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Comptroller of the Currency  
Administrator of National Banks

**LARGE BANK**

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## **PUBLIC DISCLOSURE**

July 27, 1999

# **COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION**

**First National Bank and Trust  
Charter Number 14519**

**322 North Main Street  
P. O. Box 9012  
Kokomo, Indiana 46904**

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Indianapolis Field Office  
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**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.

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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 Community Reinvestment Act (CRA) performance of First National Bank and Trust, Kokomo, Indiana, as prepared by **The Comptroller of the Currency**, the institution's supervisory agency, as of July 27, 1999. 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 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.

**Assessment Area (AA)**- The geographic area which an institution selects as the community within which its regulator will assess the institution's record of CRA performance. Generally, an urban assessment area will not extend beyond the boundaries of a Metropolitan Statistical Area (MSA). A rural assessment area may contain one or more neighboring counties.

**Block Numbering Area (BNA)**- Statistical subdivisions of counties in which census tracts have not been established. BNA's have been established by the United States Census Bureau in conjunction with state agencies.

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

**FNB&T**- First National Bank and Trust.

**Community Development (CD)**- Affordable housing (including multi-family rental housing) for low- and moderate-income (LMI) individuals; community services targeted to low- or moderate-income individuals; activities that promote economic development by financing businesses or farms that meet 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; activities that revitalize or stabilize low- or moderate-income geographies.

**Community Reinvestment Act (CRA)**- The statute that requires 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 United States Bureau of the Census in the most recent decennial census.

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

**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) dwellings loans, loans for the purchase of manufactured homes, and refinancing of home improvement and home purchase loans.

**Income-Levels**- These relate to individuals, families, and the CT's in an MSA.

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

**Moderate-Income** - Income levels that are at least 50 percent and less than 80 percent of the median family income.

**Middle-Income** - Income levels that are at least 80 percent and less than 120 percent of the median family income.

**Upper-Income** - Income levels that are 120 percent or more of the median family income.

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

**Median Family Income (MFI)**- The median income determined by the United States 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 (HUD) 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 United States Office of Management and Budget. MSAs consist of one or more counties, including large population centers and nearby communities that have a high degree of interaction.

**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.

## OVERALL CRA RATING

**INSTITUTION’S CRA RATING:** This institution is rated “**Satisfactory.**”

The following table indicates the performance level of First National Bank and Trust with respect to the lending, investment, and service tests.

Performance Levels	First National Bank and Trust Performance Tests		
	Lending Test*	Investment Test	Service Test
Outstanding			X
High satisfactory	X		
Low satisfactory		X	
Needs to improve			
Substantial noncompliance			

\* Note: 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:

- The bank’s record of lending to small businesses is good. In each of the five (5) areas, FNB&T made over 82% of its small business loans to businesses with revenues of less than \$1 million. This performance exceeded the relative opportunity (based on the number of businesses located in each income level tract) in each assessment area.
- The distribution of small business loans shows that FNB&T made a good level of loans in the low- and moderate-income tracts within its assessment areas. The bank exceeded the relative opportunity in the low-income tract in the Kokomo MSA and the moderate-income tracts in the Indianapolis MSA assessment area. Although FNB&T did not meet the relative opportunity in the moderate-income tracts in the Kokomo MSA, FNB&T still had the 1<sup>st</sup> rank (of all 30 lenders reporting loans in this MSA) for small business lending in these areas.

- FNB&T's community development lending shows a relatively high level of loans in the Kokomo MSA in view of the limited opportunities available in this AA. During this evaluation period, FNB&T originated 7 community development loans for \$7,187,000 in the Kokomo MSA. In the Indianapolis MSA, FNB&T originated a limited amount of community development loans (3 loans for \$5,890,000). The combination of the performance in these areas positively influenced the overall lending test rating.
- The bank's distribution of lending to borrowers reflects an adequate distribution among customers of different income levels. Home Improvement loans to both low- and moderate-income borrowers exceeded the relative opportunity in both the Indianapolis MSA and Sullivan County assessment areas. Home purchase loans originated to moderate-income borrowers also exceeded the relative opportunity (represented by the percentage of owner-occupied units) in these 2 assessment areas.
- FNB&T's lending levels for HMDA, small business, small farm, and community development loans reflect excellent responsiveness to assessment area credit needs. In the Kokomo MSA, FNB&T originated 2,554 loans totaling over \$230 million during this evaluation period. In the Indianapolis MSA, FNB&T originated 1,249 loans totaling over \$131 million. FNB&T also originated 307 loans for \$14 million in Sullivan County. Additionally, the bank made 2,733 consumer loans (this includes the bank's home equity lending) within the Kokomo MSA, 2,021 consumer loans in the Indianapolis MSA, and 26 consumer loans in Sullivan County.
- A majority of the loans originated (82% of the number of loans) were made within the institution's assessment areas.
- FNB&T originated an adequate level of community development investments based on its size, financial capacity and assessment area opportunities. During the evaluation period, FNB&T made \$404,496 in qualified investments and donations, which benefited its assessment areas.
- FNB&T's delivery systems are readily accessible to geographies and individuals of different income levels in its AA. The distribution of the bank's offices and ATM's, based on income level of the tract in which they are located, exceeds the distribution of the population living in the low- and moderate-income level tracts in all assessment areas except Grant County.
- The bank is a leader in providing community development services.

## DESCRIPTION OF INSTITUTION

First National Bank and Trust (FNB&T) is an intrastate institution located in Central Indiana approximately 40 miles north of Indianapolis, Indiana. The bank is headquartered in Kokomo and operates 23 offices. FNB&T services the entire Kokomo Metropolitan Statistical Area (MSA), portions of the Terre Haute MSA, portions of the Indianapolis MSA, and the entire counties of Grant and Sullivan. There are 7 offices in the Kokomo MSA, 7 branches in the Indianapolis MSA, 3 branches in the Terre Haute MSA, 2 branches in Grant County, and 4 branches in Sullivan County. Each branch has an Automated Teller Machine (ATM) on the premises. FNB&T also has 5 free-standing ATM's for a total of 28 in the assessment area. The distribution of the branches shows 2 are located in low-, 5 are located in moderate-, 13 are located in middle-, and 3 are located in upper-income Census Tracts (CT's) or Block Numbering Areas (BNA's).

FNB&T is owned by Hasten Bancshares, Inc. (Hasten), which is headquartered in Indianapolis, Indiana. During the evaluation period, the two (2) banks owned by Hasten merged to make Hasten a one-bank holding company. The former First National Bank (Kokomo, Indiana) merged with the First Bank and Trust (Sullivan, Indiana) to form the FNB&T. The merger was effective in March of 1998. Prior to the merger, First National Bank had total assets of \$659 million and First Bank and Trust had \$211 million. Since First Bank and Trust had total assets of less than \$250 million and Hasten Bancshares, Inc., had total assets less than \$1 billion, First Bank and Trust was considered a small bank for CRA purposes until the time of the merger.

As of March 31, 1999, the bank had \$969 million in total assets and \$701 million in total loans. The make-up of the loan portfolio was 62% real estate secured. Thirty-four percent of the portfolio is 1-4 family residential loans, 19% is commercial real estate loans, 5% is construction, and 3% is secured by farmland. Another 23% are commercial loans, only 7% are loans to individuals, with a very small 4% loans to farmers.

There are no financial, legal or other factors, which impede the bank's ability to meet its communities' credit needs.

## DESCRIPTION OF ASSESSMENT AREAS

### Kokomo MSA

One of the bank's assessment areas is all of the Kokomo MSA which includes Howard and Tipton Counties. The MSA includes 25 census tracts and is comprised of 1 (4%) low-income, 5 (20%) moderate-income, 14 (56%) middle-income, and 5 (20%) upper-income census tracts. FNB&T operates 7 offices within this assessment area.

The total population of the MSA is 96,946 people. Based on the 1998 HUD adjusted Median Family Income for the MSA of \$50,800, there are 20% low-income, 17% moderate-income, 25% middle-income, and 38% upper-income families in the Kokomo MSA.

There are a total of 40,247 housing units in the assessment area. Sixty-eight percent (68%) or 27,348 of the homes are owner-occupied. Only one-tenth of a percent (0.1%) of the owner-occupied units are in the low-income tract. Nineteen percent (19%) of the owner-occupied units are in the moderate-income census tracts, 59% are located in middle-income tracts, and the remaining 22% are in upper-income census tracts. Twenty-five percent (25%) or 10,201 of the housing units are rental occupied while the remaining 2,698 units (7%) are vacant. The median housing price for the Kokomo MSA is \$51,911 and the average age of homes is approximately 42 years old.

Business demographic data from Dun & Bradstreet indicate there are 2,840 businesses in the MSA. Seventy-three percent (73%) or 2,060 of these businesses have gross revenues of less than \$1 million. Only 7% have revenues over \$1 million with the revenues of the remaining 20% of the businesses unknown. Of the total businesses, 6% are located in the low-income tract, 30% are located in the moderate-income tracts, 48% are in the middle-income tracts, and 16% are in the upper-income tracts of the MSA.

Business demographic data from Dun & Bradstreet indicate there are only 90 farms in the MSA. Ninety-one percent (91%) or 82 of these farms have gross revenues of less than \$1 million. Only 3% have revenues over \$1 million with the revenues of the remaining 6% of the farms unknown. Of the total farms, none are located in the low-income tract, 12% are located in the moderate-income tracts, 60% are in the middle-income tracts and 28% are in the upper-income tracts of the MSA.

Major employers in the MSA include: Daimler/Chrysler with 9,150 employees, Delphi/Delco Electronics with 8,000 employees, and the Kokomo Center Schools with 1,300 employees. The local economy has continued to grow with both commercial (retail especially) and residential development. Unemployment in the Kokomo MSA is very low as reflected in the rate of only 4.16%.

There is a high level of competition in the financial services market in the Kokomo MSA. Based on FDIC branch information as of June 30, 1998, there are 10 commercial banks and 3 savings institutions with 38 offices in the Kokomo MSA. This includes a large number of both independent local financial institutions and branches of larger regional financial organizations. Bank management indicated their

major competitors in this assessment area include Keybank N.A., National City Bank of Indiana, Solidarity Federal Credit Union (FCU), Central Bank, Star Financial Bank of Anderson, Transmission Builders FCU, First Farmers Bank & Trust, and Bank One.

We performed one community contact in this area during this examination. This contact was involved in low-income housing. The contact indicated the major credit needs of the community were being met by the local financial institutions. This individual felt there was an adequate supply of affordable housing (both rental units and single family homes) in the Kokomo area.

## **Indianapolis MSA**

Another of the bank's assessment areas is a portion of the Indianapolis MSA which includes all of Morgan and Hendricks Counties and portions of Hamilton County (18 census tracts) and Marion County (10 census tracts). This portion of the MSA includes 51 census tracts and is comprised of 4 (8%) moderate-income, 25 (49%) middle-income, and 22 (43%) upper-income census tracts. There are no low-income tracts in this assessment area. FNB&T operates 7 offices within this assessment area.

The total population of this portion of the MSA is 272,346 people. Based on the 1998 HUD adjusted Median Family Income for the MSA of \$51,100, there are 11% low-income, 15% moderate-income, 23% middle-income, and 51% upper-income families in the Indianapolis MSA.

There are a total of 105,607 housing units in the assessment area. Sixty-nine percent (69%) or 72,607 of the homes are owner-occupied. Only 5% of the owner-occupied units are in the moderate-income census tracts, 48% are located in middle-income tracts, and the remaining 47% of the owner-occupied units are in upper-income census tracts. Twenty-six percent (26%) or 27,603 of the housing units are rental occupied while the remaining 5,397 units (5%) are vacant. The median housing price for this portion of the Indianapolis MSA is \$85,861 and the average age of homes is approximately 28 years old.

