



Comptroller of the Currency
Administrator of National Banks

Public Disclosure

September 30, 1997

Community Reinvestment Act Performance Evaluation

**Old National Bank in Evansville
Charter Number 12444**

**420 Main Street
Evansville, Indiana 47705**

**Office of the Comptroller of the Currency
Central District Office
One Financial Place, Suite 2700
440 S. LaSalle Street
Chicago, Illinois 60605**

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

GENERAL INFORMATION

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

This document is an evaluation of the CRA performance of Old National Bank in Evansville (ONBE) prepared by The Office of the Comptroller of the Currency, the institution's supervisory agency, as of September 30, 1997. 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.

Institution's CRA Rating: This institution is rated "Satisfactory" record of meeting community credit needs".

Major Factors Supporting the Institution's Rating:

- An adequate responsiveness to residential credit needs in its assessment areas;
- An adequate responsiveness to small business credit needs in its assessment areas;
- ▶ A substantial majority of the bank's loans are made in its assessment areas;
- A limited use of innovative and/or complex investments; and,
- Delivery systems that are readily accessible to all portions of the assessment areas.

The following table indicates the performance level of ONBE with respect to the lending, investment, and service tests.

| Performance Levels | Old National Bank in Evansville Performance Tests | | |
|---------------------------|--|-----------------|--------------|
| | Lending Test* | Investment Test | Service Test |
| Outstanding | | | |
| High satisfactory | | | x |
| Low satisfactory | x | x | |
| Needs to improve | | | |
| Substantial noncompliance | | | |

* Note: The lending test is weighted more heavily than the investment and service tests when arriving at an overall rating.

DESCRIPTION OF INSTITUTION

ONBE is a \$1.6 billion bank owned by Old National Bancorp, Inc. (ONB), which is headquartered in Evansville, Indiana. Total assets of the holding company were \$5.3 billion as of December 31, 1996. ONB owns other banks in southeastern Illinois, southwestern Indiana, and western Kentucky. ONBE is the largest subsidiary of the holding company.

ONBE is a full service institution with a primary focus on commercial business loans, commercial real estate lending, and small business lending. A secondary emphasis is placed on residential real estate and consumer lending. Small farm lending is not a focus at the bank, as little expertise in this area exists in the lending staff. Agricultural related loans have historically been made by nearby Old National Bancorp, Inc. affiliates in Gibson and Posey Counties in Indiana. These institutions receive a separate Community Reinvestment Act (CRA) evaluation. The Gibson County affiliate was merged with ONBE as of October 25, 1996, which brought an agriculture lender to the bank, but overall this is a very small portion of the lending activity at ONBE.

There are no impediments which would hamper the bank's ability to help meet the needs of its assessment area. ONBE's capacity to serve the community's credit needs is strong. Table 1 depicts several key balance sheet figures:

| Table 1 | | | |
|--|------------------|-------------------------------|------------------|
| Balance Sheet as of June 30, 1997 | | | |
| Net Loans | \$ 917,277,000 | Total Deposits | \$ 1,108,292,000 |
| Investments | 561,502,000 | Other Liabilities | 351,916,000 |
| Other Assets | 118,171,000 | Total Liabilities | 1,460,208,000 |
| | | Total Equity Capital | 136,742,000 |
| Total Assets | \$ 1,596,950,000 | Total Liabilities and Capital | \$ 1,596,950,000 |

Source: FFIEC Report of Condition

The loan portfolio contains: 43.6% commercial and commercial real estate loans; 30.9% residential real estate loans (with 85% of this amount secured by 1-4 family residential loans); 19.9% loans to individuals; and 5.6% for various other purposes including agricultural loans. Return on average assets through June 30, 1997, was 1.47% with net income of \$10,898,000.

Primary competition in Vanderburgh and Warrick Counties includes Citizens National Bank of Evansville, National City Bank of Evansville, Permanent Federal Savings Bank, United Fidelity Savings Bank, and First Federal Savings Bank. Competition in Gibson County is National City Bank of Evansville and Citizens National Bank of Evansville. ONBE's deposit market share in Vanderburgh, Warrick, and Gibson County is 27.9%, 28.5%, and 18.3%, respectively.

ASSESSMENT AREAS DESCRIPTION

The bank has two assessment areas. The largest of the two assessment areas is comprised of a portion of MSA 2440 - Evansville, IN/Henderson, KY multistate MSA. The multistate MSA includes three counties in Indiana and one county in Kentucky. The bank includes in its assessment area only a portion of the MSA in Indiana, including Vanderburgh and Warrick Counties. ONBE does not have any branches in Kentucky. The second assessment area (hereafter referred to as Gibson) includes Gibson County in Indiana. Gibson County is adjacent to Vanderburgh County. ONBE operates 17 full-service branches, with automated teller machines (ATM's) provided at each full-service branch facility.

