



PUBLIC DISCLOSURE

April 28, 2022

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

The National Bank of Indianapolis
Charter Number: 22652

107 North Pennsylvania Street, Suite 700
Indianapolis, IN 46204

Office of the Comptroller of the Currency

8777 Purdue Road, Suite 105
Indianapolis, IN 46268

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 The National Bank of Indianapolis (NBI or bank) with respect to the Lending, Investment, and Service Tests:

Performance Levels	The National Bank of Indianapolis Performance Tests		
	Lending Test*	Investment Test	Service Test
Outstanding			
High Satisfactory	X		X
Low Satisfactory		X	
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:

- The Lending Test rating is based on the bank’s performance in the state of Indiana. The overall rating considered the good distribution of loans to borrowers of different income levels and businesses of different sizes, lending activity that reflects good responsiveness, and the bank’s extensive use of flexible lending products. The bank’s performance in community development (CD) lending also had a positive impact on the rating.
- The Investment Test rating is based on the bank’s performance in the state of Indiana. The bank had an adequate level of qualified investments and donations in their assessment area (AA).
- The Service Test rating is based on the bank’s performance in the state of Indiana. The bank has a branch distribution that is reasonably accessible to individuals of different income levels and the bank provided a relatively high level of CD services.

Lending in Assessment Area

A substantial majority of the bank’s loans are in its AA.

The bank originated and purchased 82 percent by dollar volume and 83.7 percent by number of total loans inside its AA during the evaluation period. This analysis is performed at the bank, rather than the AA, level.

Table D - Lending Inside and Outside of the Assessment Area										
Loan Category	Number of Loans				Total #	Dollar Amount of Loans \$(000s)				Total \$(000s)
	Inside		Outside			Inside		Outside		
	#	%	#	%		\$	%	\$	%	
Home Mortgage										
2018	283	82.0	62	18.0	345	95,287	80.0	23,862	20.0	119,149
2019	422	82.7	88	17.3	510	124,134	79.0	32,979	21.0	157,112
2020	528	80.0	132	20.0	660	188,461	79.0	50,091	21.0	238,552
Subtotal	1,233	81.4	282	18.6	1,515	407,881	79.2	106,932	20.8	514,813
Small Business										
2018	317	85.2	55	14.8	372	106,330	86.8	16,151	13.2	122,481
2019	360	82.8	75	17.2	435	114,132	83.6	22,350	16.4	136,482
2020	1,229	86.1	199	13.9	1,428	246,178	84.2	46,051	15.8	292,229
Subtotal	1,906	85.3	329	14.7	2,235	466,640	84.7	84,552	15.3	551,192
Total	3,139	83.7	611	16.3	3,750	874,521	82.0	191,484	18.0	1,066,005
<i>Source: Bank Data Due to rounding, totals may not equal 100.0%</i>										

Description of Institution

NBI is a federally chartered national bank serving Indianapolis, Indiana, and the surrounding areas. As of December 31, 2020, the bank had total assets of \$2.8 billion and tier 1 capital of \$198 million. NBI was founded in 1993 and is wholly owned by The National Bank of Indianapolis Corporation (NBIC), also headquartered in Indianapolis, Indiana. NBIC does not have any other subsidiaries.

NBI is an intrastate bank, operating 13 branches and 13 automated teller machines (ATMs). The bank has one AA, located in the Indianapolis-Carmel-Anderson, IN Metropolitan Statistical Area (MSA). The bank's AA includes all of Marion County and portions of Boone, Hamilton, and Johnson Counties. The AA is further described below under the "Scope" section in the state of Indiana. According to the June 30, 2020, FDIC Deposit Market Share Report, NBI had deposits totaling \$2 billion, representing 3.4 percent of the market share in its AA. NBI is ranked 10th in deposit market share and is the largest locally owned bank.

NBI focuses on offering specialized services to professionals, small to medium sized businesses, not-for-profit organizations, and executive clients. NBI offers a broad array of deposit products through its branches, as well as wealth and treasury management services. NBI provides diverse lending services including residential mortgages, commercial loans, and consumer loans. NBI's delivery channels include internet banking, mobile banking, remote deposit capture, private banking, and ATMs.

As of December 31, 2020, NBI's loan portfolio totaled \$1.7 billion. The portfolio was composed of 34.5 percent commercial real estate, 24.2 percent residential real estate, 23.8 percent commercial and industrial, 9.6 percent construction, 1.7 percent personal, 0.1 percent loans secured by farmland, and 6.3 percent other loans. Net loans and leases represented 58.6 percent of assets and 68.7 percent of total deposits.

NBI does not have any legal, financial, or other factors that would impede its ability to meet credit needs in the AA. NBI received a “Satisfactory” rating at their previous Community Reinvestment Act (CRA) evaluation, dated January 19, 2019.

Scope of the Evaluation

Evaluation Period/Products Evaluated

NBI was evaluated using the Large Bank procedures to assess the bank’s record of meeting the credit needs of its community. Large Bank procedures include a lending test, investment test, and service test.

