



# LARGE BANK

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Comptroller of the Currency  
Administrator of National Banks

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Washington, DC 20219

## PUBLIC DISCLOSURE

FEBRUARY 22, 2000

### COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

NATIONAL CITY BANK OF MICHIGAN/ILLINOIS  
CHARTER NUMBER: 191

2595 Waukegan Road  
Bannockburn, IL 60015

OFFICE OF THE COMPTROLLER OF THE CURRENCY  
LARGE BANK DIVISION  
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WASHINGTON, D.C. 20219

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

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## General Information

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

*This document is an evaluation of the CRA performance of **National City Bank of Michigan (NCB-MI)** prepared by the **Office of the Comptroller of the Currency (OCC)**, the institution's supervisory agency, as of **February 22, 2000**. The agency evaluates performance in assessment area(s), as they are delineated by the institution, rather than individual branches. This assessment area evaluation may include the visits to some, but not necessarily all of the institution's branches. The agency rates the CRA performance of an institution consistent with the provisions set forth in Appendix A to 12 CFR Part 25.*

## Definitions and Common Abbreviations

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

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

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

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

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

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

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

**Geography** - A census tract or a block numbering area delineated by the 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 a metropolitan statistical area to file annual summary reports of their mortgage lending activity. The reports include such data as the race, gender, and the income of applicants, the amount of loan requested, and the disposition of the application (e.g., approved, denied, withdrawn).

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

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

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

**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 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.

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

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

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

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

**Tier 1 Capital** - The total of common shareholders' equity, perpetual preferred shareholders' equity with noncumulative dividends, retained earnings and minority interests in the equity accounts of consolidated subsidiaries. Pro-rated Tier I Capital is obtained by distributing portions of Total Tier I capital among the bank's assessment areas. This distribution is based on the level of deposits in each area.

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

# Overall CRA Rating

**Institution's CRA Rating:** This institution is rated "**Outstanding.**"

The following table indicates the performance level of **National City Bank of Michigan/Illinois (NCB-MI)** with respect to the Lending, Investment, and Service Tests:

Performance Levels	National City Bank of Michigan (NCB-MI) Performance Tests		
	Lending Test*	Investment Test	Service Test
Outstanding	X		
High Satisfactory		X	X
Low Satisfactory			
Needs to Improve			
Substantial Noncompliance			

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

The major factors that support this rating include:

- The bank's lending activity is good. Geographic distribution is good. Borrower distribution is excellent. Community development lending is excellent.
- The bank's volume of qualified investments is good. The investments are highly responsive to identified needs for affordable housing and inner city revitalization. In addition, several of the bank's qualified investments are considered either innovative or complex.
- The distribution of branch offices is considered good, as delivery systems are accessible to geographies and individuals of different income levels in the assessment areas. The provision of community development services is excellent, exhibits leadership, and is highly responsive to the communities' needs.

## Description of Institution

National City Bank of Michigan/Illinois (NCB-MI) an interstate bank, headquartered in Bannockburn, Illinois is a wholly owned subsidiary of National City Corporation (NCC), which is headquartered in Cleveland, Ohio. As of September 30, 1999, NCC had total assets of \$85 billion, making it the twelfth largest bank holding company in the United States. NCC provides a full range of consumer and commercial financial products and services and operates banking offices in six states: Illinois, Indiana, Kentucky, Michigan, Ohio, and Pennsylvania. The Corporation operates more than 1,200 branch offices and 1,800 ATM's. NCC is one of the five top originators of federally guaranteed student loans in the country, and is the fifth largest originator of small business loans. During the first quarter of 1998, NCC purchased First of America (FOA) Corporation. FOA's Michigan and Illinois branch offices were merged into a newly created National City bank charter. NCC did not own a bank in the area prior to the merger. The NCB-MI bank charter was created during 1998

As of September 30, 1999, NCB-MI reported total assets of \$17 billion, total loans of \$12 billion, and a loan-to-deposit ratio of 93%. Tier 1 capital totals \$1.3 billion. NCB-MI operates 385 branch offices and 503 deposit-taking automatic teller machines (ATM's) throughout Michigan and Illinois. As of September 30, 1999, NCB-MI's loan portfolio consisted of 46% real estate loans, 32% commercial loans, 20% consumer loans, and 2% other loans.

The bank's operating subsidiary, National City Mortgage Service contributed to the CRA performance of the bank. This subsidiary originates mortgage loans that meet secondary market criteria.

There were five affiliated, non-bank entities and four bank entities that also contributed to the bank's CRA performance. Refer to Appendix A for identification of the entities and the activities they contributed.

Throughout the review period, there were no significant financial barriers limiting NCB-MI's ability to meet identified credit needs within its assessment areas.

There are several competitive pressures that impede NCB-MI's ability to meet identified credit needs. The bank operates in a number of low-income communities that are dominated by very aggressive national subprime mortgage lenders. Some of these subprime lenders routinely accept high levels of risk by extending loans to borrowers with severe historical and/or current credit problems. Many national banks, including NCB-MI implement controls that limit risk within their loan portfolios. This is consistent with safe and sound banking practices, but restricts the bank's ability to favorably compete with aggressive subprime lenders.



NCB-MI's market area consists of 16 Metropolitan Statistical Areas (MSA) and nine non-metropolitan areas. Refer to the individual State Rating sections of this Evaluation for details.

Approximately four months after NCB-MI was established, three Michigan banking offices, all acquired through the FOA merger, were sold to other financial institutions. These offices were located in St. Joseph, Alger, and Iron counties. After the sale of these facilities, NCB-MI no longer had a branch presence in these counties. Since the bank's tenure in the three counties was extremely short, we did not include them as part of NCB-MI's assessment areas for purposes of this Evaluation.

## Scope of the Evaluation

### Evaluation Period/Products Evaluated

There are no prior evaluations for NCB-MI. The current evaluation assesses the bank's performance from January 1, 1998 to September 30, 1999. The Lending Test included a review of home purchase loans, home-improvement loans, refinanced loans, community development loans, and small business and farm loans. HMDA data and community development loans were considered from January 1, 1998 to December 31, 1999. The fourth quarter 1999 HMDA data became available during the course of the examination and was included as part of this review. Small business data for 1998 was deemed unreliable, and was not included in this evaluation. Accurate small business data was available for the first three-quarters of 1999 and was used as part of our analysis. See the Data Integrity section of this Performance Evaluation for further details.

It is important to note that although the CRA regulation allows banks to receive credit for loans or pools of loans purchased from other financial institutions, NCB-MI's lending efforts center on loans originated directly by the bank and its affiliates. The bank has negligible external purchased loan activity. NCC affiliates do, however, purchase and sell loans from each other to expedite their ability to sell packages of loans to the secondary market. As dictated by HMDA reporting requirements, NCB-MI and its affiliates report loans purchased from other NCC affiliates as 'purchased loans'. While the standard Performance Data tables in Appendix C include loans originated and purchased, we determined that NCB-MI's home mortgage performance is more accurately reflected by originated loan activity. Therefore, our primary geographic distribution and borrower distribution analyses of the full-scope assessment area are based on adjusted loan data that excludes purchased loan activity. In general, NCB-MI performance is stronger using this approach, with the impact more prominent under the Borrower Distribution criteria.

The evaluation period for the Investment Test is January 1, 1998 through February 22, 2000. The evaluation period for the Service Test is January 1, 1998 through September 30, 1999. Community development investments, community development services, retail banking locations, and retail banking services were reviewed in connection with these tests.

### Data Integrity

The scope of this examination included a review of the accuracy of the bank data analyzed to develop our conclusions and ratings. The data tested for accuracy includes data made available to the public in accordance with the Home Mortgage Disclosure Act (HMDA) and the CRA regulation. Public data includes home

mortgage lending and small loans to businesses. We also reviewed the accuracy of non-public data for qualified investments, community development services, and community development loans. The tests were performed at the corporate level and included all National City affiliated banks, subsidiaries, and non-bank affiliates contributing to the bank's CRA performance. As a result, the percentages quoted here would be for the entire corporation, and may vary for a particular National City subsidiary bank.

The bank's HMDA data was found to be accurate. No material errors were identified with the home purchase, home improvement, or refinance loans reported by the bank.

Several errors were found in the bank's small loans to businesses data submissions for the review period. Material errors noted were:

- Renewals were incorrectly reported as loans. Renewals represented 20% of the loans in our sample.
- Revenue data was in error in 5% of our sample.
- Loans secured by residential real estate were incorrectly reported as loans. These types of loans represented 5% of our sample.

Bank management was able to correct data for the period covering January 1, 1999 through September 30, 1999, but was unable to correct 1998 data. As a result, our small business analysis will be limited to the bank's performance during 1999. Market share data for 1999 was not available, and because of errors in the bank's data, 1998 market share data was not used.

Material errors were noted with the non-public information provided to examiners regarding community development loans. A number of loans to small businesses were incorrectly included in the community development loan totals. Management was unable to identify or remove these loans from the data provided to examiners because of time and financial constraints. Loans to small businesses accounted for 15% of our sample. Many of these loans have community development as their primary purpose. As part of our analysis, we excluded these small business loans from our Community Development loan totals.

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

We selected a sample of bank assessment areas for full-scope reviews and the remaining assessment areas were reviewed in a more limited manner. The data contained in the tables in Appendix D was evaluated for each bank assessment area and this data was factored into our conclusions. However, for full-scope assessment areas, additional information was developed concerning credit and

community development needs, and opportunities for community development activities. The analysis of the bank's performance in full-scope areas was expanded to include a detailed analysis of the geographic distribution of lending. Also, individual community development loans, services, and qualified investments were reviewed to assess qualitative factors such as complexity, innovation, leadership, and responsiveness to identified needs. The Service Test included an analysis of the location of bank branches to gauge accessibility. Refer to the Michigan and Illinois State Rating sections of this Evaluation for a detailed listing of full-scope review areas.

## **Ratings**

The bank's overall rating is based primarily on the assessment areas that received full-scope reviews. After analyzing available data, we determined that some full scope areas would be more heavily weighted than others. This determination was based on a review of the volume and concentration of branches, HMDA loans, small business loans, low- and moderate-income tracts, low- and moderate-income families, general population, owner occupied housing units, small businesses, and small farms. The volume and concentration of bank deposits was also considered during our analysis. We used data from the Federal Deposit Insurance Corporation, which included both retail and commercial deposits. In addition, we used retail deposit data that was obtained from NCB-MI management reports.

As a result of our analysis we determined that the state of Michigan would be more heavily weighted than the state of Illinois. Refer to the Michigan and Illinois State Rating sections of this Evaluation for details on the relative weights placed on full-scope areas within individual states.

## **Other**

We contacted several community groups throughout Michigan and Illinois in order to ascertain community credit needs. Refer to Appendix C of this Evaluation for details.

## **Fair Lending Review**

As part of our fair lending analysis we performed a comparative file review of 226 home purchase applications that were received by National City Mortgage Company (NCMC) during 1998. The mortgage company receives applications from all six states where NCC has branch offices, including Michigan and Illinois. The approval/denial process utilized is identical for all applications. Applicant race was used as the prohibitive basis. We compared 53 denied applications made by Blacks to 173 marginally approved applications made by Whites.

Our analysis did not identify any violations of the anti-discrimination laws and regulations. NCMC continues to implement an ongoing fair lending monitoring system. The system consists of adequate policies and procedures, periodic training, and internal assessments.

## State Rating

<b>CRA Rating for Michigan:</b>	<b><u>Outstanding</u></b>
<b>The Lending Test is rated:</b>	<b><u>Outstanding</u></b>
<b>The Investment Test is rated:</b>	<b><u>High Satisfactory</u></b>
<b>The Service Test is rated:</b>	<b><u>High Satisfactory</u></b>

The major factors that support this rating include:

- Lending activity is good. Geographic distribution is good. Borrower distribution is excellent. The level of Community Development lending is excellent.
- The volume of investments is good, the investments are highly responsive to community needs, several of the investments are considered innovative or complex.
- The distribution of branch offices is considered good, and community development services are highly responsive to the needs of the local communities and demonstrate the bank's leadership.

### Description of Institution's Operations in Michigan

NCB-MI provides a full range of consumer and commercial financial products and services throughout the state of Michigan. During the review period, the majority of the bank's deposits (62%), branches (76%), HMDA loans (52%), small business loans (76%), and low- and moderate-income tracts (78%) were located in this state.

NCB-MI's Michigan market area consists of seven MSAs and seven non-metropolitan areas. Specifically, these areas include:

- 1) The entire Detroit MSA with the exception of St. Clair county where the bank has no branches,
- 2) The entire Grand Rapids MSA,
- 3) The entire Kalamazoo MSA,
- 4) The entire Saginaw MSA.
- 5) The entire Lansing MSA,
- 6) Portions of the Flint MSA (14 census tracts located in Genessee County),
- 7) Portions of the Ann Arbor MSA (Livingston and Washtenaw counties),
- 8) 16 counties located in the northern portion of the Lower Peninsula of Michigan: Alcona, Alpena, Antrim, Arenac, Cheboygan, Clare, Emmet, Gladwin, Grand Traverse, Iosco, Isabella, Manistee, Mason, Montmorency, Ogemaw, and Otsego
- 9) Branch County,

- 10) Barry County,
- 11) Shiawassee County
- 12) Chippewa and Mackinac counties,
- 13) 6 counties located in the state's Upper Peninsula: Dickinson, Gogebic, Houghton, Keweenaw, Marquette, and Menominee counties,
- 14) Tuscola County.

Refer to the Market Profiles for the State of Michigan in Appendix C for detailed demographics and other performance context information for the Detroit MSA.

### **Scope of Evaluation in Michigan**

The bank's state rating is based primarily on the results of the Detroit MSA, which received a full-scope review.

The Detroit MSA contains 51% of the State of Michigan deposits, 62% of low- and moderate-income tracts, 54% of the population, 48% of businesses and farms, and 40% of NCB-MI branches.

The following assessment areas received limited-scope reviews: Ann Arbor (8% of deposits), Grand Rapids MSA (8%), Kalamazoo MSA (8%), Saginaw MSA (6%), Lansing MSA (5%), Flint MSA (1%), and non-metropolitan areas (13%).

Refer to the table in Appendix A for more information.

We contacted two community groups in the Detroit area in order to ascertain community credit needs. In addition, we reviewed community contact data compiled by other OCC examiners during the last 24 months.

Specific needs within the full scope assessment areas are addressed in Appendix C of this report.

## **Conclusions with Respect to Performance Tests**

### **LENDING TEST**

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

The bank's performance under the Lending Test in Michigan is rated Outstanding. Based on a full-scope review, the bank's performance in the Detroit MSA is excellent.

#### **Lending Activity**

Refer to Table 1 in the state of Michigan section of Appendix D for the facts and data used to evaluate the bank's lending activity.

Home mortgage loans accounted for approximately 90% of NCB-MI's loans in the State of Michigan, with small loans to businesses comprising the substantial majority of the remainder. Based on this data, throughout our analysis, we gave the greatest consideration to home mortgage loans. Small farm lending is not a major component of the bank's activities. It represents less than 1% of total reported loans, and was not identified as an unmet credit need by community contacts. As a result, these loans were not considered material for purposes of this review.

Of the total home mortgage loans made by the bank, approximately 25% were Home Purchase, 45% Home Refinance, and 30% Home Improvement. Based on these percentages, and identified credit needs for affordable housing, especially homeownership and rehabilitation, we gave equal consideration to all three loan types.

Throughout our analysis, NCB-MI's percentage distribution of lending compared to demographics was given more weight than the market share information. The reason for this emphasis is that the distribution of lending information covers the bank's activity in 1998 and 1999, compared to market share information which only reflects 1999 activity.

