



**LARGE BANK**

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Comptroller of the Currency  
Administrator of National Banks

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Washington, DC 20219

## **Public Disclosure**

January 08, 2007

# **Community Reinvestment Act Performance Evaluation**

**Industrial Bank, National Association  
Charter Number: 22850**

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**Office of the Comptroller of the Currency**

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**NOTE: This document is an evaluation of this 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. 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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## Overall CRA Rating

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

The following table indicates the performance level of **Industrial Bank, National Association** with respect to the Lending, Investment, and Service Tests:

<b>Performance Levels</b>	Industrial Bank, National Association Performance Tests		
	Lending Test*	Investment Test	Service Test
Outstanding	X	X	X
High Satisfactory			
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:

- A high percentage of home mortgage loans and small loans to businesses are originated within the assessment area;
- The geographic distribution of home mortgage loans and small loans to businesses is excellent;
- The borrower distribution of home mortgage loans is excellent;
- The bank’s community development lending is excellent and positively impacted the Lending Test rating;
- An excellent level of qualified community development investments and grants;
- Banking services are readily accessible to geographies and individuals of different income levels;
- Bank employees provide an excellent level of community development services in the assessment area.

## Definitions and Common Abbreviations

The following terms and abbreviations are used throughout this performance evaluation, including the CRA tables. 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 with another company. A company is under common control with another company if the same company directly or indirectly controls both companies. A bank subsidiary is controlled by the bank and is, therefore, an affiliate.

**Aggregate Lending:** The number of loans originated and purchased by all reporting lenders in specified income categories as a percentage of the aggregate number of loans originated and purchased by all reporting lenders in the MA/assessment area.

**Census Tract (CT):** A small subdivision of metropolitan and other densely populated counties. Census tract boundaries do not cross county lines; however, they may cross the boundaries of metropolitan areas. Census tracts usually have between 2,500 and 8,000 persons, and their physical size varies widely depending upon population density. Census tracts are designed to be homogeneous with respect to population characteristics, economic status, and living conditions to allow for statistical comparisons.

**Community Development:** Affordable housing (including multifamily rental 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.

**Consumer Loan(s):** A loan(s) to one or more individuals for household, family, or other personal expenditures. A consumer loan does not include a home mortgage, small business, or small farm loan. This definition includes the following categories: motor vehicle loans, credit card loans, home equity loans, other secured consumer loans, and other unsecured consumer loans.

**Family:** Includes a householder and one or more other persons living in the same household who are related to the householder by birth, marriage, or adoption. The number of family households always equals the number of families; however, a family household may also include non-relatives living with the family. Families are classified by type as either a married-couple family or other family, which is further classified into 'male householder' (a family with a male householder and no wife present) or 'female householder' (a family with a female householder and no husband present).

**Full Review:** Performance under the Lending, Investment, and Service Tests is analyzed considering performance context, quantitative factors (e.g., geographic distribution, borrower distribution, and total number and dollar amount of investments), and qualitative factors (e.g., innovativeness, complexity, and responsiveness).

**Geography:** A census tract 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 applications, the amount of loan requested, and the disposition of the application (e.g., approved, denied, and withdrawn). Beginning in 2004, the reports also include data on loan pricing, the lien status of the collateral, any requests for preapproval and loans for manufactured housing.

**Home Mortgage Loans:** Such loans include home purchase, home improvement and refinancings, as defined in the HMDA regulation. These include loans for multifamily (five or more families) dwellings, manufactured housing and one-to-four family dwellings other than manufactured housing.

**Household:** Includes all persons occupying a housing unit. Persons not living in households are classified as living in group quarters. In 100 percent tabulations, the count of households always equals the count of occupied housing units.

**Limited 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, and branch distribution).

**Low-Income:** Individual income that is less than 50 percent of the area median income, or a median family income that is less than 50 percent, in the case of a geography.

**Market Share:** The number of loans originated and purchased by the institution as a percentage of the aggregate number of loans originated and purchased by all reporting lenders in the MA/assessment area.

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

**Metropolitan Area (MA):** Any metropolitan statistical area or metropolitan division, as defined by the Office of Management and Budget, and any other area designated as such by the appropriate federal financial supervisory agency.

**Metropolitan Division:** As defined by Office of Management and Budget, a county or group of counties within a Metropolitan Statistical Area that contains a population of at least 2.5

million. A Metropolitan Division consists of one or more counties that represent an employment center or centers, plus adjacent counties associated with the main county or counties through commuting ties.

**Metropolitan Statistical Area:** An area, defined by the Office of Management and Budget, as having at least one urbanized area that has a population of at least 50,000. The Metropolitan Statistical Area comprises the central county or counties, plus adjacent outlying counties having a high degree of social and economic integration with the central county as measured through commuting.

**Middle-Income:** Individual income that is at least 80 percent and less than 120 percent of the area median income, or a median family income that is at least 80 percent and less than 120 percent, in the case of a geography

**Moderate-Income:** Individual income that is at least 50 percent and less than 80 percent of the area median income, or a median family income that is at least 50 percent and less than 80 percent, in the case of a geography.

**Multifamily:** Refers to a residential structure that contains five or more units.

**Other Products:** Includes any unreported optional category of loans for which the institution collects and maintains data for consideration during a CRA examination. Examples of such activity include consumer loans and other loan data an institution may provide concerning its lending performance.

**Owner-Occupied Units:** Includes units occupied by the owner or co-owner, even if the unit has not been fully paid for or is mortgaged.

**Qualified Investment:** A qualified investment is defined as any lawful investment, deposit, membership share, or grant that has as its primary purpose community development.

**Rated Area:** A rated area is a state or multi-state metropolitan area. For an institution with domestic branches in only one state, the institution's CRA rating would be the state rating. If an institution maintains domestic branches in more than one state, the institution will receive a rating for each state in which those branches are located. If an institution maintains domestic branches in two or more states within a multi-state metropolitan area, the institution will receive a rating for the multi-state metropolitan area.

**Small Loan(s) to Business(es):** A loan included in 'loans to small businesses' as defined in the Consolidated Report of Condition and Income (Call Report) and the Thrift Financial Reporting (TFR) instructions. These loans have original amounts of \$1 million or less and typically are either secured by nonfarm or nonresidential real estate or are classified as commercial and industrial loans.

**Small Loan(s) to Farm(s):** A loan included in 'loans to small farms' as defined in the instructions for preparation of the Consolidated Report of Condition and Income (Call Report). These loans have original amounts of \$500,000 or less and are either secured by farmland, or are classified as loans to finance agricultural production and other loans to farmers.

**Tier One Capital:** The total of common shareholders' equity, perpetual preferred shareholders' equity with non-cumulative dividends, retained earnings and minority interests in the equity accounts of consolidated subsidiaries.

**Upper-Income:** Individual income that is more than 120 percent of the area median income, or a median family income that is more than 120 percent, in the case of a geography.

## Description of Institution

The Industrial Bank, National Association (IBNA) is a \$348 million independent, minority owned banking institution founded in 1934. It is headquartered in Oxon Hill, Maryland and serves the Washington, D.C. metropolitan area. IBNA is a wholly owned subsidiary of IBW Financial Corporation, a one-bank holding company headquartered in Washington, D.C. IBNA has no operating subsidiaries.

