



**LARGE BANK**

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Comptroller of the Currency  
Administrator of National Banks

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Washington, DC 20219

## **Public Disclosure**

**October 21, 2002**

# **Community Reinvestment Act Performance Evaluation**

**The National Bank Of Indianapolis  
Charter Number: 22652  
107 North Pennsylvania Street, Suite 700  
Indianapolis, IN 46204**

**Office of the Comptroller of the Currency  
Champaign Field Office  
3001 Research Road Suite E2  
Champaign, IL 61822**

**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 “Satisfactory.”

The following table indicates the performance level of **National Bank of Indianapolis (NBI)** with respect to the Lending, Investment, and Service Tests:

<b>Performance Levels</b>	<b>National Bank of Indianapolis Performance Tests</b>		
	Lending Test*	Investment Test	Service Test
Outstanding			
High Satisfactory			<b>X</b>
Low Satisfactory	<b>X</b>	<b>X</b>	
Needs to Improve			
Substantial Noncompliance			

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

The major factors that support this rating include:

- The distribution of loans among different income level geographies is adequate.
- The distribution of loans among borrowers of different income levels for home mortgage loans and to businesses of different revenue sizes throughout the Assessment Area (AA) is adequate.
- The bank’s level of community development (CD) lending is responsive to community credit needs and positively influenced the lending test rating.
- Lending levels, as shown by the volume of all loans generated, reflect an adequate responsiveness to the credit needs of its AA.
- CD investments reflect an adequate degree of involvement.
- NBI’s delivery systems are accessible to geographies and individuals of different income levels throughout the full-scope AA.
- NBI’s performance in providing CD services in the AA is good.

## 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.

**Block Numbering Area (BNA):** A statistical subdivision of a county for grouping and numbering blocks in non-metropolitan counties where local census statistical area committees have not established census tracts. A BNA does not cross county lines.

**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 household 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 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 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).

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

**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 primary metropolitan area (PMA), metropolitan area (MA), or consolidated metropolitan area (CMA), as defined by the Office of Management and Budget, with a population of 250,000 or more, and any other area designated as such by the appropriate federal financial supervisory agency.

**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. However, thrift institutions may also exercise the option to report loans secured by nonfarm residential real estate as "small business loans" if the loans are reported on the TFR as nonmortgage, commercial 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 National Bank of Indianapolis (NBI) is a \$719 million intrastate institution headquartered in Indianapolis, Indiana. NBI serves all of Marion County (which is the City of Indianapolis) and small, contiguous portions of Hamilton, Boone, and Johnson Counties.

NBI operates eight traditional full service branches with six in Marion County, one in Hamilton County, and one in Johnson County. The Johnson County branch opened in October 2001 and is the most recently opened office. The bank also operates twelve automatic teller machines (ATMs). Eight are full service machines located at each of the branches. There is one full service, freestanding machine which serves a nearby small business corridor. The other three machines are free standing cash dispensing units located in or near low- or moderate-income census tracts. Branches and ATMs are located throughout the assessment area including being in or very near low- and moderate-income geographies.

NBI is a wholly owned subsidiary of The National Bank of Indianapolis Corporation (NBIC), a locally owned and managed corporation, also headquartered in Indianapolis, Indiana. NBIC has no other subsidiaries and as of October 31, 2002, had same asset size as the bank.

NBI was founded in 1993 with the vision and focus of providing a high level of specialized service to professionals, executives, small businesses with annual sales of less than \$30 million, and not-for-profit organizations located within its assessment area. In its application for a charter, the bank's stated mission was "to acquire and maintain profitable multi-service financial relationships with the priority market segments of small/medium sized businesses, executive/professional/affluent individuals, and not-for-profit organizations in the Indianapolis marketplace." The business strategy goes on to state "the lending strategies will focus primarily upon commercial loans to small and medium sized businesses and professionals, while including those in low and moderate income areas. In addition, a residential mortgage lending strategy will be directed to executive and professional customers." With 49 other financial institutions serving the AA, this focus is understandable and reasonable.

Although the bank has established its niche as described above, NBI does offer conventional mortgages, home improvement loans, home refinance loans, and consumer loans. However, the bank does not directly compete with the larger players in this market and therefore does not actively market these products. As of June 30, 2002, net loans represented 67 percent of total assets and consisted of commercial and commercial real estate loans (58 percent), residential real estate loans (32 percent), and consumer loans (10 percent). The bank is not active in agricultural lending.

There are no financial, legal or other factors, which would impede the bank's ability to meet the credit needs of the community it serves. As of June 30, 2002, NBI reported Tier 1 capital of \$45 million.

The bank's previous CRA rating as of October 25, 1999 was Satisfactory. The bank was evaluated as a Small Bank at that examination.

## Scope of the Evaluation

### Evaluation Period/Products Evaluated

The evaluation period for the Lending Test, excluding Community Development (CD) Loans, is January 1, 2000 through December 31, 2001. The evaluation period for the Investment Test, the Service Test, and CD loans is January 1, 2000 through October 21, 2002.

Products included in NBI's Lending Test analysis are home mortgage loans, small loans to businesses, and CD loans. Small loans to farms and multi-family loans are not significant products of NBI and an analysis of these products would not be meaningful.

### Data Integrity

The Community Reinvestment Act requires that banks, other than small banks, collect and maintain certain data regarding originations and purchases of small loans to businesses and farms. The Home Mortgage Disclosure Act (HMDA) requires banks with branches in Metropolitan Statistical Areas (MSAs) to collect information on its home mortgage loans.

As part of our evaluation, we performed a data integrity review of the bank's 2000 and 2001 HMDA and CRA data. We compared information from the bank's loan application registers to the information contained in the loan files. During our review we noted significant errors in key fields of HMDA and small business data. NBI management performed a file search for all small business and HMDA loans reported during 2000 and 2001 to correct the errors noted. Our subsequent follow-up review noted no significant errors in these key fields for 2000 and 2001. Therefore, this performance evaluation is based on accurate HMDA and CRA data from 2000 and 2001.