Business demographic data from Dun & Bradstreet indicate there are 11,173 businesses in this portion of the MSA. Sixty-nine percent (69%) or 7,710 of these businesses have gross revenues of less than \$1 million. Eleven percent (11%) have revenues over \$1 million with the revenues of the remaining 20% of the businesses unknown. Of the total businesses, 9% are located in the moderate-income tracts, 38% are in the middle-income tracts, and 53% are in the upper-income tracts of the assessment area.

Business demographic data from Dun & Bradstreet indicate there are 300 farms in this portion of the MSA. Ninety percent (90%) or 269 of these farms have gross revenues of less than \$1 million. Only 3% have revenues over \$1 million with the revenues of the remaining 7% of the farms unknown. Of the total farms, 3% are located in the moderate-income tracts, 46% are in the middle-income tracts, and 51% are in the upper-income tracts of the MSA.

Major employers in this portion of the MSA include: Local government offices with 57,400 employees, Clarion Health with 10,000 employees, Eli Lilly (a pharmaceuticals company) with 10,000 employees, Conseco (an insurance services company) with 3,200 employees, and USA Group (a student loan guarantor) with 1,600 employees. The local economy has continued to grow with both commercial (retail especially) and residential development. Unemployment in the Indianapolis MSA is very low as reflected in the rate of only 3.37%.

There is a very high level of competition in the financial services market in the Indianapolis MSA. Based on FDIC branch information as of June 30, 1998, there are 29 commercial banks and 7 savings institutions with 378 offices in these 4 counties of the Indianapolis MSA. This includes a large number of both independent local financial institutions and branches of larger regional financial organizations. Bank management indicated their major competitors in this assessment area include: National City Bank of Indiana, National Bank of Indianapolis, First Indiana Bank, Union Federal Savings Bank of Indianapolis, Dow Employees Credit Union, Harrington Bank Federal Savings Bank, Metro Bank, Huntington National Bank, Star Financial Bank of Anderson, Citizens Bank, Home Bank (Savings Bank), Ameriana Bank of Indiana, Fifth Third Bank - Central Indiana, and Keybank, N.A.

We performed 2 community contacts in this area during this examination. These contacts were involved in housing and small business development. The contacts indicated the major credit needs of the community include affordable housing and business start-up capital.

### **Sullivan County, Indiana**

Another of the bank's assessment areas is all of Sullivan County. The county includes 5 block numbering areas, all of which are middle-income BNA's. There are no low- or moderate-income BNA's in this county. FNB&T operates 4 offices within this assessment area. This area includes the former main office of the First Bank and Trust.

The total population of the county is 18,993 people. Based on the 1998 HUD adjusted Median Family Income for the non-MSA areas of Indiana of \$41,100, there are 21% low-income, 22% moderate-income, 25% middle-income, and 32% upper-income families in the county.

There are a total of 8,487 housing units in the assessment area. Sixty-nine percent (69%) or 5,892 of the homes are owner-occupied. Seventeen percent (17%) or 1,472 of the housing units are rental occupied while the remaining 1,123 units (13%) are vacant. The median housing price for Sullivan County is \$32,301 and the average age of homes is approximately 48 years old.

Business demographic data from Dun & Bradstreet indicate there are 406 businesses in the county. Seventy-two percent (72%) or 294 of these businesses have gross revenues of less than \$1 million. Only 7% have revenues over \$1 million with the revenues of the remaining 20% of the businesses unknown.

Business demographic data from Dun & Bradstreet indicate there are only 25 farms in Sullivan County. All of these farms have gross revenues of less than \$1 million.

Major employers in the county include: Peabody Coal (a strip mining company) with 280 employees, Hoosier Energy (a utility company) with 275 employees, and Kendall Coal (a strip mining company) with 235 employees. The local economy has remained fairly stable with little growth. Unemployment in Sullivan County is somewhat higher than the surrounding areas as reflected in the rate of 6.68%.

There is a low level of competition in the financial services market in Sullivan County. Based on FDIC branch information as of June 30, 1998, there are only 3 commercial banks (no savings institutions) with 12 offices in this county. Both of the other banks are independent local financial institutions. Bank management considers both the First Farmers State Bank and Citizen's Bank of Western Indiana as major competitors in this assessment area.

We performed one community contact during this examination. This contact was involved in economic development projects. The contact indicated the major credit needs of the community include working capital for existing small businesses.

## **Terre Haute MSA**

FNB&T has 2 assessment areas in the Terre Haute MSA. One assessment area is all of Clay County. The other assessment area includes the southern half of Vigo County (6 census tracts). Since both assessment areas are in the same MSA, we combined these 2 areas for analysis purposes. The combined area includes 12 census tracts and is comprised of 2 (17%) moderate-income, 6 (50%) middle-income, and 4 (33%) upper-income census tracts. FNB&T operates 3 offices within this assessment area.

The total population of this portion of the MSA is 51,803 people. Based on the 1998 HUD adjusted Median Family Income for the MSA of \$38,900, there are 16% low-income, 18% moderate-income, 24% middle-income, and 41% upper-income families in this portion of the Terre Haute MSA.

There are a total of 21,291 housing units in the assessment area. Sixty-nine percent (69%) or 14,676 of the homes are owner-occupied. Eleven percent (11%) of the owner-occupied units are in the moderate-income tracts, 54% are located in middle-income tracts and the remaining 34% of the owner-occupied units are in upper-income census tracts. Twenty percent (20%) or 4,306 of the housing units are rental occupied while the remaining 2,309 units (11%) are vacant.

The median housing price for this portion of the Terre Haute MSA is \$45,338 and the average age of homes is approximately 38 years old.

Business demographic data from Dun & Bradstreet indicate there are 1,232 businesses in the MSA. Seventy-six percent (76%) or 940 of these businesses have gross revenues of less than \$1 million. Only 7% have revenues over \$1 million with the revenues of the remaining 17% of the businesses unknown. Of the total businesses, 31% are located in the moderate-income census tracts, 49% are in the middle-income tracts and 21% are in the upper-income tracts of the MSA.

Business demographic data from Dun & Bradstreet indicate there are only 58 farms in this portion of the MSA. Ninety-three percent (93%) or 54 of these farms have gross revenues of less than \$1 million. Only 2% have revenues over \$1 million with the revenues of the remaining 5% of the farms unknown. Of the total farms, 9% are located in the moderate-income tracts, 55% are in the middle-income tracts, and 36% are in the upper-income tracts of the MSA.

Major employers in this portion of the MSA include: Union Hospital with 2,465 employees, Columbia House (a direct marketing company) with 2,250 employees, Indiana State University with 1,760 employees, and Great Dane (a truck trailer manufacturer) with 1,600 employees. The local economy has continued to grow with both commercial (retail especially) and residential development. Unemployment in the Terre Haute MSA is low as reflected in the rate of only 3.97%.

There is a high level of competition in the financial services market in the Terre Haute MSA. Based on FDIC branch information as of June 30, 1998, there are 8 commercial banks and 1 savings institution with 45 offices in the counties of Clay and Vigo. These are all independent local financial institutions. There are no branches of larger regional financial organizations in these counties. Bank management indicated their major competitors include Terre Haute First National Bank, Merchants National Bank of Terre Haute, Riddell Bank, and First State Bank.

We did not perform any community contacts in this area during this examination. This area only received a limited-scope review during this CRA examination.

### **Grant County, Indiana**

The final assessment area is all of Grant County, a non-MSA area. The county includes 16 block numbering areas and is comprised of 2 (13%) moderate-income, 10 (62%) middle-income, and 4 (25%) upper-income BNA's. There are no low-income BNA's in the county. FNB&T operates 2 offices within this assessment area.

The total population of the county is 74,169 people. Based on the 1998 HUD adjusted Median Family Income for the non-MSA portions of Indiana of \$41,100, there are 19% low-income, 19% moderate-income, 22% middle-income, and 40% upper-income families in Grant County.

There are a total of 29,904 housing units in the assessment area. Sixty-six percent (66%) or 19,758 of the homes are owner-occupied. Twelve percent (12%) of the owner-occupied units are in moderate-income areas, 61% are located in middle-income areas, and the remaining 27% are in upper-income BNA's. Twenty-seven percent (27%) or 7,943 of the housing units are rental occupied while the remaining 2,203 units (7%) are vacant. The median housing price for Grant County is \$42,055 and the average age of homes is approximately 42 years old.

Business demographic data from Dun & Bradstreet indicate there are 2,002 businesses in the county. Seventy-two percent (72%) or 1,449 of these businesses have gross revenues of less than \$1 million. Only 8% have revenues over \$1 million with the revenues of the remaining 20% of the businesses unknown. Of the total businesses, 13% are located in moderate-income areas, 68% are in middle-income areas, and 19% are in the upper-income BNA's of the county.

Business demographic data from Dun & Bradstreet indicate there are only 55 farms in the MSA. Ninety-one percent (91%) or 50 of these farms have gross revenues of less than \$1 million. Only 2% have revenues over \$1 million with the revenues of the remaining 7% of the farms unknown. Of the total farms, 4% are located in moderate-income areas, 56% are in middle-income areas, and 40% are in upper-income BNA's of the county.

Major employers in the county include: Thomson (an electronics company) with 2,500 employees, General Motors with 2,200 employees, and Ball Foster with 600 employees. The local economy has continued to grow with both commercial (retail especially) and residential development. Unemployment in Grant County is somewhat high as reflected in the rate of 6.68%.

There is a high level of competition in the financial services market in Grant County. Based on FDIC branch information as of June 30, 1998, there are 9 commercial banks and 2 savings institutions with 28 offices in Grant County. This includes both independent local financial institutions and branches of larger regional financial organizations. Bank management indicated their major competitors include First Federal Savings Bank, Bank One, N.A., Star Financial Bank, Fidelity Federal Savings Bank, Marion School Employees Federal Credit Union (FCU), Citizen's Exchange Bank, Grant County State Bank, Fairmount State Bank, and Marion Independent FCU.

We did not perform any community contacts in this area; however, we attended a meeting regarding affordable housing with several community development organizations in Grant County. The individuals at this meeting indicated there was a definite need for a supply of affordable housing in this area. This information was considered in our evaluation of FNB&T's mortgage lending in this AA during our limited-scope review at this CRA examination.

## **SCOPE OF THE EVALUATION**

### **Evaluation Period/Products Evaluated**

We reviewed HMDA (home purchase, home improvement, home refinance, and multi-family), small business (loans with original amounts of \$1 million or less), small farm (loans with original amounts of \$500,000 or less), community development, and consumer loans for the time period of January 1, 1997, to December 31, 1998. FNB&T chose to have its consumer lending activity included in the CRA evaluation. Due to the merger during 1998, no small business or small farm loan data from the former First Bank and Trust (in Sullivan) for 1997 was included in the analysis. However, the 1998 small business and small farm information includes all loans made by both institutions for the entire calendar year. The HMDA data for both 1997 and 1998 includes all loans made by both banks. The last CRA evaluation dated February 5, 1997, rated the bank “Outstanding Record of Meeting Community Credit Needs.”

The review of investments included a review of the investment portfolio and an analysis of the donations and grants provided to community service organizations between January 1, 1997, and July 27, 1999. Our evaluation of services included analyzing the bank’s branch and ATM network for the availability and effectiveness of delivering retail-banking services. We analyzed the effect of the changes in branch locations since the previous CRA examination. We also considered the extent and innovativeness of its community development services in meeting the credit needs of the assessment area.

