



Comptroller of the Currency
Administrator of National Banks

LARGE BANK

PUBLIC DISCLOSURE

October 5, 1998

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

**The Merchants National Bank of Terre Haute
Charter Number 23076**

**701 Wabash Avenue
Terre Haute, Indiana 47808**

**Office of the Comptroller of the Currency
Central District Office
One Financial Place, Suite 2700
440 South LaSalle, Street
Chicago, Illinois 60605-1073**

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

TABLE OF CONTENTS

I. General Information.	1
II. Institution	
a. Overall Rating	1
b. Lending, Investment, and Service Test Table	2
c. Description of Institution	2
d. Description of Assessment Areas	3
e. Conclusions with Respect to Performance Tests	7
III. Terre Haute Metropolitan Statistical Area (Vigo and Vermillion counties)	16
IV. Appendix	
a. Definition of Terms	19

GENERAL INFORMATION

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

This document is an evaluation of the Community Reinvestment Act (CRA) performance of **The Merchants National Bank of Terre Haute (MNB)** prepared by **The Office of the Comptroller of the Currency (OCC)**, the institution's supervisory agency, as of **October 5, 1998**. 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 C.F.R. Part 25.

MNB received a rating of “satisfactory” at the last CRA examination dated October 22, 1996. This examination covers MNB’s performance from January 1, 1997 to September 30, 1998. See the Appendix of this report for a definition of terms used within this public evaluation.

INSTITUTION

INSTITUTION'S CRA RATING: This institution is rated **Satisfactory**.

The following are the primary factors supporting MNB’s performance under the Lending, Investment, and Service tests.

Lending Test

- MNB’s geographic distribution of small business and small farm loans was reasonable. The bank’s penetration of Home Mortgage Disclosure Act (HMDA) loans in moderate-income geographies was low, but was reasonable for low-income geographies. Its distribution of loans to borrowers of different income levels and businesses of different sizes also reflected reasonable performance. MNB has generated a high level of community development loans in response to community needs. The bank made a substantial number of loans its assessment areas.

Investment Test

- MNB has made a high level of qualified investments in response to community needs.

Service Test

- Delivery systems are reasonably accessible to geographies and individuals of different income levels. The bank has provided a reasonable level of community development services.

The following table indicates the performance level of MNB with respect to the lending, investment, and service tests.

Performance Levels	The Merchants National Bank of Terre Haute Performance Tests		
	Lending Test*	Investment Test	Service Test
Outstanding			
High satisfactory		X	
Low satisfactory	X		X
Needs to improve			
Substantial noncompliance			

* Note: The lending test is weighted more heavily than the investment and service tests when arriving at an overall rating.

DESCRIPTION OF INSTITUTION

MNB, with \$631 million in total assets, is a subsidiary of Old National Bancorp, Inc. (ONB), which is headquartered in Evansville, Indiana. Total assets of the holding company were \$5.6 billion as of December 31, 1997. ONB owns other banks in southeastern Illinois, southwestern Indiana, and western Kentucky.

MNB is a full service financial institution with a primary focus on residential real estate, commercial, and commercial real estate lending. Agricultural lending is not a focus at branches located in Vigo and Vermillion counties, as little expertise exists among the lending staff in these two counties. MNB does focus on agricultural lending in Parke County.

There are no impediments that would hamper the bank's ability to help meet the credit needs of its assessment areas. MNB's capacity to serve the community's credit needs is strong. Table 1 depicts several key balance sheet figures.

Table 1			
Balance Sheet as of September 30, 1998			
Net Loans	\$ 468,000,000	Total Deposits	\$486,000,000
Investments	107,000,000	Other Liabilities	91,000,000
Other Assets	56,000,000	Total Liabilities	577,000,000
		Total Equity Capital	54,000,000
Total Assets	\$631,000,000	Total Liabilities and Capital	\$631,000,000

Source: FFIEC Report of Condition

The loan portfolio is comprised of residential real estate (52%), commercial and commercial real estate (29%), consumer (17%), and agricultural (2%) loans.

