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Comptroller of the Currency  
Administrator of National Banks

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Central District Office  
One Financial Place, Suite 2700  
440 South LaSalle Street  
Chicago, Illinois 60605

PUBLIC DISCLOSURE

**COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION**

December 31, 1996

National City Bank of Indiana  
Charter Number 869  
One National City Center, Suite 400E  
Indianapolis, Indiana 46255

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 of 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 **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
NCBI	-	National City Bank of Indiana
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** - The bank's previous Public Disclosure was dated April 20, 1994. The current disclosure evaluates the bank's performance from April 20, 1994 through December 31, 1996. National City Bank of Indiana (NCBI) manages its obligations under the CRA as a distinct legal entity. It does not rely in any fundamental way on the lending activities of affiliated lenders for the rating contained in this Public Disclosure. It does rely on National City Community Development Corporation (NCCDC), an affiliate, for a portion of its community development activities discussed in this Performance Evaluation.

**Bank Profile** - NCBI 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.

NCBI's primary lending focus is centered in real estate secured credits, as 52% of average gross loans are represented in this category. Loans to individuals for consumer purposes represent 26% of average gross loans. Commercial and industrial loans represent just 16% of average gross loans. NCBI's loan to deposit ratio was 99% as of December 31, 1996. This compares to 90% for similar institutions.

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

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

	<b>1995</b>	<b>1996</b>
<b>Average Assets</b>	\$5,377	\$5,332
<b>Net Income</b>	\$64	\$81
<b>Return on Average Assets</b>	1.19%	1.52%

Source: Consolidated Report of Income and Condition

**Community Profile** - NCBI delineates its local community based on geographical boundaries and branch locations. As of December 31, 1996, NCBI has defined its community delineation of six regions in the State of Indiana as follows: East Chicago Region - includes a portion of Lake County (Gary, Indiana Metropolitan Statistical Area (MSA) #2960). Principal cities include East Chicago and Merrillville; North Central Region - includes Cass, Howard, Miami and Tipton

Counties. Howard and Tipton Counties are in the Kokomo, Indiana MSA (#3850). Cass and Miami Counties are not within an MSA. Principal cities include Logansport, Kokomo, and Peru; Northeast Region - includes portions of Allen and Dekalb Counties, which are located in the Fort Wayne, Indiana MSA (#2760); West Central Region - includes Montgomery and Putnam Counties, which are not within an MSA. Principal cities include Crawfordsville and Greencastle; Metro Region - includes all of the Indianapolis, Indiana MSA (#3480), with the exception of Madison and Morgan Counties. This area includes the majority of the bank's customer base and low- and moderate-income census tracts. The principal city is Indianapolis, which is the state capital; Anderson Region - includes all of Madison County, which is within the Indianapolis, Indiana MSA (#3480). The principal city is Anderson; Southeast Region - includes all of Jennings County and portions of Decatur, Franklin, Ripley and Jackson Counties. The area has not been designated as an MSA. The principal cities are Batesville, North Vernon and Seymour.

As of the 1990 census, the median family income for the areas within the MSAs was approximately \$37,200 and those areas not designated an MSA was \$30,800. The delineated community demographic characteristics are illustrated in Tables 2 and 3.

**Table 2. Census Tract Characteristics**

<b>Track Characteristics</b>	<b>Number of Tracts</b>	<b>% of Total Tracts</b>	<b>% of Total Population</b>	<b># of Housing Units</b>
<b>Low- and Moderate-income (&lt;80% of Median)</b>	152	29	24	221,420
<b>Middle-income (80% to 120%)</b>	257	50	50	448,186
<b>Upper-income (&gt;120%)</b>	106	20	26	216,703
<b>Not applicable</b>	5	1	-	6

Source: 1990 U.S. Census, MSA demographics

**Table 3. Demographic Information for NCBI’s Delineated Community**

	<b>Totals</b>
<b>Population</b>	2,161,845
<b># housing units</b>	886,315
<b># occupied housing units</b>	823,686
<b># owner-occupied housing units</b>	546,389

Source: 1990 U.S. Census, MSA demographics

Table 3 that NCBI’s delineated community includes a high level of occupied housing units and owner-occupied housing units at 92% and 61%, respectively.

Unemployment rates for the delineated community are 4% and reflective of the overall unemployment levels in the State of Indiana. Dominant industries include services, retail trade, manufacturing, and government.