### **Data Integrity**

In order to determine the accuracy of data presented by the bank, we verified a sample of HMDA, small business, small farm, and consumer loans. We reviewed a sample of HMDA reportable transactions to ensure the purpose, action taken, location, race, gender, applicant income, and loan size were accurately included on the Loan Application Register (LAR). The sample of small business and small farm loans was reviewed to ensure the loan type, original amount, location, and revenue categories were properly reported. For the consumer loan sample, we verified the loan type, size, income and location. Our review of all the submitted information noted only minor clerical errors.

We also reviewed 100% of the loans the bank was reporting as community development. In addition, we reviewed all the donations the bank made from January 1, 1997, through December 31, 1998. With assistance from bank personnel, we determined which organizations met the definition of community development and only included those under the Investment Test. Overall, the bank submitted several loans and donations that did not meet the definition of community development. We only included the donations and loans that met the definition of community development in our analysis.

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

Our analysis included full scope examination procedures for three (3) of FNB&T's six (6) assessment areas. The three (3) areas reviewed represented the areas where the bank has its largest percentage of deposits and branches. Two of these areas were the locations of the main offices of the institutions merged during this evaluation period.

## **Ratings**

Since the bank only has offices in one state, the overall rating is primarily based on the performance of FNB&T in the full-scope areas during the evaluation period. We placed a significant amount of reliance on FNB&T's performance in the Kokomo MSA and Sullivan County because these were the main office locations of the two (2) banks prior to the merger. The Kokomo MSA remains the headquarters of the resulting FNB&T and the location where the majority of the operations take place (42% of deposits and 52% of the loans). Since FNB&T has historically focused on small business lending, this area of lending was given the most weight in reaching an overall conclusion for the Lending Test. Of the mortgage loan products, home purchase was given the most weight with home improvement given very little weight in all areas except the Indianapolis MSA. Home improvement lending was given very little weight because FNB&T chooses to use a home equity product instead of home improvement for extensions of credit secured by the individual's residence. Since farm lending only accounts for 15% of the loan portfolio, this type of lending was given the least weight in the overall conclusions.

Market share data for Sullivan County and the Terre Haute MSA for small business and small farm data for 1997 was unavailable. The former First Bank and Trust was not required to collect this data since its total assets were less than \$250 million and the holding company's total assets were less than \$1 billion.

## **Other**

During this examination, we did not review any information from community contacts conducted by other examiners. However, we talked with several community representatives from the three (3) assessment areas where we performed full-scope reviews. These organizations represented affordable housing and small business development in the assessment areas. Credit needs identified through these contacts include small business working capital and start-up loans.

## **FAIR LENDING REVIEW**

Our fair lending review consisted of a comparative file analysis of home refinance loans. The analysis consisted of comparing denied individual female applicants to approved individual male applicants. We looked at loan applicants for a nine-month time period. We evaluated the underwriting decisions to determine whether female applicants were treated similarly to male applicants. The review of these applications did not show any evidence of disparate treatment. We did not identify any violations of the significant provisions of the fair lending laws.

## CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS

FNB&T's overall CRA performance is **Satisfactory**. FNB&T has met the intent of the Community Reinvestment Act.

### LENDING TEST

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

The bank's performance under the Lending Test is rated High Satisfactory. Based on full-scope reviews, the bank's performance in the Kokomo MSA, Indianapolis MSA, and Sullivan County areas is good. We assessed FNB&T's lending performance by focusing our review on small business, small farm, and HMDA loans. At the bank's request, we reviewed the level and distribution of consumer loans in the bank's assessment areas. We also assessed the level of community development lending in relation to the opportunities available in each of FNB&T's assessment areas.

#### *Major Conclusions:*

- The bank's record of lending to small businesses is good. In each of the five (5) areas, FNB&T made over 82% of its small business loans to businesses with revenues of less than \$1 million. This performance exceeded the relative opportunity in each assessment area. Supporting information is included in Table 10.
- The distribution of small business loans shows that FNB&T made a good level of loans in the low- and moderate-income tracts within its assessment areas. The bank exceeded the relative opportunity in the low-income tract in the Kokomo MSA and the moderate-income tracts in the Indianapolis MSA assessment area. Although FNB&T did not meet the relative opportunity in the moderate-income tracts in the Kokomo MSA, FNB&T still had the 1<sup>st</sup> rank (of all 30 lenders reporting loans in this MSA) for small business lending in these areas.
- FNB&T's community development lending shows a relatively high level of loans in the Kokomo MSA in view of the limited opportunities available in this AA. During this evaluation period, FNB&T originated 7 community development loans for \$7,187,000 in the Kokomo MSA. In the Indianapolis MSA, FNB&T originated a limited amount of community development loans (3 loans for \$5,890,000). The combination of the performance in these areas positively influenced the overall lending test rating.
- The bank's distribution of lending to borrowers reflects an adequate distribution among customers of different income levels. Home improvement loans to both low- and moderate-income borrowers exceeded the relative opportunity in both the Indianapolis MSA and Sullivan County assessment areas. Home purchase loans originated to moderate-income borrowers also exceeded the relative opportunity (represented by the percentage of owner-occupied units) in these two (2) assessment areas.

- FNB&T's lending levels for HMDA, small business, small farm, and community development loans reflect excellent responsiveness to assessment area credit needs. In the Kokomo MSA, FNB&T originated 2,554 loans totaling over \$230 million during this evaluation period. In the Indianapolis MSA, FNB&T originated 1,249 loans totaling over \$131 million. FNB&T also originated 307 loans for \$14 million in Sullivan County. Additionally, the bank made 2,733 consumer loans (this includes the bank's home equity lending) within the Kokomo MSA, 2,021 consumer loans in the Indianapolis MSA, and 26 consumer loans in Sullivan County.
- A majority of the loans originated (82% of the number of loans) were made within the institution's assessment areas.

### **Lending Activity**

Loans originated during the evaluation period reflect excellent responsiveness to identified credit needs. In the Kokomo MSA, FNB&T originated 2,554 loans totaling over \$230 million during this evaluation period. In the Indianapolis MSA, FNB&T originated 1,249 loans totaling over \$131 million. FNB&T also originated 307 loans for \$14 million in Sullivan County. Additionally, the bank made 2,733 consumer loans (this includes the bank's home equity lending) within the Kokomo MSA, 2,021 consumer loans in the Indianapolis MSA, and 26 consumer loans in Sullivan County. Refer to Tables 1 and 14 in Appendix B for the facts and data used in evaluating the bank's lending activity.

### **Kokomo MSA:**

FNB&T's HMDA lending levels reflect excellent responsiveness to the housing needs of the AA. The largest volume of lending by number of loans made in the evaluation period is HMDA products with 1,238 loans totaling \$99,240,000. During 1997, FNB&T's overall market share of 10.99% for HMDA lending in the Kokomo MSA resulted in a market rank of 1st out of 208 institutions.

FNB&T's commitment to meeting its AA credit needs is demonstrated by the excellent volume of small business loans in the area. Small business lending is the second highest volume of lending with 935 loans totaling \$99 million made in the AA during the evaluation period. The bank ranked 1st out of 30 institutions with a 49.77% market share for small business lending in the AA.

FNB&T's small farm lending reflects good responsiveness to the credit needs of the assessment area. The bank originated 374 loans for a total of \$24,625,000 within the assessment area. The bank ranked 1st out of 12 institutions with a 42.7% market share for small farm lending in the AA.

Consumer lending by FNB&T also reflects good responsiveness to the credit needs of the AA. The bank originated 2,733 loans for a total of \$73,286,000 within the assessment area. There is no market share data available for this type of lending.

FNB&T's lending activity is excellent in relation to its share of deposits in this assessment area. The bank has a market rank of 1<sup>st</sup> of 32 institutions with a 33.83% share of the deposits in this MSA. FNB&T's market rank for HMDA, small business, and small farm lending is also 1<sup>st</sup>. Small business and small farm loan market share (49.77% and 42.7%, respectively) is higher than the deposit market share; however, the market share of HMDA loans (10.99%) is much lower than the deposit market share. The fact that there are only 14 financial institutions with offices in this assessment area but, there are many more institutions and other types of companies, which make home mortgage loans in this assessment area (208), explains why the home mortgage lending performance is considered excellent.

### **Indianapolis MSA:**

FNB&T's HMDA lending levels reflect good responsiveness to the housing needs of the AA. The largest volume of lending by number of loans made in the evaluation period is HMDA products with 682 loans totaling \$63,599,000. During 1997, FNB&T's overall market share of 1.22% for HMDA lending in its assessment area portion of the Indianapolis MSA resulted in a market rank of 22<sup>nd</sup> out of 374 institutions.

FNB&T's good commitment to meeting its AA credit needs is demonstrated by the high volume of small business loans in the area. Small business lending is the second highest volume of lending with 516 loans totaling \$59,450,000 made in the AA during the evaluation period. The bank ranked 12<sup>th</sup> out of 131 institutions with a 2.69% market share for small business lending in the AA.

FNB&T's small farm lending reflects good responsiveness to the credit needs of the assessment area. The bank originated 48 loans for a total of \$2,155,000 within the assessment area. The bank ranked 3<sup>rd</sup> out of 29 institutions with an 11.37% market share for small farm lending in the AA.

Consumer lending by FNB&T also reflects good responsiveness to the credit needs of the AA. The bank originated 2,021 loans for a total of \$50,590,000 within the assessment area. There is no market share data available for this type of lending.

FNB&T's lending activity is good in relation to its share of deposits in this assessment area. The bank has a market rank of 13<sup>th</sup> of 36 institutions with a 1.08% share of the deposits in this MSA. FNB&T's market rank for HMDA, small business, and small farm lending is 22<sup>nd</sup>, 12<sup>th</sup>, and 3<sup>rd</sup>, respectively. Small business and small farm loan market share (2.69% and 11.37%, respectively) is higher than the deposit market share; however, the market share of HMDA loans (1.22%) is similar to the deposit market share. There are 36 financial institutions with offices in this AA but, there are many more institutions and other types of companies which make home mortgage loans in this assessment area (374) which explains why this performance is considered good.

## **Sullivan County, Indiana:**

FNB&T's HMDA lending levels reflect adequate responsiveness to the housing needs of the AA. The largest volume of lending by number of loans made in the evaluation period is HMDA products with 188 loans totaling \$8,395,000. During 1997, FNB&T's overall market share of 1.82% for HMDA lending in Sullivan County resulted in a market rank of 18th out of 57 institutions.

FNB&T's commitment to meeting its AA credit needs is demonstrated by the adequate volume of small business loans in the area. Small business lending is the second highest volume of lending with 58 loans totaling \$2,252,000 made in the AA during the evaluation period. No market share information is available for small business lending for 1997 in this AA.

FNB&T's small farm lending reflects adequate responsiveness to the credit needs of the assessment area. The bank originated 61 loans for a total of \$3,356,000 within the assessment area. No market share information is available for small farm lending for 1997 in this AA.

Consumer lending by FNB&T also reflects adequate responsiveness to the credit needs of the AA. The bank originated 26 loans for a total of \$1,347,000 within the assessment area. There is no market share data available for this type of lending.

FNB&T's lending activity is reasonable in relation to its share of deposits in this assessment area. The bank has a market rank of 1<sup>st</sup> of 3 institutions with a 53.29% share of the deposits in this county. FNB&T's market rank for HMDA is 18<sup>th</sup>. There is no market rank or market share information available for small business and small farm loans in this assessment area. The market share of HMDA loans (1.82%) is substantially lower than the deposit market share. There are only 3 financial institutions with offices in this assessment area but there are many more institutions and other types of companies, which make home mortgage loans in this assessment area (57). Additionally, prior to the merger in 1998 the former First Bank and Trust did not sell home mortgage loans in the secondary market and could not compete with the larger banks from nearby Terre Haute. Therefore, the level of home mortgage loans during 1997 (the year of the aggregate data) is very low. These factors explain why this performance is considered adequate.

