



# 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 SOUTHERN INDIANA  
CHARTER NUMBER: 21723

320 Pearl Street  
New Albany, IN 47150

OFFICE OF THE COMPTROLLER OF THE CURRENCY  
LARGE BANK DIVISION  
250 "E" STREET, SW  
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 Southern Indiana (NCB-SI)** 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 "**Satisfactory.**"

The following table indicates the performance level of **National City Bank of Southern Indiana (NCB-SI)** with respect to the Lending, Investment, and Service Tests:

Performance Levels	National City Bank of Southern Indiana (NCB-SI) 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:

- Lending activity is excellent. Geographic Distribution is good. Borrower distribution is adequate. 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. Few of the bank's investments are considered innovative or complex.
- The distribution of branch offices is considered excellent, as the bank's delivery systems are readily accessible to geographies and individuals of different income levels in the assessment area. The provision of community development services is good and considered responsive to the needs of the community, but not innovative.

## Description of Institution

National City Bank of Southern Indiana (NCB-SI), headquartered in New Albany, Indiana, 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 6 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.

As of September 30, 1999, NCB-SI reported total assets of \$319 million, total loans of \$226 million, and a loan-to-deposit ratio of 90%. Tier 1 capital totals \$44 million. NCB-SI operates 13 branch offices and 13 deposit-taking automatic teller machines (ATM's) in the southern portion of the state of Indiana. As of September 30, 1999, NCB-SI's loan portfolio consisted of 69% real estate loans, 15% consumer loans, 15% commercial loans, and 1% agricultural loans.

There were three affiliated, non-banking entities and four banking entities that 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-SI's ability to meet identified credit needs within its assessment areas.

There are several competitive pressures that impede NCB-SI's ability to meet identified credit needs. Within the Louisville MSA, 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-SI 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.

Currently, NCB-SI's market area consists of one Metropolitan Statistical Area (MSA) and one assessment area in a non-metropolitan part of the state. Both assessment areas are located wholly within the state of Indiana. Specifically, the bank's



assessment areas include:

- 1) The entire, Indiana portion of the Louisville MSA with the exception of Scott county where the bank has no branches, and
- 2) Washington county

No changes have been made to the bank's assessment areas since the previous examination that concluded in December 1996.

## Scope of the Evaluation

### Evaluation Period/Products Evaluated

The last evaluation was completed as of December 31, 1996 during which the bank's CRA performance was rated Outstanding. This evaluation assesses the bank's performance from January 1, 1997 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/small farm loans. HMDA and community development loan data was considered for the entire evaluation period. Small business/farm data was considered from January 1, 1999 through September 30, 1999. Small business/farm data for 1997 and 1998 was deemed unreliable, and was not included in this evaluation. 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-SI'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-SI and its affiliates report loans purchased from other NCC affiliates as 'purchased loans'. The purchased loans represent a material portion of the reported home mortgage loan data. For the review period, approximately 36% of Home Purchase and 39% of Home Refinance activity is represented by purchased loans. While the standard Performance Data tables in Appendix C include loans originated and purchased, we determined that NCB-SI'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-SI 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, 1997 through February 22, 2000. The evaluation period for the Service Test is January 1, 1997 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 and farms. 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, and 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 business/farm 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 1997 and 1998 data. As a result, our small business/farm analysis was limited to the bank's performance during the first three-quarters of 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. We excluded these small business loans from our Community Development loan totals.

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

We selected an assessment area for full-scope review and the remaining

assessment area was reviewed in a more limited manner. The data contained in the tables in Appendix C was evaluated for each bank assessment area and this data was factored into our conclusions. However, for the full-scope assessment area, 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.

The Louisville MSA received a full-scope review. This area contains 65% of the bank's deposits, 86% of low- and moderate-income tracts, 88% of the population, 88% of businesses and farms, and 69% of NCB-SI's branch offices.

Washington County with 35% of the bank's deposits received a limited-scope review.

## **Ratings**

The bank's overall rating is based primarily on the Louisville MSA which received a full-scope review.

## **Other**

We contacted two community groups in the Louisville area in order to ascertain community credit needs. In addition, we reviewed a compilation of community reinvestment data gathered by OCC examiners within the last 24 months.

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

## **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 Southern Indiana. 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.

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

### **LENDING TEST**

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

The bank's performance under the Lending Test is rated High Satisfactory. Based on a full-scope review, the bank's performance in the Louisville MSA is good.