In addition, we reviewed CD loans, investments, and services, submitted by the bank, to determine that they met the regulatory definitions. Our review indicated that some of the items submitted by NBI for consideration did not meet the definition or purpose of CD. Therefore, this evaluation was based on only those CD loans, investments and services that met the regulatory definitions.

### Selection of Areas for Full Scope Review

NBI has only one assessment area (AA). The AA consists of 218 geographies, 204 geographies (94 percent) in Marion County, 11 geographies (5 percent) in Hamilton County, 2 geographies (less than 1 percent) in Boone County, and 1 geography (less than 1 percent) in Johnson County. The AA was selected for a full-scope review because it represents NBI's major markets and accounts for 100 percent of the bank's deposit activity and a significant majority of NBI's lending activity during this evaluation period.

Refer to Appendix A for additional information regarding the area receiving a full-scope review.

## **Ratings**

The bank's overall rating is based on the conclusions reached in the evaluation of NBI's performance in its only AA, which received a full-scope review.

When determining conclusions for the Lending Test, small loans to businesses were given more consideration than home mortgage loans due to the bank's business strategy. This also reflects the fact that the number of small loans to businesses was larger than the number of home mortgage loans. We placed more emphasis on home purchase loans because the volume of these loans exceeds the volume of refinance loans. We placed very little emphasis on NBI's home improvement lending due to the insignificant number of loans (22) in this category. Additionally, the level of CD lending was used to support our conclusions regarding NBI's adequate lending patterns.

## **Other**

A community contact from the bank's AA was made during the evaluation. Our contact was with a local neighborhood housing partnership. The mission of this organization is to provide safe, decent and affordable housing opportunities to low- and moderate-income members of the community, and to create healthy viable neighborhoods. The contact identified several programs and initiatives created to respond to the specific need for affordable housing. The contact went on to state that the local financial institutions have a high level of participation in the programs. The contact also said that NBI was a pro-active leader in the partnership between the group and local lending institutions.

## **Fair Lending Review**

An analysis of recent HMDA, small business and small farm lending data, public comments, and consumer complaint information was performed according to the OCC's risk-based fair lending approach. Based on its analysis of the information, the OCC decided that a comprehensive fair lending examination would not need to be conducted in connection with the CRA evaluation this year. The latest comprehensive fair lending examination was performed as of September 30, 1999.

## 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 "**Low Satisfactory**". Based on a full-scope review, NBI's performance in its AA is adequate. Since agricultural and multi-family lending are not significant products of NBI, they are not included in this analysis.

#### Lending Activity

Lending levels, as shown by the volume of all loans generated, reflect an adequate responsiveness to the credit needs of the AA. Refer to Table 1 in Appendix C for the facts and data used to evaluate the bank's lending activity.

During the evaluation period, NBI extended 988 home mortgage and small business loans totaling \$165 million in the AA. Approximately 52 percent of NBI's originated/purchased loans in the AA are small loans to businesses, while 48 percent are home mortgage loans. Of the total home mortgage loans, home purchase loans accounted for 52 percent, home refinance loans accounted for 42 percent, and home improvement loans accounted for five percent. Multi-family lending was an insignificant one percent.

NBI's lending activity in the AA is adequate. Information on deposit market share compiled by the FDIC as of June 30, 2001 shows that the bank with seven offices, ranks 9<sup>th</sup> out of 49 institutions with a deposit market share of 2.02 percent in the Indianapolis MSA. The top four institutions have a combined market share of 63.54 percent with a total of 238 offices in the MSA. The bank's deposit market share and rank compares reasonably with its market share and rank from the various loan products. The bank is an adequate performer based on its business focus and marketing strategy.

Based on year 2000 HMDA aggregate data, NBI has a 0.34 percent market share (487 competitor lenders in the AA) for all HMDA reportable loans. The bank has a 0.43 percent market share of home purchase loans, a 0.37 percent market share of home improvement loans, and a 0.16 percent market share of home refinance loans. Based on the same data, NBI ranks 71<sup>st</sup> for all HMDA reportable loans in the AA. The bank ranks 57<sup>th</sup> for home purchase loans, 35<sup>th</sup> for home improvement loans, and 103<sup>rd</sup> for refinance loans. In the AA, there are approximately 400 lenders competing for home purchase loans, 112 competing for home improvement loans, and 343 competing for home refinance loans. These low rankings and low percentages of market share are understandable and reasonable when you take into account the bank's size, its mission and focus, the fact that 10.53 percent of households in the AA live below the poverty level, and the highly competitive environment in which the bank operates. The market share for home refinance loans is especially low for several reasons; the bank has fewer home purchase loans in its portfolio to refinance, the low interest rate environment has caused a boom in overall refinancing, and because low- and moderate-income individuals are historically less likely to refinance their homes than middle- and upper-income individuals. These three factors point out that the bank does not have many loans of

its own to refinance, the market place is very competitive in the current rate environment, and that the bank's mission and business strategy is to focus on commercial loans and loans to professionals.

Based on 2000 CRA aggregate data, NBI ranks 16<sup>th</sup> of 135 lenders originating/purchasing small loans to businesses in the AA, with a 1.47 percent market share.

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

NBI's lending reflects an adequate dispersion among geographies of different income levels.

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

The overall geographic distribution of home mortgage loans is adequate in the full scope AA. We placed more emphasis on home purchase loans because the volume of these loans exceeds the volume of refinance loans. We placed very little emphasis on NBI's home improvement lending due to the insignificant number of loans (22) in this category. A geographical analysis of multifamily loans would not be meaningful because of the low volume and therefore were not considered in the evaluation. Refer to Tables 2,3, 4, and 5 in Appendix C for the facts and data used to evaluate the geographic distribution of the bank's home mortgage loan originations and purchases.

Home purchase loan geographic distribution is adequate. Although the bank's performance is below the demographics, based on the business strategy and other performance context information (see the description of institution for details), this performance is adequate. The percentage of the bank's home purchase loans made in the low-income geographies (2.83 percent) is below the percentage of owner-occupied housing units (4.98 percent) that are in these geographies. The percentage of the bank's home purchase loans made in the moderate-income geographies (12.15 percent) is also below the percentage of owner-occupied housing units (21.45 percent) that are in those geographies. The bank's market share for loans made in the low-income geographies (0.28 percent) is below its overall market share (0.43 percent) for home purchase loans. The bank's market share for loans made in the moderate-income geographies (0.48 percent) is very slightly above its overall market share (0.43 percent) for home purchase loans.