## **Assessment Area Concentration**

A majority of the bank's loans are located within the AA's. This is indicative of the bank's efforts to meet the credit needs within its assessment area. The following data shows the level of lending inside the AA during the evaluation period:

- *Home Purchase*--FNB&T originated 1,273 home purchase loans. One thousand nineteen (1,019) or 80% of these loans were extended within the bank's AA.
- *Home Improvement*--FNB&T originated 119 loans of which 103 or 87% originated in the bank's

AA.

- *Refinance*--FNB&T originated 1,828 refinance loans of which 1,469 or 80% were extended inside the bank's AA.
- *Multi-Family*--FNB&T did not make any multi-family loans during this evaluation period.
- *Small Business*--FNB&T originated 2,223 small business loans of which 1,741 or 78% originated within the AA.
- *Small Farm*--FNB&T originated 661 small farm loans of which 525 or 79% originated within the AA.
- *Consumer*--FNB&T originated 6,215 consumer loans of which 5,302 or 85% originated within the AA.

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

The geographic distribution of home mortgage, small business, small farm, and consumer loans in the Kokomo MSA reflects an adequate level of lending in low- and moderate-income census tracts inside the AA. In the Indianapolis MSA, the bank's performance reflects an excellent level of lending in low- and moderate-income census tracts. No geographic distribution analysis was conducted in the Sullivan County assessment area. Refer to Tables 2, 3, 4, 5, 6, and 14 in Appendix B for the facts and data used to evaluate the geographic distribution of the bank's home mortgage, small business, small farm, and consumer loan originations.

### **Home Purchase Loans**

#### **Kokomo MSA:**

The geographic distribution of home purchase loans reflects an adequate level of lending in low- and moderate-income census tracts in the AA. The bank originated 554 home purchase loans in the Kokomo MSA in 1997 and 1998. The bank made 1 (0.18%) of these loans in the low-income census tract and made 69 (12.45%) of them in moderate-income tracts. Owner-occupied units in the low- and moderate-income tracts equal just 0.10% and 18.75% of the owner-occupied units in the assessment area, respectively. Although the home purchase loan distribution falls below that of owner-occupied units in the moderate-income census tracts in the AA, the bank's performance is reasonable. In numbers, there are only 28 owner-occupied units in the low-income tract. The bank ranks 1st among 124 lenders with a market share of 16.57% of the number of home purchase loans made in the AA. Although FNB&T's market share is

strong, the bank's market share in the low- (4.00%) and moderate-income (11.80%) tracts is less than the market share obtained in the middle- (15.96%) and upper-income (21.44%) tracts.

### **Indianapolis MSA:**

The geographic distribution of home purchase loans reflects an excellent level of lending in moderate-income census tracts in the AA. The bank originated 221 home purchase loans in its assessment area portion of the Indianapolis MSA in 1997 and 1998. The bank made 26 (11.76%) of these loans in moderate-income tracts. This distribution exceeds the relative opportunity represented by the distribution of the owner-occupied units in the assessment area. Owner-occupied units in the moderate-income tracts equal just 5.21% of the owner-occupied units in the assessment area. The bank ranks 36th among 288 lenders with a market share of 0.80% of the number of home purchase loans made in the AA. Although FNB&T's market share is low, the bank has obtained market share in the moderate-income tracts (4.90%) that exceeds the market share obtained overall and in the middle- (1.39%) and upper-income (0.26%) census tracts.

### **Sullivan County, Indiana:**

The geographic distribution of home purchase loans in this AA would not be meaningful since all the block numbering areas (BNA's) in the AA are designated middle-income. The bank originated 53 home purchase loans in this AA during 1997 and 1998.

### **Home Improvement Loans**

#### **Kokomo MSA:**

The geographic distribution of home improvement loans reflects an adequate level of lending in low- and moderate-income census tracts in the AA. The bank originated only 8 home improvement loans in this assessment area during 1997 and 1998. The bank did not make any of the 8 home improvement loans in low-income census tracts and made only 1 (12.50%) of them in moderate-income tracts. Although this distribution falls below that of the AA, the distribution is reasonable when you consider that FNB&T uses a home equity product rather than a home improvement product to advance funds secured by the borrowers' residence. These loans are included in the consumer loan analysis in this evaluation. Additionally, the levels of owner-occupied units in the low- and moderate-income tracts equal just 0.10% and 18.75% of all owner-occupied units in the assessment area, respectively. The bank ranks 39th among 49 lenders with a market share of 0.18% of the number of home improvement loans made in the AA. FNB&T did not make any home improvement loans in the low- or moderate-income tracts during 1997, so they had no market share.

### **Indianapolis MSA:**

The geographic distribution of home improvement loans reflects an excellent level of lending in the moderate-income census tracts in the AA. The bank originated 78 home improvement loans in this assessment area in 1997 and 1998. The bank made 12 (15.38%) of them in moderate-income tracts. This performance exceeds the distribution of owner-occupied units in the assessment area. Owner-occupied units in the moderate-income tracts equal just 5.21% of all owner-occupied units in the assessment area. The bank ranks 11th among 81 lenders with a market share of 3.04% of the number of home improvement loans made in the AA. FNB&T's market share in moderate-income tracts (9.64%) exceeds its market share overall and in middle- (4.93%) and upper-income (0.12%) census tracts.

### **Sullivan County, Indiana:**

The geographic distribution of home improvement loans in this AA would not be meaningful since all the Block Numbering Areas (BNA's) in the AA are designated middle-income. The bank originated 16 home improvement loans in this assessment area in 1997 and 1998.

### **Home Mortgage Refinance Loans**

#### **Kokomo MSA:**

The geographic distribution of home mortgage refinance loans reflects an adequate level of lending in low- and moderate-income census tracts in the AA. The bank originated 676 home mortgage refinance loans in 1997 and 1998. The bank did not make any of these loans in low-income census tracts and made 92 (13.61%) of them in moderate-income tracts. Although this distribution falls below that of owner-occupied units in the AA, the distribution is reasonable. Owner-occupied units in the low- and moderate-income tracts equal just 0.10% and 18.75% of all owner-occupied units in the AA, respectively. The bank ranks 1st among 151 lenders with a market share of 9.10% of the number of home mortgage refinance loans made in the AA. The bank's market share in the moderate-income tracts (7.28%) falls below the market share obtained in the middle- (9.04%) and upper-income (11.61%) tracts.

#### **Indianapolis MSA:**

The geographic distribution of home mortgage refinance loans reflects an excellent level of lending in the moderate-income census tracts in the AA. The bank originated 383 home mortgage refinance loans in this assessment area in 1997 and 1998. The bank made 40 (10.44%) of them in moderate-income tracts. This performance exceeds the distribution of owner-occupied units in the assessment area. Owner-occupied units in the moderate-income tracts equal just 5.21% of all owner-occupied units in the AA. The bank ranks 20th among 291 lenders with a market share of 1.41% of the number of home mortgage refinance loans made in the AA. The bank has obtained market share in the moderate-

income tracts (6.23%) that exceeds the market share obtained overall and in the middle- (2.16%) and upper-income (0.33%) tracts.

**Sullivan County, Indiana:**

The geographic distribution of home mortgage refinance loans in this AA would not be meaningful since all the block numbering areas (BNA's) in the AA are designated middle-income. The bank originated 119 home mortgage refinance loans in this assessment area in 1997 and 1998.

**Multifamily Loans**

FNB&T did not make any multi-family loans during this evaluation period.

**Small Business Loans**

**Kokomo MSA:**

FNB&T's geographic distribution of small business loans reflects a good distribution of lending to businesses in low- and moderate-income census tracts. The bank made 122 (13.05%) small business loans in the low-income geography even though only slightly over 6% of the businesses in the assessment area are located in the low-income geography. The bank did not perform quite as well in regards to the moderate-income geographies. According to the business demographic data for the assessment area, 30% of the businesses are located in moderate-income geographies. However, the bank made only 18% of their small business loans in this area. FNB&T ranks 1st of 30 lenders with a market share of 49.77%, and the bank's market share in low-income census tracts is a very strong 68.89%. FNB&T's market share in moderate-income tracts at 42.11% still ranks the bank 1st among the 30 lenders for 1997.

**Indianapolis MSA:**

FNB&T's geographic distribution of small business loans reflects an excellent distribution of lending to businesses in moderate-income census tracts. The bank made 54 (10.47%) small business loans in the moderate-income geographies. According to the business demographic data for the assessment area, 9.5% of the businesses are located in moderate-income geographies. FNB&T's distribution of loans to businesses located in the moderate-income geographies (10.47%) exceeds the relative opportunity represented by the percent of the businesses (9.5%) located in these geographies. This is indicative of the bank's commitment to meet its assessment area's business credit needs. FNB&T ranks 12<sup>th</sup> of 131 lenders with a market share of 2.69%; however, the bank's market share in moderate-income census tracts is higher at 3.92%.

**Sullivan County, Indiana:**

FNB&T's geographic distribution of small business loans in this AA would not be meaningful since all the Block Numbering Areas (BNA's) in the AA are designated middle-income. The bank made 58 small business loans in this assessment area in 1997 and 1998.

### **Small Farm Loans**

#### **Kokomo MSA:**

FNB&T's geographic distribution of small farm loans reflects an adequate distribution of lending to farms in low- and moderate-income census tracts. Although the bank did not extend any small farm loans in the low-income geography, this is understandable since there are no farms located in the low-income geography of this assessment area. The bank did not perform very well in regards to the moderate-income geographies. According to the farm demographic data for the assessment area, over 12% of the farms are located in moderate-income geographies. However, the bank made only 0.27% (1 loan) of their farm loans in this area. FNB&T's distribution of loans to farms located in moderate-income geographies falls short of the relative opportunity of over 12% of the farms located in these geographies. However, 1998 Dun and Bradstreet information indicates there are only 11 farms located in these census tracts. Additionally, 1997 aggregate small farm lending data indicates only 1 small farm loan was made in the moderate-income census tracts. The low level of farm lending in these tracts is not indicative of the bank's commitment to meet its assessment area's farm credit needs. FNB&T ranks 1st of 12 lenders with a market share of 42.70%; however, the bank's market share in low- and moderate-income census tracts is zero for 1997.

#### **Indianapolis MSA:**

FNB&T's geographic distribution of small farm loans reflects a good distribution of lending to farms in the moderate-income census tracts. Although the bank extended only 2% of its small farm loans in the moderate-income geographies, this is understandable when you consider only 3.33% of the farms in the assessment area are located in the moderate-income geographies. This is indicative of the bank's commitment to meet its assessment area's farm credit needs. FNB&T ranks 3<sup>rd</sup> of 29 lenders with a market share of 11.37%; however, the bank's market share in moderate-income census tracts is 50.00%.

#### **Sullivan County, Indiana:**

FNB&T's geographic distribution of small farm loans in this AA would not be meaningful since all the block numbering areas (BNA's) in the AA are designated middle-income. The bank made 61 small farm loans in this assessment area in 1997 and 1998.

### **Consumer Loans**

#### **Kokomo MSA:**

FNB&T's geographic distribution of consumer loans reflects an adequate distribution of lending to individuals in low- and moderate-income census tracts. The bank extended only 1.65% of its consumer loans in the low-income geographies; however, this is reasonable when you consider less than one percent (0.32%) of the population in the assessment area lives in the low-income geographies. The bank did not perform quite as well with regards to the moderate-income geographies. According to the demographic data for the assessment area, over 21% of the population lives in moderate-income geographies. However, the bank made only 15.77% of its consumer loans in this area. FNB&T's distribution of loans to individuals located in moderate-income geographies is lower than the relative opportunity of 21% of the population living in these geographies. Since over 10% of the households in the assessment area are living below the poverty level, this performance is considered adequate. This is indicative of the bank's commitment to meet its assessment area's consumer credit needs.