IBNA is an interstate community bank that offers residential mortgages, small business loans, and a variety of deposit products to consumers and commercial businesses. The bank is a leader in lending to various faith-based community organizations and institutions in their assessment area (AA). These community groups provided necessary community services in low- and moderate-income areas such as food and homeless shelters, health care, child care, housing services, employment and financial counseling, and drug and alcohol counseling.

IBNA has five full service branches in the District of Columbia and two full service branches in Prince George's County Maryland. All branch locations are equipped with automatic teller machines (ATMs), and four of the seven branches have drive-through facilities. In addition, IBNA has eight off-site ATMs. All branches offer extended hours on Friday and four of the branches offer Saturday morning hours.

Since the last evaluation period, IBNA closed three branches. One branch was located in Charles County, Maryland, and two branches were located in Washington D.C. After closing the Charles County branch, IBNA appropriately adjusted their assessment area to exclude Charles County. The closing of these three branches had no adverse affect on the bank's accessibility of services to low- and moderate-income geographies or individuals. There has been no merger or acquisition activity during the evaluation period, and no branches were opened during the evaluation period.

As of September 30, 2006, IBNA had net loans of \$169 million or 49% of total assets and net tier one capital of \$26 million. The composition of the loan portfolio consists of residential real estate loans at 43%, commercial real estate loans at 38%, commercial and industrial loans at 10%, construction and development loans at 5%, and consumer loans at 4%. During the evaluation period, IBNA sold 172 loans totaling \$27 million on the secondary market.

IBNA's competition comes from branches of large national and regional financial institutions as well as large local community banks. Based on the June 30, 2005 deposit data, IBNA's major competitors are: Wachovia Bank, NA, SunTrust Bank, Bank of America, NA, and Branch Banking and Trust Co.

IBNA's previous CRA examination was conducted as of October 7, 2002, and the bank was assigned an overall rating of "Outstanding."

During the evaluation period, IBNA was under a Formal Agreement relating to safety and soundness; however, this did not impact their ability to meet the identified needs of the community.

## Scope of the Evaluation

### Evaluation Period/Products Evaluated

The evaluation period for the Lending Test, with the exception of community development loans, is based on two distinct time periods: January 1, 2003 through December 31, 2003 (2003 Evaluation Period) and January 1, 2004 through December 31, 2005 (2004-2005 Evaluation Period). Both the 2003 Evaluation Period and the 2004-2005 Evaluation Period use the Census 2000 demographic information. However, the 2004-2005 Evaluation Period is evaluated using the revised Metropolitan Statistical Areas (MSA) boundaries as defined by the U.S. Office of Management and Budget (OMB). Due to the significant changes in the boundaries and in the demographic information between the two time periods, the loan data was analyzed separately.

Conclusions regarding the bank's lending performance are based on small business and HMDA reportable loans from January 1, 2003 through December 31, 2005. HMDA and small loans to business data from July 1, 2002 through December 31, 2002 could not be retrieved and an analysis could not be performed for this time period. There were no agricultural loans originated or purchased during the evaluation period; therefore, an analysis would not be meaningful and was not performed. Similarly, there were a minimal number of multifamily loans originated or purchased during the evaluation period; therefore, an analysis would not be meaningful and was not performed. The Lending Tables for both small loans to farms and multifamily loans have been eliminated.

For the Community Development (CD) Loans, Investments, and Services, the evaluation period is October 8, 2002 through January 8, 2007. The Community Development Lending Test included a review of loans made in the bank's assessment area that meet the definition of community development. The Investment Test included a review of investments, grants and donations made in the bank's assessment area that meet the definition of community development. Any qualified investments originated in prior periods and still outstanding at January 8, 2007 were given appropriate consideration. The Service Test included a review of retail and community development services provided in the bank's assessment area.

### Data Integrity

In December 2005, IBNA's publicly filed HMDA and small business loan information and registers for 2003, 2004, and 2005 were examined by the OCC to verify the accuracy of the data. At that time, a significant amount of the 2005 small business loan data was found to be inaccurate. Management corrected, recompiled, and resubmitted the 2005 small business loan data to the OCC. This examination was completed with the data that had been corrected. Community Development (CD) loans, investments, and services submitted by management were also verified to ensure that they met the regulatory definition for community development.

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

We performed a full-scope review of the bank's entire assessment area (AA). The ratings are based on conclusions reached in the evaluation of IBNA's performance in this full-scope AA. Please refer to the table in Appendix C for additional information regarding this area.

## **Ratings**

The bank's overall rating is based on a full-scope review of its one AA in the Washington-Arlington-Alexandria, DC-VA-MD-WV Multistate Metropolitan Area. The Lending Test was more heavily weighted than the Investment Test or the Service Test. IBNA's home mortgage products received more weight in evaluating the Lending Test than its small loans to businesses. Approximately 77% of the loans originated in the AA during the evaluation period were home mortgage loans, with small business loans accounting for the remaining 23%. In regards to home mortgage lending, we placed more weight on home refinance mortgages in our analysis, given 57% of all home mortgage loan originations were home refinance loans. Additionally, community development lending received positive consideration in arriving at the lending test rating.

## **Fair Lending Review**

*We found no evidence of illegal discrimination or other illegal credit practices inconsistent with helping to meet community credit needs.*

## **Multistate Metropolitan Area Rating**

### **Washington-Arlington-Alexandria, DC-VA-MD-WV Multistate Metropolitan Area**

**CRA rating for the Washington-Arlington-Alexandria, DC-VA-MD-WV Multistate Metropolitan Area: Outstanding**

**The lending test is rated: Outstanding**

**The investment test is rated: Outstanding**

**The service test is rated: Outstanding**

The major factors that support this rating include:

- A high percentage of home mortgage loans and small loans to businesses are originated within the assessment area;
- The geographic distribution of home mortgage loans and small loans to businesses is excellent;
- The borrower distribution of home mortgage loans is excellent;
- The bank's community development lending is excellent and positively impacted the Lending Test rating;
- An excellent level of qualified community development investments and grants;
- Banking services are readily accessible to geographies and individuals of different income levels;
- Bank employees provide an excellent level of community development services in the assessment area.

### **Description of Institution's Operations in Washington-Arlington-Alexandria, DC-VA-MD-WV Multistate Metropolitan Area**

All of the bank's operations are in the Washington-Arlington-Alexandria, DC-VA-MD-WV Multistate Metropolitan Area. Refer to the market profile for the Washington-Arlington-Alexandria, DC-VA-MD-WV Multistate Metropolitan Area in appendix C for detailed demographics and other performance context information.

## LENDING TEST

The bank's performance under the lending test in the Washington-Arlington-Alexandria, DC-VA-MD-WV Multistate Metropolitan Area is "Outstanding". Based on a full-scope review, the bank's performance in the AA is excellent.

### Lending Activity

Refer to Tables 1 Lending Volume in appendix D for the facts and data used to evaluate the bank's lending activity.

Lending activity in the Multistate Metropolitan Area is good. The bank's lending patterns reflect good responsiveness to the credit needs of the community when considering the high level of competition from larger, nationwide lenders. Eighty-five percent of the bank's lending is done in this AA. Approximately 77% of reportable loans originated during the evaluation period were home mortgage loans, and 23% were small loans to businesses. There were a total of five multi-family loans originated during the evaluation period, and there were no small loans to farms during the evaluation period. Multi-family loans and small loans to farms are not a primary business focus for IBNA.