For the lending test, the OCC evaluated home mortgage loans reported under the Home Mortgage Disclosure Act (HMDA) and small loans to businesses reported under CRA. The bank did not originate any small farm loans. The evaluation period for the lending, investment, and service tests is January 1, 2018, through December 31, 2020.

Selection of Areas for Full-Scope Review

In each state where the bank has an office, one or more AA(s) within that state was selected for a full-scope review. For purposes of this evaluation, bank delineated assessment areas located within the same MSA, multistate metropolitan statistical area (MMSA), or combined statistical area (CSA) are combined and evaluated as a single AA. Similarly, bank delineated non-MSA AAs within the same state are combined and evaluated as a single area. These combined AAs may be evaluated as full- or limited-scope. Refer to the “Scope” section under each State Rating section for details regarding how full-scope AAs were selected. Refer to appendix A, Scope of Examination, for a list of full- and limited-scope AAs.

Ratings

The bank’s overall rating is a blend of the state ratings, and where applicable, multistate ratings.

The bank has only one AA, the rating will be based on the results in that AA. Home mortgage loans and small business loans will be weighted equally when arriving at the overall rating. While the bank originated more small business loans by number, which can largely be attributed to Paycheck Protection Program (PPP loans), the volume of lending by dollar volume was similar. The bank originated 1,515 home mortgage loans, totaling \$514.8 million, and 2,235 small business loans, totaling \$551.2 million.

Discriminatory or Other Illegal Credit Practices Review

Pursuant to 12 C.F.R. §25.28(c) or §195.28(c), respectively, in determining a national bank’s or federal savings association’s (collectively, bank) CRA rating, the OCC considers evidence of discriminatory or other illegal credit practices in any geography by the bank, or in any assessment area by an affiliate whose loans have been considered as part of the bank’s lending performance. As part of this evaluation process, the OCC consults with other federal agencies with responsibility for compliance with the relevant laws and regulations, including the U.S. Department of Justice, the U.S. Department of Housing and Urban Development, and the Bureau of Consumer Financial Protection, as applicable.

The OCC has not identified that this institution (or any affiliate whose loans have been considered as part of the institution's lending performance) has engaged in discriminatory or other illegal credit practices that require consideration in this evaluation.

The OCC will consider any information that this institution engaged in discriminatory or other illegal credit practices, identified by or provided to the OCC before the end of the institution's next performance evaluation in that subsequent evaluation, even if the information concerns activities that occurred during the evaluation period addressed in this performance evaluation.

State Rating

State of Indiana

CRA rating for the State of Indiana¹: Satisfactory

The Lending Test is rated: High Satisfactory

The Investment Test is rated: Low Satisfactory

The Service Test is rated: High Satisfactory

The major factors that support this rating include:

- Lending activity reflects good responsiveness to credit needs in the AA.
- The bank exhibits a good distribution of loans among individuals of different income levels and business of different sizes.
- The bank is a leader in making CD loans, which has a positive impact on the lending test.
- The bank has an adequate level of qualified CD investments and grants.
- The bank provides a relatively high level of CD services.

Description of Institution's Operations in Indiana

Indianapolis MSA

The Indianapolis MSA AA consists of 263 census tracts (CTs) and encompasses portions of Boone, Hamilton, and Johnson counties, and all of Marion County. NBI has 13 branches and 13 deposit-taking ATMs in the AA. According to the 2015 American Community Survey (ACS) census updates, there were 59 low-income CTs, 80 moderate-income CTs, 59 middle-income CTs, 64 upper-income CTs in the AA, and one CT that has not been assigned an income classification. The AA meets the requirements of the regulation and does not arbitrarily exclude any low- or moderate-income CTs.

¹ This rating reflects performance within the multistate metropolitan statistical area. The statewide evaluations do not reflect performance in the parts of those states contained within the multistate metropolitan statistical area.

Table A – Demographic Information of the Assessment Area						
Assessment Area: NBI Indianapolis MSA						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	263	22.4	30.4	22.4	24.3	0.4
Population by Geography	1,209,052	15.9	27.1	23.9	33.0	0.2
Housing Units by Geography	529,390	17.6	29.0	23.0	30.1	0.2
Owner-Occupied Units by Geography	276,917	9.6	20.8	27.1	42.3	0.1
Occupied Rental Units by Geography	190,967	24.0	38.7	19.6	17.4	0.3
Vacant Units by Geography	61,506	33.6	35.9	15.4	14.6	0.6
Businesses by Geography	127,433	12.9	22.2	25.9	38.8	0.2
Farms by Geography	2,262	11.0	20.9	25.7	42.2	0.2
Family Distribution by Income Level	286,124	25.0	16.9	18.0	40.1	0.0
Household Distribution by Income Level	467,884	26.4	17.0	17.0	39.6	0.0
Median Family Income MSA - 26900 Indianapolis-Carmel-Anderson, IN MSA		\$66,803	Median Housing Value			\$144,907
			Median Gross Rent			\$830
			Families Below Poverty Level			13.1%
<i>Source: 2015 ACS and 2020 D&B Data</i>						
<i>Due to rounding, totals may not equal 100.0%</i>						
<i>(*) The NA category consists of geographies that have not been assigned an income classification.</i>						