Strong competition in the financial services industry is provided by several large regional banking companies as well as smaller community banks.

**Community Credit Needs** - Our evaluation included contacts with representatives from local community social service agencies. These contacts were used to identify community credit needs. The most pressing needs identified were for affordable housing and small business loans. In addition, banking education was identified as a need in the community. These needs were also identified by the bank. See Assessment Factors B, I, J, and H for responses to these credit needs.

## **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.*

- **NCBI 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, questionnaires, and officer involvement in community and business organizations. NCBI maintains ongoing, meaningful contacts with community representatives throughout its assessment areas. These contacts represent a wide variety of civic, small business, housing related interests, and development groups, particularly those serving low- and moderate-income individuals. In addition, contacts are ongoing with several government officials and area realtors.

NCBI's formal calling program remains at the forefront of its ascertainment process. As part of its community outreach philosophy, officers in each of its regions call directly on existing and potential customers, obtaining information on credit needs and market conditions in the community. Two outreach specialists located in Indianapolis are dedicated to contacting community development corporations (CDCs) and area community groups to obtain feedback on NCBI's effectiveness in meeting community needs.

Management receives valuable feedback from officers who are involved in a variety of community organizations. Its extensive network of community contacts and relationships allow for ongoing feedback about community credit needs and marketing of NCBI's products.

The primary credit and service needs identified through outreach efforts are affordable housing, small business lending and services, and assistance for consumers with problem credit histories.

NCBI continues to address these needs through continued marketing and offering of the RIGHT loan, government guaranteed loan products, and seminars on small business and credit counseling.

***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 NCBI'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 annually.

NCBI is in compliance with the technical requirements of the CRA. The current CRA statement was approved by the Board of Directors in January, 1997.

## 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.*

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

A formal marketing plan is developed annually. The plan is designed to promote products tailored to meet the particular credit needs ascertained in the community. A variety of media sources are used to ensure community awareness of NCBI's loan and deposit products.

Primary vehicles used in the 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 a small business call program.

Marketing is done through the traditional media of newspaper, radio, magazines, publications, television, and billboards 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- or moderate-income areas. Both image and targeted methods are used to market NCBI's products and services throughout the community. Products are also marketed through its extensive branch network, point of sale posters, and alternative delivery vehicles such as the Telephone Banking program and Small Business Hotline.

Targeted methods are used to market products designed to meet the needs of low- and moderate-income consumers. Media used in these instances are newspaper, local community publications, and radio.

NCBI participates in and sponsors several programs which inform consumers of real estate mortgage products available. These programs consist of bank employees offering seminars on home ownership, fair housing, debt counseling and the loan application process. The programs focus on the inner city and low- and moderate-income neighborhoods and are available to any community group on a request basis. Additional housing and small business seminars are held in conjunction with CCB (Community Center Banking) and the Indianapolis Neighborhood Housing Partnership.

The Retail Small Business Service Group provides a distinctive source of comprehensive services for the small business community. Representatives have been assigned throughout the branch network to assist this market segment. The group coordinates the Small Business Call Program that provides information on general business issues and financial products offered by NCBI. Participants are recommended by branch managers familiar with local businesses, and receive business-related information on bank products and services. Follow-up calls are made after each contact to answer any business questions. Participants are also informed of small business events in the area, many supported by NCBI.

In 1996, Business Express was formed to centralize the small business loan approval process. All business purpose loan requests with total exposure of less than \$250 thousand are processed by Business Express. Customer documentation requirements have been standardized and minimized to reduce turnaround time and speed up the approval process. In addition, there are dedicated calling officers who assist in the Small Business Call Program described above.

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

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

NCBI offers a variety of consumer and commercial loan products to meet identified credit needs. The CRA Statement correctly lists available credit products. These products are readily available throughout the delineated community. A partial listing of available credit products follow. For a more complete listing the reader should refer to the bank's CRA Statement.

- Commercial: term loans; lines of credit; agricultural loans; and participations with government agencies
- Residential real estate: permanent financing for 1-4 family dwellings; interim and permanent financing for residential and commercial construction; and home equity lines of credit
- Consumer: motor vehicle loans; home improvement loans; personal loans and student loans
- Revolving lines of credit: credit card accounts; overdraft lines of credit; and personal lines of credit

NCBI is an active mortgage loan originator. In 1995, NCBI was the second largest of 391 lenders in purchase money mortgage and home improvement lending in the delineated area. Information is not yet available for 1996. Table 4 notes all of NCBI's mortgage loan activity generated in 1994 through 1996. In 1996, approximately 88% of mortgage loans and 87% of home improvement loans were originated within the bank's delineated community. Table 4 includes specially-developed programs targeted to low- and moderate-income consumers as detailed below.