Home improvement loan geographic distribution is adequate. The percentage of the bank's home improvement loans made in the low-income geographies (4.55 percent) substantially meets the percentage of owner-occupied housing units (4.98 percent) that are in those geographies. The percentage of the bank's home improvement loans made in the moderate-income geographies (9.09 percent) is well below the percentage of owner-occupied housing units (21.45 percent) that are in those geographies. The bank's market share for loans made in the low-income geographies (0.56 percent) is well above its overall market share (0.37 percent) for home improvement loans. The bank's market share for loans made in the moderate-income geographies (0.28 percent) is below its overall market share (0.37 percent) for home improvement loans.

Home refinance loan geographic distribution is poor. The percentage of the bank's refinance loans made in the low-income geographies (2.03 percent) is well below the percentage of

owner-occupied housing units (4.98 percent) that are in those geographies. The percentage of the bank's refinance loans made in the moderate-income geographies (1.52 percent) is substantially below the percentage of owner-occupied housing units (21.45 percent) in those geographies. The bank's market share for refinance loans made in the low-income geography (0.08 percent) is below its overall market share (0.16 percent) for refinance loans. The bank has zero percent market share for refinance loans made in the moderate-income geographies.

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

The bank's geographic distribution of small loans to businesses in the AA is good. Refer to Table 6 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 percentage of NBI's small loans to businesses made in the low-income geographies (13.40 percent) exceeds the percentage of businesses (9.82 percent) in that geography. The percentage of NBI's small loans to businesses made in the moderate-income geographies (11.46 percent) is below the percentage of businesses (17.66 percent) in those geographies. The bank's market share for small loans to businesses (3.57 percent) in the low-income geographies is substantially above its overall market share (1.49 percent) for small loans to businesses. The bank's market share for small loans to businesses in the moderate-income geographies (1.23 percent) is near its overall market share (1.49 percent) for small loans to businesses.

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

No unexplained conspicuous lending gaps were identified. Maps and reports detailing NBI's lending activity over the evaluation period for home mortgage loans and small loans to businesses were reviewed to identify gaps in the geographic distribution of those loans.

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

A substantial majority (ninety-two percent) of the home mortgage loans and small loans to businesses originated or purchased by NBI during the evaluation period are within the AA. Ninety-three percent of NBI's small loans to businesses and 89 percent of its home mortgage loans are within its AA. This performance was positively factored into the overall analysis of the geographic distribution of lending by income level of the geography.

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

NBI's lending reflects an adequate dispersion among borrowers of different income levels and businesses of different sizes.

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

The overall borrower distribution of home mortgage loans is adequate in the bank's AA. We placed more emphasis on home purchase loans because the volume of these loans exceeds the volume of refinance loans. We placed very little emphasis on NBI's home improvement lending due to the insignificant number of loans (22) in this category. In evaluating the

distribution of home mortgage loans, we considered the large number of households that live below the poverty level (10.53 percent of households) and the barriers that this may have on home ownership. Refer to Tables 8, 9, and 10 in Appendix C for the facts and data used to evaluate the borrower distribution of the bank's home mortgage loan originations and purchases.

The borrower distribution for home purchase loans is good. Home purchase loans made to low-income borrowers (12.26 percent) are below the percentage of low-income families (19.79 percent) in the AA. Home purchase loans (28.30 percent) made to moderate-income borrowers are well above the percentage of moderate-income families (18.52 percent) in the AA. Market share for loans made to low-income borrowers (0.41 percent) equals the overall market share (0.40 percent). The market share for loans made to moderate-income borrowers (0.35 percent) is near the overall market share (0.40 percent) for home purchase loans in the AA.

The borrower distribution for home improvement loans is poor. Home improvement loans made to low-income borrowers (4.55 percent) are substantially below the percentage of low-income families (19.79 percent) in the AA. The percentage of home improvement loans made to moderate-income borrowers (4.55 percent) is substantially below the percentage of moderate-income families (18.52 percent) in the AA. The bank's market share of home improvement lending to low-income borrowers is zero due to the small number of loans made to these potential borrowers. Market share for home improvement loans made to moderate-income borrowers (0.11 percent) is substantially below the overall market share (0.39 percent) in the AA for home improvement loans.

The borrower distribution for home mortgage refinance loans is poor. Refinance loans made to low-income borrowers (2.04 percent) are substantially below the percentage of low-income families (19.79 percent) in the AA. Refinance loans made to moderate-income borrowers (3.57 percent) are substantially below the percentage (18.52 percent) of moderate-income families in the AA. The bank's market share of refinance loans to low-income borrowers is zero due to the small number of loans made to these potential borrowers. Market share for refinance loans made to moderate-income borrowers (0.03 percent) is substantially below the overall market share (0.21 percent) in the AA for refinance loans.

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

Borrower distribution of small loans to businesses is adequate. Refer to Table 11 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.

NBI's small loans to businesses with revenues of \$1 million or less (50.68 percent) are below the percentage of small businesses (84.72 percent) in the AA. This is due to high competition for small business loans in the assessment area. NBI has a market share of 2.35 percent for small loans made to businesses with revenues of \$1 million or less. This market share is well above the bank's overall market share of 1.49 percent for loans to all businesses.

### **Community Development Lending**

Community development lending had a positive effect on the Lending Test conclusions. The bank's volume of CD lending is responsive to the opportunities in the AA. Refer to Table 1 in Appendix C for the facts and data used to evaluate the bank's level of community development lending.

During the evaluation period, NBI extended 6 large community development loans totaling approximately \$3,255,750. In addition, the bank through a family advocacy group made 81 small community development loans totaling \$149,490. Examples of some of these loans are listed below.