NCB-MI's lending activity in the Detroit MSA is good. During 1999, NCB-MI was ranked fifth in deposit market share (7.1%). The bank was ranked slightly lower (9<sup>th</sup>) in Home Purchase and Home Refinance lending with market shares of 2.32% and 2.29%, respectively. NCB-MI was ranked higher (2<sup>nd</sup>) in Home Improvement lending with an 8.29% market share.



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

The geographic distribution of NCB-MI's home mortgage and small loans to businesses is good in the Detroit MSA. This is based on good performance with respect to Home Purchase, Home Improvement, and small business loans, and adequate performance with respect to Home Refinance loans. Loan penetration throughout the Detroit MSA was good, and a substantial majority of loans were made within the bank's assessment areas (AAs). The volume of small loans to farms was not significant enough to perform a meaningful analysis.

### ***Home Mortgage Loans***

Refer to Tables 2, 3, and 4 in Appendix C for standardized data regarding the geographic distribution of the bank's home mortgage loan originations and purchases. As previously explained in the Scope of Evaluation, we used adjusted loan data to conduct our geographic distribution analysis. This data focuses only on loan originations. The following narrative contains the specific facts and data used to evaluate the geographic distribution of the bank's home mortgage loan originations.

Note that equal weight is placed on performance in low- and moderate-income tracts, since those areas comprise markets of comparable size.

The geographic distribution of Home Purchase loan originations is good in the Detroit area. Performance within both low- and moderate-income (LMI) geographies is considered good. The distribution of bank loans in LMI tracts is less than owner occupied demographics for these areas, however, we factored in community contact comments regarding the effect of high poverty levels that have been caused by stubborn pockets of unemployment and underemployment. These conditions negatively impact the ability of some families to qualify for home mortgage products. We also considered the bank's strong market share performance in LMI areas. Finally, we noted that relative to aggregate lenders in the area, NCB-MI's performance in low-income tracts was exemplary. The following information further details our findings and conclusions relative to Home Purchase loan distribution.

The percentage of NCB-MI's Home Purchase loans made during the evaluation period in low-income geographies (3.51%) is less than the percentage of owner-occupied housing units in those geographies (8.01%). The percentage of loans in moderate-income geographies (9.55%) is somewhat less than the percentage of owner-occupied housing units in those geographies (12.91%). NCB-MI's market share in low-income geographies (4.33%) exceeds its overall Home Purchase market share of 2.32%. The bank's market share in moderate-income geographies is near (2.29%) its overall Home Purchase market share. In addition, during 1999,

while the aggregate market originated 2.38% of its Home Purchase loans within low-income census tracts, NCB-MI originated 4.45% of its loans within those tracts.

The geographic distribution of Home Refinance loan originations is adequate in the Detroit area. Performance within both low- and moderate-income geographies is considered adequate. The distribution of bank loans is less than owner occupied demographics in both low- and moderate-income tracts. In low-income tracts, the disparity is more significant. However, we factored in the effect of the pending bankruptcy of a large mortgage lender. This situation effects several hundred homeowners in low-income areas, and has left the homeowners in limbo with regard to servicing and escrow issues. Until the issue is fully resolved, the ability or willingness of homeowners to refinance mortgages is limited. Community groups also noted that very aggressive lenders, whom they described as “predatory lenders” have monopolized LMI tracts, primarily through home refinance lending. NCB-MI management stated that they were unable to compete with terms offered by these lenders, and still maintain compliance with safe and sound banking practices. We also considered the bank’s strong market share performance in moderate-income census tracts. The following information further details our findings and conclusions relative to Home Refinance loan distribution.

The percentage of NCB-MI’s Home Refinance loans made during the evaluation period in low- income tracts (3.01%) is less than the percentage of owner-occupied housing units in those geographies. The percentage of loans made in moderate-income tracts (9.51%) is somewhat less than the percentage of owner-occupied housing units in those geographies. NCB-MI’s market share in low-income geographies (1.84%) is somewhat less than the overall Home Refinance market share of 2.32%. The bank’s market share in moderate-income geographies is near (2.29%) its overall Home Refinance market share.

The geographic distribution of Home Improvement loan originations is good in the Detroit area. Performance is adequate within low-income geographies, and excellent within moderate-income geographies. The distribution of bank loans is less than owner occupied demographics in low-income tracts. However, we factored in the effect of the pending bankruptcy described above. We also considered the bank’s strong overall performance in moderate-income census tracts. The following information further details our findings and conclusions relative to Home Improvement distribution.

The percentage of NCB-MI’s Home Improvement loans made during the evaluation period in low-income tracts (5.21%) is lower than the percentage of owner-occupied housing units in those geographies. The percentage of NCB-MI’s loans made in moderate-income geographies (14.81%) exceeds the owner-occupancy demographics. NCB-MI’s market share in low-income geographies (6.21%) is somewhat less than the overall Home Improvement market share of 8.29%. The

bank's market share in moderate-income geographies (7.76%) is near its overall Home Improvement market share.

### ***Small Loans to Businesses***

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

The geographic distribution of small loans to businesses is good in the Detroit MSA. The percentage of small loans to businesses in moderate-income geographies exceeds the percentage of businesses located in those geographies. The percentage of loans made in low-income geographies is less than the percentage of businesses that are within those geographies. However, given that less than 7% of businesses are located in low-income areas, and 12% are located in moderate-income areas of the market, slightly more weight is placed on moderate-income performance.

### ***Small Loans to Farms***

Table 6 in Appendix C details the facts and data relative to the geographic distribution of the bank's origination/purchase of small loans to farms. The volume of loans is very small, and as result, a meaningful analysis could not be performed.

### ***Lending Gap Analysis***

Reports detailing NCB-MI's home mortgage lending were reviewed to identify gaps in geographic distribution. During the review period, NCB-MI had excellent penetration throughout the Detroit MSA. Loans were originated in all but 56 of the AA's 1,127 populated census tracts; this computes to a penetration rate of 94.9%.

With only nine months of small loans to businesses and farm data available, our review of lending patterns for these activities was limited. No conspicuous gaps in lending patterns were detected in any product lines.

### ***Inside/Outside Ratio***

The inside/outside ratio was calculated on a bank charter basis and does not include any affiliate lending.

NCB-MI has done an excellent job of serving borrowers within its defined assessment areas. During the review period, 87% of the bank's home mortgage loans, 93% of small loans to businesses, and 79% of small loans to farms were made within NCB-MI's AAs. This was given positive consideration when drawing conclusions relative to the bank's overall geographic distribution of lending

performance.

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

The overall distribution of loans based on the income levels of the borrowers is excellent. The distribution of home mortgage loans is excellent and the distribution of small loans to businesses is adequate.

### ***Home Mortgage Loans***

Refer to Tables 7, 8, and 9 in Appendix C for standardized data regarding the borrower distribution of the bank's home mortgage loan originations and purchases. As previously explained in the Scope of Evaluation section, we used adjusted loan data to conduct our borrower distribution analysis. This data primarily focuses only on loan originations. The following narrative contains the specific facts and data we used to evaluate the borrower distribution of the bank's home mortgage loan originations.

Note that the expectation for the percentage of lending to low-income borrowers is not as high as for moderate-income borrowers because of the more limited ability of low-income borrowers to afford home ownership.

Home Purchase loan borrower distribution is excellent. The percentage of loans made to low-income borrowers (12.73%) is less than the percentage of families that are low-income (21.87%). However, when housing affordability is factored in, the performance is excellent. NCB-MI's market share of loans to low-income borrowers (2.78%) exceeds its overall Home Purchase market share (2.32%). The percentage of Home Purchase loans originated to moderate-income borrowers (27.78%) exceeds the percentage of the AA's families that are moderate-income (16.61%). NCB-MI's moderate-income borrower market share (2.56%) exceeds its overall Home Purchase market share. In addition, during 1999, while the aggregate market extended 11.90% of Home Purchase loans to low-income borrowers and 25.97% of its loans to moderate-income borrowers, NCB-MI made 14.24% and 28.59% of its loans to these borrowers, respectively.

Home Refinance loan borrower distribution is excellent. The percentage of Home Refinance loans originated to low-income borrowers (11.56%) is less than the percentage of families that are low-income. However, when housing affordability is factored in, the performance is good. NCB-MI's market share of loans to low-income borrowers (2.59%) exceeds its overall Home Refinance market share (2.29%). The percentage of Home Refinance loans originated to moderate-income borrowers (21.40%) exceeds the percentage of families that are moderate-income. NCB-MI's moderate-income borrower market share (2.45%) exceeds its overall Home Refinance market share. In addition, during 1999, while the aggregate

market extended 14.56% of its Home Refinance loans to low-income borrowers and 23.42% of its loans to moderate-income borrowers, NCB-MI made 16.46% and 24.97% of its loans to these borrowers, respectively.

Home Improvement loan borrower distribution is excellent. The percentage of Home Improvement loans originated to low-income borrowers (17.29%) is near the percentage of families that are low-income. However, when housing affordability is factored in, the bank's performance is excellent. NCB-MI's market share of loans to low-income borrowers (10.08%) exceeds its overall Home Improvement market share (8.29%). The percentage of Home Improvement loans originated to moderate-income borrowers (25.55%) exceeds the percentage of families that are moderate-income. NCB-MI's moderate-income borrower market share (7.87%) is near its overall Home Improvement market share. In addition, during 1999, while the aggregate market extended 15.76% of Home Improvement loans to low-income borrowers and 25.37% of its loans to moderate-income borrowers, NCB-MI made 19.16% and 25.55% of its loans to these borrowers, respectively.

### ***Small Loans to Businesses***

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

The borrower distribution of small loans to businesses is adequate in the Detroit MSA. The percentage of small loans to businesses with revenues of \$1 million or less is somewhat less than the percentage of businesses in the area with revenues in that category. In addition, 82% of small loans to businesses were for amounts of \$100,000 or less, reflecting the bank's willingness to extend credit in smaller amounts.

### ***Small Loans to Farms***

Table 11 in the Appendix C details the facts and data relative to the borrower distribution of the bank's origination/purchase of small loans to farms. As the volume of loans is small, a meaningful analysis could not be conducted.

## **Community Development Lending**

Refer to Table 1 in the state of Michigan section of Appendix D for the facts and data used to evaluate the bank's level of community development lending. NCB-MI's excellent community development (CD) lending is attributed to volume of activity, responsiveness to community needs, and complexity and innovation.

CD lending had a positive impact on the Lending Test conclusion for the Detroit MSA. NCB-MI originated 17 CD loans totaling \$41 million in the area (8.72% of

pro-rated Tier I Capital). The number and dollar volume of CD lending activity is excellent given the size of the bank, capacity, and the high level of competition for such loans.

The bank's CD loans in the Detroit MSA have been highly responsive to the needs of the local community. The loans primarily address an identified credit need for affordable housing. In addition, nearly 15% of NCB-MI's CD loans promote economic development projects that positively impact the local community by creating jobs for low- or moderate-income people. Several of the bank's CD loans are considered innovative or complex because of loan structure.

The following examples highlight the bank's CD lending in the Detroit MSA.

**Housing Corporation** - A \$5 million affordable housing loan. Proceeds were used to construct 60 units of multi-family housing for low- and moderate-income families in the City of Detroit.

**Development Corporation** - A \$18.5 million affordable housing loan. Proceeds are being used to rehabilitate 100 public housing units into condominiums. The condominiums target low- and moderate-income families and are located in a low-income census tract. The project is considered complex because of the financing structure, which includes NCB-MI's loan, a grant from the U.S. Department of Housing and Urban Development, a grant from the State of Michigan, and a bond issuance. The project is considered innovative because it represents the first time that U.S. residents have approved a tax levy that financed the demolition and renovation of subsidized housing. The project is being used as a national model.

### **Product Innovation and Flexibility**

Product innovation and flexibility had a positive impact on the Lending Test conclusions for the Detroit MSA.

NCB-MI provides a large array of lending products; many of them are flexible in their structure. These products are designed to address affordable housing needs of low- and moderate- income persons or geographies. Affordable housing was identified as a primary credit need by community contacts.

Some examples of flexible products offered by NCB-MI are highlighted below. Specific volume numbers were not available for all flexible-lending products.

**DownPayment Assistance** - NCB-MI offers two programs (Nehemiah and AmeriDream) that assist low- and moderate-income homebuyers with down payment and closing costs.

**Fixer Upper Home Improvement Loan** - This product targets low- and moderate-

income homeowners, and offers home improvement loans for as little as \$500. The program offers flexible rates and fees.

**Home at Last** - This flexible mortgage product is available to borrowers purchasing homes in low- or moderate-income areas. It features a low downpayment requirement, no mortgage insurance, and flexible terms.

**NCHAMP Loans** - This flexible mortgage product is offered to homebuyers who are purchasing properties located in National City Community Development Corporation (NCCDC) sponsored developments. The loans feature a low downpayment requirement and reduced interest rates. NCHAMP loans primarily target low- and moderate-income geographies. Within the Detroit MSA, the bank has extended approximately 174 NCHAMP loans.

**Residential Mortgage Programs** - NCB-MI offers a number of specialized products with flexible underwriting features. These products are designed to facilitate home ownership for low- or moderate- persons or within low- or moderate-income communities. These programs are offered in association with a variety of governmental agencies including: Fannie Mae, Michigan State Housing Development Authority, United States Department of Agriculture, and The Federal Housing Administration. These products offer low downpayment requirements and flexible terms.

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

Based on limited-scope reviews, the bank's performance under the Lending Test in all limited scope areas is weaker than the bank's overall Outstanding performance under the Lending Test in Michigan. Refer to Tables 1 through 11 in the state of Michigan section of Appendix D for the facts and data that support these conclusions.

The weaker performance is primarily the result of adequate performance with regard to low-income borrowers. Lending to moderate-income borrowers was generally, excellent. This was considered in the overall rating, but did not negatively impact conclusions to such a degree that a lower overall rating was warranted.

## **INVESTMENT TEST**

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

The bank's performance under the Investment Test in Michigan is rated High Satisfactory. Based on a full-scope review, the bank's performance in the Detroit MSA is good. Refer to Table 12 in the state of Michigan section of Appendix D for the facts and data used to evaluate the bank's level of qualified investments.

It is important to note that the CRA allows banks to receive consideration for prior period investments made by a new affiliate if those investments are still outstanding. As part of this evaluation, NCB-MI received credit for outstanding prior period investments made by FOA prior to the 1998 merger. Prior period investments were given significant weight in the volume conclusion because of the strong impact they continue to exert on the local community. The prior period investment funds remain under the control of community groups who use them to re-fund loan pools, or as leverage in attracting additional private and public investors.

The assessment of NCB-MI's investment performance is based on the investments' volume, responsiveness to community needs, and complexity and innovation. In addition, we considered the bank's limited tenure in the Michigan area as part of our review, since NCB-MI's equity partnerships are considered complex and routinely incur long lead times before being brought to fruition.

The volume of investments in Detroit is good given the moderate level of community development (CD) opportunities and intense competition for such investments. (Refer to the Market Profile in Appendix C).

The investments have been highly responsive to the needs of the local community. In the Detroit area, 99% of investments address affordable housing and inner city revitalization needs identified by community groups. The remaining investments address social service needs of low- or moderate-income families.

Community groups described NCB-MI as one of the most aggressive CD investors in the Detroit area. Bank management has shown a willingness to invest in some of the most blighted neighborhoods within the City. NCB-MI routinely develops investment opportunities within its local community. This is accomplished through the formation of long term equity partnerships with community groups and local developers. Several of the qualified investments that have resulted from these partnerships are considered complex or innovative.