IBNA has seven branches in the AA, and 100% of the deposits are in the AA. As of June 30, 2005, IBNA had a 0.95% deposit market share, ranking it 12<sup>th</sup> among 39 institutions in Washington D.C. and Prince George's County, MD. Major competitors are: Wachovia Bank, NA (23.37% market share, 36 offices), SunTrust Bank (19.30% market share, 54 offices), Bank of America, NA (16.58% market share, 66 offices), PNC Bank, NA (9.10% market share, 33 offices), and Branch Banking and Trust Co. (6.70% market share, 25 offices).

### Home Mortgage Loans

Among home mortgage originations, approximately 57% were home refinance loans, 24% were home improvement loans, and 18% were home purchase loans.

The 2003 market share data for all mortgage data indicates that IBNA ranks 117<sup>th</sup> out of 673 mortgage lenders with a market share of 0.14%. The 2005 market share data for all mortgage data indicates that IBNA ranks 170 out of 721 mortgage lenders with a market share of 0.06%. Large nationwide banks, mortgage companies, and credit unions dominate this market.

Based on the 2003 HMDA aggregate data, IBNA ranked 132<sup>nd</sup> out of 477 lenders in the AA with a 0.10% market share in home purchase lending. The 2005 HMDA aggregate data indicates IBNA ranks 215<sup>th</sup> out of 544 lenders in the AA with a 0.03% market share in home purchase lending.

Based on the 2003 HMDA aggregate data, IBNA ranked 36<sup>th</sup> out of 133 lenders in the AA with a 0.47% market share in home improvement lending. The two top lenders dominate the market in this product with over 36% combined market share. The 2005 HMDA aggregate data indicates IBNA ranks 44<sup>th</sup> out of 227 lenders in the AA with a 0.61% market share in home improvement lending.

Based on the 2003 HMDA aggregate data, IBNA ranked 102<sup>nd</sup> out of 598 lenders in the AA with a 0.14% market share in home refinance lending. The 2005 HMDA aggregate data indicates IBNA ranks 206<sup>th</sup> out of 606 lenders in the AA with a 0.04% market share in home refinance lending. Large nationwide banks, mortgage companies, and credit unions dominate the market for this product.

### **Small Loans to Businesses**

Based on the 2003 CRA aggregating data, IBNA ranked 48<sup>th</sup> out of 150 lenders with a market share of 0.05%. Based on the 2005 CRA aggregating data, IBNA ranked 27<sup>th</sup> out of 128 lenders with a market share of 0.15%. In 2003 and 2005, the top three lenders dominate the market share with a combined market share of 50% and 45%, respectively.

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

The overall geographic distribution of home mortgage loans is excellent considering the strong competition from significantly larger institutions. The overall geographic distribution of small loans to businesses is excellent.

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

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

#### ***Home Purchase Lending***

The geographic distribution of home purchase lending is excellent. For both the 2003 Evaluation Period and the 2004-2005 Evaluation Period, the percentage of home purchase loans made in low-income geographies exceeds the percentage of owner occupied housing units. For both the 2003 Evaluation Period and the 2004-2005 Evaluation Period, the percentage of home purchase loans made in moderate-income tracts exceeds the percentage of owner occupied housing units.

For the 2003 Evaluation Period and the 2004-2005 Evaluation Period, IBNA's market share in low-income geographies exceeds its overall market share. For the 2003 Evaluation Period, IBNA's market share in moderate-income geographies exceeds its overall market share. For the 2005-2005 Evaluation Period, IBNA's market share in moderate-income geographies is near to its overall market share.

#### ***Home Improvement Lending***

The geographic distribution of home improvement lending is excellent. For both the 2003 Evaluation Period and the 2004-2005 Evaluation Period, the percentage of home improvement loans made in low-income geographies exceeds the percentage of owner occupied housing units. For both the 2003 Evaluation Period and the 2004-2005 Evaluation Period, the percentage of home improvement loans made in moderate-income geographies exceeds the percentage of owner-occupied housing units.

For the 2003 Evaluation Period and the 2004-2005 Evaluation Period, IBNA's market share in both low-income geographies and moderate-income geographies exceeds its overall market share.

### ***Home Refinance Lending***

The geographic distribution of home refinance lending is excellent. For both the 2003 Evaluation Period and the 2004-2005 Evaluation Period, the percentage of home refinance loans made in low-income geographies exceeds the percentage of owner occupied housing units. For both the 2003 Evaluation Period and the 2004-2005 Evaluation Period, the percentage of home refinance loans made in moderate-income geographies exceeds the percentage of owner-occupied housing units.

For the 2003 Evaluation Period and the 2004-2005 Evaluation Period, IBNA's market share in both low-income geographies and moderate-income geographies exceeds its overall market share.

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

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

Geographic distribution of small loans to businesses is excellent. For the both the 2003 and the 2004-2005 Evaluation Period, the percentage of small loans to businesses in both low-income and moderate-income geographies exceeds the percentage of businesses that are located in these geographies.

For the 2003 Evaluation Period, IBNA's market share of small loans to businesses in low-income geographies is near to its overall market share. For the 2004-2005 Evaluation Period, IBNA's market share of small loans to businesses in low-income geographies exceeds its overall market share. For both the 2003 Evaluation Period and the 2004-2005 Evaluation Period, IBNA's market share of small loans to businesses in moderate-income geographies exceeds its overall markets share.

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

Our review of the geographic distribution of loans did not detect any conspicuous or unexplained gaps in IBNA's lending patterns.

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

INBA originates a high percentage of loans in its assessment area. During the evaluation period, 85% of the number and 83% of the dollar amount of total home mortgage and small loans to businesses were within the bank's assessment area. For all home mortgage products, 87% of the number and 84% of the dollar amount of all home mortgage products were within the bank's assessment area. The number and dollar amount of home mortgage loans originated in the assessment area during the evaluation period by the product types are as

follows: 80% of the number and 76% of the dollar amount of home purchase loans, 91% of the number and 90% of the dollar amount of home improvement loans, and 88% of the number and 85% of the dollar amount of home refinance loans. Regarding small loans to businesses, 78% of the number and 81% of the dollar amount of total originations were within the assessment area. This performance was positively factored into the overall analysis of the geographic distribution of lending by income level of geography.

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

The overall geographic distribution of home mortgage loans is excellent considering the strong competition from significantly larger financial institutions and the limited opportunities for such lending in low- and moderate-income geographies.

We considered demographic factors including the high cost of housing compared to the median family income of a low-income person, and the high percentage of individuals below the poverty level in our home mortgage analysis.

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

Refer to Tables 8, 9, and 10 in section of appendix D for the facts and data used to evaluate the borrower distribution of the bank's home mortgage loan originations and purchases.

### ***Home Purchase Lending***

Borrower distribution for home purchase lending is excellent. For the 2003 Evaluation Period, the percentage of home purchase loans made to low-income borrowers is somewhat lower than the percentage of low-income families in the AA. For the 2004-2005 Evaluation Period, the percentage of home purchase loans made to low-income borrowers exceeds the percentage of low-income families in the AA. For the 2003 Evaluation Period, the percentage of home purchase loans made to moderate-income borrowers exceeds the percentage of moderate-income families in the AA. For the 2004-2005 Evaluation Period, the percentage of home purchase loans made to moderate-income borrowers is near to the percentage of moderate-income families in the AA.

