



LARGE BANK

Comptroller of the Currency
Administrator of National Banks

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Community Reinvestment Act Performance Evaluation

Capital Bank, National Association
Charter Number: 18764

5520 Monroe Street
Sylvania, Ohio 43560

Office of the Comptroller of the Currency
Detroit Field Office
Omni Officentre, Suite 411
26877 Northwestern Highway
Southfield, Michigan 48034-2141

NOTE: This evaluation is not, and should not be construed as, an assessment of the financial condition of this institution. The rating assigned to this institution does not represent an analysis, conclusion, or opinion of the federal financial supervisory agency concerning the safety and soundness of this financial institution.

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General Information

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

*This document is an evaluation of the CRA performance of Capital Bank, N.A., prepared by the **Office of the Comptroller of the Currency** (OCC), the institution's supervisory agency, as of **April 10, 2000**. The agency evaluates performance in assessment area(s), as they are delineated by the institution, rather than individual branches. This assessment area evaluation may include the visits to some, but not necessarily all of the institution's branches. The agency rates the CRA performance of an institution consistent with the provisions set forth in Appendix A to 12 CFR Part 25.*

Definitions and Common Abbreviations

The following terms and abbreviations are used throughout this Performance Evaluation. The definitions are intended to provide the reader with a general understanding of the terms, not a strict legal definition.

Affiliate- Any company that controls, is controlled by, or is under common control by another company. A Company is under common control with another company if both companies are directly or indirectly controlled by the same company. A bank subsidiary is controlled by the bank and is, therefore, an affiliate.

Block Numbering Area (BNA) Statistical subdivisions of counties in which census tracts have not been established. Block numbering areas have been established by the U.S. Census Bureau in conjunction with state agencies.

Census Tract (CT) Small, locally defined statistical areas within metropolitan statistical areas. These areas are determined by the U.S. Census Bureau in an attempt to group homogenous populations. A CT has defined boundaries per ten-year census and an average population of 4,000.

Community Development (CD) Affordable housing for low- or moderate-income individuals; community services targeted to low- or moderate-income individuals; activities that promote economic development by financing businesses or farms that meet the size eligibility standards of the Small Business Administration's Development Company or Small Business Investment Company programs (13 CFR 121.301) or have gross annual revenues of \$1 million or less; or, activities that revitalize or stabilize low- or moderate-income geographies.

Community Reinvestment Act (CRA) The statute that requires the OCC to evaluate a bank's record of meeting the credit needs of its local community, consistent with the safe and sound operation of the bank, and to take this record into account when evaluating certain corporate applications filed by the bank.

Full-Scope Review- Performance under the Lending, Investment and Service Tests is analyzed considering fully understood performance context, quantitative factors (e.g., geographic distribution, borrower distribution, total number and dollar amount of investments, branch distribution) and qualitative factors (e.g., innovation, complexity).

Geography- A census tract or a block numbering area delineated by the U.S. Bureau of the Census in the most recent decennial census.

Home Mortgage Disclosure Act (HMDA) The statute that requires certain mortgage lenders that do business or have banking offices in a metropolitan statistical area to file annual summary reports of their mortgage lending activity. The reports include such data as the race, gender, and the income of applicants, the amount of loan requested, and the disposition of the application (e.g., approved, denied, and withdrawn).

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

Limited-Scope Review Performance under the Lending, Investment and Service Tests is analyzed using only quantitative factors (e.g., geographic distribution, borrower distribution, and total number and dollar amount of investments, branch distribution).

Low-Income- Income levels that are less than 50 percent of the median family income.

Median Family Income (MFI) The median income determined by the U.S. Census Bureau every ten years and used to determine the income level category of geographies. Also, the median income determined by the Department of Housing and Urban Development annually that is used to determine the income level category of individuals. For any given area, the median is the point at which half of the families have income above it and half below it.

Metropolitan Statistical Area (MSA) Area defined by the Director of the U.S. Office of Management and Budget. Metropolitan statistical areas consist of one or more counties, including large population centers and nearby communities that have a high degree of interaction.

Middle-Income- Income levels that are at least 80 percent and less than 120 percent of the MFI.

Moderate-Income- Income levels that are at least 50 percent and less than 80 percent of the MFI.

Small Business Loans Loans with original amounts of \$1 million or less that are: (1) secured by nonfarm nonresidential properties; or (2) commercial and industrial loans to U.S. addresses.

Small Farm Loans- Loans with original amounts of \$500 thousand or less that are: (1) secured by farmland; or (2) to finance agricultural production and other loans to farmers.

Tier 1 Capital- The total of common shareholders' equity, perpetual preferred shareholders' equity with noncumulative dividends, retained earnings and minority interests in the equity accounts of consolidated subsidiaries.

Upper-Income- Income levels that are 120 percent or more of the MFI.

Overall CRA Rating

Institution's CRA Rating This institution is rated "**Satisfactory**"

The following table indicates the performance level of **Capital Bank, N. A.** with respect to the Lending, Investment, and Service Tests:

Performance Levels	Capital Bank, N. A. Performance Tests		
	Lending Test*	Investment Test	Service Test
Outstanding			
High Satisfactory	X	X	X
Low Satisfactory			
Needs to Improve			
Substantial Noncompliance			

* The Lending Test is weighted more heavily than the Investment and Service Tests when arriving at an overall rating.

The major factors that support this rating include:

- y Lending levels reflected good responsiveness by Capital to the credit needs of its AA.
- y A majority of the home mortgage loans and small loans to businesses originated/purchased by Capital over the evaluation period were within its AA.
- y The borrower distribution of Capital's home mortgage loans and small loans to businesses reflected an adequate dispersion among borrowers of different income levels throughout the bank's AA.
- y Capital extended a significant amount of community development loans.
- y In its investing activities, Capital exhibited a good level of responsiveness to credit and community development needs.
- y The bank provided a relatively high level of CD services that were responsive to the credit and community development needs of its AA.

