FORM 10-K

Annual report pursuant to section 13 and 15(d)

Filing Date: **2000-03-28** | Period of Report: **1999-12-31**
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FILER

NATIONAL CITY BANCORPORATION

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Business Address
651 NICOLLET MALL
MINNEAPOLIS MN 55402
6129048500

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-K

_X_ Annual Report Pursuant to Section 13 or 15(d) of
the Securities Exchange Act of 1934

For the fiscal year ended December 31, 1999

_____ Transition Report Pursuant to Section 13 or 15(d)
of the Securities Exchange Act of 1934

Commission file number 0-9426

NATIONAL CITY BANCORPORATION

(Exact name of registrant as specified in its charter)

Iowa	42-0316731
(State or other jurisdiction of incorporation of organization)	(I.R.S. Employer Identification Number)
651 Nicollet Mall Minneapolis, Minnesota	55402-1611
(Address of principal executive offices)	(Zip Code)

Registrant's telephone number (including area code): 612-904-8500

Securities registered pursuant to Section 12(g) of the Act:

$1.25 Par Value Common Stock

(Title of Class)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports) and (2) has been subject to such filing requirements for the past 90 days.

Yes __X__ No _____

As of February 21, 2000, the aggregate market value of 7,652,577 shares of voting common stock, $1.25 par value, held by non-affiliates of the registrant was approximately $125,311,000 based upon the reported closing price on the NASDAQ Stock Market SM. As of February 21, 2000, 8,721,712 shares of $1.25 par value common stock of the registrant were outstanding.

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements Incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. [ ]

DOCUMENTS INCORPORATED BY REFERENCE

(1) Portions of National City Bancorporation's Annual Report to Stockholders for the year ended December 31, 1999 are incorporated by reference into Parts I, II, and IV.

(2) Portions of the definitive Proxy Statement of National City Bancorporation for the Annual Meeting of Stockholders to be held on April 19, 2000 are incorporated by reference into Part III.

(3) Safe Harbor Statement under the Private Securities Litigation Reform Act of 1995 Certain statements under the captions "Business," "Legal Proceedings," "Market for Registrant's Common Equity and Related Stockholder Matters," "Management's Discussion and Analysis of Financial Condition and Results of Operations," and elsewhere in this Form 10-K (and documents incorporated by reference therein) constitute "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. Such forward-looking statements may be identified by the use of terminology such as "may," "will," "expect," "anticipate," "estimate," "should," or "continue" or the negative thereof or other variations thereon or comparable terminology. Such forward-looking statements are subject to certain risks and uncertainties that could cause actual results to differ materially from historical results or from those results currently anticipated or projected. Such factors include, among other things, the estimated fair value of financial instruments and the adequacy of the allowance for loan losses.

NATIONAL CITY BANCORPORATION

FORM 10-K
YEAR ENDED DECEMBER 31, 1999

PART I

ITEM 1 - BUSINESS

National City Bancorporation (NCBC) was incorporated in 1937 under the laws of the State of Iowa. NCBC is a bank holding company which owns 99.9% of the capital stock of National City Bank of Minneapolis (NCB), which is a commercial bank. NCBC owns 100% of the capital stock of Diversified Business Credit, Inc. (DBCI), a commercial finance company. NCBC also owns 100% of the capital stock of National City Development & Realty, Inc., an inactive subsidiary.

NCB has its main banking office in the business district of downtown Minneapolis and also serves customers from two detached facilities. One of these facilities provides a drive-up location in downtown Minneapolis, and the other is a full service branch location in Edina, Minnesota, a suburb of Minneapolis.

NCBC provides its subsidiaries advice and specialized services in various fields of financial and banking policy. The responsibility for the management of each subsidiary remains with the Board of Directors and with the officers appointed by the Boards of Directors. NCB provides usual and customary banking services, including without limitation: business, personal and real estate loans; a full range of deposit services; correspondent banking and safe deposit facilities. In addition to the services generally provided by a full-service bank, NCBC's subsidiaries offer specialized services as described below:

TRUST SERVICES - NCB offers clients a wide variety of fiduciary services ranging from the management of funds for individuals to the administration of estates and trusts. For corporations, governmental bodies, and public authorities, NCB acts as fiscal and paying agent, registrar, and trustee under corporate indentures and pension and profit sharing agreements. NCB also provides record keeping and reporting for 401-K retirement savings plans.

INTERNATIONAL OPERATIONS - NCB provides a wide range of services in the area of international banking including trade service products, such as letters of credit, bankers acceptances, international collections and foreign exchange.

ASSET-BASED FINANCING - DBCI specializes in providing working capital loans secured by accounts receivable, inventory, and other marketable assets. All loans are made on a full recourse basis to the borrower. Personal guarantees from the owners of the borrower are normally obtained. Loans are made on a demand basis with no fixed repayment schedule. Compared to equity-based loans made by banks and others, asset-based loans usually require closer monitoring which results in higher loan servicing costs. Typically, interest rates earned on these loans are higher than rates earned on equity-based loans.