Tables 2-4 detail pertinent information concerning the bank and various demographic data that was used in connection with our review of the bank's CRA performance. Information in the tables is broken out for each of the bank's two assessment areas.

Table 2 reflects the number of low-, moderate-, middle-, and upper- income geographies by income level. The assessment areas comprise 68 geographies, with 24 or 35%, designated as LMI. It was noted that one tract had no reported income, consisted largely of farm land, and is not included in the table. Table 2 also provides information on the distribution of the bank's branches, deposits, and the population of the assessment areas.

| Table 2 Distribution of Geographies, Branches, Deposits and Population | | | | | | | | |
|---|------------------------------|------------------------|----------------------|---------------------|--------------|-----------------------|---------------------------------|-------------------|
| Assessment Area | Number of Geographies | | | | | Total Branches | Distribution of Deposits | Population |
| | Low-Income | Moderate-Income | Middle-Income | Upper-Income | Total | | | |
| MSA 2440 | 3 | 21 | 21 | 17 | 62 | 15 | 94.3% | 209,978 |
| Gibson | 0 | 0 | 5 | 0 | 5 | 2 | 5.7% | 31,913 |
| Total | 3 | 21 | 26 | 17 | 67 | 17 | 100% | 241,891 |

Source: Local Demographic Data
Call Report Data

Table 3 depicts the number and percentage of families within the bank’s assessment areas based upon income level. The table reveals that 36.7% of the families have low- or moderate incomes. The highest concentration of families is in the upper-income level which constitutes 39.4% of all families. This information is used to compare the bank’s lending patterns to HMDA borrowers of different income levels.

| Table 3 Number and Percentage of Families Based Upon Income Level | | | | |
|--|-----------------|-----------------|-----------------|-----------------|
| Assessment Area | Low | Moderate | Middle | Upper |
| MSA 2440 | 10,620 18.4% | 10,735 18.6% | 13,689 23.7% | 22,640 39.3% |
| Gibson | 1,481 16.6% | 1,600 17.9% | 2,204 24.7% | 3,651 40.8% |
| Total | 12,101 18.2% | 12,335 18.5% | 15,893 23.9% | 26,291 39.4% |

Source: Local Demographic Data

Table 4 details the number and percentage of owner occupied units that are located in the various geographic categories. The table reveals that 21% of the units are located in LMI geographies. It also reveals that the number of owner occupied units in low-income geographies in the bank’s assessment area is low. This information is used to determine the bank’s lending opportunities subject to the Home Mortgage Disclosure Act (HMDA), throughout the various geographic categories.

| Table 4 Number of Owner Occupied Units Based Upon Geographic Type | | | | |
|--|-------------|-----------------|-----------------|-----------------|
| Assessment Area | Low | Moderate | Middle | Upper |
| MSA 2440 | 534 1.0% | 13,325 23.7% | 18,838 33.5% | 23,507 41.8% |
| Gibson | 0 NA | 0 NA | 9,672 100% | 0 NA |
| Total | 534 0.8% | 13,325 20.2% | 28,510 43.3% | 23,507 35.7% |

Source: Local Demographic Data

Table 5 provides information on the number and percentage of businesses and farms with revenues of less than \$1 million. This table reveals that there are 5,753 businesses and 173 farms within the bank’s assessment areas that have revenues of less than \$1 million. The table also provides information on the number and percentage of companies that are located in the various income geographies. This information was used in analysis of the bank’s lending activity to small businesses/farms.

| Table 5 Number and Percentage of Businesses and Farms With Annual Revenues of Less than \$1 Million Based Upon Geographic Type | | | | | | | | | | | |
|--|----------|------|----------|-------|----------|-------|----------|-------|----------|--------|--------|
| Assessment Area | Low | | Moderate | | Middle | | Upper | | Total | | |
| | Business | Farm | Business | Farm | Business | Farm | Business | Farm | Business | Farm | |
| MSA 2440 | 134 | 3 | 1,432 | 18 | 2,129 | 44 | 1,307 | 51 | 5,002 | 116 | |
| Gibson | 0 | 0 | 0 | 0 | 751 | 57 | 0 | 0 | 751 | 57 | |
| Total | # | 134 | 3 | 1,432 | 18 | 2,880 | 101 | 1,307 | 51 | 5,753 | 173 |
| | % | 2.3% | 1.7% | 24.9% | 10.4% | 50.1% | 58.4% | 22.7% | 29.5% | 100.0% | 100.0% |

Source: Local Demographic Data

No unmet lending needs were identified in a review of six recently performed community contacts. Groups contacted included the local housing authority and not for profit groups focusing on housing, small business development, and services for low- and moderate-income individuals. The primary lending needs identified through the bank’s ascertainment program include the following: low- and moderate-income housing loans; multifamily housing loans; and small business loans. These lending needs are being addressed by the local financial institutions, including ONBE, within the bank’s assessment areas.