DESCRIPTION OF ASSESSMENT AREAS

MNB has two assessment areas. The larger assessment area consists of Vigo and Vermillion counties, which are part of the Terre Haute, Indiana, Metropolitan Statistical Area (MSA 8320), hereafter referred to as MSA 8320. MNB does not have any branches within the third county (Clay County) of this MSA. The second assessment area is Parke County, Indiana. The bank operates sixteen full-service branches within its assessment areas.

The city of Terre Haute (Vigo County) is located seven miles east of the Indiana - Illinois state line, on the eastern banks of the Wabash River. The city is approximately seventy miles southwest of Indianapolis and is the county seat of Vigo County. Major industries of Vigo County include higher education and light manufacturing. The economies of Parke and Vermillion counties are primarily agricultural.

Tables 2 to 6 detail pertinent information concerning MNB and demographic data we used to assess the bank's MNB's CRA performance. The tables contain information on each assessment area.

Table 2, on the following page, lists MNB's assessment areas. The Terre Haute MSA (excluding Clay County) is the largest of the two assessment areas as measured by population, number of branches, and total deposits.

Table 2 MNB's Assessment Areas				
Assessment Areas	Population	Number of Branches	Total Deposits as of 6/30/97 (\$Millions)	Deposit Market Share and Ranking¹ by Assessment Area
MSA 8320	122,880	13	462	Mkt. Share: 29% Ranking: 2nd
Parke County	15,410	3	46	Mkt. Share: 34% Ranking: 2nd
All Assessment Areas	138,290	16	508	Mkt.. Share: 29% Ranking: 2nd

Source: 1990 Census Data - U.S. Bureau of the Census, Federal Deposit Insurance Corporation and Office of Thrift Supervision's Summary of Deposits Internet Size, and bank provided information

Competition is strong. Twelve deposit-taking financial institutions have branch offices within MNB's assessment areas. MNB is the second largest financial institution in Vermillion, Vigo, and Parke counties based on deposit market share as of June 30, 1997. MNB's primary competition includes Terre Haute First National Bank (Vigo County), First Citizens State Bank (Vermillion County), and First Parke State Bank (Parke County).

Table 3 reflects the number of low-, moderate-, middle-, and upper-income geographies by income level. The assessment areas comprise 38 geographies. According to 1990 census information, 1 (3%) of the geographies is low-income, 11 (29%) are moderate-income, 19 (50%) are middle-income, and 7 (18%) are upper-income. The low-income geography is located in the city of Terre Haute. As a whole, the assessment areas consist of 3% of total Indiana geographies and 2% of the state's population.

Table 3 Distribution of Geographies by Assessment Area					
Assessment Areas	Number of Geographies				
	Low-Income	Moderate-Income	Middle-Income	Upper-Income	Total
MSA 8320	1	11	15	7	34
Parke County	0	0	4	0	4
Total	1	11	19	7	38

Source: 1990 Census Data - U.S. Bureau of the Census

¹ Deposit market share and ranking data was provided as a tool for assessing the relative size of MNB. It is not a measure of MNB's CRA performance.

Table 4 shows the number and percentage of families within MNB’s assessment areas based on income levels. MNB’s assessment areas have approximately 36,000 families, of which 20% are low-income, 19% are moderate-income, 23% are middle-income, and 38% are upper-income. We used this information to evaluate the bank’s residential real estate lending to borrowers of different income levels. As of 1998, the MSA median family income was \$38,900. The statewide adjusted non-MSA median family income was \$41,100.

Table 4 Distribution of Families by Income Level				
Assessment Areas	Low-Income	Moderate-Income	Middle-Income	Upper-Income
MSA 8320	6,133 19%	6,011 19%	7,145 23%	12,278 39%
Parke County	841 19%	927 21%	1,195 27%	1,431 33%
Total	6,974 20%	6,938 19%	8,340 23%	13,709 38%

Source: 1990 Census Data - U.S. Bureau of the Census

Table 5 shows the number and percentage of owner-occupied housing units by geographic income categories. Less than 1% and 20% of the units are located in low- and moderate-income geographies, respectively. There are six owner-occupied housing units located in low-income geographies. Consequently, the opportunity for originating residential real estate loans in the one low-income geography is limited. However, the opportunity for originating residential real estate loans in the other income geographies is good.

