



# LARGE BANK

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Comptroller of the Currency  
Administrator of National Banks

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Washington, DC 20219

**Public Disclosure**  
**December 01, 2003**

**Community Reinvestment Act**  
**Performance Evaluation**

**First Indiana Bank, National Association**  
**Charter Number: 24256**

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**NOTE: This document is an evaluation of this 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. 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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# Overall CRA Rating

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

The following table indicates the performance level of **First Indiana Bank, National Association** with respect to the Lending, Investment, and Service Tests:

Performance Levels	First Indiana Bank, N.A. Performance Tests		
	Lending Test*	Investment Test	Service Test
Outstanding			
High Satisfactory	X		
Low Satisfactory		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:

- Community development lending had a positive effect on the Lending Test conclusions. The bank's volume of CD lending is very responsive to the need for affordable housing and other opportunities in the AA.
- First Indiana's lending reflects an adequate dispersion among geographies of different income levels.
- First Indiana's lending reflects a good dispersion among borrowers of different income levels and businesses of different sizes.
- Lending levels, as shown by the volume of all loans generated, reflect adequate responsiveness to the credit needs of the AA.
- A majority of small loans to businesses originated or purchased by First Indiana over the evaluation period were within its AAs.
- First Indiana has made an adequate amount of qualified investments in its AAs during this evaluation period.
- First Indiana's delivery systems are reasonably accessible to geographies and individuals of different income levels in its AA.

- First Indiana's performance in providing Community Development services in the Indianapolis Indiana MSA is good. Management is involved in community development programs targeted to low- and moderate-income individuals, positively impacting the Service Test rating.

## Definitions and Common Abbreviations

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

**Aggregate Lending:** The number of loans originated and purchased by all reporting lenders in specified income categories as a percentage of the aggregate number of loans originated and purchased by all reporting lenders in the MA/assessment area.

**Block Numbering Area (BNA):** A statistical subdivision of a county for grouping and numbering blocks in non-metropolitan counties where local census statistical area committees have not established census tracts. A BNA does not cross county lines.

**Census Tract (CT):** A small subdivision of metropolitan and other densely populated counties. Census tract boundaries do not cross county lines; however, they may cross the boundaries of metropolitan areas. Census tracts usually have between 2,500 and 8,000 persons, and their physical size varies widely depending upon population density. Census tracts are designed to be homogeneous with respect to population characteristics, economic status, and living conditions to allow for statistical comparisons.

**Community Development:** Affordable housing (including multifamily rental 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.

**Consumer Loan(s):** A loan(s) to one or more individuals for household, family, or other personal expenditures. A consumer loan does not include a home mortgage, small business, or small farm loan. This definition includes the following categories: motor vehicle loans, credit card loans, home equity loans, other secured consumer loans, and other unsecured consumer loans.

**Family:** Includes a householder and one or more other persons living in the same household who are related to the householder by birth, marriage, or adoption. The number of family households always equals the number of families; however, a family household may also

include non-relatives living with the family. Families are classified by type as either a married-couple family or other family, which is further classified into 'male householder' (a family with a male household and no wife present) or 'female householder' (a family with a female householder and no husband present).

**Full Review:** Performance under the Lending, Investment, and Service Tests is analyzed considering performance context, quantitative factors (e.g., geographic distribution, borrower distribution, and total number and dollar amount of investments), and qualitative factors (e.g., innovativeness, complexity, and responsiveness).

**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 area to file annual summary reports of their mortgage lending activity. The reports include such data as the race, gender, and the income of applications, the amount of loan requested, and the disposition of the application (e.g., approved, denied, and withdrawn).

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

**Household:** Includes all persons occupying a housing unit. Persons not living in households are classified as living in group quarters. In 100 percent tabulations, the count of households always equals the count of occupied housing units.

**Limited 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, and branch distribution).

**Low-Income:** Individual income that is less than 50 percent of the area median income, or a median family income that is less than 50 percent, in the case of a geography.

**Market Share:** The number of loans originated and purchased by the institution as a percentage of the aggregate number of loans originated and purchased by all reporting lenders in the MA/assessment area.

**Median Family Income (MFI):** The median income determined by the U.S. 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 Area (MA):** Any primary metropolitan area (PMA), metropolitan area (MA), or consolidated metropolitan area (CMA), as defined by the Office of Management and Budget, with a population of 250,000 or more, and any other area designated as such by the appropriate federal financial supervisory agency.

**Middle-Income:** Individual income that is at least 80 percent and less than 120 percent of the area median income, or a median family income that is at least 80 percent and less than 120 percent, in the case of a geography

**Moderate-Income:** Individual income that is at least 50 percent and less than 80 percent of the area median income, or a median family income that is at least 50 percent and less than 80 percent, in the case of a geography.

**Multifamily:** Refers to a residential structure that contains five or more units.

**Other Products:** Includes any unreported optional category of loans for which the institution collects and maintains data for consideration during a CRA examination. Examples of such activity include consumer loans and other loan data an institution may provide concerning its lending performance.

**Owner-Occupied Units:** Includes units occupied by the owner or co-owner, even if the unit has not been fully paid for or is mortgaged.

**Qualified Investment:** A qualified investment is defined as any lawful investment, deposit, membership share, or grant that has as its primary purpose community development.

**Rated Area:** A rated area is a state or multi-state metropolitan area. For an institution with domestic branches in only one state, the institution's CRA rating would be the state rating. If an institution maintains domestic branches in more than one state, the institution will receive a rating for each state in which those branches are located. If an institution maintains domestic branches in two or more states within a multi-state metropolitan area, the institution will receive a rating for the multi-state metropolitan area.

**Small Loan(s) to Business(es):** A loan included in 'loans to small businesses' as defined in the Consolidated Report of Condition and Income (Call Report) and the Thrift Financial Reporting (TFR) instructions. These loans have original amounts of \$1 million or less and typically are either secured by nonfarm or nonresidential real estate or are classified as commercial and industrial loans. However, thrift institutions may also exercise the option to report loans secured by nonfarm residential real estate as "small business loans" if the loans are reported on the TFR as nonmortgage, commercial loans.

**Small Loan(s) to Farm(s):** A loan included in 'loans to small farms' as defined in the instructions for preparation of the Consolidated Report of Condition and Income (Call Report). These loans have original amounts of \$500,000 or less and are either secured by farmland, or are classified as loans to finance agricultural production and other loans to farmers.

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

**Upper-Income:** Individual income that is more than 120 percent of the area median income, or a median family income that is more than 120 percent, in the case of a geography.

## Description of Institution

First Indiana Bank, National Association (First Indiana) is a \$2.1 billion intrastate institution headquartered in Indianapolis, Indiana. First Indiana serves all of the Indianapolis, Indiana MSA and Rush County. First Indiana operates 33 full service retail banking offices located in Central Indiana, plus loan production offices in Indiana, Arizona, Florida, Illinois, North Carolina, and Ohio. Seven of the branches were acquired through the MetroBank acquisition in April 2003. Of the 40 ATMs in the Indianapolis MSA AA, 31 ATMs are located at branches and nine are stand alone machines. There is also one ATM located at the branch in the Rush County AA.

First Indiana is wholly owned by First Indiana Corporation (FIC), which is also headquartered in Indianapolis, Indiana. The holding company has total assets of approximately \$2.2 billion and also owns Somerset, an accounting and consulting firm. On January 13, 2003, FIC acquired MetroBanCorp, the holding company for MetroBank. The bank had \$196 million in assets and seven offices in Carmel, Fishers, and Noblesville, Indiana. MetroBank branches began operating under the First Indiana name on April 28, 2003.

First Indiana finalized its conversion from a Savings Bank to a National Bank Charter on August 1, 2001. In anticipation of conversion to a national bank, First Indiana began decreasing their reliance on the mortgage portfolio and increasing their commercial loan portfolio volume during 2000. The bank continues to focus on more business lending and has reduced its direct mortgage-lending program significantly in the past few years. This strategy accounts for the bank's low mortgage and small business lending levels in its assessment area during the evaluation period. Since the entry into the business market has been recent, the bank has experienced lower volume than competitors with an established customer base in commercial and construction lending. Additionally, the bank's mortgage loan volume has declined over this same time period due to the bank's changing focus.