### **Indianapolis MSA:**

FNB&T's geographic distribution of consumer loans reflects a good distribution of lending to individuals in moderate-income census tracts. The bank extended almost 14% of its consumer loans in the moderate-income geographies. This compares favorably with the demographic data that only 6.77% of the population in the assessment area lives in the moderate-income geographies. FNB&T's distribution of loans to individuals located in moderate-income geographies exceeds the relative opportunity by 100%. This is indicative of the bank's commitment to meet this assessment area's consumer credit needs.

### **Sullivan County, Indiana:**

FNB&T's geographic distribution of consumer loans in this AA would not be meaningful since all the block numbering areas (BNA's) in the AA are designated middle-income. The bank made 26 consumer loans in this assessment area in 1997 and 1998.

### **Lending Gap Analysis**

An analysis of FNB&T's penetration throughout the census tracts and block numbering areas in its assessment areas did not identify any conspicuous gaps in lending. There were only 6 tracts of the 81 census tracts and block numbering areas in the full-scope assessment areas in which there were no loans (HMDA, small business, and small farm) made by FNB&T during this evaluation period.

### **Kokomo MSA:**

An analysis of the bank's penetration throughout the census tracts in this assessment area did not identify any conspicuous gaps in lending. The only gaps in lending were in small farm lending in Howard County. Of the 11 tracts with no farm loans, none of the tracts had very many farms located within the tract. Based on 1998 Dun and Bradstreet demographic data, 5 of the tracts had no farms, 4 of the tracts had only 1 farm, and the other 2 tracts had 2 and 3 farms, respectively. It is reasonable that the

bank did not make any of this type of loan in these census tracts based on the relatively few numbers of farms in these areas. Additionally, FNB&T is not a big farm lender as evidenced by the relatively low percentage of the loan portfolio which farm loans represent (7%).

### **Indianapolis MSA:**

An analysis of the bank's penetration throughout the census tracts in this assessment area did not identify any conspicuous gaps in lending. There were gaps in lending in each HMDA, small business and small farm lending; however, there were only 3 census tracts in the assessment area (2 middle- and 1 upper-income) in which there were no loans made by FNB&T. Additionally, there are a significant number of financial institutions in this assessment area. Only 4 census tracts in this assessment area did not have any HMDA loans made by FNB&T during the evaluation period. These tracts were not contiguous and only 1 of these tracts was a moderate-income tract (the others were 2 middle-income and 1 upper-income tract). There were 40 tracts (of a total 51) in which FNB&T did not make any farm loans. However, FNB&T is not a big farm lender as evidenced by the relatively low percentage of the loan portfolio which farm loans represent (7%). There were 20 tracts (only 1 was moderate-income) in which FNB&T did not make any small business loans. Most of these tracts (9) were upper-income tracts in Hamilton County. Another 3 tracts (2 middle- and 1 moderate-income) were also in Hamilton County. FNB&T only has 1 branch in this county in Carmel, Indiana. This area has a very high level of competition (there are 55 commercial banks and 12 savings institutions in Hamilton County as of June 1998). FNB&T's branch was the 8<sup>th</sup> financial institution office within a 2-block area when it opened. FNB&T makes mainly home mortgage loans from this particular office. Another 5 tracts (4 upper- and 1 middle-income) with no small business lending activity are in the Marion County area. FNB&T only has 1 office in this area and, prior to September 1998, very little activity was conducted at this branch. The office was expanded and now does quite a bit of small business lending. The other 3 tracts (1 upper- and 2 middle-income) with no small business lending are located in Hendricks County. Two of these tracts had only about 50 businesses located there. The other tract had about 100 businesses located in it. Due to the high level of competition in this area (there are 29 commercial banks and 8 savings institutions in Hendricks County), it is reasonable there would be some tracts in which FNB&T did not make any small business loans.

### **Sullivan County, Indiana:**

An analysis of the bank's penetration throughout the block numbering areas in this assessment area did not identify any conspicuous gaps in lending. There were no block numbering areas in this assessment area in which FNB&T had not made several HMDA, small business and small farm loans.

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

The distribution of lending to borrowers of different income levels reflects a good level of lending among retail customers and business customers of different size. In each of the five (5) areas, FNB&T made over 82% of its small business loans to businesses with revenues of less than \$1 million. This performance exceeded the relative opportunity (based on the number of businesses located in each

income level tract) in each assessment area. In the Kokomo MSA, FNB&T's distributions of home mortgage loans to low- and moderate-income borrowers was adequate but fell short of the distribution of low- and moderate-income families in the assessment area. The loan distribution in the Indianapolis MSA was good with the distribution of home mortgage loans to moderate-income families exceeding the percentage of moderate-income families in the assessment area. In Sullivan County, the distribution is also good with home mortgage loans to moderate-income families exceeding the percentage of moderate-income families for both home purchase and home improvement loans. Also, the percentage of home improvement loans to low-income borrowers exceeded the percentage of low-income families in the assessment area. Refer to Tables 7, 8, 9, 10, 11, and 14 in Appendix B for the facts and data used to evaluate the borrower distribution of the bank's home mortgage, small business, small farm, and consumer loan originations.

### **Home Purchase Loans**

#### **Kokomo MSA:**

The distribution of lending to borrowers reflects an adequate level of home purchase loans to individuals of different income levels. An analysis of the 554 home purchase originations during 1997 and 1998 shows the bank extended 7.33% of the number of home purchase loans to low-income borrowers and 15.20% to moderate-income borrowers. These percentages fall below the AA demographics for low- and moderate-income families. Based on 1998 updated HUD median family income information, low- and moderate-income families represent 20.05% and 16.90% of the families in the assessment area, respectively. While the bank's percentage of home purchase loans made to low- and moderate-income borrowers does not mirror the make-up of the AA, it is important to note the average housing price for this area is \$51,911. A low-income family has income of only \$25,400 or less and over 10% of the families in the assessment area are living below the poverty level. The bank ranks 1st among 124 lenders with a market share of 16.57% of the number of home purchase loans made in the AA. The bank's market share of loans to middle- (19.62%) and upper-income borrowers (21.43%) exceeds that of low- (12.75%) and moderate-income borrowers (12.39%).

#### **Indianapolis MSA:**

The distribution of lending to borrowers reflects a good level of home purchase loans to individuals of different income levels. An analysis of the 221 home purchase originations during 1997 and 1998 shows the bank extended 7.24% of the number of home purchase loans to low-income borrowers and 19.00% to moderate-income borrowers. These percentages are lower than the AA demographics for low-income families, but exceed the demographics for moderate-income families. Based on 1998 updated HUD median family income information, low- and moderate-income families represent 11.04% and 14.55% of the families in the assessment area, respectively. Home purchase loans to moderate-income borrowers exceed the relative opportunity by over 4%. While the bank's percentage of home purchase loans made to low-income borrowers does not mirror the make-up of the AA, it is important to note that over 5% of the families in the assessment area are living below the poverty level. There is

also a somewhat limited availability of low-income housing in this area. The median housing value of the AA is \$85,861. Based on the 1998 HUD adjusted median family income for the Indianapolis MSA, a low-income family makes only \$25,550 per year, or less. Also, rental units equal 26% of the total housing units. The bank ranks 36th among 288 lenders with a market share of 0.80% of the number of home purchase loans made in the AA. The bank's market share of loans to low- (2.43%) and moderate-income borrowers (1.29%) exceeds that of middle-income borrowers (0.90%) and upper-income borrowers (0.72%).

### **Sullivan County, Indiana:**

The distribution of lending to borrowers reflects a good level of home purchase loans to individuals of different income levels. An analysis of the 53 home purchase originations during 1997 and 1998 shows the bank extended 11.32% of the number of home purchase loans to low-income borrowers and 43.40% to moderate-income borrowers. These percentages fall below the AA demographics for low-income borrowers, but exceed the level of moderate-income families. Based on 1998 updated HUD median family income information, low- and moderate-income families represent 20.99% and 22.55% of the families in the assessment area, respectively. While the bank's percentage of home purchase loans made to low-income borrowers does not mirror the make-up of the AA, it is important to note that almost 14% of the families in the assessment area are living below the poverty level. Also, rental units equal 17% of the total housing units. The market share information for this assessment area shows FNB&T did not make any home purchase loans during 1997 (prior to the merger). However, there were only 119 loans (made by 21 banks) reported for 1997 by all HMDA reporters in this AA.

### **Home Improvement Loans**

#### **Kokomo MSA:**

The distribution of lending to borrowers reflects an adequate level of home improvement loans to individuals of different income levels. The bank made only 8 home improvement loans during 1997 and 1998 in this assessment area. FNB&T made only 1 (12.5%) of these loans in the low-income tract and no home improvement loans in the moderate-income census tracts. Although this distribution falls below that of the AA, the distribution is reasonable when you consider that FNB&T uses a home equity product rather than a home improvement product to advance funds secured by the borrowers' residence. These loans are included in the consumer loan analysis in this evaluation. The bank ranks 39th among 49 lenders with a market share of 0.18% of the number of home improvement loans made in the AA. The bank has a 0.00% market share for 1997 for home improvement loans to both low-income borrowers and moderate-income borrowers. The 1 home improvement loan made in the low-income tract was extended during 1998.

#### **Indianapolis MSA:**

The distribution of lending to borrowers reflects a good level of home improvement loans to individuals

of different income levels. An analysis of the 78 home improvement originations during 1997 and 1998 shows the bank extended 11.54% of the number of home improvement loans to low-income borrowers and 25.64% to moderate-income borrowers. These percentages exceed the AA demographics for low- and moderate-income families. Based on 1998 updated HUD median family income information, low- and moderate-income families represent 11.04% and 14.55% of all families in the assessment area, respectively. The bank ranks 11th among 81 lenders with a market share of 3.04% of the number of home improvement loans made in the AA. The bank's market share of home improvement loans to low- (5.65%) and moderate-income borrowers (4.94%) exceeds its market share for middle- (3.91%) and upper-income borrowers (1.57%).

### **Sullivan County, Indiana:**

The distribution of lending to borrowers reflects an excellent level of home improvement loans to individuals of different income levels. An analysis of the 16 home improvement originations during 1997 and 1998 shows the bank extended 31.25% of the number of home improvement loans to low-income borrowers and 25.00% to moderate-income borrowers. These percentages exceed the AA demographics for low- and moderate-income families. Based on 1998 updated HUD median family income information, low- and moderate-income families represent 20.99% and 22.55% of all families in the assessment area, respectively. The bank ranks 5th among 20 lenders with a market share of 7.14% of the number of home improvement loans made in the AA. The bank's market share of home improvement loans to low- (12.50%) and moderate-income borrowers (10.53%) exceeds its market share to both middle- (5.88%) and upper-income borrowers (4.17%).

### **Home Mortgage Refinance Loans**

#### **Kokomo MSA:**

The distribution of lending to borrowers reflects an adequate level of home mortgage refinance loans to individuals of different income levels. An analysis of the 676 home mortgage refinance originations in 1997 and 1998 shows the bank extended 6.85% of the number of home mortgage refinance loans to low-income borrowers and 12.95% to moderate-income borrowers. These percentages fall below the AA demographics for low- and moderate-income families. Based on the updated HUD median family income information, low- and moderate-income families represent 20.05% and 16.90% of all families in the assessment area, respectively. The bank ranks 1st among 151 lenders with a market share of 9.10% of the number of home mortgage refinance loans made in the AA. The bank's market share of refinance loans to both moderate- (11.52%) and upper-income borrowers (11.60%) exceeds that of both low- (5.67%) and moderate-income borrowers (7.67%).