- A \$1,095,000 loan was made to a local builder to develop a subdivision of 82 lots and build single-family affordable housing targeted at low- and moderate-income individuals. The property involved is an old amusement park located in a moderate-income area. The project is the beginning of redevelopment/revitalization efforts for this depressed area of Indianapolis.
- The bank originated a \$708,750 loan to a local developer to purchase and remodel a 40-unit apartment building located in a low-income area of downtown Indianapolis. The project targets low- and moderate-income individuals.
- The bank originated a \$192,000 loan to a local developer to refinance the purchase of a 10-unit apartment building located in a low-income area of downtown Indianapolis. The apartment building is fully leased and targets low- and moderate-income individuals. The borrower wanted to refinance so that he could purchase other properties located in the same area.
- NBI originated a \$760,000 loan to a local developer to purchase and renovate a 19-unit apartment building located in a low-income area of downtown Indianapolis. The building is on the Historical Register and the project is the beginning of redevelopment/revitalization efforts for this area of downtown Indianapolis. The apartments target low- and moderate-income individuals.
- The bank made a \$250,000 loan commitment in 2000 and another \$250,000 loan commitment in 2001 to a governmental housing partnership loan program. The commitments are designed to provide funds to a loan pool that provides loans for housing to low- and moderate-income borrowers who do not qualify for conventional mortgage products offered by banks. The partnership program also provides services such as educational training and counseling to help low- and moderate-income individuals navigate through the homeownership process. To date, \$242,443 of the Year 2000 commitment has been drawn and \$95,912 of the Year 2001 commitment has been drawn.
- The bank has made 81 loans with an original amount of \$149,490 during the evaluation period in conjunction with a local family advocacy group. The group's program "Ways to Work" targets low- and moderate-income individuals and provides small loans to support applicants in finding or keeping a job. Loans can be used for: housing costs such as moving expenses, security deposits, or payment of rent; essential household appliances; child care costs related to employment; purchase of a telephone if a telephone is necessary for employment; and car-related expenses if no other

transportation is available. The group approves and guarantees the loan, while the bank closes and makes the loans. Each of the loans has been for an original amount of less than \$2,500.

During the evaluation period the bank also made seven loans that have a Community Development purpose, but are included in the HMDA and small loans to businesses loan amounts. While they do not technically meet the definition of Community Development Lending, these loans did have a positive effect on community development in the AA. Examples of these loans are listed below.

- A \$676,500 loan was made to a local company to purchase an abandoned government building located in a moderate-income/economic redevelopment area. The building will be renovated and provide office space for the borrower and will offer additional office space to government agencies and private small businesses.
- NBI has originated five loans totaling \$307,453 to a local CDC to construct five single-family affordable housing units located in a moderate-income area of Indianapolis. The affordable housing targets low- and moderate-income individuals.
- A \$540,391 loan was made to a local non-for-profit organization to construct a family community center. The center includes a day care facility, a youth facility, space for an after school mentoring program, and facilities for non-denominational religious and choir activities. Although the center is not in a low- or moderate-income geography, it is within several blocks of a low-income area and targets at-risk low- and moderate-income individuals.

## **Product Innovation and Flexibility**

Product flexibility had a positive effect on the Lending Test conclusions. NBI offered several flexible-lending products in order to serve its AA's credit needs, including below-market interest rates, extended terms, and closing cost assistance. Below is a description of some of the flexible loan programs offered in the AA.

### **Proprietary Programs:**

**First Step Mortgage** – The bank developed this program for low- and moderate-income borrowers. This Adjustable Rate Mortgage (ARM) program offers flexible underwriting guidelines, expanded debt-to-income ratios, no requirement for private mortgage insurance, no application fees, and competitive rates and terms. Normal Fannie Mae terms allow an ARM to adjust up to 5% on the eighth year, but with this program the bank only adjusts up to a max of 2%. In conjunction with this program, the bank developed the First Step No Down product, a no down payment product for home purchases. During this evaluation period, the bank made 82 First Step Mortgage loans totaling \$6,708,600. Of these 82, approximately 61 used the First Step No Down feature.

### **Non-proprietary programs:**

Federal Home Loan Bank (FHLB) - Home Savings Program (HSP): NBI teams with the FHLB to participate in the First Step Extra program, which targets low- and moderate-income borrowers. The First Step Extra product is designed to match the dollars provided by a borrower for down payment or closing costs related to the purchase of a home. The HSP will match up to twice what the borrower provides, with an HSP limit of \$5,000. A bank can commit up to \$250,000 to the program annually. During this evaluation period, NBI has provided \$422,687 to borrowers under the program.

Indiana Housing Finance Authority – First Home and First Home/Plus Programs: In partnership with the Indiana Housing Finance Authority, NBI participates in two affordable mortgage financing programs targeted at low- and moderate-income borrowers; the First Home program and the First Home/Plus program. The First Home program offers first-time homebuyers financing at rates and terms more advantageous than those offered by traditional lenders. Terms are 30 year fixed and rates are 0.5% to 1% below the market rate. The First Home/Plus program also provides down payment assistance for first-time homebuyers. The down payment assistance comes in the form of a no interest, no monthly payment second mortgage. If the borrower resides in the property for five years, the second mortgage may be forgiven. The bank began this partnership in May 2002. Since then, NBI has made one loan in conjunction with the First Home program for \$92,000 and two loans for \$102,700 with the First Home/Plus program.

## INVESTMENT TEST

### Conclusions for Areas Receiving Full-Scope Reviews

The bank's performance under the Investment Test is rated "**Low Satisfactory**". Based on a full-scope review, the bank's performance in its AA is adequate. Information obtained from the OCC District Community Affairs Officer and information gathered from the bank indicates that qualified investment opportunities in the AA, for this evaluation period are available. Refer to Table 14 in Appendix C for the facts and data used to evaluate the bank's level of qualified investments.

Primary credit needs in NBI's AA are for revitalization and stabilization of inner city areas, small business financing, and affordable single- and multi-family housing for low- and moderate-income individuals.