For the 2003 Evaluation Period, IBNA's market share to both low- and moderate-income borrowers exceeds its overall market share. For the 2004-2005 Evaluation Period, IBNA's market share to low-income borrowers exceeds its overall market share, and IBNA's market share to moderate-income borrowers is near to its overall market share.

### ***Home Improvement Lending***

Borrower distribution for home improvement lending is excellent. For the 2003 Evaluation Period and the 2004-2005 Evaluation Period, the percentage of home improvement loans made to low-income borrowers is lower than the percentage of low-income families in the AA. For the 2003 Evaluation Period and the 2004-2005 Evaluation Period, the percentage of home improvement loans made to moderate-income borrowers exceeds the percentage of moderate-income families in the AA.

For the 2003 Evaluation Period, IBNA's market share to both low- and moderate-income borrowers is near to its overall market share. For the 2004-2005 Evaluation Period, IBNA's market share to low-income borrowers exceeds its overall market share, and IBNA's market share to moderate-income borrowers is near to its overall market share.

### ***Home Refinance Lending***

Borrower distribution for home refinance lending is excellent. For the 2003 Evaluation Period and the 2004-2005 Evaluation Period, the percentage of home refinance loans made to low-income borrowers is lower than the percentage of low-income families in the AA. For the 2003 Evaluation Period and the 2004-2005 Evaluation Period, the percentage of home refinance loans made to moderate-income borrowers exceeds the percentage of moderate-income families in the AA.

For the 2003 Evaluation Period and the 2004-2005 Evaluation Period, IBNA's market share to low-income borrowers exceeds its overall market share. For the 2003 Evaluation Period and the 2004-2005 Evaluation Period, IBNA's market share to moderate-income borrowers is near to its overall market share.

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

Refer to Table 11 in appendix D 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 business is good, especially when considering the strong competition for these loans from very large nationwide banks and non-bank financial institutions who offer small business credit cards. As mentioned earlier, there are three large nationwide lenders who dominate the market share, having a combined market share of 50% for the 2003 Evaluation Period and 45% for the 2004-2005 Evaluation Period. While IBNA is not a top lender, they are certainly competitive within the market and are ranked right after the larger nationwide banks and non-bank financial institutions.

For the 2003 Evaluation Period, the percentage of small loans to small businesses (businesses with gross annual revenues of \$1 million or less) exceeds the percentage of small businesses in the AA. For the 2004-2005 Evaluation Period, the percentage of small loans to small businesses is lower than the percentage of small businesses in the AA.

For the 2003 Evaluation Period, IBNA's market share of lending to small businesses exceeds its overall market share. For the 2004-2005 Evaluation Period, IBNA's market share of lending to small businesses is near to its overall market share.

### **Community Development Lending**

Refer to Table 1 Lending Volume in section of appendix D for the facts and data used to evaluate the bank's level of community development lending. This table includes all community development loans, including multifamily loans that also qualify as community development loans.

Community development lending had a positive impact on the Lending Test and the originated loans were responsive to the needs of the AA. During the evaluation period, IBNA originated five qualified community development loans for \$2.9 million dollars.

- A \$1.2 million loan provided permanent financing for the acquisition and renovation of four multi-family properties. The properties are located in low-income areas and are rented to low- and moderate-income individuals.
- A \$638 thousand loan was originated for the purpose of acquiring an eleven unit apartment building. The apartment building is located in a moderate-income geography, and the apartments will be rented to low- and moderate-income individuals or families.
- A \$500 thousand dollar loan was originated to acquire a property and perform pre-development activities for a 26-unit affordable housing co-development in cooperation with a local revitalization corporation
- A \$413 thousand loan was originated to acquire a five-unit apartment building that will be rented primarily to low- and moderate-income individuals.
- A \$198 thousand loan was to refinance a loan that was originally made for the purpose of acquiring three rental properties. The properties are primarily rented to low- and moderate-income individuals and families.

In addition, IBNA originated four loans for a total of \$920 thousand that have community development purposes but do not qualify as a community development loan as the loan amounts are less than \$1 million dollars, and they were not for the purpose of multi-family affordable housing.

## **Product Innovation and Flexibility**

Product innovation and flexibility had a positive impact on the Lending Test conclusion. The bank offers standard loan products including first-time homebuyer's programs with reduced fees, and down payment and/or closing cost assistance for low- and moderate-income individuals.

IBNA participates in a single-family bond mortgage program for first-time homebuyers in Washington D.C., and had participated in a similar program in Prince George's County until it was discontinued. This program is also available to non-first-time homebuyers if the home is purchased in a "targeted" neighborhood. Twelve loans for a total of \$1.5 million were funded under these two programs during the evaluation period.

During the evaluation period, IBNA originated thirty loans and obtained \$140 thousand of down payment and closing cost assistance through the Federal Home Loan Bank of Atlanta's First Time Home Buyer Program.

## **INVESTMENT TEST**

The bank's performance under the investment test is rated "Outstanding." Based on a full-scope review, the bank's performance in its AA is excellent.

Refer to Table 14 in section of appendix D for the facts and data used to evaluate the bank's level of qualified investments.

IBNA has an excellent level of qualified investments and grants, and exhibited an excellent level of responsiveness to meeting the identified needs of their area. In addition to meeting the needs of their own community, IBNA assisted in meeting the community development needs outside of their area.

During the evaluation period, IBNA made eight new qualified investments for a total of \$3.3 million. The eight investments were certificates of deposits that were purchased from six different Community Development Financial Institutions (CDFIs). These CDFIs provide affordable housing loans, small business loans, community development loans, and financial services and education to low- and moderate-income individuals and in low- and moderate-income areas. None of these investments are considered complex or innovative, and there are no unfunded commitments outstanding.

IBNA also has two prior period investments with a combined outstanding balance of \$135 thousand. Both investments are certificates of deposits, and each was purchased from minority-owned CDFI whose purpose is to revitalize distressed areas and provide affordable housing and community services to low- and moderate-income individuals and families.

During the evaluation period, IBNA made 60 qualifying grants and donations totaling \$77 thousand in the AA. The grants were spread among 33 organizations. These organizations promote economic development by financing small businesses, and promote affordable housing for or provide community services to low- and moderate-income individuals.

## **SERVICE TEST**

The bank's performance under the Service Test is rated "Outstanding." Based on a full-scope review, the bank's performance in the AA is excellent.

### **Retail Banking Services**

Refer to Table 15 in Section of appendix D for the facts and data used to evaluate the distribution of the bank's branch delivery system and branch openings and closings.

IBNA's delivery systems are readily accessible to geographies and individuals of different income levels within its AA based upon population demographics and locations of the bank's branches and ATMs. IBNA operates seven branches throughout its AA, with two branches located in low-income geographies, three branches located in moderate-income geographies, and two branches located in middle-income geographies. The bank's office distribution in low- and moderate- income geographies exceeds the distribution of the population living in those respective geographies.

During the evaluation period, IBNA closed three branches, which were all located in middle-income geographies. The closing of these offices resulted in a change in the bank's

assessment area; however, these branch closings had no adverse effect on the bank's customer base or the accessibility of services to low- and moderate-income geographies or individuals. There were no branches opened during this period.

Banking hours and services do not vary in a way that inconveniences low- and moderate-income individuals or geographies. Banking hours and services are provided Monday through Friday with extended hours on Friday evenings. Four of the seven branches offer Saturday morning hours. All of the branches offer ATM services and four of the seven branches offer drive-up facilities. In addition to these seven ATMs, IBNA has eight ATMs at offsite locations. A full line of traditional banking products and services are offered at all branches.

