or credit history.

## **Fair Lending Review**

We conducted a review of used automobile loans to test for compliance with antidiscrimination laws. We performed a comparative file analysis based on gender. We did not find any evidence of disparate treatment. No violations of the substantive provisions of the antidiscrimination laws and regulations were identified.

## Conclusions with Respect to Performance Tests

### LENDING TEST

The bank's performance under the Lending Test is rated "Low Satisfactory." Based on full-scope reviews, the bank's performance in both AAs is adequate.

#### Lending Activity

Refer to Table 1 in Appendix C for the facts and data used to evaluate the bank's lending activity.

##### Muncie MSA:

Loans originated during the evaluation period reflect adequate responsiveness to identified credit needs. FMB extended 2,184 loans totaling \$175 million in the Muncie MSA. Of these, 57% were home mortgage loans and 39% were small business loans. At only 4%, the volume of small farm originations are not material. Agricultural lending is not a primary business line of FMB. Among home mortgage loan originations and purchases, 38% were for home purchase, 25% were for home improvement, and 38% were for home mortgage refinance.

FMB's overall deposit market share is 40.18% in the Muncie MSA, which is the highest of eight financial institutions. FMB is ranked first of 31 lenders with a 29.4% market share for small business lending in the Muncie MSA. FMB also ranks first of the 231 lenders with a 12% market share of all HMDA loans.

##### Hamilton County:

Loans originated during the evaluation period reflect adequate responsiveness to identified credit needs. FMB extended 86 loans totaling \$13.5 million in its Hamilton County AA. The loans originated or purchased were almost evenly split between home mortgage and small loans to businesses. There were no small farm originations or purchases in this AA during the evaluation period.

FMB's deposit market share is a very low 0.41% in this AA, which is 16<sup>th</sup> of 20 financial institutions in this county. FMB ranks 19<sup>th</sup> of 59 lenders with a market share of less than 1% for small business loans. FMB ranks 134<sup>th</sup> of 391 lenders with a minimal (0.07%) market share of HMDA loans.

## **Distribution of Loans by Income Level of the Geography**

### ***Home Mortgage Loans***

Refer to Tables 2, 3 and 4 in Appendix C for the facts and data used to evaluate the geographic distribution of the bank's home mortgage loan originations and purchases.

The overall geographic distribution of home mortgage loans is adequate in both full-scope AAs.

### **Home Purchase Loans**

Refer to Table 2 in Appendix C for the facts and data used to evaluate the geographic distribution of the bank's home purchase loan originations and purchases.

The geographic distribution of home purchase loans is adequate in both full-scope AAs.

#### **Muncie MSA:**

The geographic distribution of home purchase loans reflects an adequate level of lending in low- and moderate-income census tracts in the AA. The bank originated 463 home purchase loans in the Muncie MSA in 1998 and 1999. The bank made nine (2%) loans in the low-income census tracts and made 46 (10%) of the loans in moderate-income tracts. Owner-occupied units in the low- and moderate-income tracts equal 2% and 22% of the owner-occupied units in the assessment area, respectively. While FMB's overall performance is reasonable, the bank shows a low level of lending in moderate-income geographies. The bank's performance is less than 50% of the level of owner-occupied units in moderate-income census tracts. However, the median housing value for the nine moderate-income census tracts is only \$25,200. This is significantly below the median housing value for the MSA (\$41,326) and the average selling price of homes in the past year (based on our community contact). The value of these homes is reflective of their general state of disrepair. Therefore, it is important to note FMB has an excellent level of home improvement lending in these tracts. FMB's lending in low-income geographies is good. The bank's percentage of lending in low-income geographies matched the percentage of owner-occupied units in those tracts.

The bank ranks second among 131 lenders with a market share of 14% of the number of home purchase loans made in the AA. Although FMB's market share is good, the bank's market share in the low- (9.8%) and moderate-income (8.8%) tracts is less than the overall market share and the market share obtained in the middle- (15.4%) and upper-income (14.8%) tracts.

## Hamilton County:

The geographic distribution of home purchase loans in this AA is adequate. The moderate-income tract contains 3% of the owner-occupied units in this AA. The bank originated 21 home purchase loans in the upper-income tracts of this AA during 1998 and 1999. This level of performance is reasonable due to all three of FMB's branches being in upper-income tracts, FMB's recent entrance into this market, and the high level of competition in the financial services industry in this county. (See Market Profile for Hamilton County in Appendix B for further details.)

The bank ranks 116th among 264 lenders with a market share of 0.1% of the number of home purchase loans made in the AA. The bank has no market share in the low-, moderate-, and middle-income tracts with only a small share (0.1%) of the upper-income tracts.

## Home Improvement Loans

Refer to Table 3 in Appendix C for the facts and data used to evaluate the geographic distribution of the bank's home improvement loans.

The geographic distribution of home improvement loans is excellent in the Muncie MSA and adequate in Hamilton County.

## Muncie MSA:

The geographic distribution of home improvement loans reflects an excellent level of lending in low- and moderate-income tracts in the AA. The bank originated 305 home improvement loans in the Muncie MSA in 1998 and 1999. The bank made 13 (4%) of these loans in the low-income census tracts and made 84 (28%) of these loans in moderate-income tracts. FMB's lending performance exceeds the percentage of owner-occupied units in the low- (2%) and moderate-income (22%) tracts in the assessment area.

The bank ranks first among 43 lenders with a market share of 26.6% of the number of home improvement loans made in the AA. FMB's market share in the low-income census tracts (20.8%) is below the overall market share and the market share in both middle- (27.5%) and upper-income (21.3%) census tracts. However, FMB's market share in moderate-income (31.5%) tracts exceeds the bank's overall market share as well as its market share in both the middle- and upper-income tracts.

Hamilton County:

FMB did not make any home improvement loans in this AA in 1998 or 1999, and therefore had no market share. This performance is considered adequate since FMB is a relatively new lender in Hamilton County and there is fierce competition in the financial services industry in this county. (See Market Profile for Hamilton County in Appendix B for further details.)

## Home Mortgage Refinance Loans:

Refer to Table 4 in Appendix C for the facts and data used to evaluate the geographic distribution of the bank's home mortgage refinance loans.

The geographic distribution of home mortgage refinance loans is poor in the Muncie MSA and adequate in the Hamilton County AA.

### Muncie MSA:

The geographic distribution of home mortgage refinance loans reflects a poor level of lending performance in the AA. The bank originated 474 home mortgage refinance loans in the Muncie MSA in 1998 and 1999. The bank made seven (1%) of these loans in the low-income tracts and 58 (12%) of these loans in moderate-income tracts. This distribution of loans in low-income geographies falls below the percentage of owner-occupied units in the AA (2%). FMB's distribution of loans in moderate-income tracts falls significantly below the percentage of owner-occupied units in those tracts (22%). The bank's performance is only 55% of the level of owner-occupied units in moderate-income census tracts.

The bank ranks third among 177 lenders with an overall market share of 8.5% of the number of home mortgage refinance loans made in the AA. The bank's market share in the low- (3.3%) and moderate-income tracts (4.7%) falls below FMB's overall market share as well as its market share obtained in the middle- (10.3%) and upper-income (9.1%) tracts.

### Hamilton County:

The geographic distribution of home mortgage refinance loans in this AA is adequate. FMB originated only 19 home mortgage refinance loans in 1998 and 1999 in Hamilton County. FMB did not extend any of these loans in the moderate-income tract. Although FMB's market share is low, this is considered adequate since all three branches are in upper-income tracts and FMB only recently entered this market. (See Market Profile for Hamilton County in Appendix B for further details.)

FMB ranks 126<sup>th</sup> of 310 lenders with a minimum market share (0.1%) for home mortgage refinance loans in this assessment area. FMB has no market share in the moderate-income tract.



### ***Small Loans to Businesses***

Refer to Table 5 in Appendix C for the facts and data used to evaluate the geographic distribution of the bank's originations and purchases of small loans to businesses.

The geographic distribution of small loans to businesses is good in the Muncie MSA and excellent in Hamilton County.

#### **Muncie MSA:**

FMB's geographic distribution of small loans to businesses reflects a good distribution of lending in low- and moderate-income census tracts. FMB extended 12% of its small business loans in low-income geographies despite only 6% of small businesses in the assessment area being located in those areas. The percentage of small business loans made in moderate-income geographies (16%) is below the level of small businesses in these tracts within the assessment area (21%).