#### **Lending Activity**

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

During the review period, home mortgage loans accounted for 95% of NCB-SI's loans in the Louisville MSA, 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 in the area, and was not identified as an unmet credit need by community contacts. As a result, farm loans were not considered material for purposes of this review.

Of the total home mortgage loans made by the bank in the Louisville MSA, approximately 30% were Home Purchase, 44% Home Refinance, and 26% Home Improvement. Based on these percentages, and identified credit needs for affordable housing, especially homeownership and rehabilitation, we gave equal consideration to all three product types.

NCB-SI's lending activity in the Louisville MSA is excellent. During 1998, the bank was ranked fourth in deposit market share (7.43%), but had a higher lending market rank for all mortgage products. Specifically, NCB-SI was ranked second in both Home Purchase (5.27% market share), and Home Refinance lending (5.96% market share), and first in Home Improvement lending with a 28.28% market share.

Note that throughout our analysis, NCB-SI's percentage distribution of lending compared to demographic information 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 1997, 1998, and the first three quarters of 1999, compared to market share information which only reflects 1998 activity.

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

The geographic distribution of NCB-SI's home mortgage and small loans to businesses is good in the Louisville assessment area (AA). This is based on good performance with respect to Home Purchase loans, poor performance with respect to Home Refinance loans, excellent performance with respect to Home Improvement loans, and good performance with respect to small loans to businesses. Loan penetration throughout the entire Louisville AA was excellent, and a substantial majority of loans were made within the bank's 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 comprise a significantly larger market than low-income areas.

The geographic distribution of Home Purchase loan originations is good in the Louisville AA. Performance is excellent in low-income tracts, and is adequate in moderate-income tracts. The percentage of NCB-SI's Home Purchase loans made during the evaluation period in low-income geographies (1.41%) exceeds the percentage of owner-occupied housing units that are within those geographies (.91%). NCB-SI's market share in low-income geographies (7.14%) exceeds its overall Home Purchase market share of 5.27%. The percentage of Home Purchase loans made in moderate-income geographies (8.98%) is somewhat less than the percentage of owner-occupied housing units within those geographies (14.11%). NCB-SI's market share in moderate-income geographies (4.45%) is near its overall Home Purchase market share.

The geographic distribution of Home Refinance loan originations is poor in the Louisville AA. Performance is adequate in low-income areas, and is poor in moderate-income areas. In low-income geographies, NCB-SI's percentage of loans (0.62%) is somewhat less than the percentage of owner-occupied housing units located in those areas. However, the bank's market share in low-income geographies (5.08%) is near its overall Home Refinance market share of 5.96%.

The percentage of loans originated in moderate-income geographies (5.29%) is less than the percentage of owner-occupied housing units that are within those geographies. In addition, NCB-SI's market share in moderate-income areas (3.31%) is less than its overall market share.

The geographic distribution of Home Improvement loan originations is excellent in the Louisville AA because the percentage of bank loans made in LMI tracts is higher than owner-occupancy demographics. This performance was further enhanced by excellent market share distribution. Specifically, NCB-SI's percentage of Home Improvement loans in low- (1.26%) and moderate-income geographies (14.23%) exceeds the percentage of owner-occupied housing units located in those areas. In addition, the bank's market shares in low- (33.33%) and moderate-income geographies (34.81%) exceed its overall Home Improvement market share of 28.28%.

### ***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 Louisville AA because the percentage of loans NCB-SI made in LMI geographies is near the percentage of businesses that are within 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 a result, a meaningful analysis could not be performed.

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

Reports detailing NCB-SI's home mortgage lending were reviewed to identify gaps in geographic distribution. During the review period, NCB-SI had excellent penetration throughout the Louisville AA. Loans were originated in all of the AA's 44 populated census tracts; this computes to a penetration rate of 100%. With only nine months of small loans to businesses and farms 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***



Note that the Inside/Outside ratio was performed at the state level as opposed to the AA level, and does not include extensions of credit by affiliates.

NCB-SI has done an excellent job of serving borrowers within its defined assessment areas. During the review period, 94% of the bank's home mortgage loans, 89% of small loans to businesses, and 85% of small loans to farms were made within NCB-SI'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 distribution of home mortgage loans and small loans to businesses based on the income levels of the borrowers is adequate in the Louisville AA. This conclusion is based on adequate Home Purchase, Home Refinance, and small loans to business performance, and excellent Home Improvement performance.