OTHER SERVICES - NCBC and subsidiaries do not have more than one line of business or class of service. All income is derived from commercial banking and bank-related services. It is not dependent on a single customer or a single industry for any material part of its business.

COMPETITION - Banking in Minnesota, as elsewhere, is highly competitive and NCB competes with other banks, both independent and those affiliated with other bank holding companies. Additional competitors are able to enter the Minnesota market following the June, 1997 change in banking regulations (See Supervision & Regulation). In addition, in lending funds and obtaining deposits, NCB competes with other types of institutions, such as savings and loan associations, credit unions, insurance companies, finance companies, and various institutions offering money market and mutual funds.

EMPLOYEES - NCBC and its subsidiaries have approximately 282 employees, none of whom are represented by a collective bargaining organization.

GOVERNMENT POLICIES - The earnings of NCBC's various operating units, as lenders of money, are affected by state and federal legislative changes and by policies of various regulatory authorities, including those of the State of Minnesota and the United States and, to a lesser extent, by those of foreign governments, and international agencies. These policies include, for example, statutory maximum legal interest rates, domestic monetary policies of the Board of Governors of the Federal Reserve System, United States fiscal policy, international currency regulations and monetary policies, and capital adequacy and liquidity constraints imposed by bank regulatory agencies.

SUPERVISION AND REGULATION - NCBC is a registered bank holding company under the Bank Holding Company Act of 1956 (the Act) and is subject to the supervision of and regulation by the Board of Governors of the Federal Reserve System (the Board).

Under the Act, a bank holding company may engage in banking, managing or controlling banks, furnishing and performing services for banks which it controls, and activities which the Board has determined to be closely related to banking. NCBC must obtain approval of the Board before acquiring control of a bank or acquiring more than 5% of the outstanding voting shares of a company engaged in a bank-related business.

In general, effective June 1, 1997, federal law permits the merger of insured banks within different home states. Under state law, a bank subsidiary of an out-of state bank holding company may establish branch offices in Minnesota if the bank subsidiary's principal place of business is within the state. An acquiring out-of-state bank may maintain and operate branches within Minnesota provided the in-state acquired bank has been in continuous operation for at least five years.

NCBC's subsidiary bank is a national bank and is, accordingly, subject to the supervision of and examination by the Comptroller of the Currency and the Federal Reserve System. The subsidiary bank is a member of the Federal Deposit Insurance Corporation and, accordingly, is subject to examination thereby.

Areas subject to regulation by federal and state authorities include deposit reserves, investments, loans, mergers, issuance of securities, payment of dividends, establishment of branches, and other aspects of operations.

STATISTICAL DATA - Statistical data is presented on pages 29 through 35 of the Annual Report to Stockholders for the year ended December 31, 1999, and such statistical data is incorporated herein by reference.

ITEM 2 - PROPERTIES

NCB currently leases 95,200 square feet of space for its downtown main office under a lease which expires in 2006. Management believes this facility is adequate for NCB's needs.

NCB leases 3,380 square feet of record storage space at a downtown location under a lease that expires in the year 2000.

NCB maintains a drive-up detached banking facility in downtown Minneapolis on leased land. The lease expires in the year 2000. NCB does not intend to renew the lease and will make alternate arrangements to serve customers affected by the closure.

NCB also owns an 8,500 square foot banking facility and land in Edina, Minnesota.

DBCI leases 14,067 square feet of space in downtown Minneapolis. This lease expires in the year 2002. Management believes this facility is adequate for DBCI's needs.

The aggregate net rentals for all of the above described facilities were approximately $2,534,000 in 1999.

ITEM 3 - LEGAL PROCEEDINGS

NCBC is party to various legal proceedings incidental to its business. Certain claims, suits, and complaints arising in the ordinary course of business have been filed or are pending against NCBC. In the opinion of management, the resulting liability, if any, arising from all such actions will not have a material impact on NCBC's consolidated financial position, liquidity or results of operations.

ITEM 4 - SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

No matters were submitted during the fourth quarter of the fiscal year covered by this report to a vote of security holders through the solicitation of proxies or otherwise.

ITEM 5 - MARKET FOR THE REGISTRANT'S COMMON EQUITY AND RELATED STOCKHOLDER MATTERS

The market for National City Bancorporation's common stock and related stockholder matters is presented on pages 1 and 35 of the Annual Report to Stockholders for the year ended December 31, 1999, and is incorporated herein by reference.

PART II

ITEM 6 - SELECTED FINANCIAL DATA

Selected financial data is presented on page 34 of the Annual Report to Stockholders for the year ended December 31, 1999 and is incorporated herein by reference.

ITEM 7 - MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Management's discussion and analysis of financial condition and results of operations is presented on pages 20 through 28 of the Annual Report to Stockholders for the year ended December 31, 1999 and is incorporated herein by reference.

ITEM 7A - QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Quantitative and qualitative disclosures about market risk are presented in pages 23 through 25 of the Annual Report to Stockholders for the year ended December 31, 1999 and is incorporated herein by reference.