FMB ranks first of 31 lenders in the Muncie MSA with an overall market share of 29.4%. The bank's market share in low-income geographies (24.1%) falls short of the bank's overall small business market share and the market share obtained in both middle- and upper-income geographies (28.8% and 29.5%, respectively). FMB's market share in moderate-income geographies (32.7%) exceeds its overall market share, as well as its market share obtained in both middle- and upper-income geographies.

#### **Hamilton County:**

FMB's geographic distribution of small loans to businesses reflects an excellent distribution of lending to businesses in the moderate-income census tract. FMB extended 7% of their small business loans in moderate-income geographies. This exceeds the level of small businesses located in the moderate-income tract in Hamilton County (4%).

FMB ranks 19th of 59 lenders in the assessment area with an overall market share of 0.7%. The bank's market share in the moderate-income CT (4.7%) significantly exceeds its overall market share and its market share in middle- (0.0%) and upper-income (0.7%) geographies.

### ***Small Loans to Farms***

Refer to Table 6 in Appendix C for the facts and data used to evaluate the geographic distribution of the bank's originations and purchases of small loans to farms.

The geographic distribution of small loans to farms is adequate in both the Muncie MSA and Hamilton County.

**Muncie MSA:**

FMB's geographic distribution of loans to small farms reflects an adequate distribution of lending in low- and moderate-income census tracts in the AA. FMB did not extend any small farm loans in low-income geographies in the Muncie MSA; however, only 1% of the farms in the AA is located in low-income census tracts. FMB's portion of small farm loans in moderate-income census tracts in the Muncie MSA (1%) is less than the portion of small farms in those areas (6%).

FMB ranks first of seven lenders in the Muncie MSA for small farm loans with an overall market share of 51.8%. The bank's market share in low-income census tracts exceeds the overall market share and the market share in middle- (45.6%) and upper-income (75.0%) census tracts. FMB has no market share for moderate-income CTs.

**Hamilton County:**

FMB's geographic distribution of loans to small farms reflects an adequate distribution of lending in the moderate-income census tract. FMB did not make any small loans to farms in Hamilton County during the evaluation period. There are no farms located in the moderate-income census tract in this AA. Additionally, farm lending is not a significant line of business for the bank.

***Lending Gap Analysis***

We reviewed maps and reports detailing FMB's HMDA, small business, and small farm lending activity over the evaluation period. We reviewed these reports to identify any gaps in the geographic distribution of these loans. We did not identify any conspicuous gaps in lending activity that could not be explained by the bank's performance context.

**Muncie MSA:**

Out of 31 census tracts in this AA, there was only one CT where FMB did not extend any loans. This tract is a low-income tract that had only 7 owner-occupied units, 7 businesses, and no farms located in the CT. Generally, the low- and moderate-income CTs with lower levels of lending had low numbers of owner-occupied units (535 units or less). They also had fewer businesses (less than 100) and farms (6 or less) located in those tracts compared to CTs with higher lending activity. Also, as explained in the Market Profile in Appendix B, three of the four low-income CTs have low levels of owner-occupied units due to the location of Ball State University and a cemetery in these tracts.

## Hamilton County:

FMB had a generally low level of lending activity in all CTs in this AA. The CTs with two or more HMDA loans or one or more small business loans either had a branch located in the CT or were in a CT adjacent to a CT with a branch location. This is reasonable since FMB recently entered this market and there is a high degree of competition in the AA. (See comments in the Market Profile in Appendix B for additional details.)

## Inside/Outside Ratio

A substantial majority of home mortgage loans and small loans to businesses and farms originated or purchased by FMB during the evaluation period were within the bank's AAs. Eighty-one percent (81%) of the home mortgage, 87% of the bank's small loans to businesses and 92% of the bank's small loans to farms were extended within its AAs. This performance was positively factored into the overall analysis of the geographic distribution of lending by income level of the geography.

## Distribution of Loans by Income Level of the Borrower

### Home Mortgage Loans

Refer to Tables 7, 8 and 9 in Appendix C for the facts and data used to evaluate the borrower distribution of the bank's home mortgage loan originations and purchases.

The overall distribution of home mortgage loans by income level of the borrower is adequate in both full-scope AAs.

### Home Purchase Loans:

Refer to Table 7 in Appendix C for the facts and data used to evaluate the borrower distribution of the bank's home purchase loans.

The distribution of home purchase loans by income level of the borrower is adequate in both full-scope AAs.

### Muncie MSA:

The distribution of lending to borrowers reflects an adequate level of home purchase loans to individuals of different income levels. An analysis of the 463 home purchase originations during 1998 and 1999 shows the bank extended 25 (5%) of the number of home purchase loans to low-income borrowers and 81 (18%) to moderate-income borrowers. The percentage of loans to low-income borrowers falls below the AA demographics for low-income families.

Based on 1999 updated HUD median family income information, low- and moderate-income families represent 21% and 17% of the families in the assessment area, respectively. While the bank's lending performance to low-income borrowers appears low, the reader must keep in mind the factors which make it difficult for low-income individuals to qualify for a home purchase loan in this AA. (See comments in Market Profile in Appendix B for further details.) FMB's performance is considered adequate in light of these mitigating factors. The bank's lending performance to moderate-income borrowers exceeds the percentage of moderate-income borrowers in the AA.

The bank ranks second among 131 lenders with a market share of 14% of the number of home purchase loans made in the AA. The bank's market share of loans to low- (12.4%) and moderate-income (10.7%) borrowers is lower than the overall market share and the market share to middle- (14%) and upper-income (18.9%) borrowers.

#### Hamilton County:

The distribution of lending to borrowers reflects an adequate level of home purchase loans to individuals of different income levels. An analysis of the 21 home purchase originations during 1998 and 1999 shows the bank extended one (5%) home purchase loan to a low-income borrower and two (10%) to moderate-income borrowers. Based on 1999 updated HUD median family income information, low- and moderate-income families represent 8% and 13% of the families in the assessment area, respectively. Although the bank's performance is below the level of low- and moderate-income families in the AA, there are affordability issues which make home ownership by these individuals difficult. Some of the factors which create barriers to homeownership include that 4.04% of the households in the assessment area are living below the poverty level, a low-income family in this AA has a maximum income of \$27,300, and the median housing price for the AA is \$105,743.

FMB did not make any home purchase loans to low- or moderate-income borrowers in this assessment area in 1998, so there is no market share data available. This performance is considered adequate since FMB only recently expanded into Hamilton County. (See Market Profile for Hamilton County in Appendix B for further details.)

#### Home Improvement Loans:

Refer to Table 8 in Appendix C for the facts and data used to evaluate the borrower distribution of the bank's home improvement loans.

The distribution of home improvement loans by income level of the borrower is excellent in the Muncie MSA and adequate in the Hamilton County AA.

### Muncie MSA:

The distribution of lending to borrowers reflects an excellent level of home improvement loans to individuals of different income levels. The bank made 305 home improvement loans during 1998 and 1999 in this assessment area. The bank made 61 (20%) of these loans to low-income borrowers and 75 (25%) of these loans to moderate-income borrowers. The bank's lending performance to low-income borrowers mirrors the level of low-income families in the AA. The bank's lending performance to moderate-income borrowers exceeds the percentage of moderate-income families in the AA. Additionally, 16% of the households in the assessment area live below the poverty level, which makes homeownership for these individuals difficult.

The bank ranks first among 43 lenders with a market share of 26.6% of the number of home improvement loans made in the assessment area. The bank's market share of loans to low-income borrowers is 31.8% and is stronger than the overall market share and the market share obtained to middle- (30.7%) and upper-income borrowers (22.8%). The market share of loans to moderate-income borrowers (22.9%) mirrors the market share of loans to upper-income borrowers but falls short of the overall market share and the market share of loans to middle-income borrowers.

### Hamilton County:

FMB did not make any home improvement loans in this AA in 1998 and 1999, and had no market share. This performance is considered adequate since FMB recently expanded into Hamilton County. (See Market Profile for Hamilton County in Appendix B for further details.)

### Home Mortgage Refinance Loans

Refer to Table 9 in Appendix C for the facts and data used to evaluate the borrower distribution of the bank's home mortgage refinance loans.