Description of Institution

Capital Bank, N.A. (Capital) is a mid-size bank headquartered in Sylvania, Ohio, which is located in the Toledo Metropolitan Statistical Area (MSA). Capital is a wholly owned subsidiary of Capital Holdings, Inc., a one-bank holding company, also headquartered in Sylvania, Ohio. As of December 31, 1999, Capital reported total assets of \$989 million. Capital is an intrastate bank with one banking office located in Sylvania, Ohio, serving northwestern Ohio.

Capital's banking strategy is focused on developing commercial business relationships. Capital offers deposit and commercial lending products and services to corporate, executive and professional customers. With its commercial customer focus, consumer and residential mortgage lending activity has been generally limited to making accommodation loans to existing business customers and to individuals who live within the bank's assessment area.

As of December 31, 1999, net loans were \$722 million and represented 73 percent of total assets. Commercial and commercial real estate loans were \$488 million (67 percent), residential real estate loans were \$165 million (23 percent), multi-family real estate loans were \$45 million (6 percent) and consumer loans were \$10 million (1 percent). Agriculture lending was not a primary business focus of the bank.

Capital was chartered in 1989 and has experienced increasing growth and profitability each year. There were no legal, financial or other factors that would impede Capital's ability to help meet the credit needs of the community it serves. As of December 31, 1999, Capital reported Tier 1 capital of \$49 million.

Capital was rated "Satisfactory" at its last CRA evaluation dated December 29, 1997.

Scope of the Evaluation

Evaluation Period/Products Evaluated

With the exception of community development (CD) loans, the evaluation period for the Lending Test was January 1, 1998 through December 31, 1999. For CD loans, the Investment Test and the Service Test, the evaluation period was December 30, 1997 through April 10, 2000.

For the Lending Test, Capital's origination/purchase of home mortgage loans, small loans to businesses and CD loans were evaluated. The bank did not make any small loans to farms in its AA during the evaluation period. Consumer loans were not evaluated at the option of the bank, as allowed by the CRA regulation.

Market share data for home mortgage loans and small loans to businesses were based on 1998 aggregate data, which were the most current data available at the time the bank's CRA performance was evaluated.

Data Integrity

As part of this CRA evaluation, we tested a representative sample of Capital's publicly filed data on small loans to businesses and home mortgage loans for accuracy. The test included an evaluation of Capital's processes to ensure that data were reliable.

Significant errors were found in key fields of the reported small loans to business. Capital was able to isolate the source and correct the errors. As a result, this evaluation was based on accurate data. The bank was not required to resubmit its data for 1998 and 1999 because the national data had already been processed. The bank has placed a copy of the corrected data in its CRA Public File.

We verified information on bank-identified CD loans, qualified investments, and CD services to ensure the activities met the regulatory definitions. Capital had accurately identified and substantiated most of the activities its submitted. We excluded activities that did not meet the regulatory definitions from this evaluation.

Selection of Areas for Full-Scope Review

Capital had one assessment area (AA), consisting of 115 census tracts located in the western portion of Lucas County and the extreme northwest part of Wood County, all within the Toledo MSA in northwest Ohio. This one AA received a full-scope review.

Ratings

The bank's overall rating was based on conclusions reached in the evaluation of Capital's performance in its one AA. When determining conclusions for the Lending Test, small loans to businesses were weighted more heavily than home mortgage lending. This weighting is reflective of Capital's loan volume by product type and the bank's commercial business focus.

Other

Seven community contacts were made during the evaluation. All organizations that were contacted were located in and perform services in Capital's AA. The contacts included five Community Development Corporations, a group that performs investigations of and facilitates settlement for discriminatory housing practices, and a Credit Union whose membership is limited to low- and moderate-income area residents. Our objective during the meetings was to assess the credit needs in the bank's AA and determine the opportunities for bank involvement. All contacts agreed that the primary credit need was lending for affordable housing. Three of the contacts specifically identified a need for "flexible" single family mortgages that would meet the needs for potential homebuyers in the downtown Toledo area. The contacts acknowledged a very accessible market for home loans; however, they felt the lack of flexible, conventional bank loans steers borrowers to higher interest cost mortgage company products. Two contacts felt the need for affordable rental housing was also strong. All but one contact agreed that banks, in the aggregate, were active in financing community development projects. There are several CDCs established in the Toledo MSA, providing opportunity for community development lending and investment by banks. Several contacts expressed a desire for administrative support, grants for operating costs, and a willingness to pursue innovative solutions to the problems in their service areas

Fair Lending Review

We performed a fair lending review to test the bank's compliance with anti-discrimination laws. We reviewed a sample of loan applications chosen from the home equity loan product offered by the bank to determine compliance with the substantive provisions of the anti-discrimination laws and regulations. We tested rates, terms and conditions for single applicants compared to married applicants. No violations were found.

Conclusions with Respect to Performance Tests

LENDING TEST

The bank's performance under the Lending Test is rated High Satisfactory. Based on this full-scope review, the bank's performance in its AA was good.

Lending Activity

Refer to Table 1 in Appendix C for the facts and data used to evaluate the bank's lending activity.

Lending levels reflected good responsiveness by Capital to the credit needs of its AA.

Approximately 68 percent of the total home mortgage and small loans to businesses originated/purchased in the bank's AA during the evaluation period were small loans to businesses. Agricultural lending was not a primary business line of Capital and no small loans to farms were made in the bank's AA during the evaluation period.

Among home mortgage loans originated/purchased, approximately 50 percent were for home purchase, 39 percent were for refinance, 8 percent were for multi-family and 3 percent were for home improvement.

