



**LARGE BANK**

---

Comptroller of the Currency  
Administrator of National Banks

---

Washington, DC 20219

## **Public Disclosure**

September 22, 2003

### **Community Reinvestment Act Performance Evaluation**

**Capitol National Bank  
Charter Number: 17525**

**200 Washington Square North  
Lansing, Michigan 48933**

**Office of the Comptroller of the Currency**

**Detroit Field Office  
Omni Officentre, Suite 411  
26877 Northwestern Highway  
Southfield, MI 48034**

**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.**

## Table of Contents

<b>OVERALL CRA RATING .....</b>	<b>1</b>
<b>DEFINITIONS AND COMMON ABBREVIATIONS .....</b>	<b>2</b>
<b>DESCRIPTION OF INSTITUTION .....</b>	<b>5</b>
<b>SCOPE OF THE EVALUATION .....</b>	<b>6</b>
<b>FAIR LENDING REVIEW .....</b>	<b>7</b>
<b>CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS .....</b>	<b>7</b>
LENDING TEST .....	7
INVESTMENT TEST .....	11
SERVICE TEST .....	12
<b>APPENDIX A: SCOPE OF EXAMINATION .....</b>	<b>A-1</b>
<b>APPENDIX B: MARKET PROFILES FOR FULL-SCOPE AREAS .....</b>	<b>B-1</b>
<b>APPENDIX C: TABLES OF PERFORMANCE DATA .....</b>	<b>C-1</b>

## Overall CRA Rating

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

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

Performance Levels	(Name of Depository Institution) Performance Tests		
	Lending Test*	Investment Test	Service Test
Outstanding	<b>X</b>		
High Satisfactory		<b>X</b>	
Low Satisfactory			<b>X</b>
Needs to Improve			
Substantial Noncompliance			

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

The major factors that support this rating include:

### Lending Test

- Lending levels reflect excellent responsiveness to the assessment area (AA) credit needs.
- A substantial majority of CNB’s loans are made in the AA.
- The bank has an excellent geographic distribution of loans in its AA.
- The distribution of CNB’s loans represents an excellent dispersion among business customers of different sizes and a good dispersion among home mortgage borrowers of different income levels.
- The bank has a relatively high level of community development (CD) loans.

### Investment Test

- The bank’s volume of qualified investments is good.
- CNB has demonstrated good responsiveness to credit and CD needs. The bank through its holding company demonstrated innovativeness by taking an active role in the formation of a small business investment company during the evaluation period.

### Service Test

- CNB’s service delivery systems are reasonably accessible to geographies and individuals of different income levels throughout the AA. The bank’s branch network was found to be adequately servicing the AA.
- CNB’s services do not vary in ways that inconvenience its AA, particularly low- and moderate-income geographies and individuals.
- The bank provides an adequate level of CD service.

## 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 (CD):** 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

Capitol National Bank (CNB) is a full-service intrastate bank headquartered in Lansing, Michigan. As of June 30, 2003, the bank had total assets of \$206 million, deposits of \$185 million, and tier one capital of \$15 million. CNB has three branch offices including its main office located in downtown Lansing. The two other branch offices are located in Okemos, Michigan, and Delta Township, Michigan. CNB opened the Delta branch in March 2003. The bank's AA includes all of Clinton, Eaton, and Ingham counties. A description of the AA is provided in appendix B.

CNB is a subsidiary of Capitol Bancorp Limited (CBL). CBL is a \$2.6 billion multi-bank holding company located in Lansing, Michigan. CBL is the majority owner of 11 Michigan banks, two California banks, two Indiana banks, nine Arizona banks, four Nevada banks, and one New Mexico bank. CBL owns a mortgage company, Amera Mortgage Corporation, from whom CNB purchased residential mortgages during the evaluation period. CBL, along with its affiliates, provides CNB with additional expertise and services. CNB has the ability to offer residential mortgages through Amera Mortgage Corporation, and trust services through Paragon Bank & Trust. In addition, CBL provides expertise in the area of qualifying investments.