Competition

Competition for deposits in the Indianapolis MSA AA is strong. As of June 30, 2020, NBI's deposits in the AA totaled \$2 billion, or 3.4 percent of the total market share. According to the FDIC Deposit Market Share Report, NBI ranks 10th out of 39 deposit-taking institutions in the AA. The top five institutions, for deposit market share in the AA, are JPMorgan Chase, PNC, Fifth Third, The Huntington NB, and Merchants Bank of Indiana. These institutions account for 59.9 percent of deposit market share.

Competition for loans is also strong. Based on 2020 peer mortgage data, 624 lenders originated or purchased residential real estate loans in the AA. NBI ranks 39th, with 0.6 percent of the market share, by number of loans originated. The top five lenders are Caliber Home Loans, Quicken Loans, The Huntington NB, Ruoff Mortgage Company, and Union Savings Bank. These lenders account for 22.1 percent of the market share by number of loans originated.

Based on 2020 peer small business loan data, 207 lenders originated or purchased small business loans in the AA. The top five small business lenders are Chase Bank, American Express, PNC, The Huntington NB, and BMO Harris Bank. These lenders account for 43 percent of the market share by number of loans originated. NBI accounts for 3.8 percent of the market share and ranks seventh.

Employment and Economic Factors

Information from the October 2021 Moody's Analytics Report indicated the Indianapolis MSA had a reasonably diversified economy. The leading industries based on percentage of total employment include professional/business services, education/health services, government, and retail trade. The top five employers are IU Health Services, St. Vincent Hospitals, Community Health Network, Eli Lilly, and Wal-Mart.

According to the Bureau of Labor Statistics, the average annual unemployment rate for the counties within the Indianapolis MSA AA increased during the review period. The average annual unemployment rate in all counties except Marion County was below the unemployment rate for the state of Indiana during the review period but saw a large increase in 2020 due to the negative economic effects of the COVID-19 pandemic. The table below summarizes the average annual unemployment rate for the state and NBI's AA.

Average Unemployment Rate			
	2018	2019	2020
State of Indiana	3.4%	3.3%	7.3%
Boone County	2.7%	2.4%	4.3%
Hamilton County	2.7%	2.4%	4.7%
Johnson County	2.8%	2.6%	5.7%
Marion County	3.5%	3.2%	7.9%
<i>Source: Bureau of Labor Statistics; Not Seasonally Adjusted</i>			

According to the 2015 ACS census update, the total population of the AA was 1.2 million with 13.1 percent of families living below the poverty level. Low-income families represent 25 percent of all families in the AA and moderate-income families represent 16.9 percent of all families. Approximately 79 percent of households earn a wage or salary, 23.3 percent collect social security, and 15.1 receive retirement.

Housing Characteristics and Affordability

According to the 2015 ASC census update, 52.3 percent of housing units in the AA were owner-occupied, 36.1 percent were renter occupied, and 11.6 percent were vacant. In low-income CTs in the AA, 28.6 percent of housing units were owner-occupied, 49.2 percent were renter occupied, and 22.2 percent were vacant. In moderate-income CTs, 37.5 percent of houses were owner-occupied, 48.1 percent were renter occupied, and 14.4 percent were vacant. Multifamily housing units are concentrated in the low- and moderate-income CTs; 58.5 percent of the total units are in these areas. The median age of the housing stock in the AA was 46 years and the median housing value was \$144,907.

The cost of home ownership would be a challenge for some LMI families. Assuming a 30-year mortgage with a five percent interest rate, and not accounting for down payment, homeowner's insurance, real estate taxes, or any additional monthly expenses, a low-income borrower making \$39,800 per year (or less than 50 percent of the 2020 FFIEC AMFI in the AA) could afford a \$185,350 mortgage with a payment of \$995 per month. A moderate-income borrower making \$63,680 per year (or less than 80 percent of the 2020 FFIEC AMFI in the AA) could afford a \$296,560 mortgage with a payment of \$1,592 per month. This illustrates that low-income borrowers may be challenged to qualify for a mortgage loan in the AA with an estimated payment of \$888 when also considering down payment requirements, other owner costs, and additional monthly expenses.

Community Contact

One community contact was performed with an organization that aims to make homeownership affordable for all residents in Marion County. While the contact believes that banks are generally helping to meet the needs of the community through loan programs targeted to LMI individuals, partnerships with the organization, and helping finance affordable housing projects, the contact did note areas where financial institutions could provide additional support. The contact noted that additional and/or more innovative lending products, targeted to LMI individuals, are needed in the AA.

Investments in New Market Tax Credits and low-cost enterprise capital are also needs within the community.