First Indiana is a full service lender offering various loan and deposit products. First Indiana offers commercial loans, construction loans, and home mortgage loans. Through Somerset and First Trust Indiana, First Indiana offers a full array of tax planning, accounting, consulting, retirement and estate planning, and investment advisory and trust services. As stated above, the bank's primary focus in recent years has been commercial and construction lending. However, First Indiana continues to originate home mortgage loans (including home equity lines and loans) throughout 46 states through independent contractors. These relationships have historically generated a large percentage of the bank's mortgage lending and account for the bank's low ratio of mortgage lending in the Indianapolis MSA (see comments in the Inside/Outside Ratio section of this report). Through its construction lending, the bank provided the community with affordable housing to address this community need. As of September 30, 2003, net loans represented 81 percent of total assets and consisted of residential real estate loans (52 percent), commercial loans (27 percent), construction loans (17 percent), and other loans (4 percent).

There are no legal, financial, or other factors impeding First Indiana's ability to help meet the credit needs of the communities it serves. As of September 30, 2003, First Indiana reported Tier 1 capital of \$173 million. First Indiana was rated Satisfactory at its last CRA evaluation dated May 24, 1999.

# Scope of the Evaluation

## Evaluation Period/Products Evaluated

The evaluation period for home mortgage and small business loans is January 1, 2001 through December 31, 2002. The evaluation period for community development (CD) loans, qualified investments and CD services is January 1, 2001 through December 1, 2003. Although the bank's last CRA evaluation was performed in 1999, we only included data in this evaluation that was submitted after First Indiana had converted to a National Bank Charter.

Products included in First Indiana's Lending Test analysis are home mortgage loans, small loans to businesses, and CD loans. First Indiana makes all of its home improvement loans under home equity loans and/or lines and chooses not to report these loans for HMDA purposes. Additionally, First Indiana did not make any small farm loans during this evaluation period. Multi-family loans are not significant products of First Indiana, so an analysis of these products would not be meaningful. Therefore, we did not include these loan types in our analysis.

For the Investment Test, current balances of qualified investments made in prior periods and qualified investments made in the current period were evaluated.

For the Service Test, the geographic distribution of branches, the bank's record of opening and closing branches, and retail and CD services were evaluated.

Market share data for home mortgage loans and small loans to businesses were based on 2002 aggregate data, which was the most current data available at the time the bank's CRA performance was evaluated.

## Data Integrity

The Community Reinvestment Act requires that banks, other than small banks, collect and maintain certain data regarding originations and purchases of small loans to businesses and farms. The Home Mortgage Disclosure Act (HMDA) requires banks with branches in Metropolitan Statistical Areas (MSAs) to collect information on its home mortgage loans.

As part of our evaluation, we performed a data integrity review of the bank's 2001 and 2002 HMDA and CRA data. We compared information from the bank's loan application registers to the information contained in the loan files. During our review, we noted significant errors in key fields of the 2001 HMDA and 2001 and 2002 small business data. First Indiana management performed a file search for all small business and HMDA loans reported during these timeframes to correct the errors noted. Our subsequent follow-up review noted no significant errors in these key fields. Therefore, this performance evaluation is based on accurate HMDA and CRA data from 2001 and 2002.

In addition, we reviewed CD loans, investments, and services, submitted by the bank, to determine that they met the regulatory definitions. Our review indicated that some of the items submitted by First Indiana for consideration did not meet the definition or purpose of CD.

Therefore, this evaluation was based on only those CD loans, investments and services that met the regulatory definitions.

### **Selection of Areas for Full-Scope Review**

First Indiana has only two AAs, with the Indianapolis Indiana MSA accounting for over 97% of the bank's loans, deposits, and branches. Therefore, we performed a full-scope review of the Indianapolis Indiana MSA and a limited-scope review of the Rush County Indiana AA. Refer to Appendix A for additional information regarding the area receiving a full-scope review.

### **Ratings**

The bank's overall rating is based primarily on the Indianapolis Indiana MSA, which received a full-scope review.

Home mortgage lending and small business lending were weighted equally due to the volume of loans made. However, home refinance lending was weighted more heavily than home purchase loans since the bank made a larger number of these loans during the evaluation period.

### **Other**

Based on the demographics of the AA and the identified needs of affordable housing and small business financing, opportunities exist for the bank to help address these needs. This conclusion is based on discussions with an organization that provides assistance to small businesses and two prior contacts made to affordable housing organizations, our review of the CRA performance evaluations of other financial institutions operating in the AA, and from discussion with bank management.

## **Fair Lending Review**

We found no evidence of illegal discrimination or other illegal credit practices.

## **Conclusions with Respect to Performance Tests**

### **LENDING TEST**

#### **Conclusions for Areas Receiving Full-Scope Reviews**

The bank's performance under the lending test is rated High Satisfactory. Based on a full-scope review, the bank's performance in the Indianapolis Indiana MSA is good. First Indiana provides a high level of community development lending in this assessment area. The bank provides funding to numerous local developers who focus on low-end home construction and rehabilitation in addition to housing in low- and moderate-income areas. Specific details are included in the Community Development Lending section of this Performance Evaluation.

Since small farm, multi-family, and home improvement lending are not significant products of First Indiana, they are not included in this analysis.

#### **Lending Activity**

Lending levels, as shown by the volume of all loans generated, reflect adequate responsiveness to the credit needs of the AA. Although the lending levels for home mortgage and small business lending products are somewhat low for a lender of this size, the bank's performance is considered reasonable in light of the highly competitive nature of this market, the fact the bank makes mortgage loans in a forty-six state area, and the bank's fairly recent change in business strategy to increase its commercial loan (including small business lending) portfolio (specific details are included in the Description of Institution and Market Profile sections of this document). Additionally, First Indiana has supplemented its home mortgage lending by making numerous community development loans resulting in affordable housing in low- and moderate-income areas and to low- and moderate-income borrowers (refer to the Community Development section of this document for more details). Refer to Table 1 Lending Volume in Appendix C for the facts and data used to evaluate the bank's lending activity.

During the evaluation period, First Indiana extended 1,171 home mortgage and small business loans totaling \$195 million in the AA. Approximately 51 percent of First Indiana's originated/purchased loans in the AA are small loans to businesses, while 49 percent are home mortgage loans. Of the total home mortgage loans, home refinance loans accounted for 65 percent, home purchase loans accounted for 34 percent, and there were no reported home improvement loans. Multi-family lending was only one percent.

Information on deposit market share compiled, by the FDIC as of June 30, 2003, shows the bank's deposits in the Indianapolis Indiana MSA are approximately \$1.5 billion. Based on the FDIC deposit market share data, this equates to a 6.31 percent market share, ranking First Indiana as the fifth largest deposit taking institution out of 48 institutions in the AA. Three institutions that have a combined deposit market share of 56.39 percent dominate the market.

Competition for both deposits and loans in the AA is very strong. Based on 2002 aggregate HMDA data, the bank ranked 94<sup>th</sup> out of 594 mortgage lenders in the AA for home mortgage lending with a 0.17 percent market share. Based on 2002 aggregate CRA data, First Indiana ranks 23<sup>rd</sup> of 153 lenders originating/purchasing small loans to businesses in the AA, with a 0.83 percent market share.

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

First Indiana's lending reflects an adequate dispersion among geographies of different income levels.

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

The overall geographic distribution of home mortgage loans is adequate in the full-scope AA. The good performance in home purchase lending supported assigning an overall rating of adequate, although home refinance lending was poor. We placed more emphasis on home refinance loans because the volume of these loans significantly exceeds the volume of home purchase loans (almost twice as many refinance loans were made during the evaluation period). A geographical analysis of multifamily loans would not be meaningful because of the low volume and therefore were not considered in the evaluation. Refer to Tables 2, 3, 4 and 5 in Appendix C for the facts and data used to evaluate the geographic distribution of the bank's home mortgage loan originations and purchases.

Home purchase loan geographic distribution is good. The percentage of the bank's home purchase loans made in the low-income geographies (4.06 percent) is significantly above the percentage of owner-occupied housing units (3.32 percent) that are in these geographies. The percentage of the bank's home purchase loans made in the moderate-income geographies (11.68 percent) is below the percentage of owner-occupied housing units (17.11 percent) that are in those geographies. The bank's market share for loans made in the low-income geographies (0.17 percent) and the moderate-income geographies (0.19 percent) is above its overall market share (0.12 percent) for home purchase loans.