ITEM 8 - FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

The consolidated financial statements and supplementary financial information of National City Bancorporation and subsidiaries are presented on pages 3 through 19 and 29 through 35 of the Annual Report to Stockholders for the year ended December 31, 1999 and are incorporated herein by reference.

ITEM 9 - CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

None.

PART III

ITEM 10 - DIRECTORS AND EXECUTIVE OFFICERS OF THE REGISTRANT

The directors and executive officers of National City Bancorporation are presented on pages 3 through 4 of the Proxy Statement for the Annual Meeting of Stockholders to be held April 19, 2000, and said presentation is incorporated herein by reference.

The executive officers referred to in this Item 10 are as follows:

Mr. David L. Andreas has been a director since 1980 and was elected Chief Executive Officer effective November 1, 1987. Mr. Andreas served as Chairman of the Board from 1987 to 1998. Mr. Andreas had been a Vice President and Senior Vice President of NCBC during the five years prior to being elected Chairman. Mr. Andreas was elected President and Chief Executive Officer of NCB in 1994.

Mr. Thomas J. Freed was elected Secretary and Controller of NCBC effective January 1, 1982 and Secretary and Chief Financial Officer effective July 16, 1997. Mr. Freed was elected Senior Vice President and Chief Financial Officer of NCB in 1986. Previous to 1986, Mr. Freed served as an officer of NCB for seventeen years.

Mr. Robert L. Olson has been President, Chief Executive Officer and director of Diversified Business Credit, Inc. since 1985.

ITEM 11 - EXECUTIVE COMPENSATION

Executive compensation is set forth on pages 5 through 8 of the Proxy Statement for the Annual Meeting of Stockholders to be held April 19, 2000 and is incorporated herein by reference.

ITEM 12 - SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

The security ownership of certain beneficial owners and management is presented on page 2 of the Proxy Statement for the Annual Meeting of Stockholders to be held April 19, 2000 and is incorporated herein by reference.

ITEM 13 - CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

Certain relationships and related transactions are presented on pages 2 through 4 of the Proxy Statement for the Annual Meeting of Stockholders to be held April 19, 2000 and is incorporated herein by reference.

PART IV

ITEM 14 - EXHIBITS, FINANCIAL STATEMENT SCHEDULES, AND REPORTS ON FORM 8-K

(a) (1) Financial Statements, Scheduled Exhibits: The consolidated financial statements and related notes, the independent auditor's report thereon and supplementary data that appear on pages 3 through 19 and 29 through 35 of our Annual Report to Stockholders for the year ended December 31, 1999 are incorporated herein by reference.

(2) Financial Statement Schedules:

All schedules are omitted, because the conditions requiring that filing do not exist.

(3) Exhibits:

3(a) - Restated Articles of Incorporation (incorporated herein by reference to Exhibit 3.01 of the Registrant's Registration Statement on Form S-1, Registration No. 269057).

3(b) - Restated By-laws [incorporated herein by reference to Exhibit 3(ii) to Registrant's Annual Report on Form 10-K for the year ended December 31, 1985].

10(c) - Salary Continuation Agreement between NCB and Walter E. Meadley, Jr. (incorporated herein by reference to Exhibit 10(c) to Registrant's Annual Report on Form 10-K for the year ended December 31, 1990).

10(d) - Salary Continuation Agreement, as amended, between NCB and Thomas J. Freed (incorporated herein by reference to Exhibit 10(d) to the Registrant's Annual Report on Form 10-K for the year ended December 31, 1994).

10(f) - Fourth Amendment to Executive Salary Continuation Agreement by and between NCB and Thomas J. Freed dated November 31, 1995. [Incorporated herein by reference to Exhibit 10(f) to the 1995 Form 10-K.]

10(g) - Fourth Amendment to Executive Salary Continuation Agreement by and between NCB and Walter E. Meadley, Jr. dated November 31, 1995. [Incorporated herein by reference to Exhibit 10(g) to the 1995 Form 10-K.]

10(h) - Fourth Amendment to Executive Salary Continuation Agreement by and between NCB and David L. Andreas dated December 31, 1995. [Incorporated herein by reference to Exhibit 10(h) to the 1995 Form 10-K.]

10(i) - Change in Control Agreement by and between NCBC, NCB, and Thomas J. Freed dated as of November 19, 1996. [Incorporated herein by reference to Exhibit 10(i) to the 1996 Form 10-K.]

10(j) - Employment Agreement, dated December 4, 1997, by and between DBCI and Robert L. Olson. [Incorporated herein by reference to Exhibit 10(j) to the 1997 Form 10-K.]

10(k) - Seventh Amendment to Executive Salary Continuation Agreement by and between NCB and Thomas J. Freed dated as of March 9, 2000.

10(k) - Seventh Amendment to Executive Salary Continuation Agreement by and between NCB and David L. Andreas dated as of March 9, 2000.

11 - Computation of Basic Earnings Per Share.

13 - Annual Report to Stockholders (only those portions incorporated herein by reference shall be deemed filed with the Commission).

22 - Subsidiaries of Registrant are listed and described in PART I, Item 1.

23 - Consent of Ernst & Young, LLP.