Scope of Evaluation in Indiana

The bank has only one AA, the Indianapolis MSA AA, and this AA received a full-scope review. The bank's home mortgage and small business lending were evaluated in our review. The two products received equal weight based on the number and dollar volume of lending.

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS IN INDIANA

LENDING TEST

The bank's performance under the Lending Test in Indiana is rated High Satisfactory.

Conclusions for the Area Receiving a Full-Scope Review

Based on a full-scope review, the bank's performance in the Indianapolis MSA is good.

Lending Activity

Lending levels reflect good responsiveness to AA credit needs. The bank's good performance in originating home mortgage loans and excellent performance originating small loans to businesses support this conclusion.

Number of Loans*							
Assessment Area	Home Mortgage	Small Business	Small Farm	Community Development	Total	%State Loans	%State Deposits
Indianapolis MSA	1,233	1,906	0	63	3,202	100.0	100.0

*The tables present the data for all assessment areas. The narrative below addresses performance in full-scope areas only.

Dollar Volume of Loans*							
Assessment Area	Home Mortgage	Small Business	Small Farm	Community Development	Total	%State* Loans	%State Deposits
Indianapolis MSA	407,881	466,640	0	85,377	959,898	100.0	100.0

*The tables present the data for all assessment areas. The narrative below addresses performance in full-scope areas only.

Based upon June 30, 2020, FDIC deposit market share data, NBI ranks 10th out of 39 depository institutions in the AA, with a 3.4 percent market share. Based upon 2020 Peer Mortgage Data, the bank ranks 39th out of 624 lenders in the AA, with a 0.6 percent market share. The top five lenders in the AA are Caliber Home Loans, Quicken Loans, The Huntington National Bank, Ruoff Mortgage Company, and Union Savings Bank. These lenders account for 22.1 percent of the market share. While the bank's ranking and percent market share in deposits is greater than its loan market share and ranking, the competition for loans is much higher. The bank is not only competing for loans with banks in the AA but also national mortgage companies and online lenders. Based on the bank's volume of home mortgage lending and considering the additional performance context, the bank's home mortgage lending is good.

Based upon 2020 Peer Small Business Data, the bank ranks seventh out of 207 lenders in the AA, with a 3.8 percent market share. The top five lenders in the AA are JP Morgan Chase, American Express, PNC, The Huntington National Bank, and BMO Harris Bank. These lenders account for 43 percent of the market share. It is important to note that NBI's average loan size was \$200,000, while the average loan size of the top five lenders was \$68,000. The top five lenders had average loan sizes as low as \$16,000, with the highest being \$97,000. Based on this information, the bank's performance in lending to businesses is excellent.

Distribution of Loans by Income Level of the Geography

The bank exhibits an adequate geographic distribution of loans in its AA.

Home Mortgage Loans

The bank's geographic distribution of home mortgage loans is adequate. The percentage of loans in low-income geographies is significantly below the percentage of owner-occupied housing units and is below aggregate lending in those geographies. The percentage of loans in moderate-income geographies is below the percentage of owner-occupied housing units but exceeds aggregate lending in those geographies. Of the rental units located in the AA, 24 percent are in low-income CTs, and 38.7 percent are located in moderate-income CTs. Additionally, of the more than 61,000 vacant housing units in the AA, 33.6 are located in low-income CTs and 35.9 percent are in moderate-income CTs. Given this additional information, the geographic distribution is adequate.

Refer to Table O of appendix D for the facts and data used to evaluate the geographic distribution of the bank's home mortgage loan originations and purchases.

Small Loans to Businesses

The bank's geographic distribution of small loans to businesses is adequate. The percentage of small loans to businesses in low-income geographies is below the percentage of businesses in those geographies and somewhat below aggregate lending. The percentage of small loans to businesses in moderate-income geographies is below the percentage of businesses in those geographies and below aggregate lending. For additional context, the bank made 22.9 percent of small loans to businesses in LMI CTs, where 35.1 percent of businesses in the AA are located. Aggregate lending data from 2020 shows that 28.6 percent of business loans were made in LMI CTs by all CRA reporting lenders. Based on this information, the bank's geographic distribution of loans is adequate.

Refer to Table Q of appendix D for the facts and data used to evaluate the geographic distribution of the bank's originations and purchases of small loans to businesses.

Lending Gap Analysis

The OCC reviewed summary reports and maps and analyzed NBI's lending activity over the evaluation period to identify any gaps in the geographic distribution of loans. The OCC did not identify any unexplained conspicuous gaps.

Distribution of Loans by Income Level of the Borrower

The bank exhibits a good distribution of loans among individuals of different income levels and business of different sizes, given the product lines offered by the institution.

Home Mortgage Loans

The bank's borrower distribution of home mortgage loans is good. The percentage of loans to low-income borrowers is below the percentage of low-income families in the AA but exceeds aggregate lending. The percentage of loans to moderate-income borrowers is near to the percentage of moderate-income families in the AA and near to aggregate lending. Given that 13.1 percent of families in the AA are below the poverty level, the borrower distribution is good.