The distribution of home mortgage refinance loans by income level of the borrower is good in both full-scope AAs.

### Muncie MSA:

The distribution of lending to borrowers reflects a good level of home mortgage refinance loans to individuals of different income levels. An analysis of the 474 home mortgage refinance originations in 1998 and 1999 shows the bank extended 31 (8%) home mortgage refinance loans to low-income borrowers and 75 (17%) to moderate-income borrowers. These percentages fall below the AA demographics for low-income families. Based on the updated HUD median family income information, low- and moderate-income families represent 21% and 17% of all families in the assessment area, respectively.

Although the bank's level of lending to low-income borrowers appears low, this performance is reasonable considering the mitigating factors which make it difficult for a low-income individual to qualify for a home refinance loan in this area (See comments in Market Profile in Appendix B for further details). FMB's lending to moderate-income borrowers is equal to the percentage of moderate-income families in the AA.

The bank ranks third among 177 lenders with a market share of 8.5% of the number of home mortgage refinance loans made in the AA. The bank's market share of refinance loans to moderate-income borrowers (6.9%) mirrors the market share to middle-income borrowers (6.9%), but falls short of the overall market share and the market share to upper-income borrowers (13.5%). The market share to low-income borrowers (4.2%) is below the overall

market share and the market share to middle-income borrowers and significantly below the market share to upper-income borrowers.

Hamilton County:

The distribution of lending to borrowers reflects a good level of home mortgage refinance loans to individuals of different income levels. An analysis of the 19 home mortgage refinance originations during 1998 and 1999 shows the bank extended two (11%) loans to low-income borrowers and another two loans (11%) to moderate-income borrowers. FMB's performance exceeds the percentage of low-income families in the AA (8%) and is near the percentage of moderate-income families in the AA (13%). FMB's lending performance to low-income borrowers is significant, given that 4.04% of the families in the assessment area are living below the poverty level, the maximum income for a low-income family is \$27,300, and the median housing price for the AA is \$105,743.

The bank ranks 126<sup>th</sup> of 310 lenders with a minimum market share (.1%) for home mortgage refinance loans in this assessment area. FMB's market share of loans to low-income borrowers (less than .1%) is slightly less than its overall market share and the market share of loans to middle- (.2%) and upper-income (less than .1%) borrowers. FMB's market share of loans to moderate-income borrowers (0.5%) exceeds its overall market share as well as its market share of loans to middle- and upper-income borrowers. Although FMB's market share is low, this is understandable since FMB only recently entered this market. (See Market Profile for Hamilton County in Appendix B for further details.)

### ***Small Loans to Businesses***

Refer to Table 10 in Appendix C for the facts and data used to evaluate the borrower distribution of the bank's originations and purchases of small loans to businesses.

The distribution of FMB's small loans to businesses is good in both full-scope AAs.

### Muncie MSA:

FMB's small business lending indicates an adequate level of loans to businesses of different sizes. Fifty-eight percent (58%) of business loans reported were extended to small businesses (businesses with revenues of \$1 million or less). The bank's performance compares similarly to the overall market where 31 lenders reported 59% of small business loans extended to businesses with revenues less than \$1 million. Small businesses comprise 70% of all businesses in the AA. Although the bank's level of lending is below the proportion of small businesses in the area, no revenue information was available for 7.2% of the small business loans extended by FMB. The bank's market share of small loans to businesses with revenues of less than \$1 million (34.2%) exceeds its overall small business market share of 29.4%.

FMB's small business loan distribution shows that a significant amount of loans were extended in small dollar amounts. Seventy-eight percent (78%) of FMB's small business loans were for original amounts of \$100,000 or less. An additional 10% of the bank's small business loans were for original amounts between \$100,000 and \$250,000, and 12% of reported small business loans were originated in original amounts between \$250,000 and \$1 million.

### Hamilton County:

FMB's small business lending indicates an adequate level of loans to businesses of different sizes. Fifty-two percent (52%) of business loans reported were extended to small businesses located in Hamilton County. FMB's performance approximates the percentage of small business loans extended by the overall market with 59 lenders reporting 54% of their small loans to businesses extended to businesses with revenues of less than \$1 million. Small businesses comprise 69% of all business in the AA. The bank's market share of small business loans to businesses with revenues of less than \$1 million (0.9%) exceeds its overall small business market share (0.7%).

FMB's small business loan distribution shows that a significant amount of loans were extended in small dollar amounts. Seventy-four percent (74%) of FMB's small business loans were for original amounts of \$100,000 or less. An additional 15% of the bank's small business loans were for original amounts between \$100,000 and \$250,000, and 11% of reported small business loans were for original amounts between \$250,000 and \$1 million.

### ***Small Loans to Farms***

Refer to Table 11 in the Appendix C for the facts and data used to evaluate the borrower distribution of the bank's originations and purchases of small loans to farms.

FMB's distribution of small farm loans is good in the Muncie MSA and adequate in the Hamilton County AA.

**Muncie MSA:**

FMB's extension of small farm loans reflects a good level of lending to farms of different sizes. Ninety-two percent (92%) of farm loans reported by the bank were made to small farms (those with annual revenues of less than \$1 million). The bank's performance compares similarly to the overall market where seven lenders reported that 93% of their farm loans were extended to small farms. The bank's performance is similar to the percentage of farms in the assessment area having revenues less than \$1 million (92%). FMB's market share of small farm loans to farms with revenues less than \$1 million (51.9%) mirrors its overall small farm market share of 51.8%.

FMB's small farm loan distribution shows that a significant percentage of small farm loans were extended in small amounts. Eighty percent (80%) of FMB's small farm loans extended in the Muncie MSA were for original amounts of \$100,000 or less. An additional 12% of the bank's small farm loans were for original amounts between \$100,000 to \$250,000 and 8% of the reported small farm loans were for original amounts between \$250,000 and \$500,000.

**Hamilton County:**

FMB's distribution of small farm loans is adequate. FMB did not extend any small farm loans in Hamilton County; however, FMB recently entered this market. (See Market Profile for Hamilton County in Appendix B for further details.) Also, farm lending is not a significant line of business for FMB and the demand for farm loans in this county is low. There were only 87 loans extended by nine lenders during 1998 in this county.

**Community Development Lending**

Refer to Table 1 in Appendix C for the facts and data used to evaluate the bank's level of community development lending.

Community development lending had a neutral impact on the Lending Test conclusions for the Muncie MSA and Hamilton County AA. FMB extended various loans with community development characteristics, such as mortgage loans providing affordable housing to low- and moderate-income individuals and loans to small businesses which promoted economic development, that have already been considered in the home mortgage or small business categories of the lending test.

**Muncie MSA:**

FMB extended one community development loan totaling \$425,000 that promotes affordable housing in the Muncie MSA. This loan was extended for the purpose of purchasing additional land to expand a mobile home park that is located in a moderate-income CT. This project expanded the park by adding space for approximately 80-100 additional mobile home lots. These spaces rent for low dollar amounts and therefore are affordable to low- and moderate-income individuals for housing.



Hamilton County:

FMB did not make any community development loans in Hamilton County.

### **Product Innovation and Flexibility**

Product innovation and flexibility had a neutral impact on the Lending Test conclusions for both the Muncie MSA and Hamilton County AA.

FMB offers a limited number of flexible lending products to serve its communities' credit needs. None of the products are considered innovative. A brief description of each loan program and the volume (number and dollars) of activity for each program during this evaluation period follows.

First Time Home Buyer Program - 119 loans, \$7,437,000

This program is available to first-time homebuyers and offers a lower downpayment than is typically required (minimum 3% versus 5% for other loan products). Borrowers are required to purchase private mortgage insurance if the amount of the loan compared to the value of the property (loan-to-value) is greater than 80%. Other mortgage loan products require borrowers to have enough funds to cover closing costs and maintain a cash reserve with the bank, in addition to the downpayment. The First Time Home Buyer Program allows up to \$1,000 in closing costs to be paid by the seller. FMB also provides a no service-charge checking account for the life of the loan and a \$100 savings bond to borrowers under this program. Of the total loans extended under this program, 58% were provided to low- or moderate-income borrowers.