#### **Indianapolis MSA:**

The distribution of lending to borrowers reflects a good level of home mortgage refinance loans to individuals of different income levels. An analysis of the 383 home mortgage refinance originations in

1997 and 1998 shows the bank extended 6.01% of the number of home mortgage refinance loans to low-income borrowers and 17.23% to moderate-income borrowers. These percentages fall below the AA demographics for low-income borrowers, but exceed the level of moderate-income families. Based on the updated HUD median family income information, low- and moderate-income families represent 11.04% and 14.55% of all families in the assessment area, respectively. Again, it is important to remember that over 5% of the households in this assessment area are living below the poverty level. The bank ranks 20th among 291 lenders with a market share of 1.41% of the number of home mortgage refinance loans made in the AA. The bank's market share of refinance loans to both low- (2.38%) and moderate-income borrowers (2.33%) exceeds its market share to both middle- (2.03%) and upper-income borrowers (1.13%).

### **Sullivan County, Indiana:**

The distribution of lending to borrowers reflects an adequate level of home mortgage refinance loans to individuals of different income levels. An analysis of the 119 home mortgage refinance originations in 1997 and 1998 shows the bank extended 7.56% of the number of home mortgage refinance loans to low-income borrowers and 21.85% to moderate-income borrowers. These percentages fall below the AA demographics for low- and moderate-income families. Based on the updated HUD median family income information, low- and moderate-income families represent 20.99% and 22.55% of all families in the assessment area, respectively. The bank ranks last of 39 lenders with a market share of only 0.71% of the number of home mortgage refinance loans made in the AA. The bank only made 1 refinance loan in this assessment area during 1997.

### **Small Business Loans**

#### **Kokomo MSA:**

FNB&T's lending levels for small business loans reflect excellent responsiveness to community credit needs. Eighty-two percent (82%) of the small business loans reported were made to companies with annual revenues less than \$1 million. This performance compares favorably to the overall market in which 30 lenders reported only 74% of their small business loans to businesses with revenues less than \$1 million. The bank's performance also exceeds the opportunities represented by the percent of the businesses in the assessment area that have revenues less than \$1 million (72.54%). The bank's market share of small business loans to businesses with revenues of less than \$1 million (59.22%) exceeds its overall small business market share of 49.77%.

FNB&T's small business distribution shows a significant amount of these loans are for small dollar amounts. Seventy-two percent (72%) of the reported small business loans were for original amounts of \$100,000 or less. An additional eighteen percent (18%) of FNB&T's small business loans were for original amounts between \$100,000 and \$250,000. Ten percent (10%) of all reported small business loans were originated for amounts between \$250,000 and \$1,000,000.

Table 10 illustrates the distribution of loans by original loan amount and to businesses with revenues less than \$1 million.

### **Indianapolis MSA:**

FNB&T's lending levels for small business loans reflect excellent responsiveness to community credit needs. Eighty-three percent (83%) of the small business loans reported were made to companies with annual revenues less than \$1 million. This performance compares favorably to the overall market in which 131 lenders reported only 41% of their business loans to businesses with revenues less than \$1 million. The bank's performance also exceeds the opportunities represented by the percent of the businesses in the assessment area that have revenues less than \$1 million (69.01%). The bank's market share of small business loans to businesses with revenues of less than \$1 million (4.72%) exceeds its overall small business market share of 2.69%.

FNB&T's small business distribution shows a significant amount of these loans are for small dollar amounts. Sixty-eight percent (68%) of the reported small business loans were for original amounts of \$100,000 or less. An additional twenty percent (20%) of FNB&T's small business loans were for original amounts between \$100,000 and \$250,000. Twelve percent (12%) of all reported small business loans were originated for amounts between \$250,000 and \$1,000,000. Table 10 illustrates the distribution of loans by original loan amount and to businesses with revenues less than \$1 million.

### **Sullivan County, Indiana:**

FNB&T's lending levels for small business loans reflect excellent responsiveness to community credit needs. Ninety-seven percent (97%) of the small business loans reported were made to companies with annual revenues less than \$1 million. This performance compares favorably to the overall market in which 154 lenders reported 88% of their business loans to businesses with revenues less than \$1 million. The bank's performance exceeds the opportunities represented by the percent of the businesses in the assessment area that have revenues less than \$1 million (72.41%). There is no market share information available for small business loans in this assessment area. Prior to the merger in 1998, FNB&T was not required to report small business data in this assessment area.

FNB&T's small business distribution shows a significant amount of these loans are for small dollar amounts. Ninety-three percent (93%) of the reported small business loans were for original amounts of \$100,000 or less. An additional five percent (5%) of FNB&T's small business loans were for original amounts between \$100,000 and \$250,000. The other two percent (2%) of all reported small business loans were originated for amounts between \$250,000 and \$1,000,000. Table 10 illustrates the distribution of loans by original loan amount and to businesses with revenues less than \$1 million.

### **Small Farm Loans**

### **Kokomo MSA:**

FNB&T's lending levels for small farm loans reflect excellent responsiveness to community credit needs. Ninety-seven percent (97%) of the small farm loans reported were made to farms with annual revenues less than \$1 million. This performance compares favorably to the overall market in which 12 lenders reported 98% of their farm loans to farms with revenues less than \$1 million. The bank's performance exceeds the opportunities represented by the percent of the farms in the assessment area that have revenues less than \$1 million (91.11%). The bank's market rank is 1<sup>st</sup> of the 12 lenders. Also, the market share of small farm loans to farms with revenues of less than \$1 million (42.57%) mirrors its overall small farm market share of 42.70%.

FNB&T's small farm distribution shows a significant amount of these loans are for small dollar amounts. Seventy-nine percent (79%) of the reported small farm loans were for original amounts of \$100,000 or less. An additional seventeen percent (17%) of FNB&T's small farm loans were for original amounts between \$100,000 and \$250,000. Four percent (4%) of all reported small farm loans were originated for amounts between \$250,000 and \$1,000,000. Table 11 illustrates the distribution of loans by original loan amount and to businesses with revenues less than \$1 million.

#### **Indianapolis MSA:**

FNB&T's lending levels for small farm loans reflect good responsiveness to community credit needs. Ninety percent (90%) of the small farm loans reported were made to farms with annual revenues less than \$1 million. This performance is comparable to the overall market in which 29 lenders reported 93% of their farm loans to farms with revenues less than \$1 million. The bank's performance is right in line with the opportunities represented by the percent of the farms in the assessment area that have revenues less than \$1 million (89.67%). The bank's market share of small farm loans to farms with revenues of less than \$1 million (10.59%) mirrors its overall small farm market share of 11.37%.

FNB&T's small farm distribution shows a significant amount of these loans are for small dollar amounts. Ninety-four percent (94%) of the reported small farm loans were for original amounts of \$100,000 or less. An additional six percent (6%) of FNB&T's small farm loans were for original amounts between \$100,000 and \$250,000. None of the reported small farm loans were originated for amounts between \$250,000 and \$1,000,000. Table 11 illustrates the distribution of loans by original loan amount and to businesses with revenues less than \$1 million.

#### **Sullivan County, Indiana:**

An analysis of small farm lending in this assessment area by revenue size of the farm would not be meaningful. All (100%) of the farms in the assessment area have revenues less than \$1 million.

FNB&T's small farm distribution shows a significant amount of these loans are for small dollar amounts. Eighty-five percent (85%) of the reported small farm loans were for original amounts of \$100,000 or less. An additional ten percent (10%) of FNB&T's small farm loans were for original amounts between \$100,000 and \$250,000. Five percent (5%) of all reported small farm loans were originated for

amounts between \$250,000 and \$1,000,000. Table 11 illustrates the distribution of loans by original loan amount and to businesses with revenues less than \$1 million.

### **Consumer Loans**

#### **Kokomo MSA:**

The distribution of lending to borrowers reflects an adequate level of consumer loans to individuals of different income levels. An analysis of the 2,733 consumer originations in 1997 and 1998 shows the bank extended 14.34% of the number of consumer loans to low-income borrowers and 21.17% to moderate-income borrowers. The percentages fall below the AA demographics for low-income individuals and above the demographics for moderate-income individuals. Based on 1990 population data, low- and moderate-income individuals represent 24.59% and 15.45% of the total population in the assessment area, respectively. Again, it is important to note that 10.69% of the households in the assessment area are living below the poverty level.

#### **Indianapolis MSA:**

The distribution of lending to borrowers reflects a good level of consumer loans to individuals of different income levels. An analysis of the 2,021 consumer originations in 1997 and 1998 shows the bank extended 14.73% of the number of consumer loans to low-income borrowers and 20.35% to moderate-income borrowers. These percentages exceed the AA demographics for low- and moderate-income individuals. Based on 1990 population data, low- and moderate-income individuals represent 14.11% and 14.05% of the total population in the assessment area, respectively.

#### **Sullivan County, Indiana:**

The distribution of lending to borrowers reflects an adequate level of consumer loans to individuals of different income levels. An analysis of the 26 consumer originations in 1997 and 1998 shows the bank extended 25.00% of the number of consumer loans to low-income borrowers and 8.33% to moderate-income borrowers. These percentages fall below the AA demographics for low- and moderate-income individuals. Based on 1990 population data, low- and moderate-income individuals represent 28.25% and 16.96% of the total population in the assessment area, respectively.

## **Community Development Lending**

### **Kokomo MSA:**

FNB&T made a relatively high level of community development loans in this assessment area. Based on information received from our community contacts, Community Reinvestment and Development Specialists in our office, and the Internet, the opportunity for community development lending in this assessment area is limited. FNB&T originated seven community development loans for \$7,187,000 during this evaluation period. Five (5) of these loans for \$5,450,200 funded affordable housing for low- and moderate-income individuals in the assessment area.

The largest community development projects were in conjunction with the Tipton County Memorial Hospital. This project involved the creation of assisted-living quarters for low- and moderate-income individuals.

### **Indianapolis MSA:**

FNB&T made a relatively high level of community development loans in this AA. Based on information received from community contacts, Community Reinvestment and Development Specialists in our office, and the Internet, the opportunity for community development lending in this assessment area is limited. FNB&T originated three community development loans for \$5,890,000 during this evaluation period. Two (2) of these loans for \$4,790,000 were made to a financial intermediary which provides accounts receivable financing for small businesses. The other loan also assisted small businesses. FNB&T established a \$1.1 million line of credit to the Indiana Community Business Credit Corporation. All 3 of these loans help in the retention of jobs for low- and moderate-income individuals in the community.

### **Sullivan County, Indiana:**

FNB&T did not make any community development loans in this assessment area. However, this is reasonable based on information received from our community contacts, Community Reinvestment and Development Specialists in our office, and the Internet which indicate the opportunity for community development lending in this assessment area is limited. The geographic make-up of this assessment area does not include any low- or moderate-income block numbering areas. Additionally, this is a rural area with very few organized community development organizations.

## **Product Innovation and Flexibility**

FNB&T offers a limited number of flexible lending products in order to serve its AA's credit needs. These products include several minimal or zero down payment mortgage programs through the secondary market as well as in-house products. All of these products are available in

all of FNB&T's assessment areas. A brief description of each loan program and the volume (numbers and dollars) of activity for each program during this evaluation period follows.

- *Home Ownership Made Easy* - 1 loan - \$82,500

This program is part of the Federal Home Loan Bank's (FHLB) Affordable Housing Program (AHP). The loan program targets low-income individuals and requires no down payment. The program includes a grant of \$2,500 from FNB&T (see Investment Test for additional details) and \$2,500 from the FHLB to cover down payment costs.

