



Comptroller of the Currency
Administrator of National Banks

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Chicago, Illinois 60605

PUBLIC DISCLOSURE

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

December 31, 1996

National City Bank, Northwest
Charter Number 22582
405 Madison Avenue
Toledo, Ohio 43603-1688

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

GENERAL INFORMATION

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

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

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

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

Basis for the Rating

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

ABBREVIATIONS

The following abbreviations are used in this Public Evaluation:

ATM	-	Automated Teller Machine
CRA	-	Community Reinvestment Act
HMDA	-	Home Mortgage Disclosure Act
MSA	-	Metropolitan Statistical Area
NCBNW	-	National City Bank, Northwest
NCC	-	National City Corporation
NCCDC	-	National City Community Development Corporation
SBA	-	U.S. Small Business Administration

ASSIGNMENT OF RATING

Identification of Ratings

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

Outstanding record of meeting community credit needs.

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

Satisfactory record of meeting community credit needs.

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

Needs to improve record of meeting community credit needs.

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

Substantial noncompliance in meeting community credit needs.

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

DISCUSSION OF INSTITUTION'S PERFORMANCE

Institution's Rating:

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

Outstanding record of meeting community credit needs.

Evaluation Period - National City Bank, Northwest's (NCBNW) previous Public Disclosure is dated August 22, 1995. The current disclosure evaluates the bank's performance from August 23, 1995 through December 31, 1996. Throughout this evaluation we have included information from 1995 for comparative purposes.

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

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

NCBNW's primary lending focus is real estate lending (41% of loans), commercial loans (29% of loans), consumer loans (27% of loans), and other loans represent the remainder of the portfolio. Its loan to deposit ratio is 127% as of December 31, 1996, compared to peer's ratio of 81%.

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

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

	1995	1996
Average Assets	\$1,374	\$1,496
Net Income	\$24	\$25
Return on Average Assets	1.75%	1.64%

Source: Consolidated Report of Income and Condition

Community Profile - NCBNW delineates its local community based on geographical boundaries and branch locations. As of December 31, 1996, NCBNW's community delineation includes all of Fulton, Lucas, and Wood Counties which are within the Toledo, Ohio, Metropolitan Statistical Area (MSA), #8400, and all of Williams, Henry, and Sandusky Counties, which are not in an MSA.

As of the 1990 census, median family income for the area was \$33,890. The delineated community consists of 195 census tracts, with 164 of these located in MSA #8400. Of the 164 tracts located within the MSA, four are not categorized by income characteristics. Of the 31 tracts located in the non-MSA portion of the community, none are low- or moderate-income, 24 are middle-income, and seven are upper-income tracts. The overall distribution of the census tracts is as follows:

Table 2. Census Tract Distribution

Tract Characteristics	Number of Tracts	% of Total Tracts	% of Total Population	# of Housing Units
Low- and Moderate-income (< 80% of median)	52	27	21	65,428
Middle-income (80% to 120%)	104	53	57	170,473
Upper-income (>120%)	35	18	22	60,724
NA	4	2	<1	116

Source: 1990 U.S. Census, MSA demographics

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

Table 3. Demographic Information for NCBNW's Delineated Community

	Totals
Population	742,155
# housing units	296,741
# occupied housing units	277,353
# owner-occupied housing units	189,253

Source: 1990 U.S. Census, MSA demographics

The table shows that NCBNW's delineated community includes a substantial level (93%) of occupied housing units and a moderate level (64%) of owner-occupied housing units.

The unemployment rate for the delineated community (5%) is comparable to the rate for the State of Ohio (4.8% unadjusted). Dominant industries include automotive related industries, the production of glass and plastics, and the transportation of agricultural products. The largest single employer is the Toledo Jeep plant.

Competition is primarily provided by several community banks and affiliates of three regional banking companies.