Home refinance loan geographic distribution is poor. The percentage of the bank's refinance loans made in the low-income geographies (1.33 percent) is well below the percentage of owner-occupied housing units (3.32 percent) that are in those geographies. The percentage of the bank's refinance loans made in the moderate-income geographies (9.33 percent) is also well below the percentage of owner-occupied housing units (17.11 percent) in those geographies. The bank's market share for refinance loans made in the low-income geographies (0.06 percent) and moderate-income geographies (0.13 percent) are below its overall market share (0.21 percent) for refinance loans.

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

The bank's geographic distribution of small loans to businesses in the AA is adequate. Refer to Table 6 in Appendix C for the facts and data used to evaluate the geographic distribution of the bank's origination/purchase of small loans to businesses.

The percentage of First Indiana's small loans to businesses made in the low-income geographies (4.36 percent) is below the percentage of businesses (6.68 percent) in those

geographies. The percentage of First Indiana's small loans to businesses made in the moderate-income geographies (12.58 percent) is also below the percentage of businesses (15.82 percent) in those geographies. The bank's market share for small loans to businesses (0.79 percent) in the low-income geographies meets the overall market share (0.83 percent) for small loans to businesses. The bank's market share for small loans to businesses in the moderate-income geographies (0.91 percent) is slightly above its overall market share for small loans to businesses.

## **Lending Gap Analysis**

No unexplained conspicuous gaps were identified. Maps and reports detailing First Indiana's lending activity over the evaluation period, for home mortgage loans and small loans to businesses, were reviewed to identify gaps in the geographic distribution of those loans.

### ***Inside/Outside Ratio***

Although less than a majority of loans originated or purchased by First Indiana over the evaluation period was within its AAs, this performance is reasonable considering the bank's mortgage business is generated throughout a 46-state area. Ninety-five percent of its small loans to businesses and eleven percent of the bank's home mortgage loans are within its AA. This performance was factored into the overall analysis of the geographic distribution of lending by income level of geographies.

The analysis was performed at the bank level as opposed to the AA level. The information includes bank originations and purchases only.

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

First Indiana's lending reflects a good dispersion among borrowers of different income levels and businesses of different sizes.

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

The overall borrower distribution of home mortgage loans is excellent in the bank's Indianapolis Indiana AA. We placed more emphasis on home refinance loans because the volume of these loans exceeds the volume of home purchase loans. In evaluating the borrower distribution of home mortgage loans, we considered the large number of households that live below the poverty level (9.67 percent of households) and the barriers that this may have on home ownership. Refer to Tables 8, 9, and 10 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 borrower distribution for home purchase loans is excellent. Home purchase loans made to low-income borrowers (17.53 percent) are below the percentage of low-income families (18.64 percent) in the AA. However, almost 10% of the households in the AA are living below poverty. Home purchase loans made to moderate-income borrowers (30.41 percent) are well above the percentage of moderate-income families (18.57 percent) in the AA. Market share for loans made to low-income borrowers (0.10 percent) and moderate-income borrowers

(0.11 percent) is near the overall market share (0.13 percent) for home purchase loans in the AA.

The borrower distribution for home mortgage refinance loans is excellent. Refinance loans made to low-income borrowers (16.26 percent) are below the percentage of low-income families (18.64 percent) in the AA. However, almost 10% of the households in the AA are living below poverty. Refinance loans made to moderate-income borrowers (25.47 percent) are substantially above the percentage (18.57 percent) of moderate-income families in the AA. Market share for loans made to low-income borrowers (0.23 percent) and moderate-income borrowers (0.24 percent) is near the overall market share (0.26 percent) for refinance loans in the AA.

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

Borrower distribution of small loans to businesses is adequate. Refer to Table 11 in Appendix C for the facts and data used to evaluate the borrower distribution of the bank's origination/purchase of small loans to businesses.

First Indiana's loans to businesses with revenues of \$1 million or less (45.47 percent) are below the percentage of small businesses (71.58 percent) in the AA. This is due to high competition for small business loans in the assessment area. There are 153 lenders reporting small business loans in this AA. First Indiana has a market share of 1.33 percent for loans made to businesses with revenues of \$1 million or less. This market share is above the bank's overall market share of 0.83 percent for small loans to all businesses.

### **Community Development Lending**

Community development lending had a positive effect on the Lending Test conclusions. The bank's volume of CD lending is very responsive to the identified need for affordable housing and other opportunities in the AA. First Indiana is very active in providing funding for the construction and improvement of affordable homes throughout the AA, including the low- and moderate-income census tracts. Although First Indiana's home mortgage lending in low- and moderate-income areas is adequate, the bank has made several loans in these areas that qualify as community development lending. This performance complements the bank's HMDA reportable lending and is further explained below.

Refer to Table 1 Lending Volume in Appendix C for the facts and data used to evaluate the bank's level of community development lending. This table includes all CD loans, including multifamily loans that also qualify as CD loans. In addition, Table 5 includes geographic lending data on all multi-family loans, including those that also qualify as CD loans. Table 5 does not separately list CD loans, however.

During the evaluation period, First Indiana extended 220 community development loans totaling approximately \$159 million. With the exception of one loan for \$8.9 million, the loans were made within the Indianapolis Indiana AA. The other loan benefits a regional area that includes the Indianapolis Indiana AA. Examples of some of these loans are listed below.

- The bank originated three warehouse lines of credit totaling \$3,100,000 to a state chartered commercial bank. This bank does not have deposit gathering privileges, but specializes in

Government Guaranteed loans to farmers for a variety of purposes. First Indiana's funding using one of the warehouse lines of credit is used for the initial credit advances on a short-term basis. The state bank then sells the guaranteed portion of the loans in the secondary market. First Indiana also funds the state bank's remaining ten percent of the loan balance (unguaranteed portion). These intermediate or long-term Farm Service Administration guaranteed loan residuals are funded under the other two warehouse lines of credit based on the loan maturity. These loans promote economic development by financing small farms.

- First Indiana has established relationships with various entities for the purchase of residential real estate investment properties. Through these companies, First Indiana generated 179 loans for residential properties totaling \$9,786,935. These homes are rented or sold under contract to low- and moderate-income individuals and/or families. We verified that the homes were affordable to low- and moderate-income persons and/or the properties were in low- and moderate-income areas targeted for revitalization. Since the loans are made on a temporary basis, they are not reported in the bank's HMDA lending.
- First Indiana extended five revolving lines of credit totaling \$76,700,000 to local residential property developers. These developers construct single-family homes in the price range of affordability for low- and moderate-income borrowers. In many instances, the developer sells the home under contract and First Indiana retains the mortgage on the property until the homeowner obtains financing from a conventional lender or fulfills their purchase contract.
- The bank committed \$1,500,000 to the Indianapolis Neighborhood Housing Partnership (INHP) loan pool. First Indiana is one of thirteen lenders that provide a total of \$19,500,000 in funding to this organization. Under this arrangement, First Indiana has advanced \$851,400, which provided funding for 17 loans. Various first and second mortgage programs are available to low- and moderate-income families for both acquisition and rehabilitation of homes.

### **Regional/Statewide Community Development Loan**

The bank originated an \$8,885,000 revolving line of credit to a local builder to develop and construct single-family homes in the Indianapolis, Kokomo, and Lafayette, Indiana market areas. The builder provides affordable housing for low- and moderate-income individuals. The majority of the homes are affordable for these families based on the median family income for the Indianapolis MSA, the bank's pro-forma loan calculations, and our analysis.

### **Product Innovation and Flexibility**

Product flexibility had a neutral effect on the Lending Test conclusions. Although First Indiana does offer one flexible-lending product, the bank has only originated one loan under this program in 2003 for \$77,000. First Indiana created the Affordable Mortgage Loan 100% loan-to-value lending product in 2002. This is a 30- or 15-year fixed-rate conventional mortgage (maximum available \$125,000) with no Private Mortgage Insurance and no prepayment penalty. Underwriting guidelines are relaxed, including higher debt ratios. Bank personnel are

investigating the reason they have had difficulties qualifying borrowers under this program. Homebuyer counseling is required under this program prior to the purchase of the home.