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS

LENDING TEST

Assessment area concentration:

Table 6 indicates that a substantial majority of the bank’s loans, by both number and dollar volume (94.3% and 95.6% respectively) are made inside ONBE’s assessment areas. The tables reflect the number and dollar volume of the bank’s HMDA reportable loans, small business, and small farm loan originations combined for 1996 and through September 1997 (hereafter referred to as 1996 and year to date 1997 HMDA LAR).

| Table 6 Ratio of Loans Inside the Assessment Areas (AAs) | | | | |
|---|---------------|----------------|------------|-------|
| | Home Mortgage | Small Business | Small Farm | Total |
| | | | | |

| Table 6 | | | | |
|---|-----------|----------|---------|-----------|
| Ratio of Loans Inside the Assessment Areas (AAs) | | | | |
| # of Loans Inside the AAs | 1,249 | 1,122 | 11 | 2,382 |
| Total # of Loans | 1,345 | 1,168 | 13 | 2,526 |
| % of Loans Inside/ Total # of Loans | 92.9% | 96.1% | 84.6% | 94.3% |
| \$ of Loans Inside the AAs | \$97,993 | \$71,025 | \$1,250 | \$170,268 |
| Total \$ of Loans | \$103,626 | \$73,212 | \$1,266 | \$178,104 |
| % of Loans Inside/ Total \$ of Loans | 94.6% | 97.0% | 96.7% | 95.6% |

Source: 1996 and year to date 1997 HMDA LAR
1996 and year to date 1997 Small Business/Small Farm Data Collection Register
Dollar amounts are in \$000's

Geographic Distribution of Loans:

The overall geographic distribution reflects a reasonable penetration in the bank's assessment areas. This is based on the location of the bank's HMDA and small business loans compared with the opportunities within the bank's assessment areas.

The bank has made HMDA and small business loans in the majority of the individual geographies within its two assessment areas. We reviewed origination data related to the percentage of geographies in which at least one loan was originated during 1996 and through September 1997. We found that the bank has a reasonable penetration for HMDA loans in low- and moderate-income geographies, and a good penetration in moderate-, middle-, and upper-income geographies for HMDA and small business loans. HMDA data revealed that the bank originated loans in 22 of the 24 geographies designated as LMI. Small business originations were also in 22 of 24 geographies designated as LMI. There were two moderate income geographies with no penetration that consisted of one area of former coal mining property and one area containing mostly rental units and homes occupied by retirees.

The low level of penetration in geographies of all income levels with small farm loans was consistent with the bank's business focus, which does not put an emphasis on farm and agricultural related lending outside of Gibson County. ONBE's lending patterns are consistent with the lending opportunities and the bank's business focus in its assessment areas.

Home Mortgage Loans:

Table 7 reflects that the bank originated an adequate volume of HMDA loans in geographies designated as LMI. The table also reveals that the geographic distribution of HMDA loans reflects a adequate dispersion throughout the bank's assessment areas. Table 9 illustrates the number and amount of HMDA loans that were originated in each of the geographic types within the bank's assessment areas. The table includes all of 1996 and through September 1997 HMDA loans originated within the bank's assessment areas.

Due to the merger of the Gibson County affiliate with ONBE as of October 25, 1996, the bank was not required to report HMDA loans originated in Gibson County until January 1, 1997. All market share information and comparisons to peer or competitor banks related to HMDA loan originations in this performance evaluation is for the MSA assessment area only. The 1997 data includes originations in Gibson County, but peer data is not yet available.

