



Comptroller of the Currency
Administrator of National Banks

Evansville Duty Station
101 NW First Street, Suite 207
P. O. Box 20130
Evansville, Indiana 47708/0130

PUBLIC DISCLOSURE

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

February 7, 1997

**The National City Bank of Evansville
Charter Number - 12132
227 Main Street
Evansville, Indiana 47708**

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

GENERAL INFORMATION

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

The evaluation represents the OCC's current assessment and rating of the institution's CRA performance based on an examination conducted as of February 7, 1997. It does not reflect any CRA-related activities that may have been initiated or discontinued by the institution after the completion of the examination.

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

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

Basis for the Rating

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

ASSIGNMENT OF RATING

Identification of Ratings

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

Outstanding record of meeting community credit needs.

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

Satisfactory record of meeting community credit needs.

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

Needs to improve record of meeting community credit needs.

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

Substantial noncompliance in meeting community credit needs.

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

DISCUSSION OF INSTITUTION'S PERFORMANCE

Institution's Rating

Based on the findings presented below, this institution is rated: **"Satisfactory Record of Meeting Community Credit Needs."**

Evaluation Period

This evaluation of The National City Bank of Evansville covers the period of time from the last Performance Evaluation issued as of October 30, 1994 through February 7, 1997.

Community Profile

National City Bank (NCB) operates in Evansville, Indiana, which is located in the southwestern corner of the state on the Ohio River. The local economy is stable and tends to weather recessions well due to its diversity of local and national businesses. Major contributors to the local economy include manufacturing, aluminum production, pharmaceutical, and service organizations. Major employers are Whirlpool Corp., Alcoa Aluminum, and Bristol-Myers Squibb, collectively employing 10,000 people. Hospitals, regional health care centers, and the local school corporation employ an additional 10,000 people. Toyota has begun construction on a new plant north of Evansville. Projected employment is approximately 800 people.

Competition for financial services in the local market is intense. NCB competes directly with two other larger national banks, several savings banks, numerous credit unions, finance companies, and brokerage firms. The two larger national banks are lead banks in regional multi-bank holding company groups with offices throughout Evansville and Southern Indiana, Southern Illinois and Western Kentucky.

The Indiana counties of Vanderburgh and Warrick make up NCB's delineated community and are part of Metropolitan Statistical Area (MSA) 2440. The combined population of these two counties is approximately 210,000, according to 1990 census data. The census median income for MSA 2440 is \$33,523.

There are 63 census tracts in Vanderburgh and Warrick Counties. Three (5%) are low income tracts. Twenty-one (33%) are moderate income tracts. Twenty-one (33%) are middle income tracts and the remaining seventeen are upper income census tracts. Less than 2% of the MSA population lives in low income census tracts. Approximately 27% of the population lives in moderate income tracts. The middle income census tracts comprise 33% of the population and the upper income tracts contain 27% of the population.

Sixty-two percent of the total housing units are owner occupied. Rental units represent 32% of the housing units. Approximately 1% of the housing units in the low income tracts and 24% in the moderate income tracts are owner-occupied. Thirty-four percent of the middle income and 42% of the upper income housing units are owner occupied.

Two percent of the households are in low income census tracts. Twenty-eight percent are in moderate income tracts. Thirty-four percent are in middle income tracts. The remaining thirty-six percent are in upper income tracts.

Our contact with the director of a community group indicates the local banks continue working to identify the issues impacting the low- and moderate-income borrowers. This contact believes community credit needs are being met.

Bank Profile

National City Bank (NCB) is a \$433 million institution located in Evansville, Indiana. It is the smallest of three national banks located in Evansville. NCB is a wholly-owned affiliate of National City Bancshares, Inc. (NCBE), a \$1.068 billion holding company publicly traded over-the-counter on the NASDAQ. The holding company operates ten other affiliate banks in Southern Indiana, Southern Illinois, and Western Kentucky.

NCB reported a return on average assets of 1.58% as of September 30, 1996, which compares favorably to national peer banks. NCB is in peer group five, which contains 352 banks with assets of \$300 million to \$500million, and three or more banking offices. Gross loans totaled \$272 million (or 63% of total assets), total deposits were \$308 million, and equity capital was \$36 million. NCB's loan-to-deposit ratio at September 30, 1996 was 88%, which is considerably higher than it's national peer banks.

NCB's principal lending activity is commercial which comprises 48% of gross loans as of December 31, 1996. Loans secured by real estate (including commercial real estate) comprise 38% of gross loans, of these loans secured by real estate, 64% are 1-4 family residential loans. The remaining 14% of the portfolio consists of credit card and instalment loans.