### **Conclusions for Areas Receiving Limited-Scope Reviews**

Based on a limited-scope review, the bank's performance under the lending test in the Rush County AA is weaker than the bank's overall High Satisfactory performance under the lending test. This performance is reasonable and did not affect the overall lending test conclusions. First Indiana has a limited presence in this market, with only one branch in this small agricultural community of approximately 5,000 residents. Refer to Tables 1 through 13 in appendix C for the facts and data that support these conclusions.

## **INVESTMENT TEST**

### **Conclusions for Areas Receiving Full-Scope Reviews**

The bank's performance under the investment test is rated Low Satisfactory. Based on a full-scope review, the bank's performance in the Indianapolis Indiana MSA is adequate. Refer to Table 14 in appendix C for the facts and data used to evaluate the bank's level of qualified investments.

The Indianapolis Indiana MSA's primary need is affordable housing for low- and moderate-income individuals. Additional needs include financing for small businesses including operating funds and capital improvements. First Indiana has made an adequate amount of qualified investments in its AAs during this evaluation period. The majority of these investments address the need for affordable housing and small business financing. Current period investments amount to \$2,095,048 (\$1,996,348 within the Indianapolis AA and \$98,700 in Regional/Statewide Investments) with \$529,950 in prior investments still outstanding and benefiting the community.

### **Current Period Investments**

Current period qualified investments made by First Indiana are approximately \$1,996,348, and were provided to various organizations that provide social services and housing primarily for low- and moderate-income individuals. Other investments assist with small business financing. The more prominent investments and contributions made by First Indiana are described below.

First Indiana provided \$1,526,000 in funding under the Federal Home Loan Bank Affordable Housing Program (AHP). During the evaluation period, the bank extended five separate grants under this program. The institution distributed the proceeds to assist in funding low-income housing needs for rental and home ownership. The AHP grants were used to reduce development costs in affordable housing, provide permanent financing for low-income elderly units, lower interest rates for development costs in low-income neighborhoods, and provide assistance to low- and moderate-income households seeking home ownership.

First Indiana has provided \$120,000 in Home Sponsorships through its association with Habitat for Humanity of Greater Indianapolis. First Indiana provides both financial support and labor to build homes. Habitat for Humanity provides homes for low- to moderate-income

individuals/families. Volunteers, with family member participation, build homes. Financing is provided through local financial institutions at lower rates and more favorable terms.

First Indiana purchased Low-Income Housing Tax Credits in conjunction with the Pendleton Place Apartment complex. The 60-unit Section 42 project was constructed near Pendleton, Indiana and provides affordable housing for low- and moderate-income individuals. The bank made the final installment of its contribution during June of 2003 for \$148,580.

The bank invested \$100,000 in the LYNX Capital Corporation. This privately owned company was established in accordance with the Small Business Investment Act and provides subordinated debt to minority business owners in Marion and surrounding counties. Funding is used for various purposes including capital expenditures. The corporation focuses on assisting small local businesses, which provide jobs for low- and moderate-income individuals.

The bank purchased \$50,000 (maximum allowed under program in Indiana) in Neighborhood Assistance Program tax credits. The funds in this program are used to construct or rehab low- and moderate-income housing projects; provide community services such as daycare, housing, job training, and medical care for low- or moderate-income individuals; or revitalize or renovate commercial buildings in low- or moderate-income areas.

First Indiana also made several donations to local community organizations that have a community development purpose. These investments totaled approximately \$51,768.

### **Prior Period Investments**

During the prior evaluation period, the bank purchased low-income housing tax credits in conjunction with the Pendleton Place Apartment complex (described under the current period investments above). The remaining outstanding balance of these prior period investments is \$529,950, which has a continuing positive impact on the community.

### **Regional/Statewide Investments**

First Indiana purchased a \$98,700 equity investment in the Indiana Community Business Credit Corporation (ICBCC). The ICBCC is a privately owned company in which many Indiana financial institutions pool their funds to share the risks of assisting small enterprises to grow. The ICBCC was created to meet the need for medium- and long-term growth financing, and to supplement equity of promising firms. This organization provides financing to small and medium size businesses that do not meet conventional financing requirements. The ICBCC provides financing for working capital, machinery and equipment, real estate, and leveraged buyouts. Many of the businesses provide jobs to low- and moderate-income individuals.

### **Conclusions for Area Receiving Limited-Scope Reviews**

Based on a limited-scope review, the bank's performance under the investment test in the Rush County Indiana AA is weaker than the bank's overall Low Satisfactory performance under the investment test. The difference is based primarily in the volume of investments. This difference is considered reasonable based on the bank's limited presence in this market and did not affect the overall investment test conclusions. Refer to Table 14 in appendix C for the facts and data that support these conclusions.

## **SERVICE TEST**

### **Conclusions for Areas Receiving Full-Scope Reviews**

The bank's performance under the Service Test is rated Low Satisfactory. Based on a full-scope review, the bank's performance in the Indianapolis Indiana MSA is adequate.

#### **Retail Banking Services**

Refer to Table 15 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.

First Indiana's delivery systems are reasonably accessible to geographies and individuals of different income levels in its AA. In addition to the main office, First Indiana operates 31 full-service branch facilities in this AA. There is one branch (3 percent) in a low-income census tract and three branches (9 percent) in moderate-income census tracts. However, seven branches located in middle- or upper-income census tracts are adjacent to and provide reasonable access to residents of the low- or moderate-income tracts. Additionally, there are fifteen census tracts (two low- and thirteen moderate-income) where it would not be feasible for the bank to operate branches due to physical barriers and/or anomalies (i.e. cemeteries, parks, race track, medical centers, convention center, etc.). The distribution of the bank's locations is reasonable when compared to the distribution of the population in the AA. Eleven (34 percent) of the bank's branches are located in or adjacent to low- or moderate-income census tracts. Comparatively, 26 percent of the population of the AA lives in low- and moderate-income census tracts.

The institution's opening and closing of branches has not adversely affected the accessibility of its delivery systems, particularly in low- and moderate-income geographies and/or to low- and moderate-income individuals. First Indiana closed one branch, which was obtained in the MetroBank acquisition, in this AA during this evaluation period. This branch, located in an upper-income census tract, was closed because the bank already had a branch in the adjacent census tract that was within one mile of this branch. In addition to the seven branches acquired through the MetroBank acquisition, the bank opened three other branches in this assessment area during this evaluation period. Two branches were opened in upper-income census tracts and one branch was opened in a middle-income census tract.

The availability of products and services at First Indiana is consistent regardless of branch location. All offices provide full banking services. This includes numerous deposit and loan products such as guaranteed mortgage and business loans as well as consumer loans, affordable housing programs, checking accounts (including low-cost checking), savings accounts, and ATM, debit and credit cards.

Services do not vary in a way that inconveniences portions of the assessment area, including low- and moderate-income geographies and/or individuals. Banking hours are generally the same with no material differences in service hours. The two exceptions are the downtown office location (First Indiana Plaza) and Marquette Manor. The downtown office does not offer Saturday hours due to minimal usage. The Marquette Manor branch does not offer Saturday hours because it is located in a retirement home and is accessible to residents only. All locations with the exception of four (First Indiana Plaza, Western Plaza, Esquire, and

Marquette Manor) have drive-up facilities. Generally, lobby and drive-up hours are from 9 a.m. to 4:30 p.m. Monday through Thursday and 9 a.m. to 7 p.m. on Fridays. Saturday hours are from 9 a.m. to 12 p.m.

First Indiana has forty ATMs in this AA. Each branch has at least one ATM on premise, except the Esquire branch and the Marquette Manor branch. One branch (First Indiana Plaza) has two ATMs on premise. Of these 40 ATMs, 15 were obtained through the MetroBank acquisition. Of these 15, two are located in moderate-income census tracts, seven are located in middle-income census tracts, and six are located in upper-income census tracts. The acquisition of the ATMs located in the moderate-income census tracts has a positive impact on low- and moderate-income individuals and families. In total, First Indiana has nine freestanding ATMs in this AA and 31 ATMs located at branches. Of the total 40 ATMs, two (5 percent) are located in low-income census tracts, three (8 percent) are located in moderate-income census tracts, 20 (50 percent) are located in middle-income census tracts, and 15 (37 percent) are located in upper-income census tracts. With the exception of eight, all ATMs are deposit-taking ATMs. The remaining eight are cash dispensing machines and are all located in middle- and upper-income census tracts.