ONBE's percentage of HMDA loans in low-income geographies equals the percentage of owner-occupied units in these geographies. The table also indicates 13.5% of the number of HMDA loans were made in LMI geographies. It was also noted that 36.7% of the families in the bank's two assessment areas reside in LMI geographies. Table 9 reflects that the bank originated a significant volume of loans in middle- and upper-income geographies.

| Table 7 Geographic Distribution of HMDA Loans | | | | | |
|--|---|-----------------------------|---|-----------------------------|--|
| Geographic Type | Number (#) of Loans in the AAs | Percent of Total | Dollar of Loans in the AAs | Percent of Total | Percent of Total Owner Occupied Units |
| Low-Income | 10 | 0.8% | \$494 | 0.5% | 0.8% |
| Moderate-Income | 158 | 12.7% | \$5,730 | 5.8% | 23.7% |
| Middle-Income | 279 | 22.3% | \$14,730 | 15.0% | 43.3% |
| Upper-Income | 802 | 64.2% | \$77,039 | 78.7% | 35.7% |
| Total | 1,249 | 100.0% | \$97,993 | 100.0% | 100.0% |

Source: 1996 and year to date 1997 HMDA LAR
Dollar amounts are in \$000's

Table 8 analyzes Table 7 HMDA data by loan type. The table reveals that 10.1% of the bank's home purchase loans were originated in geographies designated as LMI. ONBE also originated 40.8% of its home improvement loans in geographies designated as LMI.

In 1996, 12.6% of the bank's HMDA reportable loans were originated in geographies designated as LMI compared to 20.6% for all lenders in the market. These percentages reasonably compare with the percentage of owner occupied units in these same areas of 21.0%.

| Table 8 Geographic Distribution by Product Type HMDA Loans | | | | | | |
|---|----------------------|------------------|-------------------------|---------------------|--------------|-----------------------------|
| Geographic Type | Home Purchase | Refinance | Home Improvement | Multi-family | Total | Owner Occupied Units |
| Low-Income | 6 | 1 | 2 | 1 | 10 | 534 |
| | 0.7% | 0.4% | 2.0% | 50.0% | 0.8% | 0.8% |
| Moderate-Income | 84 | 36 | 38 | 0 | 158 | 13,325 |
| | 9.4% | 14.1% | 38.8% | NA | 12.7% | 20.2% |
| Middle-Income | 180 | 70 | 29 | 0 | 279 | 28,510 |
| | 20.1% | 27.5% | 29.6% | NA | 22.3% | 43.3% |
| Upper-Income | 624 | 148 | 29 | 1 | 802 | 23,507 |
| | 69.8% | 58.0% | 29.6% | 50.0% | 64.2% | 35.7% |
| Total | 894 | 255 | 98 | 2 | 1,249 | 65,876 |
| | 100.0% | 100.0% | 100.0% | 100.0% | 100.0% | 100.0% |

Source: 1996 and year to date 1997 HMDA LAR

Small Business and Small Farm Loans:

The bank’s geographic distribution of small business and small farm lending is adequate, based on the lending opportunities in the assessment areas. Table 9 depicts the percentage of small business and small farm loans by geographic type. This information is also broken out by the bank’s two assessment areas. This table reflects that 21.3% of the bank’s small business loans were made to borrowers in LMI geographies, whereas 27.2% of the assessment areas’ small businesses are located in these geographies.

The table indicates that there were no farm loans made to borrowers located in LMI geographies. This is because most of the farm loans were made to borrowers in Gibson County, a county with only middle-income geographies. Demographic data reveals that only 12.1% of all farms in the assessment areas are located in LMI geographies, which would account for ONBE’s low level of small farm lending in these geographies.

| Table 9 Geographic Distribution of Small Business and Small Farm Loans | | | | | | | | |
|---|----------------|--------|-------|--------------------------------------|------------|--------|-------|---------------------------------|
| Geographic Type | Small Business | | | | Small Farm | | | |
| | MSA 2440 | Gibson | Total | Distribution of Businesses in Tracts | MSA 2440 | Gibson | Total | Distribution of Farms in Tracts |
| Low-Income | 0.8% | NA | 0.8% | 2.3% | 0.0% | NA | 0.0% | 1.7% |
| Moderate-Income | 20.7% | NA | 20.5% | 24.9% | 0.0% | NA | 0.0% | 10.4% |
| Middle-Income | 41.5% | 100.0% | 42.1% | 50.1% | 92.9% | 100.0% | 93.8% | 58.4% |
| Upper-Income | 37.0% | NA | 36.6% | 22.7% | 7.1% | NA | 6.2% | 29.5% |
| Total | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% |

Source: Small Business/Small Farm Data Collection Register 1996 and 1997

Borrowers’ Profile:

The overall distribution of the bank’s home mortgage, small business, and small farm loans based on borrower characteristics is satisfactory. This is due to the availability of product lines offered by the bank and efforts to market products specifically targeted to meet the needs of LMI borrowers.