NCB operates eight full-service banking centers (branches) in suburban Evansville in addition to the main office. NCB also maintains eight full-service automated teller machines (ATM's) and twelve cash dispenser machines at various locations throughout the delineated community.

I. ASCERTAINMENT OF COMMUNITY CREDIT NEEDS

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

- **Management aggressively conducts activities to ascertain the credit needs of the community.**

Ascertainment efforts are conducted through a variety of community sources. NCB's CRA Committee includes community representatives, bank board members, and bank officers. The representatives have regular contact with bank management and serve as a key source for the bank to learn of community needs and to obtain feedback on its efforts. Periodic contact is also maintained through NCB's participation in community organizations such as the Minority Community Development Fund, Evansville Coalition for the Homeless (ECHO), the Corporation for Housing Opportunities in the City of Evansville (CHOICE), and Lincoln Elementary School.

Affordable housing is the most recognized need in the low- and moderate-income (LMI) communities. In response to this need, the bank has developed a low down payment mortgage product called the "Step Up" mortgage. In addition to the low down payment, this product also requires less stringent underwriting criteria than NCB's other mortgage loan products. This product has worked well. During 1995 and 1996, over \$1 million in "Step Up" loans have been extended. NCB has also recognized a need for home improvement loans. NCB is currently in the process of developing a home improvement loan plan. Availability is planned for the spring of 1997.

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

- **The board of directors and senior management are well informed and participate in CRA related issues.**

The board approves the bank's CRA Statement annually. The last review and approval was completed on May 21, 1996. The statement is detailed describing all of the bank's CRA activities and the many loan programs the bank has implemented. In addition, management utilizes a CRA Committee to review and discuss the credit needs of the community, monitor program results, analyze geographic loan distribution, and develop new ideas or programs to help meet the community's needs. The Committee meets quarterly. Membership consists of seven bank directors, four bank officers, and three

community representatives. The results of each meeting are reported to NCB's board of directors.

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

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

- **NCB's marketing efforts are satisfactory. They inform all segments of the delineated community of the bank's presence, credit and deposit products, and willingness to serve the communities needs. Marketing activities are considered in the bank's CRA plan and approved by the Board of Directors.**

NCB's primary marketing medium is the local *Evansville Courier* and *Evansville Press* newspapers. The newspaper's circulation covers all of the bank's delineated community. Limited radio advertising on the public radio station WNIN is also used. WNIN broadcasts throughout the local Evansville area. NCB advertises small business loans, low down payment home mortgage loans ("Step-Ups"), and home equity lines of credit in the local newspaper *Our Times*. NCB also uses statement stuffers, officer call programs, and educational seminars to penetrate all areas of the bank's community.

Assessment Factor I - The institution's origination of residential mortgage loans, housing rehabilitation loans, home improvement loans, and small business or small farm loans within its community, or the purchase of such loans originated in its community.

- **The bank's record of originating loans that meet the needs of the community is satisfactory.**

NCB's loan-to-deposit ratio is 88%, which has consistently exceeded the ratios of its national peers and major competitors in the local community. Our analysis of the bank's lending activity shows the bank focuses on lending within its delineated community. NCB goals are to ensure that local credit needs are met before lending outside the delineated community.

NCB's loan portfolio reflects moderate overall growth, with stability in 1-4 family mortgages, home equity loans, and consumer loans during this time period in number and dollar amount. NCB offers a variety of residential mortgage products with various combinations of terms. The majority of originations are underwritten in order that they may be sold on the secondary market.

NCB also offers a "Step-Up" home mortgage loan that is originated and held in the bank's loan portfolio. This fixed-rate product was developed in 1994 to provide

residential financing specifically for LMI borrowers with a low downpayment (4%) and relaxed underwriting standards. NCB originated 12 loans totaling \$407,000 in 1995 and 18 loans totaling \$712,800 in 1996 through this program.

HMDA reportable loan activity for the fourth quarter of 1994 reflected conventional home purchase originations of 46 loans totaling \$2,984,000, 10 refinances totaling \$667,000, and 6 home improvement loans originated totaling \$50,000. (Information for the first three quarters of 1994 was reported in the previous CRA evaluation.)

Table 1 depicts HMDA LAR (Home Mortgage Disclosure Act Loan Application Register) reportable loan information for 1995 and through 09/30/96. HMDA reportable loan information in the table includes applications and originations in number and dollar amount and percentage of originations by number and dollar amount of loans for conventional home purchase, refinance, or home improvement of 1-4 family residences.