Table 5 Geographic Distribution of Owner Occupied Housing Units				
Assessment Areas	Low-Income	Moderate-Income	Middle-Income	Upper-Income
MSA 8320	6 < 1%	7,408 23%	17,227 52%	8,247 25%
Parke County	0 0%	0 0%	4,629 100%	0 0%
Total	6 < 1%	7,408 20%	21,856 58%	8,247 22%

Source: 1990 Census Data - U.S. Bureau of the Census

Table 6 provides information on the number and percentage of businesses and farms by income geographies. There are 3,354 businesses, including 2,443 (73%) small businesses (revenues less than or equal to \$1,000,000), within MNB’s assessment areas. The assessment areas also have 86 farms, including 80 (93%) small farms (revenues less than \$1,000,000). This data was used to evaluate MNB’s geographic distribution of small business and farm loans.

Table 6 Number and Percentage of Businesses and Farms Based Upon Geographic Income Level											
Assessment Areas	Low-Income		Moderate-Income		Middle-Income		Upper-Income		Total		
	Businesses	Farms	Businesses	Farms	Businesses	Farms	Businesses	Farms	Businesses	Farms	
MSA 8320	270	1	955	9	1,236	30	558	27	3,019	67	
Parke County	0	0	0	0	335	19	0	0	335	19	
Total	#	270	1	955	9	1,571	49	558	27	3,354	86
	%	8%	1%	28%	11%	47%	57%	17%	31%	100%	100%

Source: Dun & Bradstreet, Inc.

To assess community credit needs, we contacted representatives from a local housing authority and a redevelopment agency. We also reviewed the U.S. Department of Housing and Urban Development (HUD) Consolidated Strategy and Plan for the city of Terre Haute. HUD Consolidated Strategies and Plans are comprehensive planning documents that identify community needs. The identified credit related needs in the bank’s assessment areas include the following:

- Affordable housing (e.g., single family rental, multifamily rental, home ownership, and rehabilitation) for low- and moderate-income individuals. Public and rental assisted housing were also identified as needs.
- Economic development loans to new or existing businesses that supply jobs to low- and moderate-income individuals.
- Small consumer loans, with loan amounts of \$3,000 or less, to purchase automobiles and for other consumer needs.

Opportunities for qualified investments, community development loans, and community development services exist in the bank’s assessment areas. These opportunities include low-income housing tax credits, affordable housing revenue bonds, non-profit housing organizations, credit counseling agencies, redevelopment centers, and community development corporations (CDCs).

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS

Lending Test

In assessing MNB's lending performance, we focused our review on small business, small farm, and HMDA loans.

Assessment Area Concentration

Table 7 shows that the bank made a substantial number of loans within its assessment areas. In 1997 and 1998, the bank originated 95% and 91% of all loans within the bank's assessment areas, respectively.

Table - 7 Ratio of Loans Inside the Bank's Assessment Area (AA) All Assessment Areas								
	Small Business		Small Farm		HMDA		Total	
	1997	YTD 1998	1997	YTD 1998	1997	YTD 1998	1997	YTD 1998
Number	386	217	98	44	1,203	740	1,687	1,001
# of Loans Inside AA	375	198	95	43	1,125	668	1,595	909
% of Loans Inside AA	97%	91%	97%	98%	94%	90%	95%	91%
Dollars (000's)	\$25,313	\$19,632	\$4,594	\$2,782	\$75,057	\$59,910	\$104,964	\$82,324
\$ of Loans Inside AA	\$23,105	\$17,024	\$4,420	\$2,775	\$70,406	\$54,305	\$97,931	\$74,104
% of Loans Inside AA	91%	87%	96%	99%	94%	91%	93%	90%

Source: HMDA Loan Application Registers and Small Business and Small Farm Loan Data Collection Registers

Lending Activity

Loans originated during the evaluation period indicated a reasonable responsiveness to identified credit needs. The bank originated small business, affordable housing, and community development loans. The bank's market share of reported 1997 small business and farm, and HMDA loans was 21% and 26%, respectively. This performance is reasonable when compared to MNB's deposit market share of 29%, as noted in Table 2.