#### ***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, we used adjusted loan data to conduct our borrower distribution analysis. This data primarily focuses on loan originations. The following narrative contains the specific facts and data we used to evaluate the borrower distribution of 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 borrower distribution is adequate. Performance is good for moderate-income borrowers. However, this was offset by adequate performance among low-income borrowers. The percentage of Home Purchase loans originated to low-income borrowers (7.04%) is less than the percentage of families that are low-income (19.16%). However, when housing affordability is factored in, performance is considered adequate. During 1998 NCB-SI's market share of loans to low-income borrowers (1.98%) was less than its overall Home Purchase market share of 5.27%. The percentage of Home Purchase loans originated to moderate-income borrowers (19.01%) is near the percentage of the AA's families that are moderate-income (19.50%). NCB-SI's moderate-income borrower market share (3.20%) is less than its overall Home Purchase market share.

Home Refinance borrower distribution is adequate. Performance is excellent for moderate-income borrowers, and is poor for low-income borrowers. The bank's

distribution of loans to low-income borrowers, relative to population demographics is poor. The distribution of loans to moderate-income borrowers was good relative to demographics, and was enhanced by excellent market share distribution. The following information further details our findings and conclusions relative to Home Refinance loan distribution.

The percentage of Home Refinance loans originated to low-income borrowers (5.90%) is less than the percentage of families that are low-income even when housing affordability is considered. The percentage of Home Refinance loans originated to moderate-income borrowers (17.96%) is near the percentage of families that are moderate-income. NCB-SI's 1998 market share of loans to low-income borrowers (4.11%) is somewhat less than its overall Home Refinance market share of 5.96%. The bank's market share of loans to moderate-income borrowers (6.08%) exceeds its overall Home Refinance market share.

Home Improvement borrower distribution is excellent. Performance among low-income borrowers is good, and is excellent among moderate-income borrowers. The percentage of Home Improvement loans originated to low-income borrowers (9.82%) is less than the percentage of low-income families in the AA. However, when housing affordability is factored in, the bank's performance is good. The percentage of loans to moderate-income borrowers (24.06%) exceeds the percentage of moderate-income families in the AA. The bank's 1998 market share of loans to low-income borrowers (20.67%) is somewhat less than its overall Home Improvement loan market share of 28.28%. The bank's market share of loans to moderate-income borrowers (31.02%) exceeds its overall Home Improvement loan 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 adequate in the Louisville AA because the percentage of small loans to businesses with revenues of \$1 million or less is somewhat less than the percentage of AA businesses in that revenue category. Furthermore, 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 Appendix C for the facts and data used to evaluate the bank's level of community development lending.

NCB-SI's excellent community development (CD) lending is attributed to the volume of activity and the responsiveness to community needs. CD lending had a positive impact on the Lending Test conclusion for the Louisville MSA.

NCB-SI originated three CD loans totaling \$3.7 million in the Louisville MSA (11.17% of pro-rata Tier I Capital). The dollar volume of CD lending activity is excellent given the bank's size, capacity, and the intense competition for such loans.

The bank's CD loans in the Louisville MSA have been highly responsive to the needs of the local community. All of the loans address identified credit needs for affordable housing and economic development. The loans are not considered innovative or complex.

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

**Jeffersonville (Indiana) Housing Authority (JIHA)** - A \$425 thousand affordable housing loan. Proceeds were used to implement energy conservation improvements for JIHA's public housing facilities. The improvements will save the Authority nearly \$76 thousand per year. JIHA facilities target low-income families and are located throughout the Louisville area.

**Youngstown Partners** - A \$1.5 million economic development loan. Proceeds were used to renovate a declining strip center in a moderate-income census tract. The strip center provides basic services such as convenience stores and drug stores. The center had declined to an approximate 60% occupancy rate, but after renovation occupancy increased to 92%. The renovation resulted in an increase in services to the low- and moderate-income families.

## **Product Innovation and Flexibility**

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

NCB-SI 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-SI are highlighted below. The bank reports these products as part of its HMDA data. HMDA does not differentiate flexible products from more traditional loan products. As a result, the specific number of loans originated under each program is not detailed here.

**DownPayment Assistance** - NCB-SI offers two programs (Nehemiah and AmeriDream) that assist low- and moderate-income homebuyers with downpayment 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; flexible terms, and does not require mortgage insurance.

**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 loan features a low downpayment requirement and reduced interest rates. NCHAMP loans primarily target low- and moderate-income geographies.