During this evaluation period, NBI's qualified investments total approximately \$179,743. All of these investments were made in the current period with no investments from prior periods included in this analysis. The bank has committed \$500,000 to a low-income housing tax credit fund. The fund invests in developers of Section 42 tax credit multi-family housing, which provides housing for low- and moderate-income individuals. This entire commitment is unfunded as of the date of this examination. Through these investments to various organizations, the bank provided social services and housing, primarily for low- and moderate-income individuals. Examples of the more prominent investments and contributions made by NBI are listed below.

NBI donated \$158,243 to the Indiana Interest on Lawyer Trust Accounts (IOLTA) program. This program provides low- and moderate-income individuals with pro bono civil legal services focusing on housing, income maintenance and other consumer issues that could affect an individual's credit rating. Law firms participating in the program deposit their client's monies into special interest bearing accounts at a bank, with the interest proceeds automatically paid to the Indiana Bar Foundation. The Foundation administers the program with the bank's donation funding the program. The bank does not charge any fees or service charges for these accounts, thereby also donating the income they normally could receive from maintaining these accounts.

NBI donated \$12,500 to the Indianapolis Neighborhood Housing Partnership. This organization provides education and financing opportunities for low- and moderate-income individuals in the search for affordable housing.

The bank donated \$4,000 to the Historic Landmarks Foundation of Indiana. The donation was used to renovate housing targeted for low- and moderate-income individuals located in a low- and moderate-income tracts in downtown Indianapolis.

Donations of approximately \$5,000 were made to several smaller local organizations who provide job training, classes in life management skills, family counseling, parenting classes, temporary shelter, and addiction counseling targeted to low- and moderate-income individuals.

## **SERVICE TEST**

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

The bank's performance under the Service Test is rated "**High Satisfactory**." Based on a full-scope review, the bank's performance in Marion County and contiguous portions of Hamilton, Boone, and Johnson Counties is good.

### **Retail Banking Services**

NBI's delivery systems are accessible to geographies and individuals of different income levels throughout the assessment area. Refer to Table 15 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 bank has eight branches in the AA, all of which are stand-alone offices. Six of the branches are in Indianapolis (Marion County), one branch is in Greenwood (Johnson County), and one is in Carmel (Hamilton County). All eight branches are traditional banking offices with full service ATMs. Five of the eight branches (excluding the downtown Indianapolis branches) have drive-up facilities.

The distribution of offices in the AA is adequate. Three of the branches (including the main office) are located in downtown Indianapolis. These three offices (37.5 percent) are in a low-income geography where less than one percent of the AA's population resides. The

percentage of branches located in low-income geographies significantly exceeds the percentage of the population that resides in the AA's low-income geographies (7.87). NBI does not have any branches in moderate-income geographies where 25.52 percent of the population of the AA resides. However, the low-income geography that has several branches, borders three of the moderate-income geographies. Another branch, which is located in an upper-income geography, borders a moderate-income geography.

NBI's hours and services offered throughout the full-scope AA are good. Office hours and services are comparable among locations regardless of the income level of the geography. All eight branches provide all of the products and services offered by the bank. Personal and commercial loan officers are located at all of the branches and are able to make and approve loans at the branch.

Banking hours for the three offices located in downtown Indianapolis are 8:30a.m. to 5p.m. Monday through Friday. Banking hours for the other five offices are 8:30a.m. to 5:30p.m. Monday through Friday and 9 a.m. to 12:00 p.m. on Saturday. Because less than one percent of the population in the AA live in this low-income geography, the limited Saturday hours do not pose an inconvenience.

Since the last examination, the bank opened two branches in upper-income geographies. The bank did not close any branches during this evaluation period.

### **Alternative Delivery Systems**

The bank's distribution of ATMs is good. NBI's ATM network provides an effective delivery system for conducting deposit and withdrawal transactions for individuals residing in low- and moderate-income geographies. The bank has twelve ATMs located throughout the AA. Eight full service ATMs are located at each of the traditional banking offices. The distribution of the ATMs in the AA is good. Three (25 percent) are in low-income tracts, four (33 percent) are in middle-income tracts, and 5 (50 percent) are in upper-income tracts. However, one of the bank's full service ATMs, located in an upper-income tract, services a nearby small business corridor where the bank has several small loans to businesses.

NBI offers two alternative delivery systems, "Bank by Phone" and "Private Portrait". "Bank by Phone" allows a customer to use a touch-tone phone to check account information, transfer funds, check current rates, obtain loan account information, and report lost or stolen credit cards. "Private Portrait" allows a customer to use their personal computer to check account information, transfer funds, view account activity summaries and detailed transaction reports, view and print copies of monthly statements, make loan payments and draws, pay bills, and download account information to personal financial management software. Neither of these programs was specifically developed for low- and moderate-income individuals, and the bank does not analyze their use by low- and moderate-income individuals. Therefore, little weight was placed on these systems in reaching the overall service test rating.

### **Community Development Services**

NBI's performance in providing Community Development (CD) services in the AA is good. The bank provides numerous CD services. Management's investment in time spent with community development programs targets low- and moderate-income community members

and low- and moderate-income areas. Approximately ten employees/directors serve on committees and/or boards of four different organizations that serve low- and moderate-income individuals. Details of these programs are listed below.

An NBI employee serves on the loan committee of the Family Service Association of Indiana's "Ways to Work" loan program. This program provides small loans to low- and moderate-income individuals for expenses related to obtaining and keeping a job. The employee provides financial expertise in the decision making process for granting loan requests. (Details of this program are explained in the "Community Development Lending" section of this Performance Evaluation.)

Another NBI employee is the Chairperson of the "Financial Products Task Force" of Indy Saves. This is a new initiative organized to promote savings and wealth building among Indianapolis area residents, specifically low- and moderate-income families. In addition to providing overall leadership of the group as Chairperson, the employee's expertise in credit counseling and family budgeting helps promote the Task Force's goals and objectives. There are currently 231 low- and moderate-income families participating in the Indy Saves program.

An NBI employee serves on the board of directors and financial committee of a community service organization that provides recreational, emotional, and financial support for low- and moderate-income children and families. As a board member and member of the financial committee, the bank representative assists in budgetary matters.