27 - Financial Data Schedule

Copies of the exhibits will be furnished upon request and payment of registrant's reasonable expenses in furnishing the exhibits.

(b) Reports on Form 8-K

A report on Form 8-K was filed during the quarter ended December 31, 1999.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

NATIONAL CITY BANCORPORATION

Date: March 17, 2000 /s/ David L. Andreas

David L. Andreas, Chief Executive Officer

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

Date: March 17, 2000 /s/ David L. Andreas

David L. Andreas, Chief Executive Officer
(Principal Executive Officer)

Date: March 17, 2000 /s/ Thomas J. Freed

Thomas J. Freed, Secretary and Chief Financial Officer
(Principal Financial and Accounting Officer)

Date: March 17, 2000 /s/ David C. Malmberg

David C. Malmberg, Chairman of the Board

Date: March 17, 2000 /s/ Wendell R. Anderson

Wendell R. Anderson, Director

Date: March 17, 2000 /s/ Terry L. Andreas

Terry L. Andreas, Director

Date: March 17, 2000

Michael J. Boris, Director

Date: March 17, 2000 /s/ Marvin Borman

Marvin Borman, Director

Date: March 17, 2000

Sharon N. Bredeson, Director

Date: March 17, 2000 /s/ Kenneth H. Dahlberg

Kenneth H. Dahlberg, Director

Date: March 17, 2000

John H. Daniels, Jr., Director

Date: March 17, 2000 /s/ James B. Goetz, Sr.

James B. Goetz, Sr., Director

Date: March 17, 2000 /s/ Esperanza Guerrero-Anderson

Esperanza Guerrero-Anderson, Director

Date: March 17, 2000 /s/ Thomas E. Holloran

Thomas E. Holloran, Director

Date: March 17, 2000

C. Bernard Jacobs, Director

Date: March 17, 2000 /s/ Walter E. Meadley, Jr.

Walter E. Meadley, Jr., Director

Date: March 17, 2000 /s/ Robert L. Olson

Robert L. Olson, Director

Date: March 17, 2000 /s/ Roger H. Scherer

Roger H. Scherer, Director

NATIONAL CITY BANCORPORATION AND SUBSIDIARIES

INDEX TO EXHIBITS

EXHIBIT NUMBER	DESCRIPTION	SUBSEQUENTLY NUMBERED PAGE
11	Computation of Basic Earnings Per Share.	
13	Annual Report to Stockholders (only those portions incorporated herein by reference shall be deemed filed with the Commission).	
22	Subsidiaries of Registrant are listed and described in PART I, Item 1.	
23	Consent of Ernst & Young, LLP.	
27	Financial Data Schedule	

EXHIBIT 10(k)

SEVENTH AMENDMENT TO
EXECUTIVE SALARY CONTINUATION AGREEMENT

THIS AMENDMENT is made and entered into as of the 9th day of March, 2000, as an amendment to the Executive Salary Continuation Agreement dated June 5, 1986, (hereinafter called the "Agreement"), by and between NATIONAL CITY BANK OF MINNEAPOLIS (hereinafter called the "Bank"), and Thomas J. Freed (hereinafter called the "Executive"); and this Amendment supersedes the Sixth Amendment to such Agreement, dated August 2, 1999.

WHEREAS, the Executive remains in the employ of the Bank; and both the Bank and the Executive desire to amend the Agreement; and

WHEREAS, the Bank wishes (1) to remove the limitation on payment of benefits under the Agreement so that the benefit under the Agreement will no longer take into account the benefit provided under the Bank's cash balance pension plan; and (2) to provide that the benefit under the Agreement will be determined under a formula rather than stated as a fixed dollar amount;

NOW, THEREFORE, in consideration of the services to be performed by the Executive in the future, as well as the mutual promises herein contained, the parties hereto agree to amend the Agreement as follows:

1. Paragraph 1.1 of Article I (entitled "NORMAL RETIREMENT OR DISABILITY") is hereby amended to read as follows:

> 1.1) Amount and Terms of Payment. For purposes of this Paragraph 1.1, the term "normal retirement date" shall mean the date on which the Executive attains sixty-five (65); the term "disability retirement date" shall mean the date on which the Executive terminates employment with the Bank due to his disability (as defined in Paragraph 1.4); and "base salary" shall include any base salary paid by the Bank, any of its subsidiaries and its parent company. In consideration of the Executive's remaining employed by the Bank until his normal retirement date or, if earlier, his disability retirement date (the "applicable date"), the Bank agrees that from and after the Executive's normal retirement date, subject to the following sentence of this Paragraph 1.1, the Bank shall thereafter pay to the Executive an annual amount equal to 50% (fifty percent) of the Executive's base salary as of the December 31st coinciding with or immediately preceding the applicable date, for a period of fifteen (15) years from and after the Executive's normal retirement date, payable in equal monthly installments commencing with the first day of the first month following the Executive's

normal retirement date. However, if the Executive remains employed by the Bank after his normal retirement date, payment of the annual dollar amount that would have been payable upon his retirement at his normal retirement date shall be deferred, shall commence with the first day of the first month following the date of his actual retirement from the active service of the Bank (without any adjustment for that delay or any change in his base salary after the December 31st coinciding with or immediately preceding his normal retirement date) and shall be payable in the same manner and for the same period of time as provided

in the preceding sentence.