Capital's loan to deposit ratio at December 31, 1999 was 87.78 percent compared to the national peer of 81.36 percent. According to the June 30, 1999 FDIC report of deposits of all FDIC-insured financial institutions with offices in Lucas County, Ohio, Capital ranks fourth with one office and a 14.2 percent market share. Fifth Third ranks first with 27 offices and a 19.2 percent market share, KeyBank ranks second with 22 offices and a 16.9 percent market share and Charter One ranks third with 19 offices and a 16.4 percent market share.

Capital's lending activity was good in its AA, considering the high level of competition from large regional banks. Capital ranked 4th of 14 lenders with a 13 percent market share for multi-family loans and 4th of 68 lenders with a 9 percent market share for small loans to businesses. Capital's home mortgage lending market share was less than its deposit market share primarily because of the dominance of a few large home mortgage lenders in the bank's AA and the bank's commercial business focus. Capital's home mortgage lending is usually limited to accommodation loans to business customers. Capital ranked 21st of 272 lenders with a 1-percent market share for home purchase loans, ranked 27th

of 82 lenders with a 0.20 percent market share for home improvement loans and ranked 43rd of 325 lenders with a 0.60 percent market share for refinance loans. The top ten lenders captured 49 percent of the home purchase market, 78 percent of the home improvement market and 44 percent of the refinance market.

Distribution of Loans by Income Level of the Geography

The geographic distribution of Capital's home mortgage loans and small loans to businesses throughout the AA was adequate. More weight was given to performance relative to business lending due to relative lending volumes and because this is the bank's primary business focus.

Small Loans to Businesses

Refer to Table 5 in Appendix C for the facts and data used to evaluate the geographic distribution of the bank's origination/purchase of small loans to businesses.

Capital's geographic distribution of small loans to businesses within its AA was good. The percentage of small loans to businesses in low-income census tracts was near to the percentage of businesses located in low-income census tracts. The percentage of small loans to businesses in moderate-income census tracts was somewhat below the percentage of businesses located in moderate-income census tracts. The bank's market share of small loans to businesses in low-income census tracts exceeded its overall market share. Its market share of small loans to businesses in moderate-income census tracts was below its overall market share.

Home Mortgage Loans

Refer to Tables 2, 3 and 4 in Appendix C for the facts and data used to evaluate the geographic distribution of the bank's home mortgage loan originations and purchases.

The geographic distribution of Capital's home mortgage loans was poor in low- and moderate-income census tracts in the bank's AA. The bank made only one home purchase loan and no home improvement or refinance loans in low-income census tracts in its AA during the evaluation period. The bank made nine home purchase, one home improvement and four refinance loans in moderate-income census tracts in its AA during the evaluation period. Because of this low volume, the bank had no market share in low-income census tracts. The bank's market share in moderate-income census tracts was significantly below the bank's overall market share. However, because home mortgage loans were not a primary business focus of the bank and were generally made to accommodate its business customers, geographic distribution of home mortgage lending was given less weight in drawing conclusions for the bank's Lending Test performance.

Small Loans to Farms

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

Agricultural lending was not a primary business line of Capital and no small loans to farms were made in the AA during the evaluation period.

Lending Gap Analysis

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

Inside/Outside Ratio

A majority of the home mortgage loans and small loans to businesses originated/purchased by Capital over the evaluation period were within its AA. Eighty-one percent of the bank's small loans to businesses and 73 percent of the bank's home mortgage loans were within the bank's AA. This performance was positively factored into the overall analysis of the bank's geographic distribution performance.

Distribution of Loans by Income Level of the Borrower

The borrower distribution of Capital's home mortgage loans and small loans to businesses reflected an adequate dispersion among borrowers of different income levels throughout the bank's AA. Because home mortgage lending was not a primary business focus of the bank, more weight was given to small loans to businesses in the performance evaluation.

Small Loans to Businesses

Refer to Table 10 in Appendix C for the facts and data used to evaluate the borrower distribution of the bank's origination/purchase of small loans to businesses.

The borrower distribution of small loans to businesses was adequate. The portion of Capital's loans to businesses with revenues of \$1 million or less was somewhat below the portion of businesses that are defined as such. Over half of the business loans made by the bank to businesses of all sizes were small loans of \$100,000 or less. The market share of small loans made to small businesses was slightly below Capital's overall market share for small loans to all businesses in its AA.

Home Mortgage Loans

Refer to Tables 7, 8 and 9 in Appendix C for the facts and data used to evaluate the borrower distribution of the bank's home mortgage loan originations and purchases.

The borrower distribution of Capital's home mortgage loans was poor in low- and moderate-income census tracts in the bank's AA. The bank made only one home purchase loan and no home improvement or refinance loans to low-income borrowers in its AA during the evaluation period. The bank made twenty home purchase loans, no home improvement loans and six refinance loans to moderate-income borrowers in its AA during the evaluation period. Because of this low volume, the bank's home purchase market share to low- and moderate-income borrowers was below its overall market share. The bank had no home improvement market share for either low- or moderate-income borrowers and had no refinance market share to low-income borrowers. The bank's refinance market share to moderate-income borrowers was significantly below the bank's overall market share. However, because home mortgage loans were not a primary business focus of the bank and were generally made to accommodate its business customers, borrower distribution of home mortgage lending was given less weight in drawing conclusions for the bank's Lending Test performance.

Small Loans to Farms

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

Agricultural lending was not a primary business line of Capital and no small loans to farms were made in the bank's AA during the evaluation period.

Community Development Lending

Refer to Table 1 in Appendix C for the facts and data used to evaluate the bank's level of community development lending.