Refer to Table P of appendix D for the facts and data used to evaluate the borrower distribution of the bank's home mortgage loan originations and purchases.

Small Loans to Businesses

The bank's borrower distribution of small loans to businesses is good. The percentage of small loans to small businesses (businesses with gross annual revenues of \$1 million or less) is significantly below the percentage of small businesses in the AA and the percentage of bank loans is well below aggregate lending. While this performance appears to be poor, the OCC considered additional information in our analysis. The information above combines data from the entire evaluation period, January 1, 2018, through December 31, 2020. In 2018 and 2019, the bank's percentage of small loans to businesses was still below the percentage of small businesses in the AA but was near to aggregate lending. Additionally, the bank made 14.5 and 8.9 percent, respectively, of loans to businesses with revenue information that was not available. However, in 2020 given the PPP loans made by the bank, loans to businesses with revenue information not available increased to 74.5 percent. This made lending to small businesses appear much lower as a percentage of loans made that year. The OCC adjusted the 2020 data by removing all loans with revenue information not available, this took total loans from 1,229 to 313. The OCC then recalculated the percentage of the remaining loans that were made to small businesses and found that the percentage was above aggregate lending for 2020. Based on this adjusted information and additional context, the borrower distribution of small loans to businesses is good.

Refer to Table R of appendix D for the facts and data used to evaluate the borrower distribution of the bank's origination and purchase of small loans to businesses.

Community Development Lending

The bank is a leader in making CD loans. The bank made 63 CD loans, totaling \$85.4 million in the AA during the evaluation period. They also made one CD loan in the broader statewide area, totaling \$1.6 million. These loans represent 43.9 percent of tier 1 capital. These loans provided local community organizations the ability to continue offering services to LMI individuals, created affordable housing in the AA, and helped to revitalize and stabilize areas during the pandemic.

The Lending Activity Tables, shown above, set forth the information and data used to evaluate the bank's level of CD lending. These tables include all CD loans, including multifamily loans that also qualify as CD loans.

Product Innovation and Flexibility

The bank makes extensive use of innovative and/or flexible lending practices in order to serve AA credit needs. The bank offers two home mortgage lending programs that are largely tailored to LMI borrowers, offered only to those with incomes below \$63,760. The two programs, First Step and HomeReady, offer low or no down payment home loans. These programs offer up to 100 percent financing, with lowered or no mortgage insurance requirements. During the review period, the bank originated 62 First Step loans, totaling \$7.3 million, and 246 Home Ready loans, totaling \$35.1 million.

During the pandemic, the bank participated in PPP lending and also offered COVID related deferrals and forbearances. The bank originated 1,092 PPP loans, totaling \$313.5 million in 2020. Additionally, the bank provided forbearance for 49 loans, with deferred payments totaling \$153,000. They also deferred 34 loans, with deferred payments of \$87,000. Of the loans in forbearance or deferral, eight were for borrowers in low-income CTs and 25 were for borrowers in moderate-income CTs.

INVESTMENT TEST

The bank's performance under the Investment Test in Indiana is rated Low Satisfactory.

Conclusions for the Area Receiving a Full-Scope Review

Based on a full-scope review, the bank's performance in the Indianapolis MSA AA is adequate.

The bank has an adequate level of qualified CD investments and grants, although rarely in a leadership position, particularly those that are not routinely provided by private investors. The bank exhibits adequate responsiveness to credit and community economic development needs. The bank does not use innovative and/or complex investments to support CD initiatives.

Qualified Investments										
Assessment Area	Prior Period*		Current Period		Total				Unfunded Commitments**	
	#	\$(000's)	#	\$(000's)	#	% of Total #	\$(000's)	% of Total \$	#	\$(000's)
Indianapolis MSA	5	\$3,675	206	\$5,252	211	100%	\$8,926	100%	0	\$0.00

* 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.

During the evaluation period, NBI made three investments that directly benefited the bank's AA, totaling \$1.8 million. The bank also received credit for two prior period investments, with an outstanding book balance of \$804,314. Additionally, the bank made 201 qualified donations to 85 organizations during the evaluation period. These donations totaled \$982,813. The investments and donations directly benefiting the bank's AA represented 1.8 percent of tier 1 capital.

The bank also received credit for three prior period investments, totaling \$2.9 million and two current period investments, totaling \$2.5 million, that served the broader statewide area, including the bank's AA. These investments represented 2.7 percent of tier 1 capital.

SERVICE TEST

The bank's performance under the Service Test in Indiana is rated High Satisfactory.

Conclusions for the Area Receiving a Full-Scope Review

Based on a full-scope review, the bank's performance in the Indianapolis MSA is good.

Retail Banking Services

Service delivery systems are reasonably accessible to geographies and individuals of different income levels in the bank's AA.