- *FNB&T Government Guaranteed Loan Products* - 62 Loans - \$4,251,837

This group of products includes Federal Housing Authority (FHA), Veterans Administration (VA), Federal Home Loan Mortgage Corporation (FHLMC), Farmers Home Administration (FmHA), and Small Business Administration (SBA) loans. The FHA and VA programs allow for minimal down payments and higher debt ratios to qualify. The FHLMC program is restricted to low- and moderate-income borrowers and allows for a 97% loan-to-value. The SBA loans provide for economic development through the expansion of small businesses. Many of these businesses provide jobs for low- and moderate-income individuals and in low- and moderate-income geographies. FHA and FmHA are the largest programs in number of loans with 22 and 19, respectively. However, VA loans are accountable for almost one-half (\$2,069,072) of the total dollars.

- *Guaranteed Rural Housing Loan Program* - 19 loans - \$1,000,000

This program is offered in conjunction with the Rural Housing Development Corporation. The program targets low- and moderate-income borrowers. It allows borrowers to finance 100% of the purchase price of a home in designated rural areas within FNB&T's assessment areas.

- *Consumer Home Improvement Loan Program* - loan activity information unavailable.

This program provides for affordable loans to improve residential properties. In an effort to make these loans more affordable to low- and moderate-income borrowers, appraisals and title insurance are not required. The bank pays for underwriting insurance to further reduce the costs.

- *Not-for-Profit Group Home* - 1 loan - \$250,000

This was a special arrangement with this borrower. The bank structured this loan so that the result was a tax-exempt loan with a lower interest rate.

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

Based on limited-scope reviews, the bank's performance under the Lending Test in the Terre Haute MSA is stronger than the bank's overall performance; however it did not change the overall Lending Test rating. In Grant County, Indiana, the bank's performance is weaker than the bank's overall High Satisfactory performance under the Lending Test; however, it did not change the overall Lending Test rating. Refer to comments below and Tables 1 through 11, and 14 of Appendix B for the facts and data that support these conclusions.

In the Terre Haute MSA the bank's performance is stronger than the bank's overall performance. The geographic distribution of small business, home purchase, home mortgage refinance, and small farm lending in the moderate-income geographies exceeds the relative opportunities in these geographies. Also, the distribution of lending to businesses and farms with revenues less than \$1 million exceeds the relative opportunity (based on number of businesses and farms) and the performance of other lenders in the market. Conversely, the distribution of home purchase and home mortgage refinance loans to low- and moderate-income borrowers falls below the demographic information for the distribution of low- and moderate-income families in the assessment area.

In the Grant County, Indiana, area the bank's performance is weaker than the bank's overall performance. The geographic distribution of small business, home purchase, home mortgage refinance, and small farm lending in the moderate-income geographies falls below the relative opportunities in these geographies. Also, the distribution of home purchase and home mortgage refinance loans to low- and moderate-income borrowers falls below the demographic information for the distribution of low- and moderate-income families in the assessment area. Conversely, the distribution of lending to businesses and farms with revenues less than \$1 million exceeds the relative opportunity (based on number of businesses and farms) and the performance of other lenders in the market.

## **INVESTMENT TEST**

The bank's performance under the Investment Test is rated "Low Satisfactory." Due to the largest portion of FNB&T's business operations (42% of its deposits and 52% of its loans) being in the Kokomo MSA assessment area, the performance in the Kokomo MSA significantly influenced the overall rating for the investment test. Refer to Table 12 in Appendix B for the facts and data used to evaluate the bank's level of qualified investments.

### ***Major Conclusions:***

- FNB&T originated an adequate level of community development investments based on its size, financial capacity and assessment area (AA) opportunities. During the evaluation period, FNB&T made \$404,496 in qualified investments and donations, which benefited its assessment areas.
- The bank displayed adequate responsiveness to the credit and community economic development needs in its AA's. Information obtained from the Community Reinvestment and Development Specialists at the OCC and from the bank indicates that investment opportunities in the AA's are limited.

### **Kokomo MSA:**

The level of qualified investments in this assessment area is adequate. Based on information obtained during this examination, there were very few, if any, Low-Income Housing Tax Credits or bonds with a community development purpose available to FNB&T during this evaluation period. FNB&T made 28 investments for over \$64,000 in this assessment area. The majority of the investments are related to the stabilization of the Enterprise Zone (a low- and moderate-income area) in downtown Kokomo. Nine (9) of the qualified investments amounting to \$27,149 were associated with the stabilization of this area. Another 10 of the qualified investments for \$27,246 were to organizations involved in providing community services to low- and moderate-income individuals, many of whom live in the Enterprise Zone. The bank also made smaller donations to various community groups and organizations that provide affordable housing to low- and moderate-income families in the Kokomo metropolitan area. Specific details of some of the more significant qualified investments follow:

- Annual donations were made to the Kokomo Main Street Association for a total of \$7,000. This organization works to revitalize and stabilize the downtown Kokomo area which includes most of the low- and moderate-income census tracts in the Kokomo MSA. The organization actively recruits new businesses to the downtown area (mostly small businesses) and promotes the conversion of unused retail space into productive property.
- FNB&T donated \$5,000 to the YMCA and \$10,000 to the YWCA for rehabilitation of their downtown buildings. These donations were part of a larger effort to convince the organizations not to relocate from this low-income area of downtown Kokomo. These organizations have helped in stabilizing this area by providing jobs for low- and moderate-income individuals.

- The Kokomo/Howard County Development Corporation received \$4,500 from FNB&T. This organization is involved in stabilizing the low- and moderate-income areas of the Kokomo area and all of Howard County. The organization promotes economic development through both attracting new businesses and encouraging expansion of existing business in the area. Most of the new/existing businesses are small businesses. These businesses have provided jobs for many low- and moderate-income individuals in the Kokomo area.
- FNB&T made 4 donations to the Ivy Tech State College's Quest Program for a total of \$19,806 during this evaluation period. The funds were used for scholarships which allowed low- and moderate-income students to further their education.
- During 1997, FNB&T made 3 grants under the Home I Grants program for \$6,750. The funds were used for down payment assistance for low- and moderate-income individuals as part of this program.

FNB&T also made several smaller donations to various community groups and organizations that promote affordable housing, stabilize low- and moderate-income areas (the Urban Enterprise Zone, specifically), or provide community development services to low- and moderate-income families in the Kokomo MSA.

### **Indianapolis MSA:**

FNB&T has made a low level of qualified investments in this assessment area. Only 1 small donation for \$50 was made to an organization, which provides community services to low- and moderate-income individuals. Although opportunities to make qualified investments in the AA are limited, there are a number of organizations involved in community development activities in this assessment area. This provides some opportunity for FNB&T to make qualified investments. Therefore, the bank's lack of any notable investments in this assessment area exemplifies poor performance.

### **Sullivan County, Indiana:**

The level of qualified investments in this assessment area is considered adequate. Due to the lack of many opportunities for this type of investment in Sullivan County, the 6 investments for \$3,700 are considered adequate. Specific details of the 2 major qualified investments follow:

- FNB&T made a \$2,000 equity investment in the Indiana Community Business Credit Corporation (ICBCC) in a prior period, which remains outstanding. In conjunction with the State of Indiana, the ICBCC provides accounts receivable and inventory financing to allow small businesses access to resources for other working capital needs. Many of these businesses provide jobs to low- and moderate-income individuals.
- The bank provided the City of Sullivan with \$1,000 in matching funds in conjunction with the Indiana Housing Finance Authority. The funds assisted low- and moderate-income individuals in

obtaining affordable housing.

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

Based on limited-scope reviews, the bank's performance under the Investment Test in the Terre Haute MSA is not inconsistent with the bank's overall Investment Test rating. In Grant County, Indiana, the bank's performance is weaker than the bank's overall performance under the Investment Test; however, it did not change the overall Investment Test rating. Refer to comments below and Table 12 in Appendix B for the facts and data that support these conclusions.

In the Terre Haute MSA, FNB&T made an adequate level of qualified investments. The bank made 3 investments for \$336,000 in prior periods, which are still outstanding and made 2 very small investments during the current evaluation period.

In Grant County, FNB&T did not make any qualified investments. Based on information obtained during this examination which indicates the investment opportunities are limited, the lack of any qualified investments is considered adequate.

## **SERVICE TEST**

The bank's performance under the Service Test is rated "Outstanding." Refer to Table 13 in Appendix C for the facts and data used to evaluate the distribution of the bank's branch and ATM delivery system.

### ***Major Conclusions:***

- FNB&T's delivery systems are readily accessible to geographies and individuals of different income levels in its AA. The distribution of the bank's offices and ATM's, based on income level of the tract in which it is located, exceeds the distribution of the population living in the low- and moderate-income level tracts in all assessment areas except Grant County.
- The bank is a leader in providing community development services.

### **Retail Banking Services**

#### **Kokomo MSA:**

FNB&T's delivery systems are reasonably accessible to geographies and individuals of different income levels in its AA. In addition to the main office, FNB&T operates 6 full-service branch facilities and 9 automated teller machines (ATM's) in this assessment area. ATM's are located at each of the bank locations with the exception of the main bank. The bank also operates three off-premise ATM's. The bank has closed one branch in a middle-income area within this assessment area during this evaluation period; however, 1 new ATM has been added in a moderate-income census tract.

The distribution of the bank's locations is favorable when compared to the distribution of the population of the assessment area. Approximately twenty-eight and one-half percent (28.57%) of the bank's offices are in low-income tracts and an additional 28.57% of the offices are located in moderate-income tracts. The other 3 branches (42.86%) are all in middle-income tracts. None of the offices are in upper-income census tracts. Less than 1% of the AA's population (0.32%) lives in the low-income tract and only 21.48% lives in the moderate-income tracts. The distribution of the ATM's is also favorable. There are 2 ATM's (22.22%) located in low- and another 2 ATM's (22.22%) in moderate-income census tracts. The distribution of the branches and ATM's exceeds the distribution of the population by income level of the census tracts. This distribution contributes to the overall accessibility of the bank's facilities to low- and moderate-income individuals in the assessment area.

All offices except the drive-up branch provide full banking services. The bank offers numerous loan and deposit products including 5 different methods to access free checking. Loan and deposit products offered by FNB&T include guaranteed mortgage and business loans as well as affordable housing programs, free checking accounts, and ATM and debit cards. Customers can

use ATM and debit cards at any location having access to the Cirrus or MAC networks without any service charges by FNB&T.

During this evaluation period, FNB&T offered a special deposit account package to its small business customers. With this arrangement, the business could provide its employees the opportunity to have a free checking account and other free banking services. Many of the businesses employ low- and moderate-income individuals.

Branch hours offer reasonable access and convenience. Each location has drive-up facilities except for the main office; however, there is a drive-up facility within 1 block of this office. Lobby hours are from 9 a.m. to 5 p.m. Monday through Friday. Drive-up hours are from 8 a.m. to 6 p.m. Saturday hours are 9 a.m. to 12 noon at the main office and branches and 8 a.m. to 1 p.m. at the drive-up locations.

FNB&T offers some alternative delivery systems used to expand the availability of retail bank services to all areas of the AA. The bank offers 24-hour telephone banking to its customers which allows them to check deposit and loan balances, transfer funds, place stop payment orders, and pay bills. FNB&T also offers an electronic banking option to its customers. The program allows customers the same options as the telephone banking plus downloading to financial packages and account histories. Both of these delivery systems are available to low- and moderate-income customers since Internet access is available at the local public libraries. However, FNB&T did not have any information to show how low- and moderate-income individuals or geographies benefited from these alternative delivery systems. Therefore, we could not place significant weight on the alternative delivery systems when drawing our CRA performance conclusions.