2. Paragraph 1.2 (entitled "Continuation of Payment to Beneficiary") of Article I is hereby amended by deleting the phrase "the sum of sixty-three thousand seven hundred twenty-five dollars ($63,725) per annum" and inserting in its place the phrase "the annual payment amount described in Paragraph 1.1."

3. Paragraph 1.3 of Article I is hereby amended to read as follows:

1.3) Limitation on Payment. Effective July 1, 1999, there is no limitation on the annual payment amount specified in Paragraph 1.1.

4. Paragraph 2.4 of Article II (entitled "EARLY RETIREMENT") is hereby amended to read as follows:

2.4) Limitation on Payment. Effective July 1, 1999, there is no limitation on the annual accrued benefit payment amount (whether determined from Column I or Column II of Schedule A or as it might otherwise be adjusted pursuant to Paragraph 2.2).

5. Paragraph 3.1 (entitled "Amount and Terms of Payment") of Article III (entitled "DEATH BENEFIT") is hereby amended by deleting the phrase "the sum of sixty-three thousand seven hundred twenty-five dollars ($63,725) per annum" and inserting in its place the phrase "an annual amount equal to 50% (fifty percent) of the Executive's base salary (as described in Paragraph 1.1) as of the December 31 immediately preceding the earlier of (a) the date of death of the Executive while in the employ of the Bank or (b) the date of the termination of service with the Bank by the Executive due to disability (as hereinafter defined),".

6. Schedule A of the Agreement is hereby deleted in its entirety and replaced by the attached Amended Schedule A, dated as of the date hereof.

7. All of terms and conditions of the Agreement remain unchanged and are hereby affirmed by the Bank and the Executive.

[SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF, the parties hereto have executed this Amendment to the Agreement as of the date first above written.

NATIONAL CITY BANK OF MINNEAPOLIS

By /s/ David L. Andreas
As its President and Chief Executive Officer

ATTEST:

/s/ Thomas J. Freed
Secretary

"BANK"

/s/ Thomas J. Freed
Printed Name: Thomas J. Freed
"EXECUTIVE"

SCHEDULE A
TO SALARY CONTRIBUTION AGREEMENT

Column I
Annual Accrued Benefit Payment Amount Payable at Age Sixty-five (or Death) After Early Retirement
Such annual amount shall be determined by accumulating the existing Theoretical Reserve (as defined below), as of the date of termination of the Executive's employment, until the date the Executive attains age 65 at ten percent (10%) annual interest (compounded monthly). The resulting accumulated balance is then annuitized for a period of fifteen (15) years at the same annual interest rate (compounded monthly). The resulting annual accrued benefit payment amount is paid monthly for a period of fifteen (15) years, commencing at age 65.
Column II
Reduced Annual Accrued Benefit Payment Amount Payable Immediately Upon Early Retirement

Such annual amount shall be equal to the existing Theoretical Reserve (as defined below), as of the date early payments are approved to begin to the Executive, annuitized for a period of fifteen (15) years at ten percent (10%) annual interest (compounded monthly). The resulting reduced annual accrued benefit payment is paid monthly for a period of fifteen (15) years, commencing as of the date early payments are approved to begin.

DEFINITIONS

"Theoretical Reserve" means the dollar amount that would be available in a reserve fund if, for each year from the original effective date of this Salary Continuation Agreement (the "Agreement"), the Bank made a Theoretical Contribution (as defined below) to the reserve fund on the Executive's behalf.

"Theoretical Contribution" means, for any year during which the Agreement is in effect, is a contribution assumed to be made by the Bank and determined by using the individual level premium funding method, from the age at which the Executive was first covered by the Agreement until the Executive attains age sixty-five (65), to fund the Executive's entire anticipated benefit under the Agreement, assuming the Executive remains employed by the Bank during that period. The calculation of the Theoretical Contribution as of any date applies from the effective date of the Agreement until the Executive attains age sixty-five (65) years, based on the benefit due under Paragraph 1.1 of the Agreement, determined using the Executive's base salary as of that date.

EXHIBIT 10(l)

SEVENTH AMENDMENT TO
EXECUTIVE SALARY CONTINUATION AGREEMENT

THIS AMENDMENT is made and entered into as of the 9th day of March, 2000, as an amendment to the Executive Salary Continuation Agreement dated June 5, 1986, (hereinafter called the "Agreement"), by and between NATIONAL CITY BANK OF MINNEAPOLIS (hereinafter called the "Bank"), and David L. Andreas (hereinafter called the "Executive"); and this Amendment supersedes the Sixth Amendment to such Agreement, dated August 2, 1999.