Capital extended a significant amount of community development loans during the evaluation period, representing 37 percent of Tier 1 capital. Therefore, CD lending had a positive impact on the Lending Test conclusions for the AA. The following summarizes some of the significant CD loans originated during the evaluation period:

- One loan totaling \$6,400,000 to finance new construction and renovation of medical office buildings next to St. Vincent's Medical Center located in a low-income census tract in the central city, which will help stabilize this low- and moderate-income area.
- One loan totaling \$3,825,000 to renovate a six building, 156-unit apartment complex near the University of Toledo for affordable housing. Two of the buildings have been contracted by the university to handle its student-housing overflow. The buildings were distressed and vacant for several months. The renovation of this multi-family rental property will help stabilize the area and provide affordable housing for low- and moderate-income persons, including students. The rent per unit is \$254 per month, well below the weighted average monthly gross rent for the AA of \$391.
- One loan totaling \$1,000,000 to a child welfare agency providing services to low- and moderate-income families.
- One loan totaling \$1,381,000 for redevelopment of an industrial site to build a facility in a low-income census tract that will stabilize and revitalize the low-income area and also promote economic development by providing 120 new jobs, primarily for low- and moderate-income individuals.
- One loan totaling \$2,365,000 to purchase a multi-family dwelling in a moderate-income area, providing affordable housing for low- and moderate-income individuals.

Product Innovation and Flexibility

The bank participated in an innovative home mortgage loan program during the evaluation period, which had a positive effect on the Lending Test performance evaluation conclusions.

A new initiative piloted by Fannie Mae in the Toledo area makes homes more affordable. Through the Working Mortgage initiative between Fannie Mae, the largest source of financing of home mortgages in the nation, and Northern Ohio Investment Company (NOIC), borrowers can buy a house with a lower down payment than is normally required. Borrowers can also build equity faster through automatic weekly or biweekly deductions from checking or savings accounts. The bank provided multiple lines of credit totaling \$3.35 million to NOIC for participation in this program. Northern Ohio Investment Company is one of four lenders nationally to pilot this program.

INVESTMENT TEST

The bank's performance under the Investment Test is rated High Satisfactory. Based on this full-scope review, the bank's performance in its AA was good.

Refer to Table 12 in Appendix C for the facts and data used to evaluate the bank's level of qualified investments.

In its investing activities, Capital exhibited a good level of responsiveness to credit and community development needs. The bank provided qualified investments within its AA through the purchase of qualified securities, making qualified deposits, and through providing grants which supported CD purposes. Qualifying investments during the evaluation period totaled \$923,902. Furthermore, \$1,100,000 of investments were made during prior periods are still outstanding. This includes \$1 million of investments in the National Equity Fund (NEF) for affordable housing projects in the Toledo MSA. Current and prior period investments total \$2,023,902, which is 4.1 percent of Tier 1 capital.

Specific qualified investments and grants included:

- Purchase of securities collateralized by a pool of affordable housing mortgages totaling \$799,362. All underlying mortgage loans were made to low- and moderate-income borrowers and 85 percent of the loans were located in the bank's AA.
- The Toledo Urban Community Development Credit Union opened in 1996 specifically to serve low- and moderate-income individuals. The bank was instrumental in organizing this community development financial institution, beginning in 1993, through technical assistance and capital in the form of non-interest bearing deposits placed with the credit union. In addition to the \$100,000 in prior period deposits which are still outstanding, the bank made a \$50,000 deposit and provided grants during the evaluation period.
- A grant to Toledo Local Initiative Support Corporation (LISC) for a variety of services provided to low- and moderate-income neighborhoods. The bank also extended two low interest rate loans to LISC, which were counted in the small loans to businesses section of this evaluation.
- A grant to Neighborhood Housing Services (NHS), which was certified by the U.S. Department of Treasury as a Community Development Financial Institution in 1999.

- A grant to Lagrange Development Corporation (LDC), which provides counseling and business planning for start-ups and expansions of small businesses, small business loan programs, business relocation assistance and façade improvement grants in the Lagrange service area, which is primarily low- and moderate-income census tracts in Toledo.

Additional donations and grants were provided to organizations with a community development focus. Capital contributed to 16 different community development organizations, totaling \$29,300 during the evaluation period.

SERVICE TEST

The bank's performance under the Service Test is rated High Satisfactory. Based on this full-scope review, the bank's performance in its AA was good.

Retail Banking Services

Refer to Table 13 in Appendix C for the facts and data used to evaluate the distribution of the bank's branch delivery system and branch openings and closings.

The bank operates out of one location located in northern Lucas County. This is consistent with its business strategy of providing basic financial services in a distinct niche orientation, focusing on the business and professional markets. It has not opened or closed any branch offices during the evaluation period. The bank's hours of operation are Monday through Friday from 8:30 a.m. to 5:30 p.m.

The bank has a courier service to enhance its service delivery to its customers, including those located in low- and moderate-income areas. Of the bank's total courier customers, 85 percent are located within the AA and 25 percent of those are in low- and moderate-income geographies.

In addition to the courier service, the bank offers direct deposit services, telephone transfers, customer bank-by-mail program and automated teller machine (ATM) capabilities through non-proprietary networks with no usage charge to its customers.

The bank offers a complete array of commercial loan products, including lines of credit, working capital, equipment and real estate lending. Although the bank is primarily business oriented, it offers basic accommodating lending services to individuals such as adjustable rate mortgages, equity loans, personal lines of credit and Visa Gold credit cards.

Community Development Services

Capital's performance in providing community development services in its AA was good. The bank provided a relatively high level of CD services that were responsive to the credit and community development needs of its AA.

The bank provided financial expertise to fourteen organizations that benefit small businesses and low- and moderate-income individuals in the bank's AA. The following are representative of the types of CD services provided by the bank:

- A bank officer was an instructor for ASSETS, (A Service for Self-Employment Training and Support), which provides small business training, mentoring and micro lending.
- Bank officers provided technical assistance to the Toledo Urban Community Development Credit Union, including pre-opening and continuing financial pro-formas, staff training, business planning, finance committee participation and consulting.
- A bank officer served on the loan committee of the Lucas County revolving Loan Committee, which provides loans that create or retain jobs principally for low- and moderate-income persons. The Loan Committee evaluates and votes on new SBA loan requests by small to medium sized businesses.
- A bank officer served on the board of the Local Initiatives Support Corporation (LISC) and reviewed local CDCs' plans and offered recommendations and technical assistance in structuring programs that support low- and moderate-income housing. The LISC provides direct assistance to individual CDCs and offers recommendations to structure programs which support low- and moderate-income affordable housing opportunities in the various CDCs.
- A bank officer served on the Revolving Loan Fund Committee of the Sylvania Community Improvement Corporation (SCIC), and evaluated and voted on loan applications to SCIC for funding to new and developing area small businesses.