Distribution of Branch Delivery System											
Assessment Area	Deposits	Branches						Population			
	% of Rated Area Deposits in AA	# of BANK Branches	% of Rated Area Branches in AA	Location of Branches by Income of Geographies (%)				% of Population within Each Geography			
				Low	Mod	Mid	Upp	Low	Mod	Mid	Upp
Indianapolis MSA	100.00	13	100.00	0.00	7.7	46.2	46.2	15.9	27.1	23.9	33.0

NBI has 13 bank branches within the Indianapolis MSA. Of these 13 branches, none are located in low-income CTs, one is in a moderate-income CT, six are in middle-income CTs, and six are in upper-income CTs. The OCC also gave positive consideration to branches located within one mile of LMI CTs. The bank has two branches near to low-income CTs and four near to moderate-income CTs.

NBI maintains 13 full-service ATMs, one located at each of the branches. The bank complements its traditional service delivery methods with certain alternative delivery processes, including online banking, mobile banking, telephone banking, and remote deposit capture. These delivery methods provide increased access to banking services throughout all areas in the AA. The OCC placed no significant weight on these alternative delivery systems, as the bank did not maintain metrics to determine their effectiveness in helping to meet the credit needs of LMI individuals.

Services, including where appropriate, business hours do not vary in a way that inconveniences its AA(s), particularly low- and moderate-income geographies and/or individuals. Loan and deposit products are available at all 13 branches. The operating hours for 10 of the 13 branches, including the one in a moderate-income CT, are Monday through Friday 8:30 am - 5:30 pm and Saturday 9:00 am - 12:00 pm. The three branches located in downtown Indianapolis are not opened on Saturday, as they cater to businesses and customers that work downtown through the week and are not located in primarily residential areas.

Distribution of Branch Openings/Closings						
	Branch Openings/Closings					
Assessment Area	# of Branch Openings	# of Branch Closings	Net change in Location of Branches (+ or -)			
			Low	Mod	Mid	Upper
Indianapolis MSA	0	0	0.00	0.00	0.00	0.00

The bank's record in opening and closing branches has not adversely affected the accessibility of its delivery systems. The bank did not open or close branches during the evaluation period.

Community Development Services

The bank provides a relatively high level of CD services. Within the AA, 16 employees provided CD services to 20 different organizations. These employees provided more than 6,000 volunteer hours over the three-year evaluation period. Of the services performed, twelve demonstrated leadership by serving on the board or committee of the organization. The services performed served a variety of community organizations which provide services to LMI individuals, including financial literacy programs, addiction recovery housing and job training, affordable housing education and assistance, and services for homeless individuals. Employees also volunteered at organizations helping to develop LMI areas.

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 MSAs and non-MSAs 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”.

Time Period Reviewed:	January 1, 2018 – December 31, 2020	
Bank Products Reviewed:	Home mortgage, small business Community development loans, qualified investments, community development services	
Affiliate(s)	Affiliate Relationship	Products Reviewed
No affiliates included in this review.		
List of Assessment Areas and Type of Examination		
Rating and Assessment Areas	Type of Exam	Other Information
Indianapolis MSA	Full-Scope	Portion of MSA #26900: All of Marion County and portions of Boone, Hamilton, and Johnson Counties

Appendix B: Summary of MMSA and State Ratings

RATINGS				
The National Bank of Indianapolis				
Overall Bank:	Lending Test Rating*	Investment Test Rating	Service Test Rating	Overall Bank/State/Multistate Rating
NBI	High Satisfactory	Low Satisfactory	High Satisfactory	Satisfactory
MMSA or State:				
Indianapolis MSA	High Satisfactory	Low Satisfactory	High Satisfactory	Satisfactory

(*) The Lending Test is weighted more heavily than the Investment and Service Tests in the overall rating.

Appendix C: Definitions and Common Abbreviations

The following terms and abbreviations are used in 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. For example, a bank subsidiary is controlled by the bank and is, therefore, an affiliate.

Aggregate Lending (Aggt.): The number of loans originated and purchased by all reporting lenders (HMDA or CRA) in specified income categories as a percentage of the aggregate number of loans originated and purchased by all reporting lenders in the state/assessment area.

Census Tract (CT): A small, relatively permanent statistical subdivision of a county delineated by a local committee of census data users for the purpose of presenting data. Census tracts nest within counties, and their boundaries normally follow visible features, but may follow legal geography boundaries and other non-visible features in some instances, Census tracts ideally contain about 4,000 people and 1,600 housing units.

Combined Statistical Area (CSA): A geographic entity consisting of two or more adjacent Core Based Statistical Areas with employment interchange measures of at least 15. An employment interchange measure is a measure of ties between two adjacent entities. The employment interchange measure is the sum of the percentage of workers living in the smaller entity who work in the larger entity and the percentage of employment in the smaller entity that is accounted for by workers who reside in the larger entity.

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 Small Business Administration Development Company or Small Business Investment Company programs size eligibility standards or have gross annual revenues of \$1 million or less; or activities that revitalize or stabilize low- or moderate-income geographies, distressed or underserved nonmetropolitan middle-income geographies, or designated disaster areas.

Community Reinvestment Act (CRA): the statute that requires the OCC to evaluate a bank's record of meeting the credit needs of its entire community, including LMI areas, 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, other secured consumer loans, and other unsecured consumer loans.