Good Neighbor Home Loan - 11 loans, \$390,420

This program targets low- and moderate-income borrowers in the bank's AAs. Funds can be used for home purchase, refinance, or home improvements. This product offers less stringent underwriting criteria, such as higher debt-to-income ratios than the bank allows on other products, and allows loan-to-value ratios of up to 90% without requiring private mortgage insurance.

Home equity loans in small dollar amounts

FMB helps meet the credit needs of its community by offering home equity loans in small dollar amounts. Since many low- and moderate-income families have limited equity in their homes, FMB offers this product with low credit limits to assist these families in their ability to obtain this type of credit and benefit from the associated tax benefits. As of March 31, 2000, FMB had 105 loans with original amounts of \$5,000 or less on its books.

## INVESTMENT TEST

The bank's performance under the Investment Test is rated "Low Satisfactory." Based on full-scope reviews, the bank's performance in both full-scope AAs is adequate. Through discussion with Community Affairs Officers, local community groups and bank management we determined the opportunity for FMB to invest in its AAs is limited.

Refer to Table 12 in Appendix C for the facts and data used to evaluate the bank's level of qualified investments.

### Muncie MSA:

The level of qualified investments provided in the Muncie MSA is considered adequate. FMB purchased four investments totaling \$2,150,000 in the Muncie MSA during the evaluation period. Three of the investments were for the purpose of providing affordable housing. The other was to provide employment for low- and moderate-income individuals at small businesses located in the area. In addition, the bank has five prior period investments for affordable housing which total \$1,237,000 still outstanding.

FMB invested \$750,000 in the Delaware County Redevelopment District Tax Increment Revenue Bond in 1999. The purpose of the revenue bond was to finance infrastructure improvements necessary to develop the Morrison Road/West McGalliard retail area. The project is located in an upper-income CT in the Muncie MSA that is adjacent to two low-income CTs. The project helps the small businesses in this area by financing these improvements which otherwise would have required additional taxes from the businesses. Once the project is completed, the retail businesses that will be located in the development will provide new retail employment for low- and moderate-income individuals.

FMB invested \$620,282 in the Midwest Corporate Tax Credit Fund III, L.P. and \$600,000 in the Midwest Corporate Tax Credit Fund II, L.P. during the evaluation period. The proceeds were used to finance the construction or rehabilitation of low-income housing units. Projects supported by the fund can be located anywhere in Indiana, Wisconsin, and Michigan.

FMB also invested \$179,233 in the Bank One Tax Credit Fund during the evaluation period. The purpose of the fund is to invest in a portfolio of operating companies that will each develop, own, and operate a qualified low-income housing project. These housing projects are mostly located in Indiana, Wisconsin, and Ohio with one project in each Texas and West Virginia.

Hamilton County:

Although FMB did not make any qualifying investments during the evaluation period in this AA, their performance is considered adequate. As noted above, there is little opportunity for qualifying community development investments in the AA. In addition, FMB recently entered this highly competitive market. (See the Market Profile in Appendix B for further details.)

## SERVICE TEST

The bank's performance under the Service Test is rated "Low Satisfactory." Based on full-scope reviews, the bank's performance in the Muncie MSA and Hamilton County is adequate.

### Retail Banking Services

Refer to Table 13 in Appendix C for the facts and data used to evaluate the distribution of the bank's branch delivery system and branch openings and closings.

#### Muncie MSA:

First Merchants' delivery systems are reasonably accessible to geographies and individuals of different income levels in its AA. In addition to the main office, FMB operates twelve full-service branch facilities in this assessment area. Although there are no branches in low-income tracts and only two branch locations (17%) in moderate-income tracts, four of the branches provide reasonable access to residents of the low-income tracts. These branches are located only one-half to one block away in adjacent census tracts. Based on the makeup of the low-income tracts, as outlined in the Market Profile in Appendix B, and the proximity of branches to low- and moderate-income tracts, the distribution of the bank's locations is reasonable when compared to the distribution of the population in the assessment area. Comparatively, 10% of the population of the AA lives in low- and 20% in moderate-income census tracts.

FMB did not close any branches in this AA during the evaluation period. The bank merged and/or relocated three branches, all of which were located in middle-income areas.

All offices provide full banking services. The bank offers numerous loan and deposit products. These include guaranteed mortgage and business loans as well as affordable housing programs, low-cost checking, free government check cashing for non-customers, and ATM and debit cards.

Branch hours offer reasonable access and convenience. Each location, with the exception of one (in an upper-income CT), has drive-up facilities. Generally, lobby hours are from 9 a.m. to 5 p.m. Monday through Thursday and 9 a.m. to 6 p.m. on Fridays. Drive up hours are typically from 8 a.m. to 5 p.m. Monday through Thursday and 8 a.m. to 6 p.m. on Fridays. Saturday hours are from 9 a.m. to 12 p.m..

FMB operates twenty ATMs in this AA. Each branch has an ATM on premises except two (in middle-income census tracts). FMB also has seven freestanding ATMs. There are no ATMs in low-income census tracts and two ATMs in the moderate-income census tracts. Four ATMs provide reasonable access to residents of those few (four) low-income tracts, in that they are located only one-half to one block away in adjacent census tracts.

In addition to its ATM network, FMB offers other alternative delivery systems to expand the availability of retail bank services within the AA. The bank offers 24-hour telebanking (i.e. "Teller Line" and "Loan Line") to its customers which allows them to check balances, transfer funds, make loan payments, and apply for loans via the telephone. An analysis of "Loan Line" approved loans over the preceding 22 months indicated that out of 50 loans which were originated via "Loan Line", 87% were made within the Muncie MSA. Additionally, 23% were within low- and moderate-income geographies and 53% were made to low- and moderate-income borrowers. (NOTE: This information is for the total number of Loan Line loans. The information was not available for each assessment area.) The bank also offers "EZ" on-line banking, a computer-based banking service that can be accessed via terminals in public libraries as well as individual homes and businesses. FMB did not have any information to show how low- and moderate-income individuals or geographies benefited from the computer banking services. Therefore, we did not place significant weight on this alternative system when drawing our CRA performance conclusions.

#### Hamilton County:

First Merchants' delivery systems are reasonably accessible to geographies and individuals of different income levels in its AA. FMB operates three full-service branches. All three of the bank's branches are located in upper-income tracts. This distribution is adequate when compared to the distribution of the population, as seventy-eight percent (78%) of the residents of the assessment area live in upper-income tracts.

All three branches in this assessment area have been opened since our last evaluation. No branches have been closed in this assessment area.

All offices provide full banking services. The bank offers numerous loan and deposit products. These include guaranteed mortgage and business loans as well as affordable housing programs, low-cost checking, free government check cashing for non-customers, and ATM and debit cards.

Branch hours offer reasonable access and convenience. Each location, with the exception of one, has drive-up facilities. Generally, lobby and drive-up hours are from 9 a.m. to 5 p.m. Monday through Thursday and 9 a.m. to 6 p.m. on Fridays. Saturday hours are from 9 a.m. to 12 p.m.. One branch offers extended hours Monday through Friday and on Saturdays (i.e. 9 a.m. to 7 p.m. Monday - Friday and 9 a.m. to 2 p.m. on Saturdays.)

FMB operates three automated teller machines (ATMs). ATMs are located in each of the three bank locations. All three of the bank's ATMs are located in upper-income CTs.

In addition to its ATM network, FMB offers other alternative delivery systems to expand the availability of retail bank services within the AA. The bank offers 24-hour telebanking (i.e. "Teller Line" and "Loan Line") to its customers which allows them to check balances, transfer funds, make loan payments, and apply for loans via the telephone. See comments about "Loan Line" in the Muncie MSA section of Retail Banking Services above. The bank also offers "EZ" on-line banking, a computer-based banking service that can be accessed via terminals in public libraries as well as individual homes and businesses. FMB did not have any information to show how low- and moderate-income individuals or geographies benefited from the computer banking services. Therefore, we did not place significant weight on this alternative system when drawing our CRA performance conclusions.

## **Community Development Services**

Based on full-scope reviews, FMB provides a relatively high level of community development services in the Muncie MSA and an adequate level of community development services in the Hamilton County AA.