Table 1 HMDA Reportable Loan Activity						
Loan Type	12/31/95			9/30/96		
	Applications # (\$000)	Originations # (\$000)	% Originated # (\$000)	Applications # (\$000)	Originations # (\$000)	% Originated # (\$000)
Conventional Home Purchase	176 13,409	151 12,142	86 90	182 15,171	152 13,459	84 89
Refinance	66 4,263	53 3,595	80 84	102 7,482	83 6,297	81 84
Home Improvement	61 936	53 889	87 95	54 614	52 601	96 98
Total	303 18,608	257 16,626	85 89	338 23,267	287 20,357	85 87

Source: CRA Wiz HMDA LAR 1995 peer data and NCB HMDA LAR thru 09/30/96

Market share information available for home purchase and home improvement loans in 1995 shows NCB with a 5% and 6% market share, respectively. Lending to LMI borrowers for home purchase and home improvement loans shows NCB with a 5% and 9% market share, respectively. The market share analysis considers the top ten mortgage lenders with significant lending activity in the area.

NCB's HMDA reportable loan applications reflect a small increase in 1996 after declining due to the interest rate environment in 1995. NCB's approval percentage has steadily improved during this time period. The level of originations is an indication of NCB's efforts to approve residential mortgage loans through conventional underwriting standards that are driven by the secondary market and through the "Step-Up" mortgage product developed for LMI borrowers.

NCB is not an active agricultural lender. Management began tracking originations of loans to small businesses during 1996. A small business is defined as a business which has annual revenues of one million dollars or less. NCB originated 74 small business loans totaling \$9,674,315 during 1996. Of these, 70 totaling \$9,112,985 were made within the bank's delineated community.

Table 2 reflects NCB's lending activity in and out of its delineated community.

Table 2 New Loan Originations In/Out of Delineated Community								
Loan Type	1995				thru 9/30/96			
	In		Out		In		Out	
	#	(\$000)	#	(\$000)	#	(\$000)	#	(\$000)
Mortgage	219	16,637	28	1,381	243	19,686	32	2,403
Commercial	339	52,534	74	16,935	203	30,506	46	11,617
Instalment	1724	19,249	858	10,881	1053	11,120	480	5,467
Totals In/Out	2282	88,420	960	29,197	1499	61,312	558	19,487
% In/Out	70%	75%	30%	25%	73%	76%	27%	24%

Source: NCB internal analysis

The bank's record of loan originations and types of credit offered within its delineated community is satisfactory. NCB's lending performance is consistent with management goals to ensure that local credit needs are met before originating loans outside the delineated community.

Assessment Factor J - The institution's participation in governmentally-insured, guaranteed or subsidized loan programs for housing, small businesses, or small farms.

- **The bank participates in governmentally-insured, guaranteed or subsidized loan programs for small businesses on a limited basis as opportunities are available.**

NCB only participates in the Small Business Administration (SBA) government guaranteed loan programs as a certified lender to provide funding for small businesses. The bank's participation is limited due to its ability and efforts to meet most customers' small business financing needs through conventional loan products and underwriting standards.

NCB uses the SBA's 7A loan program. Loans through the 7A program can be used for working capital, purchase of equipment, or purchase of real estate. The standard SBA documentation package is required for 7A loans. NCB originated one loan through the 7A loan program during 1995 for \$337,589. Previous originations through this program have an outstanding balance of \$601,723 to two borrowers.

NCB offers the SBA's low documentation (Low Doc) program. Low Doc loans do not require the traditional volume of documents that a regular SBA loan does. Small business loan applications up to \$100,000 qualify for the program. NCB originated two Low Doc loans in 1996 that totaled \$45,607.

NCB also utilizes SBA's 504 loan program. The purpose of this loan program is to assist businesses with the purchase of fixed assets for growth and expansion to create new, and retain existing jobs. Loans through this program must create one new job for each \$35,000 loaned. No loans have been originated through this program since the last CRA evaluation.

All of NCB's SBA loans have been originated within the delineated community.

III. GEOGRAPHIC DISTRIBUTION AND RECORD OF OPENING AND CLOSING OFFICES.

Reasonableness of Delineated Community

- **NCB's delineated community is reasonable. No low- or moderate-income areas have been excluded.**

NCB has delineated all of Vanderburgh and Warrick Counties as its local community. Management annually conducts analyses of the distribution of its loans to support the community delineation. NCB's branches are reasonably situated to enable the bank to effectively serve its delineated community. A substantial majority of NCB's loans are originated within the delineated community.