WHEREAS, the Executive remains in the employ of the Bank; and both the Bank and the Executive desire to amend the Agreement; and

WHEREAS, the Bank wishes (1) to remove the limitation on payment of benefits under the Agreement so that the benefit under the Agreement will no longer take into account the benefit provided under the Bank's cash balance pension plan; and (2) to provide that the benefit under the Agreement will be determined under a formula rather than stated as a fixed dollar amount;

NOW, THEREFORE, in consideration of the services to be performed by the Executive in the future, as well as the mutual promises herein contained, the parties hereto agree to amend the Agreement as follows:

1. Paragraph 1.1 of Article I (entitled "NORMAL RETIREMENT OR DISABILITY") is hereby amended to read as follows:

> 1.1) Amount and Terms of Payment. For purposes of this Paragraph 1.1, the term "normal retirement date" shall mean the date on which the Executive attains sixty-five (65); the term "disability retirement date" shall mean the date on which the Executive terminates employment with the Bank due to his disability (as defined in Paragraph 1.4); and "base salary" shall include any base salary paid by the Bank, any of its subsidiaries and its parent company. In consideration of the Executive's remaining employed by the Bank until his normal retirement date or, if earlier, his disability retirement date (the "applicable date"), the Bank agrees that from and after the Executive's normal retirement date, subject to the following sentence of this Paragraph 1.1, the Bank shall thereafter pay to the Executive an annual amount equal to 50% (fifty percent) of the Executive's base salary as of the December 31st coinciding with or immediately preceding the applicable date, for a period of fifteen (15) years from and after the Executive's normal retirement date, payable in equal monthly installments commencing with the first day of the first month following the Executive's

normal retirement date. However, if the Executive remains employed by the Bank after his normal retirement date, payment of the annual dollar amount that would have been payable upon his retirement at his normal retirement date shall be deferred, shall commence with the first day of the first month following the date of his actual retirement from the active service of the Bank (without any adjustment for that delay or any change in his base salary after the December 31st coinciding with or immediately preceding his normal retirement date) and shall be payable in the same manner and for the same period of time as provided

in the preceding sentence.

2. Paragraph 1.2 (entitled "Continuation of Payment to Beneficiary") of Article I is hereby amended by deleting the phrase "the sum of one-hundred thirty-five thousand eight hundred twenty-eight dollars ($135,828) per annum" and inserting in its place the phrase "the annual payment amount described in Paragraph 1.1."

3. Paragraph 1.3 of Article I is hereby amended to read as follows:

1.3) Limitation on Payment. Effective July 1, 1999, there is no limitation on the annual payment amount specified in Paragraph 1.1.

4. Paragraph 2.4 of Article II (entitled "EARLY RETIREMENT") is hereby amended to read as follows:

2.4) Limitation on Payment. Effective July 1, 1999, there is no limitation on the annual accrued benefit payment amount (whether determined from Column I or Column II of Schedule A or as it might otherwise be adjusted pursuant to Paragraph 2.2).

5. Paragraph 3.1 (entitled "Amount and Terms of Payment") of Article III (entitled "DEATH BENEFIT") is hereby amended by deleting the phrase "the sum of one-hundred thirty-five thousand eight hundred twenty-eight dollars ($135,828) per annum" and inserting in its place the phrase "an annual amount equal to 50% (fifty percent) of the Executive's base salary (as described in Paragraph 1.1) as of the December 31 immediately preceding the earlier of (a) the date of death of the Executive while in the employ of the Bank or (b) the date of the termination of service with the Bank by the Executive due to disability (as hereinafter defined),".

6. Schedule A of the Agreement is hereby deleted in its entirety and replaced by the attached Amended Schedule A, dated as of the date hereof.

7. All of terms and conditions of the Agreement remain unchanged and are hereby affirmed by the Bank and the Executive.

[SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF, the parties hereto have executed this Amendment to the Agreement as of the date first above written.

NATIONAL CITY BANK OF MINNEAPOLIS

By /s/ David C. Malmberg

As its: Chairman of the Board

ATTEST:

/s/ Thomas J. Freed "BANK"

Secretary

/s/ David L. Andreas

Printed Name: David L. Andreas

"EXECUTIVE"

SCHEDULE A
TO SALARY CONTRIBUTION AGREEMENT

Column I
Annual Accrued Benefit Payment Amount Payable at Age Sixty-five (or Death) After Early Retirement
Such annual amount shall be determined by accumulating the existing Theoretical Reserve (as defined below), as of the date of termination of the Executive's employment, until the date the Executive attains age 65 at ten percent (10%) annual interest (compounded monthly). The resulting accumulated balance is then annuitized for a period of fifteen (15) years at the same annual interest rate (compounded monthly). The resulting annual accrued benefit payment amount is paid monthly for a period of fifteen (15) years, commencing at age 65.
Column II
Reduced Annual Accrued Benefit Payment Amount Payable Immediately Upon Early Retirement

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Such annual amount shall be equal to the existing Theoretical Reserve (as defined below), as of the date early payments are approved to begin to the Executive, annuitized for a period of fifteen (15) years at ten percent (10%) annual interest (compounded monthly). The resulting reduced annual accrued benefit payment is paid monthly for a period of fifteen (15) years, commencing as of the date early payments are approved to begin.