### **Muncie MSA:**

First Merchants provides a relatively high level of community development services in the Muncie MSA. Bank employees work with a large number of organizations that provide community development services to the AA. The following examples illustrate the services provided:

#### **Consumer Credit Association of Delaware County**

This association is an independent association of banks and other financial institutions, credit bureau representatives, attorneys, and collection agents in Delaware County. The Association's purpose is to provide financial education to low- and moderate-income individuals to assist them in understanding the requirements of obtaining credit. The organization educates high school age young adults on how to apply for, use, and responsibly maintain credit. This program is given in all high schools in the county which includes those that have higher proportions of low- and moderate-income families. An FMB officer was President of this organization and now is a member of the Board of Directors. As President he was responsible for the initial development and management of the program, and participated in making presentations to the students.

#### **Muncie Revolving Loan Fund**

This loan fund provides economic development in the Muncie area by financing many small businesses, which provide jobs for low- and moderate-income individuals. The

Fund is an independent association of the city banks and other financial institutions. The Fund provides initial capital to small businesses and continues to reinvest the repaid loan funds in the form of lower interest rate loans. Many of the businesses that receive these loans would not otherwise meet the underwriting requirements that are standard industry practice for most traditional bank loans. First Merchants' Trust Department administers the revolving loan funds for this small business project. Additionally, an FMB officer aids in general management functions of the organization and participates in the credit decisions.

### Muncie/Delaware County Micro-Loan Fund

This loan fund provides economic development in the Muncie area by financing many small businesses, which provide jobs for low- and moderate-income individuals. This Fund is an independent association of area banks that administer grant money to provide small loans to small businesses in conjunction with approved loans by a "sponsoring" bank. These loans are at a lower interest rate and provide funding to businesses, which do not meet industry standards relative to collateral, ratios, etc. The loan from the "sponsor" would not usually be approved without the accompanying Micro-Loan funds. An officer of the bank is a member of the Fund and assists in reviewing and approving the requested loans.

### Muncie Homeownership and Development Center

The Center educates potential low- and moderate-income homebuyers and provides down-payment assistance. An employee of the bank teaches classes on how to obtain a home mortgage. Additionally, an FMB officer serves as a panel member for the Center's WIPB broadcast "As We See It" regarding home purchasing and home financing directed toward low- and moderate-income individuals and families.

### Muncie Boys and Girls Club

This Club provides recreation and education opportunities to both boys and girls. The Club is located in the center of the Muncie low- and moderate-income census tracts and the youth served by this Club are primarily from low- and moderate-income families. An FMB officer of the bank provides general management for the Club as Vice President of the Board of Directors. She also serves as Chairman of the Development Committee that raises funds for the operation of the facility and the program.

### Day Star Activity Center

Day Star is a local nonprofit corporation that provides day care services for adults with Alzheimer's disease and other memory disorders. The group specializes in reduced expenses for low- and moderate-income families. An officer of the bank is a member of the Corporation's Board of Directors and provides general management services.

### Youth Opportunity Center, Inc. (YOC)

The YOC is a private nonprofit corporation that is responsible for administering the juvenile justice residential and rehabilitation program for Delaware County. Their goal is to assist families in breaking the cycle of dependency on the child welfare and juvenile justice systems. A vast majority of the youth served by YOC is from low- and moderate-income families. An FMB officer serves as a member of the Board and Vice-Chairman of the Executive Committee. This individual has a significant role in the general management of the facility and its programs.



As Chairman of the Finance committee he has a leading responsibility in the financial management of both operating budgets and long term financing.

#### Wayside Mission, Inc.

Wayside is a local non-profit corporation that provides housing for homeless women, helps them complete their education, and assists them in locating employment. Their constituents are entirely low-income persons. An officer of the bank is the Treasurer of this organization and provides financial advice for Wayside.

#### Salvation Army

The Muncie Salvation Army is a local affiliate of the national Salvation Army. It provides safety net services such as immediate housing, food, and clothing to poor and homeless persons with a Christian mission context. An officer of the bank provides general management and policy direction as a member of the Advisory Board and provides financial and fund raising services as Chairman of the Finance Committee.

#### Beds and Britches Project

This Project is a program established by the local Altrusa Foundation to provide new and used baby clothes, furnishings and other care items to low- and moderate-income families while promoting better pre- and postnatal care for the infants and mothers of those families. Two bank officers are involved in the fund raising that finances the Project. One of these employees also serves as Treasurer of the Project.

#### Hamilton County

FMB does not provide any CD services in this AA. This is reasonable based on the fact there is only one moderate-income census tract in this AA, the high number of financial institutions with offices in this AA, and FMB's recent entry into this geographic area. (See Market Profile in Appendix B for further details.)

## 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 metropolitan and nonmetropolitan areas 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").

<b>Time Period Reviewed</b>	Lending Test (excludes CD Loans): 1/1/1998 to 12/31/1999 Investment and Service Tests and CD Loans: 12/10/1997 to 6/12/00	
<b>Financial Institution</b>	<b>Products Reviewed</b>	
First Merchants Bank, N.A. (FMB) Muncie, Indiana	Home mortgage loans, small loans to businesses and farms, and CD loans.	
<b>Affiliate(s)</b>	<b>Affiliate Relationship</b>	<b>Products Reviewed</b>
None	N/A	N/A
<b>List of Assessment Areas and Type of Examination</b>		
<b>Assessment Area</b>	<b>Type of Exam</b>	<b>Other Information</b>
Muncie MSA #5280 Hamilton County (Indianapolis MSA) #3480	Full-scope Full-scope	

## Appendix B: Market Profiles for Full-Scope Areas

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#### Market Profiles for Areas Receiving Full-Scope Reviews

Muncie MSA .....	B - 2
Hamilton County (in Indianapolis MSA) .....	B - 5

**Description of Muncie MSA:**

The Muncie MSA consists of 31 census tracts, of which four (13%) are low-income, nine (29%) are moderate-income, 12 (39%) are middle-income, and six (19%) are upper-income.

The population of this MSA is 119,659 people. Based on the 1999 HUD adjusted Median Family Income for the MSA of \$45,200, there are 21% low-income, 17% moderate-income, 22% middle-income, and 39% upper-income families in this MSA. A low-income family has a maximum income of only \$22,600. In addition, over 16% of the households in the assessment area are living below the poverty level.

Of the 48,793 housing units in the assessment area, 62% or 30,191 of the homes are owner-occupied. Approximately two and one-half percent (2.47%) of the owner-occupied units are located in the low-income tracts. Twenty-two percent (22%) of the owner-occupied units are in the moderate-income census tracts, 45% are located in middle-income tracts, and the remaining 30% are in upper-income census tracts. Three of the four low-income tracts have very low levels of owner-occupied homes. A cemetery makes up the majority of one of these tracts, and Ball State University covers a substantial portion of two of the other low-income tracts. Thirty-one percent (31%) or 14,986 of the housing units are rental occupied while the remaining 3,616 units (7%) are vacant. The median housing price for the Muncie MSA is \$41,326 and the average age of homes is approximately 43 years old.

Demographic data from Dun & Bradstreet indicate there are 3,626 businesses in the MSA. Seventy percent (70%) or 2,540 of these businesses have gross revenues of less than \$1 million, 10% have revenues over \$1 million, with the revenues of the remaining 20% of the businesses unknown. Six percent (6%) of the businesses are located in the low-income tracts, 21% are located in the moderate-income tracts, 46% are in the middle-income tracts, and 27% are in the upper-income tracts of the assessment area.

Demographic data from Dun & Bradstreet indicate there are 251 farms in this MSA. Ninety-two percent (92%), or 232, of these farms have gross revenues of less than \$1 million, 2% have revenues over \$1 million, with the revenues of the remaining 5% of the farms unknown. Less than 1% of the farms are located in the low-income tracts, 6% are in the moderate-income tracts, 70% are in the middle-income tracts and 24% are in the upper-income tracts of the MSA.

Major employers in the MSA include Ball State University, Ball Memorial Hospital, Borg Warner Automotive, and New Venture Gear. Unemployment in the Muncie area is low. As of April 2000, Delaware County's unemployment rate was 3.3% compared to 3.4% for the state of Indiana.

There is a high level of competition in the financial services market in the Muncie MSA. Based on FDIC branch information as of June 30, 1999, there are 7 commercial banks and 1 savings institution with 44 offices in Delaware County. This includes 2 large regional banks and a number of independent local financial institutions. The major competitors in this assessment area include Bank One, Indiana, National Association; National City Bank of Indiana; Star Financial Bank, Anderson, Indiana; Mutual Federal Savings Bank; and American National Bank and Trust Company.