The following examples highlight the bank's performance in the Detroit MSA. The investments detail projects in which NCCDC, a nonbank affiliate created an equity partnership with a local non-profit group, municipality, or developer.

**600 Virginia Street Condominium Project** - A \$139 thousand revitalization investment. Funds were used to construct four condominiums located in a low-income, historical district. The condominiums are being marketed to middle-income families. A local CDC has targeted the community for revitalization via economic integration. This project involved a series of complicated, ongoing, legal and financial impediments for NCCDC's equity partner. These impediments created higher than average risk for NCCDC, and was the primary reason other banking entities refused to partner in this project.

**Canfield Lofts** - A \$500 thousand downtown revitalization investment. Funds were used to construct 35 lofts. The project is located in a low-income census tract and represents the first downtown housing development in several decades. Canfield Lofts is part of the City of Detroit's downtown economic revitalization plan, and relies heavily on economic integration. The project targets moderate-, middle-, and upper-income families. The area has suffered from years of disinvestment that has resulted in severe urban blight. As a result of the distressed surroundings, rehabilitation or housing construction costs often exceeds resale values. Several institutions refused to invest in Canfield Lofts because of this dilemma. NCCDC however used an innovative marketing approach to overcome this obstacle, invested in the project and offered its NCHAMP loan to finance the permanent mortgages.

**City of Taylor** - A \$165 thousand affordable housing investment. Funds were used to rehabilitate 11 units of rental housing, and to convert them into condominiums. The project is located in a low-income census tract, and targets low- and moderate-income families. It is considered innovative because it represents the first time that U.S. residents have approved a tax levy that finances the demolition and renovation of subsidized housing. This project is being used as a national model.

**Motor City Blight Busters** - A \$373 thousand affordable housing investment. Funds were used to construct and rehabilitate 17 single-family homes. The homes are located in various low- and moderate-income tracts and target low- and moderate-income families. The project is considered complex because of the ongoing challenges that had to be overcome during the land acquisition phase. This created a greater than average risk for NCCDC.

**Morningside Commons** - A \$624 thousand affordable housing investment. Funds were used to construct 30 single-family homes. The homes are located in a low-income census tract, and target low- and moderate-income families. It is considered complex because of the large number of investors involved in the

project, including the City of Detroit and the Michigan State Housing Development Authority.

**Grants/Donations** - NCB-MI made 8 grants totaling \$67 thousand. The grants were made to social service agencies that strive to meet the needs of low- and moderate-income families.

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

Based on limited-scope reviews, the bank's performance under the Investment Test in the Kalamazoo and Saginaw MSAs is not inconsistent with the bank's overall High Satisfactory performance under the Investment Test in Michigan. In the Grand Rapids, Lansing, Flint, and Ann Arbor MSAs, and in the non-metropolitan areas the bank's performance is weaker than its overall performance in the state. Refer to Table 12 in the state of Michigan section of Appendix D for the facts and data that support these conclusions.

The weaker performance was primarily the result of volume conclusions that were considered adequate or poor rather than good. This was considered in the overall conclusions, but did not negatively impact the rating.

## **SERVICE TEST**

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

The bank's performance under the Service Test in the state of Michigan is rated High Satisfactory. Based on a full scope review, the bank's performance in the Detroit MSA was good.

### **Retail Banking Services**

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

The distribution of NCB-MI's branch offices is considered good. The bank's delivery systems are reasonably accessible to geographies and individuals of different income levels. In the Detroit MSA, the percentage of NCB-MI's offices in low-income geographies is significantly less than the population demographics in these areas. The Detroit MSA is a new market for NCB-MI; the branch structure was inherited from a recent acquisition. The percentages are low because the acquired entity had a limited presence in low-income neighborhoods within the City of Detroit. The percentage of offices in moderate-income geographies is near the population demographics in these areas. In formulating our conclusion for branch distribution, we considered the fact that although the bank has limited branch presence in low-income areas, it has been effective in reaching low- and moderate-income individuals with home mortgage products. This indicates that NCB-MI's alternate delivery systems; specifically its Call Centers have been effective in ensuring that the most needed lending products are readily accessible to low-income families.

Branch openings and closings did not adversely affect the accessibility of delivery systems in the Detroit MSA during this examination period. Eighteen branches were closed in the Detroit area. None of the closings occurred in low-income areas, and only one was in moderate-income area. The closing occurred in Oakland County, and the affect of the closure was minimized by the continued operations of other NCB-MI branches in close proximity to the closed facility.

NCB-MI's hours and services offered throughout the Detroit area are good. Standard banking hours and services provided Monday through Friday are relatively comparable at all 117 locations regardless of the income level of the geography. Tailored business hours including extended evening and weekend hours are routinely structured to meet the needs of the local community. Tailored hours are offered at approximately 25% of the Detroit branch offices including branches in low- and moderate-income areas.

NCB-MI offers a Basic Checking account that is designed to meet the needs of low- and moderate-income customers for a \$3 monthly service charge with no minimum balance requirements. The bank also offers a Self-Serve Checking product that does not assess fees for ATM or electronic transactions.

NCB-MI's ATM network offers an effective alternative delivery system for providing retail banking services in moderate-income geographies in the Detroit MSA. The delivery system has not been as effective in reaching low-income geographies. The percentage of ATMs in low-income areas (3.25%) is significantly less than the population demographics (13.99%). The bank's ATM network in these low-income areas mimics the branch office distribution. As previously noted, the structure was inherited from a recent acquisition. The percentage of ATMs in moderate-income areas (16.26%) exceeds the population demographics in these areas (15.29%).

NCB-MI also operates several Call Centers that serve as alternative delivery systems for loan products. Customers can access the centers and complete loan applications by phone. The Centers offer extended evening and weekend hours. Internal bank data which is tracked at the state level, shows that this has been an effective delivery system for providing retail services to low- and moderate-income customers. Of the total loans processed for NCB-MI, nearly 39% represent loan originations to low- or moderate-income customers. In addition, approximately 11% were extended within low- or moderate-income census tracts.

The bank also offers a 24-hour telephone banking service, which allows customers to obtain deposit and loan account information, make payments on NCB-MI loans, transfer funds, and pay other household bills. The bank could not provide specific information on the impact of telephone banking on low- and moderate-income individuals or geographies. As a result, this delivery system was not given significant weight during the review process.

### **Community Development Services**

NCB-MI provides an excellent level of community development (CD) services. The bank's performance in the Detroit MSA is excellent. Services are considered highly responsive to the needs of the local community and demonstrate the bank's leadership.

NCB-MI's services target the primary needs of the local community. Specifically, CD services target affordable housing, neighborhood redevelopment and stabilization, and consumer financial education. Community groups identified NCB-MI as a leader in providing CD services to the most distressed areas of the City of Detroit. The impact on the communities is high given that most of NCB-MI's services have helped to strengthen the ability of community groups, small businesses, and low- and moderate-income families to obtain loans, or to become

investment project partners.

Numerous bank employees provide leadership for a wide array of local community groups that serve the needs of low- and moderate-income communities and families. These employees serve as committee members or on Boards of Directors for affordable housing agencies, economic development organizations, and social service groups. In the Detroit MSA some of these groups include: Detroit Empowerment Zone Financial Institutions Consortium, the Detroit Homeownership Counseling Collaborative, New Detroit, Inc., the University Cultural Center Association, the Mexicantown Board of Advisors; the Detroit Neighborhood Housing Services; and the Detroit Investment Fund.

The following discussion highlights NCB-MI's CD service activities in the Detroit MSA during the evaluation period:

**Federal Home Loan Bank (FHLB)** - Through its Community Development Outreach Officer, the bank provides technical expertise to local community groups seeking Federal Home Loan Affordable Housing Program grants. During the review period, NCB-MI prepared over 14 project requests for groups operating in Detroit, Grand Rapids, or its non-metropolitan areas.

In addition, NCB-MI is a major participant in the FHLB's Home Savings Program, which provides matching funds for down payment assistance to low- and moderate-income families. In 1999, NCB-MI was the most active participant of the program and was able to assist over 170 families with home purchase or rehabilitation efforts.

**Detroit Alliance for Fair Banking (DAFB)** - NCB-MI spearheaded a tour of innovative community development projects in Cleveland, Ohio, its holding company headquarters, to stimulate ideas for DAFB's community development plans for Detroit. NCB-MI senior management routinely meets with DAFB to discuss development plans and potential business opportunities for the redevelopment of Detroit. Through its affiliation with DAFB, NCB-MI has helped sponsor a minority small business forum and has conducted a number of small business seminars. The bank has also conducted seminars in partnership with DAFB on affordable mortgage programs, the lending process, and credit.

**ShoreBank Detroit** - NCB-MI currently has \$1.4 million invested in certificates of deposit with ShoreBank Detroit, which is a financial institution and community development subsidiary on the East Side, a very distressed part of the city. These funds have been used by ShoreBank Detroit to acquire additional building capacity assets and are automatically renewed until 2003. ShoreBank opened in 1995 through the investments of NCB-MI and others. Due to its affiliation with ShoreBank Detroit, NCB-MI took the initiative to assist Presbyterian Development Corporation in forming a funding partnership with ShoreBank Detroit for a

community development program.

**WARM Training Program** - A NCB-MI officer provided technical assistance as a member of the 1999 community showcase planning committee for the annual Financial Institutions Community Development Conference. This conference provides educational and training opportunities for local non-profit community development agencies and is attended by City of Detroit officials, developers, and others. This assistance entailed planning the workshops and engaging speakers for the event. Another NCB-MI officer provides technical support through their position on the Board of Directors.

**Technical Assistance/Non-profit Capacity Building** - NCCDC staff provide technical assistance and advice to affordable housing and neighborhood commercial developers regarding funding, use of low-income housing tax credits, subsidized interest rates, and property tax abatements. For example, advice has been provided to Detroit's University Cultural Center Association, New Center Council, Hudson-Webber Foundation, Detroit Neighborhood Housing Services, Detroit Investment Fund, Wayne County/Housing and Community Development Corporation, and Pontiac Neighborhood Housing Services. Such advice enables these groups to build capacity for participating in more complex projects.

**Educational Seminars** - NCB-MI employees routinely provide educational seminars for small business and affordable housing. NCB-MI has provided sponsorship for the Detroit One Stop Capital Shop Small Business Financing Fair and the "What's Going On - Ongoing and Upcoming Efforts to Overcome Barriers to Community Development". NCB-MI has provided educational assistance for a number of homebuyer seminars and open houses targeted at low- and moderate-income persons in Detroit.

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

Based on limited-scope reviews, the bank's performance under the Service Test in the Kalamazoo and Lansing MSAs, and in the nonmetropolitan area is stronger than the bank's overall High Satisfactory performance under the Service Test. Performance in the Grand Rapids, and Saginaw MSAs, is not inconsistent with the bank's overall performance. The Ann Arbor and Flint MSAs are weaker than the bank's overall rating. Refer to Table 13 in the Michigan section of Appendix D for the facts and data that support these conclusions.

The stronger performance in the Kalamazoo, Lansing, and non metropolitan areas is primarily the result of branch distribution in low- or moderate-income tracts being near to or exceeding population demographics in those areas. The weaker ratings are the result of branch distribution being somewhat less than the population demographics in low- or moderate-income census tracts. These ratings were considered in the overall conclusions, but they did not significantly impact the

overall rating.

## State Rating

<b>CRA Rating for Illinois:</b>	<b><u>Outstanding</u></b>
<b>The Lending Test is rated:</b>	<b><u>Outstanding</u></b>
<b>The Investment Test is rated:</b>	<b><u>High Satisfactory</u></b>
<b>The Service Test is rated:</b>	<b><u>High Satisfactory</u></b>

The major factors that support this rating include:

- Lending activity is excellent. Geographic distribution is excellent. Borrower distribution is excellent.
- The volume of investments is good, the investments are highly responsive to the needs of the local community, several of the investments are considered complex.
- The distribution of branch offices is considered good, and community development services are highly responsive to the needs of the local communities.

### Description of Institution's Operations in Illinois

NCB-MI provides a full range of consumer and commercial financial products and services throughout the state of Illinois. During the review period, a significant portion of NCB-MI deposits (38%), branches (27%), HMDA loans (48%), small business loans (24%), and low- and moderate-income tracts (22%) were located in this state.

NCB-MI's Illinois market area consists of nine MSAs and two non-metropolitan areas. Specifically, these areas include:

- 1) Portions of the Chicago MSA: Dekalb, DuPage, Lake, Kane, and Will counties. In addition, this assessment area includes 127 of the 1,352 census tracts located in Cook County,
- 2) The entire Peoria MSA,
- 3) Portions of the Springfield MSA (Sangamon County),
- 4) The entire Champaign MSA,
- 5) The entire Kankakee MSA,
- 6) The entire Decatur MSA,
- 7) The entire Bloomington MSA,
- 8) Portions of the Rockford MSA (Boone and Winnebago counties),
- 9) Portions of the Rock Island multi-state MSA (Rock Island county - the bank has no branches within the state of Iowa,



- 10) Vermilion County,
- 11) Morgan County.

Refer to the Market Profiles for the State of Illinois in Appendix C for detailed demographics and other performance context information for assessment areas that received full-scope reviews.

### **Scope of Evaluation in Illinois**

The bank's state rating is based primarily on the results of the Chicago MSA, which received a full-scope review.

The Chicago MSA accounts for 59% of deposits in the State of Illinois, 28% of low- and moderate-income tracts, 62% of population, 63% of businesses and farms, and 35% of branches.

The following assessment areas received limited-scope reviews: Peoria MSA (9% of deposits), Rockford MSA (7%), Springfield MSA (6%), Champaign MSA (4%), Kankakee MSA (4%), Bloomington MSA (4%), Decatur MSA (3%), Rock Island MSA (3%), and the non-metropolitan areas (1%).

Refer to the table in Appendix A for more information.

We contacted four community groups in the Chicago area in order to ascertain community credit needs. In addition, we reviewed community contact data compiled by other OCC examiners during the last 24 months.

Specific needs within the full scope assessment areas are addressed in Appendix C of this report.

## Conclusions with Respect to Performance Tests

### LENDING TEST

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

The bank's performance under the Lending Test in Illinois is rated Outstanding. Based on a full-scope review, the bank's performance in the Chicago MSA is excellent.

#### Lending Activity

Refer to Table 1 in the state of Illinois section of Appendix D for the facts and data used to evaluate the bank's lending activity.

Home mortgage loans accounted for approximately 83% of NCB-MI's loans in the State of Illinois, with small loans to businesses comprising the substantial majority of the remainder. Based on this data, throughout our analysis, we gave the greatest consideration to home mortgage loans. Small farm lending is not a major component of the bank's activities. It represents less than 1% of total reported loans, and was not identified as an unmet credit need by community contacts. As a result, these loans were not considered material for purposes of this review.

Of the total home mortgage loans made by the bank, approximately 48% were Home Purchase, 48% Home Refinance, and 4% Home Improvement. Based on these percentages, and identified credit needs for affordable housing for low- and moderate-income homebuyers, we gave the greatest consideration to home purchase loans, followed by Home Refinance and Home Improvement loans.

Throughout our analysis, NCB-MI's percentage distribution of lending compared to demographics was given more weight than the market share information. The reason for this emphasis is that the distribution of lending information covers the bank's activity in 1998 and 1999, compared to market share information, which only reflects 1999 activity.

NCB-MI's lending activity in the Chicago MSA is excellent. During 1999, NCB-MI was ranked 11th in deposit market share (1.8%), but fifth in Home Purchase lending with a 4.63% market share, and ninth in Home Refinance lending with a market share of 2.28%. NCB-MI's was ranked slightly lower (15<sup>th</sup>) in Home Improvement lending with a 1.97% market share.