**Residential Mortgage Programs** - NCB-SI offers a number of specialized products 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, Jeffersonville Housing Authority, United States Department of Agriculture, and The Federal Housing Administration. The programs feature low downpayment requirements or flexible terms.

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

Based on a limited-scope review, the bank's performance under the Lending Test in Wayne County is not inconsistent with the bank's overall High Satisfactory performance under the Lending Test. Refer to the Tables 1 through 11 in Appendix C for the facts and data that support these conclusions.

## INVESTMENT TEST

### Conclusions for Areas Receiving Full-Scope Reviews

The bank's performance under the Investment Test is rated High Satisfactory. Based on a full-scope review, the bank's performance in the Louisville MSA is good.

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

The assessment of NCB-SI's investment performance is based on the investments' volume, responsiveness to community needs, and complexity and innovation.

The volume of investments in the Louisville MSA is good given the limited number of CD opportunities available, and the high level of competition in the area. (Refer to the Market Profile in Appendix B). 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. In addition, the investments have been highly responsive to the needs of the community. In the Louisville area, 96% of the investments addressed identified needs for affordable housing. The remaining 4% address social service needs of low-income families.

NCB-SI is periodically involved in developing investment opportunities within its local community. This is accomplished through the formation of long term partnerships with community groups and local developers. A limited number of the bank's investments are considered innovative or complex.

The following examples highlight the bank's performance in the Louisville MSA. These investments detail activities involving NCCDC, a nonbank affiliate.

**Marquis Meadows Phase II** - NCCDC forged a partnership with a local developer and invested \$152 thousand in this affordable housing project that is located in a low-income census tract. The funds were used to acquire 14.8 acres of land that will be developed into 28 single-family homes. The project targets low- and moderate-income families. Land prices are high in the MSA and acquisition of this land was an important step in assuring the viability of the project. NCCDC agreed to a flexible repayment plan that allowed 100% of the proceeds from the first 10 lots to pay infrastructure costs incurred by the builder. This repayment schedule is considered innovative because it represents one of the only successful attempts by a financial entity to induce builder participation in an affordable housing project.

Local builders' lack of participation in affordable housing projects was noted as a concern within the local community.

**Moonglo Estates Development Company** - This affordable housing development is a regional initiative that benefits low- and moderate-income residents of Floyd, Clark, and Washington counties. NCCDC invested \$286 thousand in the project, and partnered with a local developer, a regional credit counseling agency, 3 regional nonprofits, a regional radio station, a large daily circular with regional coverage, several local realtors, and one other financial institution to create this project. The program is comprehensive, in that it encompasses housing construction, down payment assistance, credit counseling, and a marketing feature that targets low- and moderate-income families throughout the region. Funds were used to purchase 42 acres of land for construction of 194 housing units. Moonglow targets low- and moderate-income families, and low- and moderate-income senior citizens. Additional subsidies are provided for qualifying seniors. The project is considered complex because of the large number of public and private participants, and because of the comprehensive nature of the program.

Grants/Donations - During the review period, NCB-SI made 18 grants totaling \$27 thousand to a number of social service agencies that target low-income families and communities.

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

Based on a limited-scope review, the bank's performance under the Investment Test in Washington county is weaker than the bank's overall High Satisfactory performance under the Investment Test. Refer to Table 12 Appendix C for the facts and data that support these conclusions.

The weaker performance was primarily the result of adequate volume conclusions relative to bank capacity. This factor 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 is rated Outstanding. Based on a full scope review, the bank's performance in the Louisville MSA is excellent.

#### **Retail Banking Services**

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

The distribution of NCB-SI's branch offices in the Louisville MSA is considered excellent. The bank's delivery systems are readily accessible to geographies and individuals of different income levels. The distribution of NCB-SI's offices throughout LMI geographies exceeds the distribution of the population living in such geographies. No branch openings or closings occurred during this examination period.

NCB-SI's hours and services offered throughout the Louisville MSA are good. Standard banking hours and services provided Monday through Friday are relatively comparable at all nine locations regardless of the income level of the geography. All of the branches have extended evening hours and most offer Saturday hours. In-store branches are located within each county in the MSA, and offer extended evening hours that are tailored to meet the needs of the community.