Home Mortgage Loans:

Table 10 details the number of HMDA reported loans in 1996 and year to date 1997 to borrowers of different income levels in the assessment area. The table depicts that the level of home mortgage loans in the bank's assessment area to LMI borrowers is reasonable at 35.1% of all HMDA originations. This percentage approximates the level of LMI families living in the assessment areas of 36.7%.

| Table 10 Borrower Distribution of HMDA Loans | | | | | |
|---|-----------------------------------|----------|--|----------|----------------------------------|
| Income Level of Borrower | Number of loans in the AAs | | Dollar Volume of loans in the AAs | | Total Families in the AAs |
| | # | % | \$ | % | % |
| Low-Income | 97 | 13.3% | \$2,872 | 2.9% | 18.2% |
| Moderate-Income | 209 | 21.8% | \$8,758 | 8.9% | 18.5% |
| Middle-Income | 317 | 23.5% | \$19,383 | 19.8% | 23.9% |
| Upper-Income | 553 | 39.7% | \$61,224 | 62.5% | 39.4% |
| Not Available | 73 | 1.7% | \$5,756 | 5.9% | NA |
| Total | 1,249 | 100.0% | \$97,993 | 100.0% | 100.0% |

Source: 1996 and year to date 1997 HMDA LAR
Dollar Amounts are in \$000's

Table 10a analyzes by loan type the information detailed in Table 10. This table indicates that 5.3% of the bank's home purchase loans were originated to low-income borrowers and 16.1% to moderate-income borrowers. It was also noted that 57.2% of the bank's home improvement loans were originated to borrowers with low- or moderate- incomes. These percentages reasonably compare with the percentage of families with low- and moderate- incomes as shown in Table 12. Demographic data reveals that 45% of the low- income families in the bank's assessment area are also below the poverty level. This indicates that a large percentage of the low-income borrowers may not be in a position to support home ownership.

| Table 10a | | | | | | |
|---|----------------------|------------------|-------------------------|---------------------|--------------|-----------------------------|
| Product Type Distribution by Borrower Income Level | | | | | | |
| HMDA Loans | | | | | | |
| Income Level of Borrower | Home Purchase | Refinance | Home Improvement | Multi-family | Total | Owner Occupied Units |
| Low-Income | 47 | 21 | 29 | 0 | 97 | 534 |
| | 5.3% | 8.2% | 29.6% | NA | 7.8% | 0.8% |
| Moderate-Income | 144 | 38 | 27 | 0 | 209 | 13,325 |
| | 16.1% | 14.9% | 27.6% | NA | 16.7% | 20.2% |
| Middle-Income | 228 | 69 | 20 | 0 | 317 | 28,510 |
| | 25.5% | 27.1% | 20.4% | NA | 25.4% | 43.3% |
| Upper-Income | 427 | 109 | 17 | 0 | 553 | 23,507 |
| | 47.8% | 42.7% | 17.3% | NA | 44.3% | 35.7% |
| Income NA | 48 | 18 | 5 | 2 | 73 | NA |
| | 5.3% | 7.1% | 5.1% | 100.0% | 5.8% | NA |
| Total | 894 | 255 | 98 | 2 | 1,249 | 65,876 |
| | 100.0% | 100.0% | 100.0% | 100.0% | 100.0% | 100.0% |

Source: 1996 and year to date 1997 HMDA LAR

In 1996, 14.3% of the bank's home purchase loans made within the MSA were originated to LMI borrowers, compared to 30.0% for other lenders in the market. In the home improvement area, the bank originated 53.5% of its loans to LMI borrowers, compared to 32.2% for other lenders in the market. HMDA data reflects the bank's MSA market share of LMI borrowers for home purchase and home improvement loans were 8.4% and 11.2%, respectively. These percentages are comparable to the bank's overall home purchase and home improvement market share of loans to LMI borrowers at 13.0% and 6.7% respectively.

Small Business and Small Farm Lending:

The bank's overall volume of loans to small businesses is adequate. As previously stated, small farm lending is not a focus of the bank. Table 11 reveals that in 1996 and through September 1997, the bank originated approximately \$71,000,000 in small business loans within its assessment areas. All small business and small farm loans were made to small businesses and farms that had annual revenues of less than \$1 million. Demographic data reveals that there are 5,753 businesses with revenues of less than \$1 million.

| Table 11 Loans to Small Businesses and Small Farms With Annual Revenues Less than \$1 Million | | | | |
|--|-----------------------|--------------------|-----------------------|-------------------|
| | Number | | Dollar Amount | |
| Type of Loan | Small Business | Small Farms | Small Business | Small Farm |
| MSA 2440 | 1,102 | 3 | \$70,215 | \$563 |
| Gibson | 20 | 8 | \$810 | \$687 |
| Total | 1,122 | 11 | \$71,025 | \$1,250 |

Source: Small Business/Small Farm Data Collection Register 1996 and 1997
Dollar amounts are in \$000's.