In addition to its ATM network, First Indiana offers other alternative delivery systems to expand the availability of retail bank services within the AA. The bank offers 24-hour telebanking (i.e. "First Service Line") to its customers, which allows them to check balances, transfer funds, and make loan payments via the telephone. The bank also offers "Web-Banking," a computer based banking service that can be accessed via terminals in public libraries as well as individual homes and businesses. First Indiana did not have any information to show how low- and moderate-income individuals or geographies benefited from either of these alternative delivery systems. Therefore, we did not place significant weight on these alternative systems when drawing our CRA performance conclusions.

## **Community Development Services**

First Indiana's performance in providing Community Development (CD) services in the Indianapolis Indiana MSA is good. Management is involved in community development programs targeted to low- and moderate-income individuals, positively impacting the Service Test rating. Employees and directors serve on committees and/or boards of organizations that serve low- and moderate-income individuals and volunteer to provide services such as credit counseling and first-time homebuyer seminars each year. These services include financial planning, technical expertise to nonprofit or government organizations, and financial education and management skills. The following paragraphs describe the CD services First Indiana provided during this evaluation period:

### **Indy Saves Program**

First Indiana is involved with the Indy Saves Program. This local initiative is designed to provide low- to moderate-income residents of Central Indiana with free resources to build wealth. First Indiana is a financial partner with the Indy Saves organization, providing financial contributions and a no fee savings account for Indy Saves members and staff. The organization provides a motivational presentation, which helps the attendee realize their own personal need to save, reduce debt, or plan for retirement. A First Indiana employee is Chairman of the Administration Committee, Education Committee, and Planning Committee for

this organization. He has also been a panel member at the Indiana Housing Finance Authority Affordable Housing Conference, providing financial information to individuals to assist them with their savings programs.

### **Indianapolis Neighborhood Housing Partnership (INHP)**

This organization serves as a housing counselor for low- to moderate-income households. First Indiana is involved with the INHP Home Ownership Training Program. The training is designed to prepare the attendee for the home buying experience and provide them with information to ask the correct questions so that they can make well-informed decisions. Topics include: shopping for a home; home inspections; budgeting for a home; obtaining credit; mortgage financing programs; insurance; closing costs; etc. First Indiana has been involved with the INHP by providing staff from the mortgage area to speak at the training programs. First Indiana mortgage representatives provide financial information such as how to qualify for a mortgage loan, prepare a mortgage application, and obtain credit. They also provide information on standard closing costs and interest rates. In addition to providing speakers for these workshops, a First Indiana employee is chairman of this organization's fund raising committee.

### **Lynx Capital Corporation**

LYNX is a privately owned company established to provide capital to minority business opportunities. The fund will provide subordinated debt to minority owned businesses in Marion and surrounding counties (additional details are contained under the Investment Test section of this evaluation). A First Indiana officer serves on the LYNX Corporation Board of Directors and provides financial expertise in reviewing loan requests and establishing corporate policy.

### **Indiana Community Business Credit Corporation (ICBCC)**

The ICBCC is a privately-owned company in which many Indiana financial institutions pool their funds to share the risks of assisting enterprises grow in the State (additional details are contained under the Investment Test section of this evaluation). Two senior officers at First Indiana serve on the Board of Directors of the ICBCC, providing financial expertise related to whether to extend credit, charge off uncollectible loans, and determine the adequacy of the loan loss reserves.

### **Riley Area Development Corporation**

This nonprofit organization helps develop affordable housing in the Indianapolis downtown area, which includes some low- and moderate-income geographies. A First Indiana employee serves on the corporation's Board of Directors, Project Development Committee, and Commercial Development Planning Committee, providing financial expertise by reviewing project plans and budgets and recommending project approval, when appropriate.

### **Community Organizations Legal Assistance Project (COLAP)**

The COLAP is a not-for-profit organization that provides legal counsel to low-income housing communities. A First Indiana officer served on the Board of Directors of this organization from 2000-2002, providing assistance with fund-raising and general business management issues (including budgeting and planning).

### **Local Initiative Support Corporation (LISC)**

LISC provides grants, loans and equity investments to Community Development Corporations (CDC's) for neighborhood redevelopment. When LISC begins a new program, National LISC

matches locally raised funds and gives that much more to the community for renovation. The CDC then designates the funds to a variety of projects that will best suit the neighborhood, and the renovation begins. LISC started the National Equity Fund (one of the first syndicates for Section 42 housing) and is one of the largest in the nation. A member of First Indiana's senior management is a member of this board and provides financial expertise by reviewing all grants and funding and giving approvals when appropriate.

### **Great Lakes and Indiana Housing Capital Fund**

This organization is a Section 42 syndicate. The group buys investments for Low Income Housing Tax Credits. This year, Great Lakes has issued over \$150 million in commitments. A member of senior management at First Indiana is on the organization's review committee. As a committee member he provides financial expertise by reviewing all investments and recommending those put out to investors.

### **Mayor's Housing Task Force**

This Task Force was designed to examine all facets of inner city housing stock, how to improve it, get rid of or update abandoned housing, and eliminate the homeless problem. A senior executive of First Indiana is on the Executive Committee of this Task Force. He recommends policy on housing issues throughout Marion County.

### **Goodwill Industries Board**

The purpose of this group is to put low- and moderate-income individuals to work so that they can be financially independent. A First Indiana officer serves on the Board of Directors of this group, and provides input regarding hiring decisions.

### **St. Vincent Health**

St. Vincent Health is the owner of St. Vincent Hospital. This organization's main goals are to focus on indigent health care. This year the organization provided over \$50 million in charitable health care to the citizens of Marion County and Central Indiana. A First Indiana executive serves as Chairman of the Board for this organization and provides assistance and advice on fund raising.

### **Indianapolis University/Purdue University at Indianapolis (IUPUI) Extension Center**

A First Indiana employee has provided technical assistance with regard to financial services to various groups. Through the IUPUI Extension Center, he provided a credit and budgeting workshop session to Arlington and Ben Davis High School students to help prepare them to handle their finances responsibly after high school. Arlington High School is located in a low-income census tract and the majority of the students are from low- or moderate-income families.

### **Indiana Association Work Force Board**

A First Indiana loan officer serves as Chairman of both the Indiana Association Work Force Board and the National Association Work Force's Board of Directors. These organizations provide job training, seminars, and various work force support for Indiana businesses and businesses nationwide, respectively. He is involved in various business decisions regarding the training and seminars and various other human resource issues.

## **Conclusions for Areas Receiving Limited-Scope Reviews**

Based on a limited-scope review, the bank's performance under the Service Test in the Rush County Indiana AA is weaker than the bank's overall Low Satisfactory performance under the Service Test. Due to the bank's limited exposure in this market, the limited opportunities for CD activities in this area, and the small population (5,802 people) in this County, this performance is reasonable and did not affect the overall Service Test rating.