Another NBI employee serves on the board of directors and financial committees of a charter school for "at risk" low- and moderate-income high school students. The employee's expertise was instrumental in developing the initial budget and implementing sound financial operating procedures for the school.

In addition, the bank and its employees support the following community development activities:

NBI employees routinely provide training in conjunction with the Indianapolis Neighborhood Housing Partnership to low- and moderate-income families in the home-ownership process. This training includes methods to obtain a clean credit history, budgeting for housing and other essential family needs, and the importance of maintaining a clean credit history.

NBI provides Individual Development Accounts (IDAs) as a means for low- and moderate-income customers to achieve their financial goals. The bank teams with Concord Community Development Corporation and the State of Indiana to provide interest-bearing savings accounts with no minimum-balance requirements or monthly fees to low- and moderate-income customers to save money for education purposes, home purchases, or the start-up of a small business.

The bank assisted the Westside Community Development Corporation (WCDC) in applying for a \$450,000 grant from the Federal Home Loan Bank (FHLB). The proceeds were used to build 15 new homes for low- and moderate-income borrowers and re-habilitate 15 homes for low- and moderate-income occupants. In addition to assisting in the grant application process,

the bank will maintain an ongoing relationship with the WCDC to facilitate the movement of the grant funds from the FHLB to the WCDC.

The bank participated in the Indiana Fair Housing Task Force's fifth annual Fair Housing Summit. Bank employees discussed credit counseling services targeted at low- and moderate-income borrowers, loan restructuring for troubled home loans, and methods to clean up a poor credit history.

## Appendix A: Scope of Examination

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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): (01/01/00 to 12/31/01) Investment and Service Tests and CD Loans: (01/01/00 to 10/21/02)	
<b>Financial Institution</b>	<b>Products Reviewed</b>	
The National Bank of Indianapolis Indianapolis, Indiana	Home Mortgage Loans, Small Loans to Businesses, and Community Development Loans	
<b>Affiliate(s)</b>	<b>Affiliate Relationship</b>	<b>Products Reviewed</b>
NA		
<b>List of Assessment Areas and Type of Examination</b>		
<b>Assessment Area</b>	<b>Type of Exam</b>	<b>Other Information</b>
Marion County and parts of contiguous Hamilton, Boone, and Johnson Counties, all of which are within the Indianapolis, Indiana MSA #3480	Full-Scope	

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

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

Marion County and parts of contiguous Hamilton, Boone, and Johnson Counties, all of which are part of the Indianapolis, Indiana, MSA #3480.

Demographic Information for Full Scope Area: NB Indianapolis						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts/BNAs)	218	11.01	27.06	34.86	26.61	0.46
Population by Geography	872,923	7.87	25.52	34.97	31.64	0.00
Owner-Occupied Housing by Geography	203,173	4.98	21.45	34.62	38.94	0.00
Business by Geography	37,214	9.82	17.66	30.06	42.27	0.19
Farms by Geography	682	1.91	10.26	28.89	58.94	0.00
Family Distribution by Income Level	229,350	19.79	18.52	23.32	38.37	0.00
Distribution of Low and Moderate Income Families throughout AA Geographies	87,877	13.66	38.64	34.02	13.69	0.00
Median Family Income HUD Adjusted Median Family Income for 2001 Households Below Poverty Level		37,198 60,700 10.53%	Median Housing Value Unemployment Rate (1990 US Census)	67,870 2.79%		

(\*) The NA category consists of geographies that have not been assigned an income classification.  
Source: 1990 US Census and 2001 HUD updated MFI

NBI's AA consists of all of Marion County Indiana and small portions of contiguous Hamilton, Boone and Johnson counties. All of the AA is within the Indianapolis, Indiana MSA 3480, but the bank's assessment area does not include the entire MSA. Indianapolis is the capital of Indiana and the largest city in the state. Marion County is the largest county in the state. The overwhelming majority of the bank's market area is Marion County (204 of 218 census tracts in the assessment area).

The bank is headquartered in Indianapolis, Indiana and operates eight full service offices within the AA. The main office and two other banking centers are located in the center of downtown Indianapolis, one banking center is located in a revitalized area of mid Indianapolis, one center is located in the northwest portion of Marion County, one in the northeast portion of Marion County, and one is located in a contiguous Hamilton County census tract. The newest banking center is located in a contiguous census tract in Johnson County. The bank also operates twelve ATM machines. Eight full service machines are located at each of the traditional full service offices. One full service, freestanding machine serves a nearby small business corridor. The other three machines are freestanding cash dispensing units located in or near low- or moderate-income census tracts.

There are 218 census tracts in the bank's AA. Twenty-four tracts (11 percent) are low-income, 59 tracts (27 percent) are moderate-income, 76 tracts (35 percent) are middle-income, and 58

tracts (27 percent) are upper-income. There is one tract for which income level is not applicable. NBI's AA meets the requirements of the CRA regulation and does not arbitrarily exclude low- or moderate-income areas.

NBI's deposits as of June 30, 2001 in the AA are approximately \$427 million. Based on FDIC deposit market share data, this equates to a 2.02 percent market share, ranking NBI as the 9<sup>th</sup> largest deposit taking institution of the 48 institutions in the AA. The top four institutions have a combined market share of 63.54 percent.

As of June 30, 2001, all of the bank's deposits were derived from the AA, with 89 percent of the home mortgage loans and 93 percent of the small loans to businesses also located in the AA. Competition for both deposits and loans in the AA is very strong. As noted by the bank's stated vision and focus, its small asset size, and its low market share ranking, the bank faces very stiff competition for deposits and loans.

The local economy is strong and stable, but shows some signs of growth. The major industries in the AA include service, retail, government, education, and health care. Major employers include State of Indiana and Marion County government, Clarion Health, and Eli Lilly. The unemployment rate for Marion County in 2000 was 2.5%, but rose to 3.4% by year-end 2001. According to the Indiana Department of Workforce Development, the outlook for growth and improvement in the economic condition of Marion County is very positive. The Indiana unemployment rate for 2000 was 3.2% and 4.4% for 2001. The national unemployment rate for 2000 was 4.0% and 5.8% for 2001.