DEFINITIONS

"Theoretical Reserve" means the dollar amount that would be available in a reserve fund if, for each year from the original effective date of this Salary Continuation Agreement (the "Agreement"), the Bank made a Theoretical Contribution (as defined below) to the reserve fund on the Executive's behalf.

"Theoretical Contribution" means, for any year during which the Agreement is in effect, is a contribution assumed to be made by the Bank and determined by using the individual level premium funding method, from the age at which the Executive was first covered by the Agreement until the Executive attains age sixty-five (65), to fund the Executive's entire anticipated benefit under the Agreement, assuming the Executive remains employed by the Bank during that period. The calculation of the Theoretical Contribution as of any date applies from the effective date of the Agreement until the Executive attains age sixty-five (65) years, based on the benefit due under Paragraph 1.1 of the Agreement, determined using the Executive's base salary as of that date.

NATIONAL CITY BANCORPORATION AND SUBSIDIARIES EXHIBIT 11

COMPUTATION OF BASIC EARNINGS PER SHARE (IN THOUSANDS EXCEPT PER SHARE DATA)
YEARS ENDED DECEMBER 31, 1999, 1998 AND 1997

	1999	1998	1997
Net earnings applicable to common stock	$16,627	$15,664	$13,722
Weighted average common shares outstanding*	8,766,727	8,855,348	8,901,415
Basic earnings per share	$1.90	$1.77	$1.54

*Adjusted for stock dividends

EXHIBIT 13

NATIONAL CITY BANCORPORATION

1999 ANNUAL REPORT

[GRAPHICS OMITTED]

This year's annual report cover was designed by Minneapolis College of Art and Design (MCAD) senior graphic design student, Rosie Gatto. She divides her academic program time between design and professinal practice at the college's in-house design studio, MCAD DesignWorks. Rosie will gain a BFA in Graphic Design from MCAD in the spring of 2000. After graduation, Rosie hopes to secure a junior design position at a Twin Cities studio. Regarding her objectives for the concept and design of this annual report cover, says Gatto, "I worked with forms and colors established in National City Bancorporation's identity system. Colors and shapes call attention to the photograph which illustrates the importance of personalized, business to business relationships at National City Bancorporation."

A program of the college's design division, MCAD DesignWorks is committed to providing professional opportunities to outstanding students of graphic design, illustration, advertising and interactive multimedia. The studio offers professional practice opportunities to students and provides creative solutions to Minnesota's non-profit and business communities.

National City Bancorporation's work with DesignWorks is one of the many ways we support MCAD, an internationally recognized non-profit, accredited college of art and design. Our community benefits when businesses and community leaders support arts and education. We are all richer for these relationships.

For more information about MCAD DesignWorks call Pamela Arnold, Coordinator, at (612) 874-3767, or e-mail: pamela_arnold@mn.mcad.edu.

FINANCIAL HIGHLIGHTS

(IN THOUSANDS EXCEPT PER SHARE DATA)	1999	1998
For the Year		
Net interest income	$ 49,377	$ 47,552
Net earnings	16,627	15,664
Basic earnings per share	1.90	1.77
At Year End		
Total assets	$1,140,180	$1,025,682
Loans	838,585	766,109
Deposits	614,308	517,494
Stockholders' equity	151,949	147,288
Book value per share	17.39	16.71

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NATIONAL CITY BANCORPORATION

National City Bancorporation (NCBC) (the Company) is a bank holding company headquartered in Minneapolis, Minnesota. NCBC owns National City Bank of Minneapolis (the "Bank") which has three offices in metropolitan Minneapolis. NCBC also owns Diversified Business Credit, Inc. (DBCI), a commercial finance company.

FORM 10-K

The consolidated financial statements and related footnotes and certain other information included in this Annual Report will be incorporated by reference in the Company's Annual Report on Form 10-K to the Securities and Exchange Commission. A copy of the Form 10-K report is available free of charge upon written request to the Company, attention: David L. Andreas, President and Chief Executive Officer, National City Bancorporation, 651 Nicollet Mall, Minneapolis, Minnesota 55402-1611.

STOCK TRANSFER AGENT AND REGISTRAR

National City Bank of Minneapolis, Gaviidae Common, 651 Nicollet Mall, Minneapolis, Minnesota 55402-1611.

ANNUAL MEETING

The annual meeting of Stockholders will be held in the Company's offices on the fifth floor of Gaviidae Common, 651 Nicollet Mall, Minneapolis, Minnesota, on Wednesday, April 19, 2000, at 11:00 a.m.

MARKET FOR COMMON STOCK

NCBC's common stock is traded on The NASDAQ Stock Market- under the symbol NCBM. There are currently approximately 2300 registered stockholders.

[PRINTED WITH SOY INK] [RECYCLED PAPER]

This annual report is printed with soy ink on recycled paper. All papers meet or exceed the current E.P.A. guidelines for recycled paper. To help our environment, please recycle this publication.