NCB-SI offers a Basic Checking account that is designed to meet the needs of LMI customers for a \$3 monthly service charge with no minimum balance requirements. If the customer is over the age of 55, the bank offers a free First Senior Checking account with no minimum balance requirements. Finally, the bank offers a Self-Serve Checking product that does not assess fees for ATM or electronic transactions.

NCB-SI's ATM network offers an effective alternative delivery system for delivering retail banking services in LMI geographies and to LMI individuals. The percentage of ATMs in Louisville's low- (18.18%) and moderate-income geographies (18.18%) exceeds the portion of the population that resides in these geographies (1.99% and 17.02%, respectively).

NCB-SI 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 shows that this has been an effective delivery system for providing retail services to low- and moderate-income customers. Of the total loans processed through the Indiana centers, nearly 30% 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-SI 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-SI's provision of CD services to the Louisville MSA is good. The services are responsive to the needs of the community, but are not considered innovative.

NCB-SI provides technical expertise and support to a moderate number of community development groups in the Louisville MSA. These services target two of the primary needs of the community: affordable housing and economic development.

The following examples highlight NCB-SI service activities in the Louisville MSA during the evaluation period:

**Repair Affair Southern Indiana** - Repair Affair is an annual home-improvement event that targets low- and moderate-income homeowners in Clark and Floyd counties. An NCB-SI officer provides technical guidance in his capacity as Chairman of the Board of Directors, and as primary organizer of the event. A similar group has been established in Harrison County through the initiatives of NCB-SI.

**Develop New Albany (DNA)** - The primary focus of this group is to rebuild the core downtown area of New Albany and stimulate economic revitalization of these low- and moderate-income census tracts. An NCB-SI officer serves in a financial advisory capacity as a Board member.

**Southern Indiana Small Business Development Center** - An NCB-SI officer instructs pre-business workshops that target low- and moderate-income individuals seeking self-employment opportunities.

**Fresh Start Program** - This program provides counseling for consumers who have been denied access to deposit services because of past abuses. Many of these consumers are low- or moderate-income persons. After completing the program participants are eligible to open an account with a participating bank. NCB-SI was the first bank to offer the program. This program was created in response to an identified need for financial education within the Louisville area.



**Lenders for Community Investment (LCI)** - LCI is a money management program taught in Clark and Floyd county public schools by a 12-member bank consortium. NCB-SI is a consortium member. The consortium has also used its pooled resources to publish a brochure that helps market not-for-profit housing developers.

**Community Action Agency of Southern Indiana** - The agency sponsors a micro-entrepreneur program for low- and moderate-income persons. An NCB-SI loan officer has conducted a financial workshop for the agency.

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

Based on a limited-scope review, the bank's performance under the Service Test in the Washington County non-metropolitan area is not inconsistent with the bank's overall Outstanding performance under the Service Test. Refer to Table 13 in Appendix C for the facts and data that support these conclusions.

## 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, 1997 through September 30, 1999 Small Business        January 1, 1997 through September 30, 1999 Small Farm             January 1, 1999 through September 30, 1999 Investment Test:     January 1, 1997 through February 22, 2000 Service Test:         January 1, 1997 through September 30, 1999	
<b>Financial Institution</b>	<b>Products Reviewed</b>	
National City Bank of Southern Indiana (NCB-SI) New Albany, IN	Home-purchase and refinanced loans, home-improvement loans, small-business loans, small-farm 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 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.
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.
National City Bank	Holding corporation subsidiary	Home-purchase and refinanced loans and home-improvement loans.

<b>List of Assessment Areas and Type of Examination</b>		
<b>Assessment Area</b>	<b>Type of Exam</b>	<b>Other Information</b>
Louisville #4520	Full-Scope	MSA
Washington County	Limited-Scope	Non-MSA

## Appendix B: Market Profiles for Full-Scope Areas

### Louisville MSA

Demographic Information for Full-Scope Area: Louisville MSA #4520						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA % of #
Geographies (Census Tracts/BNAs)	45	2.22	24.44	55.56	15.56	2.22
Population by Geography	182,071	1.99	17.02	62.11	18.88	0.00
Owner-Occupied Housing by Geography	49,106	0.91	14.11	64.61	20.37	0.00
Businesses by Geography	6,347	2.24	28.52	53.33	15.91	0.00
Farms by Geography	449	0.89	6.68	83.52	8.91	0.00
Family Distribution by Income Level	51,083	19.16	19.50	24.39	36.95	0.00
Distribution of Low- and Moderate-Income Families throughout AA Geographies	19,751	3.09	24.04	60.79	12.08	0.00
Median Family Income	= \$32,975	Median Housing Value		= \$55,519		
HUD Adjusted Median Family Income for 1998	= \$48,400	Unemployment Rate June 30, 1999		= 3.99%		
Households Below the Poverty Level	= 13.27%					