Based on 2001 HUD updated data, the adjusted Median Family income in the AA is \$60,700. The percentage breakdown of families in the AA by income level is 19.79% low-income, 18.52% moderate-income, 23.32% middle-income, and 38.37% upper-income. A low-income family has a maximum income of only \$30,350. Coupled with a median housing value of \$67,870, this level of income makes it somewhat difficult for low-income individuals to qualify for a home mortgage loan.

There are 377,258 housing units located in the bank's AA. Of these, 53.86 percent are owner-occupied, with 4.98 percent of the owner-occupied units in low-income geographies, and 21.45 percent located in moderate-income geographies. The average age of homes is approximately 41 years.

Based on the demographics of the AA and the identified needs of affordable housing and small business financing, unmet credit and community development needs exist in the AA. Opportunities for partnerships exist for the bank to help address the unmet credit and community development needs of the AA. This conclusion is based on discussions with local community officials, our review of CRA performance evaluations of other financial institutions operating in the AA, and from discussions with bank management.

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## Appendix C: Tables of Performance Data

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### Content of Standardized Tables

References to the “bank” include activities of any affiliates that the bank provided for consideration (refer to appendix A: Scope of the Examination). For purposes of reviewing the lending test tables, the following are applicable: purchased loans are treated as originations/purchases 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. Tables without data are not included in this PE.

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

- Table 1. Lending Volume** - Presents the number and dollar amount of reportable loans originated and purchased by the bank over the evaluation period by 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 with the appropriate caption, such as “Statewide/Regional” or “Out of Assessment Area,” in the MA/Assessment Area column and record the corresponding numbers and amounts in the “Community Development Loans” column.
- Table 1. Other Products** - Presents the number and dollar amount of any unreported category of loans originated and purchased by the bank 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 with the appropriate caption, such as "Statewide/Regional" or "Out of Assessment Area," in the MA/Assessment Area column and record the corresponding numbers and amounts in the "Qualified Investments" column.

**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.

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**Table 1. Lending Volume**

LENDING VOLUME		Geography: INDIANAPOLIS MSA						Evaluation Period: JANUARY 1, 2000 TO DECEMBER 31, 2001				
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>												
NB Indianapolis	100.00	473	84,272	515	80,552	0	0	6	3,256	994	168,080	100.00

\* Loan Data as of December 31, 2001. Rated area refers to either the state or multi-state MA rating area.

\*\* The evaluation period for Community Development Loans is From January 01, 2000 to October 21, 2002.

\*\*\* Deposit Data as of June 30, 2001. Rated Area refers to either the state, multi-state MA, or institution, as appropriate.

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**Table2. Geographic Distribution of Home Purchase Loans**

Geographic Distribution: HOME PURCHASE			Geography: INDIANAPOLIS MSA						Evaluation Period: JANUARY 1, 2000 TO DECEMBER 31, 2001						
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	Overall	Low	Mod	Mid	Upp
<b>Full Review:</b>															
NB Indianapolis	247	100.00	4.98	2.83	21.45	12.15	34.62	25.51	38.94	59.51	0.43	0.28	0.48	0.42	0.43

\* Based on 2000 Peer Mortgage Data: Central 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 1990 Census information.

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

Geographic Distribution: HOME IMPROVEMENT			Geography: INDIANAPOLIS MSA				Evaluation Period: JANUARY 1, 2000 TO DECEMBER 31, 2001					Market Share (%) by Geography				
MA/Assessment Area:	Total Home Improvement Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies							
	#	% of Total**	% 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	
<b>Full Review:</b>																
NB Indianapolis	22	100.00	4.98	4.55	21.45	9.09	34.62	40.91	38.94	45.45	0.37	0.56	0.28	0.35	0.40	

\* Based on 2000 Peer Mortgage Data: Central 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 1990 Census information.

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

Geographic Distribution: HOME MORTGAGE REFINANCE				Geography: INDIANAPOLIS MSA				Evaluation Period: JANUARY 1, 2000 TO DECEMBER 31, 2001							
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>															
NB Indianapolis	197	100.00	4.98	2.03	21.45	1.52	34.62	15.74	38.94	80.71	0.16	0.08	0.00	0.06	0.37

\* Based on 2000 Peer Mortgage Data: Central 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 1990 Census information.

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**Table 5. Geographic Distribution of Multifamily Loans**

Geographic Distribution: MULTIFAMILY		Geography: INDIANAPOLIS MSA						Evaluation Period: JANUARY 1, 2000 TO DECEMBER 31, 2001							
MA/Assessment Area:	Total Multifamily Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Market Share (%) by Geography				
	#	% of Total**	% of MF Units***	% BANK Loans	% MF Units***	% BANK Loans	% MF Units***	% BANK Loans	% MF Units***	% BANK Loans	Overall	Low	Mod	Mid	Upp
<b>Full Review:</b>															
NB Indianapolis	7	100.00	8.71	14.29	24.64	57.14	44.96	14.29	21.69	14.29	25.00	25.00	66.67	0.00	0.00

\* Based on 2000 Peer Mortgage Data: Central Region.

\*\* Multifamily loans originated and purchased in the MA/AA as a percentage of all multifamily loans originated and purchased in the rated area.

\*\*\* Percentage of multifamily units is the number of multifamily housing units in a particular geography divided by number of multifamily housing units in the area based on 1990 Census information.

**Institution ID:** 10000022652 **NATIONAL BANK OF INDIANAPOLIS**

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

Geographic Distribution: SMALL LOANS TO BUSINESSES			Geography: INDIANAPOLIS MSA				Evaluation Period: JANUARY 1, 2000 TO DECEMBER 31, 2001					Market Share (%) by Geography				
MA/Assessment Area:	Total Small Business Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Overall	Low	Mod	Mid	Upp	
	#	% of Total**	% of Businesses***	% BANK Loans	% of Businesses***	% BANK Loans	% of Businesses***	% BANK Loans	% of Businesses***	% BANK Loans						
<b>Full Review:</b>																
NB Indianapolis	515	100.00	9.82	13.40	17.66	11.46	30.06	33.40	42.27	41.75	1.49	3.57	1.23	1.40	1.47	

\* Based on 2000 Peer Small Business Data: US&PR.