Geographic Distribution of Loans

MNB's geographic distribution of small business and small farm loans is reasonable, including loans in low- and moderate-income geographies. The bank's HMDA loans in moderate-income geographies was low. However, we did not identify any conspicuous gaps in the penetration of geographies within the bank's assessment areas.

Table 8 compares the bank's level of small business loans with the proportionate number of businesses by geography. In 1997, MNB originated 4% and 16% of its loans in low- and moderate-income geographies, respectively. The penetration is low when compared to 8% and 28% of businesses located in low- and moderate-income geographies, respectively. In 1997, MNB's performance was below the aggregate market's distribution of small business loans of 6% and 21% in low- and moderate-income geographies, respectively. In 1998, MNB's distribution of loans improved and was satisfactory for both low- and moderate-income geographies.

Table - 8 Geographic Distribution of Small Business Loans All Assessment Areas									
Tract Income Level	% of Businesses by Location	1997				YTD 1998			
		#	%	\$ (000's)	%	#	%	\$ (000's)	%
Low-Income	8%	17	4%	\$2,143	9%	11	5%	\$1,325	8%
Moderate-Income	28%	59	16%	2,607	11%	43	22%	6,207	36%
Middle-Income	47%	248	66%	11,753	51%	117	59%	6,658	39%
Upper-Income	17%	51	14%	6,602	29%	27	14%	2,834	17%
Total	100%	375	100%	\$23,105	100%	198	100%	\$17,024	100%

Source: Dun & Bradstreet, Inc. and Small Business Loan Data Collection Registers

Table 9, on the following page, compares the bank's level of small farm loans with the proportionate number of farms operating by income geography. In 1997 and 1998, MNB did not originate any farm loans in low- or moderate-income geographies. This is not a concern given available demographic data shows that ten farms are located in low- and moderate-income geographies. Additionally, MNB does not focus on agricultural lending in Vigo and Vermillion counties. The bank does specialize in agricultural lending in Parke County. There are also no low- or moderate-income geographies in this county.

Table - 9 Geographic Distribution of Small Farm Loans All Assessment Areas									
Tract Income Level	% of Farms by Location	1997				YTD 1998			
		#	%	\$ (000's)	%	#	%	\$ (000's)	%
Low-Income	1%	0	0%	\$0	0%	0	0%	\$0	0%
Moderate-Income	11%	0	0%	0	0%	0	0%	0	0%
Middle-Income	57%	93	98%	4,400	95%	42	98%	2,575	93%
Upper-Income	31%	2	2%	20	5%	1	2%	200	7%
Total	100%	95	100%	\$4,420	100%	43	100%	\$2,775	100%

Source: Dun & Bradstreet, Inc. and Small Farm Loan Data Collection Registers

Table 10 compares the bank's level of HMDA loans to the proportionate percentage of owner occupied housing units by income geography. In 1997 and 1998, the bank originated two HMDA loans in low-income geographies. The penetration is reasonable given available demographic data showing six owner occupied housing units located in low-income geographies. Less than 1% (.5%) of the aggregate market's HMDA loans were made in low-income geographies. In 1997, MNB originated 15% of its loans in moderate-income geographies. This penetration is low when compared to the percentage (20%) of owner occupied housing units in moderate-income geographies. MNB's performance was below the aggregate market's distribution of HMDA loans in moderate-income (22%) geographies.

Table - 10 Distribution of HMDA Loans by Census Tract Income Designation All Assessment Areas										
Tract Income Level	Owner Occupied Housing by Tract		1997				YTD 1998			
	#	%	#	%	\$ (000's)	%	#	%	\$ (000's)	%
Low-Income	6	nil	1	nil	\$54	nil	1	nil	\$54	nil
Moderate-Income	7,408	20%	163	15%	5,383	8%	84	13%	3,195	6%
Middle-Income	21,856	58%	646	57%	36,743	52%	362	54%	27,091	50%
Upper-Income	8,247	22%	315	28%	28,226	40%	221	33%	23,965	44%
Total	37,517	100%	1,125	100%	\$70,406	100%	668	100%	\$54,305	100%

Source: 1990 Census Data - U.S. Bureau of the Census and HMDA Loan Application Registers

In 1997, MNB's market share of HMDA loans in low- and moderate-income geographies of 4% and 14%, respectively, was less than its market share of 21% for all income geographies. MNB's relatively low market share in low-income geographies is not a significant concern given the number (six) of owner occupied housing units located in low-income geographies. This data, combined with data in Table 10, indicates MNB's penetration in moderate-income geographies is low.