**Table 4. Housing-Related Loan Originations**

	1994		1995		1996		Total	
	#/\$(millions)		#/\$(millions)		#/\$(millions)		#/\$(millions)	
<b>Mortgage</b>	1,839	\$126	2,135	\$148	1,748	\$130	5,722	\$404
<b>Home Improvement</b>	1,171	\$12	1,287	\$14	1,167	\$12	3,625	\$38
<b>Total</b>	3,010	\$138	3,422	\$162	2,915	\$142	9,347	\$442

Source: Internal Bank Reports

NCBI has several products designed to help meet the need of mortgage financing. In 1992, the RIGHT loan was introduced. The RIGHT loan is a no down payment product for home purchase. The program provides expanded debt/income ratios, fixed interest rates, and no private mortgage insurance.

**Table 5. RIGHT Loan Originations**

	# of loans	\$(000)
<b>1994</b>	522	21,240
<b>1995</b>	592	28,293
<b>1996</b>	233	11,506
<b>Total</b>	825	61,039

Source: Internal Bank Reports

The Community Centered Banking (CCB) program was introduced in the third quarter of 1993. This program brings together NCBI with community churches in a partnership to make banking services more accessible to the low- and moderate-income communities. Since the CCB program began, 848 clients have enrolled in home ownership counseling, with a total mortgage commitment of over \$39 million. To date, 56 clients have completed the counseling and have closed mortgage loans totaling just under \$3 million. All but three of these loans were closed during the evaluation period.

The bank uses other programs designed for affordable mortgage financing. In 1996, a total of 106 loans (representing \$7.9 million) were originated to low- and moderate-income borrowers. Of these, 53 loans (representing \$3.6 million) are sponsored by Indiana Housing Finance Authority and the Federal Housing Administration. In addition, NCBI uses the National City Housing Affordable Mortgage Program (CHAMP), the FNMA 97% mortgage, and the Community Mortgage Loan program. NCBI does not track the number and dollar volume of these originations.

NCBI developed the At Home Loan, which is directed to families in the low- and moderate-income range. This is a product designed to help with small dollar home improvements. To date there has been little activity with this product due to limited demand.

NCBI is an active small business lender based on the number and amount of loans originated. Small businesses are generally defined as those with annual revenues of less than \$1 million. Table 6 illustrates the aggregate number and dollar amount of small business loans originated during 1996, the first year NCBI tracked such information. Ninety percent of the number and 89% of the dollar amount of the loans were originated within the delineated community. The table shows that the bank is making small loans to small businesses (72% of loans to small businesses were originated at less than \$100,000).

**Table 6. 1996 Small Business Loan Originations**

	#	\$(000)
<\$100,000	1,857	70,415
>\$100,000 & ≤ \$250,000	392	66,850
>\$250,000	303	154,316
<b>Total</b>	<b>2,552</b>	<b>291,581</b>

Source: Internal Bank Reports

NCBI is an active small farm lender based upon the number and amount of loans originated. Table 7 illustrates the aggregate number and dollar amount of small farm loans originated during 1996. Of these totals, 75% of the number and 81% of the dollar amount of loans were originated within the delineated community. The table shows that the bank is making small loans to small farms (84% of loans to small businesses were originated at less than \$100,000).

**Table 7. 1996 Small Farm Loans**

	#	\$(000)
<\$100,000	786	23,708
>\$100,000 & ≤ \$250,000	109	17,361
>\$250,000	40	15,094
<b>Total</b>	<b>935</b>	<b>56,163</b>

Source: Internal Bank Reports

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

- **The level of NCBI's participation in government programs is good.**

**Table 8. Participation in Government Programs**

	1994		1995		1996	
	#	\$(000)	#	\$(000)	#	\$(000)
<b>SBA 7(a)</b>	25	\$4,269	27	\$2,996	14	\$1,091
<b>SBA 504</b>	21	\$7,962	23	\$14,163	8	\$2,698
<b>IDFA-CAP</b>	18	\$678	29	\$696	84	\$2,786
<b>FSA</b>	-	-	17	\$2,099	11	\$1,331
<b>Total</b>	64	\$12,909	96	\$19,954	117	\$7,906

Source: Internal Bank Reports

**Small Business Administration (SBA) 7(a)** - NCBI is a Preferred Lender, having received this designation in late 1996. This designation permits the bank to streamline the loan approval process. The 7(a) program is for the financing of working capital, inventory, contracts, or fixed assets. In 1995, NCBI ranked third in the state in generating 7(a) loans.