IBNA's alternative delivery systems include Internet and Telephone banking. IBNA's Internet and Telephone banking services each allow customers to obtain information about their account. Since IBNA could not provide specific information on how low- and moderate-income individuals and geographies are impacted by these services, no weight was placed on these alternative delivery services.

## **Community Development Services**

IBNA provides an excellent level of community development services to a wide array of organizations in its AA. Fourteen bank officers and employees provided their financial and technical expertise to over twenty different community organizations. These organizations promote economic development, affordable housing, financial education, financial services, or first time home buyer seminars to low- and moderate-income individuals. The services provided are very responsive to the community development needs in the AA. The following highlights some of the community development services that were provided during the evaluation period:

- An officer serves as a board member of and provides technical assistance to a faith-based organization's community development corporation. This organization focuses on improving the housing and social and economic conditions of low- and moderate-income individuals in the AA.
- An officer serves as a member of a local municipality's small business revolving loan fund. This person provides financial expertise while serving on the loan review committee that approves loans that fund small business growth.
- A bank officer serves on the Board of Directors for a non-profit organization that focuses on connecting low- and moderate-income individuals with community resources, and providing financial education to low- and moderate-income students. As a member of the Board of Directors, this person provided financial expertise to the organization by assisting in the development of the financial literacy curriculums.
- A bank officer provides their financial expertise as a member of the Board of Directors of a neighborhood economic development corporation.
- An employee provided financial and technical expertise to an organization that is authorized to issue mortgage revenue bonds. This person provided expertise by serving on the committee involved in the DC Bond Program for affordable housing.

## 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 non-metropolitan areas that received comprehensive examination review (designated by the term “full-scope”) and those that received a less comprehensive review (designated by the term “limited-scope”).

<b>Time Period Reviewed</b>	Lending Test (excludes CD loans): (01/01/03 to 12/31/05) Investment and Service Tests and CD Loans: 10/08/02 to 01/08/07)	
<b>Financial Institution</b>	<b>Products Reviewed</b>	
Industrial Bank, N.A. (IBNA) Oxon Hill, MD	Home mortgages, Small Loans to Businesses, and Community Development Loans, Qualified Investments, and Services.	
<b>Affiliate(s)</b>	<b>Affiliate Relationship</b>	<b>Products Reviewed</b>
Not Applicable	Not Applicable	Not Applicable
<b>List of Assessment Areas and Type of Examination</b>		
<b>Assessment Area</b>	<b>Type of Exam</b>	<b>Other Information</b>
Washington, DC-MD-VA-WV Multistate Metropolitan Area	Full Scope	2003: 2000 Census demographics
Washington-Arlington-Alexandria, DC-VA-MD-WV Multistate Metropolitan Area	Full Scope	2004-2005: 2000 Census demographics and revised MSA boundaries

## Appendix B: Summary of Multistate Metropolitan Area and State Ratings

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RATINGS		BANK NAME		
Overall Bank:	Lending Test Rating*	Investment Test Rating	Service Test Rating	Overall Bank/State/Multistate Rating
Industrial Bank, National Association	Outstanding	Outstanding	Outstanding	Outstanding
Multistate Metropolitan Area or State:				
Washington-Arlington-Alexandria DC-VA-MD-WV	Outstanding	Outstanding	Outstanding	Outstanding

(\*) The lending test is weighted more heavily than the investment and service tests in the overall rating.

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

### Washington-Arlington-Alexandria, DC-VA-MD-WV Multistate Metropolitan Area—2003 Evaluation Period

Demographic Information for Full-Scope Area: Washington-Arlington-Alexandria, DC-VA-MD-WV Metropolitan Area						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts/BNAs)	378	18.52	37.04	28.31	14.29	1.85
Population by Geography	1,417,520	15.40	37.31	31.14	15.75	0.39
Owner-Occupied Housing by Geography	290,121	6.51	29.78	42.44	21.26	0.01
Businesses by Geography	99,124	10.79	28.32	31.22	24.27	5.40
Farms by Geography	894	4.70	22.60	49.78	21.92	1.01
Family Distribution by Income Level	327,426	29.05	20.33	21.24	29.38	0.00
Distribution of Low- and Moderate-Income Families throughout AA Geographies	161,680	24.47	46.61	23.87	5.05	0.00
Median Family Income						
HUD Adjusted Median Family Income for 2003	= \$72,247					
Households Below the Poverty Level	= \$84,800					
	= 11%					
			Median Housing Value			=
			Unemployment Rate			161,752
						= 4.07%

(\*) The NA category consists of geographies that have not been assigned an income classification.  
 Source: 2000 U.S. Census, and 2003 HUD updated MFI.

The above chart reflects demographic information based on the 2000 Census information. IBNA's performance in 2003 is compared to this information.

IBNA's AA includes portions of the Washington, D.C.-MD-VA-WV Multistate Metropolitan Area. This AA is composed of the District of Columbia, Prince George's County, MD, and a portion of Charles County, MD. Based on the 2000 Census information, there were a total of 378 census tracts within the designated AA. There were 70 low-income geographies, 140 moderate-income geographies, 107 middle-income geographies, 54 upper-income geographies, and 7 geographies that were not assigned an income classification. The assessment area complies with the CRA guidelines and does not arbitrarily exclude LMI geographies.

The 2000 U.S. census reported the total population of the assessment area at 1,417,520. This population was comprised of 550,111 households and 327,426 families. There were 592,529 housing units, of which, 49% were owner-occupied housing, 44% were rental-occupied housing units, and 7% were vacant housing. The median housing cost was \$161,752.

The 2000 census combined MSA median family income was \$72,247, and the HUD adjusted median family income for 2003 was \$84,800. Approximately 29% of the families are low-

income, 20% are moderate-income, 21% are middle-income, and 29% are upper-income. Approximately 11% of households are below the poverty level.

Based on the housing values and the median family income, there is a lack of affordability for a low-income individual or family to purchase a home. According to the above, the average median housing value is \$161,752, and a low-income individual or family earns less than \$42,400.

According to the 2003 business demographics, there are a total of 99,124 businesses and 894 farms. Approximately 63% of the businesses reporting have revenues less than \$1 million and approximately 30% of the businesses did not report revenue. Approximately 11% of businesses are located in low-income tracts, 28% are located in moderate-income tracts, 31% are located in middle-income tracts, 24% are located in upper-income tracts, and 5% are located in areas where an income classification has not been assigned.

## Washington-Arlington-Alexandria, DC-VA-MD-WV Multistate Metropolitan Area—2004-2005 Evaluation Period

Demographic Information for Full-Scope Area: Washington-Arlington-Alexandria, DC-VA-MD-WV Metropolitan Area--						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts/BNAs)	371	17.79	36.39	28.03	15.90	1.89
Population by Geography	1,373,574	14.66	36.98	30.55	17.40	0.41
Owner-Occupied Housing by Geography	278,422	6.16	29.77	40.35	23.71	0.01
Businesses by Geography	105,469	11.20	27.10	30.06	26.60	5.04
Farms by Geography	913	5.48	20.81	46.99	25.96	0.77
Family Distribution by Income Level	315,487	29.28	20.22	20.99	29.51	0.00
Distribution of Low- and Moderate-Income Families throughout AA Geographies	156,159	23.29	47.95	23.08	5.68	0.00
Median Family Income						
HUD Adjusted Median Family Income for 2005	= \$71,100					
Households Below the Poverty Level	= \$86,200					
	= 12%					
		Median Housing Value				=
		Unemployment Rate				161,889
						= 3.0%

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

Source: 2000 U.S. Census, 2005 HUD updated MFI, and U.S. Department of Labor Bureau of Labor Statistics, November 2006

The above chart reflects demographic information based on the 2000 Census information, updated to reflect the new OMB MSA definitions and boundaries that become effective for 2004. For the 2004-2005 Evaluation Period, IBNA's performance is compared to the above information.