Loan Distribution by Borrower Income

MNB's distribution of loans to businesses and farms of different sizes is reasonable. Also, the distribution of HMDA loans to low- and moderate-income individuals is reasonable.

In 1997, 85% of MNB's small business - farm loans were for amounts of \$100,000 or less. See Table 11 for more information. The bank's performance approximated the aggregate market's percentage of 86%. In 1997, MNB made 91% (426 loans) of small business and farm loans to businesses and farms with gross revenues of less than \$1 million. Furthermore, the bank made 93% (369 loans) of loans that had original amounts of \$100,000 or less to businesses that had gross revenues of less than \$1 million. This indicates MNB has a reasonable record of serving the credit needs of very small businesses and farms. The bank's performance in 1998 was similar to that of 1997.

Table - 11 Distribution of Small Business - Farms Loans by Loan Size All Assessment Areas								
Loan Size	1997				YTD 1998			
	#	%	\$(000's)	%	#	%	\$(000's)	%
Less than \$100,000	398	85%	\$11,706	43%	195	81%	\$5,692	29%
Between \$100,000 and \$250,000	56	12%	9,065	33%	26	11%	4,934	25%
Greater than \$250,000	16	3%	6,754	24%	20	8%	9,173	46%
Total	470	100%	\$27,525	100%	241	100%	\$19,799	100%

Source: Small Business and Farm Loan Data Collection Registers

Table 12, on the following page, compares MNB's HMDA lending to borrowers of different income levels to the proportionate number of families by income level. In 1997, MNB originated 6% of HMDA loans to low-income individuals. Twenty percent of all families are low-income. The bank's loan distribution to low-income individuals is reasonable given the bank's market share (see Table 14) and 15% of the households within the assessment areas live below the poverty level. This poverty rate, as compared to the state of Indiana's poverty rate of 11%, indicates that a significant number of households lack sufficient income to purchase a home. In 1997, the bank originated 17% of HMDA loans to moderate-income individuals. This distribution is reasonable when compared to the percentage (19%) of moderate-income families within the

bank's assessment areas. The aggregate market's distribution of HMDA loans to low- and moderate-income borrowers was 8% and 19%, respectively.

Table - 12						
Distribution of HMDA Loans by Borrower Income Level						
All Assessment Areas						
Borrower Income Level	Families in Assessment Area		1997		YTD 1998	
	# (000's)	%	#	%	#	%
Low-Income	7	20%	68	6%	38	6%
Moderate-Income	7	19%	190	17%	90	13%
Middle-Income	8	23%	306	27%	167	25%
Upper-Income	14	38%	542	48%	354	53%
Not Available	0	0%	19	2%	19	3%
Total	36	100%	1,125	100%	668	100%

Source: 1990 Census Data - U.S. Bureau of the Census and HMDA Loan Application Registers

In 1997, MNB's market share of HMDA loans to low- and moderate-income borrowers was 15% and 18%, respectively. MNB's market share to all borrowers was 21%. This data, combined with data in Table 12, indicates MNB has a reasonable record of meeting the housing needs of low-income and moderate-income individuals.

Community Development Lending

In MNB's assessment areas, the primary community development lending need was affordable housing for low- and moderate-income individuals. Also, economic development loans to new or existing businesses that supply jobs to low- and moderate-income individuals was a need. MNB originated a high level (\$11,811,000) of community development loans in response to community credit needs. A summary of these loans follows.