(\*) 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 Louisville MSA is a multi-state MSA, however NCB-SI's assessment areas only encompass communities within the state of Indiana. Specifically, this includes Clark, Floyd, and Harrison counties. NCB-SI has nine branches and 11 ATMs located throughout the MSA. As of June 30, 1999, 64.92% of NCB-SI's deposits were derived from this area. No changes were made to this assessment area during the evaluation period.

NCB-SI's deposits in this MSA are \$164 million or 7.43% of the market according to the June 30, 1999 FDIC Market Share Reports. The bank has a significant presence in Floyd County where it is the second largest depositor (18.41% market share). In both Clark and Harrison counties, the bank has an insignificant presence with a 1.29% and .95% market share, respectively. Bank One Kentucky, National Association (39.26% market share) and PNC Bank National Association (18.23%) dominate Clark County. Union Planters Bank, National Association (25.08% market share), First Federal Bank (22.85%), and Bank One Kentucky, National Association (17.50%) dominate Harrison County.

The local economy is very strong, and unemployment is low. However, the work base is saturated with small service oriented companies that generally pay low wages, or only offer part time opportunities.

Land prices are extremely high. There is a scarcity of builders motivated to construct affordable housing. This is the direct result of a strong demand for middle and upper income homes.

As noted earlier in this Evaluation, community credit needs within the Louisville assessment area were identified by contacting several community organizations and by reviewing other OCC community contacts made within the last 24 months. Affordable housing for low- and moderate-income households, and rehabilitation products, especially for small, deteriorating homes owned by senior citizens were identified as significant needs in the community. In addition, there is a need for transitional housing for homeless families, and for economic development.

The number of opportunities for creating partnerships with nonprofit housing organizations and community service groups is limited. A few community groups exist in the area, however many lack the capacity to support ongoing economic development or affordable housing projects. Competition for community development loans, investments, and services is very high in Clark, and Harrison counties. These areas are dominated by large regional and community banks described earlier. Competition in Floyd County is moderate, and is limited to PNC Bank, National Association.

## Appendix C: Tables of Performance Data

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### Content of Standardized Tables

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

- Table 1. Lending Volume** - Presents the number and dollar amount of reportable loans originated and purchased by the bank over the evaluation period by MSA/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**

<b>LENDING VOLUME</b>												
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>												
Louisville (4520)	65	3,023	193,388	160	16,073	8	134	1	425	3,197	210,020	74
<b>Limited Scope:</b>												
Washington County	35	988	49,484	70	4,300	75	3,194	0	0	1,133	56,978	26

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

(\*\*) The evaluation period for Home Mortgage Loans is January 1, 1997 to September 30, 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, 1997 to September 30, 1999.

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

Geographic Distribution: HOME PURCHASE										Evaluation Period: 01/01/1997 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 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>																
Louisville (4520)	.91	1.35	14.11	8.34	64.61	61.78	20.37	28.53	2	6.49	8.33	4.87	5.57	9.87	886	76
<b>Limited Scope:</b>																
Washington County	0	0	33.12	42.86	66.88	57.14	0	0	1	31.37	0.00	31.48	31.31	0.00	287	24

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

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

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

Geographic Distribution: HOME IMPROVEMENT										Evaluation Period: 01/01/1997 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 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>																
Louisville (4520)	.91	1.26	14.11	14.23	64.61	58.94	20.37	25.44	1	27.85	33.33	33.95	24.91	33.60	792	80
<b>Limited Scope:</b>																
Washington County	0	0	33.12	34.18	66.88	65.82	0	0	1	56.35	0.00	51.02	59.74	0.00	196	20

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

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

Table 4. Geographic Distribution of Home Mortgage Refinance Loans

Geographic Distribution: HOME MORTGAGE REFINANCE										Evaluation Period: 01/01/1997 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 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>																
Louisville (4520)	.91	.89	14.11	4.70	64.61	60.85	20.37	33.56	2	8.50	9.89	4.27	7.81	12.17	1,337	73
<b>Limited Scope:</b>																
Washington County	0	0	33.12	34.46	66.88	65.54	0	0	1	40.35	0.00	43.59	39.07	0.00	505	27