Table 12 illustrates the bank's small business and small farm lending by differing loan amounts. The bank's record of making small loans to small businesses is adequate. This is evidenced by the fact that 28.3% of the small business loans originated at amounts less than \$100,000. This supports the conclusion that the bank's penetration of loans to small businesses and small farms is adequate.

| Table 12 Dollar Volume of Small Business and Small Farm Loans By Loan Amount at Origination | | | | | | |
|--|-----------------------|---------------|--------------|-------------------|---------------|--------------|
| Loan Amount at Origination | Small Business | | | Small Farm | | |
| | MSA 2440 | Gibson | Total | MSA 2440 | Gibson | Total |
| Less than \$100,000 | 27.8% | 69.6% | 28.3% | 11.2% | 18.4% | 15.2% |
| Between \$100,000 - \$250,000 | 28.2% | 30.4% | 28.2% | 0.0% | 40.8% | 22.4% |
| Between \$250,000 - \$1,000,000 | 44.0% | 0.0% | 43.5% | 88.8% | 40.8% | 62.4% |
| Total | 100.0% | 100.0% | 100.0% | 100.0% | 100.0% | 100.0% |

Source: Small Business/Small Farm Data Collection Register 1996 and 1997

Community Development Lending:

ONBE is an active participant in community development loans. Community development loans are those that do not meet the definition of home mortgage (except for multi-family dwellings), small business, or small farm loans, but do meet the definition of community development.

The bank originated 14 loans totaling \$3,110,000 for community development projects since the prior CRA examination. Below is a partial listing of these projects:

Memorial Baptist Church Community Development Corporation/K&K Ellsperman - ONBE made a \$32,000 loan in January 1996 to this community development corporation (CDC) to purchase and demolish a dilapidated commercial building that had stood abandoned for many years in a LMI geography. The CDC then sold the land to K&K Ellsperman. ONBE made two loans to K&K Ellsperman totaling \$107,000 in July 1996 to construct a new building on that site and to establish a fast-food franchise. This is the only fast-food franchise to locate in this neighborhood and has served as a beginning point for economic stabilization in the area.

Memorial Baptist Church Community Development Corporation/Memorial Pointe - This loan is also to The Memorial Baptist Church CDC, this loan for \$561,000, dated August 1997, is to construct a ten unit apartment complex for low-income senior citizens. This apartment complex is located in a geography designated as LMI.

Evansville Black Coalition - ONBE provided two loans in March 1996 totaling \$40,000 to the Contractor Training Program, sponsored by this coalition. The funds were used to rehabilitate properties in LMI geographies for sale to LMI individuals. This project also provides job skills training for young adults who work alongside professional construction workers.

Evansville Housing Authority - ONBE made a \$1,400,000 loan to the body that administers the public housing units in Evansville. This loan was to make certain upgrades in each of the housing units which would improve energy and water efficiency, thus reducing the LMI occupants' monthly expenses.

Evansville Coalition for the Homeless (ECHO) - ECHO serves area homeless families who require assistance in obtaining housing. ONBE made a \$140,000 loan to ECHO for the purpose of purchasing a six-unit apartment building to provide housing for the homeless.

Various church organizations - ONBE has made four loans totaling \$741,000 to churches located in LMI geographies that were for the purpose of constructing or renovating church buildings. These loans stabilize and provide services to the communities which they serve, such as elder care and day care for children of LMI individuals.

Innovative or Flexible Lending Practices:

ONBE makes use of three flexible lending programs to address the credit needs of LMI individuals and geographies. Below is a listing of the programs that are available bankwide. The extent of lending volume is also provided. The number and dollar amount of loans in these respective programs is included in the various mortgage tables previously detailed.

SmartStart Loan Program - This program provided non-traditional underwriting standards to assist LMI individuals in purchasing a home. The majority of borrowers utilizing this program are LMI, although borrowers can qualify with income up to 100% of the area median income. The program guidelines included: no loan minimum, down payment minimum of 3%, no points, and no private mortgage insurance. ONBE originated six loans totaling \$222,000 in 1996 and two loans totaling \$101,000 in 1997.

Fannie 97 Loan Program - This program was introduced to replace the SmartStart program. The guidelines remained the same as the SmartStart program, but required 30% of the loan balance to be insured by private mortgage insurance (PMI). Pre-purchase counseling is required for all borrowers. Four loans in 1996 totaling \$225,000 and three loans in 1997 for \$169,000 have been originated through this program.