### **Indianapolis MSA:**

FNB&T's delivery systems are reasonably accessible to geographies and individuals of different income levels in its AA. In this assessment area, FNB&T operates 7 full-service branch facilities and 7 automated teller machines (ATM's). ATM's are located at 5 of the bank locations with the other 2 located off-premise. There are 2 (28.57%) bank locations and 1 ATM (14.29%) in moderate-income tracts. This distribution compares favorably to the distribution of the population. Only 6.77% of the residents of the assessment area live in these tracts. FNB&T has opened 1 branch in Plainfield, Indiana, in a middle-income census tract in this assessment area. An ATM is located at the Plainfield office and an off-premise ATM has also been added in a middle-income tract in this assessment area since our last evaluation.

All offices except the drive-up branch provide full banking services. The bank offers numerous loan and deposit products including 5 different methods to access free checking. Loan and deposit products offered by FNB&T include guaranteed mortgage and business loans as well as affordable housing programs, free checking accounts, and ATM and debit cards. Customers can use ATM and debit cards at any location having access to the Cirrus or MAC networks without any service charges by FNB&T.

During this evaluation period, FNB&T offered a special deposit account package to its small business customers. With this arrangement, the business could provide its employees the opportunity to have a free checking account and other free banking services. Many of the businesses employ low- and moderate-income individuals.

Branch hours offer reasonable access and convenience. Each location has drive-up facilities except for one. Lobby hours are from 9 a.m. to 5 p.m. Monday through Friday. Drive-up hours are from 8 a.m. to 6 p.m. Saturday hours are 9 a.m. to 12 noon at the branches and 8 a.m. to 1 p.m. at the drive-up locations. Only 1 location does not have any Saturday hours.

FNB&T offers some alternative delivery systems used to expand the availability of retail bank services to all areas of the AA. The bank offers 24-hour telephone banking to its customers which allows them to check deposit and loan balances, transfer funds, place stop payment orders, and pay bills. FNB&T also offers an electronic banking option to its customers. The program allows customers the same options as the telephone banking plus downloading to financial packages and account histories. Both of these delivery systems are available to low- and moderate-income customers since Internet access is available at the local public libraries. However, FNB&T did not have any information to show how low- and moderate-income individuals or geographies benefited from these alternative delivery systems. Therefore, we could not place significant weight on the alternative delivery systems when drawing our CRA performance conclusions.

### **Sullivan County, Indiana:**

FNB&T's delivery systems are reasonably accessible to geographies and individuals of different income levels in its AA. FNB&T operates 4 full-service branch facilities and 4 automated teller machines (ATM's) in this assessment area. ATM's are located at each of the bank locations except the Shelburn branch. The bank also operates one (1) off-premise ATM.

FNB&T has closed 1 branch in Fairbanks, Indiana, in a middle-income block numbering area in this assessment area. All offices provide full banking services. The bank offers numerous loan and deposit products including 5 different methods to access free checking. Loan and deposit products offered by FNB&T include guaranteed mortgage and business loans as well as affordable housing programs, free checking accounts, and ATM and debit cards. Customers can use ATM and debit cards at any location having access to the Cirrus or MAC networks without any service charges by FNB&T.

During this evaluation period, FNB&T offered a special deposit account package to its small business customers. With this arrangement, the business could provide its employees the opportunity to have a free checking account and other free banking services. Many of the businesses employ low- and moderate-income individuals.

Branch hours offer reasonable access and convenience. Each location has drive-up facilities except for one. Lobby hours are from 9 a.m. to 4 p.m. Monday through Thursday with closing extended to 5 p.m. on Fridays. Drive-up hours are from 8 a.m. to 4 p.m. Monday through Thursday and 8 a.m. to 6 p.m.

on Fridays. Saturday hours are 9 a.m. to 12 noon at the branches and 8 a.m. to 12 noon at the drive-up locations.

FNB&T offers some alternative delivery systems used to expand the availability of retail bank services to all areas of the AA. The bank offers 24-hour telephone banking to its customers which allows them to check deposit and loan balances, transfer funds, place stop payment orders, and pay bills. FNB&T also offers an electronic banking option to its customers. The program allows customers the same options as the telephone banking plus downloading to financial packages and account histories. Both of these delivery systems are available to low- and moderate-income customers since Internet access is available at the local public libraries. However, FNB&T did not have any information to show how low- and moderate-income individuals or geographies benefited from these alternative delivery systems. Therefore, we could not place significant weight on the alternative delivery systems when drawing our CRA performance conclusions.

### **Community Development Services**

#### **Kokomo MSA:**

FNB&T is a leader in providing community development services in its assessment area. FNB&T has been instrumental in getting necessary services for low- and moderate-income individuals and in the low- and moderate-income areas, especially the Enterprise Zone. The following examples illustrate the services provided:

- Kokomo YMCA

This community service facility is located in a moderate-income census tract near the downtown area (in the Enterprise Zone). The organization received an in-kind donation of a building on the outer section of town. An employee of FNB&T assisted the organization in its strategic planning and was instrumental in convincing the organization to refurbish the downtown location instead of relocating to the donated property. Keeping this facility in this area has helped to stabilize an area, which has experienced some deterioration in recent years.

- Howard County Revolving Loan Fund

Employees of FNB&T work with local organizations, which provide small business loans through revolving loan funds. Two bank employees serve as board members for the Howard County Revolving Loan Fund.

- Kokomo Main Street Association

This organization is involved in activities to revitalize and stabilize the downtown Kokomo area. This is a moderate-income census tract and part of the Enterprise Zone. FNB&T employees work

with this organization by serving on the board of directors and on the Economic Restructuring Committee.

- Bona Vista Rehabilitation Services

This organization is a not-for-profit corporation, which provides low-income housing for persons with disabilities and functional limitations. An FNB&T employee was on the organization's fund raising committee.

- Consumer Credit Counseling Services

An employee of FNB&T is an advisory board member of the local Consumer Credit Counseling Services organization. This organization provides free counseling to individuals experiencing financial difficulties. He has also been a presenter at the organization's financial information sessions.

- Community Assistance Foundation

Two (2) employees of FNB&T work with the Community Assistance Foundation. This organization provides financial assistance to low- and moderate-income individuals for medical needs. One of the employees is the treasurer and the other serves as secretary to this organization.

- Kokomo Housing Authority

FNB&T participated in the informational exhibits for clients of the Kokomo Housing Authority. This organization works with low- and moderate-income individuals to find affordable housing and provides various other community development services to these individuals. Eight (8) FNB&T employees worked with the organization to provide banking-related information to attendees.

- Azusa Community Development Corporation

Several employees of FNB&T assist Azusa in providing homebuyer education sessions.

- Free Government Check Cashing

### **Indianapolis MSA:**

FNB&T provides an adequate level of community development services in this assessment area. The following examples illustrate the services provided:

- Hamilton County Habitat for Humanity & Morgan County Habitat for Humanity

These 2 organizations provide affordable housing for low- and moderate-income individuals. FNB&T employees help these organizations in the family selection process. This involves analyzing the families' financial capabilities regarding homeownership.

- Morgan County MIBOR

This organization conducts fund raising activities that benefit Morgan County Habitat for Humanity and Special Olympics. An FNB&T employee is active in this organization's fund raising activities.

- Central Indiana Council on the Aged (CICOA)

This organization provides various community services to low- and moderate-income individuals. An FNB&T employee is a member of this organization's finance committee.

- Free Government Check Cashing

### **Sullivan County, Indiana:**

FNB&T has provided an adequate level of community development services in its assessment area. The following examples illustrate the services provided:

- Sullivan County Habitat for Humanity

This organization provides affordable housing for low- and moderate-income individuals. An FNB&T employee helps this organization in the site selection. This involves analyzing the property value, legal restrictions, and other items regarding residential property locations.

- Free Government Check Cashing

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

Based on limited-scope reviews, the bank's performance under the Service Test in the Terre Haute MSA is stronger than the bank's overall performance; however it did not change the overall Service Test rating. In Grant County, Indiana, the bank's performance is weaker than the bank's overall performance under the Service Test; however, it did not change the overall Service Test rating. Refer to comments below and Table 13 in Appendix B for the facts and data that support these conclusions.

In the Terre Haute MSA, FNB&T's delivery systems are readily accessible to geographies and individuals of different income levels. In this assessment area, FNB&T operates 3 full-service branch facilities and 5 automated teller machines (ATM's). ATM's are located at each of the bank locations with the other 2 located off-premise. One (1) or 33.33% of the bank locations and 2 ATM's (40.00%) are located in moderate-income census tracts. This distribution compares favorably to the distribution of the population. Only 12.31% of the residents of the assessment area live in these tracts. FNB&T has not opened or closed any branches in this assessment area. An ATM was added at an off-premise location in a moderate-income tract in this assessment area since our last evaluation.

In Grant County, FNB&T's delivery systems are reasonably accessible to geographies and individuals of different income levels. In this assessment area, FNB&T operates 2 full-service branch facilities and 2 automated teller machines (ATM's). ATM's are located at each of the bank locations. There are no bank locations or ATM's in the moderate-income tracts. This distribution falls below the distribution of the population since 12.31% of the residents of the assessment area live in the moderate-income tracts. FNB&T has not opened or closed any branches or ATM's in this assessment area during our evaluation period.

## APPENDIX A: SCOPE OF EXAMINATION

The following table identifies the time period covered in this evaluation, and loan products considered. The table also reflects the metropolitan and nonmetropolitan areas that received comprehensive examination review (designated by the term “Full-Scope”) and those that received a less comprehensive review (designated by the term “Limited-Scope”).

<b>Time Period Reviewed</b>	Lending Test: January 1, 1997 to December 31, 1998 Investment Test: January 1, 1997 to July 27, 1999 Service Test: January 1, 1997 to July 27, 1999		
<b>Financial Institution</b>	<b>Products Reviewed</b>		
First National Bank and Trust Kokomo, Indiana	HMDA Loans Small Business Loans Small Farm Loans Consumer Loans Community Development Loans		
<b>Affiliate(s)</b>	<b>Affiliate relationship</b>		<b>Products reviewed</b>
None			
<b>List of Assessment Areas and Type of Examination</b>			
<b>Assessment Area</b>	<b>Type of Exam</b>	<b>Branches Visited</b>	<b>Other Information</b>
Kokomo Indiana MSA	Full-Scope	One	Main Office - Downtown Kokomo
Indianapolis Indiana MSA	Full-Scope	None	
Sullivan County Indiana	Full-Scope	None	
Terre Haute Indiana MSA	Limited-Scope	None	
Grant County Indiana	Limited-Scope	None	

## **APPENDIX B: TABLES OF PERFORMANCE DATA**

### **Content of Standardized Tables**

A separate set of tables is provided for each state. All multistate metropolitan areas are presented in one set of tables. References to the "bank" include activities of any affiliates that the bank provided for consideration (refer to Appendix A: Scope of the Examination). For purposes of reviewing the Lending Test tables, the following are applicable: purchased loans are treated as originations/purchases; market rank is based on the number of loans originated and purchased by the bank as compared to all other lenders in the MSA/AA; 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/AA.

The following is a listing and brief description of the tables included in each set:

**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/AA.

**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 Home Mortgage 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/AA. 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 Home Mortgage 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 bank's 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 bank's 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 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 and ATM Delivery System** - Compares the percentage distribution of the number of the bank's retail branches and ATM's in low-, moderate-, middle- and upper-income geographies to the percentage of the population within each geography 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/AA.

**Market Profiles** - These tables provide a summary of demographic information for the assessment area(s). The tables present the percentage distribution of the number of geographies, population, owner-occupied units, small businesses, and small farms by income level of the geographies. For family distribution, the table shows the percentage distribution of the number of families whose incomes place them in each of the income levels (low-, moderate-, middle- and upper-income). Many of the items included were used to represent the level of opportunity, which existed in the bank's assessment area(s).