- Three loans (\$4.3 million) to a baked goods manufacturer in Vigo County. Loan proceeds were combined with proceeds from two (\$1.6 million) small business loans to acquire an abandoned manufacturing plant, purchase equipment, and cover general operating expenses. These loans promoted economic development by financing a business that created permanent jobs for low- and moderate-income individuals. This manufacturer currently employs approximately two hundred production employees whose wages range from \$6.50 to \$8.50 per hour.
- A \$3 million line of credit to construct thirty-five affordable, single family houses within the

city of Terre Haute. Once constructed, all thirty-five homes will be rented to households whose income is less than 60% of the median income.

- A \$1.5 million loan to a not-for-profit mental health care facility that provides services primarily to low-and moderate-income individuals. Loan proceeds were used for accounts receivable financing.
- A \$3 million loan with proceeds used to renovate a strip shopping center and accommodate the relocation of a grocery store in a moderate-income geography within the city of Terre Haute. The relocation of the grocery store has assisted in stabilizing and revitalizing a moderate-income geography by both serving and employing low- and moderate-income individuals. The grocery store currently employees approximately one hundred individuals whose hourly wage is less than \$10 per hour.

Flexible Lending Practices

MNB uses flexible lending programs to meet identified credit needs pertaining to affordable mortgage and automobile loans. A summary of these loan programs is detailed below.

- MNB uses a proprietary affordable mortgage program to meet the affordable housing needs of low- and moderate-income individuals. Flexible loan underwriting criteria include 100% financing and no requirement for private mortgage insurance. The 100% financing is obtained by an 80% first mortgage and a 20% second mortgage with a term of up to 15 years. In 1997 and 1998, the bank originated 12 loans (\$447,000) to low- and moderate-income individuals.
- MNB is involved with the Family Self Sufficiency program (FSSP), coordinated by the Housing Authority of the City of Terre Haute. Individuals that are under the FSSP may obtain 100% financing for the purchase of a used automobile. Since the program's inception in early 1998, MNB has originated nine loans totaling \$57,800.

Investment Test

In MNB's assessment areas, the primary need was affordable housing for low- and moderate-income individuals. MNB has exhibited a good responsiveness to this need by investing in two low-income housing tax credits. A summary of these two investments is detailed below.

- In 1998, MNB contractually committed to invest \$2.3 million in low-income housing tax credits, of which \$384,000 has been paid. These funds, combined with MNB's \$3 million community development loan and funds from other sources, will be used to construct thirty-five houses in Terre Haute, Indiana. The houses will be rented to households whose income is less than 60% of the median income.

- In 1997, MNB contractually committed to invest \$315,000 in low-income housing tax credits, of which \$268,000 has been paid. These funds, combined with funds from other sources, were used to construct a sixty unit multifamily apartment complex in Terre Haute, Indiana. These units will be rented to households whose income is less than 60% of the median income.

In addition to the low-income tax credits, MNB also contributed approximately \$39,000 to various organizations that provide services or housing primarily for low- and moderate-income individuals.

Service Test

Accessibility of Delivery Systems

MNB's delivery systems are reasonably accessible to areas and individuals of different income levels. The bank currently operates 16 branch offices located in Vigo (11), Vermillion (2), and Parke (3) counties. All but five branches have automated teller machines (ATMs) onsite. MNB has five stand alone ATMs in Vigo (4) and Vermillion (1) counties to augment the branch network.

Branch hours are reasonable and do not significantly vary among the branches. MNB's core banking hours are from 9:00 AM to 3:00 PM, with all offices open until at least 5:00 PM on Friday. All branch offices provide the same level of financial services with the exception of offices in Parke County. The branches in Parke County specialize in agricultural lending and offer loans for equipment, crop, livestock, land acquisition, and seasonal lines of credit. Nine of sixteen branches are open on Saturday, and at least one branch has Saturday hours in each of the three counties comprising MNB's assessment areas.

Table 13, on the following page, shows that the bank has a reasonable distribution of branches in low-income (6%) and moderate-income (19%) geographies when compared to the percentage of families and businesses located in these areas. Eight and twenty-eight percent of all businesses are located in low- and moderate-income geographies, respectively. Twenty-two percent of all families reside in moderate-income geographies. According to available demographic data, 13 families reside in low-income geographies.