100% Loan Program - ONBE began offering this loan product in March 1997. This program provides for an 80% first mortgage and a 20% second mortgage. Additional advantages are no PMI requirement and a second mortgage term up to 15 years. ONBE has originated five loans totaling \$307,400 during 1997.

The number and dollar amounts of the loans originated through the programs detailed above were extended to LMI borrowers.

INVESTMENT TEST

Investment and grant activity:

ONBE has an adequate level of qualified investments. During 1996, the bank made 26 donations/grants to 23 different organizations totaling \$113,760. During 1997, the bank made 18 donations/grants to 18 different organizations totaling \$58,860. The donations are used by the organizations to assist low- and moderate-income individuals and geographies. Several of the more significant grants included funds to the following organizations:

- Habitat of Evansville, Inc. - ONBE's largest contribution of \$60,000, was used during 1996 to construct two Habitat homes for sale to LMI families.
- HOPE of Evansville - ONBE contributed \$11,000 to this non-profit organization during 1997. HOPE provides prepurchase counseling sessions for first-time homeowners and a federal down payment assistance grant.

- Evansville Rescue Mission - This organization provides food and shelter for the homeless in Evansville. During 1996 and 1997 ONBE contributed \$9,500 to assist in the operations of the Mission.

Responsiveness to credit and community development needs:

ONBE displays an adequate responsiveness to credit and community economic development needs. Management stated that opportunities in these areas are very limited. This conclusion was supported by information gained through conducting community contacts in the assessment area. The bank has also helped meet credit needs in the form of lending relationships which are detailed in the Lending Test section of this evaluation.

Use of innovative and/or complex investments:

ONBE occasionally uses innovative and/or complex investments to support community development initiatives. An example of this participation is a 1996 \$450,000 loan and purchase of \$848,300 in tax credits to renovate the Washington Court Apartments. These 22 apartments function as a transitional housing center occupied by individuals with mental disabilities. The Southwest Indiana Mental Health Center assists in onsite management for the residents and acts as the conduit to provide residents for the building. The Evansville Housing Authority was the general partner with ONBE serving as one of the limited partners in this relationship.

SERVICE TEST

Accessibility of Delivery Systems:

Table 13 indicates that 29% of ONBE's branches are located in moderate- income geographies. An additional four offices or 24% are located in middle-income geographies that are adjacent to geographies designated as LMI and accessible by LMI individuals. Of these four offices, one is the main office facility which is located downtown and adjacent to the two low-income census tracts in the downtown area. Another branch is located in the Evansville areas primary retail shopping mall which is readily accessible by all segments of the community. The remaining two branches are located on the borders of moderate-income geographies. The table also reveals that 26% of the families in the assessment areas reside in LMI geographies while having access to 53% of the available branches. Based upon the number of offices and ATM's in or adjacent to geographies designated as LMI, these families have reasonable access to the bank's products and services.

| Table 13 Distribution of Offices & ATM's | | | | | |
|---|----------|--------------------------------|-----------------------------|-----------------------------|--------------------------|
| Geographic Type | # | % of Total Branches | ATM Distribution | % of Total ATM's | % of Families |
| Low-Income | 0 | NA | 1 | 3.5% | 1.7% |
| Moderate-Income | 5 | 29.4% | 7 | 24.1% | 24.8% |
| Middle-Income | 9 | 52.9% | 13 | 44.8% | 42.2% |
| Upper-Income | 3 | 17.7% | 8 | 27.6% | 31.3% |
| Total | 17 | 100% | 29 | 100% | 100% |

Source: Bank Internal Records
Local Demographic Data

Alternative Delivery Systems:

ONBE provides adequate alternative delivery systems. Each full-service branch has a 24-hour full-service automated teller machine (ATM). Five of the offices are located in moderate income geographies. The bank also has 12 ATM's within its assessment area that are not located in branches. Three of these are located in geographies designated as LMI, which supplement the branch network. The bank is a member of the MAC ATM network, which permits the bank's customers to access their accounts through numerous ATMs at other financial institutions both in and outside of the assessment areas.

Additional ONBE alternative delivery systems are:

- PC BankConnect - This service allows customers to conduct banking transactions and pay bills through the use of a personal computer.
- TouchTone Banking - This system provides customers the same capabilities as BankConnect through the use of a touchtone telephone.
- Electronic Funds Transfer Payment System - EFTPS lets individual and business customers make their federal tax deposits electronically.