IBNA's 2004-2005 AA includes portions of the Washington-Arlington-Alexandria, D.C.-VA-MD-WV Multistate Metropolitan Area (47894). During the 2004-2005 Evaluation Period, IBNA's AA was composed of the District of Columbia, and Prince George's County, MD. This is a change from the 2003 Evaluation Period. At the beginning of 2004, IBNA appropriately excluded the census tracts located in Charles County from their assessment area because the closed the branch located in Charles County, MD. The assessment area complies with the CRA guidelines and does not arbitrarily exclude LMI geographies.

Based on the 2000 Census information, the updated MSA definitions and boundaries, and new assessment area designation, there were a total of 371 census tracts within the designated AA. There were 66 low-income geographies, 135 moderate-income geographies, 104 middle-income geographies, 59 upper-income geographies, and 7 geographies that were not assigned an income classification.

The 2000 U.S. census reported the total population of the assessment area at 1,373,574. This population was comprised of 535,240 households, and 315,487 families. There were 577,223

housing units, of which, 48% were owner-occupied housing, 44% were rental-occupied housing units, and 7% were vacant housing. The median housing cost was \$161,889.

The 2000 census combined MSA median family income was \$71,100, and the HUD adjusted median family income was \$86,200. Approximately 29% of the families are low-income, 20% are moderate-income, 21% are middle-income, and 30% are upper-income. Approximately 12% of households are below the poverty level.

Based on the housing values and the median family income, there is a lack of affordability for a low-income individual or family to purchase a home. According to the above, the average median housing value is \$161,889, and a low-income individual or family earns less than \$43,100.

According to the 2005 business demographics, there are a total of 105,469 businesses and 913 farms. Approximately 63% of the businesses reporting have revenues less than \$1 million and approximately 30% of the businesses did not report revenues. Approximately 11% are located in low-income tracts, 27% are located in moderate-income tracts, 30% are located in middle-income tracts, 27% are located in upper-income tracts, and 5% are located in areas where an income classification has not been assigned.

IBNA has five full service branches in the District of Columbia and two full service branches in Prince George's County Maryland. All branch locations are equipped with automatic teller machines (ATMs), and four of the seven branches have drive-through facilities. In addition, IBNA has eight off-site automatic teller machines (ATMs). All branches offer extended hours on Friday and four of the branches offer Saturday morning hours. Since the last evaluation period, IBNA closed three branches. One branch was located in Charles County, Maryland, and two branches were located in Washington D.C. After closing the Charles County branch, IBNA appropriately adjusted their assessment area to exclude Charles County. The closing of these three branches had no adverse affect on the bank's accessibility of services to low- and moderate-income geographies or individuals. There has been no merger or acquisition activity during the evaluation period, and no branches were opened during the evaluation period.

Banking competition is very strong for both loans and deposits. Competition exists from national institutions, large regional institutions, community banks, credit unions, and non-financial institutions. As of June 30, 2005, IBNA had a 0.95% deposit market share, ranking it 12<sup>th</sup> among 39 institutions in Washington D.C. and Prince Georges County, MD. Major competitors are: Wachovia Bank, NA (23.37% market share, 36 offices), SunTrust Bank (19.30% market share, 54 offices), Bank of America, NA (16.58% market share, 66 offices), PNC Bank, NA (9.10% market share, 33 offices), and Branch Banking and Trust Co (6.70% market share, 25 offices).

Economic conditions within the AA are stable and growing. Major employers include the U.S. Government (both civilian and military), Freddie Mac, Lockheed Martin Corp, and MCI Inc.

As of November 2006, Washington D.C. had an unemployment rate of 5.7%, above the national unemployment rate of 4.5%. Prince Georges County had an unemployment rate of 4.3%, slightly below the national unemployment rate of 4.5%. The unemployment rate for the Washington-Arlington-Alexandria, DC-VA-MD-WV Multistate Metropolitan Area was 3.0% as of November 2006.

During our examination, we contacted three community organizations. Two of the organizations are committed to providing housing opportunities and community development support to their residents. The third organization is a non-profit organization geared towards improving the wealth-building capacity of low- and moderate-income Latinos and other underserved communities. The contacts identified the need for affordable housing services and small business support. As far as affordable housing needs, access to credit, favorable terms, and education on the mortgage application process were identified as the primary credit needs. As for small businesses, the identified credit needs are financial literacy on how to build credit and credit repair.

## Appendix D: Tables of Performance Data

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### Content of Standardized Tables

A separate set of tables is provided for each state. All multistate metropolitan areas are presented in one set of tables. References to the “bank” include activities of any affiliates that the bank provided for consideration (refer to appendix A: Scope of the Examination). For purposes of reviewing the lending test tables, the following are applicable: (1) purchased loans are treated as originations/purchases 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 MA/assessment area; (2) Partially geocoded loans (loans where no census tract is provided) cannot be broken down by income geographies and, therefore, are only reflected in the Total Loans in Core Tables 2 through 7 and part of Table 13; and (3) Partially geocoded loans are included in the Total Loans and % Bank Loans Column in Core Tables 8 through 12 and part of Table 13. Deposit data are compiled by the FDIC and are available as of June 30<sup>th</sup> of each year. Tables without data are not included in this PE. [Note: Do not renumber the tables.]

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 MA/assessment area. Community development loans to statewide or regional entities or made outside the bank’s assessment area may receive positive CRA consideration. Refer to Interagency Q&As \_\_.12(i) - 5 and - 6 for guidance on when a bank may receive positive CRA consideration for such loans. When such loans exist, insert a line item in the MA/Assessment Area column and record the corresponding numbers and amounts in the “Community Development Loans” column with the appropriate caption, such as: “Statewide/Regional,” “Statewide/Regional with potential benefit to one or more AAs” or “Out of Assessment Area.” “Out of Assessment Area” is used ONLY if the bank has otherwise adequately met the CD lending needs of its assessment area.
- Table 1. Other Products** - Presents the number and dollar amount of any unreported category of loans originated and purchased by the bank, if applicable, over the evaluation period by MA/assessment area. Examples include consumer loans or other data that a bank may provide, at its option, concerning its lending performance. This is a two-page table that lists specific categories.
- 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 share information based on the most recent aggregate market data available.