Table - 13
Distribution of Branch Offices
All Assessment Areas

Tract Income Level	Census Tracts		Families		Businesses		Branches	
	#	%	#	%	#	%	#	%
Low-Income	1	3%	13	nil	270	8%	1	6%
Moderate-Income	11	29%	7,937	22%	955	28%	3	19%
Middle-Income	19	50%	20,337	57%	1,571	47%	10	63%
Upper-Income	7	18%	7,674	21%	558	17%	2	12%
Total	38	100%	35,961	100%	3,354	100%	16	100%

Source: 1990 Census Data - U.S. Bureau of the Census and bank provided information

Changes in Branch Locations

MNB's record of closing branch offices has not significantly affected the accessibility of its services to low-or moderate-income individuals. On September 30, 1998, MNB closed a branch office in a middle income geography (census tract 013) in Vigo County. However, MNB maintains another branch office within a quarter mile. Prior to December 31, 1998, MNB plans to close a two branch offices in Vigo County (middle-income census tracts 018 and 108). MNB plans to open a new branch office in census tract 018 by December 31, 1998. This new branch is less than two miles from the two branches that are expected to close.

Community Development Services

MNB has a reasonable level of community development services within its assessment areas. The bank's community development services have primarily been related to providing affordable housing and deposit and check cashing services. A synopsis of MNB's community development services is detailed below.

- MNB's chief executive officer serves as the current President for the "Alliance for Growth and Progress" (Alliance). Alliance has been a leader in promoting the development of the "Center Project for Terre Haute" (Center). The Center will consist of retail shops and thirty-three apartment units. It is anticipated this project will assist in revitalizing downtown Terre Haute by providing jobs and affordable housing to low- and moderate-income individuals. The bank's chief executive officer has been actively involved with "Alliance" by developing strategic plans, preparing budgets, and assisting in developing financing options.

- A MNB officer is a director for the Indiana Community Business Credit Corporation (ICBCC). ICBCC provides business loans to individuals who would ordinarily not qualify for a traditional bank loan. As a director, the bank representative reviews and approves loan applications and assists in setting underwriting guidelines.
- MNB officers provide financial expertise to the Rockville Housing Authority and the Housing Authority of the City of Terre Haute. These officers are involved in preparing and approving budgets and assist in developing investment strategies.
- MNB provides free government check cashing services to non bank customers.
- MNB offers a no service charge checking account called “Economy Checking.”

Fair Lending Review

We did not identify violations of the substantive provisions of the anti-discrimination laws or regulations. MNB’s fair lending policies and procedures are satisfactory.

LOAN AND BRANCH DATA FOR TERRE HAUTE MSA 8320 (VIGO AND VERMILLION COUNTIES)

Our review included a separate analysis of MNB's CRA performance in the Terre Haute MSA. The bank's record of performance within the Terre Haute MSA is consistent with the overall ratings assigned to the bank. The following tables provide combined loan and branch distribution data for this MSA.

Geographic Distribution of Loans

Table - 14 Geographic Distribution of Small Business Loans for MNB MSA 8320									
Tract Income Level	% of Businesses by Location	1997				YTD 1998			
		#	%	\$ (000's)	%	#	%	\$ (000's)	%
Low-Income	9%	17	8%	\$2,143	12%	11	8%	\$1,325	9%
Moderate-Income	32%	59	26%	2,607	14%	43	33%	6,207	42%
Middle-Income	41%	100	44%	6,740	37%	51	39%	4,431	30%
Upper-Income	18%	51	22%	6,602	37%	27	20%	2,834	19%
Total	100%	227	100%	\$18,092	100%	132	100%	\$14,797	100%

Source: Dun & Bradstreet, Inc. and Small Business Loan Data Collection Registers

In 1997, the aggregate market's distribution of small business loans in low- and moderate-income geographies was 8% and 26%, respectively. MNB's distribution of loans mirrors the aggregate market's distribution of loans.