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

The geographic distribution of NCB-MI's home mortgage and small loans to businesses is excellent in the Chicago MSA. This is based on excellent performance with respect to Home Purchase, Home Refinance, Home Improvement loans, and small loans to businesses. Loan penetration throughout the Chicago MSA was good, and a substantial majority of loans were made within the bank's assessment areas (AAs). The volume of small loans to farms was not significant enough to perform a meaningful analysis.

### ***Home Mortgage Loans***

Refer to Tables 2, 3, and 4 in Appendix C for standardized data regarding the geographic distribution of the bank's home mortgage loan originations and purchases. As previously explained in the Scope of Evaluation, we used adjusted loan data to conduct our geographic distribution analysis. This data focuses only on loan originations. The following narrative contains the specific facts and data used to evaluate the geographic distribution of the bank's home mortgage loan originations.

Note that more weight is placed on performance in moderate-income tracts, since those areas represent a significantly larger market than low-income areas.

The geographic distribution of Home Purchase loan originations is excellent in the Chicago area. The percentage of NCB-MI's Home Purchase loans made during the evaluation period in low-income geographies (.51%) and moderate-income geographies (6.67%) exceeds the percentage of owner-occupied housing units in those geographies (.2% and 3.78%, respectively). NCB-MI's market share in low-income (14.10%) and moderate-income geographies (10.10%) exceeds its overall Home Purchase market share of 4.63%.

The geographic distribution of Home Refinance loan originations is excellent in the Chicago MSA. The percentage of NCB-MI's Home Refinance loans made during the evaluation period in low-income geographies (.17%) is near the percentage of owner-occupied housing units in those geographies. The percentage of loans made in moderate-income geographies (4.44%) exceeds the percentage of owner-occupied housing units in those geographies. NCB-MI's market share in low-income (3.55%) and moderate-income geographies (4.04%) exceeds its overall Home Refinance market share of 2.28%.

The geographic distribution of Home Improvement loan originations is excellent in the Chicago MSA. The percentage of NCB-MI's Home Improvement loans made during the evaluation period in low- (.68%) and moderate-income geographies (5.9%) exceeds the percentage of owner-occupied housing units in those

geographies. NCB-MI's market share in low-income geographies (5.41%) exceeds the overall Home Improvement market share of 1.97%. The bank's market share in moderate-income geographies (1.66%) is near its overall Home Improvement market share.

### ***Small Loans to Businesses***

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

The geographic distribution of small loans to businesses is excellent in the Chicago MSA. The bank's percentage of small loans to businesses in low and moderate-income geographies exceeds the percentage of businesses located in those geographies.

### ***Small Loans to Farms***

Table 6 in Appendix C details the facts and data relative to the geographic distribution of the bank's origination/purchase of small loans to farms. The volume of loans is very small, and as result, a meaningful analysis could not be performed.

### ***Lending Gap Analysis***

Reports detailing NCB-MI's home mortgage lending were reviewed to identify gaps in geographic distribution. During the review period, NCB-MI had excellent penetration throughout the Chicago MSA. Loans were originated in all but four of the AA's 485 populated census tracts, one of which was a moderate-income census tract. This computes to a penetration rate of 99.2%.

With only nine months of small loans to businesses and farm data available, our review of lending patterns for these activities was limited. No conspicuous gaps in lending patterns were detected in any product lines.

### ***Inside/Outside Ratio***

The inside/outside ratio was calculated at the bank level as opposed to the AA level, and does not include any affiliate lending. This ratio was considered excellent. See comments under the State of Michigan "*Inside/Outside Ratio*" section of this Evaluation for details.

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

The overall distribution of loans based on the income levels of borrowers is excellent. The distribution of home mortgage loans is excellent and the distribution of small loans to businesses is good.

### ***Home Mortgage Loans***

Refer to Tables 7, 8, and 9 in Appendix C for standardized data regarding the borrower distribution of the bank's home mortgage loan originations and purchases. As previously explained in the Scope of Evaluation section, we used adjusted loan data to conduct our borrower distribution analysis. This data primarily focuses only on loan originations. The following narrative contains the specific facts and data we used to evaluate the borrower distribution of the bank's home mortgage loan originations.

Note that the expectation for the percentage of lending to low-income borrowers is not as high as for moderate-income borrowers because of the more limited ability of low-income borrowers to afford home ownership.

Home Purchase loan borrower distribution is excellent. The percentage of loans made to low- (11.41%) and moderate-income borrowers (33.70%) exceeds the percentage of families that are low- (10.54%) or moderate-income (14.75%). In addition, NCB-MI's market share of loans to low (8.65%) and moderate-income borrowers (7.15%) exceeds its overall Home Purchase market share of 4.63%. The bank is clearly a leader in this regard, as it is ranked first in Home Purchase lending to both low- and moderate-income borrowers.

The distribution of Home Refinance loan originations is good in the Chicago area. Performance is adequate with regard to low-income borrowers, and excellent with regard to moderate-income borrowers. The distribution of bank loans to low-income borrowers is lower than low-income family demographics. However, we factored in the effect of the bank's strong low-income borrower market share. In addition, we considered the fact that NCB-MI's lending to LMI borrowers was better than that of aggregate lenders in the area. We also considered the bank's strong overall performance in moderate-income census tracts. The following information further details our findings and conclusions relative to Home Refinance borrower distribution.

The percentage of Home Refinance loans originated to low-income borrowers (4.46%) is less than the percentage of families that are low-income. However, when housing affordability is factored in the bank's performance is considered adequate. NCB-MI's market share of loans to low-income borrowers (2.69%) exceeds its overall Home Refinance market share of 2.28%. The percentage of

Home Refinance loans originated to moderate-income borrowers (18.31%) exceeds the percentage of families that are moderate-income. NCB-MI's moderate-income borrower market share (2.75%) exceeds its overall Home Refinance market share. In addition, during 1999, while the aggregate market extended 5.80% of its Home Refinance loans to low-income borrowers and 18.55% of its loans to moderate-income borrowers, NCB-MI made 6.84% and 22.36% of its loans to these borrowers, respectively.

Home Improvement loan borrower distribution is excellent. The percentage of Home Improvement loans originated to low-income borrowers (7.5%) is somewhat less than the percentage of families that are low-income. However, when housing affordability is factored in, the bank's performance is excellent. NCB-MI's market share of loans to low-income borrowers (2.13%) exceeds its overall Home Improvement market share of 1.97%. The percentage of Home Improvement loans originated to moderate-income borrowers (20%) exceeds the percentage of families that are moderate-income. NCB-MI's moderate-income borrower market share (2.56%) exceeds its overall Home Improvement market share.

### ***Small Loans to Businesses***

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

The borrower distribution of small loans to businesses is good in the Chicago MSA. The percentage of small loans to businesses with revenues of \$1 million or less substantially meets the percentage of businesses in the area with revenues in that category. In addition, 77% of small loans to businesses were for amounts of \$100,000 or less, reflecting the bank's willingness to extend credit in smaller amounts.

### ***Small Loans to Farms***

Table 11 in the Appendix C details the facts and data relative to the borrower distribution of the bank's origination/purchase of small loans to farms. As the volume of loans is small, a meaningful analysis could not be conducted.

## **Community Development Lending**

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

NCB-MI community development lending volume was limited and was not considered either positively or negatively in the Lending Test conclusions for the

Chicago MSA. However, several of the bank's loans with community development characteristics have already been considered in the evaluation of home mortgage or small loans to businesses.

### **Product Innovation and Flexibility**

Product flexibility had a positive impact on the Lending Test conclusions for the Chicago MSA.

NCB-MI provides a large array of lending products; many of them are flexible in their structure. These products are designed to address affordable housing needs of low- and moderate- income persons or geographies. Affordable housing was identified as a primary credit need by community contacts.

Some examples of flexible products offered by NCB-MI in the Chicago MSA are highlighted below. Volume numbers for specific products were not available for all flexible-lending products. However, the bank's flexible lending products are actively used as evidenced by the fact that the bank originated 1,464 loans under flexible lending programs during 1999.

**DownPayment Assistance** - NCB-MI offers two programs (Nehemiah and AmeriDream) that assist low- and moderate-income homebuyers with down payment and closing costs.

**Fixer Upper Home Improvement Loan** - This product targets low- and moderate-income homeowners, and offers home improvement loans for as little as \$500. The program offers flexible rates and fees.

**Home at Last** - This flexible mortgage product is available to borrowers purchasing homes in low- or moderate-income areas. It features a low downpayment requirement, no mortgage insurance, and flexible terms.

**NCHAMP Loans** - This flexible mortgage product is offered to homebuyers who are purchasing properties located in National City Community Development Corporation (NCCDC) sponsored developments. The loans feature a low downpayment requirement and reduced interest rates. NCHAMP loans primarily target low- and moderate-income geographies.

**Residential Mortgage Programs** - NCB-MI offers a number of specialized products with flexible underwriting features. These products are designed to facilitate home ownership for low- or moderate- persons or within low- or moderate-income communities. These programs are offered in association with a variety of governmental entities including Fannie Mae, United States Department of Agriculture, and The Federal Housing Administration. The products offer a low

downpayment requirement and flexible terms.

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

Based on limited-scope reviews, the bank's performance in the Springfield and Bloomington MSAs is not inconsistent with the bank's overall Outstanding performance under the Lending Test in Illinois. In all other limited scope areas, the bank's performance is weaker. Refer to Tables 1 through 11 in the state of Illinois section of Appendix D for the facts and data that support these conclusions.

The weaker performance is primarily the result of weaker distribution of home refinance loans within LMI areas, and weaker distribution of home purchase loans to LMI borrowers. This was considered in the overall rating, but was not sufficient to warrant a lower overall rating.



## INVESTMENT TEST

### Conclusions for Areas Receiving Full-Scope Reviews

The bank's performance under the Investment Test in Illinois is rated High Satisfactory. Based on full-scope reviews, the bank's performance is good in the Chicago MSA. Refer to Table 12 in the state of Illinois section of Appendix D for the facts and data used to evaluate the bank's level of qualified investments.

It is important to note that banks may receive consideration for prior period investments made by a new affiliate if those investments are still outstanding. NCB-MI received credit for outstanding prior period investments made by FOA prior to the 1998 merger. Prior period investments were given significant weight in the volume conclusion because of the strong impact they continue to exert on the local community. The prior period investment funds remain under the control of community groups who use them to re-fund loan pools, or as leverage in attracting additional private and public investors.

The assessment of NCB-MI's investment performance is based on the investments' volume, responsiveness to community needs, and complexity and innovation. In addition, we considered the bank's limited tenure in the Illinois area as part of our review, since NCB-MI's equity partnerships are considered complex and routinely incur long lead times before being brought to fruition.

The volume of investments is good in the Chicago MSA given the moderate level of community development (CD) opportunities, and intense competition. (Refer to the Market Profile in Appendix C).

The impact of qualified investments on the local community is very high in Chicago where 99% of investments address affordable housing and revitalization needs identified by community groups. The remaining investments address social service needs of low- or moderate-income families.

NCB-MI routinely develops investment opportunities within the Chicago MSA. This is accomplished through the formation of long term equity partnerships with community groups and local developers. Several investments in the Chicago MSA are considered complex.

The following examples highlight the bank's performance in the Chicago MSA. The investments detail projects in which NCCDC, a nonbank affiliate created an equity partnership with a local non-profit group, municipality, or developer.

**Oak Creek/Oak Lane** - A \$1.7 million affordable housing investment. Funds were used to construct 300 units of multi-family housing located in a moderate-income area. The project targets low- and moderate-income families. Oak Creek is considered innovative because it represents the first time in decades that significant revitalization has occurred in the area. The community has suffered ongoing disinvestment because of extremely high crime, including the closing of post office box services at the local post office. The project is considered complex because of the numerous local and federal agencies that participate in the project, and the higher than normal risk that existed because the developer was unable to put any equity into the project.

**Illinois Equity Fund** - NCCDC invested \$1 million in this equity fund that targets low- and moderate-income tracts outside the City of Chicago for revitalization. Funds were used to construct single family homes for low- and moderate-income families. The Fund is considered innovative because it is one of the few projects in the Chicago metroplex that addresses the needs of distressed areas outside of the City of Chicago.

**Grants/Donations** - NCB- MI made 10 grants totaling \$210 thousand to a number of community groups whose primary focus is affordable housing. These groups serve the needs of low- and moderate-income families.

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

Based on limited-scope reviews, the bank's performance under the Investment Test in the Springfield MSA is stronger than the bank's overall performance under the Investment Test in Illinois. The bank's performance in all other limited-scope areas is weaker than the bank's overall High Satisfactory performance under the Investment Test in Illinois. Refer to Table 12 in the state of Illinois section of Appendix D for the facts and data that support these conclusions.

The stronger performance in Springfield is primarily the result of the bank's excellent volume of investments relative to the bank's capacity. The weaker performance in the remaining areas was the result of the bank's lower volume of investments. This was considered in the overall conclusions, but did not negatively impact the rating.

## **SERVICE TEST**

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

The bank's performance under the Service Test in the State of Illinois is rated High Satisfactory. Based on a full-scope review, the bank's performance in the Chicago MSA was good.

#### **Retail Banking Services**

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

The distribution of NCB-MI's branch offices is considered good. The bank's delivery systems are accessible to geographies and individuals of different income levels. In the Chicago MSA, the distribution of NCB-MI's offices throughout low-income geographies exceeds the distribution of the population living in these areas. The percentage of offices in moderate-income geographies is less than the population demographics in these areas. However, there are numerous branches in close proximity to these moderate-income areas. When the affect of these branches is considered, the bank's percentage of branches in moderate-income areas is near the population demographics.

Branch openings and closings did not adversely affect the accessibility of delivery systems in the full scope AAs during this examination period. Nine branches were closed in the Chicago area. None of the closings occurred in low- or moderate-income areas.

NCB-MI's hours and services offered throughout the Chicago area are good. Standard banking hours and services provided Monday through Friday are relatively comparable at all 32 locations regardless of the income level of the geography. Tailored business hours including extended evening and weekend hours are routinely structured to meet the needs of the local community, including branches in low- and moderate-income areas. Tailored hours are offered at nearly all of the Chicago branch offices.

NCB-MI offers a Basic Checking account that is designed to meet the needs of low- and moderate-income customers for a \$3 monthly service charge with no minimum balance requirements. The bank also offers a Self-Serve Checking product that does not assess fees for ATM or electronic transactions.

NCB-MI's ATM network offers an effective alternative delivery system for providing

retail banking services in low- and moderate-income geographies in the Chicago MSA. The percentage of ATMs in low- (2.94%) and moderate-income areas (8.82%) exceeds the population demographics in low- (.85%) and moderate-income (6.94%) geographies.

NCB-MI also operates several Call Centers that serve as alternative delivery systems for loan products. Customers can access the centers and complete loan applications by phone. The Centers offer extended evening and weekend hours. Internal bank data, which is tracked at the state level, shows that this has been an effective delivery system for providing retail services to low-and moderate-income customers. Of the total loans processed for NCB-MI, nearly 39% represent loan originations to low- or moderate-income customers. In addition, approximately 11% were extended within low- or moderate-income census tracts.

The bank also offers a 24-hour telephone banking service, which allows customers to obtain deposit and loan account information, make payments on NCB-MI loans, transfer funds, and pay other household bills. The bank could not provide specific information on the impact of telephone banking on low- and moderate-income individuals or geographies. As a result, this delivery system was not given significant weight during the review process.

### **Community Development Services**

NCB-MI provides a good level of community development (CD) services. The bank's performance in the Chicago MSA is good. Services are considered highly responsive to the needs of the local communities. In addition, the impact on the community has been high.