## Appendix A: Scope of Examination

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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 non-metropolitan 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): 1/1/2001 to 12/31/2002 Investment and Service Tests and CD Loans: 1/1/2001 to 12/1/2003	
<b>Financial Institution</b>	<b>Products Reviewed</b>	
First Indiana Bank, N.A. (First Indiana) Indianapolis, Indiana	Home purchase, home mortgage refinance, and small business loans	
<b>Affiliate(s)</b>	<b>Affiliate Relationship</b>	<b>Products Reviewed</b>
None		
<b>List of Assessment Areas and Type of Examination</b>		
<b>Assessment Area</b>	<b>Type of Exam</b>	<b>Other Information</b>
Indianapolis Indiana MSA #3480 Rush County Indiana	Full-Scope  Limited-Scope	

# Appendix B: Market Profiles for Full-Scope Areas

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## Table of Contents

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

Indianapolis Indiana MSA .....	B-2
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## Indianapolis Indiana MSA

Demographic Information for Full-Scope Area: Indianapolis Indiana MSA						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts/BNAs)	331	7.85	22.96	45.92	22.66	0.60
Population by Geography	1,380,491	5.36	20.79	46.01	27.65	0.20
Owner-Occupied Housing by Geography	342,687	3.32	17.11	47.58	31.99	0.00
Businesses by Geography	79,230	6.68	15.82	40.64	36.74	0.11
Farms by Geography	3,290	0.46	4.22	67.42	27.87	0.03
Family Distribution by Income Level	371,714	18.64	18.57	24.10	38.69	0.00
Distribution of Low- and Moderate-Income Families throughout AA Geographies	138,333	9.39	31.67	45.66	13.28	0.00
Median Family Income HUD Adjusted Median Family Income for 2002 Households Below the Poverty Level	= \$37,198 = \$64,100 = 9.67%	Median Housing Value Unemployment Rate		= \$65,882 = 2.58%		

(\*) The NA category consists of geographies that have not been assigned an income classification.  
Source: 1990 U.S. Census, and 2002 HUD updated MFI.

First Indiana's AA consists of all of the Indianapolis MSA which includes Boone, Hamilton, Hancock, Hendricks, Johnson, Madison, Marion, Morgan, and Shelby Counties. Indianapolis is the capital of Indiana and the largest city in the state. As of June 30, 2003, 97 percent of the bank's deposits and 97 percent of the bank's branches were located in this AA. Additionally, 98 percent of the mortgage and small business loans originated during the evaluation period were originated in this AA.

The bank is headquartered in Indianapolis, Indiana, and operates 32 full service retail-banking offices within the AA. Seven of these branches were acquired through the MetroBank acquisition in April 2003. Of the 40 ATMs in this AA, 31 ATMs are located at branches and nine are stand alone machines. Thirty-two of the ATMs are deposit taking and the remaining eight are cash dispensing only.

There are 331 census tracts in the bank's AA. Twenty-six tracts (8 percent) are low-income, 72 tracts (22 percent) are moderate-income, 156 tracts (47 percent) are middle-income, 75 tracts (23 percent) are upper-income, and there are two tracts (less than 1 percent) for which the income level is not applicable. First Indiana's AA meets the requirements of the CRA regulation and does not arbitrarily exclude low- or moderate-income areas.

Competition for both deposits and loans in the AA is very strong. First Indiana's June 30, 2003 deposits within the AA are approximately \$1.5 billion. Based on FDIC deposit market share data, this equates to a 6.31 percent market share, ranking First Indiana as the fifth largest deposit taking institution out of 48 institutions in the AA. However, the market is dominated by

the top three institutions, which have a combined deposit market share of 56.39 percent. Several larger institutions with a regional presence within the AA include Bank One, National City Bank, Key Bank, Fifth Third Bank, and Union Planters Bank.

Based on 2002 Aggregate HMDA data, there are 594 mortgage lenders in the AA. The top seven lenders dominate the mortgage loan market with over 34 percent of the market and the remaining 587 lenders each having two percent or less of the market. First Indiana ranked 94<sup>th</sup> of the 594 mortgage lenders in the AA for home mortgage lending.

Based on 2002 Aggregate small business loan data, there are 153 banks reporting business loans under the CRA. Again, the top eight lenders who have a combined 72 percent market share dominate the market. The remaining 145 lenders each have two percent or less of the market. First Indiana ranked 23<sup>rd</sup> of the 153 small business lenders in the AA for small business loans.

The local economy is stable. Although employment increased in the education, health, and government sectors, this increase was offset by layoffs in manufacturing, transportation, and the utility sector. The major industries in the AA include service, retail, government, education, and health care. Major employers include the state of Indiana and county government, Clarion Health, Delco Remy/GMC, and Eli Lilly. The unemployment rate for Indianapolis and the state of Indiana was 4.8 percent as of September 30, 2003, compared to the national unemployment rate of 5.8 percent.

Based on 2002 HUD updated data, the adjusted Median Family Income in the AA is \$63,895. The percentage breakdown of families in the AA by income level is 18.65 percent low-income, 18.60 percent moderate-income, 24.11 percent middle-income, and 38.64 percent upper-income. A low-income family has a maximum of \$31,947. Coupled with a median housing value of \$65,586, this level of income makes it difficult for low-income individuals to qualify for a home mortgage. Almost ten percent of the households in the AA live below the poverty level.

There are 578,260 total housing units in the bank's AA. Of these, 60 percent are owner-occupied units, with 3.28 percent of the owner-occupied units in low-income geographies, and 17.14 percent located in moderate-income geographies. The average age of homes in the AA is approximately 41 years.

Based on the demographics of the AA and the identified needs of affordable housing and small business financing, unmet credit and community development needs exist in the AA. Opportunities for partnerships exist for the bank to help address these needs. This conclusion is based on discussions with local community officials, our review of the CRA performance evaluations of other financial institutions operating in the AA, and from discussion with bank management.

## 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 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 MA/assessment area. Tables without data are not included in this PE.

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 MA/assessment area. Community development loans to statewide or regional entities or made outside the bank’s assessment area may receive positive CRA consideration. Refer to Interagency Q&As \_\_.12(i) - 5 and - 6 for guidance on when a bank may receive positive CRA consideration for such loans. When such loans exist, insert a line item with the appropriate caption, such as “Statewide/Regional” or “Out of Assessment Area,” in the MA/Assessment Area column and record the corresponding numbers and amounts in the “Community Development Loans” column.
- Table 1. Other Products** - Presents the number and dollar amount of any unreported category of loans originated and purchased by the bank over the evaluation period by MA/assessment area. Examples include consumer loans or other data that a bank may provide, at its option, concerning its lending performance. This is a two-page table that lists specific categories.
- 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 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 Home Mortgage Refinance Loans** - See Table 2.
- Table 5. Geographic Distribution of Multifamily Loans** - Compares the percentage distribution of the number of multifamily loans originated and purchased by the bank in low-, moderate-, middle-, and upper-income geographies to the percentage distribution of multifamily housing units throughout those geographies. The table

also presents market share information based on the most recent aggregate market data available.

- Table 6. 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 share information based on the most recent aggregate market data available. Because small business data are not available for geographic areas smaller than counties, it may be necessary to use geographic areas larger than the bank's assessment area.
- Table 7. 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 share information based on the most recent aggregate market data available. Because small farm data are not available for geographic areas smaller than counties, it may be necessary to use geographic areas larger than the bank's assessment area.
- Table 8. 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 MA/assessment area. The table also presents market share information based on the most recent aggregate market data available.
- Table 9. Borrower Distribution of Home Improvement Loans** - See Table 8.
- Table 10. Borrower Distribution of Refinance Loans** - See Table 8.
- Table 11. 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 12. Borrower Distribution of Small Loans to Farms** - Compares the percentage distribution of the number of small loans (less than or equal to \$500,000) 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 13. 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 households 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 MA/assessment area.

**Table 14. Qualified Investments** - Presents the number and dollar amount of qualified investments made by the bank in each MA/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.

A bank may receive positive consideration for qualified investments in statewide/regional entities or made outside of the bank's assessment area. See Interagency Q&As \_\_.12(i) - 5 and - 6 for guidance on when a bank may receive positive CRA consideration for such investments. When such investments exist, insert a line item with the appropriate caption, such as "Statewide/Regional" or "Out of Assessment Area," in the MA/Assessment Area column and record the corresponding numbers and amounts in the "Qualified Investments" column.

**Table 15. 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 MA/AA. The table also presents data on branch openings and closings in each MA/AA.