CNB is a full service financial institution, offering a wide range of products. Loan products include commercial, consumer, and residential mortgage loans. CNB's primary business strategy is to service small business customers. The bank reported net loans of \$175 million at June 30, 2003 or 85 percent of total assets. The bank's loan portfolio as of June 30, 2003, totaled \$162.6 million. 86.8 percent of the loan portfolio comprised commercial loans, 11.0 percent real estate mortgages, and 2.2 percent consumer loans.

The bank offers a wide-range of commercial loan products to serve the local business community. This includes equipment loans, commercial real estate loans, business lines of credit, Small Business Administration (SBA) lending, lines of credit, and letters of credit. In addition, the bank was active in the Capital Access Program over the evaluation period until the program was discontinued by the State of Michigan in 2002.

Residential and consumer products include home mortgages through Amera Mortgage Corporation, construction loans, home purchase bridge loans, secured and unsecured lines of credit, car loans, home equity loans, and other consumer loans.

CNB was rated 'satisfactory' under the small bank performance standards at its last CRA evaluation dated July 24, 1998. CNB is being evaluated under the large bank performance standards at this evaluation because the total assets of the holding company exceed \$1 billion. There are no legal impediments that would hinder CNB's ability to address community needs.

## Scope of the Evaluation

### Evaluation Period/Products Evaluated

The evaluation period for the lending, investment, and service tests is from July 24, 1998 through September 22, 2003. The start of the evaluation period corresponds to the date that the prior evaluation was performed. We analyzed Home Mortgage Disclosure Act (HMDA), small loans to businesses, farm loans, and consumer loans for the period January 1, 2000, to December 31, 2002. The review of CD loans, qualified investments, and CD services is evaluated from July 24, 1998, through September 22, 2003. CNB became subject to the large bank performance tests and standards in calendar year 2000.

### Data Integrity

Prior to conducting this CRA evaluation, we tested the accuracy of the bank's data including data made available to the public in accordance with the HMDA and the CRA regulation. Public data includes home mortgage lending and small loans to businesses. We also reviewed the accuracy of consumer loan data upon the bank's request to have this information included in the CRA evaluation. The evaluation also reviewed the accuracy of non-public data for qualified investments, CD services, and CD loans. Our review disclosed minor errors, which were corrected by the bank prior to this CRA evaluation. The public and non-public information used in this evaluation was deemed to be accurate.

### Selection of Areas for Full-Scope Review

We performed a full-scope review of CNB's AA, Lansing-East Lansing MSA. Refer to appendix A for more information.

### Ratings

The bank's overall rating is based on our assessment of CNB's performance in its AA.

When determining conclusions for the lending test, loan products are generally weighted according to their relative volume. Under this evaluation loans to businesses were given the most weight since business lending is CNB's main focus and largest dollar volume. Home mortgage loans were given the second most weight. Consumer loans and loans to farms were given the least amount of weight.

### Other

This evaluation took into consideration information derived from members of the local community. We contacted three organizations to assess the community needs and the performance of local banks in meeting these needs. This included one organization involved in affordable housing and two organizations that focused on small businesses. The contacts identified a need for affordable single-family housing, rehabilitation of existing homes, and a need for small loans to businesses in the range of \$10,000 to \$20,000.

During our evaluation we determined that there have been opportunities for financial institutions to make CD loans, qualified investments, and provide CD services within the AA. This is further discussed within the Market profile section in appendix B.

## **Fair Lending Review**

We found no evidence of illegal discrimination or other illegal credit practices.

## **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 "outstanding." Based on the full-scope review, CNB's performance in the Lansing-East Lansing MSA is excellent.

#### **Lending Activity**

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

The volume of CNB's lending activity in the AA is considered excellent for small loans to businesses and a reasonable level for home mortgage loans.

The bank's main lending focus is providing loans to small businesses. CNB reported 1,367 small loans to businesses totaling \$132.8 million during the evaluation period. This represents an excellent volume level based on the bank's size, financial condition, and lending opportunities in the local market area. CNB's lending market share for small loans to business of 5.65 percent is above its deposit market share of 3.46 percent. In addition, the bank reported 335 small business real estate secured loans, which totaled \$39.8 million.

CNB participated in the Capital Access Program, which was offered by the State of Michigan to promote economic business development and growth. This program provided loans to businesses, which may not otherwise meet conventional underwriting standards. The bank also offers SBA loans. The SBA program also gives businesses the opportunity to obtain loans, which may not otherwise be available under conventional underwriting standards. The SBA and Capital Access loans are reflected in Table 1 under small loans to businesses and small business real estate secured. The tables don't reflect two SBA loans for \$681,000 and seven Capital Access loans for \$710,000. These loans were made before the bank was required to report small business loans.

The bank reported a reasonable level of home mortgage lending during the evaluation period. The majority of these loans were purchased from its affiliate, Amera Mortgage Corporation. Loan activity during the evaluation period totaled 879 home mortgage loans for \$93.4 million.

This was comprised of 527 refinance loans, 286 home purchase loans, 59 home improvement loans, and 7 multi-family loans. CNB's lending market share for these products was 0.28 percent for home purchase loans, 0.28 percent in home improvement loans, 0.11 percent for home mortgage refinance loans, and 7.14 percent for multi-family loans. These figures were below the bank's deposit market share of 3.46 percent with the exception of multifamily loans. The bank's home mortgage lending was found to be reasonable given the fact that home mortgage lending is not a main lending focus of the bank.

The bank also made 435 consumer loans during the evaluation period. The bank offers a variety of consumer loans to accommodate its business customers. In conclusion, the bank's consumer lending activity represented a reasonable lending level.

The evaluation also considered the bank's CD lending activity. This consisted primarily of multi-family loans that provide affordable housing for low- and moderate-income individuals and families. CD loans reported from July 24, 1998 to September 22, 2003 totaled 8 loans in the amount of \$3.5 million. CNB is active in helping meet the community credit needs through its CD lending activities.

Significant consideration was not given to small loans to farms in the overall lending conclusion since the bank had minimal activity during the evaluation period. The bank reported only two small loans to farms over the review period.

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

The geographic distribution of home mortgage loans and small loans to businesses reflects excellent penetration throughout the AA. This is based on the excellent performance of geographic distribution of loans by income level with respect to home purchase, home improvement, home refinance, and small business loans. Consumer loans represented an adequate level of geographic distribution by income level. The volume of small loans to farms was not large enough to perform a meaningful geographic distribution analysis.

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

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.

The geographic distribution of CNB's home mortgage loans by income level is excellent. The percentage of CNB's home purchase, home improvement, and home refinance loans in both low-income and moderate-income geographies substantially exceeds the percentage of owner-occupied housing units that are within those geographies with the exception of home purchase loans made in moderate-income geographies. Home purchase loans made in moderate-income geographies were slightly below the percentage of owner-occupied housing units, but still represented a good performance level. Furthermore, CNB's 2001 market share in low- and moderate-income geographies for these three product lines generally compared favorably to the bank's overall market share for each of these categories. Little weight was placed on the market share information since CNB's market share is very small and differences in performance levels are represented by a small number of loans.

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

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 geographic distribution of CNB's small loans to businesses by income level is excellent. The percentage of CNB's loans in low- and moderate-income geographies substantially exceeds the portion of businesses that are within those geographies. CNB's market share of small loans to businesses in both low-income and moderate-income geographies far exceeds the bank's overall small business market share. The bank's overall market share of business loans in 2001 was 5.65 percent. This represents a sizable market share in light of the bank's size and financial condition.

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

Refer to Table 7 in appendix C for the facts and data used to evaluate the geographic distribution of the bank's origination/purchase of small loans to farms.

CNB only made two small farm loans from January 1, 2000, through December 31, 2002. No meaningful analysis was performed given the limited activity during this period.

### ***Consumer Loans***

Refer to Table 13 in appendix C for the facts and data used to evaluate the geographic distribution of the bank's consumer loan originations and purchases.

The geographic distribution of CNB's consumer loans by income level is adequate. The percentage of CNB's consumer loans in both low-income and moderate-income geographies was below the percentage of owner-occupied housing units within these geographies.

### **Lending Gap Analysis**

We reviewed reports of CNB's home mortgage loans, consumer loans, and small loans to businesses in the AA to identify gaps in the geographic distribution of these loans. We did not identify any unexplained conspicuous gaps in lending.

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

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

A substantial majority of CNB loans were within its AA. During the review period, 82 percent of the bank's home mortgage loans, 87 percent of small business loans, and 85 percent of consumer loans were made within the bank's AA. This was given positive consideration when drawing conclusions relative to the bank's geographic distribution of lending.

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

The distribution of CNB's loans represents an excellent dispersion among business customers of different sizes and a good dispersion among home mortgage borrowers of different income levels within the bank's AA.

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

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.

CNB's distribution of home mortgage loans to borrowers of different income levels is good overall. In drawing conclusions, consideration was given to the fact that 12.5 percent of the population has income levels below the poverty rate, as this impacts the ability for home ownership of this segment of the population. The percentage of CNB's home purchase, home improvement, and home refinance loans to low-income borrowers was below the percentage of low-income families living throughout the AA. Because it can be difficult for a household with income below the poverty level to afford home ownership, we concluded the bank's lending levels to low-income borrowers was adequate. The percentage of CNB's home purchase, home improvement, and home refinance loans to moderate-income borrowers was significantly above the percentage of moderate-income families living throughout the AA. This represents excellent performance of lending to moderate-income borrowers.

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

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.

CNB's distribution of loans to businesses of different sizes is excellent. The bank's market share of loans to businesses with revenues of \$1 million or less far exceeds the bank's overall market share for small loans to businesses. CNB's percentage of reported loans to businesses with gross revenues of \$1 million or less is comparable to the percentage of businesses in the AA with revenues of \$1 million or less. In addition, 72 percent of small loans to businesses were for amounts of \$100,000 or less, reflecting the bank's willingness to extend credit in smaller amounts.

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

Refer to Table 12 in appendix C for facts and data used to evaluate borrower distribution of the bank's origination/purchase of small loans to farms.

No meaningful analysis was performed given the limited activity over the review period.

### ***Consumer Loans***

Refer to Table 13 in appendix C for facts and data used to evaluate borrower distribution of the bank's consumer loan originations and purchases.

The bank's distribution of consumer loans to borrowers of different income levels is good. The bank's overall consumer lending to low- and moderate-income borrowers was comparable to the household demographics. This represents a good lending performance to borrowers in the low- and moderate-income categories.

### **Community Development Lending**

Refer to Table 1 Lending Volume in appendix C for the facts and data used to evaluate the bank's level of community development lending. This table includes all CD loans, including multifamily loans that also qualify as CD loans. In addition, Table 5 includes geographic lending data on all multi-family loans, including those that also qualify as CD loans. Table 5 does not separately list CD loans, however.

The bank has a relatively high level of CD lending activity totaling 8 loans for \$3.5 million over the evaluation period. This was comprised of six multi-family dwelling loans and two other CD type loans. CD lending had a positive impact when drawing lending test conclusions.

### **Product Innovation and Flexibility**

CNB engages in some flexible lending practices that help to address the credit needs of the low- and moderate-income individuals and geographies in the community. These factors had a positive impact when drawing lending test conclusions.

The bank participated in two local housing programs, which provided loans to low- and moderate-income individuals. CNB also made loans to non-profit housing developers to rehabilitate houses in low- and moderate-income areas. Through these organizations the bank provided three loans totaling \$181,000 to non-profit housing developers and 16 loans totaling \$86,000 to individuals for home purchases in low- and moderate income areas.

## **INVESTMENT TEST**

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

CNB's performance under the investment test is rated "High Satisfactory." Based on a full-scope review, the bank's performance in the Lansing-East Lansing MSA is good.

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

During the evaluation period, CNB had qualifying investments totaling \$574,411, which demonstrates a good level of investments given the bank's size and financial resources. CNB's qualifying investments include two investments in organizations that provide funding and/or financing to businesses. In addition, CNB made various donations for CD purposes to organizations in the AA over the evaluation period.

CNB has made investments of \$420,540 during the evaluation period in a Small Business Investment Company that was approved by the United States Small Business Administration. The Chairman of the bank's holding company played a significant role in forming this company in 1998. The Chairman continues to be actively involved by being a committee member on the

Advisory Board. This qualifying investment is considered innovative given the bank's holding company involvement in forming this entity. The primary focus of this company is to pursue early stage investment opportunities in technology-driven businesses located in the Midwest. Although none of the investments made by this company has directly impacted the bank's AA, it has been active in providing investments and/or financing to technology-based small business companies in the State of Michigan.

The bank made a one-time common stock purchase of \$100,000 in a state-based Business and Industrial Development Corporation (BIDCO) in November 1991. The state-based BIDCO is a non-depository financial institution engaged in providing financing assistance to Michigan businesses, management assistance, and other related activities, as permitted under the state-based BIDCO Act. During the evaluation period Access BIDCO made several investments in businesses including one investment to a business located in the bank's AA.

The bank made donations to 22 organizations and groups totaling \$54,000 during the evaluation period for CD purposes. All these investments were directed towards the bank's AA for affordable housing and social services directed at low- and moderate-income individuals and geographies.

## **SERVICE TEST**

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

The bank's performance under the Service Test is rated "low satisfactory." Based on full-scope review, the bank's performance in the Lansing-East Lansing MSA is adequate.

### **Retail Banking Services**

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.

CNB's service delivery systems are reasonably accessible to geographies and individuals of different income levels throughout the AA. CNB operates three branch offices in its three county AA. None of the offices are located in areas that serve a significant portion of the low- and moderate-income segments of the AA. The main office is located in downtown Lansing. While this office is located in a low-income area it was deemed that this office provides limited access to low- and moderate-income individuals since there are a low number of people that live in the immediate area. Based on the census information the population in this census tract was only 207. The bank has a branch office in the City of Okemos, which is located in an upper-income census tract. The bank opened a branch office in March 2003 in Delta Township. This branch office is located in an upper-income census tract. Office hours and services do not vary in a way that inconveniences certain portions of the AA, particularly low- to moderate-income geographies and individuals. Regular lobby hours at the three branch offices are 9:00am to 5:00pm Monday through Friday.

The bank offers a wide-range of alternative delivery systems, which includes ATM machines at each of its branch offices, telephone banking, internet banking, bill payment services, debit cards, and courier service for its business customers. There was no data available to

demonstrate the degree in which these alternative delivery systems have impacted the low- and moderate-income segments of the community. Therefore, these alternative systems received little weight under the service test.

### **Community Development Services**

CNB provides an adequate level of community development services to the AA, given the bank's size and capacity. One bank employee and various directors have been active in providing financial and technical expertise to organizations that assist in providing affordable housing and social services to low- and moderate-income individuals.

Over the evaluation period bank personnel and directors have taken an active role in affordable housing related programs. Four directors of the bank are members on an advisory board of a local organization that provides jobs for low-income residence, neighborhood revitalization, and housing and economic development projects. This organization also assists 12 community development corporations (CDCs) across the state of Michigan.

Board members of the bank and a senior officer were involved in two other affordable housing organizations in the bank's AA. Participation in these organizations included being a board member and one officer of the bank serving as the Treasurer. These organizations provided services to low- and moderate income individuals and geographies which included low interest rate loans, loans to non-profit housing developers to rehabilitate houses, and loans to individuals purchasing homes in low- and moderate-income areas. Through these organizations the bank provided loans to assist low- and moderate-income areas and individuals.

At the time of this evaluation the bank was servicing 44 accounts under the interest on lawyer trust account (IOLTA) program. This program helps fund legal services for the indigent.

## 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): 1/1/00 to 12/31/02 Investment and Service Tests and CD Loans: 7/24/98 to 9/22/03	
<b>Financial Institution</b> Capitol National Bank (CNB)	<b>Products Reviewed</b> Home mortgage loans, small loans to businesses and farms, and CD loans. Upon the request of management we also considered consumer loans.	
(Name of Bank (Abbreviation) City, State)		
<b>Affiliate(s)</b>	<b>Affiliate Relationship</b>	<b>Products Reviewed</b>
None.		
<b>List of Assessment Areas and Type of Examination</b>		
<b>Assessment Area</b>	<b>Type of Exam</b>	<b>Other Information</b>
Lansing-East Lansing (MSA – 4040).	Full Scope	N/A

# Appendix B: Market Profiles for Full-Scope Areas

---

## Table of Contents

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

Lansing- East Lansing MSA 4040.....	B-2
-------------------------------------	-----

**Lansing-East Lansing MSA - 4040**

Demographic Information for Full-Scope Area: CNB Assessment Area						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts/BNAs)	116	8.62	15.52	53.45	22.41	0.00
Population by Geography	432,674	5.40	13.55	55.60	25.45	0.00
Owner-Occupied Housing by Geography	101,535	2.70	8.82	64.16	24.32	0.00
Businesses by Geography	23,832	7.68	11.80	51.15	29.37	0.00
Farms by Geography	1,482	0.74	2.36	82.59	14.30	0.00
Family Distribution by Income Level	106,447	19.31	17.82	24.67	38.20	0.00
Distribution of Low- and Moderate-Income Families throughout AA Geographies	39,520	9.92	18.42	59.69	11.97	0.00
Median Family Income	\$38,660	Median Housing Value Unemployment Rate				\$66,821
HUD Adjusted Median Family Income for 2002	\$60,100					3.3%
Households Below the Poverty Level	12.53%					

(\*) The NA category consists of geographies that have not been assigned an income classification.  
 Source: 1990 U.S. Census, and 2002 HUD updated MFI.

CNB’s AA consists of the entire Lansing–East Lansing MSA. This area is comprised of Clinton, Eaton, and Ingham Counties in the central part of Michigan’s lower peninsula. The area is a mix of urban, suburban, and rural neighborhoods, with the cities of Lansing and East Lansing being the focal point. Lansing is Michigan’s capitol, and Michigan State University is based in East Lansing.

According to the June 30, 2002 FDIC deposit data for the AA, CNB is ranked 13th in size with a 3.5 percent share of the insured deposit market. The top four financial institutions with the largest deposit shares in the area are: Fifth Third Bank (16.7 percent), Republic Bank (13.8 percent), National City Bank (10.1 percent), and Standard Federal Bank (8.2 percent). CNB is one of 25 financial institutions serving the AA. There are eight regional banks, six community banks, one savings and loan, and ten credit unions. The large number of financial institutions in the AA provides a competitive banking environment.

The economy of the Lansing metropolitan area is stable and diversified. Automotive, government service, and education are the primary industries within the region. Local unemployment levels have been below the statewide unemployment rate. According to the State of Michigan’s local area unemployment statistics information, the unemployment rate for the County of Clinton was 3.5 percent for the second quarter of 2003, 4.0 percent for Eaton County, and 5.3 percent for Ingham County. This compares favorable to the statewide unemployment rate of 6.8 percent.

## **Assessment Area Needs**

There have been opportunities for financial institutions to make CD loans, make qualified investments, provide CD services, and participates in CD initiatives. Community resources and opportunities exist where banks can participate to address local credit and CD needs. There are various organizations in the local area that are active in helping to address the housing and economic development needs of the community. However, it should be noted two local housing organizations closed during the evaluation period, which included the Lansing Neighborhood Housing Corporation and Lansing Home Ownership Program. In addition, the Capital Access Program, a State of Michigan program that promoted economic development through assisting financial institutions in providing loans to small businesses was discontinued in 2002.

## Appendix C: Tables of Performance Data

---

### 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.

## Table 1. Lending Volume

LENDING VOLUME		Geography: MSA 4040				Evaluation Period: JANUARY 1, 2000 TO DECEMBER 31, 2002						
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>												
CNB Assessment Area	100.00	879	93,354	1,367	132,844	2	425	8	3,536	2,256	230,159	100.00

\* Loan Data as of December 31, 2002. Rated area refers to either the state or multi-state MA rating area.

\*\* The evaluation period for Community Development Loans is July 24, 1998 to September 22, 2003.

\*\*\* Deposit Data as of December 31, 2002. Rated Area refers to either the state, multi-state MA, or institution, as appropriate.

## Table 1. Other Products

LENDING VOLUME		Geography: MSA 4040						Evaluation Period: JANUARY 1, 2000 TO DECEMBER 31, 2002						
MA/Assessment Area:	% of Rated Area	Total Optional Loans**		Small Business Real Estate Secured**		Home Equity**		Motor Vehicle**		Credit Card**		Other Secured Consumer**		% of Rated Area Deposits in AA***
	Loans (#) in MA/AA	#	\$ (000's)	#	\$ (000's)	#	\$ (000's)	#	\$ (000's)	#	\$ (000's)	#	\$ (000's)	
<b>Full Review:</b>														
CNB Assessment Area	100.00	770	50,228	335	39,771	76	3,781	169	2,305	1	17	0	0	100.00

\* Loan Data as of December 31, 2002. Rated area refers to either the state or multi-state MA rating area.

\*\* The evaluation period for Optional Product Line(s) is From January 01, 2000 to December 31, 2002.

\*\*\* Deposit Data as of December 31, 2002. Rated Area refers to either the state, multi-state MA, or institution, as appropriate.

## Table 1. Other Products

LENDING VOLUME		Geography: MSA 4040		Evaluation Period: JANUARY 1, 2000 TO DECEMBER 31, 2002	
MA/Assessment Area:	Other Unsecured Consumer Loans*		Other Optional Loans*		
	#	\$ (000's)	#	\$ (000's)	
<b>Full Review:</b>					
CNB Assessment Area	184	3,538	5	816	

(\*)The evaluation period for Optional Product Line(s) is from January 01, 2000 to December 31, 2002.

## Table 2. Geographic Distribution of Home Purchase Loans

Geographic Distribution: HOME PURCHASE			Geography: MSA 4040				Evaluation Period: JANUARY 1, 2000 TO DECEMBER 31, 2002					Market Share (%) by Geography*				
MA/Assessment Area:	Total Home Purchase Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Over all	Low	Mod	Mid	Upp	
	#	% of Total**	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans						
<b>Full Review:</b>																
CNB Assessment Area	286	100.00	2.70	9.79	8.82	8.39	64.16	60.14	24.32	21.68	0.28	1.42	0.12	0.25	0.25	

\* Based on 2001 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.

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

Geographic Distribution: HOME IMPROVEMENT		Geography: MSA 4040				Evaluation Period: JANUARY 1, 2000 TO DECEMBER 31, 2002					Market Share (%) by Geography				
MA/Assessment Area:	Total Home Improvement Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Over all	Low	Mod	Mid	Upp
	#	% of Total**	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans					
<b>Full Review:</b>															
CNB Assessment Area	59	100.0	2.70	5.08	8.82	13.56	64.16	44.07	24.32	37.29	0.28	0.00	0.58	0.25	0.31

\* Based on 2001 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.

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

Geographic Distribution: HOME MORTGAGE REFINANCE												Geography: MSA 4040 Evaluation Period: JANUARY 1, 2000 TO DECEMBER 31, 2002				
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>																
CNB Assessment Area	527	100.0	2.70	4.17	8.82	9.11	64.16	54.65	24.32	32.07	0.11	0.21	0.22	0.08	0.13	

\* Based on 2001 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.

## Table 5. Geographic Distribution of Multifamily Loans

Geographic Distribution: MULTIFAMILY		Geography: MSA 4040						Evaluation Period: JANUARY 1, 2000 TO DECEMBER 31, 2002							
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	Over all	Low	Mod	Mid	Upp
<b>Full Review:</b>															
CNB Assessment Area	7	100.0	11.60	14.29	22.99	28.57	36.65	57.14	28.77	0.00	7.14	0.00	14.29	6.67	0.00

\* Based on 2001 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.

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

Geographic Distribution: SMALL LOANS TO BUSINESSES			Geography: MSA 4040				Evaluation Period: JANUARY 1, 2000 TO DECEMBER 31, 2002								
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>															
CNB Assessment Area	1,367	100.0	7.68	21.14	11.80	15.14	51.15	30.36	29.37	33.36	5.65	14.86	7.28	3.77	5.94

\* Based on 2001 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 (2002).

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

Geographic Distribution: SMALL LOANS TO FARMS												Geography: MSA 4040		Evaluation Period: JANUARY 1, 2000 TO DECEMBER 31, 2002		
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>																
CNB Assessment Area	2	100.0	0.74	0.00	2.36	0.00	82.59	0.00	14.30	100.00	0.00	0.00	0.00	0.00	0.00	

\* Based on 2001 Peer Small Business Data: US.

\*\* 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 (2002).

## Table 8. Borrower Distribution of Home Purchase Loans

Borrower Distribution: HOME PURCHASE		Geography: MSA 4040						Evaluation Period: JANUARY 1, 2000 TO DECEMBER 31, 2002									
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****	% Families**	% BANK Loans****	Over all	Low	Mod	Mid	Upp
<b>Full Review:</b>																	
CNB Assessment Area	286	100.0	19.31	11.90	17.82	27.88	24.67	26.39	38.20	33.83	0.28	0.31	0.34	0.13	0.36		

\* Based on 2001 Peer Mortgage Data: Central Region.

\*\* As a percentage of loans with borrower income information available. No information was available for 5.94% 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.

## Table 9. Borrower Distribution of Home Improvement Loans

Borrower Distribution: HOME IMPROVEMENT			Geography: MSA 4040				Evaluation Period: JANUARY 1, 2000 TO DECEMBER 31, 2002								
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****	Over all	Low	Mod	Mid	Upp
<b>Full Review:</b>															
CNB Assessment Area	59	100.0	19.31	5.77	17.82	32.69	24.67	25.00	38.20	36.54	0.29	0.00	0.25	0.00	0.68

\* Based on 2001 Peer Mortgage Data: Central Region.

\*\* As a percentage of loans with borrower income information available. No information was available for 11.86% 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.

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

Borrower Distribution: HOME MORTGAGE REFINANCE															Geography: MSA 4040					Evaluation Period: JANUARY 1, 2000 TO DECEMBER 31, 2002				
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>																								
CNB Assessment Area	527	100.00	19.31	7.84	17.82	25.98	24.67	29.48	38.20	36.70	0.13	0.07	0.14	0.11	0.15									

\* Based on 2001 Peer Mortgage Data: Central Region.

\*\* As a percentage of loans with borrower income information available. No information was available for 7.97% 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.

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

Borrower Distribution: SMALL LOANS TO BUSINESSES				Geography: MSA 4040		Evaluation Period: JANUARY 1, 2000 TO DECEMBER 31, 2002			
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>									
CNB Assessment Area	1,367	100.00	78.98	75.49	72.42	18.95	8.63	5.65	10.16

\* Based on 2001 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 - 2002).

\*\*\*\* 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 5.34% of small loans to businesses originated and purchased by the Bank.

## Table 12. Borrower Distribution of Small Loans to Farms

Borrower Distribution: SMALL LOANS TO FARMS		Geography: MSA 4040		Evaluation Period: JANUARY 1, 2000 TO DECEMBER 31, 2002					
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 \$500,000	All	Rev \$1 Million or Less
<b>Full Review:</b>									
CNB Assessment Area	2	100.00	95.75	100.00	50.00	0.00	50.00	0.00	0.00

\* Based on 2001 Peer Small Business Data: US.

\*\* 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 - 2002).

\*\*\*\* 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% of small loans to farms originated and purchased by Bank.

## Table 13. Geographic and Borrower Distribution of Consumer Loans (Institution's Option)

Geographic and Borrower Distribution: CONSUMER LOANS																			Geography: MSA Evaluation Period: JANUARY 1, 2000 TO DECEMBER 31, 2002																		
MA/Assessment Area:	Geographic Distribution										Borrower Distribution																										
	Total Consumer Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers																				
	#	% of Total*	% of Hhlds**	% of BANK Loans	% of Hhlds**	% of BANK Loans	% of Hhlds**	% of BANK Loans	% of Hhlds**	% of BANK Loans	% of Hhlds**	% of BANK Loans	% of Hhlds**	% of BANK Loans	% of Hhlds**	% of BANK Loans	% of Hhlds**	% of BANK Loans																			
<b>Full Review:</b>																																					
CNB Assessment area	435	100.0	6.08	4.37	13.62	8.05	56.83	41.38	23.46	46.21	23.16	24.71	16.23	16.55	20.47	14.69	40.14	44.06																			

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

\*\* Percentage of Households is based on the 1990 Census Information.

## Table 14. Qualified Investments

QUALIFIED INVESTMENTS		Geography: MSA 4040				Evaluation Period: JANUARY 1, 2000 TO DECEMBER 31, 2002			
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>									
CNB Assessment Area	1	100	23	474	24	574	100.00	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: MSA 4040 <b>Evaluation Period:</b> JULY 24, 1998 TO SEPTEMBER 22, 2003																	
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>																	
CNB Assessment Area	100.00	3	100.00	33.0	0.0	0.0	67.0	1	0	0	0	0	100.0	5.40	13.55	55.60	25.45