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.*

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

Management ascertains credit needs through a variety of means including a formal calling program, officer participation in community and business organizations, and data analysis. NCBNW maintains ongoing, meaningful contacts with community representatives throughout its assessment area. These contacts represent a wide variety of civic, small business, and development groups, particularly those serving low- and moderate-income individuals. In addition, contacts are ongoing with several government officials and area realtors.

NCBNW's formal calling program is a major component of the ascertainment process. Officers in the branches call directly on existing and prospective customers, obtaining information on credit needs and market conditions in the community.

Management receives valuable feedback from officers who are involved in a variety of community organizations. Its network of community contacts and relationships allow for ongoing feedback about community credit needs and the effectiveness of NCBNW products in meeting these needs.

The primary credit and service needs identified are as follows: affordable housing, education and assistance for first time home buyers, and home improvement products. NCBNW continues to address these needs through continued marketing of the RIGHT and RIGHT-TWO mortgage products, which are geared to the low- and moderate-income borrower. Seminars and credit counseling for first time home buyers are also provided. The bank's focus remains to educate prospective borrowers on the mortgage process and home ownership, while aggressively marketing its affordable mortgage products. These programs are addressed in detail under Assessment Factors B, I, and L.

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

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

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

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

NCBNW is in compliance with the technical requirements of CRA. The current CRA statement was approved by the Board of Directors in November 1996.

II. MARKETING AND TYPES OF CREDIT OFFERED AND EXTENDED

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

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

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

Primary vehicles used in NCBNW's advertising efforts include: targeted advertisements; involvement in housing expos and community events; direct mailings to realtors, consumers, and small businesses; small business seminars and networking events; and the small business call program.

Marketing is done through the traditional media of newspaper, radio, magazines, publications, and television, as well as an extensive network of community groups and realtors. Media selection is designed to inform the entire community and does not exclude any low- and moderate-income

areas. Both image and targeted methods are used to market the bank's products and services throughout the community. NCBNW also uses alternative delivery vehicles such as the Dial-A-Loan program (in English and Spanish) and the mail-in mini-mortgage package.

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

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

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

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

A specific loan program developed by the bank to meet the need for residential type loans was the RIGHT loan program. This program was designed primarily for the first-time home buyer. It included features such as rolling closing costs into the loan and allowing up to 100% financing for a portion of the requested loan amount. RIGHT loans originated during the review period represent 13% of the mortgage loans generated. Table 4 below shows the significant mortgage loan activity generated by NCBNW over the past 3 years. This table includes the loans made in connection with the RIGHT loan program which is more fully detailed in Table 5. The information for 1994 is included for comparison purposes only. It should be noted that housing-related loan originations have increased during each of the past three years. NCBNW is the 3rd largest originator of housing related loans within the bank's market area.

Table 4 . Housing-Related Loan Originations

	1994		1995		1996	
	#/\$(millions)		#/\$(millions)		#/\$(millions)	
Mortgage	898	\$58	973	\$67	950	\$68
Home Improvement	900	\$8	1,046	\$10	1,058	\$12
Total	1,798	\$66	2,019	\$77	2,008	\$80

Source: Internal Bank Reports

Table 5. RIGHT Loan Originations

	# of loans	\$(millions)
1995	187	\$7
1996	173	\$7

Source: Internal Bank Reports

NCBNW also offers a loan program for home improvement and home rehabilitation. This program, RIGHT-TWO is a flexible program designed to finance small home improvement loans and small home rehabilitation projects. This product is targeted to families meeting certain income levels. NCBNW does not specifically monitor originations of this product. These loans are included in the total of home improvement loans shown elsewhere within this report.

A large portion of the commercial loans originated by NCBNW are to small businesses, generally defined as businesses with less than \$1 million in revenue. Table 6 shows the breakdown of small commercial loans originated by the bank in 1996. These numbers were not available in 1995. The table shows that over 66% of the bank's small business loans were for less than \$100,000, with the average loan amount for small business loans being \$140,000. This demonstrates the fact that the bank is making small loans to small businesses.