Family: Includes a householder and one or more other persons living in the same household who are related to the householder by birth, marriage, or adoption. The number of family households always

equals the number of families; however, a family household may also include non-relatives living with the family. Families are classified by type as either a married-couple family or other family, which is further classified into 'male householder' (a family with a male householder and no wife present) or 'female householder' (a family with a female householder and no husband present).

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

Geography: A census tract delineated by the United States Bureau of the Census in the most recent decennial census.

Home Mortgage Disclosure Act (HMDA): The statute that requires certain mortgage lenders that conduct business or have banking offices in a metropolitan statistical area to file annual summary reports of their mortgage lending activity. The reports include such data as the race, gender, and the income of applicants, the amount of loan requested, the disposition of the application (e.g., approved, denied, and withdrawn), the lien status of the collateral, any requests for preapproval, and loans for manufactured housing.

Home Mortgage Loans: A closed-end mortgage loan or an open-end line of credit as these terms are defined under §1003.2 of this title, and that is not an excluded transaction under §1003.3(c)(1) through (10) and (13) of this title.

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-Scope Review: Performance under the Lending, Investment, and Service Tests is analyzed using only quantitative factors (e.g., geographic distribution, borrower distribution, total number and dollar amount of investments, and branch distribution).

Low-Income Individual: Individual income that is less than 50 percent of the area median income.

Low Income Geography: A census tract with a median family income that is less than 50 percent.

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 state/assessment area.

Median Family Income (MFI): The median income determined by the U.S. Census Bureau every five years and used to determine the income level category of geographies. The median is the point at which half of the families have income above, and half below, a range of incomes. Also, the median income determined by the Federal Financial Institutions Examination Council (FFIEC) 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, and half below, a range of incomes.

Metropolitan Division: As defined by Office of Management and Budget, a county or group of counties within a Core Based Statistical Area that contains an urbanized population of at least 2.5 million. A Metropolitan Division consists of one or more main/secondary counties that represent an

employment center or centers, plus adjacent counties associated with the main/secondary county or counties through commuting ties.

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

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

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

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

MMSA (state): Any multistate metropolitan statistical area or multistate combined statistical area, as defined by the Office of Management and Budget.

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.

Rating Area: A rated area is a state or multi-state metropolitan statistical 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 statistical area, the institution will receive a rating for the multi-state metropolitan statistical 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) instructions. These loans have original amounts of \$1 million or less and typically are either secured by nonfarm or nonresidential real estate or are classified as commercial and industrial loans.

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

Tier 1 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 at least 120 percent of the area median income, or a median family income that is at least 120 percent, in the case of a geography.

Appendix D: Tables of Performance Data

Content of Standardized Tables

A separate set of tables is provided for each state. All multistate metropolitan statistical areas, if applicable, are presented in one set of tables. References to the “bank” include activities of any affiliates that the bank provided for consideration (refer to appendix A: Scope of the Examination). For purposes of reviewing the Lending Test tables, the following are applicable: (1) purchased loans are treated the same as originations; and (2) “aggregate” is the percentage of the aggregate number of reportable loans originated and purchased by all HMDA or CRA reporting lenders in the MMSA/assessment area. Deposit data are compiled by the FDIC and are available as of June 30th of each year. Tables without data are not included in this PE.

The following is a listing and brief description of the tables included in each set:

- Table O. Assessment Area Distribution of Home Mortgage Loans by Income Category of the Geography** - 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 aggregate peer data for the years the data is available.
- Table P. Assessment Area Distribution of Home Mortgage Loans by Income Category of the Borrower** - 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 MMSA/assessment area. The table also presents aggregate peer data for the years the data is available.
- Table Q. Assessment Area Distribution of Loans to Small Businesses by Income Category of the Geography** - The percentage distribution of the number of small loans (less than or equal to \$1 million) to businesses that were 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) in those geographies. Because aggregate small business data are not available for geographic areas smaller than counties, it may be necessary to compare bank loan data to aggregate data from geographic areas larger than the bank’s assessment area.
- Table R. Assessment Area Distribution of Loans to Small Businesses by Gross Annual Revenue** - Compares the percentage distribution of the number of small loans (loans less than or equal to \$1 million) originated and purchased by the bank to businesses with revenues of \$1 million or less to: 1) the percentage distribution of businesses with revenues of greater than \$1 million; and, 2) the percentage distribution of businesses for which revenues are not available. The table also presents aggregate peer small business data for the years the data is available.
- Table S. Assessment Area Distribution of Loans to Farms by Income Category of the Geography** - 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. Because aggregate 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 T. Assessment Area Distribution of Loans to Farms by Gross Annual Revenues -** Compares the percentage distribution of the number of small loans (loans less than or equal to \$500 thousand) originated and purchased by the bank to farms with revenues of \$1 million or less to: 1) the percentage distribution of farms with revenues of greater than \$1 million; and, 2) the percentage distribution of farms for which revenues are not available. The table also presents aggregate peer small farm data for the years the data is available.
- Table U. Assessment Area Distribution of Consumer Loans by Income Category of the Geography –** 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 in those geographies.
- Table V. Assessment Area Distribution of Consumer Loans by Income Category of the Borrower -** 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 households by income level in each MMSA/assessment area.