We performed three community contacts in this AA during this examination, one each with a county government office, affordable housing organization, and realtor. All three contacts indicated the major credit needs of the community were being met by the local financial institutions and a broad range of credit products are offered. One of the contacts believed that more flexible products geared toward low- and moderate-income individuals were needed. Another contact stated that more could be done to make consumers aware of the special programs currently available. Another of the contacts stated that the more flexible lending products that are geared towards low- and moderate-income individuals are being offered by institutions such as smaller mortgage companies or insurance agencies that work with lenders outside of the local area. All contacts stated, from their experience, all consumers desiring loans were able to find financing, regardless of their income status or credit history.

Charter Number: 1000002234

**Market Profile**

Demographic Information for the Area: FMB - Muncie MSA											Evaluation Period: 01/01/1998 TO 12/31/1999	
Demographic Characteristic	Total	Low Income Tracts		Mod Income Tracts		Middle Income Tracts		Upper Income Tracts		NA Income Tracts		
	#	%	#	%	#	%	#	%	#	%	#	
Geographies (Census Tracts/BNAs)	31	12.90	4	29.03	9	38.71	12	19.35	6	0.00	0	
Population by Geography	119,659	10.14	12,133	21.46	25,683	41.26	49,367	27.14	32,476	0.00	0	
Owner-Occupied Housing by Geography	30,191	2.47	745	22.17	6,693	45.03	13,594	30.34	9,159	0.00	0	
Business by Geography	3,626	5.76	209	21.48	779	46.17	1,674	26.59	964	0.00	0	
Farms by Geography	251	0.80	2	5.58	14	69.72	175	23.90	60	0.00	0	
Family Distribution by Income Level	30,286	21.13	6,398	17.14	5,192	22.37	6,775	39.36	11,921	0.00	0	
Distribution of Low and Moderate Income Families throughout AA Geographies	11,590	10.31	1,195	33.43	3,874	41.97	4,864	14.30	1,657	0.00	0	
Median Family Income	31,724	Median Housing Value		41,326								
HUD Adjusted Median Family Income for 1999	45,200	Unemployment Rate		3.30%								
Households Below Poverty Level	16.88%											

Appendix B-4

Source: 1990 US Census and HUD update MFI

**Hamilton County:**

The Hamilton County assessment area consists of 21 census tracts. There is one (5%) moderate-income, five (24%) middle-income, and 15 (71%) upper-income census tracts. There are no low-income census tracts in this assessment area.

The total population of the assessment area is 108,936 people. Based on the 1999 HUD adjusted Median Family Income for the MSA of \$54,600, there are 8% low-income, 13% moderate-income, 20% middle-income, and 59% upper-income families in this county. Approximately 4% of the households in the AA are living below the poverty level.

Of the 41,074 housing units in the assessment area, 73% or 29,846 of the homes are owner-occupied. Three percent (3%) of the owner-occupied units are in the moderate-income census tract, 17% are located in middle-income tracts, and the remaining 80% are in upper-income census tracts. Twenty-two percent (22%) or 8,988 of the housing units are rental occupied while the remaining 2,240 units (5%) are vacant. The median housing price for this portion of the Indianapolis MSA is \$105,743, and the average age of homes is approximately 28 years old.

Demographic data from Dun & Bradstreet indicate there are 6,303 businesses in the assessment area portion of the MSA. Sixty-nine percent (69%) or 4,348 of these businesses have gross revenues of less than \$1 million, 11% have revenues over \$1 million, with the revenues of the remaining 20% of the businesses unknown. Four percent (4%) of the businesses are located in the moderate-income tract, 13% are in the middle-income tracts, and 83% are in the upper-income tracts of the assessment area.

Demographic data from Dun & Bradstreet indicate there are 402 farms in Hamilton County. Ninety-three percent (93%) or 372 of these farms have gross revenues of less than \$1 million, 2% have revenues over \$1 million, with the revenues of the remaining 5% of the farms unknown. Less than 1% of the farms are located in the moderate-income tract, 36% are in the middle-income tracts and 64% are in the upper-income tracts of the AA.

Major employers in this county include Conseco, Inc.; USA Group, Inc.; Thomson Consumer Electronics; Marsh Supermarkets; and Resort Condo International. Unemployment in Hamilton County is very low compared to the state average. As of April 2000, Hamilton County's unemployment rate was only 1.5% compared to 3.4% for the state of Indiana.

There is a high level of competition in the financial services market in Hamilton County. Based on FDIC branch information as of June 30, 1999, there are 16 commercial banks and 4 savings institutions with 69 offices in Hamilton County. This includes a large number of both independent local financial institutions and branches of larger regional financial organizations. The major competitors in this assessment area include: Bank One, Indiana, National Association; National City Bank of Indiana; Keybank National Association; First Indiana Bank; MetroBank; Harrington Bank, FSB; Huntington National Bank; Community Bank; Union Planters Bank, National Association; Union Federal Savings Bank of Indianapolis; Fifth Third Bank, Indiana; and First National Bank and Trust. FMB is a very small player in this area due to its recent entry into this county. FMB opened two branches in 1998 and one branch in 1999 in this county. FMB has less than a 1/2 percent share of the deposits in this county.

We performed one community contact in this area during this examination. This contact was involved with sales of real estate. The contact was not aware of any unmet credit needs. All of the contact's clients (approximately 40-50% of them are considered low- or moderate-income) were able to obtain financing.



Charter Number: 1000002234

**Market Profile**

Demographic Information for the Area: FMB Hamilton County in Indy MSA											Evaluation Period: 01/01/1998 TO 12/31/1999	
Demographic Characteristic	Total	Low Income Tracts		Mod Income Tracts		Middle Income Tracts		Upper Income Tracts		NA Income Tracts		
	#	%	#	%	#	%	#	%	#	%	#	
Geographies (Census Tracts/BNAs)	21	0.00	0	4.76	1	23.81	5	71.43	15	0.00	0	
Population by Geography	108,936	0.00	0	3.49	3,804	18.15	19,767	78.36	85,365	0.00	0	
Owner-Occupied Housing by Geography	29,846	0.00	0	3.06	914	17.13	5,112	79.81	23,820	0.00	0	
Business by Geography	6,303	0.00	0	4.36	275	12.96	817	82.67	5,211	0.00	0	
Farms by Geography	402	0.00	0	0.25	1	36.07	145	63.68	256	0.00	0	
Family Distribution by Income Level	30,886	8.21	2,535	12.52	3,867	19.80	6,114	59.48	18,370	0.00	0	
Distribution of Low and Moderate Income Families throughout AA Geographies	6,402	0.00	0	8.14	521	34.82	2,229	57.04	3,652	0.00	0	
Median Family Income	37,198	Median Housing Value		105,743								
HUD Adjusted Median Family Income for 1999	54,600	Unemployment Rate		1.50%								
Households Below Poverty Level	4.04%											

Appendix B-7

## Appendix C: Tables of Performance Data

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### Content of Standardized 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: purchased loans are treated as originations/purchases; market rank is based on the number of loans originated and purchased by the bank as compared to all other lenders in the MSA/assessment area; and market share is the number of loans originated and purchased by the bank as a percentage of the aggregate number of reportable loans originated and purchased by all lenders in the MSA/assessment area.

The following is a listing and brief description of the tables:

- Table 1. Lending Volume** - Presents the number and dollar amount of reportable loans originated and purchased by the bank over the evaluation period by MSA/assessment area.
- Table 2. Geographic Distribution of Home Purchase Loans** - 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 market rank and market share information based on the most recent aggregate market data available.
- Table 3. Geographic Distribution of Home Improvement Loans** - See Table 2.
- Table 4. Geographic Distribution of Refinance Loans** - See Table 2.
- Table 5. Geographic Distribution of Small Loans to Businesses** - The percentage distribution of the number of small loans (less than or equal to \$1 million) to businesses 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) throughout those geographies. The table also presents market rank and market share information based on the most recent aggregate market data available.