Table 6. 1996 Small Business Loans

Loan Amounts	# of loans	\$(millions)
<\$100,000	467	\$13
>\$100,000 & <=\$250,000	116	\$21
>\$250,000	118	\$63
Total	701	\$98

Source: Internal Bank Reports

Farm loans were not an identified credit need of the delineated community.

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

- **NCBNW's participation in government programs is acceptable considering the opportunities available.**

NCBNW is involved in Small Business Administration (SBA) loan programs to a limited degree. Participation in other government programs for businesses and housing related loans is limited because the bank has its own competitive products designed to meet these needs which are specifically designed to be less burdensome on the applicant and less restrictive than similar government programs. These numbers are reflected in Table 6 - Small Business Loans. Table 7 shows the bank's participation in SBA programs.

Table 7. Participation in SBA Programs

Year	# of loans	\$(000)
1995	12	\$1,905
1996	11	\$2,181

Source: Internal Bank Reports

III. GEOGRAPHIC DISTRIBUTION AND RECORD OF OPENING AND CLOSING OFFICES

Reasonableness of Delineated Community

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

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

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

Table 8 shows the distribution of various residential mortgage products that are reported on Home Mortgage Disclosure Act Loan Application Registers (HMDA-LAR). This information is only reported for applications and loans within MSAs. Our market share analysis is based on the number of applications received and loans originated by all providers of mortgage products within the Toledo, Ohio, MSA.

Our market share analysis focuses on 1995; comparable information for 1996 is not yet available. Table 8 shows that NCBNW’s overall market share of the number of loan applications received and the number of loans made within low- and moderate-income census tracts was greater than comparable to its overall market share. The table clearly shows NCBNW’s commitment to lending to borrowers living in low- and moderate-income census tracts.

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

Census tract characteristics were identified under the Community Profile section of this report.

**Table 8. 1995 Market Share by Tract Characteristics
MSA #8400**

	Low/Mod	Mid	Upper	Total
Purchase Money Applications	12.7%	5.4%	4.2%	6.8%
Purchase Money Loans	11.5%	6.0%	5.0%	6.3%
Home Improvement Applications	24.5%	22.8%	27.2%	24.0%
Home Improvement Loans	23.9%	21.0%	28.0%	23.1%
Total Applications	15.2%	8.3%	7.1%	10.0%
Total Loans	14.5%	8.7%	8.3%	9.4%

Source: HMDA-LAR

Also considered in this evaluation is the total number of HMDA-reportable loans that NCBNW originated within various census tracts and to borrowers of various income levels. In 1995, this distribution was available only for loans originated within MSAs. NCBNW originated an additional 397 loans outside of MSA #8400 in 1995 which are not included in the analysis below. The 1996 tables include all of the delineated community.

Table 9 shows that in 1995, NCBNW’s distribution of loans to low- and moderate-income census tracts is proportionate to the number of low- and moderate-income census tracts within its community. However, Table 10 shows that NCBNW’s lending to low- and moderate-income borrowers is strong. Income levels of borrowers and families are irrespective of where they live within the community.

Table 9. 1995 Loan Originations by Tract Characteristics

	Low/Mod	Mid	Upper	Total
Number of Loans	377	874	371	1,622
% of Loans Originated	23%	54%	23%	
% of Total Tracts	27%	53%	18%	
% of Housing Units	22%	57%	20%	

Source: HMDA-LAR

Table 10. 1995 Loan Originations by Borrower Income Characteristics

	Low/Mod	Mid	Upper	NA*	Total
Number of Loans	579	434	581	28	1,622
% of Loans Originated	36%	27%	36%	1%	
% of Families	36%	24%	39%	-0-	

Source: HMDA-LAR

*Income not available

Tables 11 and 12 include all HMDA-reportable loans originated within the bank's delineated community during 1996. The first table shows that NCBNW's percentage of loans in low- and moderate-income tracts is slightly lower than the percentage of low- and moderate-income tracts. However, the second table shows that the percentage of loans to low- and moderate-income borrowers is very strong.