In the Chicago area, services target the primary needs of the local community. Specifically, they target affordable housing and small business development. The impact on the communities is high given that most of NCB-MI's services have helped to strengthen the ability of community groups, small businesses, and low- and moderate-income families to obtain loans, or to become investment project partners.

Numerous bank employees provide leadership for a wide array of local community groups that serve the needs of low- and moderate-income communities and families. These employees serve as committee members or on Boards of Directors for affordable housing agencies, economic development organizations, and social service groups. In the Chicago MSA some of these groups include: Neighborhood Housing Services, Affordable Housing Commission in Lake County, Illinois State Micro Loan Initiative, and Habitat for Humanity.

The following discussion highlights NCB-MI's CD service activities in the Chicago MSA during the evaluation period:

**The Spanish Center (TSC)** - NCB-MI has provided technical financial expertise to TSC, an organization dedicated to the rehabilitation and construction of affordable housing. NCB-MI's expertise was instrumental in assisting the group in obtaining Community Housing Development Organization (CHDO) status from the City of Joliet. As a result, TSC has been granted a number of vacant lots upon, which they plan to build affordable housing. In addition, NCB-MI has also participated in Spanish language mortgage seminars.

**City of Aurora** - NCB-MI formed a unique partnership with the City of Aurora to provide processing for their Small Business Loan program funded by a HUD 108 loan. The bank will underwrite and process the loans and provide payment services for the city.

**Waukegan Bank Consortium** - NCB-MI provides leadership in Lake County as the lead bank of a fourteen-bank consortium that is designed to address the affordable housing needs of the local community. This Consortium survived the dissolution of the former Neighborhood Housing Services unit. As lead bank, NCB-MI provides financial and accounting services for the consortium's two loan pools.

**The Housing Continuum Inc.** - NCB-MI is a supporting member of this not-for-profit group in Geneva that provides home ownership counseling and affordable housing programs for low- and moderate-income persons. Besides providing financial support, the bank provides technical assistance as members of the Credit Committee.

**Homeownership Counseling** - NCB-MI provides technical assistance to DuPage Homeownership Center in Wheaton and Joliet's Neighborhood Development program in Will County. The assistance consists of helping referred families find suitable mortgage financing. The bank also participates in a number of local homebuyer's fairs, which target low- and moderate-income homebuyers.

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

Based on limited-scope reviews, the bank's performance under the Service Test in the Bloomington, Champaign, Rock Island, Decatur, and Rockford MSAs is stronger than the bank's overall High Satisfactory performance under the Service Test. Performance in the Springfield, Kankakee, and Peoria MSAs, and non-metropolitan areas is not inconsistent with the bank's overall performance. Performance in the non-metropolitan areas is weaker than the bank's overall performance. Refer to

Table 13 in the Illinois section of Appendix D for the facts and data that support these conclusions.

The stronger performance in is the result of branch distribution being near to or exceeding population demographics. The weaker performance is the result of branch distribution being somewhat less than or less than population demographics. These ratings were considered in the overall conclusions, but they did not significantly impact the overall rating.

## Appendix A: Scope of Examination

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

<b>Time Period Reviewed</b>	Lending Test: HMDA                    January 1, 1998 through December 31, 1999 Small Business        January 1, 1999 through September 30, 1999 Investment Test:      January 1, 1998 through February 22, 2000 Service Test:            January 1, 1998 through September 30, 1999	
<b>Financial Institution</b>	<b>Products Reviewed</b>	
National City Bank of Michigan/Illinois (NCB-MI) Bannockburn, Illinois	Home-purchase and refinanced loans, home-improvement loans, small-business/farms loans, Community-development loans, community-development investments, community-development services.	
<b>Affiliate(s)</b>	<b>Affiliate Relationship</b>	<b>Products Reviewed</b>
National City Bank of Pennsylvania	Holding corporation subsidiary	Home-purchase and refinanced loans and home-improvement loans.
Altegra Credit Company	National City Bank of Pennsylvania subsidiary	Home-purchase and refinanced loans, and home-improvement loans.
National City Bank	Holding corporation subsidiary	Home-purchase and refinanced loans and home-improvement loans.
National City Bank of Indiana	Holding corporation subsidiary	Home-purchase and refinanced loans and home-improvement loans.
National City Mortgage Corporation	National City Bank of Indiana subsidiary	Home-purchase and refinanced loans and home-improvement loans.
Muirfield Mortgage	National City Mortgage Corporation subsidiary	Home-purchase and refinanced loans and home-improvement loans.
National City Bank of Kentucky	Holding corporation subsidiary	Home-purchase and refinanced loans and home-improvement loans.
National City Mortgage Service	National City Bank of Michigan/Illinois subsidiary	Home-purchase and refinanced loans and home-improvement loans.
NCCDC	Holding corporation subsidiary	Community-development loans, community-development investments, community-development services.

List of Assessment Areas and Type of Examination		
Assessment Area	Type of Exam	Other Information
<b>MICHIGAN</b>		
Detroit #2160	Full-Scope	MSA
Grand Rapids #3000	Limited-Scope	MSA
Kalamazoo #3720	Limited-Scope	MSA
Saginaw #6960	Limited-Scope	MSA
Lansing #4040	Limited Scope	MSA
Flint #2640	Limited-Scope	MSA
Ann Arbor #0440	Limited-Scope	MSA
Non Metropolitan Areas	Limited-Scope	Non-MSA

<b>ILLINOIS</b>		
Chicago #1600	Full-Scope	MSA
Peoria #6120	Limited-Scope	MSA
Springfield #7880	Limited-Scope	MSA
Champaign #1400	Limited-Scope	MSA
Kankakee #3740	Limited-Scope	MSA
Decatur #2040	Limited-Scope	MSA
Bloomington #1040	Limited-Scope	MSA
Rockford #6880	Limited - Scope	MSA
Rock Island #1960	Limited Scope	MSA
Non Metropolitan Areas	Limited- Scope	Non-MSA



## Appendix B: Summary of State Ratings

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RATINGS		NATIONAL CITY BANK OF MICHIGAN/ILLINOIS (NCB-MI)		
Overall Bank:	Lending Test Rating*	Investment Test Rating	Service Test Rating	Overall Bank/State Rating
NCB-MI	Outstanding	High Satisfactory	High Satisfactory	Outstanding
State:				
Michigan	Outstanding	High Satisfactory	High Satisfactory	Outstanding
Illinois	Outstanding	High Satisfactory	High Satisfactory	Outstanding

(\*) The Lending Test is weighted more heavily than the Investment and Service Tests in the overall rating.

# Appendix C: Market Profiles for Full-Scope Areas

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### Market Profiles for Areas Receiving Full-Scope Reviews

State of Michigan .....	C-2
Detroit MSA.....	C-2
State of Illinois .....	C-4
Chicago MSA .....	C-4

## Detroit MSA

Demographic Information for Full-Scope Area: Detroit MSA #2160						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA % of #
Geographies (Census Tracts/BNAs)	1,140	17.37	15.53	41.40	24.56	1.14
Population by Geography	4,121,047	13.99	15.29	43.59	27.05	0.08
Owner-Occupied Housing by Geography	1,057,657	8.01	12.91	48.07	31.01	0.00
Businesses by Geography	143,311	7.44	12.17	44.96	35.25	0.18
Farms by Geography	3,284	1.64	8.13	61.11	29.08	0.04
Family Distribution by Income Level	1,089,258	21.87	16.61	22.15	39.37	0.00
Distribution of Low- and Moderate-Income Families throughout AA Geographies	419,182	24.66	22.29	41.00	12.05	0.00
Median Family Income	= \$40,727	Median Housing Value		= \$66,680		
HUD Adjusted Median Family Income for 1998	= \$60,500	Unemployment Rate June 30, 1999		= 5.70%		
Households Below the Poverty Level	= 12.84%					

(\*) The NA category consists of geographies that have not been assigned an income classification.

Source: 1990 U.S. Census and 1998 HUD updated MFI.

The Detroit MSA is the largest in the state of Michigan. It includes six counties: Lapeer, Macomb, Monroe, Oakland, Wayne and St. Clair. The bank's assessment area excludes St. Clair County where the bank has no offices. As of June 30, 1999, 51.2% of the bank's Michigan deposits were derived from this MSA where NCB-MI has 117 branches and 123 ATMs. The bank entered this market through a merger that occurred in 1998; no changes were made to this assessment area during the evaluation period.

NCB-MI's deposits in this MSA are \$4.2 billion or 7.12% of the market according to the June 30, 1999 FDIC Market Share Reports. The bank is the fifth largest deposit taking institution in the area. Comerica Bank, Bank One, Michigan, Standard Federal, and Michigan National Bank provide direct competition with deposit market shares of 23.47%, 22.99%, 13.19%, and 9.26% respectively.

The Detroit area is primarily urban. The economy is healthy, however pockets of stubborn unemployment persistent, most notably within inner city areas. Many of these areas are in need of redevelopment because of years of disinvestment. Redevelopment efforts have centered in downtown metropolitan areas, especially within the City of Detroit. Other areas of the city have been less developed. Core services such as banking centers, grocery stores, and small retail outlets are needed in many low- and moderate-income neighborhoods. Community contacts

stated that these areas have a proliferation of aggressive subprime lenders.

Land costs in suburban areas are escalating, and as a result, builders and suburbanites are favorably considering inner city housing projects. This has made redevelopment efforts, particularly those that involve economic integration more feasible. Conversely, widespread land title issues within low- and moderate-income tracts have hampered redevelopment efforts.

The stability of several low-income neighborhoods has been threatened by the bankruptcy of a large mortgage lender. This has left thousands of homeowners in limbo, and has thwarted home improvement lending efforts in low-income census tracts.

As noted earlier in this Evaluation, community credit needs within the Detroit MSA were identified by contacting several community organizations and by reviewing other OCC community contacts made within the past 24 months. Community redevelopment and stabilization was identified as a significant need in the community. In addition, affordable housing (including infill housing) and rehabilitation is needed. Consumer education, particularly, the type that explains the possible consequences of aggressive subprime lending is also needed.

A moderate number of opportunities exist for creating partnerships with nonprofits, municipalities, and private investors. Numerous groups operate in the area, however many have limited capacity. These groups have ongoing needs for monetary and technical assistance from local financial institutions. Competition for community development loans, investments, and services, especially within Wayne County, is very high. Most of the competition consists of the three large regional banks detailed earlier.

## Chicago MSA

Demographic Information for Full-Scope Area: Chicago MSA #1600						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA % of #
Geographies (Census Tracts/BNAs)	505	1.58	7.72	44.75	44.95	1.00
Population by Geography	2,593,929	0.85	6.94	43.74	48.22	0.25
Owner-Occupied Housing by Geography	677,238	0.20	3.78	43.05	52.97	0.00
Businesses by Geography	111,660	0.79	3.92	42.53	52.75	0.01
Farms by Geography	3,472	0.20	2.16	54.95	42.69	0.00
Family Distribution by Income Level	688,844	10.54	14.75	24.94	49.77	0.00
Distribution of Low- and Moderate-Income Families throughout AA Geographies	174,209	1.73	12.42	56.03	29.82	0.00
Median Family Income	= \$42,758	Median Housing Value		= \$108,960		
HUD Adjusted Median Family Income for 1998	= \$63,800	Unemployment Rate June 30, 1999		= 4.55%		
Households Below the Poverty Level	= 10.45%					

(\*) The NA category consists of geographies that have not been assigned an income classification.

Source: 1990 U.S. Census and 1998 HUD updated MFI.

NCB-MI's assessment area encompasses five counties within the Chicago MSA: DeKalb, DuPage, Lake, Kane, and Will counties. In addition, the bank's area includes 127 of the 1,352 census tracts located in Cook County. These tracts are primarily located in suburban communities outside of the City of Chicago where NCB-MI has branch offices. The bank operates two deposit taking ATM's in downtown Chicago, these tracts are also included as part of NCB-MI's assessment area.

As of June 30, 1999, 59.12% of the bank's Illinois deposits were derived from this MSA where NCB-MI has 32 branches and 34 ATMs. NCB-MI entered this market through a merger that occurred in 1998; no changes were made to this assessment area during the evaluation period.

NCB-MI's deposits in this MSA are \$2.9 billion or 1.84% of the market according to the June 30, 1999 FDIC Market Share Reports. The bank is the second largest deposit taking institution in Lake County, but has no significant presence in any other county in the MSA. A number of large regional and community banks dominate the MSA.

The area is primarily urban, with the City of Chicago representing the largest metropolitan community. The area has generally profited from an economic boom.

However, a few neighborhoods still suffer from high unemployment. Several suburban areas outside of the City of Chicago are experiencing economic decline formerly characteristic of inner city communities. Revitalization efforts in these neighborhoods are generally coordinated by local municipal agencies since few nonprofit organizations target these areas.

In other counties within the MSA, there has been significant growth in the senior citizen population. This has increased demand for affordable housing. The MSA's median housing value of \$108,960 is higher than the state's median housing value of \$80,114. DuPage County had the highest median value of \$136,700. This has negatively impacted the ability of low- and moderate-income families to purchase homes.

As noted earlier in this Evaluation, community credit needs within the Chicago MSA were identified by contacting several community organizations and by reviewing other OCC community contacts made within the past 24 months. Affordable housing for low- and moderate-income homebuyers is needed in the community. In addition, contacts noted that loans to small businesses, technical assistance, and financial counseling are needed.

A moderate number of opportunities exist for creating partnerships with local nonprofits, municipalities, and private investors. Within Cook County, there are numerous sophisticated community groups, however most of their efforts target the City of Chicago. Few projects target areas outside of Chicago. In other counties, few community groups exist, and many that do exist have limited capacity. Competition for community development loans, investments, and services is high. Most of the competition consists of the numerous banks that dominate the MSA.

## Appendix D: Tables of Performance Data

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### Content of Standardized Tables

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

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

- Table 1. Lending Volume** - Presents the number and dollar amount of reportable loans originated and purchased by the bank over the evaluation period by MSA/assessment area.
- Table 2. Geographic Distribution of Home Purchase Loans** - Compares the percentage distribution of the number of loans originated and purchased by the bank in low-, moderate-, middle- and upper-income geographies to the percentage distribution of owner-occupied housing units throughout those geographies. The table also presents market rank and market share information based on the most recent aggregate market data available.
- Table 3. Geographic Distribution of Home Improvement Loans** - See Table 2.
- Table 4. Geographic Distribution of Refinance Loans** - See Table 2.
- Table 5. Geographic Distribution of Small Loans to Businesses** - The percentage distribution of the number of small loans (less than or equal to \$1 million) to businesses originated and purchased by the bank in low-, moderate-, middle- and upper-income geographies compared to the percentage distribution of businesses (regardless of revenue size) throughout those geographies. The table also presents market rank and market share information based on the most recent aggregate market data available.
- Table 6. Geographic Distribution of Small Loans to Farms** - The percentage distribution of the number of small loans (less than or equal to

\$500,000) to farms originated and purchased by the bank in low-, moderate-, middle- and upper-income geographies compared to the percentage distribution of farms (regardless of revenue size) throughout those geographies. The table also presents market rank and market share information based on the most recent aggregate market data available.

**Table 7. Borrower Distribution of Home Purchase Loans** - Compares the percentage distribution of the number of loans originated and purchased by the bank to low-, moderate-, middle- and upper-income borrowers to the percentage distribution of families by income level in each MSA/assessment area. The table also presents market rank and market share information based on the most recent aggregate market data available.