Table O: Assessment Area Distribution of Home Mortgage Loans by Income Category of the Geography																			2018-20	
Assessment Area:	Total Home Mortgage Loans				Low-Income Tracts			Moderate-Income Tracts			Middle-Income Tracts			Upper-Income Tracts			Not Available-Income Tracts			
	#	\$	% of Total	Overall Market	% of Owner-Occupied Housing Units	% Bank Loans	Aggregate	% of Owner-Occupied Housing Units	% Bank Loans	Aggregate	% of Owner-Occupied Housing Units	% Bank Loans	Aggregate	% of Owner-Occupied Housing Units	% Bank Loans	Aggregate	% of Owner-Occupied Housing Units	% Bank Loans	Aggregate	
Indiana polis MSA	1,233	407,881	100.0	82,357	9.6	4.5	5.5	20.8	15.7	15.1	27.1	21.7	25.3	42.3	58.0	54.1	0.1	0.2	0.0	
Total	1,233	407,881	100.0	82,357	9.6	4.5	5.5	20.8	15.7	15.1	27.1	21.7	25.3	42.3	58.0	54.1	0.1	0.2	0.0	

*Source: 2015 ACS; 01/01/2018 - 12/31/2020 Bank Data, 2020 HMDA Aggregate Data, "--" data not available.
Due to rounding, totals may not equal 100.0%*

Table P: Assessment Area Distribution of Home Mortgage Loans by Income Category of the Borrower																			2018-20	
Assessment Area:	Total Home Mortgage Loans				Low-Income Borrowers			Moderate-Income Borrowers			Middle-Income Borrowers			Upper-Income Borrowers			Not Available-Income Borrowers			
	#	\$	% of Total	Overall Market	% Families	% Bank Loans	Aggregate	% Families	% Bank Loans	Aggregate	% Families	% Bank Loans	Aggregate	% Families	% Bank Loans	Aggregate	% Families	% Bank Loans	Aggregate	
Indiana polis MSA	1,233	407,881	100.0	82,357	25.0	16.6	8.0	16.9	14.4	17.3	18.0	7.5	18.6	40.1	58.5	38.5	0.0	2.9	17.6	
Total	1,233	407,881	100.0	82,357	25.0	16.6	8.0	16.9	14.4	17.3	18.0	7.5	18.6	40.1	58.5	38.5	0.0	2.9	17.6	

*Source: 2015 ACS; 01/01/2018 - 12/31/2020 Bank Data, 2020 HMDA Aggregate Data, "--" data not available.
Due to rounding, totals may not equal 100.0%*

Table Q: Assessment Area Distribution of Loans to Small Businesses by Income Category of the Geography **2018-20**

Assessment Area:	Total Loans to Small Businesses				Low-Income Tracts			Moderate-Income Tracts			Middle-Income Tracts			Upper-Income Tracts			Not Available-Income Tracts		
	#	\$	% of Total	Overall Market	% Businesses	% Bank Loans	Aggregate	% Businesses	% Bank Loans	Aggregate	% Businesses	% Bank Loans	Aggregate	% Businesses	% Bank Loans	Aggregate	% Businesses	% Bank Loans	Aggregate
Indiana polis MSA	1,906	466,640	100.0	28,750	12.9	8.6	10.3	22.2	14.3	18.3	25.9	26.5	25.7	38.8	50.4	45.4	0.2	0.3	0.2
Total	1,906	466,640	100.0	28,750	12.9	8.6	10.3	22.2	14.3	18.3	25.9	26.5	25.7	38.8	50.4	45.4	0.2	0.3	0.2

Source: 2020 D&B Data; 01/01/2018 - 12/31/2020 Bank Data; 2020 CRA Aggregate Data, "--" data not available.
 Due to rounding, totals may not equal 100.0%

Table R: Assessment Area Distribution of Loans to Small Businesses by Gross Annual Revenues **2018-20**

Assessment Area:	Total Loans to Small Businesses				Businesses with Revenues <= 1MM			Businesses with Revenues > 1MM		Businesses with Revenues Not Available	
	#	\$	% of Total	Overall Market	% Businesses	% Bank Loans	Aggregate	% Businesses	% Bank Loans	% Businesses	% Bank Loans
NBI Indianapolis MSA	1,906	466,640	100.0	28,750	86.9	19.0	36.1	4.7	28.9	8.4	52.1
Total	1,906	466,640	100.0	28,750	86.9	19.0	36.1	4.7	28.9	8.4	52.1

Source: 2020 D&B Data; 01/01/2018 - 12/31/2020 Bank Data; 2020 CRA Aggregate Data, "--" data not available.
 Due to rounding, totals may not equal 100.0%