Appendix A: Scope of Examination

The following table identifies the time period covered in this evaluation and the loan products considered.

Time Period Reviewed	Lending Test: January 1, 1998 to December 31, 1999 Investment Test: December 30, 1997 to April 10, 2000 Service Test: December 30, 1997 to April 10, 2000	
Financial Institution		Products Reviewed
Capital Bank, N.A.(Capital) Sylvania, Ohio		Small loans to Businesses, CD loans and home mortgage loans.
Affiliate(s)	Affiliate Relationship	Products Reviewed
None	NA	NA
List of Assessment Areas and Type of Examination		
Assessment Area	Type of Exam	Other Information
Portions of Lucas and Wood Counties in Toledo MSA #8400	Full-Scope	

Appendix B: Market Profiles for Full-Scope Areas

Demographic Information for Full-Scope Area: Capital Bank AA						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts/BNAs)	115	15.65	20.87	41.74	21.74	0.00
Population by Geography	425,073	9.50	18.07	45.64	26.79	0.00
Owner-Occupied Housing by Geography	106,790	5.22	14.10	50.04	30.64	0.00
Businesses by Geography	14,929	13.25	11.96	42.70	32.09	0.00
Farms by Geography	340	1.47	8.24	46.47	43.82	0.00
Family Distribution by Income Level	110,972	21.24	16.22	21.91	40.63	0.00
Distribution of Low- and Moderate-Income Families throughout AA Geographies	41,572	17.11	26.44	42.71	13.75	0.00
Median Family Income HUD Adjusted Median Family Income for 1998 Households Below the Poverty Level	= \$ 35,775 = \$ 50,200 = 13.74%	Median Housing Value Unemployment Rate				= \$ 59,027 = % 5.01%

(*) The NA category consists of geographies that have not been assigned an income classification.
Source: 1990 U.S. Census, and 199X HUD updated MFI.

Capital's AA includes the western portion of Lucas County and the extreme northwest part of Wood County in northwest Ohio and is in the Toledo MSA. Management determined that Capital was reasonably able to serve only portions of the counties and the MSA because of the bank's size and single office location. The assessment area is comprised of 115 census tracts. According to the 1990 census information, 18 (15.65 percent) of the census tracts are low-income, 24 (20.87 percent) are moderate-income, 48 (41.74 percent) are middle-income and 25 (21.74 percent) are upper-income. The low- and moderate-income tracts are primarily centered in downtown Toledo. The AA complies with the technical requirements of the CRA and does not arbitrarily exclude any low- or moderate-income geographies or illegally discriminate.

The total population of the AA is 425,073 based on the 1990 census data. The population distribution in the AA is as follows: 9 percent live in low-, 18 percent live in moderate-, 46 percent live in middle- and 27 percent live in upper-income census tracts. There are 110,972 families in the AA. The 1999 MSA updated median family income is \$50,200. This income figure is the basis for determining the low-, moderate-, middle- and upper-income level of families. The family breakdown by income level in the bank's AA is 21 percent low-income families,

16 percent moderate-income families, 22 percent middle-income families and 41 percent upper-income families.

There are 176,365 housing units in the AA. Sixty-one percent are owner-occupied and 32 percent are renter-occupied. Only 5 percent of the owner-occupied housing are located in low-income census tracts and 14 percent in moderate-income census tracts. For renter-occupied units, 17 percent and 25 percent are located in low- and moderate-income census tracts, respectively.

There are 14,929 businesses located in the bank's AA. The majority of the businesses are small businesses. Sixty-six percent of the businesses have annual gross revenues of \$1 million or less, 71 percent have ten or fewer employees and 75 percent operate from a single location. The major industry in Capital's AA is services (43 percent), followed by retail trade (20 percent), construction (8 percent) and manufacturing (6 percent). Thirteen percent of the businesses are located in low-income census tracts and 12 percent are located in moderate-income census tracts. The largest employers in metropolitan Toledo in 1999 represent the medical, education and automotive manufacturing industries. Mercy Health Partners is the largest employer with 7,842 employees, followed by ProMedica Health Systems (7,540 employees), Bowling Green State University (6,085 employees), Toledo Public Schools (5,404 employees), Daimler-Chrysler/Toledo Jeep Assembly (5,400 employees) and The University of Toledo (5,248 employees).

The local economy is growing. Statistics published by the Regional Growth Partnership in February 2000, stated that the employment level in the Toledo MSA increased 1.1 percent from a year ago. Unemployment decreased to 3.6 percent in December 1999 compared to the Ohio (4.0 percent) and U.S. (4.1 percent) unemployment rates. Since 1991 employment has grown 19 percent or 2.2 percent annually. Employment rose in the manufacturing, construction and service industries.

Competitive Factors within the AA

The financial market is highly competitive. According to the 1998 Home Mortgage Disclosure Act (HMDA) information, 272 lenders made home purchase mortgage loans and 68 lenders made loans to small businesses in the bank's AA. The top three banks making small loans to businesses in Capital's AA are National City Bank, Mid American Bank and Huntington National Bank. Capital is ranked sixth behind Mountainwest Financial Corporation and American Express, ranked fourth and fifth respectively with their business credit cards. Only Capital and Mid American Bank are headquartered in the bank's AA.