**Table 8. Borrower Distribution of Home Improvement Loans** - See Table 7.

**Table 9. Borrower Distribution of Refinance Loans** - See Table 7.

**Table 10. Borrower Distribution of Small Loans to Businesses** - Compares the percentage distribution of the number of small loans (less than or equal to \$1 million) originated and purchased by the bank to businesses with revenues of \$1 million or less to the percentage distribution of businesses with revenues of \$1 million or less. The table also compares the banks percentage distribution with the percentage of loans originated and purchased by all other small business reporters in the bank's AA to businesses with revenues of \$1 million or less and is based on the most recent aggregate market data available. In addition, the table presents the percentage distribution of the number of loans originated and purchased by the bank by loan size, regardless of the revenue size of the business. Market share information is presented based on the most recent aggregate market data available.

**Table 11. Borrower Distribution of Small Loans to Farms** - Compares the percentage distribution of the number of small loans (less than or equal to \$500 thousand) originated and purchased by the bank to farms with revenues of \$1 million or less to the percentage distribution of farms with revenues of \$1 million or less. The table also compares the banks percentage distribution with the percentage of loans originated and purchased by all other small farm reporters in the bank's AA to farms with revenues of \$1 million or less and is based on the most recent aggregate market data available. In addition, the table presents the percentage distribution of the number of loans originated and purchased



by the bank by loan size, regardless of the revenue size of the farm. Market share information is presented based on the most recent aggregate market data available.

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

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

Table 1. Lending Volume

LENDING VOLUME		State: Michigan										
MSA/Assessment Area:	% of Rated Area Deposits in MSA/AA*	Home Mortgage**		Small Loans to Businesses***		Small Loans to Farms***		Community Development****		Total Reported Loans		% of Rated Area Loans(#) In MSA/AA
		#	(\$000's)	#	(\$000's)	#	(\$000's)	#	(\$000's)	#	(\$000's)	
<b>Full Scope:</b>												
Detroit (2160)	51	16,215	1,367,253	1,817	150,484	4	653	20	48,270	18,056	1,566,660	43
<b>Limited Scope:</b>												
Ann Arbor (0440)	8	2,607	293,593	366	24,999	1	5	3	748	2,977	160,206	7
Grand Rapids (3000)	8	6,576	643,400	789	70,223	5	838	11	4,327	7,381	304,241	18
Kalamazoo (3720)	8	2,802	262,376	341	28,449	15	985	7	11,876	3,165	152,810	7
Saginaw (6960)	6	2,089	156,409	303	28,740	12	1,038	5	3,187	2,409	106,545	6
Lansing (4040)	5	1,792	150,396	648	60,946	3	405	4	12,070	2,447	136,480	6
Flint (2640)	1	380	26,659	38	1,557	8	10	1	743	427	14,534	1
Non Metropolitan Areas	13	4,031	284,656	865	78,483	14	1,547	8	5,189	4,818	369,875	12

(\*) Deposit data as of June 30, 1999.

(\*\*) The evaluation period for Home Mortgage Loans is January 1, 1998 to December 31, 1999.

(\*\*\*) The evaluation period for Small Loans to Businesses and Small Loans to Farms is January 1, 1999 to September 30, 1999.

(\*\*\*\*) The evaluation period for Community Development Loans is January 1, 1998 to September 30, 1999.

**Table 2. Geographic Distribution of Home Purchase Loans**

Geographic Distribution: HOME PURCHASE 12/31/1999		State: Michigan							Evaluation Period: 01/01/1998 to							
MSA/Assessment Area:	Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Overall Market Rank*	Market Share by Geography*					Total Home Purchase Loans	
	% Owner Occ Units	% BANK Loans	% Owner Occ Units	% BANK Loans	% Owner Occ Units	% BANK Loans	% Owner Occ Units	% BANK Loans		Overall	Low	Mod	Mid	Upp	#	% of Total **
<b>Full Scope:</b>																
Detroit (2160)	8.01	3.52	12.91	9.31	48.07	54.25	31.01	32.91	9	2.34	3.66	2.13	2.49	2.10	4,372	42
<b>Limited Scope:</b>																
Ann Arbor (0440)	1	1	11	9	57	54	31	36	10	3	3	2	3	3	660	6
Grand Rapids (3000)	2	1	12	9	65	66	21	24	7	4	2	4	4	4	2,237	22
Kalamazoo (3720)	4	5	18	12	45	38	33	45	5	5	10	4	5	5	891	9
Saginaw (6960)	4	2	16	11	61	62	19	25	3	5	4	4	5	5	598	6
Lansing (4040)	3	1	9	5	64	58	24	36	8	3	2	2	3	3	479	5
Flint (2640)	6	0	33	22	55	54	6	24	5	5	0	3	4	15	109	1
Non Metropolitan Areas	0	0	7	19	61	61	33	20	6	5	0	9	5	3	958	9

(\*) Based on 1999 Aggregate HMDA Data Only. Market rank is for all income categories combined.

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

**Table 3. Geographic Distribution of Home Improvement Loans**

Geographic Distribution: HOME IMPROVEMENT 12/31/1999			State: Michigan						Evaluation Period: 01/01/1998 to							
MSA/Assessment Area:	Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Overall Market Rank*	Market Share by Geography*					Total Home Improvement Loans	
	% Owner Occ Units	% BANK Loans	% Owner Occ Units	% BANK Loans	% Owner Occ Units	% BANK Loans	% Owner Occ Units	% BANK Loans		Overall	Low	Mod	Mid	Upp	#	% of Total **
<b>Full Scope:</b>																
Detroit (2160)	8.01	5.70	12.91	14.98	48.07	57.98	31.01	21.28	2	8.31	7.08	7.84	9.31	6.97	3,839	52
<b>Limited Scope:</b>																
Ann Arbor (0440)	1	0	11	8	57	56	31	36	1	11	0	8	10	16	460	6
Grand Rapids (3000)	2	3	12	18	65	64	21	15	4	5	6	8	5	4	573	9
Kalamazoo (3720)	4	3	18	17	45	44	33	36	2	9	4	8	9	11	400	6
Saginaw (6960)	4	3	16	15	61	66	19	16	3	8	6	7	8	9	333	5
Lansing (4040)	3	2	9	7	64	71	24	20	5	8	4	8	9	8	335	6
Flint (2640)	6	2	33	17	55	66	15	15	6	5	0	2	7	10	53	1
Non Metropolitan Areas	0	0	7	23	61	60	33	17	2	17	0	28	19	10	999	15

(\*) Based on 1999 Aggregate HMDA Data Only. Market rank is for all income categories combined.

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

**Table 4. Geographic Distribution of Home Mortgage Refinance Loans**

Geographic Distribution: HOME MORTGAGE REFINANCE										State: Michigan			Evaluation Period: 01/01/1998 to 12/31/1999				
MSA/Assessment Area:	Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Overall Market Rank*	Market Share by Geography*					Total Home Mortgage Refinance Loans		
	% Owner Occ Units	% BANK Loans	% Owner Occ Units	% BANK Loans	% Owner Occ Units	% BANK Loans	% Owner Occ Units	% BANK Loans		Overall	Low	Mod	Mid	Upp	#	% of Total **	
<b>Full Scope:</b>																	
Detroit (2160)	8.01	3.17	12.91	9.08	48.07	52.93	31.01	34.80	8	2.44	1.92	2.11	2.84	2.14	8,003	45	
<b>Limited Scope:</b>																	
Ann Arbor (0440)	1	1	11	7	57	56	31	36	5	4	5	3	4	4	1,486	7	
Grand Rapids (3000)	2	1	12	6	65	65	21	28	4	4	3	3	4	4	3,764	14	
Kalamazoo (3720)	4	2	18	9	45	40	33	49	4	5	4	3	5	7	1,508	7	
Saginaw (6960)	4	1	16	11	61	62	19	26	4	5	1	4	5	6	1,155	7	
Lansing (4040)	3	2	9	5	64	56	24	37	4	3	3	2	3	4	978	5	
Flint (2640)	6	0	33	15	55	67	6	18	4	4	0	2	5	10	218	1	
Non Metropolitan Areas	0	0	7	15	61	60	33	25	3	7	0	8	7	5	2,073	13	

(\*) Based on 1999 Aggregate HMDA Data Only. Market rank is for all income categories combined.

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

**Table 5. Geographic Distribution of Small Loans to Businesses**

Geographic Distribution: SMALL LOANS TO BUSINESSES										State: Michigan					Evaluation Period: 01/01/1999 to 9/30/1999		
MSA/Assessment Area:	Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Overall Market Rank*	Market Share by Geography*					Total Small Business Loans		
	% Businesses	% BANK Loans	% Businesses	% BANK Loans	% Businesses	% BANK Loans	% Businesses	% BANK Loans		Overall	Low	Mod	Mid	Upp	#	% of Total **	
<b>Full Scope:</b>																	
Detroit (2160)	7.44	3.91	12.17	12.82	44.96	52.72	35.26	30.53	NA	NA	NA	NA	NA	NA	1,817	35	
<b>Limited Scope:</b>																	
Ann Arbor (0440)	9	9	14	8	48	55	29	28	NA	NA	NA	NA	NA	NA	366	7	
Grand Rapids (3000)	7	13	13	14	60	58	19	15	NA	NA	NA	NA	NA	NA	789	15	
Kalamazoo (3720)	9	11	17	15	42	42	30	27	NA	NA	NA	NA	NA	NA	341	7	
Saginaw (6960)	8	17	16	11	56	50	20	22	NA	NA	NA	NA	NA	NA	303	6	
Lansing (4040)	8	18	12	19	51	40	28	23	NA	NA	NA	NA	NA	NA	648	13	
Flint (2640)	5	0	35	11	56	81	5	8	NA	NA	NA	NA	NA	NA	38	0	
Non Metropolitan Areas	0	0	7	9	66	74	27	17	NA	NA	NA	NA	NA	NA	865	17	

(\*) The bank's small business data was unreliable for 1998; as a result market share was not used. Accurate 1999 market share data was not available.

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

**Table 6. Geographic Distribution of Small Loans to Farms**

Geographic Distribution: SMALL LOANS TO FARMS																	State: Michigan		Evaluation Period: 01/01/1999 to 9/30/1999	
MSA/Assessment Area:	Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Overall Market Rank*	Market Share by Geography*					Total Small Farm Loans					
	% Farms	% BANK Loans	% Farms	% BANK Loans	% Farms	% BANK Loans	% Farms	% BANK Loans		Overall	Low	Mod	Mid	Upp	#	% of Total **				
<b>Full Scope:</b>																				
Detroit (2160)	1.64	0.00	8.13	0.00	61.11	75.00	29.08	25.00	NA	NA	NA	NA	NA	NA	4	6				
<b>Limited Scope:</b>																				
Ann Arbor (0440)	1	0	7	0	60	100	32	0	NA	NA	NA	NA	NA	NA	1	2				
Grand Rapids (3000)	1	0	7	0	77	100	15	0	NA	NA	NA	NA	NA	NA	5	8				
Kalamazoo (3720)	2	0	21	0	54	100	24	0	NA	NA	NA	NA	NA	NA	15	24				
Saginaw (6960)	0	0	11	8	76	83	13	8	NA	NA	NA	NA	NA	NA	12	19				
Lansing (4040)	1	0	2	0	82	67	15	33	NA	NA	NA	NA	NA	NA	3	5				
Flint (2640)	0	0	12	0	75	100	13	0	NA	NA	NA	NA	NA	NA	8	13				
Non Metropolitan Areas	0	0	3	0	53	50	44	50	NA	NA	NA	NA	NA	NA	14	23				

(\*) The bank's small business data was unreliable for 1998; as a result market share was not used.

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

**Table 7. Borrower Distribution of Home Purchase Loans**

Geographic Distribution: HOME PURCHASE 12/31/1999		State: Michigan								Evaluation Period: 01/01/1998 to						
MSA/Assessment Area:	Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers		Overall Market Rank**	Market Share by Borrower Income**					Total Home Purchase Loans	
	% of Families	% BANK Loans*	% of Families	% BANK Loans*	% of Families	% BANK Loans*	% of Families	% BANK Loans*		Overall	Low	Mod	Mid	Upp	#	% of Total***
<b>Full Scope:</b>																
Detroit (2160)	21.87	9.58	16.61	20.47	22.15	19.72	39.37	22.23	9	2.34	2.50	2.28	1.89	1.80	4,372	42
<b>Limited Scope:</b>																
Ann Arbor (0440)	16	5	17	18	25	25	42	27	10	3	2	2	3	2	660	6
Grand Rapids (3000)	18	6	18	19	27	21	37	25	7	4	2	3	3	4	2,237	22
Kalamazoo (3720)	21	7	17	15	23	13	39	30	5	5	5	4	3	5	891	9
Saginaw (6960)	23	11	16	20	22	17	39	20	3	5	5	5	4	2	598	6
Lansing (4040)	19	8	18	15	25	18	38	29	8	3	3	2	2	3	479	5
Flint (2640)	27	8	17	25	22	18	34	17	5	5	5	5	2	6	109	1
Non Metropolitan Areas	18	4	17	12	22	18	43	37	6	5	4	4	4	4	958	9

(\*) As a percentage of loans with borrower income information available. No information was available for 29% of loans originated and purchased by the bank.

(\*\*) Based on 1999 Aggregate HMDA Data Only. Market rank is for all income categories combined.

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



**Table 8. Borrower Distribution of Home Improvement Loans**

Geographic Distribution: HOME IMPROVEMENT 12/31/1999				State: Michigan				Evaluation Period: 01/01/1998 to					Total Home Improvement Loans			
MSA/Assessment Area:	Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers		Overall Market Rank**	Market Share by Borrower Income**					#	% of Total ***
	% of Families	% BANK Loans*	% of Families	% BANK Loans*	% of Families	% BANK Loans*	% of Families	% BANK Loans*		Overall	Low	Mod	Mid	Upp		
<b>Full Scope:</b>																
Detroit (2160)	21.87	17.04	16.61	25.16	22.15	28.94	39.37	26.99	2	8.31	10.01	7.77	7.91	8.02	3,839	55
<b>Limited Scope:</b>																
Ann Arbor (0440)	16	10	17	20	25	30	42	40	1	11	10	10	10	13	460	7
Grand Rapids (3000)	18	12	18	24	27	28	37	34	4	5	7	5	5	5	573	8
Kalamazoo (3720)	21	9	17	16	23	27	39	47	2	9	8	7	8	11	400	6
Saginaw (6960)	23	15	16	21	22	24	39	40	3	8	8	6	7	11	333	5
Lansing (4040)	19	11	18	24	25	28	38	35	5	8	8	8	7	10	335	5
Flint (2640)	27	6	17	25	22	32	34	36	6	5	1	5	6	8	53	< 1
Non Metropolitan Areas	18	7	17	18	22	28	43	47	2	17	5	18	18	18	999	14

(\*) As a percentage of loans with borrower income information available. No information was available for 2% of loans originated and purchased by the bank.

(\*\*) Based on 1999 Aggregate HMDA Data Only. Market rank is for all income categories combined.