- Table 6. Geographic Distribution of Small Loans to Farms** - 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 market rank and market share information based on the most recent aggregate market data available.
- Table 7. Borrower Distribution of Home Purchase Loans** - 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 MSA/assessment area. The table also presents market rank and market share information based on the most recent aggregate market data available.
- Table 8. Borrower Distribution of Home Improvement Loans** - See Table 7.
- Table 9. Borrower Distribution of Refinance Loans** - See Table 7.
- Table 10. Borrower Distribution of Small Loans to Businesses** - Compares the percentage distribution of the number of small loans (less than or equal to \$1 million) originated and purchased by the bank to businesses with revenues of \$1 million or less to the percentage distribution of businesses with revenues of \$1 million or less. In addition, the table presents the percentage distribution of the number of loans originated and purchased by the bank by loan size, regardless of the revenue size of the business. Market share information is presented based on the most recent aggregate market data available.
- Table 11. Borrower Distribution of Small Loans to Farms** - Compares the percentage distribution of the number of small loans (less than or equal to \$500 thousand) originated and purchased by the bank to farms with revenues of \$1 million or less to the percentage distribution of farms with revenues of \$1 million or less. In addition, the table presents the percentage distribution of the number of loans originated and purchased by the bank by loan size, regardless of the revenue size of the farm. Market share information is presented based on the most recent aggregate market data available.

- Table 12. Qualified Investments** - Presents the number and dollar amount of qualified investments made by the bank in each MSA/AA. The table separately presents investments made during prior evaluation periods that are still outstanding and investments made during the current evaluation period. Prior period investments are reflected at their book value as of the end of the evaluation period. Current period investments are reflected at their original investment amount even if that amount is greater than the current book value of the investment. The table also presents the number and dollar amount of unfunded qualified investment commitments. In order to be included, an unfunded commitment must be legally binding and tracked and recorded by the bank's financial reporting system.
- Table 13. Distribution of Branch Delivery System and Branch Openings/Closings** - Compares the percentage distribution of the number of the bank's branches in low-, moderate-, middle- and upper-income geographies to the percentage of the population within each geography in each MSA/AA. The table also presents data on branch openings and closings in each MSA/AA.
- Table 14. Geographic and Borrower Distribution of Consumer Loans (OPTIONAL)** - For geographic distribution, the table 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 the population within each geography. For borrower distribution, the table 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 of households by income level in each MSA/assessment area.

Charter Number: 10000002234

**Table 1. Lending Volume**

LENDING VOLUME												Evaluation Period: 01/01/1998 TO 12/31/1999	
MSA/Assessment Area	% of Rating Area Deposits in AA*	Home Mortgage		Small Business		Small Farm		Community Development		Total Reported Loans		% of Rating Area Loans in AA (% of #)	
		#	\$ (000's)	#	\$ (000's)	#	\$ (000's)	#	\$ (000's)	#	\$(000's)		
<b>Full Scope</b>													
FMB - Muncie MSA	98.97	1,243	80,898	845	86,901	95	7,133	01	0425	2,184	175,357	96.21	
FMB Hamilton County in	1.03	40	8,983	46	4,529	0	0	0	0	86	13,512	3.79	

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\* Deposit Data as of June 30, 1999

Charter Number: 1000002234

**Table2. Geographic Distribution of Home Purchase Loans**

Geographic Distribution: HOME PURCHASE										Evaluation Period: 01/01/1998 TO 12/31/1999						
MSA/Assessment Area	Low Income Geographies		Moderate Income Geographies		Middle Income Geographies		Upper Income Geographies		Overall Market Rank*	Market Share by Geography*					Total Home Purchase Loans	
	% Owner Occ Units	% Bank Loans	% Owner Occ Units	% Bank Loans	% Owner Occ Units	% Bank Loans	% Owner Occ Units	% Bank Loans		Overall	Low	Mod	Mid	Upp	#	% of Total**
<b>Full Scope</b>																
FMB - Muncie MSA	2	2	22	10	45	48	30	40	2	14.0	9.8	8.8	15.4	14.8	463	96
FMB Hamilton County in Indy MSA	0	0	3	0	17	0	80	100	116	0.1	0.0	0.0	0.0	0.1	21	4

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\* Based on 1998 Aggregate HMDA Data only. Market rank is for all income categories combined.

\*\* Home purchase loans within an MSA/AA as a % of all home purchase loans in the rating area.

Charter Number: 1000002234

**Table 3. Geographic Distribution of Home Improvement Loans**

Geographic Distribution: HOME IMPROVEMENT																
Evaluation Period: 01/01/1998 TO 12/31/1999																
MSA/Assessment Area	Low Income Geographies		Moderate Income Geographies		Middle Income Geographies		Upper Income Geographies		Overall Market Rank*	Market Share by Geography					Total Home Improvement Loans	
	% Owner Occ Units	% Bank Loans	% Owner Occ Units	% Bank Loans	% Owner Occ Units	% Bank Loans	% Owner Occ Units	% Bank Loans		Overall	Low	Mod	Mid	Upp	#	% of Total**
<b>Full Scope</b>																
FMB - Muncie MSA	2	4	22	28	45	45	30	23	1	26.6	20.8	31.5	27.5	21.3	305	100
FMB Hamilton County in Indy MSA	0	0	3	0	17	0	80	0	0	0.0	0.0	0.0	0.0	0.0	0	0

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\* Based on 1998 Aggregate HMDA Data only. Market rank is for all income categories combined.

\*\* Home improvement loans within an MSA/AA as a % of all home improvement loans in the rating area.

Charter Number: 10000002234

**Table 4. Geographic Distribution of Home Mortgage Refinance Loans**

Geographic Distribution: HOME MORTGAGE REFINANCE										Evaluation Period: 01/01/1998 TO 12/31/1999						
MSA/Assessment Area	Low Income Geographies		Moderate Income Geographies		Middle Income Geographies		Upper Income Geographies		Overall Market Rank*	Market Share by Geography					Total Home Mortgage Refinance Loans	
	% Owner Occ Units	% Bank Loans	% Owner Occ Units	% Bank Loans	% Owner Occ Units	% Bank Loans	% Owner Occ Units	% Bank Loans		Overall	Low	Mod	Mid	Upp	#	% of Total**
<b>Full Scope</b>																
FMB - Muncie MSA	2	1	22	12	45	51	30	35	3	8.5	3.3	4.7	10.3	9.1	474	96
FMB Hamilton County in Indy MSA	0	0	3	0	17	11	80	89	126	0.1	0.0	0.0	0.1	0.1	19	4

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\* Based on 1998 Aggregate HMDA Data only. Market rank is for all income categories combined.

\*\* Refinance loans within an MSA/AA as a % of all refinance loans in the rating area.



Charter Number: 10000002234

**Table 5. Geographic Distribution of Small Loans to Businesses**

Geographic Distribution: SMALL BUSINESS																Evaluation Period: 01/01/1998 TO 12/31/1999	
MSA/Assessment Area	Low Income Geographies		Moderate Income Geographies		Middle Income Geographies		Upper Income Geographies		Overall Market Rank*	Market Share by Geography*					Total Small Business Loans		
	% of Businesses	% Bank Loans	% of Businesses	% Bank Loans	% of Businesses	% Bank Loans	% of Businesses	% Bank Loans		Overall	Low	Mod	Mid	Upp	#	% of Total**	
<b>Full Scope</b>																	
FMB - Muncie MSA	6	12	21	16	46	37	27	34	1	29.4	24.1	32.7	28.8	29.5	845	95	
FMB Hamilton County in Indy MSA	0	0	4	7	13	2	83	91	19	0.7	0.0	4.7	0.0	0.7	46	5	

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\* Based on 1998 Aggregate Small Business Data only. Market rank is for all income categories combined.

\*\* Small Business loans within an MSA/AA as a % of all Small Business loans in the rating area.

Charter Number: 10000002234

**Table 6. Geographic Distribution of Small Loans to Farms**

Geographic Distribution: SMALL FARM																Evaluation Period: 01/01/1998 TO 12/31/1999	
MSA/Assessment Area	Low Income Geographies		Moderate Income Geographies		Middle Income Geographies		Upper Income Geographies		Overall Market Rank*	Market Share by Geography*					Total Loans Small Farm Loans		
	% of Farms	% Bank Loans	% of Farms	% Bank Loans	% of Farms	% Bank Loans	% of Farms	% Bank Loans		Overall	Low	Mod	Mid	Upp	#	% of Total**	
<b>Full Scope</b>																	
FMB - Muncie MSA	1	0	6	1	70	87	24	12	1	51.8	0.0	0.0	45.6	75.0	95	100	
FMB Hamilton County in Indy MSA	0	0	0	0	36	0	64	0	0	0.0	0.0	0.0	0.0	0.0	0	0	

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\* Based on 1998 Aggregate Small Business Data only. Market rank is for all income categories combined.