**Institution: FIRST INDIANA BANK**

**Table 1. Lending Volume**

LENDING VOLUME		Geography: STATE OF INDIANA				Evaluation Period: JANUARY 1, 2001 TO DECEMBER 31, 2002						
MA/Assessment Area (2002):	% of Rated Area Loans (#) in MA/AA*	Home Mortgage		Small Loans to Businesses		Small Loans to Farms		Community Development Loans**		Total Reported Loans		% of Rated Area Deposits in MA/AA***
		#	\$ (000's)	#	\$ (000's)	#	\$ (000's)	#	\$ (000's)	#	\$ (000's)	
<b>Full Review:</b>												
Indianapolis Indiana MSA	98.24	575	81,375	596	113,977	0	0	219	150,527	1,390	345,879	97.10
<b>Limited Review:</b>												
Rush County Indiana	1.76	19	768	2	770	0	0	0	0	21	1,538	2.90
Regional/Statewide:								1	8,885	1	8,885	

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

Geographic Distribution: HOME PURCHASE		Geography: STATE OF INDIANA				Evaluation Period: JANUARY 1, 2001 TO DECEMBER 31, 2002									
MA/Assessment Area:	Total Home Purchase Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Market Share (%) by Geography****				
	#	% of Total*****	% 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
<b>Full Review:</b>															
Indianapolis Indiana MSA	197	98.50	3.32	4.06	17.11	11.68	47.58	44.16	31.99	40.10	0.12	0.17	0.19	0.12	0.10
<b>Limited Review:</b>															
Rush County Indiana	3	1.50	0.00	0.00	19.90	33.33	80.10	66.67	0.00	0.00	0.42	0.00	0.00	0.56	0.00

\* Loan Data as of December 31, 2002. Rated area refers to either the state or multi-state MA rating area.

\*\* The evaluation period for Community Development Loans is From January 01, 2001 to December 01, 2003.

\*\*\* Deposit Data as of June 30, 2003. Rated Area refers to either the state, multi-state MA, or institution, as appropriate.

\*\*\*\* Based on 2002 Peer Mortgage Data: Central Region.

\*\*\*\*\* Home purchase loans originated and purchased in the MA/AA as a percentage of all home purchase loans originated and purchased in the rated area.

\*\*\*\*\* Percentage of Owner Occupied Units is the number of owner occupied housing units in a particular geography divided by the number of owner occupied housing units in the area based on 1990 Census information.

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

Geographic Distribution: HOME IMPROVEMENT		Geography: STATE OF INDIANA				Evaluation Period: JANUARY 1, 2001 TO DECEMBER 31, 2002					Market Share (%) by Geography*				
MA/Assessment Area:	Total Home Improvement Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Overall	Low	Mod	Mid	Upp
	#	% of Total**	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans					
<b>Full Review:</b>															
Indianapolis Indiana MSA	0	0.00	3.32	0.00	17.11	0.00	47.58	0.00	31.99	0.00	0.00	0.00	0.00	0.00	0.00
<b>Limited Review:</b>															
Rush County Indiana	0	0.00	0.00	0.00	19.90	0.00	80.10	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00

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

Geographic Distribution: HOME MORTGAGE REFINANCE		Geography: STATE OF INDIANA				Evaluation Period: JANUARY 1, 2001 TO DECEMBER 31, 2002					Market Share (%) by Geography*				
MA/Assessment Area:	Total Home Mortgage Refinance Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Overall	Low	Mod	Mid	Upp
	#	% of Total**	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans					
<b>Full Review:</b>															
Indianapolis Indiana MSA	375	95.91	3.32	1.33	17.11	9.33	47.58	47.20	31.99	42.13	0.21	0.06	0.13	0.23	0.22
<b>Limited Review:</b>															
Rush County Indiana	16	4.09	0.00	0.00	19.90	37.50	80.10	62.50	0.00	0.00	1.02	0.00	2.74	0.56	0.00

\* Based on 2002 Peer Mortgage Data: Central Region.

\*\* Home improvement loans or home mortgage refinance loans (as applicable) originated and purchased in the MA/AA as a percentage of all home improvement loans or home mortgage refinance loans (as applicable) originated and purchased in the rated area.

\*\*\* Percentage of Owner Occupied Units is the number of owner occupied housing units in a particular geography divided by number of owner occupied housing units in the area based on 1990 Census information.

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**Table 5. Geographic Distribution of Multifamily Loans**

Geographic Distribution: MULTIFAMILY		Geography: STATE OF INDIANA					Evaluation Period: JANUARY 1, 2001 TO DECEMBER 31, 2002									
MA/Assessment Area:	Total Multifamily Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Market Share (%) by Geography*					
	#	% of Total**	% of MF Units***	% BANK Loans	% MF Units***	% BANK Loans	% MF Units***	% BANK Loans	% MF Units***	% BANK Loans	Overall	Low	Mod	Mid	Upp	
<b>Full Review:</b>																
Indianapolis Indiana MSA	3	100.00	7.70	100.00	23.23	0.00	48.11	0.00	20.96	0.00	0.00	0.00	0.00	0.00	0.00	
<b>Limited Review:</b>																
Rush County Indiana	0	0.00	0.00	0.00	31.43	0.00	68.57	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	

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

Geographic Distribution: SMALL LOANS TO BUSINESSES		Geography: STATE OF INDIANA					Evaluation Period: JANUARY 1, 2001 TO DECEMBER 31, 2002									
MA/Assessment Area:	Total Small Business Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Market Share (%) by Geography*					
	#	% of Total**	% of Businesses****	% BANK Loans	% of Businesses****	% BANK Loans	% of Businesses****	% BANK Loans	% of Businesses****	% BANK Loans	Overall	Low	Mod	Mid	Upp	
<b>Full Review:</b>																
Indianapolis Indiana MSA	596	99.67	6.68	4.36	15.82	12.58	40.64	31.04	36.74	52.01	0.83	0.79	0.91	0.66	1.08	
<b>Limited Review:</b>																
Rush County Indiana	2	0.33	0.00	0.00	16.28	0.00	83.72	100.00	0.00	0.00	0.45	0.00	0.00	0.55	0.00	

\* Based on 2002 Peer Mortgage Data: Central Region or 2002 Peer Small Business Data: US and PR, as applicable.

\*\* Multifamily loans or small loans to businesses (as applicable) originated and purchased in the MA/AA as a percentage of all multifamily loans or small loans to businesses (as applicable) originated and purchased in the rated area.

\*\*\* Percentage of multifamily units is the number of multifamily housing units in a particular geography divided by number of multifamily housing units in the area based on 1990 Census information.

\*\*\*\* Source Data - Dun and Bradstreet (2003).

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**Table 7. Geographic Distribution of Small Loans to Farms**

Geographic Distribution: SMALL LOANS TO FARMS		Geography: STATE OF INDIANA					Evaluation Period: JANUARY 1, 2001 TO DECEMBER 31, 2002									
MA/Assessment Area:	Total Small Farm Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Market Share (%) by Geography <sup>*</sup>					
	#	% of Total <sup>**</sup>	% of Farms <sup>***</sup>	% BANK Loans	% of Farms <sup>**</sup>	% BANK Loans	% of Farms <sup>**</sup>	% BANK Loans	% of Farms <sup>**</sup>	% BANK Loans	Overall	Low	Mod	Mid	Upp	
<b>Full Review:</b>																
Indianapolis Indiana MSA	0	0.00	0.46	0.00	4.22	0.00	67.42	0.00	27.87	0.00	0.00	0.00	0.00	0.00	0.00	
<b>Limited Review:</b>																
Rush County Indiana	0	0.00	0.00	0.00	2.10	0.00	97.90	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	

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

Borrower Distribution: HOME PURCHASE		Geography: STATE OF INDIANA					Evaluation Period: JANUARY 1, 2001 TO DECEMBER 31, 2002									
MA/Assessment Area:	Total Home Purchase Loans		Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers		Market Share <sup>*</sup>					
	#	% of Total <sup>****</sup>	% Families <sup>*****</sup>	% BANK Loans <sup>*****</sup>	% Families <sup>*****</sup>	% BANK Loans <sup>*****</sup>	% Families <sup>*****</sup>	% BANK Loans <sup>*****</sup>	% Families <sup>*****</sup>	% BANK Loans <sup>*****</sup>	Overall	Low	Mod	Mid	Upp	
<b>Full Review:</b>																
Indianapolis Indiana MSA	197	98.50	18.64	17.53	18.57	30.41	24.10	19.07	38.69	32.99	0.13	0.10	0.11	0.07	0.23	
<b>Limited Review:</b>																
Rush County Indiana	3	1.50	19.30	0.00	20.49	33.33	24.85	33.33	35.36	33.33	0.45	0.00	0.00	0.00	1.49	

<sup>\*</sup> Based on 2002 Peer Small Business Data: US and PR or 2002 Peer Mortgage Data: Central Region, as applicable.