**Small Business Administration 504** - This program promotes economic development through job creation and retention. Long-term fixed asset financing is provided in a layered transaction. A bond guaranteed by the SBA is sold to provide up to 40% of the funds at a reduced rate. The bank provides the remainder of the funds and receives a first lien on the collateral. In 1995 and 1996, NCBI ranked second in the state in generating 504 loans.

**Indiana Development Finance Authority Capital Access Program** - This is a program that provides guaranteed financing for small business loans that carry a higher degree of risk than is customary. Through December 31, 1995, NCBI was the fourth largest participant in the program. By the end of 1996, NCBI improved its position to #2.

**Farm Services Agency (FSA)** - This is a federally guaranteed loan program for small farmers desiring working capital loans. NCBI ranked sixth in the state during 1995 in outstandings among active lenders using FSA programs.

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

#### **Reasonableness of Delineated Community**

NCBI'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 NCBI's credit extensions, credit applications, and denials is good. NCBI has received applications and has extended credit throughout the delineated community.**

Tables 9 and 10 illustrate 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. Market share information is based on number of loans originated by all providers of mortgage products within the MSAs. Census tract characteristics were identified under the Community Profile section of this report.

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.

Tables 9 and 10 illustrate a good penetration in the market for low-and moderate-income borrowers as well as in low- and moderate-income census tracts. The market share analysis focuses on 1995. Market share data for 1994 was similar to 1995, and is not presented in this disclosure. Comparable information for 1996 is not yet available.

**Table 9. 1995 Market Share by Tract Characteristics**

	Low/Mod	Mid	Upper	Total
	% Rank	% Rank	% Rank	% Rank
<b>Purchase Money Applications</b>	6.79 (1)	3.47 (5)	2.85 (6)	3.71 (5)
<b>Purchase Money Loans</b>	7.56 (1)	4.13 (4)	3.50 (6)	4.32 (4)
<b>Home Improvement Applications</b>	9.91 (3)	8.06 (3)	8.17 (3)	8.60 (3)
<b>Home Improvement Loans</b>	7.69 (3)	6.91 (3)	7.41 (4)	7.22 (3)
<b>Total Applications</b>	6.35 (3)	4.31 (2)	3.52 (5)	4.43 (2)
<b>Total Loans</b>	6.47 (3)	4.69 (2)	4.07 (5)	4.74 (2)

Source: Internal Bank Reports

**Table 10. 1995 Market Share by Borrower Income Characteristics**

	Low/Mod	Mid	Upper	Total
	% Rank	% Rank	% Rank	% Rank
<b>Purchase Money Applications</b>	5.50 (3)	3.03 (7)	3.39 (5)	3.71 (5)
<b>Purchase Money Loans</b>	6.11 (3)	3.12 (6)	3.62 (5)	4.32 (4)
<b>Home Improvement Applications</b>	8.61 (3)	9.13 (3)	8.80 (3)	8.60 (3)
<b>Home Improvement Loans</b>	7.23 (3)	6.98 (3)	7.74 (4)	7.22 (3)
<b>Total Applications</b>	5.39 (3)	4.24 (2)	4.42 (2)	4.43 (2)
<b>Total Loans</b>	5.73 (1)	3.99 (4)	4.42 (3)	4.74 (2)

Source: Internal Bank Reports

Also considered in this evaluation is the total number of HMDA-reportable loans that NCBI originated within various census tracts and to borrowers of various income levels. Income levels of borrowers and families are irrespective of where they live within the community. In 1994 and 1995, this distribution was available only for loans originated within MSAs. The 1996 tables include all of the delineated community. NCBI originated an additional 974 loans outside of the MSAs in 1995, which are not included in the analysis below. Tables 11 and 13 illustrate that the overall level of lending by income characteristics of census tracts is reasonable. Tables 12 and 14 illustrate that the bank is a strong lender to low- and moderate-income individuals.