Table 11. 1996 Loan Originations by Tract Characteristics

	Low/Mod	Mid	Upper	Total
Number of Loans	307	1,027	435	1,769
% of Loans Originated	17%	58%	25%	
% of Total Tracts	27%	53%	18%	
% of Housing Units	22%	57%	20%	

Source: HMDA-LAR

Table 12. 1996 Loan Originations by Borrower Income Characteristics

	Low/Mod	Mid	Upper	NA*	Total
Number of Loans	790	228	720	31	1,769
% of Loans Originated	45%	13%	41%	1%	
% of Families	36%	24%	39%	-0-	

Source: HMDA-LAR

*Income not available

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

Table 13. 1996 Distribution Analysis by Tract characteristics

	Low/Mod		Mid		Upper	
	#	%	#	%	#	%
CONSUMER DEPOSITS	16,660	18%	48,326	52%	28,701	31%
Consumer Mortgage Loans	786	20%	1,952	50%	1,205	31%
Other Consumer Loans	9,228	15%	32,456	54%	18,948	31%
TOTAL CONSUMER LOANS	10,014	16%	34,408	53%	20,153	31%

Source: Internal Bank Reports.

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

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

NCBNW has 29 full service offices located throughout the community. All of these offices have Automated Teller Machines (ATM) and six have drive-in service. There are eight freestanding ATM stations and one separate drive-in facility. Six branches are located in low- and moderate-income census tracts. Most offices are open six days per week, with extended hours on Friday and limited hours on Saturday.

During the review period, NCBNW closed one office and opened one. The effect of the closing was mitigated by the opening of the new Dussel Drive Office located one mile away. This new office is more accessible to the community and is located in a growing section of the community. In both cases, the bank complied with the NCC branch closing policy, which requires detailed analysis of the effect of the closings on the customer base of the branch. The institution's record of closing offices has not had an adverse impact on its local community.

NCBNW also offers a low cost lifeline checking product for customers with limited banking needs. As of December 31, 1996, NCBNW had 5,726 of these accounts opened, with average balances of \$543. Twenty-seven percent of these accounts were held by individuals living in low- and moderate-income areas.

IV. DISCRIMINATION AND OTHER ILLEGAL CREDIT PRACTICES

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

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

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

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

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

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

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

V. COMMUNITY DEVELOPMENT

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

- **NCBNW actively participates in community development through its community development affiliate, NCCDC, and through contributions to various community development organizations.**

During 1996, there have been very few opportunities for NCCDC projects in the Toledo area. However, during the last quarter of 1995, the NCCDC helped to finance the development of an affordable housing subdivision in the community. The total cost of the project was \$4,180,362. NCCDC's equity investment was \$626,294.

Individual development projects funded by the bank that benefited low- and moderate-income areas or individuals included:

- \$4,100,000 to the Luther Haus Limited Dividend Housing Association Limited Partnership for a 90-unit low-income elderly housing project
- \$36,000 to the Neighborhood Housing Services of Toledo, Inc. for the rehabilitation of a four-unit family dwelling
- \$450,000 to a private individual to build housing for low- and moderate-income individuals
- \$125,000 to the Lutheran Housing Services to repair Section 8 Elderly housing

Also during the review period, NCBNW contributed approximately \$16,000 to a variety of organizations that promoted community development within the local community. The majority of these organizations specifically support local development, provide social services to low- and moderate-income areas, and assist low- and moderate-income individuals with housing needs.

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

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

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

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

- **NCBNW routinely participates in other activities which help to meet community needs.**

The bank participates on numerous boards and committees which work with local low- and moderate-income groups to provide social services and help provide credit counseling.

The CRA Officer has developed and conducted seminars for two area Community Development Corporations on housing needs and what the local banks can do to improve the housing stock.