Table - 15 Geographic Distribution of Small Farm Loans for MNB MSA 8320									
Tract Income Level	% of Farms by Location	1997				YTD 1998			
		#	%	\$ (000's)	%	#	%	\$ (000's)	%
Low-Income	2%	0	0%	\$0	0%	0	0%	\$0	0%
Moderate-Income	13%	0	0%	0	0%	0	0%	0	0%
Middle-Income	45%	13	87%	430	96%	8	89%	201	50%
Upper-Income	40%	2	13%	20	4%	1	11%	200	50%
Total	100%	15	100%	\$450	100%	9	100%	401	100%

Source: Dun & Bradstreet, Inc. and Small Farm Loan Data Collection Registers

In 1997, the aggregate market's distribution of small farm loans in low- and moderate-income geographies was 1% and 6%, respectively.

Table - 16 Distribution of HMDA Loans by Census Tract Income Designation for MNB MSA 8320										
Tract Income Level	Owner Occupied Housing by Tract		1997				YTD 1998			
	#	%	#	%	\$ (000's)	%	#	%	\$ (000's)	%
Low-Income	6	<1%	1	<1%	\$54	<1%	1	<1%	\$54	<1%
Moderate-Income	7,408	23%	163	16%	5,383	8%	84	14%	3,195	6%
Middle-Income	17,227	52%	550	53%	32,489	49%	303	50%	22,889	46%
Upper-Income	8,247	25%	315	31%	28,226	43%	221	36%	23,965	48%
Total	32,888	100%	1,029	100%	\$66,152	100%	609	100%	\$50,103	100%

Source: 1990 Census Data - U.S. Bureau of the Census and HMDA Loan Application Registers

In 1997, the aggregate market's distribution of HMDA loans in low- and moderate-income geographies was .5% and 23%, respectively.

Loan Distribution by Borrower Income

Table - 17 Distribution of HMDA Loans by Borrower Income Level for MNB MSA 8320						
Borrower Income Level	Families in Assessment Area		1997		YTD 1998	
	# (000's)	%	#	%	#	%
Low-Income	6	19%	58	5%	36	6%
Moderate-Income	6	19%	174	17%	86	14%
Middle-Income	7	23%	276	27%	150	25%
Upper-Income	12	39%	502	49%	319	52%
Not Available	0	0%	19	2%	18	3%
Total	31	100%	1,029	100%	609	100%

Source: 1990 Census Data - U.S. Bureau of the Census and HMDA Loan Application Registers

In 1997, the aggregate market's distribution of HMDA loans to low- and moderate-income borrowers was 8% and 19%, respectively.

Distribution of Branch Offices

Table - 18 Distribution of Branch Offices for MNB MSA 8320								
Tract Income Level	Census Tracts		Families		Businesses		Branches	
	#	%	#	%	#	%	#	%
Low-Income	1	3%	13	nil	270	9%	1	8%
Moderate-Income	11	32%	7,937	25%	955	32%	3	23%
Middle- Income	15	44%	15,943	51%	1,236	41%	7	54%
Upper-Income	7	21%	7,674	24%	558	18%	2	15%
Total	34	100%	31,567	100%	3,019	100%	13	100%

Source: 1990 Census Data - U.S. Bureau of the Census and bank provided information

APPENDIX

Definition of Terms

The following are definitions of terms used throughout this public evaluation. The definitions are not the strict legal definitions contained in 12 C.F.R. 25.12, but rather a more concise synopsis of their meaning.

Community Development - The primary purpose of the loan, investment, or service is for (1) affordable housing for low- or moderate-income individuals; (2) community services targeted to low- or moderate-income individuals; (3) activities that promote economic development by financing small businesses and farms; and (4) activities that revitalize or stabilize low or moderate-income areas.

Consumer Loan - A loan to one or more individuals for household, family, or other personal expenditures.

HMDA Loan - A residential real estate loan (home purchase, home refinance, home improvement, or multifamily).

Geography - A census tract (CT) or block numbering area (BNA).

Low-, Moderate-, Middle-, and Upper-Income Area - A low-income area is one in which the median family income is less than 50% of the area median income, moderate-income is 50% to 79% of the area median family income, middle-income is 80% to 119% of the area median family income, and upper-income is 120% or more of the area median family income.

Qualified Investment - A lawful investment, deposit, membership share, or grant that has as its primary purpose community development.

Small Business Loan - A commercial loan with an original loan amount of \$1 million or less.

Small Farm Loan - A farm loan with an original loan amount of \$500,000 or less.