**Table 11. 1995 Loan Originations by Tract Characteristics - 1995**

	Low/Mod	Mid	Upper	Total
<b>Number of Loans</b>	610	1,317	898	2,825
<b>% of Loans Originated</b>	21	47	32	100
<b>% of Total Tracts</b>	29	50	20	99*
<b>% of Housing Units</b>	24	51	24	

Source: HMDA-LAR

\* 1 tract has no income characteristics.

**Table 12. Loan Originations by Borrower Income Characteristics - 1995**

	Low/Mod	Mid	Upper	Total
<b>Number of Loans</b>	1,091	705	965	2,825*
<b>% of Loans Originated</b>	39	25	34	98*
<b>% of Families</b>	37	25	39	

Source: HMDA-LAR

\* Total includes 64 loans where borrower income information was not available.

**Table 13. Loan Originations by Tract Characteristics - 1996**

	Low/Mod	Mid	Upper	Total
<b>Number of Loans</b>	584	1,913	1,182	3,679
<b>% of Loans Originated</b>	16	52	32	100
<b>% of Total Tracts</b>	29	50	20	99*
<b>% of Housing Units</b>	24	51	24	

Source: HMDA-LAR

\* 1 tract has no income characteristic.

**Table 14. Loan Originations by Borrower Income Characteristics - 1996**

	Low/Mod	Mid	Upper	Total*
<b>Number of Loans</b>	1,130	1,017	1,504	3,679
<b>% of Loans Originated</b>	31	27	41	
<b>% of Families</b>	37	25	39	

Source: HMDA-LAR

\* Includes 28 loans where borrower income information was not available

Table 15 compares the total amount of consumer deposits generated in low/moderate-, middle- and upper-income geographies to the amount of consumer, mortgage and total loans in those same geographies. The table shows the 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. The table illustrates that the bank is reasonably generating loans in each income geography where it receives deposits.

**Table 15. 1995 Distribution Analysis**

	Low/Mod		Mid		Upper	
	#	%	#	%	#	%
<b>CONSUMER DEPOSITS</b>	58,318	18%	172,444	53%	94,180	29%
<b>Consumer Mortgage Loans</b>	1,434	11%	7,376	59%	3,666	30%
<b>Other Consumer Loans</b>	20,847	16%	64,066	51%	41,494	33%
<b>TOTAL CONSUMER LOANS</b>	22,281	16%	71,442	51%	45,160	33%

Source: Internal Bank Reports

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

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

NCBI has 113 full service offices located throughout the community. Ninety offices have Automated Teller Machines (ATM). There are 15 freestanding ATM stations. Thirty offices are in low- or moderate-income census tracts. Most offices are open six days per week, with extended hours on Friday and limited hours on Saturday. Five offices also have Sunday hours.

During the review period, NCBI closed 14 offices. These include the Shelbyville Western (Shelbyville), Finance Center (Fort Benjamin Harrison), and Chamber (Indianapolis) Offices, which are located in low- or moderate-income census tracts. The high number of branch closings is mitigated by the fact that the closed locations were widely disbursed over 14 counties in the bank's assessment area. Customer accounts were transferred to other nearby locations, some within one mile of the closed offices.

Four offices were sold to other financial institutions, which continue to provide banking services to the local community.

In each case, 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. The bank has not opened any new offices.

NCBI offers a low-cost lifeline checking product for customers with limited banking needs. As of December 31, 1996, NCBI had 9,948 of these accounts opened with an average balance of approximately \$600. Twenty-six 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).*

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

NCBI affirmatively solicits credit applications from all segments of its community, including low- and moderate-income areas. Policies, procedures, and intense training promote fair lending.

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

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

- **NCBI 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 race of the applicant. We reviewed a sample of denied applications from black applicants which were received by NCBI during the second half of 1996. We compared these to a sample of approved white applicants, testing for non-discriminatory application of the bank's credit scoring system. 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.*

- **NCBI actively participates, often through leadership positions, in community development projects throughout the delineated area. These activities include equity positions and loans for a multitude of projects, some of which are described below. NCBI also actively participates in community development activities through an affiliate, NCCDC.**

During the review period NCCDC made equity investments of nearly \$6.5 million. The majority of these investments have been directed to the Metro Region. No specific investments were made in the North Central, Northeast and West Central Regions. The following chart shows the investment breakdown.