Appendix C: Tables of Performance Data

Content of Standardized Tables

References to the Δ bank include activities of any affiliates that the bank provided for consideration (refer to Appendix A: Scope of the Examination). For purposes of reviewing the Lending Test tables, the following are applicable: purchased loans are treated as originations/purchases; market rank is based on the number of loans originated and purchased by the bank as compared to all other lenders in the MSA/assessment area; and market share is the number of loans originated and purchased by the bank as a percentage of the aggregate number of reportable loans originated and purchased by all lenders in the MSA/assessment area.

The following is a listing and brief description of the tables:

- Table 1. Lending Volume** Presents the number and dollar amount of reportable loans originated and purchased by the bank over the evaluation period by MSA/assessment area.
- Table 2. Geographic Distribution of Home Purchase Loans** Compares the percentage distribution of the number of loans originated and purchased by the bank in low-, moderate-, middle- and upper-income geographies to the percentage distribution of owner-occupied housing units throughout those geographies. The table also presents market rank and market share information based on the most recent aggregate market data available.
- Table 3. Geographic Distribution of Home Improvement Loans** See Table 2.
- Table 4. Geographic Distribution of Refinance Loans** See Table 2.
- Table 5. Geographic Distribution of Small Loans to Businesses** The percentage distribution of the number of small loans (less than or equal to \$1 million) to businesses originated and purchased by the bank in low-, moderate-, middle- and upper-income geographies compared to the percentage distribution of businesses (regardless of revenue size) throughout those geographies. The table also presents market rank and market share information based on the most recent aggregate market data available.

- Table 6. Geographic Distribution of Small Loans to Farms** The percentage distribution of the number of small loans (less than or equal to \$500,000) to farms originated and purchased by the bank in low-, moderate-, middle- and upper-income geographies compared to the percentage distribution of farms (regardless of revenue size) throughout those geographies. The table also presents market rank and market share information based on the most recent aggregate market data available.
- Table 7. Borrower Distribution of Home Purchase Loans** Compares the percentage distribution of the number of loans originated and purchased by the bank to low-, moderate-, middle- and upper-income borrowers to the percentage distribution of families by income level in each MSA/assessment area. The table also presents market rank and market share information based on the most recent aggregate market data available.
- Table 8. Borrower Distribution of Home Improvement Loans** See Table 7.
- Table 9. Borrower Distribution of Refinance Loans** See Table 7.
- Table 10. Borrower Distribution of Small Loans to Businesses** Compares the percentage distribution of the number of small loans (less than or equal to \$1 million) originated and purchased by the bank to businesses with revenues of \$1 million or less to the percentage distribution of businesses with revenues of \$1 million or less. The table also compares the banks percentage distribution with the percentage of loans originated and purchased by all other small business reporters in the bank's AA to businesses with revenues of \$1 million or less and is based on the most recent aggregate market data available. In addition, the table presents the percentage distribution of the number of loans originated and purchased by the bank by loan size, regardless of the revenue size of the business. Market share information is presented based on the most recent aggregate market data available.
- Table 11. Borrower Distribution of Small Loans to Farms** Compares the percentage distribution of the number of small loans (less than or equal to \$500 thousand) originated and purchased by the bank to farms with revenues of \$1 million or less to the percentage distribution of farms with revenues of \$1 million or less. The table also compares the banks percentage distribution with the percentage of loans originated and purchased by all other small farm reporters in the bank's AA to farms with revenues of \$1 million or less and is based on the most recent aggregate market data available. In addition, the table presents the

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percentage distribution of the number of loans originated and purchased by the bank by loan size, regardless of the revenue size of the farm. Market share information is presented based on the most recent aggregate market data available.

Table 12. Qualified Investments Presents the number and dollar amount of qualified investments made by the bank in each MSA/AA. The table separately presents investments made during prior evaluation periods that are still outstanding and investments made during the current evaluation period. Prior period investments are reflected at their book value as of the end of the evaluation period. Current period investments are reflected at their original investment amount even if that amount is greater than the current book value of the investment. The table also presents the number and dollar amount of unfunded qualified investment commitments. In order to be included, an unfunded commitment must have been reported on schedule RC-L of the Call Reports as an off-balance sheet item.

Table 13. Distribution of Branch Delivery System and Branch Openings/Closings Compares the percentage distribution of the number of the bank's branches in low-, moderate-, middle- and upper-income geographies to the percentage of the population within each geography in each MSA/AA. The table also presents data on branch openings and closings in each MSA/AA.

Table 14. Geographic and Borrower Distribution of Consumer Loans (OPTIONAL) For geographic distribution, the table compares the percentage distribution of the number of loans originated and purchased by the bank in low-, moderate-, middle- and upper-income geographies to the percentage distribution of the population within each geography. For borrower distribution, the table compares the percentage distribution of the number of loans originated and purchased by the bank to low-, moderate-, middle- and upper-income borrowers to the percentage of households by income level in each MSA/assessment area.

Table 1. Lending Volume

LENDING VOLUME										State: Ohio		Evaluation Period: 1/1/1998 TO 12/31/1999	
MSA/Assessment Area:	% of Rated Area Deposits in MSA/AA*	Home Mortgage**		Small Loans to Businesses		Small Loans to Farms		Community Development		Total Reported Loans		% of Rated Area Loans(†) in MSA/AA	
		#	\$(000's)	#	\$(000's)	#	\$(000's)	#	\$(000's)	#	\$(000's)	#	\$(000's)
Capital AA in Toledo MSA	100.00	361	88,260	781	150,551	0	0	23	18,374	1,167	257,185		100.00

* Deposit data as of June 30, 1999.

** Home Mortgage numbers include 27 multi-family loans totaling \$22.9 million that are not included in other tables within this appendix.