<sup>\*\*</sup> Small loans to farms originated and purchased in the MA/AA as a percentage of all small loans to farms originated and purchased in the rated area.

<sup>\*\*\*</sup> Source Data - Dun and Bradstreet (2003).

<sup>\*\*\*\*</sup> As a percentage of loans with borrower income information available. No information was available for 1.50% of loans originated and purchased by BANK.

<sup>\*\*\*\*\*</sup> Percentage of Families is based on the 1990 Census information

<sup>\*\*\*\*\*</sup> Home purchase loans originated and purchased in the MA/AA as a percentage of all home purchase loans originated and purchased in the rated area

**Table 9. Borrower Distribution of Home Improvement Loans**

Borrower Distribution: HOME IMPROVEMENT		Geography: STATE OF INDIANA					Evaluation Period: JANUARY 1, 2001 TO DECEMBER 31, 2002									
MA/Assessment Area:	Total Home Improvement Loans		Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers		Market Share <sup>*</sup>					
	#	% of Total <sup>**</sup>	% Families <sup>***</sup>	% BANK Loans <sup>****</sup>	% Families <sup>***</sup>	% BANK Loans <sup>****</sup>	% Families <sup>***</sup>	% BANK Loans <sup>****</sup>	% Families <sup>***</sup>	% BANK Loans <sup>****</sup>	Overall	Low	Mod	Mid	Upp	
<b>Full Review:</b>																
Indianapolis Indiana MSA	0	0.00	18.64	0.00	18.57	0.00	24.10	0.00	38.69	0.00	0.00	0.00	0.00	0.00	0.00	
<b>Limited Review:</b>																
Rush County Indiana	0	0.00	19.30	0.00	20.49	0.00	24.85	0.00	35.36	0.00	0.00	0.00	0.00	0.00	0.00	

**Table 10. Borrower Distribution of Home Mortgage Refinance Loans**

Borrower Distribution: HOME MORTGAGE REFINANCE		Geography: STATE OF INDIANA					Evaluation Period: JANUARY 1, 2001 TO DECEMBER 31, 2002									
MA/Assessment Area:	Total Home Mortgage Refinance Loans		Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers		Market Share <sup>*</sup>					
	#	% of Total <sup>**</sup>	% Families <sup>***</sup>	% BANK Loans <sup>****</sup>	% Families <sup>***</sup>	% BANK Loans <sup>****</sup>	% Families <sup>***</sup>	% BANK Loans <sup>****</sup>	% Families <sup>***</sup>	% BANK Loans <sup>****</sup>	Overall	Low	Mod	Mid	Upp	
<b>Full Review:</b>																
Indianapolis Indiana MSA	375	95.91	18.64	16.26	18.57	25.47	24.10	27.37	38.69	30.89	0.26	0.23	0.24	0.29	0.26	
<b>Limited Review:</b>																
Rush County Indiana	16	4.09	19.30	25.00	20.49	25.00	24.85	25.00	35.36	25.00	1.22	3.23	1.69	0.99	0.52	

<sup>\*</sup> Based on 2002 Peer Mortgage Data: Central Region.

<sup>\*\*</sup> As a percentage of loans with borrower income information available. No information was available for 1.53% of the refinance loans originated and purchased by BANK.

<sup>\*\*\*</sup> Percentage of Families is based on the 1990 Census information.

<sup>\*\*\*\*</sup> Home improvement or home mortgage refinance (as applicable) loans originated and purchased in the MA/AA as a percentage of all home improvement or home mortgage refinance (as applicable) loans originated and purchased in the rated area.

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

Borrower Distribution: SMALL LOANS TO BUSINESSES		Geography: STATE OF INDIANA			Evaluation Period: JANUARY 1, 2001 TO DECEMBER 31, 2002				
MA/Assessment Area:	Total Small Loans to Businesses		Businesses With Revenues of \$1 million or less		Loans by Original Amount Regardless of Business Size			Market Share <sup>*</sup>	
	#	% of Total <sup>**</sup>	% of Businesses <sup>***</sup>	% BANK Loans <sup>****</sup>	\$100,000 or less	> \$100,000 to \$250,000	> \$250,000 to \$1,000,000	All	Rev\$ 1 Million or Less
<b>Full Review:</b>									
Indianapolis Indiana MSA	596	99.67	71.58	45.47	56.88	18.29	24.83	0.83	1.33
<b>Limited Review:</b>									
Rush County Indiana	2	0.33	80.20	50.00	50.00	0.00	50.00	0.45	0.48

**Table12. Borrower Distribution of Small Loans to Farms**

Borrower Distribution: SMALL LOANS TO FARMS		Geography: STATE OF INDIANA			Evaluation Period: JANUARY 1, 2001 TO DECEMBER 31, 2002				
MA/Assessment Area:	Total Small Loans to Farms		Farms With Revenues of \$1 million or less		Loans by Original Amount Regardless of Farm Size			Market Share <sup>*</sup>	
	#	% of Total <sup>**</sup>	% of Farms <sup>***</sup>	% BANK Loans <sup>****</sup>	\$100,000 or less	> \$100,000 to \$250,000	> \$250,000 to \$1,000,000	All	Rev\$ 1 Million or Less
<b>Full Review:</b>									
Indianapolis Indiana MSA	0	0.00	95.32	0.00	0.00	0.00	0.00	0.00	0.00
<b>Limited Review:</b>									
Rush County Indiana	0	0.00	96.40	0.00	0.00	0.00	0.00	0.00	0.00

<sup>\*</sup> Based on 2002 Peer Small Business Data: US and PR.

<sup>\*\*</sup> Small loans to businesses or farms (as applicable) originated and purchased in the MA/AA as a percentage of all small loans to businesses or farms (as applicable) originated and purchased in the rated area.

<sup>\*\*\*</sup> Businesses or farms (as applicable) with revenues of \$1 million or less as a percentage of all businesses or farms (as applicable). (Source D&B - 2003).

<sup>\*\*\*\*</sup> Small loans to businesses or farms (as applicable) with revenues of \$1 million or less as a percentage of all loans reported as small loans to businesses or farms (as applicable). No information was available for 4.52% of small loans to businesses originated and purchased by the bank.

**Table 14. Qualified Investments**

QUALIFIED INVESTMENTS									
Geography: STATE OF INDIANA									
Evaluation Period: JANUARY 1, 2001 TO DECEMBER 1, 2003									
MA/Assessment Area:	Prior Period Investments*		Current Period Investments		Total Investments			Unfunded Commitments**	
	#	\$(000's)	#	\$(000's)	#	\$(000's)	% of Total	#	\$(000's)
<b>Full Review:</b>									
Indianapolis Indiana MSA	1	530	23	1,996	24	2,526	100.00	0	0
<b>Limited Review:</b>									
Rush County Indiana	0	0	0	0	0	0	0.00	0	0
Regional/Statewide:			1	99	1	99			

**Table 15. Distribution of Branch Delivery System and Branch Openings/Closings**

DISTRIBUTION OF BRANCH DELIVERY SYSTEM AND BRANCH OPENINGS/CLOSINGS																	
Geography: STATE OF INDIANA																	
Evaluation Period: JANUARY 1, 2001 TO DECEMBER 1, 2003																	
MA/Assessment Area:	Deposits % of Rated Area Deposits in AA	# of BANK Branches	% of Rated Area Branches in AA	Branches				Branch Openings/Closings				Population					
				Location of Branches by Income of Geographies (%)				# of Branch Openings	# of Branch Closings	Net change in Location of Branches (+ or -)				% of Population within Each Geography			
				Low	Mod	Mid	Upp			Low	Mod	Mid	Upp	Low	Mod	Mid	Upp
<b>Full Review:</b>																	
Indianapolis Indiana MSA	97.10	32	97	3.23	9.68	48.39	38.71	3	1	0	0	1	1	5.36	20.79	46.01	27.65
<b>Limited Review:</b>																	
Rush County Indiana	2.90	1	3	0.00	0.00	0.00	100.00	0	0	0	0	0	0	0.00	18.99	81.01	0.00

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

\*\* 'Unfunded Commitments' means legally binding investment commitments that are tracked and recorded by the institution's financial reporting system.