\*\* 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.

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**Table 7. Geographic Distribution of Small Loans to Farms**

Geographic Distribution: SMALL LOANS TO FARMS		Geography: INDIANAPOLIS MSA						Evaluation Period: JANUARY 1, 2000 TO DECEMBER 31, 2001							
MA/Assessment Area:	Total Small Farm Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Market Share (%) by Geography				
	#	% of Total**	% of Farms***	% BANK Loans	% of Farms**	% BANK Loans	% of Farms**	% BANK Loans	% of Farms**	% BANK Loans	Overall	Low	Mod	Mid	Upp
<b>Full Review:</b>															
NB Indianapolis	0	0.00	1.91	0.00	10.26	0.00	28.89	0.00	58.94	0.00	0.00	0.00	0.00	0.00	0.00

\* Based on 2000 Peer Small Business Data: US&PR.

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

\*\*\* Source Data - Dun and Bradstreet (2001).

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

Borrower Distribution: HOME PURCHASE			Geography: INDIANAPOLIS MSA				Evaluation Period: JANUARY 1, 2000 TO DECEMBER 31, 2001					Market Share				
MA/Assessment Area:	Total Home Purchase Loans		Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers		Overall	Low	Mod	Mid	Upp	
	#	% of Total**	% Families ***	% BANK Loans ****	% Families ***	% BANK Loans****	% Families ***	% BANK Loans****	% Families ***	% BANK Loans****						
<b>Full Review:</b>																
NB Indianapolis	247	100.00	19.79	12.26	18.52	28.30	23.32	4.72	38.37	54.72	0.40	0.41	0.35	0.05	0.73	

\* Based on 2000 Peer Mortgage Data: Central Region.

\*\* As a percentage of loans with borrower income information available. No information was available for 14.17% of loans originated and purchased by BANK.

\*\*\* Percentage of Families is based on the 1990 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.

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**Table 9. Borrower Distribution of Home Improvement Loans**

Borrower Distribution: HOME IMPROVEMENT			Geography: INDIANAPOLIS MSA				Evaluation Period: JANUARY 1, 2000 TO DECEMBER 31, 2001					Market Share				
MA/Assessment Area:	Total Home Improvement Loans		Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers		Overall	Low	Mod	Mid	Upp	
	#	% of Total**	% Families***	% BANK Loans****	% Families***	% BANK Loans****	% Families***	% BANK Loans****	% Families***	% BANK Loans****						
<b>Full Review:</b>																
NB Indianapolis	22	100.00	19.79	4.55	18.52	4.55	23.32	22.73	38.37	68.18	0.39	0.00	0.11	0.37	0.75	

\* Based on 2000 Peer Mortgage Data: Central Region.

\*\* As a percentage of loans with borrower income information available. No information was available for 0.00% of loans originated and purchased by BANK.

\*\*\* Percentage of Families is based on the 1990 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.

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

Borrower Distribution: HOME MORTGAGE REFINANCE			Geography: INDIANAPOLIS MSA				Evaluation Period: JANUARY 1, 2000 TO DECEMBER 31, 2001					Market Share				
MA/Assessment Area:	Total Home Mortgage Refinance Loans		Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers		Overall	Low	Mod	Mid	Upp	
	#	% of Total**	% Families ***	% BANK Loans ****	% Families ***	% BANK Loans****	% Families ***	% BANK Loans****	% Families ***	% BANK Loans****						
<b>Full Review:</b>																
NB Indianapolis	197	100.00	19.79	2.04	18.52	3.57	23.32	7.65	38.37	86.73	0.21	0.00	0.03	0.16	0.52	

\* Based on 2000 Peer Mortgage Data: Central Region.

\*\* As a percentage of loans with borrower income information available. No information was available for 0.51% of loans originated and purchased by BANK.

\*\*\* Percentage of Families is based on the 1990 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.

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

Borrower Distribution: SMALL LOANS TO BUSINESSES		Geography: INDIANAPOLIS MSA			Evaluation Period: JANUARY 1, 2000 TO DECEMBER 31, 2001				
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>									
NB Indianapolis	515	100.00	84.72	50.68	59.03	21.36	19.61	1.49	2.35

\* Based on 2000 Peer Small Business Data: US&PR.

\*\* 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 - 2001).

\*\*\*\* 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 1.55% of small loans to businesses originated and purchased by the bank.

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**Table12. Borrower Distribution of Small Loans to Farms**

Borrower Distribution: SMALL LOANS TO FARMS		Geography: INDIANAPOLIS MSA			Evaluation Period: JANUARY 1, 2000 TO DECEMBER 31, 2001				
MA/Assessment Area:	Total Small Loans to Farms		Farms With Revenues of \$1 million or less		Loans by Original Amount Regardless of Farm Size			Market Share	
	#	% of Total**	% of Farms***	% 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>									
NB Indianapolis	0	0.00	91.20	0.00	0.00	0.00	0.00	0.00	0.00

\* Based on 2000 Peer Small Business Data: US&PR.

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

\*\*\* Farms with revenues of \$1 million or less as a percentage of all farms (Source D&B - 2001).

\*\*\*\* Small loans to farms with revenues of \$1 million or less as a percentage of all loans reported as small loans to farms. No information was available for 0.00% of small loans to farms originated and purchased by the bank.

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**Table 14. Qualified Investments**

QUALIFIED INVESTMENTS		Geography: INDIANAPOLIS MSA				Evaluation Period: JANUARY 1, 2000 TO DECEMBER 31, 2001			
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>									
NB Indianapolis	0	0	4	180	4	180	100.00	1	500

\* '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.

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

DISTRIBUTION OF BRANCH DELIVERY SYSTEM AND BRANCH OPENINGS/CLOSINGS																	Geography: INDIANAPOLIS MSA				Evaluation Period: JANUARY 1, 2000 TO DECEMBER 31, 2001			
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>																								
NB Indianapolis	100.00	8	100	37.50	0.00	12.50	50.00	1	0	0	0	0	1	7.87	25.52	34.97	31.64							