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

**Table 9. Borrower Distribution of Home Mortgage Refinance Loans**

Geographic Distribution: HOME MORTGAGE REFINANCE										State: Michigan				Evaluation Period: 01/01/1998 to 12/31/1999			
MSA/Assessment Area:	Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers		Overall Market Rank**	Market Share by Borrower Income*					Total Home Mortgage Refinance Loans		
	% of Families	% BANK Loans*	% of Families	% BANK Loans*	% of Families	% BANK Loans*	% of Families	% BANK Loans*		Overall	Low	Mod	Mid	Upp	#	% of Total***	
<b>Full Scope:</b>																	
Detroit (2160)	21.87	8.31	16.61	15.37	22.15	21.79	39.37	25.10	8	2.44	2.16	2.11	2.18	1.69	8,003	42	
<b>Limited Scope:</b>																	
Ann Arbor (0440)	16	5	17	15	25	21	42	28	5	4	4	3	2	3	1,486	7	
Grand Rapids (3000)	18	5	18	13	27	21	37	32	4	4	3	3	3	3	3,764	20	
Kalamazoo (3720)	21	4	17	13	23	15	39	36	4	5	3	4	4	5	1,508	8	
Saginaw (6960)	23	5	16	12	22	17	39	32	4	5	3	3	3	4	1,155	6	
Lansing (4040)	19	4	18	12	25	21	38	34	4	3	3	3	2	2	978	5	
Flint (2640)	27	5	17	25	22	23	34	19	4	4	1	3	4	2	218	1	
Non Metropolitan Areas	18	3	17	11	22	17	43	38	3	7	5	6	5	5	2,073	11	

(\*) As a percentage of loans with borrower income information available. No information was available for 30% of loans originated and purchased by the bank.

(\*\*) Based on 1999 Aggregate HMDA Data Only. Market rank is for all income categories combined.

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

**Table 10. Borrower Distribution of Small Loans to Businesses**

Borrower Distribution: SMALL LOANS TO BUSINESSES			State: Michigan			Evaluation Period: 01/01/1999 TO 09/30/1999			
MSA/Assessment Area:	Businesses with Revenues of \$1 million or less		Loans by Original Amount Regardless of Business Size			Market Share***		Total Small Loans to Businesses	
	% of Businesses *	% BANK Loans**	\$100,000 or less	> \$100,000 to \$250,000	> \$250,000 to \$1,000,000	All	Rev \$1 million or less	#	% of Total****
<b>Full Scope:</b>									
Detroit (2160)	70.35	54.60	81.67	9.36	8.87	NA	NA	1,817	35
<b>Limited Scope:</b>									
Ann Arbor (0440)	74	50	85	7	8	NA	NA	366	7
Grand Rapids (3000)	71	55	77	14	9	NA	NA	789	15
Kalamazoo (3720)	73	56	77	14	9	NA	NA	341	7
Saginaw (6960)	71	51	76	13	10	NA	NA	303	6
Lansing (4040)	70	40	78	10	12	NA	NA	648	13
Flint (2640)	78	45	87	13	0	NA	NA	38	0
Non Metropolitan Areas	75	52	78	12	10	NA	NA	865	17

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

(\*\*) Small loans to businesses with revenues of \$1 million or less as a percentage of all loans reported as small businesses. No information was available for 3% of small loans to businesses originated and purchased by bank.

(\*\*\*) Bank's 1998 small business data was unreliable, as a result 1998 Market Share Data not used. Accurate 1999 market share Data was not available.

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

**Table 11. Borrower Distribution of Small Loans to Farms**

Borrower Distribution: SMALL LOANS TO FARMS		State: Michigan				Evaluation Period: 01/01/1999 TO 09/30/1999			
MSA/Assessment Area:	Farms with Revenues of \$1 million or less		Loans by Original Amount Regardless of Business Size			Market Share***		Total Small Farm Loans	
	% of Farms *	% BANK Loans**	\$100,000 or less	> \$100,000 to \$250,000	> \$250,000 to \$500,000	All	Rev \$1 million or less	#	% of Total****
<b>Full Scope:</b>									
Detroit (2160)	93.73	75.00	75.00	0.00	25.00	NA	NA	4	6
<b>Limited Scope:</b>									
Ann Arbor (0440)	97	100	100	0	0	NA	NA	1	2
Grand Rapids (3000)	94	60	60	0	40	NA	NA	5	8
Kalamazoo (3720)	95	100	87	13	0	NA	NA	15	24
Saginaw (6960)	97	92	75	17	8	NA	NA	12	19
Lansing (4040)	97	100	34	33	33	NA	NA	3	5
Flint (2640)	96	12	100	0	0	NA	NA	8	13
Non Metropolitan Areas	98	79	71	7	22	NA	NA	14	23

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

(\*\*) Small loans to farms with revenues of \$1 million or less as a percentage of all loans reported as small loans to farms. No information was available for 10% of small loans to farms originated and purchased by the bank.

(\*\*\*) Bank's 1998 small farm data was unreliable, as a result 1998 Market Share Data was not used. Accurate 1999 Market Share Data was not available.

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

**Table 12. Qualified Investments**

QUALIFIED INVESTMENTS		State: Michigan				Evaluation Period: 01/01/1998 to 02/22/2000			
MSA/Assessment Area:	Prior Period Investments*		Current Period Investments		Total Investments			Unfunded Commitments**	
	#	\$ (000's)	#	\$ (000's)	#	\$ (000's)	% of Total \$'s	#	\$ (000's)
<b>Full Scope:</b>									
Detroit (2160)	7	2,551	22	4,472	29	7,023	45.36	7	1,177
<b>Limited Scope:</b>									
Ann Arbor (0440)	5	430	4	152	9	582	4	0	0
Grand Rapids (3000)	6	1,170	28	793	34	1,963	13	0	0
Kalamazoo (3720)	6	598	21	1,050	27	1,648	11	0	0
Saginaw (6960)	4	151	6	1,025	10	1,176	8	1	349
Lansing (4040)	4	297	13	293	17	590	4	0	0
Flint (2640)	3	22	2	30	5	52	0	0	0
Non Metropolitan Areas	21	189	17	2,159	38	2,448	15	0	0

(\*) "Prior Period Investments" means investments made in previous evaluation periods that are outstanding as of the examination date.

(\*\*) "Unfunded Commitments" mean legally binding investment commitments that are tracked and recorded by the bank's financial reporting system.

**Table13. Distribution of Branch Delivery System and Branch Openings/Closings**

DISTRIBUTION OF BRANCH DELIVERY SYSTEM				State: Michigan				Evaluation Period: 01/01/1998 to 09/30/1999									
MSA Assessment Area:	Deposits	Branches						Branch Openings/Closings				Population					
	% of Rated Area Deposits in MSA/AA	# of Bank Branches	% of Total Bank Branches	Location of Branches by Income of Geographies				# of Branch Closings	# of Branch Openings	Net Change in Location of Branches (+ or -)				% of the Population within Each Geography			
				Low (%)	Mod (%)	Mid (%)	Upp (%)			Low	Mod	Mid	Upp	Low	Mod	Mid	Upp
<b>Full Scope:</b>																	
Detroit (2160)	51	117	54	6.84	12.82	50.43	29.91	18	1	0	-1	-14	-2	13.99	15.29	43.59	27.05
<b>Limited Scope:</b>																	
Ann Arbor (0440)	8	22	5	18	0	55	27	4	0	-1	-1	-1	-1	8	15	48	27
Grand Rapids (3000)	8	35	11	9	9	69	13	8	0	0	0	-4	-4	5	14	62	19
Kalamazoo (3720)	8	25	6	8	21	42	29	2	0	-1	0	-1	0	8	21	40	29
Saginaw (6960)	6	20	5	5	20	40	35	2	1	0	1	-1	-1	7	18	56	18
Lansing (4040)	5	20	5	5	15	55	25	3	0	0	-1	-1	-1	5	14	56	25
Flint (2640)	1	2	1	0	0	100	0	0	0	0	0	0	0	8	34	51	6
Non Metropolitan Areas	13	52	13	0	14	65	21	13	1	0	0	-6	-6	0	8	61	31

Table 1. Lending Volume

LENDING VOLUME		State: Illinois										
MSA/Assessment Area:	% of Rated Area Deposits in MSA/AA*	Home Mortgage**		Small Loans to Businesses***		Small Loans to Farms***		Community Development****		Total Reported Loans		% of Rated Area Loans(#) In MSA/AA
		#	(\$000's)	#	(\$000's)	#	(\$000's)	#	(\$000's)	#	(\$000's)	
<b>Full Scope:</b>												
Chicago (1600)	59	13,205	1,700,650	278	27,148	20	3,261	3	815	13,506	1,731,874	39
<b>Limited Scope:</b>												
Peoria (6120)	9	5,540	484,545	466	30,377	28	1,730	3	2,082	6,037	518,734	17
Rockford (6880)	7	2,787	217,328	197	14,770	2	73	2	1,257	2,988	233,428	9
Springfield (7880)	6	2,627	215,942	160	15,647	6	785	3	3,000	2,796	235,374	8
Bloomington (1040)	5	4,057	388,115	72	4,609	8	394	0	0	4,137	393,118	12
Champaign (1400)	4	1,397	108,031	111	10,108	0	0	0	0	1,508	118,139	4
Kankakee (3740)	4	1,074	77,509	98	8,040	58	6,460	1	122	1,231	92,131	4
Decatur (2040)	3	1,606	94,751	65	5,306	3	112	2	164	1,676	100,333	5
Rock Island (1960)	3	645	41,897	66	1,255	0	0	1	1,650	712	44,802	2
Non Metropolitan Areas	< 1	286	14,338	17	907	4	664	0	0	307	15,909	< 1

(\*) Deposit data as of June 30, 1999.

(\*\*) The evaluation period for Home Mortgage Loans is January 1, 1998 to December 31, 1999.

(\*\*\*) The evaluation period for Small Loans to Businesses and Small Loans to Farms is January 1, 1999 to September 30, 1999.

(\*\*\*\*) The evaluation period for Community Development Loans is January 1, 1998 to September 30, 1999.

**Table 2. Geographic Distribution of Home Purchase Loans**

Geographic Distribution: HOME PURCHASE																
State: Illinois										Evaluation Period: 01/01/1998 to 12/31/1999						
MSA/Assessment Area:	Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Overall Market Rank*	Market Share by Geography*					Total Home Purchase Loans	
	% Owner Occ Units	% BANK Loans	% Owner Occ Units	% BANK Loans	% Owner Occ Units	% BANK Loans	% Owner Occ Units	% BANK Loans		Overall	Low	Mod	Mid	Upp	#	% of Total **
<b>Full Scope:</b>																
Chicago (1600)	0.20	0.52	3.78	6.93	43.05	54.20	52.97	38.35	3	4.19	12.61	8.96	5.60	2.80	6,290	37
<b>Limited Scope:</b>																
Peoria (6120)	2	1	13	13	66	63	19	24	1	27	14	28	27	27	3,292	19
Rockford (6880)	2	1	17	14	55	59	26	26	2	10	4	11	22	9	1,378	8
Springfield (7880)	3	3	12	10	52	51	33	37	1	16	15	19	27	12	1,219	7
Bloomington (1040)	1	1	18	26	62	53	19	20	1	25	14	27	24	23	2,185	13
Champaign (1400)	1	1	8	10	60	56	31	33	2	13	21	14	14	11	695	4
Kankakee (3740)	5	2	9	16	78	77	8	5	2	15	23	25	14	10	475	3
Decatur (2040)	4	3	17	16	49	49	30	32	1	33	45	41	33	29	1,034	6
Rock Island (1960)	2	1	15	12	73	77	10	10	3	8	0	8	8	7	344	2
Non Metropolitan Areas	0	7	12	18	69	22	19	14	7	5	0	7	6	3	147	< 1

(\*) Based on 1999 Aggregate HMDA Data Only. Market rank is for all income categories combined.

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



**Table 3. Geographic Distribution of Home Improvement Loans**

Geographic Distribution: HOME IMPROVEMENT				State: Illinois				Evaluation Period: 01/01/1998 to 12/31/1999								
MSA/Assessment Area:	Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Overall Market Rank*	Market Share by Geography*					Total Home Improvement Loans	
	% Owner Occ Units	% BANK Loans	% Owner Occ Units	% BANK Loans	% Owner Occ Units	% BANK Loans	% Owner Occ Units	% BANK Loans		Overall	Low	Mod	Mid	Upp	#	% of Total **
<b>Full Scope:</b>																
Chicago (1600)	0.20	0.687	3.78	5.86	43.05	51.80	52.97	41.67	15	1.95	5.41	1.60	2.25	1.70	444	26
<b>Limited Scope:</b>																
Peoria (6120)	2	1	13	13	66	66	19	20	4	8	2	7	7	12	349	21
Rockford (6880)	2	3	17	16	55	53	26	28	4	6	9	5	6	8	162	10
Springfield (7880)	3	6	12	15	52	48	33	31	4	9	18	12	8	6	185	11
Bloomington (1040)	1	1	18	22	62	54	19	23	1	19	25	23	14	29	177	10
Champaign (1400)	1	4	8	12	60	62	31	22	4	5	14	7	5	4	94	6
Kankakee (3740)	5	7	9	12	78	74	8	6	2	17	31	32	14	14	82	5
Decatur (2040)	4	1	17	19	49	55	30	25	4	7	5	8	8	5	77	4
Rock Island (1960)	2	0	15	11	73	72	10	17	6	3	0	2	3	3	65	4
Non Metropolitan Areas	0	8	12	4	69	47	19	41	4	5	0	0	6	6	51	3

(\*) Based on 1999 Aggregate HMDA Data Only. Market rank is for all income categories combined.

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

**Table 4. Geographic Distribution of Home Mortgage Refinance Loans**

Geographic Distribution: HOME MORTGAGE REFINANCE										State: Illinois					Evaluation Period: 01/01/1998 to 12/31/1999				
MSA/Assessment Area:	Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Overall Market Rank*	Market Share by Geography*					Total Home Mortgage Refinance Loans				
	% Owner Occ Units	% BANK Loans	% Owner Occ Units	% BANK Loans	% Owner Occ Units	% BANK Loans	% Owner Occ Units	% BANK Loans		Overall	Low	Mod	Mid	Upp	#	% of Total **			
<b>Full Scope:</b>																			
Chicago (1600)	0.20	0.11	3.78	4.70	43.05	46.30	52.97	48.89	7	2.44	2.63	1.96	3.01	1.92	6,469	45			
<b>Limited Scope:</b>																			
Peoria (6120)	2	0	13	5	66	56	19	39	3	7	1	4	7	13	1,898	13			
Rockford (6880)	2	1	17	10	55	57	26	32	4	5	4	5	5	5	1,246	9			
Springfield (7880)	3	1	12	5	52	41	33	53	2	8	2	6	7	10	1,223	8			
Bloomington (1040)	1	0	18	18	62	62	19	19	1	16	4	15	17	15	1,694	12			
Champaign (1400)	1	1	8	5	60	54	31	41	3	10	8	5	10	10	605	4			
Kankakee (3740)	5	3	9	10	78	73	8	14	2	10	8	9	9	16	516	4			
Decatur (2040)	4	1	17	5	49	48	30	45	1	13	4	4	13	16	495	3			
Rock Island (1960)	2	2	15	11	73	70	10	17	10	3	2	4	3	7	236	2			
Non Metropolitan Areas	0	3	12	3	69	19	19	42	6	4	0	1	6	2	88	<1			

(\*) Based on 1999 Aggregate HMDA Data Only. Market rank is for all income categories combined.