Table 2. Geographic Distribution of Home Purchase Loans

Geographic Distribution: HOME PURCHASE										State: Ohio		Evaluation Period: 1/1/1998 TO 12/31/1999			
MSA/Assessment Area:	Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Overall Market Rank*		Market Share by Geography*			Total Home Purchase Loans	
	% Owner Occ Units	% BANK Loans	% Owner Occ Units	% BANK Loans	% Owner Occ Units	% BANK Loans	% Owner Occ Units	% BANK Loans	Overall	Market Rank*	Overall	Low	Mod	Upp	#
Capital AA in Toledo MSA	5.00	1.00	14.00	4.00	50.00	21.00	31.00	74.00	21	1.00	0.00	0.40	2.10	181	100.00

(*) Based on 1998 Aggregate HMDA Data only. Market rank is for all income categories combined.

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

Table 3. Geographic Distribution of Home Improvement Loans

Geographic Distribution: HOME IMPROVEMENT State: Ohio Evaluation Period: 1/1/1998 TO 12/31/1999																
MSA/Assessment Area:	Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Overall Market Rank*	Market Share by Geography*				Total Home Improvement Loans		
	% Owner Occ Units	% BANK Loans	% Owner Occ Units	% BANK Loans	% Owner Occ Units	% BANK Loans	% Owner Occ Units	% BANK Loans		Overall	Low	Mod	Mid		Upp	#
Capital AA in Toledo MSA	5.00	0.00	14.00	8.00	50.00	42.00	31.00	50.00	27	0.20	0.00	0.20	0.10	0.40	12	100.00

Full-Scope:

(*) Based on 1998 Aggregate HMDA Data only. Market rank is for all income categories combined.
 (***) Home improvement loans originated and purchased in the MSA/AA as a percentage of all home improvement loans originated and purchased in the rated area.

Table 4. Geographic Distribution of Home Mortgage Refinance Loans

Geographic Distribution: HOME MORTGAGE REFINANCE State: Ohio Evaluation Period: 1/1/1998 TO 12/31/1999																
MSA/Assessment Area:	Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Overall Market Rank*	Market Share by Geography*				Total Home Mortgage Refinance Loans		
	% Owner Occ Units	% BANK Loans	% Owner Occ Units	% BANK Loans	% Owner Occ Units	% BANK Loans	% Owner Occ Units	% BANK Loans		Overall	Low	Mod	Mid		Upp	#
Capital AA in Toledo MSA	5.00	0.00	14.00	3.00	50.00	24.00	31.00	73.00	43	0.60	0.00	0.10	0.20	1.10	141	100.00

Full-Scope:

(*) Based on 1998 Aggregate HMDA Data only. Market rank is for all income categories combined.
 (***) Home mortgage refinance loans originated and purchased in the MSA/AA as a percentage of all home mortgage refinance loans originated and purchased in the rated area.

Table 5. Geographic Distribution of Small Loans to Businesses

Geographic Distribution: SMALL LOANS TO BUSINESSES												State: Ohio		Evaluation Period: 1/1/1998 TO 12/31/1999		
MSA/Assessment Area:	Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Overall Market Rank*	Market Share by Geography*				Total Small Business Loans		
	% of Businesses	% BANK Loans	% of Businesses	% BANK Loans	% of Businesses	% BANK Loans	% of Businesses	% BANK Loans		Overall	Low	Mod	Mid	Upp	#	% of Total**
Capital AA in Toledo MSA	13.00	12.00	12.00	7.00	43.00	36.00	32.00	44.00	4	9.00	10.40	4.40	7.50	13.30	781	100.00

(*) Based on 1998 Aggregate Small Business Data only. Market rank is for all income categories combined.

(**) Small loans to businesses originated and purchased in the MSA/AA as a percentage of all small loans to businesses originated and purchased in the rated area.

Table 6. Geographic Distribution of Small Loans to Farms

Geographic Distribution: SMALL LOANS TO FARMS												State: Ohio		Evaluation Period: 1/1/1998 T O 12/31/1999		
MSA/Assessment Area:	Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Overall Market Rank*	Market Share by Geography*				Total Small Farm Loans		
	% of Farms	% BANK Loans	% of Farms	% BANK Loans	% of Farms	% BANK Loans	% of Farms	% BANK Loans		Overall	Low	Mod	Mid	Upp	#	% of Total**
Capital AA in Toledo MSA	1.00	0.00	8.00	0.00	46.00	0.00	44.00	0.00	0	0.00	0.00	0.00	0.00	0.00	0	100.00

(*) Based on 1998 Aggregate Small Farm Data only. Market rank is for all income categories combined.

(**) Small loans to farms originated and purchased in the MSA/AA as a percentage of all small loans to farms originated and purchased in the rated area.

Table 7. Borrower Distribution of Home Purchase Loans

Borrower Distribution: HOME PURCHASE State: Ohio Evaluation Period: 1/1/1998 TO 12/31/1999																
MSA/Assessment Area:	Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers		Overall Market Rank**	Market Share by Borrower Income**				Total Home Purchase Loans		
	% of Families	% BANK Loans*	% of Families	% BANK Loans*	% of Families	% BANK Loans*	% of Families	% BANK Loans*		Overall	Low	Mod	Mid	Upp	#	% of Total***
Capital AA in Toledo MSA	21.00	1.00	16.00	10.00	22.00	9.00	41.00	71.00	21	1.00	0.20	0.40	0.50	2.20	181	100.00

(*) As a percentage of loans with borrower income information available. No information was available for 9% of loans originated and purchased by the bank.
 (**) Based on 1998 Aggregate HMDA Data only. Market rank is for all income categories combined.
 (***) Home purchase loans originated and purchased in the MSA/AA as a percentage of all home purchase loans originated and purchased in the rated area.