- Table 3. Geographic Distribution of Home Improvement Loans** - See Table 2.
- Table 4. Geographic Distribution of Home Mortgage Refinance Loans** - See Table 2.
- Table 5. Geographic Distribution of Multifamily Loans** - Compares the percentage distribution of the number of multifamily loans originated and purchased by the bank in low-, moderate-, middle-, and upper-income geographies to the percentage distribution of multifamily housing units throughout those geographies. The table also presents market share information based on the most recent aggregate market data available.
- Table 6. 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 share information based on the most recent aggregate market data available. Because small business data are not available for geographic areas smaller than counties, it may be necessary to use geographic areas larger than the bank's assessment area.
- Table 7. 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 share information based on the most recent aggregate market data available. Because small farm data are not available for geographic areas smaller than counties, it may be necessary to use geographic areas larger than the bank's assessment area.
- Table 8. 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 MA/assessment area. The table also presents market share information based on the most recent aggregate market data available.
- Table 9. Borrower Distribution of Home Improvement Loans** - See Table 8.
- Table 10. Borrower Distribution of Refinance Loans** - See Table 8.
- Table 11. 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. 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 12. Borrower Distribution of Small Loans to Farms** - Compares the percentage distribution of the number of small loans (less than or equal to \$500,000) 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. 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 13. Geographic and Borrower Distribution of Consumer Loans (OPTIONAL)** - For geographic distribution, the table compares the percentage distribution of the number of loans originated and purchased by the bank in low-, moderate-, middle-, and upper-income geographies to the percentage distribution of households within each geography. For borrower distribution, the table compares the percentage distribution of the number of loans originated and purchased by the bank to low-, moderate-, middle-, and upper-income borrowers to the percentage of households by income level in each MA/assessment area.

**Table 14. Qualified Investments** - Presents the number and dollar amount of qualified investments made by the bank in each MA/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 be legally binding and tracked and recorded by the bank's financial reporting system.

A bank may receive positive consideration for qualified investments in statewide/regional entities or made outside of the bank's assessment area. See Interagency Q&As \_\_.12(i) - 5 and - 6 for guidance on when a bank may receive positive CRA consideration for such investments. When such investments exist, insert a line item in the MA/Assessment Area column and record the corresponding numbers and amounts in the "Qualified Investments" column with the appropriate caption, such as: "Statewide/Regional," "Statewide/Regional with potential benefit to one or more AAs" or "Out of Assessment Area." "Out of the Assessment Area" is used ONLY if the bank has otherwise adequately met the qualified investment needs of its assessment area.

**Table 15. 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 MA/AA. The table also presents data on branch openings and closings in each MA/AA.

## Tables of Performance Data

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Washington-Arlington-Alexandria, DC-VA-MD-WV Multistate Metropolitan Area

## Table 1. Lending Volume

LENDING VOLUME		Geography: Industrial Bank						Evaluation Period: January 1, 2003 to December 31, 2005				
MA/Assessment Area:	% of Rated Area Loans (#) in MA/AA*	Home Mortgage		Small Loans to Businesses		Small Loans to Farms		Community Development Loans**		Total Reported Loans		% of Rated Area Deposits in MA/AA***
		#	\$ (000's)	#	\$ (000's)	#	\$ (000's)	#	\$ (000's)	#	\$(000's)	
<b>Full Review:</b>												
Washington-Arlington-Alexandria, DC-VA-MD-WV- <b>2003</b>	100	242	40,072	49	10,659	0	0	0	0	291	50,731	100
Washington-Arlington-Alexandria, DC-VA-MD-WV <b>2004-2005</b>	100	191	31,997	84	22,266	0	0	0	0	275	54,263	100
Washington-Arlington-Alexandria, DC-VA-MD-WV 10/8/02-1/8/07								5	2,948	5	2,948	

\* Loan Data as of December 31, 2005 Rated area refers to either the state or multi-state MA rating area.

\*\* The evaluation period for Community Development Loans is October 8, 2002 through January 8, 2007.

\*\*\* Deposit Data as of June 30, 2005. Rated Area refers to either the state, multi-state MA, or institution, as appropriate.

## Table 2. Geographic Distribution of Home Purchase Loans

Geographic Distribution: HOME PURCHASE		Geography: Industrial Bank				Evaluation Period: January 1, 2003 to December 31, 2005									
MA/Assessment Area:	Total Home Purchase Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Market Share (%) by Geography*				
	#	% of Total**	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	Over all	Low	Mod	Mid	Upp
<b>Full Review:</b>															
Washington-Arlington-Alexandria, DC-VA-MD-WV-2003	47	100	6.51	14.89	29.79	40.43	42.44	40.43	21.27	4.26	0.10	0.19	0.15	0.09	0.02
Washington-Arlington-Alexandria, DC-VA-MD-WV 2004-2005	31	100	6.16	32.26	29.77	38.71	40.35	29.03	23.71	0.00	0.03	0.07	0.04	0.02	0.00

\* Based on 2003 and 2005 Peer Mortgage Data: Eastern Region.

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

\*\*\* Percentage of Owner Occupied Units is the number of owner occupied housing units in a particular geography divided by the number of owner occupied housing units in the area based on 2000 Census information.

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

Geographic Distribution: HOME IMPROVEMENT		Geography: INDUSTRIAL BANK								Evaluation Period: January 1, 2003 to December 31, 2005					
MA/Assessment Area:	Total Home Improvement Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Market Share (%) by Geography*				
	#	% of Total*	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	Over all	Low	Mod	Mid	Upp
<b>Full Review:</b>															
Washington-Arlington-Alexandria, DC-VA-MD-WV <b>2003</b>	16	100	6.51	18.75	29.79	37.50	42.44	37.50	21.27	6.25	0.47	1.34	0.66	0.36	0.17
Washington-Arlington-Alexandria, DC-VA-MD-WV <b>2004-2005</b>	86	100	6.16	16.28	29.77	54.65	40.35	23.26	23.71	5.81	0.61	1.66	1.23	0.25	0.19

\* Based on 2003 and 2004 Peer Mortgage Data: Eastern Region.

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

\*\*\* Percentage of Owner Occupied Units is the number of owner occupied housing units in a particular geography divided by number of owner occupied housing units in the area based on 2000 Census information.

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

Geographic Distribution: HOME MORTGAGE REFINANCE												Geography: Industrial Bank					Evaluation Period: January 1, 2003 to December 31, 2005				
MA/Assessment Area:	Total Home Mortgage Refinance Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Market Share (%) by Geography*										
	#	% of Total**	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	Over all	Low	Mod	Mid	Upp						
<b>Full Review:</b>																					
Washington-Arlington-Alexandria, DC-VA-MD-WV <b>2003</b>	176	100	6.51	13.07	29.79	40.34	42.44	30.11	21.27	16.48	0.14	0.37	0.25	0.09	0.09						
Washington-Arlington-Alexandria, DC-VA-MD-WV <b>2004-2005</b>	72	100	6.16	22.22	29.77	40.28	40.35	30.56	23.71	6.94	0.04	0.14	0.06	0.03	0.01						

\* Based on 2003 and 2005 Peer Mortgage Data: Eastern Region.

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

\*\*\* Percentage of Owner Occupied Units is the number of owner occupied housing units in a particular geography divided by number of owner occupied housing units in the area based on 2000 Census information.

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

Geographic Distribution: SMALL LOANS TO BUSINESSES			Geography: INDUSTRIAL BANK						Evaluation Period: January 1, 2003 to December 31, 2005						
MA/Assessment Area:	Total Small Business Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Market Share (%) by Geography*				
	#	% of Total*	% of Businesses***	% BANK Loans	% of Businesses***	% BANK Loans	% of Businesses***	% BANK Loans	% of Businesses***	% BANK Loans	Overall	Low	Mod	Mid	Upp
<b>Full Review:</b>															
Washington-Arlington-Alexandria, DC-VA-MD-V <b>2003</b>	47	100	10.79	31.91	28.32	42.55	31.22	12.77	24.27	12.77	0.05	0.03	0.11	0.03	0.02
Washington-Arlington-Alexandria, DC-VA-MD-V <b>2004-2005</b>	84	100	11.20	20.24	27.10	52.38	30.06	10.71	26.60	16.67	0.15	0.43	0.35	0.00	0.08

\* Based on 2003 and 2005 Peer Small Business Data: US.