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

- **The geographic distribution of the bank’s credit extensions represent a reasonable loan penetration of the bank’s community, including low- and moderate-income areas.**

Management annually conducts a detailed analysis of the geographic distribution of its credit applications. This analysis focuses on originations and denials for HMDA reportable loans by census tracts. Our analysis of the data supports the conclusion that the bank extends credit throughout the community, including LMI areas.

There were seven moderate income census tracts with no loan originations through 09/30/96. Management performed an analysis of these census tracts and determined the lack of HMDA reportable loan originations was reasonable, considering the census tracts are farm ground, have a high percentage of renters, consist of office buildings, or contain public housing developments. Our review and analysis confirms management’s conclusion.

Table 3 reflects the distribution of NCB’s HMDA reportable loan originations geographically by census tract income level.

Table 3 Geographic Distribution of HMDA Loan Originations by Tract Income Level January 1, 1995 through September 30, 1996						
Census Tract Income Level	Delineated Community Characteristics		Number of Loans		Dollar Volume	
	# of CT's	% of DC	#	%	\$	%
Low	3	5	6	1	189	1
Moderate	21	33	117	21	3,643	10
Middle	21	33	140	26	7,812	21
Upper	17	27	281	52	25,339	68
Income N/A	1	2	0	0	0	0
Total	63	100	544	100	36,983	100

Source: CRA Wiz

The information in the table above was combined due to the similarity of NCB’s performance in 1995 and through September 30, 1996. Table 3 indicates a lower level of lending in LMI tracts. This is mitigated by Table 4 that shows NCB lends to borrowers of all income levels, no matter what the geographic location of the residence.

Table 4 reflects the distribution of NCB's HMDA reportable loan originations by applicant income level.

Table 4 Distribution of HMDA Loan Originations by Borrower Income Level								
Applicant Income Level	1995				Through 09/30/96			
	#	(\$000)	%		#	(\$000)	%	
			#	\$			#	\$
Low	28	697	11	4	38	965	13	5
Moderate	50	1,658	19	10	55	2,087	19	10
Middle	65	3,054	25	18	71	3,228	25	16
Upper	111	11,134	43	67	115	12,979	40	64
Income Not Available	3	83	2	1	8	1,098	3	5
Total	257	16,626	100	100	287	20,357	100	100

Source: CRA Wiz

The above table shows the percentage of loans made in each income level. We conclude that there is a reasonable penetration of loans to LMI borrowers. Year to date 1996, approximately 32% of the bank's residential loans are to LMI borrowers. In 1995, approximately 30% of NCB's residential loans were to LMI borrowers. Improvement in the penetration percentages of loans to LMI borrowers supports the conclusion that NCB has a reasonable distribution of residential loans to borrowers of different income levels throughout the delineated community.

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

- **The bank's record of opening and closing offices and providing services is satisfactory. Offices are conveniently located, and business hours and services are designed to meet the needs of community members.**

NCB has eight full-service banking centers in addition to the main office. Full-service automated teller machines (ATM's) are provided at eight of the banking centers. The bank also provides one full-service ATM at a local mall and twelve cash dispenser

machines at various locations throughout the delineated community. Two of the full-service banking offices are located in LMI census tracts.

Banking hours offered provide reasonable access to bank products and services throughout NCB's delineated community. Main office lobby hours are 9:00 a.m. to 5:00 p.m. Monday through Friday. The main office drive-up is open 8:30 a.m. to 5:00 p.m. Monday through Friday. Banking center hours are 9:00 a.m. to 4:30 p.m. Monday through Thursday, 9:00 a.m. to 6:00 p.m. on Friday, and 9:00 a.m. to 12:00 Noon on Saturday.

The branch located in Chandler, Indiana was sold during 1995, with some of the assets being retained by NCB. No branches were opened, closed, or sold during 1996. NCB has a Branch Closing Policy that meets regulatory guidelines. Management periodically analyzes the effectiveness of NCB's banking center network from a strategic aspect and its effectiveness in delivering products and services throughout the delineated community. Business hours are periodically evaluated through customer surveys.

IV. **DISCRIMINATION AND OTHER ILLEGAL CREDIT PRACTICES**

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

- **The bank's lending practices do not discourage applications for the types of credit offered by the bank.**

Our review of the loan application process, as well as our analysis of loan approvals and denials, shows that the bank solicits applications from all segments of its delineated community. Management provides annual training to lending officers and other bank personnel on all aspects of fair lending. The bank has adequate policies and procedures in place to help ensure that discriminatory practices are excluded from all aspects of the credit process.