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

**Table 5. Geographic Distribution of Small Loans to Businesses**

Geographic Distribution: SMALL LOANS TO BUSINESSES										State: Illinois				Evaluation Period: 01/01/1999 to 9/30/1999			
MSA/Assessment Area:	Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Overall Market Rank*	Market Share by Geography*					Total Small Business Loans		
	% Businesses	% BANK Loans	% Businesses	% BANK Loans	% Businesses	% BANK Loans	% Businesses	% BANK Loans		Overall	Low	Mod	Mid	Upp	#	% of Total **	
<b>Full Scope:</b>																	
Chicago (1600)	0.79	2.88	3.92	5.40	42.53	46.40	52.75	45.32	NA	NA	NA	NA	NA	NA	278	18	
<b>Limited Scope:</b>																	
Peoria (6120)	5	6	16	25	58	40	21	29	NA	NA	NA	NA	NA	NA	466	30	
Rockford (6880)	9	8	15	11	54	60	22	21	NA	NA	NA	NA	NA	NA	197	13	
Springfield (7880)	3	1	21	30	47	37	29	32	NA	NA	NA	NA	NA	NA	160	10	
Bloomington (1040)	10	13	16	19	51	32	23	36	NA	NA	NA	NA	NA	NA	72	5	
Champaign (1400)	10	5	26	57	41	22	24	16	NA	NA	NA	NA	NA	NA	111	7	
Kankakee (3740)	3	2	22	24	72	62	3	11	NA	NA	NA	NA	NA	NA	98	6	
Decatur (2040)	16	20	26	33	37	37	20	20	NA	NA	NA	NA	NA	NA	65	4	
Rock Island (1960)	10	42	26	29	54	21	9	8	NA	NA	NA	NA	NA	NA	66	4	
Non Metropolitan Areas	0	0	25	6	61	59	14	35	NA	NA	NA	NA	NA	NA	17	3	

(\*) The bank's small business data was unreliable for 1998; as a result market share was not used. Accurate 1999 Market Share data was not available.

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

**Table 6. Geographic Distribution of Small Loans to Farms**

Geographic Distribution: SMALL LOANS TO FARMS										State: Illinois			Evaluation Period: 01/01/1999 to 9/30/1999				
MSA/Assessment Area:	Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Overall Market Rank*	Market Share by Geography*					Total Small Farm Loans		
	% Farms	% BANK Loans	% Farms	% BANK Loans	% Farms	% BANK Loans	% Farms	% BANK Loans		Overall	Low	Mod	Mid	Upp	#	% of Total **	
<b>Full Scope:</b>																	
Chicago (1600)	0.20	0.00	2.16	0.00	54.95	100.00	42.68	0.00	NA	NA	NA	NA	NA	NA	20	16	
<b>Limited Scope:</b>																	
Peoria (6120)	0	0	4	0	86	79	10	21	NA	NA	NA	NA	NA	NA	28	22	
Rockford (6880)	1	0	4	0	73	100	22	0	NA	NA	NA	NA	NA	NA	2	2	
Springfield (7880)	1	0	2	0	66	17	31	83	NA	NA	NA	NA	NA	NA	6	5	
Bloomington (1040)	0	0	4	0	88	88	7	13	NA	NA	NA	NA	NA	NA	8	6	
Champaign (1400)	1	0	5	0	77	0	17	0	NA	NA	NA	NA	NA	NA	0	0	
Kankakee (3740)	0	5	6	0	90	86	4	9	NA	NA	NA	NA	NA	NA	58	45	
Decatur (2040)	1	0	7	33	73	33	20	33	NA	NA	NA	NA	NA	NA	3	2	
Rock Island (1960)	0	0	6	0	90	0	4	0	NA	NA	NA	NA	NA	NA	0	0	
Non Metropolitan Areas	0	0	4	0	84	100	12	0	NA	NA	NA	NA	NA	NA	4	2	

(\*) The bank's small business data was unreliable for 1998; as a result market share was not used.

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

Table 7. Borrower Distribution of Home Purchase Loans

Geographic Distribution: HOME PURCHASE				State: Illinois				Evaluation Period: 01/01/1998 to 12/31/1999								
MSA/Assessment Area:	Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers		Overall Market Rank**	Market Share by Borrower Income**					Total Home Purchase Loans	
	% of Families	% BANK Loans*	% of Families	% BANK Loans*	% of Families	% BANK Loans*	% of Families	% BANK Loans*		Overall	Low	Mod	Mid	Upp	#	% of Total***
<b>Full Scope:</b>																
Chicago (1600)	10.54	9.24	14.75	26.98	24.94	21.94	49.77	20.29	3	4.19	7.65	6.33	3.73	2.51	6,290	37
<b>Limited Scope:</b>																
Peoria (6120)	20	10	18	21	24	19	38	18	1	27	30	31	20	17	3,292	19
Rockford (6880)	18	12	18	26	26	27	38	16	2	10	13	11	10	6	1,378	8
Springfield (7880)	18	14	18	24	26	20	38	11	1	15	18	18	10	5	1,219	7
Bloomington (1040)	17	8	19	17	27	18	37	12	1	25	19	21	16	10	2,185	13
Champaign (1400)	20	11	18	23	25	17	37	13	2	13	15	16	10	6	695	4
Kankakee (3740)	20	10	17	24	24	24	39	14	2	15	21	19	14	8	475	3
Decatur (2040)	21	10	17	26	24	22	38	13	1	33	35	45	31	14	1,034	6
Rock Island (1960)	21	9	19	26	22	19	38	15	3	8	8	10	6	4	344	2
Non Metropolitan Areas	18	0	18	16	22	66	42	18	7	5	4	2	4	5	147	<1

(\*) As a percentage of loans with borrower income information available. No information was available for 28% of loans originated and purchased by the bank.

(\*\*) Based on 1999 Aggregate HMDA Data Only. Market rank is for all income categories combined.

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

**Table 8. Borrower Distribution of Home Improvement Loans**

Geographic Distribution: HOME IMPROVEMENT										State: Illinois				Evaluation Period: 01/01/1998 to 12/31/1999			
MSA/Assessment Area:	Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers		Overall Market Rank**	Market Share by Borrower Income**					Total Home Improvement Loans		
	% of Families	% BANK Loans*	% of Families	% BANK Loans*	% of Families	% BANK Loans*	% of Families	% BANK Loans*		Overall	Low	Mod	Mid	Upp	#	% of Total***	
<b>Full Scope:</b>																	
Chicago (1600)	10.54	7.43	14.75	19.82	24.94	32.21	49.77	39.41	15	1.95	2.11	2.52	1.85	1.90	444	26	
<b>Limited Scope:</b>																	
Peoria (6120)	20	11	18	17	24	28	38	44	4	8	7	5	7	13	349	21	
Rockford (6880)	18	17	18	16	26	28	38	39	4	6	11	4	5	8	162	10	
Springfield (7880)	18	16	18	20	26	29	38	36	4	9	8	8	13	7	185	11	
Bloomington (1040)	17	15	19	27	27	35	37	23	1	19	22	17	22	13	177	10	
Champaign (1400)	20	9	18	20	25	32	37	39	4	5	5	5	4	5	94	6	
Kankakee (3740)	20	22	17	18	24	17	39	41	2	17	30	20	8	16	82	5	
Decatur (2040)	21	9	17	19	24	34	38	38	4	7	6	8	8	7	77	4	
Rock Island (1960)	21	9	19	20	22	26	38	43	6	3	2	2	3	3	65	4	
Non Metropolitan Areas	18	0	18	12	22	78	42	10	4	5	3	0	10	6	51	3	

(\*) As a percentage of loans with borrower income information available. No information was available for 4% of loans originated and purchased by the bank.

(\*\*) Based on 1999 Aggregate HMDA Data Only. Market rank is for all income categories combined.

(\*\*\*) Home improvement loans originated and purchased in the MSA/AA as a percentage of all home improvement loans originated and purchased in the

rated area.

**Table 9. Borrower Distribution of Home Mortgage Refinance Loans**

Geographic Distribution: HOME MORTGAGE REFINANCE										State: Illinois			Evaluation Period: 01/01/1998 to 12/31/1999				
MSA/Assessment Area:	Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers		Overall Market Rank**	Market Share by Borrower Income*					Total Home Mortgage Refinance Loans		
	% of Families	% BANK Loans*	% of Families	% BANK Loans*	% of Families	% BANK Loans*	% of Families	% BANK Loans*		Overall	Low	Mod	Mid	Upp	#	% of Total***	
<b>Full Scope:</b>																	
Chicago (1600)	10.54	3.43	14.75	14.1	24.94	21.21	49.77	30.51	7	2.44	2.42	2.49	1.98	1.63	6,469	45	
<b>Limited Scope:</b>																	
Peoria (6120)	20	3	18	7	24	19	38	38	3	7	4	3	5	7	1,898	13	
Rockford (6880)	18	6	18	14	26	20	38	26	4	5	5	4	3	3	1,246	9	
Springfield (7880)	18	5	18	13	26	19	38	34	2	8	6	4	4	6	1,223	8	
Bloomington (1040)	17	6	19	12	27	19	37	22	1	16	12	12	10	9	1,694	12	
Champaign (1400)	20	6	18	14	25	17	37	26	3	10	8	9	5	7	605	4	
Kankakee (3740)	20	6	17	16	24	20	39	23	2	10	8	11	5	6	516	4	
Decatur (2040)	21	4	17	12	24	16	38	33	1	13	5	12	8	10	495	3	
Rock Island (1960)	21	5	19	18	22	17	38	28	10	3	3	3	2	2	236	2	
Non Metropolitan Areas	18	0	18	5	22	90	42	6	7	6	0	2	3	5	88	< 1	

(\*) As a percentage of loans with borrower income information available. No information was available for 40% of loans originated and purchased by the bank.

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

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



**Table 10. Borrower Distribution of Small Loans to Businesses**

Borrower Distribution: SMALL LOANS TO BUSINESSES			State: Illinois			Evaluation Period: 01/01/1999 TO 09/30/1999			
MSA/Assessment Area:	Businesses with Revenues of \$1 million or less		Loans by Original Amount Regardless of Business Size			Market Share***		Total Small Loans to Businesses	
	% of Businesses *	% BANK Loans**	\$100,000 or less	> \$100,000 to \$250,000	> \$250,000 to \$1,000,000	All	Rev \$1 million or less	#	% of Total****
<b>Full Scope:</b>									
Chicago (1600)	70.07	60.43	77.34	11.87	10.79	NA	NA	278	18
<b>Limited Scope:</b>									
Peoria (6120)	70	32	85	7	8	NA	NA	466	30
Rockford (6880)	72	58	83	8	9	NA	NA	197	13
Springfield (7880)	68	61	75	16	9	NA	NA	160	10
Bloomington (1040)	70	68	85	10	5	NA	NA	72	5
Champaign (1400)	70	38	82	5	13	NA	NA	111	7
Kankakee (3740)	73	81	84	11	5	NA	NA	98	6
Decatur (2040)	69	66	86	5	9	NA	NA	65	4
Rock Island (1960)	68	23	95	5	0	NA	NA	66	4
Non Metropolitan Areas	72	29	88	0	12	NA	NA	17	3

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

(\*\*) Small loans to businesses with revenues of \$1 million or less as a percentage of all loans reported as small businesses. No information was available for 2% of small loans to businesses originated and purchased by bank.

(\*\*\*) Bank's 1998 small business data unreliable, as a result 1998 Market Share Data was not used. Accurate 1999 Market Share Data was not available.

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

**Table 11. Borrower Distribution of Small Loans to Farms**

Borrower Distribution: SMALL LOANS TO FARMS			State: Illinois			Evaluation Period: 01/01/1999 TO 09/30/1999			
MSA/Assessment Area:	Farms with Revenues of \$1 million or less		Loans by Original Amount Regardless of Business Size			Market Share***		Total Small Farm Loans	
	% of Farms *	% BANK Loans**	\$100,000 or less	> \$100,000 to \$250,000	> \$250,000 to \$500,000	All	Rev \$1 million or less	#	% of Total****
<b>Full Scope:</b>									
Chicago (1600)	90.73	95.00	50.00	25.00	25.00	NA	NA	20	16
<b>Limited Scope:</b>									
Peoria (6120)	94	96	89	7	4	NA	NA	28	22
Rockford (6880)	94	100	100	0	0	NA	NA	2	2
Springfield (7880)	91	90	40	40	20	NA	NA	10	5
Bloomington (1040)	91	87	88	12	0	NA	NA	8	6
Champaign (1400)	93	0	0	0	0	NA	NA	0	0
Kankakee (3740)	91	93	57	40	3	NA	NA	58	45
Decatur (2040)	93	100	100	0	0	NA	NA	3	2
Rock Island (1960)	92	0	0	0	0	NA	NA	0	0
Non Metropolitan Areas	93	75	25	50	25	NA	NA	4	2

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

(\*\*) Small loans to farms with revenues of \$1 million or less as a percentage of all loans reported as small loans to farms. No information was available for 2% of small loans to farms originated and purchased by the bank.

(\*\*\*) Bank's 1998 small farm data unreliable, 1998 Aggregate Small Farm Data was not used.

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

**Table 12. Qualified Investments**

QUALIFIED INVESTMENTS									
State: Illinois									
Evaluation Period: 01/01/1998 to 02/22/2000									
MSA/Assessment Area:	Prior Period Investments*		Current Period Investments		Total Investments			Unfunded Commitments**	
	#	\$ (000's)	#	\$ (000's)	#	\$ (000's)	% of Total \$'s	#	\$ (000's)
<b>Full Scope:</b>									
Chicago (1600)	3	696	17	4,189	20	4,885	53	2	993
<b>Limited Scope:</b>									
Peoria (6120)	2	90	20	1,083	22	1,173	13	3	1,285
Rockford (6880)	3	391	6	410	9	801	9	0	0
Springfield (7880)	2	57	17	1,002	19	1,059	11	1	570
Bloomington (1040)	2	41	11	262	13	303	3	1	175
Champaign (1400)	2	41	25	216	27	257	3	0	0
Kankakee (3740)	2	33	12	280	14	313	3	1	616
Decatur (2040)	2	25	16	253	18	278	3	0	0
Rock Island (1960)	2	25	5	113	7	138	1	1	550
Non Metropolitan Areas	4	16	10	76	14	92	1	1	90

(\*) "Prior Period Investments" means investments made in previous evaluation periods that are outstanding as of the examination date.

(\*\*) "Unfunded Commitments" mean legally binding investment commitments that are tracked and recorded by the bank's financial reporting system.

**Table13. Distribution of Branch Delivery System and Branch Openings/Closings**

DISTRIBUTION OF BRANCH DELIVERY SYSTEM				State: Illinois				Evaluation Period: 01/01/1998 to 09/30/1999									
MSA Assessment Area:	Deposits	Branches						Branch Openings/Closings				Population					
	% of Rated Area Deposits in MSA/AA	# of Bank Branches	% of Total Bank Branches	Location of Branches by Income of Geographies				# of Branch Closings	# of Branch Openings	Net Change in Location of Branches (+ or -)				% of the Population within Each Geography			
				Low (%)	Mod (%)	Mid (%)	Upp (%)			Low	Mod	Mid	Upp	Low	Mod	Mid	Upp
<b>Full Scope:</b>																	
Chicago (1600)	59	32	35	6.25	3.13	43.75	46.87	9	0	0	0	-5	-4	.85	6.94	43.74	48.22
<b>Limited Scope:</b>																	
Peoria (6120)	9	12	13	0	8	58	34	3	0	0	0	-3	0	4	15	62	18
Rockford (6880)	7	10	11	20	20	50	10	3	0	0	0	-1	-2	5	20	53	22
Springfield (7880)	6	9	10	11	11	33	45	4	0	0	-2	-1	-1	5	16	49	30
Bloomington (1040)	5	8	9	25	12	25	38	1	0	0	0	0	-1	2	17	65	16
Champaign (1400)	4	5	5	20	40	20	20	2	0	-1	0	-1	0	16	15	47	22
Kankakee (3740)	4	6	7	0	17	83	0	1	0	0	0	-1	0	6	15	72	7
Decatur (2040)	3	5	5	40	20	0	40	1	0	0	0	0	-1	7	20	47	26
Rock Island (1960)	3	3	3	33	33	34	0	2	0	0	-1	0	-1	3	19	70	8
Non Metropolitan Areas	<1	2	2	0	0	100	0	1	1	0	-1	1	0	0	16	68	16