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

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

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

Geographic Distribution: SMALL LOANS TO BUSINESSES										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>																
Louisville (4520)	2.24	1.88	28.52	26.88	53.33	42.50	15.91	28.74	NA	NA	NA	NA	NA	NA	160	70
<b>Limited Scope:</b>																
Washington County	0	0	42	57	58	43	0	0	NA	NA	NA	NA	NA	NA	70	30

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

(\*\*) 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										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>																
Louisville (4520)	.89	0.00	6.68	0.00	83.52	100.00	8.91	0.00	NA	NA	NA	NA	NA	NA	8	10
<b>Limited Scope:</b>																
Washington County	0	0	21	17	79	83	0	0	NA	NA	NA	NA	NA	NA	75	90

(\*) The bank's small farm data was unreliable for 1998, as a result market share 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 7. Borrower Distribution of Home Purchase Loans**

Geographic Distribution: HOME PURCHASE										Evaluation Period: 01/01/1997 to 9/30/1999						
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>																
Louisville (4520)	19.16	4.51	19.50	12.18	24.39	21.98	36.95	23.45	2	6.49	1.82	2.98	5.61	6.70	886	76
<b>Limited Scope:</b>																
Washington County	23.00	8.01	22.91	23.34	23.32	25.09	30.77	21.25	1	31.37	28.13	23.46	28.71	33.33	287	24

(\*) As a percentage of loans with borrower income information available. No information was available for 34% loans originated and purchased by the bank.

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

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

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

Geographic Distribution: HOME IMPROVEMENT										Evaluation Period: 01/01/1997 to 9/30/1999						
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>																
Louisville (4520)	19.16	9.82	19.50	24.06	24.39	29.72	36.95	36.15	1	27.85	20.67	31.02	28.73	29.48	792	80
<b>Limited Scope:</b>																
Washington County	23.00	15.31	22.91	21.43	23.32	30.61	30.77	32.65	1	56.35	53.33	46.15	58.33	68.57	196	20

(\*) As a percentage of loans with borrower income information available. No information was available for < 1% loans originated and purchased by the bank.

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

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



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

Geographic Distribution: HOME MORTGAGE REFINANCE										Evaluation Period: 01/01/1997 to 9/30/1999						
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>																
Louisville (4520)	19.16	3.58	19.50	10.89	24.39	16.93	36.95	24.61	2	8.50	3.78	5.79	4.52	6.11	1,337	73
<b>Limited Scope:</b>																
Washington County	23.00	5.74	22.91	16.63	23.32	21.58	30.77	28.32	1	40.35	23.08	30.00	30.85	39.44	505	27

(\*) As a percentage of loans with borrower income information available. No information was available for 40% 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						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>									
Louisville (4520)	69.65	48.13	76.88	12.50	10.62	NA	NA	160	70
<b>Limited Scope:</b>									
Washington County	78	62	86	11	3	NA	NA	70	30

(\*) 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.

(\*\*\*) Bank's 1998 small business data unreliable, as a result 1998 market share data was not used.

(\*\*\*\*) 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			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>									
Louisville (4520)	93.76	87.50	100.00	0.00	0.00	NA	NA	8	10
<b>Limited Scope:</b>									
Washington County	94	72	87	12	1	NA	NA	75	90

(\*) 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.

(\*\*\*) Bank's 1998 small farm data unreliable, as a result, 1998 market share 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		Evaluation Period: 01/01/1997 to 2/22/2000								
		Prior Period Investments*		Current Period Investments		Total Investments			Unfunded Commitments**	
MSA/Assessment Area:		#	\$ (000's)	#	\$ (000's)	#	\$ (000's)	% of Total \$'s	#	\$ (000's)
<b>Full Scope:</b>										
Louisville (4520)		1	191	20	322	21	513	76.11	0	0
<b>Limited Scope:</b>										
Washington County		0	0	13	161	13	161	23.89	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 System**

DISTRIBUTION OF BRANCH DELIVERY SYSTEM										Evaluation Period: 01/01/1997 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>																	
Louisville (4520)	64.92	9	69.23	22.22	22.22	33.34	22.22	0	0	0	0	0	0	1.99	17.02	62.11	18.88
<b>Limited Scope:</b>																	
Washington County	35.08	4	30.77	0.00	25.00	75.00	0.00	0	0	0	0	0	0	0.00	33.01	66.99	0.00