Table 8. Borrower Distribution of Home Improvement Loans

Borrower Distribution: HOME IMPROVEMENT State: Ohio Evaluation Period: 1/1/1998 TO 12/31/1999																
MSA/Assessment Area:	Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers		Overall Market Rank**	Market Share by Borrower Income**				Total Home Improvement Loans		
	% of Families	% BANK Loans*	% of Families	% BANK Loans*	% of Families	% BANK Loans*	% of Families	% BANK Loans*		Overall	Low	Mod	Mid	Upp	#	% of Total***
Capital AA in Toledo MSA	21.00	0.00	16.00	0.00	22.00	25.00	41.00	58.00	27	0.20	0.00	0.00	0.30	0.10	12	100.00

(*) As a percentage of loans with borrower income information available. No information was available for 17% of loans originated and purchased by the bank.
 (**) Based on 1998 Aggregate HMDA Data only. Market rank is for all income categories combined.
 (***) Home improvement loans originated and purchased in the MSA/AA as a percentage of all home improvement loans originated and purchased in the rated area.

Table 9. Borrower Distribution of Home Mortgage Refinance Loans

Borrower Distribution: HOME MORTGAGE REFINANCE		State: Ohio		Evaluation Period: 1/1/1998 TO 12/31/1999												
MSA/Assessment Area:	Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers		Overall Market Rank**			Market Share by Borrower Income**			Total Home Mortgage Refinance Loans	
	% of Families	% BANK Loans*	% of Families	% BANK Loans*	% of Families	% BANK Loans*	% of Families	% BANK Loans*	Overall Market Rank**	Low	Mod	Upp	#	% of Total****		
Capital AA in Toledo MSA	21.00	0.00	16.00	4.00	22.00	6.00	41.00	83.00	43	0.60	0.10	0.10	1.20	141	100.00	

(*) As a percentage of loans with borrower income information available. No information was available for 7% of loans originated and purchased by the bank.

(**) Based on 1998 Aggregate HMDA Data only. Market rank is for all income categories combined.

(***) Home mortgage refinance loans originated and purchased in the MSA/AA as a percentage of all home mortgage refinance loans originated and purchased in the rated area.

Table 10. Borrower Distribution of Small Loans to Businesses

Borrower Distribution: SMALL LOANS TO BUSINESSES		State: Ohio		Evaluation Period: 1/1/1998 TO 12/31/1999					
MSA/Assessment Area:	Businesses with Revenues of \$1 million or less		Loans by Original Amount Regardless of Business Size		Market Share***		Total Small Loans to Businesses		
	% of Businesses*	% BANK Loans**	> \$100,000 to \$250,000	> \$250,000 to \$1,000,000	Rev \$1 million or less	#	% of Total****		
Capital AA in Toledo MSA	66.14	40.72	50.83	26.50	22.66	9.04	7.27	781	100.00

(*) Businesses with revenues of \$1 million or less as a percentage of all businesses.

(**) Small loans to businesses with revenues of \$1 million or less as a percentage of all loans reported as small loans to businesses. No information was available for 0% of small loans to businesses originated and purchased by the bank.

(***) Based on 1998 Aggregate Small Business Data only.

(****) Small loans to businesses originated and purchased in the MSA/AA as a percentage of all small loans to businesses originated and purchased in the rated area.

Table 11. Borrower Distribution of Small Loans to Farms

Borrower Distribution: SMALL LOANS TO FARMS		State: Ohio		Evaluation Period: 1/1/1998 TO 12/31/1999			
MSA/Assessment Area:	Farms with Revenues of \$1 million or less		Loans by Original Amount Regardless of Farm Size		Market Share****		Total Small Farm Loans
	% of Farms*	% BANK Loans**	\$100,000 or Less	> \$100,000 to \$250,000	All	Rev \$1 million or less	
Capital AA in Toledo MSA	92.65	0.00	0.00	0.00	0.00	0.00	0
							100.00
Full-Scope:							

(*) Farms with revenues of \$1 million or less as a percentage of all farms.
 (**) Small loans to farms with revenues of \$1 million or less as a percentage of all loans reported as small loans to farms. No information was available for 0% of small loans to farms originated and purchased by the bank.
 (***) The market consists of all other Small Farm reporters in the MSA/AA and is based on 1998 Aggregate Small Farm Data only.
 (****) Based on 1998 Aggregate Small Farm Data only.
 (*****) Small loans to farms originated and purchased in the MSA/AA as a percentage of all small loans to farms originated and purchased in the rated area.

Table 12. Qualified Investments

QUALIFIED INVESTMENTS		State: Ohio		Evaluation Period: 12/31/1997 TO 4/10/2000			
MSA/Assessment Areas:	Prior Period Investments*		Current Period Investments		Total Investments		Unfunded Commitments**
	#	\$ (000's)	#	\$ (000's)	#	\$ (000's)	
Capital AA in Toledo MSA	2	1,100	23	924	25	2,024	0
							0
Full-Scope:							

(*) A Prior Period InvestmentsΔ means investments made in a previous evaluation period that are outstanding as of the examination date.
 (***) A Unfunded CommitmentsΔ means legally binding investment commitments reported on the Report of Condition Schedule-L A Off Balance Sheet Items.Δ

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Table 13. Distribution of Branch Delivery System and Branch Openings/Closings

DISTRIBUTION OF BRANCH DELIVERY SYSTEM AND BRANCH OPENINGS/CLOSINGS																
State: Ohio										Evaluation Period: 12/31/1997 TO 4/10/2000						
MSA/Assessment Area:	Deposits			Branches						Branch Openings/Closings				Population		
	% of Rated Area Deposits in MSA/AA	# of BANK Branches	% of Rated Area Branches in MSA/AA	Location of Branches by Income of Geographies			# of Branch Closings	# of Branch Openings	Net Change in Location of Branches (+ or -)			% of the Population within Each Geography				
				Low	Mod	Upp			Low	Mod	Upp	Low	Mod	Upp		
Capital AA in Toledo MSA	100.00	1	100	0	0	100	0	0	0	0	0	0	9.50	18.07	45.64	26.79

Full-Scope: