



**LARGE BANK**

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Comptroller of the Currency  
Administrator of National Banks

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Washington, DC 20219

## **Public Disclosure**

**December 5, 2003**

### **Community Reinvestment Act**

### **Performance Evaluation**

### **First National Bank of Valparaiso**

**Charter Number: 14874**

**14 Indiana Avenue  
Valparaiso, Indiana 46384**

**Office of the Comptroller of the Currency  
Chicago South Field Office  
7600 County Line Road, Suite 3  
Burr Ridge, Illinois 60527**

**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 **First National Bank of Valparaiso** (FNBV) with respect to the Lending, Investment, and Service Tests:

Performance Levels	First National Bank of Valparaiso 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 activity reflects excellent responsiveness to credit needs.
- Geographic loan distributions are good for home mortgages and excellent for business loans.
- FNBV level of community development loans reflects a good responsiveness to community credit needs.
- FNBV achieved a good dispersion of loans among borrowers of different income level.
- Investments reflect an adequate responsiveness in relation to a limited level of opportunities in the AA.
- Retail delivery systems are readily accessible to geographies and individuals of different income levels.

## 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

FNBV is a full-service financial institution headquartered in Valparaiso, Indiana. The bank offers a full range of credit products within its assessment area (AA) including commercial, real estate, and consumer loan products. The bank's primary focus is home mortgage lending and small business.

For purposes of CRA evaluation, FNBV is an intrastate bank with offices located in Indiana only. The bank is a wholly owned subsidiary of FINA Bancorp, Inc., a one-bank holding company with assets of approximately \$667 million also headquartered in Valparaiso, Indiana. The bank has 18 offices serving all of Porter County and portions of Lake, LaPorte and Starke Counties. Since the previous CRA evaluation, FNBV has opened 2 new offices in Hamlet and LaPorte, Indiana. One location closed in Valparaiso, Indiana since the last examination however it was replaced with another branch in this same area. FNBV does not have any affiliates, therefore, there were no affiliate activities considered.

As of September 30, 2003 FNBV had \$667 million in total assets and Tier 1 Capital of \$58 million. Net loans represented 31 percent of total assets. By dollar amount, the portfolio consisted of the following type of credit: 36 percent commercial and commercial real estate, 55 percent residential real estate, eight percent individual loans and less than one percent to agriculture and agricultural real estate.

There were no legal, financial or other impediments that would hamper FNBV's ability to help meet the credit needs of its AA. There were no merger or acquisition activities during the evaluation period.

The bank's rating at the last CRA examination dated September 11, 2000 was "Satisfactory".



## Scope of the Evaluation

### Evaluation Period/Products Evaluated

Products included in lending test included home mortgage loans, small loans to businesses, and Community Development (CD) loans. The lending test analysis does not include small loans to farms. Farm lending is insignificant to bank performance, accounting for less than one percent of its lending activity over the evaluation period.

The current evaluation period for the lending test, excluding CD Loans, is January 1, 2000 through December 31, 2002. Loan data from January 1, 2000 to September 11, 2000 was not included in the previous CRA evaluation and therefore, is included in this current evaluation.

The evaluation period for community development activities under the Investment Test, the Service Test, and Lending Test is September 12, 2000 through December 5, 2003.

### Data Integrity

The Community Reinvestment Act requires that banks, other than small banks, collect and maintain certain data regarding originations and purchases of small business, small farm, and Home Mortgage Disclosure Act (HMDA) loans.

As part of our evaluation, we performed a data integrity review on the bank's 2000, 2001, and 2002 HMDA and CRA data by comparing information from the bank's loan application registers to actual loan files. We found the HMDA data to be reliable.

We identified errors in the bank's publicly reported 2000, 2001, and 2002 CRA data. The majority of the errors were a result of the bank reporting business revenue incorrectly. Subsequent to the data integrity review, the bank corrected the errors and revised the CRA loan application register. As a result, we were able to evaluate the bank's distribution of small business loans based on accurate data.

In addition, we reviewed CD loans, investments and services, submitted by FNBV's management, to determine that they met the regulatory definitions for CD. The review indicated that some of the items submitted by FNBV 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

The bank currently has two assessment areas (AAs). One AA consists of nineteen geographies located in Porter County and a small portion of Lake County, all located within the Gary Metropolitan Area (MA). We will refer to this AA as the MA AA throughout this Performance Evaluation. The second is the non-MA AA consisting of nine geographies located in portions of LaPorte and Starke Counties. We will refer to this AA as the non-MA AA. The MA AA was selected for a full-scope review because it represents FNBV's major markets and accounts for approximately 65 percent of FNBV's deposit activity and 92 percent of their lending activity during this evaluation period. The ratings are based on conclusions reached in the evaluation of FNBV's performance in this full-scope AA.

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

### **Ratings**

The bank's overall rating is based primarily on our full-scope review of the MA AA.

In the lending test assessment, we gave more weight to home mortgage loans than small business loans. This weighting is reflective of the bank's higher home mortgage lending volume.

### **Other**

Two community contacts from the bank's AAs were made during the evaluation. These contacts included a director of a local non-profit organization in the MA AA and the other with a realtor in the non-MA AA during this evaluation. The director of the non-profit organization identified programs to attract and retain businesses in the local community along with affordable housing as the primary needs in the MA AA. The realtor identified affordable housing and loans to small businesses as the primary needs in the non-MA AA. Both cited active involvement and high regard for FNBV and other financial institutions in meeting the credit needs of their local communities.

## **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

FNBV's lending test is rated "**High Satisfactory.**"

#### Lending Activity

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

To provide perspective regarding the relative levels of lending volume in the AA, we compared the bank's deposit market rank and market share to its market rank and market share for each loan product. Because of the large number of lenders (refer to market Profile in Appendix B), we based our analysis on the bank's percentage rankings in the loan and deposit markets rather than the actual values of market share and market rank.

During the evaluation period, FNBV originated/purchased approximately 1,740 home mortgage loans, 1,467 small loans to businesses, and 93 small loans to farms. Of the originations and purchases, 53 percent are home mortgage loans, 44 percent are small loans to businesses, and the remaining 3 percent are small loans to farms. Of the total home mortgage loans, home purchase loans accounted for 26 percent, home refinance loans accounted for 61 percent, and home improvement loans accounted for 13 percent.

FDIC deposit market share data for the period ending June 2003 shows that the bank ranks 8<sup>th</sup> out of 23 institutions with a deposit market share of 5.80 percent in the two counties comprising the bank's AA. This equates to a 65<sup>th</sup> percentile ranking.

FNBV overall lending activity reflects excellent responsiveness to credit needs in the communities they serve. The bank's market share ranks in the 99<sup>th</sup> percentile for overall mortgage products and small business loans.

Based on 2001 CRA aggregate data, FNBV ranks 1<sup>st</sup> of 77 lenders originating/purchasing small loans to businesses, with a 10.90 percent market share. This equates to a 99<sup>th</sup> percentile ranking.

Based on 2001 HMDA aggregate data, FNBV ranks 2<sup>nd</sup> out of 326 lenders, with 6 percent (99<sup>th</sup> percentile) market share in the bank's AA for all HMDA reportable loans. FNBV ranks 3<sup>rd</sup> out of 230 lenders originating/purchasing home purchase loans in the AA with 5 percent (97<sup>th</sup> percentile) market share. FNBV ranks 3<sup>rd</sup> out

of 256 lenders originating/purchasing home refinance loans in the AA with a 7 percent (99<sup>th</sup> percentile) market share. FNBV ranked 2<sup>nd</sup> out of 65 lenders in home improvement lending in the bank's AA, with 10 percent (97<sup>th</sup> percentile) market share.

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

FNBV's distribution of loans among geographies with different income levels is good.

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

Refer to Tables 2, 3 and 4 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 overall geographic distribution of home mortgage loans is good in the full-scope AA. We placed more emphasis on refinance loans because the volume of these loans exceeds the volume of home purchase loans and home improvement loans.

Home purchase loan geographic distribution is adequate. There are no low-income geographies in this AA. The percentage of the bank's home purchase loans made in the moderate-income geography (0.67 percent) falls somewhat below the percentage of owner-occupied housing units (0.92 percent) that are in that geography. The bank's market share for loans made in the moderate-income geography (2.78 percent) is somewhat below its overall market share (4.29 percent) for home purchase loans. Further analysis revealed there are only 340 units in the moderate-income geography. The bank originated 42 loans in the geography and ranks 3<sup>rd</sup> out of 106 lenders.

Home improvement loan geographic distribution is good. There are no low-income geographies in this AA. The percentage of the bank's home improvement loans made in the moderate-income geography (0.87 percent) is near to the percentage of owner-occupied housing units (0.92 percent) that are in that geography.

Home refinance loan geographic distribution is excellent. There are no low-income geographies in this AA. The percentage of the bank's refinance loans made in the moderate-income geography (1.98 percent) significantly exceeds the percentage of owner-occupied housing units (0.92 percent) in that geography.

### ***Multifamily Loans***

FNBV did not make any multifamily loans during the evaluation period. Therefore, an analysis of this type of lending was not performed.

### ***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 bank's geographic distribution of small loans to businesses in the AA is excellent. There are no low-income geographies in this AA. The percentage of FNBV's small loans to businesses made in the moderate-income geography (11.04 percent) significantly exceeds the percentage of businesses (5.46 percent) that are in that geography. As well, the bank's market share for small loans to businesses (7.18 percent) in the moderate-income geography exceeds its overall market share (5.85 percent) for small loans to businesses.

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

Our geographic distribution analysis included a review of lending gaps, particularly in low- and moderate-income areas. We did not identify any conspicuous gaps.

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

A substantial majority of FNBV's loans originated during the evaluation period (88 percent) are inside its assessment area. Eighty-one percent of home mortgage loans, and 80 percent of its small loans to businesses were within the AA. We viewed this as a positive characteristic in our evaluation of lending performance.

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

The overall distribution of loans by borrower income level is good.

### ***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.

The overall distribution of home mortgage loans to borrowers of different income levels is good. Home refinance loans received the most weight because the volume of these loans exceeds the volume of home purchase loans and home improvement loans.

In evaluating the borrower distribution of home mortgage loans, we considered the number of households that live below the poverty level (6 percent of households) and the barriers that this may have on home ownership.

The borrower distribution for home purchase loans is good. Home purchase loans (6.19 percent) made to low-income borrowers are below the percentage of low-income families (12.99 percent) in the AA. Opportunities to make loans to low-income borrowers are limited by the percentage of people living below the poverty level mentioned above. Home purchase loans (17.89 percent) made to moderate-income borrowers exceeds the percentage of moderate-income families (15.80 percent) in the AA. Market share for loans made to low-income borrowers (3.26 percent) is below the overall market share (4.72 percent). However, loans made to moderate-income borrowers (5.23 percent) exceed the overall market share (4.72 percent) for home purchase loans in the AA.

The borrower distribution for home improvement loans is excellent. Home improvement loans made to low-income borrowers (14.29 percent) exceeds the percentage of low-income families (12.99 percent) in the AA. The percentage of home improvement loans made to moderate-income borrowers (21.20 percent) also exceeds the percentage of moderate-income families (15.80 percent) in the AA. Market share for home improvement loans made to low-income borrowers (22.92 percent) is well above the overall market share (8.96 percent) in the AA for home improvement loans. Market share for home improvement loans made to moderate-income borrowers (9.84 percent) exceeds the overall market share (8.96 percent) in the AA for home improvement loans.

The borrower distribution for home mortgage refinance loans is adequate. Refinance loans made to low-income borrowers (5.69 percent) is below the percentage of low-income families (12.99 percent) in the AA. Again, opportunities to make loans to low-income borrowers are limited by the percentage of people living below the poverty level as mentioned above. Refinance loans made to moderate-income borrowers (13.53 percent) is near the percentage (15.80 percent) of moderate-income families in the AA. The bank's market share for refinance loans made to low-income borrowers (8.75 percent) exceeds the overall market share (7.74 percent) in the AA for refinance loans. The market share for refinance loans made to moderate-income borrowers (5.52 percent) is below the overall market share (7.74 percent) in the AA.

### ***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.

Borrower distribution of small loans to businesses is adequate. FNBV's small loans to businesses with revenues less than \$1 million (52.15 percent) are below the percentage of small businesses (74.85 percent) in the AA. FNBV has a market share of 8.75 percent for small loans made to businesses with revenues less than \$1 million. This market share exceeds the bank's overall market share of 5.85 percent for loans to all businesses.

## **Community Development Lending**

Refer to Table 1 in Appendix C for the facts and data used to evaluate the bank's level of community development lending.

Community development lending positively impacted Lending Test performance. The bank's has a good volume of CD lending in light of limited opportunities in the AA.

FNBV extended five-community development loans totaling \$761 thousand. Examples of some of these loans are listed below.

- A \$600 thousand loan was made to provide funds for building of a health clinic. The clinic serves primarily low- and moderate-income individuals.
- The bank originated two construction loans totaling \$110 thousand to a local non-for-profit housing organization that purchases or builds homes with the money it borrows. The organization then selects a low- to moderate-income family to enter into a lease-purchase agreement. After a specified time frame, the organization sells the home to the family as long as the lease agreement has been met.
- A \$17 thousand community development loan was made to assist in the purchase of a lot that will be developed for a low-income housing. FNBV has assisted this not-for-profit organization in several developments over the years.
- A \$34 thousand loan in conjunction with local not-for-profit family services center to refinance a property. The majority of the clients are low- and moderate-income individuals.

## **Product Innovation and Flexibility**

Product flexibility had a positive effect on the Lending Test conclusions because of the number of flexible products offered and the dollar amount of loans originated under these programs.



FNBV offers 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 both the non-MA and the MA. The number and dollar totals of loans made during this evaluation period are also shown.

- *Veteran's Administration (VA)* - 24 loans - \$2,566,323

The bank offers qualified veterans this government mortgage product, which features no down payment requirements at loan rates established by the VA. The product assists buyers with limited resources for the significant up-front costs often associated with buying a home. In addition, the debt-to-income ratio requirements are more flexible than conventional mortgage loans.

- *Federal Housing Authority (FHA)* - 29 loans - \$2,688,887

This program is funded by the Government and provides a lower interest rate to qualified applicants. Down payment requirements are less than a conventional loan. The product assists buyers with limited resources for the significant up-front costs often associated with buying a home. In addition, the debt-to-income ratio requirements are more flexible than conventional mortgage loans.

- *ALT 97 Affordable Housing Program* - 4 loans - \$407,675

This program is offered through Freddie-Mac and is designed for people with good credit but limited funds for down payment and closing costs. The program also features a modest 3 percent down payment an affordable second mortgage and no income or geographic limits.

- *Indiana Housing Finance Authority (IHFA)* - 9 loans - \$720,348

"First Time 98 Program" offers first time home- buyers affordable mortgage financing at interest rates below the going rate through a network of participating lenders. The program also features down payment assistance in the form of a no-interest, no monthly payment second mortgage, and if the borrower resides in the property for five years, the second mortgage may be forgiven.

- *Greater Valparaiso Community Development Corporation (Rosegarden Project)* – 4 loans - \$274,376

FNBV promotes this loan program to first time homebuyers with low and moderate-incomes. Qualifications to participate in the program include residence or employment in Valparaiso for at least three years and completion of a homebuyers education program. The program features include discounted closing fees, 100

percent equity assistance for the first five years (down payment), equity assistance forgiven after 10 years, and a 3 percent down payment requirement.

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

Based on a limited scope review, the bank's performance under the Lending Test in the non-MA AA is not inconsistent with the bank's overall High Satisfactory performance under the Lending Test. Refer to the Tables 1 to 12 in Appendix C for the facts and data that support these conclusions.

## **INVESTMENT TEST**

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

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

FNBV's investment test performance is rated "**Low Satisfactory.**" Based on the full-scope review in the MA AA the bank's performance is adequate. Information gathered from bank management and performance evaluations of similarly situated local financial institutions indicated that investment opportunities in the area are limited.

The current level of qualifying investments is \$124 thousand. This primarily consisted of cash contributions and grants. Some of the notable qualifying grants and donations are as follows:

- \$80 thousand to an area university law school to fund a law clinic. Students and faculty work together to provide free legal services to disadvantaged members of the community, primarily low- and moderate-income families.
- \$15 thousand to the nation's largest volunteers organization preserving and revitalizing low-income homes and communities. This service provides assistance to the elderly, disabled and low-income families.
- \$6 thousand to a social service organization that provides quality affordable childcare, free medical and dental care targeted toward low-income uninsured persons.
- \$6 thousand to an organization that provides residential services for chronically mentally ill patients and senior citizens without adequate housing. The recipients of these services are primarily low- and moderate-income individuals.

## Conclusions for Areas Receiving Limited-Scope Reviews

Performance in the limited-scope non-MA AA is not inconsistent with the performance in the full-scope area.

## SERVICE TEST

The bank's performance under the Service Test is rated "**High Satisfactory.**" The rating was based on FNBV's good performance in the full-scope MA AA.

## Retail Banking Services

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

FNBV operates eleven offices in the MA AA, all of which are full service offices. FNBV has not closed any full-service office locations during this evaluation period. The bank also relocated one branch. Two new branches were opened since the prior examination. Lobby hours and services at the full service offices provide good accessibility for the bank's customers. Hours and services are standard among all locations.

FNBV's delivery systems are readily accessible to geographies and individuals of different income levels in the MA AA. There are no low-income geographies in the bank's AA. FNBV has two branch locations (5.26 percent) in moderate-income geographies. This significantly exceeds the percentage of the population that resides in the moderate-income geographies.

The distribution of automated teller machines (ATMs) is adequate. FNBV has twenty ATM's in the MA AA. There are three ATM locations in the moderate-income geographies, fourteen in the middle-income geographies and three ATM's in the upper-income geographies. All of FNBV's ATM's dispense cash only.

FNBV offers other alternate delivery systems, which include twenty-four hour customer access to their account through telephone and personal computers via the Internet. FNBV, however, does not monitor the usage of these alternative delivery services by low- and moderate-income individuals. Therefore, we did not place significant weight on these alternative systems when drawing our CRA performance conclusions.

## Community Development Services

FNBV's performance in providing community development services in the AA is good. A number of officers and employees of FNBV serve on the boards of directors or as officers of organizations and devote considerable hours in programs of various community development service organizations. In addition, officers of FNBV participate in local school programs designed to educate students about banking and finance. While the community development services provided are routine and non-complex, they address the needs of the community. Some of these services are:

- Officers of FNBV serve on several local community development corporations by providing financial expertise. The financial expertise includes decisions regarding loan requests and advice on commercial development projects. The organizations make loans to businesses to assist with down payment needs, provide start-up capital and also provide below market loans to assist new businesses locating in the market area. The programs are designed to stimulate economic development and job creation for low- and moderate-income persons and families, under-served rural communities, or governmentally designated redevelopment areas
- An officer serves on the board and provides financial expertise to a counseling center. This organization primarily counsels consumers on improving credit scores and requesting loan assistance.
- Employees of the bank support fund raising activities of local food pantries. The food pantry provides food and other household supplies to low- and moderate-income families.

## Conclusions for Areas Receiving Limited-Scope Reviews

The performance in the limited scope area is not inconsistent with the performance in the full scope area.

## APPENDIX A: SCOPE OF EVALUATION

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): (1/1/2000 to 12/31/2002) Investment and Service Tests and CD Loans: (9/12/2000 to 12/5/2003)	
<b>Financial Institution</b>	<b>Products Reviewed</b>	
First National Bank of Valparaiso, (FNBV) Valparaiso, Indiana	Home Mortgage Loans, Small Business Loans, 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>
MA AA	Full-Scope	All of Porter County and a small portion of Lake County, all located in the Gary MA #2960
Non-MA AA	Limited- Scope	Portions of LaPorte and Starke counties

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

### Market Profile for Full-Scope AA

Porter County and portions of Lake County (Gary MA #2960)

Demographic Information for Full-Scope Area: Valparaiso-MA AA						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts/BNAs)	19	0.00	5.26	47.37	42.11	5.26
Population by Geography	142,484	0.00	3.49	59.15	37.36	0.00
Owner-Occupied Housing by Geography	37,393	0.00	0.92	58.14	40.94	0.00
Business by Geography	7,615	0.00	5.46	58.73	35.81	0.00
Farms by Geography	396	0.00	0.51	62.88	36.62	0.00
Family Distribution by Income Level	38,499	12.99	15.80	24.45	46.76	0.00
Distribution of Low and Moderate Income Families throughout AA Geographies	11,084	0.00	2.67	70.66	26.67	0.00
Median Family Income		36,921	Median Housing Value			72,279
HUD Adjusted Median Family Income for 2001		56,800	Unemployment Rate (1990 US Census)			2.47%
Households Below Poverty Level		6.28%				

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

Source: 1990 US Census and 2002HUD updated MFI

## DESCRIPTION OF ASSESSMENT AREA

FNBV is headquartered in Valparaiso, Indiana, which is the county seat of Porter County. The bank's AA consists of all Porter County, and the southwest corner of Lake County. Porter County and the portion of Lake County are part of the Gary MA #2960. The bank included three out of out of 104 geographies in Lake County in its AA. There are a total of 19 contiguous geographies in this AA. There are no low-income and one moderate-income geography in the AA. Sixteen (57 percent) are middle-income geographies and eleven (39 percent) are upper-income geographies. FNBV's AA meets the requirements of the CRA regulation and does not arbitrarily exclude low- or moderate-income areas

As of June 30, 2003, 65 percent of FNBV's deposits were derived from this AA. Over the evaluation period, 88 percent of the home mortgage loans, and 84 percent of small loans to businesses were derived from this AA.

FNBV's deposits in the counties that make up the AA total approximately \$466 million. Based on FDIC deposit market share data as of June 30, 2003 this equates to a 5.80 percent deposit market share, ranking FNBV as the 8th largest deposit taking institution in the AA. Large regional institutions represent several of the institutions with a larger market share. However, FNBV commands the largest

market share (10.90 percent) of small loans to businesses in the AA equating to \$50 million.

The employment base and primary industries in the MA AA area are service oriented (33 percent), followed by retail trade (20 percent) and agriculture, forestry and fishing (16 percent). A significant majority of the businesses in the area employ between 1-4 employees. Eighty-nine percent of the small businesses in this AA report gross revenues of \$ 1 million or less. The local unemployment rate in the AA increased in 2002 to slightly above 4 percent and has risen to 5.5 percent as of December 2003. This is lower than the national average of 5.7 percent at December 2003. The state of Indiana unemployment rate is also slightly lower than the national rate at 5.0 percent as of December 2003. The number of households below poverty level is at 6.22 percent.

Primary employers in the MA AA include Wal-Mart and government agencies. The Porter Memorial Hospital also employs a large portion of the community. Bethlehem Steel in Porter County filed bankruptcy in October 2001 resulting in significant job loss. In April of 2003, the sale of Bethlehem Steel to International Steel Group was completed. This helped stabilize the current job force that is in place.

Based on discussions with local community contacts, our review of CRA performance evaluations of other financial institutions operating in the AA, and discussions with bank management, there are unmet credit needs for affordable housing and small business financing in the AA.

## 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.

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 MSA/assessment area.
- Table 2. Geographic Distribution of Home Purchase Loans** - Compares the percentage distribution of the number of loans originated and purchased by the bank in low-, moderate-, middle-, and upper-income geographies to the percentage distribution of owner-occupied housing units throughout those geographies. The table also presents market share information based on the most recent aggregate market data available.
- Table 3. Geographic Distribution of Home Improvement Loans** - See Table 2.
- Table 4. Geographic Distribution of Refinance Loans** - See Table 2.
- Table 5. Geographic Distribution of Multifamily Loans**
- 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.
- 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.

**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 MSA/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 7.

**Table 10. Borrower Distribution of Refinance Loans** - See Table 7.

**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 MSA/AA. The table separately presents investments made during prior evaluation periods that are still outstanding and investments made during the current evaluation period. Prior-period investments are reflected at their book value as of the end of the evaluation period. Current period investments are reflected at their original investment amount even if that amount is greater than the current book value of the investment. The table also presents the number and dollar amount of unfunded qualified investment commitments. In order to be included, an unfunded commitment must be legally binding and tracked and recorded by the banks financial reporting system.

**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: INDIANA												
Evaluation Period: JANUARY 1, 2000 TO DECEMBER 31, 2002												
MA/Assessment Area (2002):	% 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>												
Valparaiso MA	92.41	1,740	157,107	1,467	107,366	93	6,482	0	0	3,300	270,955	90.00
Valparaiso Non-MA	7.59	173	11,816	85	7,901	13	135	0	0	271	19,852	10.00

\* 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 From January 01, 2000 to December 31, 2002.

\*\*\* Deposit Data as of June 30, 2003. Rated Area refers to either the state, multi-state MA, or institution, as appropriate.

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

Geographic Distribution: HOME PURCHASE															Geography: INDIANA					Evaluation Period: JANUARY 1, 2000 TO DECEMBER 31, 2002				
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>																								
Valparaiso MA	448	91.43	0.00	0.00	0.92	0.67	58.14	45.76	40.94	53.57	4.29	0.00	2.78	3.72	5.00									
Valparaiso Non-MA	42	8.57	0.00	0.00	0.00	0.00	64.74	88.10	35.26	11.90	2.02	0.00	0.00	2.78	0.81									

\* 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: INDIANA															
Evaluation Period: JANUARY 1, 2000 TO DECEMBER 31, 2002															
MA/Assessment Area:	Total Home Improvement Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Market Share (%) by Geography*				
	#	% of Total**	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	Overall	Low	Mod	Mid	Upp
<b>Full Review:</b>															
Valparaiso MA	229	92.34	0.00	0.00	0.92	0.87	58.14	55.02	40.94	44.10	9.19	0.00	0.00	8.99	9.71
Valparaiso Non-MA	19	7.66	0.00	0.00	0.00	0.00	64.74	89.47	35.26	10.53	6.41	0.00	0.00	7.83	2.44

\* 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: INDIANA				Evaluation Period: JANUARY 1, 2000 TO DECEMBER 31, 2002					Market Share (%) by Geography*				
MA/Assessment Area:	Total Home Mortgage Refinance Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Overall	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>																
Valparaiso MA	1,063	90.47	0.00	0.00	0.92	1.98	58.14	47.88	40.94	50.14	6.58	0.00	13.51	6.07	7.02	
Valparaiso Non-MA	112	9.53	0.00	0.00	0.00	0.00	64.74	75.89	35.26	24.11	3.18	0.00	0.00	3.83	2.04	

\* 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 mortgages 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: INDIANA															
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	Overall	Low	Mod	Mid	Upp
<b>Full Review:</b>															
Valparaiso MA	0	0.00	0.00	0.00	8.35	0.00	58.31	0.00	33.33	0.00	0.00	0.00	0.00	0.00	0.00
Valparaiso Non-MA	0	0.00	0.00	0.00	0.00	0.00	100.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	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: INDIANA															
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>															
Valparaiso MA	1,467	94.52	0.00	0.00	5.46	11.04	58.73	53.31	35.81	35.65	5.85	0.00	7.18	6.46	5.35
Valparaiso Non-MA	85	5.48	0.00	0.00	0.00	0.00	69.35	87.06	30.65	12.94	2.14	0.00	0.70	2.86	1.45

\* 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.

\*\*\* Source Data - Dun and Bradstreet (2002).



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

Geographic Distribution: SMALL LOANS TO FARMS															
Geography: INDIANA															
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 <sup>*</sup>				
	#	% of Total <sup>**</sup>	% of Farms <sup>***</sup>	% BANK Loans	% of Farms <sup>**</sup>	% BANK Loans	% of Farms <sup>**</sup>	% BANK Loans	% of Farms <sup>**</sup>	% BANK Loans	Overall	Low	Mod	Mid	Upp
<b>Full Review:</b>															
Valparaiso MA	93	87.74	0.00	0.00	0.51	1.08	62.88	67.74	36.62	31.18	35.42	0.00	0.00	32.43	45.45
Valparaiso Non-MA	13	12.26	0.00	0.00	0.00	0.00	74.36	100.00	25.64	0.00	0.87	0.00	0.00	1.27	0.00

<sup>\*</sup> Based on 2000 Peer Small Business Data: US&PR.

<sup>\*\*</sup> 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.

<sup>\*\*\*</sup> Source Data - Dun and Bradstreet (2002).

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

Borrower Distribution: HOME PURCHASE		Geography: INDIANA				Evaluation Period: JANUARY 1, 2000 TO DECEMBER 31, 2002					Market Share <sup>*</sup>				
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 <sup>**</sup>	% Families <sup>***</sup>	% BANK Loans <sup>****</sup>	% Families <sup>***</sup>	% BANK Loans <sup>****</sup>	% Families <sup>***</sup>	% BANK Loans <sup>****</sup>	% Families <sup>***</sup>	% BANK Loans <sup>****</sup>					
<b>Full Review:</b>															
Valparaiso MA	448	91.43	12.99	6.19	15.80	17.89	24.45	27.98	46.76	47.94	4.72	3.26	5.23	3.10	6.01
Valparaiso Non-MA	42	8.57	14.37	2.38	17.09	40.48	26.10	28.57	42.43	28.57	2.41	0.00	4.29	2.47	1.49

<sup>\*</sup> Based on 2001 Peer Mortgage Data: Central Region.

<sup>\*\*</sup> As a percentage of loans with borrower income information available. No information was available for 2.45% of loans originated and purchased by FNBNV

<sup>\*\*\*</sup> Percentage of Families is based on the 1990 Census information.

<sup>\*\*\*\*</sup> 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: INDIANA				Evaluation Period: JANUARY 1, 2000 TO DECEMBER 31, 2002					Market Share <sup>*</sup>				
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 <sup>**</sup>	% Families <sup>***</sup>	% BANK Loans <sup>****</sup>	% Families <sup>***</sup>	% BANK Loans <sup>****</sup>	% Families <sup>***</sup>	% BANK Loans <sup>****</sup>	% Families <sup>***</sup>	% BANK Loans <sup>****</sup>					
<b>Full Review:</b>															
Valparaiso MA	229	92.34	12.99	14.29	15.80	21.20	24.45	25.81	46.76	38.71	8.96	22.92	9.84	6.52	7.63
Valparaiso Non-MA	19	7.66	14.37	0.00	17.09	31.58	26.10	26.32	42.43	42.11	6.58	0.00	16.67	5.00	3.28

<sup>\*</sup> Based on 2001 Peer Mortgage Data: Central Region.

<sup>\*\*</sup> As a percentage of loans with borrower income information available. No information was available for 4.84% of loans originated and purchased by FNBV.

<sup>\*\*\*</sup> Percentage of Families is based on the 1990 Census information.

<sup>\*\*\*\*</sup> 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: INDIANA				Evaluation Period: JANUARY 1, 2000 TO DECEMBER 31, 2002					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>															
Valparaiso MA	1,063	90.47	12.99	5.69	15.80	13.53	24.45	29.22	46.76	51.57	7.74	8.75	5.52	7.31	8.59
Valparaiso Non-MA	112	9.53	14.37	6.60	17.09	11.32	26.10	34.91	42.43	47.17	3.78	8.00	1.54	4.63	3.89

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

\*\* As a percentage of loans with borrower income information available. No information was available for 4.17% of loans originated and purchased by FNBV.

\*\*\* 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 mortgages refinance loans originated and purchased in the rated area.

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**Table11. Borrower Distribution of Small Loans to Businesses**

Borrower Distribution: SMALL LOANS TO BUSINESSES		Geography: INDIANA			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>									
Valparaiso MA	1,467	94.52	74.85	52.15	81.66	10.97	7.36	5.85	8.75
Valparaiso Non-MA	85	5.48	75.41	60.00	83.53	4.71	11.76	2.14	3.61

\* 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 - 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 24.16% of small loans to businesses originated and purchased by FNBV.

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

Borrower Distribution: SMALL LOANS TO FARMS		Geography: INDIANA			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 \$1,000,000	All	Rev\$ 1 Million or Less
<b>Full Review:</b>									
Valparaiso MA	93	87.74	94.95	79.57	83.87	6.45	9.68	35.42	35.96
Valparaiso Non-MA	13	12.26	95.97	92.31	100.00	0.00	0.00	0.87	0.97

\* 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 - 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 18.87% of small loans to farms originated and purchased by the FNBV.

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**Table 14. Qualified Investments**

QUALIFIED INVESTMENTS									
Geography: INDIANA									
Evaluation Period: SEPTEMBER 12,2000 TO DECEMBER 5, 2003									
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>									
Valparaiso MA	21	109	10	125	10	125	100%	0	0
Valparaiso Non-MA	0	0	0	0	0	0	0.00	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: INDIANA				Evaluation Period: JANUARY 1, 2000 TO DECEMBER 31, 2002			
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>																							
Valparaiso MA	65.00	11	61.00	0.00	5.26	47.37	42.11	0	0	0	0	0	0	0.00	3.49	59.15	37.36						
Valparaiso Non-MA	35.00	7	39.00	0.00	0.00	66.67	33.33	3	1	0	0	+2	0	0.00	0.00	71.58	28.42						