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

\*\*\* Source Data - Dun and Bradstreet 2003 and 2005.

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

Borrower Distribution: HOME PURCHASE			Geography: Industrial Bank						Evaluation Period: January 1, 2003 to December 31, 2005						
MA/Assessment Area:	Total Home Purchase Loans		Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers		Market Share*				
	#	% of Total*	% Families**	% BANK Loans**	% Families**	% BANK Loans****	% Families*	% BANK Loans****	% Families**	% BANK Loans****	Over all	Low	Mod	Mid	Upp
<b>Full Review:</b>															
Washington-Arlington-Alexandria, DC-VA-MD-WV <b>2003</b>	47	100	29.05	24.44	20.33	46.67	21.24	17.78	29.38	11.11	0.12	0.22	0.17	0.07	0.05
Washington-Arlington-Alexandria, DC-VA-MD-WV <b>2004-2005</b>	31	100	29.28	37.93	20.22	20.69	20.99	34.48	29.51	6.90	0.03	0.24	0.03	0.04	0.00

\* Based on 2003 and 2005 Peer Mortgage Data: Eastern Region.

\*\* As a percentage of loans with borrower income information available. No information was available for 4.3%, and 6.5%, respectively, of loans originated and purchased by Bank.

\*\*\* Percentage of Families is based on the 2000 Census information.

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

## Table 9. Borrower Distribution of Home Improvement Loans

Borrower Distribution: HOME IMPROVEMENT			Geography: Industrial Bank						Evaluation Period: January 1, 2003 to December 31, 2005								
MA/Assessment Area:	Total Home Improvement Loans		Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers		Market Share*						
	#	% of Total**	% Families* **	% BANK Loans****	% Families* **	% BANK Loans****	% Families* **	% BANK Loans****	% Families* **	% BANK Loans****	% Families* **	% BANK Loans****	Over all	Low	Mod	Mid	Upp
<b>Full Review:</b>																	
Washington-Arlington-Alexandria, DC-VA-MD-WV <b>2003</b>	16	100	29.05	14.29	20.33	28.57	21.24	42.86	29.38	14.29	0.45	0.46	0.44	0.65	0.25		
Washington-Arlington-Alexandria, DC-VA-MD-WV <b>2004-2005</b>	86	100	29.28	22.78	20.22	27.85	20.99	30.38	29.51	18.99	0.59	1.29	0.45	0.57	0.46		

\* Based on 2003 and 2005 Peer Mortgage Data: Eastern Region.

\*\* As a percentage of loans with borrower income information available. No information was available for 12.5% and 8.1%, respectively of loans originated and purchased by Bank.

\*\*\* Percentage of Families is based on the 2000 Census information.

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

### Table 10. Borrower Distribution of Home Mortgage Refinance Loans

Borrower Distribution: HOME MORTGAGE REFINANCE			Geography: INDUSTRIAL BANK						Evaluation Period: January 1, 2003 to December 31, 2005								
MA/Assessment Area:	Total Home Mortgage Refinance Loans		Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers		Market Share*						
	#	% of Total**	% Families* **	% BANK Loans****	% Families* **	% BANK Loans****	% Families* **	% BANK Loans****	% Families* **	% BANK Loans****	% Families* **	% BANK Loans****	Over all	Low	Mod	Mid	Upp
<b>Full Review:</b>																	
Washington-Arlington-Alexandria, DC-VA-MD-WV <b>2003</b>	176	100	29.05	22.58	20.38	27.10	21.24	22.58	29.38	27.74	0.18	0.35	0.19	0.14	0.14		
Washington-Arlington-Alexandria, DC-VA-MD-WV <b>2004-2005</b>	72	100	29.28	20.90	20.22	29.85	20.99	34.33	29.51	14.93	0.05	0.07	0.05	0.05	0.03		

### Table 11. Borrower Distribution of Small Loans to Businesses

Borrower Distribution: SMALL LOANS TO BUSINESSES			Geography: INDUSTRIAL BANK						Evaluation Period: January 1, 2003 To December 31, 2005					
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\* Based on 2003 and 2005 Peer Mortgage Data: Eastern Region.

\*\* As a percentage of loans with borrower income information available. No information was available for 11.9% and 6.9%, respectively of loans originated and purchased by Bank.

\*\*\* Percentage of Families is based on the 2000 Census information.

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

MA/Assessment Area:	Total Small Loans to Businesses		Businesses With Revenues of \$1 million or less		Loans by Original Amount Regardless of Business Size			Market Share*	
	#	% of Total**	% 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
<b>Full Review:</b>									
Washington-Arlington-Alexandria, DC-VA-MD-WV <b>2003</b>	49	100	62.92	65.31	40.82	32.65	26.53	0.05	0.09
Washington-Arlington-Alexandria, DC-VA-MD-WV <b>2004-2005</b>	84	100	63.39	44.05	30.95	28.57	40.48	0.15	0.14

\* Based on 2003 and 2005 Peer Small Business Data: US.

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

\*\*\* Businesses with revenues of \$1 million or less as a percentage of all businesses (Source D&B – 2003 and 2005).

\*\*\*\* Small loans to businesses with revenues of \$1 million or less as a percentage of all loans reported as small loans to businesses. No information was available for 4.08% and 5.95%, respectively of small loans to businesses originated and purchased by the Bank.

### Table 14. Qualified Investments

QUALIFIED INVESTMENTS		Geography: INDUSTRIAL BANK				Evaluation Period: October 8, 2002 to January 8, 2007			
MA/Assessment Area:	Prior Period Investments*		Current Period Investments		Total Investments			Unfunded Commitments**	
	#	\$(000's)	#	\$(000's)	#	\$(000's)	% of Total	#	\$(000's)
<b>Full Review:</b>									
Washington-Arlington-Alexandria, DC-VA-MD-WV	2	135	68	3,402	70	3,537	100	0	0

\* 'Prior Period Investments' means investments made in a previous evaluation period that are outstanding as of the examination date.

\*\* 'Unfunded Commitments' means legally binding investment commitments that are tracked and recorded by the institution's financial reporting system.

## Table 15. Distribution of Branch Delivery System and Branch Openings/Closings

DISTRIBUTION OF BRANCH DELIVERY SYSTEM AND BRANCH OPENINGS/CLOSINGS Geography: INDUSTRIAL BANK <b>Evaluation Period:</b> January 1, 2003 to December 31, 2005																	
MA/Assessment Area:	Deposits	Branches						Branch Openings/Closings						Population			
	% of Rated Area Deposits in AA	# of BANK Branches	% of Rated Area Branches in AA	Location of Branches by Income of Geographies (%)				# of Branch Openings	# of Branch Closings	Net change in Location of Branches (+ or - )				% of Population within Each Geography			
				Low	Mod	Mid	Upp			Low	Mod	Mid	Upp	Low	Mod	Mid	Upp
<b>Full Review:</b>																	
Washington-Arlington-Alexandria, DC-VA-MD-WV	100	7	100	28.57	42.86	28.57	0.00	0	3	0	0	3	0	14.66	36.98	30.55	17.40