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

- **No evidence of prohibited discriminatory or other illegal credit practices were noted during this examination.**

During our examination we tested residential loan applications (both successful and unsuccessful applicants) to determine if all applicants had an equal chance of obtaining a loan. To accomplish this we conducted an analysis of applications for home purchase loans. Unsuccessful minority applicants were compared to successful non-minority applicants to determine the treatment received and the level of assistance provided to

each. We found that both groups were treated similarly, and each received comparable levels of assistance throughout the application process.

V. COMMUNITY DEVELOPMENT

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

- **NCB participates in various community development and redevelopment programs.**

NCB is made aware of their community development opportunities through their membership in the Evansville Association of Commercial Banks. They also have ongoing contact with the community through their customer call programs and their relationships with various community leaders. NCB has ongoing participation in various community development programs. These community development programs address the community credit needs identified through the bank's ascertainment of credit needs. Examples of their involvement include the following:

Evansville Coalition for the Homeless (ECHO) Housing Corporation - National City Bank has supported ECHO by committing funds to acquire and renovate homes for LMI homeless families. A corporate gift of \$1,000 was given in 1995 and \$700 in 1996 to support the continuance of the ECHO program. A bank officer is a member of the Board of Directors of ECHO.

Corporation for Housing Opportunities in City of Evansville (CHOICE) - CHOICE is a not-for-profit corporation that brings resources of the Evansville community together to promote neighborhood revitalization and to provide housing for low- and moderate-income (LMI) households in the city. A monetary corporate gift of \$1,600 was given in 1995 and another \$1,600 in 1996 to support the continuance of the CHOICE program.

Habitat of Evansville, Inc. - NCB made a three year commitment of \$15,000 to underwrite one half the cost of a home to be built during the 1995 Housing Raising Blitz. The Blitz resulted in the construction of 25 new homes for low- income families in Evansville.

NCB has received regulatory approval to purchase a \$1,125,000 equity investment in the House Investments-Midwest Corporate Tax Credit Fund II, Limited Partnership. This Partnership will construct, own, and operate a number of apartment complexes in Indiana, Illinois, Kentucky and Wisconsin to provide rental housing for low- and moderate-income families.

NCB participated in Phase I and II of the Bradford Point Apartments. This project required the complete renovation of an existing apartment complex formerly known as Oak Tree Village. The renovation included 204 two-bedroom apartments, a community building, and a tot-lot play area. The apartments are rented to LMI individuals. NCB has financed over \$1,000,000 of this project.

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

- **In relation to its size, resources, and financial condition, NCB can adequately meet the community's credit needs.**

NCB's financial condition, local economic conditions, legal issues, and other factors do not currently inhibit efforts to help meet the community's credit needs. A profile of the bank and its community is provided at the beginning of this Public Evaluation.

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

- **NCB engages in various activities which directly or indirectly assist in meeting the credit needs of the community.**

There are various activities the bank is involved in that contribute to community development. Examples of these activities are:

Citizens Advisory Committee of the Department of Metropolitan Development (City of Evansville) - A bank officer is a committee member assigned to advise the Mayor and the City Council on the allocation of Community Development Block Grant monies and other funds in order to meet the highest and best needs of low- and moderate-income(LMI) individuals and to better serve the community at large.

Neighborhood Economic Development Center (NEDC) - NEDC is one of the program areas of Patchwork Central, which focuses on the twin problems of business development and job creation in the target area of the inner and near inner-city of Evansville. An officer of NCB is an active board member of NEDC.

In conjunction with the Corporation for Housing Opportunities in the City of Evansville (CHOICE) and the City of Evansville's Department of Metropolitan

Development, NCB has committed eighty thousand dollars in mortgage loan funds to the HOPE 3 Program. The HOPE 3 Loan Program allows applicants an interest rate of 3% less than the conventional residential mortgage rates on the mortgage loans. Applicants must be LMI families which qualify as first-time home buyers.

NCB has a business/education partnership with Lincoln Elementary School, which is located in a LMI area. Through encouragement, time incentives, and information, the bank provides human resources to work with the school in enriching the learning experience for the students and developing a better educated, more well-rounded, workforce in the future. The bank has established an intern program where students are given the opportunity to observe a variety of jobs at the bank and the different skill and educational levels required for each. NCB also provides educational seminars to the parents of the students on banking services and special products such as the first time homeowner loan. NCB has also offered the use of a conference room in the bank's basement to the Lincoln School teachers for their use. Contributions of clothing, books, games, and personal items are made to the Lincoln School on an ongoing are basis.

NCB also makes charitable contributions to the following types of organizations throughout the course of the year: economic development, educational, health related, religious. In 1995 these contributions totaled \$65,488 and in 1996, \$126,764.