\*\* Small Farm loans within an MSA/AA as a % of all Small Farm loans in the rating area.

Charter Number: 1000002234

**Table 7. Borrower Distribution of Home Purchase Loans**

Borrower Distribution: HMDA HOME PURCHASE										Evaluation Period: 01/01/1998 TO 12/31/1999						
MSA/Assessment Area	Low Income Borrowers		Moderate Income Borrowers		Middle Income Borrowers		Upper Income Borrowers		Overall Market Rank*	Market Share by Borrower Income*					Total Home Purchase Loans	
	% of Families	% Bank Loans**	% of Families	% Bank Loans**	% of Families	% Bank Loans**	% of Families	% Bank Loans**		Overall	Low	Mod	Mid	Upp	#	% of Total
<b>Full Scope</b>																
FMB - Muncie MSA	21	5	17	18	22	25	39	52	2	14.0	12.4	10.7	14.0	18.9	463	96
FMB Hamilton County in Indy MSA	8	5	13	10	20	19	59	67	116	0.1	0.0	0.0	0.0	0.2	21	4

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\* Based on 1998 Aggregate HMDA Data only. Market rank is for all income categories combined.

\*\* As a percentage of loans with borrower income information available.

Charter Number: 1000002234

**Table 8. Borrower Distribution of Home Improvement Loans**

Borrower Distribution: HOME IMPROVEMENT																
Evaluation Period: 01/01/1998 TO 12/31/1999																
MSA/Assessment Area	Low Income Borrowers		Moderate Income Borrowers		Middle Income Borrowers		Upper Income Borrowers		Overall Market Rank*	Market Share By Borrower Income*					Total Home Improvement Loans	
	% of Families	% Bank Loans**	% of Families	% Bank Loans**	% of Families	% Bank Loans**	% of Families	% Bank Loans**		Overall	Low	Mod	Mid	Upp	#	% of Total
<b>Full Scope</b>																
FMB - Muncie MSA	21	20	17	25	22	29	39	26	1	26.6	31.8	22.9	30.7	22.8	305	100
FMB Hamilton County in Indy MSA	8	0	13	0	20	0	59	0	0	0.0	0.0	0.0	0.0	0.0	0	0

Appendix C-11

\* Based on 1998 Aggregate HMDA Data only. Market rank is for all income categories combined.

\*\* As a percentage of loans with borrower income information available.

Charter Number: 1000002234

**Table 9. Borrower Distribution of Home Mortgage Refinance Loans**

Borrower Distribution: HOME MORTGAGE REFINANCE										Evaluation Period: 01/01/1998 TO 12/31/1999						
MSA/Assessment Area	Low Income Families		Moderate Income Families		Middle Income Families		Upper Income Families		Overall Market Rank*	Market Share by Borrower Income*					Total Loans	
	% of Families	% Bank Loans**	% of Families	% Bank Loans**	% of Families	% Bank Loans**	% of Families	% Bank Loans**		Overall	Low	Mod	Mid	Upp	#	% of Total
<b>Full Scope</b>																
FMB - Muncie MSA	21	8	17	17	22	19	39	56	3	8.5	4.2	6.9	6.9	13.5	474	96
FMB Hamilton County in Indy MSA	8	11	13	11	20	16	59	63	126	0.1	0.0	0.5	0.2	0.0	19	4

Appendix C-12

\* Based on 1998 Aggregate HMDA Data only. Market rank is for all income categories combined.

\*\* As a percentage of loans with borrower income information available.

Charter Number: 1000002234

**Table10. Borrower Distribution of Small Loans to Businesses**

Borrower Distribution: SMALL BUSINESS			Evaluation Period: 01/01/1998 TO 12/31/1999							
MSA/Assessment Area	Businesses With Revenues of \$1 million or less			% Distribution of Loans by Original Amount Regardless of Business Size			Market Share*		Total Small Business Loans	
	% Business**	% Bank Loans***	% Market Loans*	\$100,000 or less	> \$100,000 to \$250,000	> \$250,000 to \$1,000,000	All	Rev \$ 1 Million or Less	#	% of Total
<b>Full Scope</b>										
FMB - Muncie MSA	70	58	59	78	10	12	29.4	34.2	845	95
FMB Hamilton County in Indy MSA	69	52	54	74	15	11	0.7	0.9	46	5

Appendix C-13

\* The market consists of all other Small Business reporters in BANK's assessment area and is based on 1998 Aggregate Small Business Data Only only

\*\* Businesses with revenues of \$1 million or less as a percentage of all businesses.

\*\*\* Loans to businesses with revenues of \$1 million or less as a percentage of all loans reported as small loans to businesses. No revenue information was available for 7.2% of small loans to businesses reported by the BANK.

Charter Number: 1000002234

**Table11. Borrower Distribution of Small Loans to Farms**

Borrower Distribution: SMALL FARM			Evaluation Period: 01/01/1998 TO 12/31/1999							
MSA/Assessment Area	Businesses With Revenues of \$ 1million or less			% Distribution Loans by Original Amount Regardless of Farm Size			Market Share*		Total Small Farm Loans	
	% Farms**	% Bank Loans***	% Market Loans*	\$100,000 or less	> \$100,000 to \$250,000	> \$250,000 to \$500,000	All	Rev \$ 1 Million or Less	#	% of Total
<b>Full Scope</b>										
FMB - Muncie MSA	92	92	93	80	12	8	51.8	51.9	95	100
FMB Hamilton County in Indy MSA	93	0	91	0	0	0	0.0	0.0	0	0

Appendix C-14

\* The market consists of all other Small Farm reporters in BANK's assessment area and is based on 1998 Aggregate Small Business Data only

\*\* As a Percentage of Farms with known revenues.

\*\*\* As a percentage of loans with borrower income information available.

Charter Number: 1000002234

**Table 12. Qualified Investments**

QUALIFIED INVESTMENTS									
Evaluation Period: 01/01/1998 TO 12/31/1999									
MSA/Assessment Area	Prior Period Investments*		Current Period Investments		Total Investment			Unfunded Commitments**	
	#	\$(000's)	#	\$(000's)	#	\$(000's)	% of Total	#	\$(000's)
<b>Full Scope</b>									
FMB - Muncie MSA	5	1,237	4	2,150	9	3,387	100.00	0	0
FMB Hamilton County in Indy MSA	0	0	0	0	0	0	0.00	0	0

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\* 'Prior Period Investments' means investments made in a previous evaluation period that remains outstanding as of the examination date.

\*\* 'Unfunded Commitments' means legally binding commitments reported on Report of Condition Schedule L-"Off-Balance Sheet Items".



Charter Number: 1000002234

**Table13. Distribution of Branch and ATM Delivery System**

DISTRIBUTION OF BRANCH DELIVERY SYSTEM																	
Evaluation Period: 01/01/1998 TO 12/31/1999																	
MSA/Assessment Area	Deposits	Branches						Branch Openings/Closings				Population					
	% of Total Bank Deposits	# of Bank Branches	% of Total Bank Branches	Location of Branches by Income of Geographies (%)				# of Branch Closings	# of Branch Openings	Net gain(+) / loss(-) of branches due to openings/closings				% of the Population with Each Geography*			
				Low (%)	Mod (%)	Mid (%)	Upp (%)			Low	Mod	Mid	Upp	Low	Mod	Mid	Upp
<b>Full Scope</b>																	
FMB - Muncie MSA	98.97	12	80.00	0.00	16.67	58.33	25.00	0	0	0	0	0	0	10.14	21.46	41.26	27.14
FMB Hamilton County in Indy MSA	1.03	3	20.00	0.00	0.00	0.00	100.00	0	3	0	0	0	+3	0.00	3.49	18.15	78.36

Appendix C-16

\* The percentage of the population in the MSA/AA that resides in these geographies.