**Table 16. Community Development Activities through NCCDC**

<b>NCCDC INVESTMENTS IN COMMUNITY DEVELOPMENT 1994-1996</b>				
	<b>Equity Investment \$(000)</b>	<b>Total Project \$(000)</b>	<b>Housing Units Developed</b>	<b>Commercial Sq.Ft. Developed</b>
<b>Anderson Region</b>	\$795	\$10,185	194	0
<b>East Region</b>	\$176	\$326	12	0
<b>Metro Region</b>	\$3,595	\$30,433	563	50,600
<b>Southeast Region</b>	\$1,413	\$7,337	128	0
<b>Other - Statewide</b>	\$500	\$6,443	75	0
<b>Total</b>	\$6,479	\$54,724	972	50,600

Source: Internal Bank Reports

Examples of projects are as follows. Note that many of these projects also include loans originated by NCBI in conjunction with the NCCDC equity investment.

- C.N.S. Limited Partnership (also known as Prairie Park) - This is a single family home project located in East Chicago, Indiana. The land is owned by St. Mark A.M.E. Zion Church who is a limited partner and provides land as their equity on an as needed basis. The City of East Chicago is providing infrastructure totaling over \$141 thousand. The general partner is the Community Reinvestment Project of East

Chicago, a non-profit organization. An equity investment of \$166 thousand was made by the NCCDC. NCBI is providing a \$750 thousand construction line of credit for the construction of 12 single family homes. In addition, the bank will offer permanent mortgages to consumers.

- New Ralston Estates Limited Partnership - This project is located in the Martindale-Brightwood community of Indianapolis (Center Township). The project is to develop 39 affordable single family homes. NCCDC made a \$218 thousand equity investment to build four model homes. NCBI approved a \$1 million construction line of credit to the general partner (Martindale-Brightwood CDC) for contract sales.
- Fall Creek Proper, L.P. - This project is located on Indianapolis' near northside in Center Township (an LMI area). An equity investment of \$146 thousand was made by the NCCDC and a \$475 thousand construction loan was originated by the bank. Fifty single family homes will be constructed for purchase.
- Lebanon Senior Housing - This is a rehab project which will be used for affordable housing for senior citizens. The project will convert the former Lebanon High School in Lebanon, IN into 59 units of affordable housing. NCCDC purchased a 37.5% (\$1.2 million) limited partnership interest in this low-income housing tax credit project. The City of Lebanon has made available \$270 thousand in HOME funds. NCBI made a \$230 thousand loan to this partnership.
- Applecreek Commons L.P. - This is a \$9.1 million low-income housing tax credit project located in Anderson, IN. The project is for the new construction of 194 units of multi-family rental units. NCCDC made a \$750 thousand equity investment and purchased 49.5% of the low-income housing tax credits. NCBI issued a \$6.6 million letter of credit to support the Tax Exempt Economic Development Bond for this project.
- National Equity Fund L.P. of 1994 - NCCDC made a \$500 thousand equity investment in November, 1994. The funds will be used in projects across Indiana, and to provide low-income housing to renters.

NCBI is very active in originating loans for community development purposes. During the review period, approximately \$40 million was loaned for community development purposes. Examples of these loans follow.

- Indianapolis Business Development Corporation (IBDC) - This is a \$250 thousand unsecured line of credit which is used to finance loans to economically challenged businesses. The IBDC is a lender of last resort for racial minority and economically disadvantaged businesses desiring to borrow \$5 thousand to \$100 thousand. The funds must accomplish one of the following: (1) assist companies in creating or retaining jobs, 51% of which must be made available to low- and moderate-income

persons; (2) assist companies which serve residential areas containing 51% or more low- and moderate-income persons; (3) assist low- and moderate-income business owners with five or fewer employees; or (4) assist companies located in certain geographies.

- Fort Wayne Area Bank Loan Fund - The bank has committed \$300 thousand to a \$1.3 million fund created by the banks in Fort Wayne to be used as the Fort Wayne Area Bank Loan Fund II. The Fund teamed up with the Community Development Corporation of Fort Wayne to promote growth and development of small commercial and industrial businesses in the Fort Wayne area through creative financing programs.

NCBI is very active in charitable giving to organizations that help improve the community. This is especially true for organizations with a community development focus. Over \$500 thousand was donated in 1994 thru 1996 to organizations with a community development focus. These donations helped revitalize homes and neighborhoods, provided mortgage credit counseling and strengthened the local economy/business.

***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 NCBI's efforts to help meet the credit needs of its delineated community.**

NCBI 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.*

- **None Noted.**