Reasonableness of Services:

Branch services and business hours are similar in all geographies regardless of income level. Business hours have been extended to provide convenient access to all portions of the assessment areas. The primary business hours are 9:00 a.m. - 6:00 p.m., Monday - Thursday; 9:00 a.m. - 7:00 p.m. on Friday; and Saturday banking from 9:00 a.m. - Noon. All branch locations are full-service with drive-up facilities and 24 hour access ATMs.

Community Development Services:

ONBE provides a reasonable number of community development services in the Evansville area. The bank sponsors seminars, provides technical assistance to community groups, and offers deposit products for the benefit of LMI consumers. Old National is also involved in education of local children through the establishment of a student bank at a local school.

Examples include:

- The CRA Officer is active in various community organizations which serve the needs of LMI individuals. The CRA Officer serves as an officer or on the board of the following:
 - 1) HOPE of Evansville, Inc. - This agency provides counseling, prepurchase training and down payment assistance to LMI individuals. HOPE has a Department of Housing and Urban Development (HUD) approved prepurchase counseling program. HOPE offers up to \$10,000 in down payment money per applicant. HOPE receives the down payment funds from the City of Evansville through Community Development Block Grant funds. This program was started during the fourth quarter of 1995. ONBE invested \$10,000 for membership during the first quarter of 1997. HOPE has counseled 132 clients to date, with 17 receiving loans. Of these loans, Old National originated 6 loans totaling \$287,000.
 - 2) Evansville One- This organization receives \$250,000 each year from Casino Aztar and other sources to be used to assist with small business development, assist organizations engaged in affordable housing rehabilitation, and non-profit organizations in LMI census tracts. A bank officer worked to help organize the group for three years. Evansville One received its first grant of \$250,000 in 1997.
 - 3) National Economic Development Corporation (NEDC)- This organization works with new and existing small businesses by providing technical assistance and loans. The bank's CRA officer participates in the review of small business loan applications submitted to the NEDC.
 - 4) Evansville Housing Authority (EHA) Task Force - This task force is working with the EHA to develop a comprehensive home ownership program geared to serve the low-income community. The goal is to make homeowners of 30-40 low-income families over the next 3-4 years.

ONBE also works to assist LMI borrowers and geographies through educational programs and seminars. Examples of this work are as follows:

- 1) The bank sponsored two seminars during 1996 to provide technical assistance to small business owners. The topics were independent business management and borrowing.
- 2) The bank sponsored two seminars for LMI consumers which addressed basic banking services and mortgage lending.
- 3) During the last eighteen months, ONBE has been working with the teaching staff at the Stanley Hall Enrichment Center to establish a student bank. This branch will provide limited checking, savings, and loan services for the Stanley Hall students and staff. Tentative plans are

for the bank to be operational by January 1998. This school is located in a LMI geography and primarily serves students from LMI geographies.

4) In June 1996, ONBE mailed a brochure to 6,500 area apartment residents which entitled them to obtain a free home buying guide. The guide provided information on deciding whether home ownership is the right choice, shopping for a home, obtaining a mortgage, closing a sale, and maintaining a house after purchase.

The bank offers various deposit products which target the LMI consumer. These products include economy checking and savings. No monthly service charges are assessed for the first fifteen checks on economy checking. Opening balance requirements as low as \$50 for checking and \$1 for savings. ONBE has 2,563 active economy checking accounts and 8,666 active economy savings accounts.

Changes in Branch Locations:

ONBE opened a new branch at Bell Oaks in Newburgh and closed the Castle branch in Newburgh. The level of service was improved by this action by moving the branch from a high traffic congested intersection to a location that provided easier customer access. ONBE also obtained two branches in the Gibson county non-MSA assessment area through the merger of the Old National Bancorp, Inc. affiliate Gibson County Bank into ONBE's charter. There were no other branch opening, closing, or relocation activities by the bank since the last evaluation.

Fair Lending Review:

No violations of the substantive provisions of the anti-discrimination laws and regulations (ECOA, FHA, or HMDA) were identified. The institution's fair lending policies, procedures, training programs and internal assessment efforts have been effective in assisting lenders in these issues.

Metropolitan Statistical Area - MSA 2440

Conclusions with Respect to Performance Test in MSA 2440 - Evansville-- Henderson, In--Ky

ONBE's performance in meeting the credit needs of its assessment area within MSA 2440 is consistent with the overall ratings assigned to the bank. Table 2 indicates that 94% of the bank's deposits are generated within the MSA assessment area which weighed heavily in the assignment of the overall rating. The conclusions with respect to the lending, investment, and service test in are consistent with this overall rating.