REPORT TO STOCKHOLDERS

To Our Stockholders:

In 1999, National City Bancorporation achieved very good results, keeping with our commitment to deliver continuing, consistent and improved performance. We earned $16,627,000 for the year, six percent above the prior year's record earnings of $15,664,000. Earnings per share were $1.90, compared with $1.77 for 1998. As in 1997, earnings included a state income tax refund related to taxes paid in prior years. The refund was $1,233,000 with an after-tax effect of approximately $769,000. Without the tax refund, net earnings for 1999 would have been $15,858,000, or $1.81 per share, for the 12-month period.

On a consolidated basis, net interest income growth occurred through increases in average earning assets, despite greater funding costs. Our 1999 rate spread was 3.84 percent, down from 3.92 percent in 1998. Last year, a larger percentage of bank asset funding came from brokered deposits, which will continue to be an important funding option for the bank's growth. Typically, we fund the growth of Diversified Business Credit Inc. (DBCI), our commercial finance company, through the sale of commercial paper. However during 1999, we restructured DBCI's funding by raising additional long-term debt to a total of $176 million, thereby reducing our reliance on the sale of commercial paper.

For the three years leading up to the end of 1999, we dedicated substantial time and resources to preparing for the Y2K computer issue or "years digits" problem. In addition to solving the narrow issue of compliance, we addressed our greater need for system design and update to make progress on our Information Strategy Plan (ISP). As soon as the security of our operation was assured following year-end, we turned to accelerating our progress on completion of the ISP. This bank project uses many of the company resources developed during the Y2K project to design and install an integrated operating system for the company. It will allow us to operate at an even more effective level with our customers anytime, anywhere and in many ways, consistent with the fast-moving world of the Internet and browser-based delivery of services and information. The bank has experienced excellent results and customer reception with our first secured, web-delivered treasury management tool, OptiLINK, which was introduced in early 1999. This capability sets the standard for expanding our ability to serve our customers without increasing our operating expense ratios.

During the fourth quarter, we addressed an issue related to restatement of prior years' accounting for the allowance for loan losses associated with DBCI. We amended our 1998 financial reports and incorporated appropriate changes in operating controls, personnel responsibilities, accounting and audit procedures, and oversight by the DBCI credit committee. Aggregate changes in the financial statements were not required, but any change in financial reporting is material, and we worked closely with our independent auditors and our examining regulators to bring about a resolution.

As we enter this new millennium, we renew our focus on serving mid-sized businesses and their owners and employees. Our continuing goals are to: provide high-quality service at a reasonable cost, maintain a strong commitment to the communities in which we operate, and make a difference in the well-being of others. Through the development of innovative solutions, we will continue to be an informed and capable source for financial services. Looking ahead, we will consistently improve our operating results through effective use of technology, balanced with a high level of personal service, to solve our customers' challenges.

Sincerely,

/s/ David C. Malmberg   /s/ David L. Andreas

David C. Malmberg   David L. Andreas
Chairman of the Board   President and Chief Executive Officer

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CONSOLIDATED BALANCE SHEETS

<TABLE>
<CAPTION>

(IN THOUSANDS EXCEPT NUMBER OF SHARES)	DECEMBER 31, 1999	DECEMBER 31, 1998
<S>	<C>	<C>
ASSETS		
Cash and due from banks	$ 36,997	$ 52,271
Federal funds sold and resale agreements	55,655	6,100
Available-for-sale securities	135,340	133,897
Held-to-maturity securities (market value: 1999 - $45,297 and 1998 - $41,569)	46,572	41,255
Loans	838,585	766,109
Less allowance for loan losses	(13,883)	(13,785)
	824,702	752,324
Bank premises and equipment	8,921	10,399
Accrued interest receivable	7,600	7,499
Customer acceptance liability	1,424	824
Other assets	22,969	21,113
	$1,140,180	$1,025,682
LIABILITIES AND STOCKHOLDERS' EQUITY		
Deposits:		
Non-interest bearing	$ 166,039	$ 165,598
Interest bearing	448,269	351,896
	614,308	517,494
Federal funds purchased and repurchase agreements	89,950	98,702
Commercial paper	38,777	99,396
Other short-term borrowed funds	45,053	12,663
Acceptances outstanding	1,424	824
Other liabilities	22,719	10,315
Long-term debt	176,000	139,000
Total liabilities	988,231	878,394
Stockholders' equity:		

Common stock, par value $1.25, authorized 40,000,000 shares Issued: 1999 - 8,861,944 shares; 1998 - 8,861,944 shares	11,077	11,077
Additional paid-in capital	121,982	121,982
Unrealized gains (losses) net of tax effect	(1,883)	913
Retained earnings	23,735	14,470
	154,911	148,442
Less common stock in treasury at cost: 1999 - 125,222 shares; 1998 - 45,030 shares	(2,962)	(1,154)
Total stockholders' equity	151,949	147,288
	$1,140,180	$1,025,682

</TABLE>

See Notes To Consolidated Financial Statements

CONSOLIDATED STATEMENTS OF EARNINGS

<TABLE>
<CAPTION>

	YEAR ENDED DECEMBER 31,		
(IN THOUSANDS EXCEPT PER SHARE DATA)	1999	1998	1997
<S>	<C>	<C>	<C>
INTEREST INCOME			
Interest and fees on loans	$ 76,779	$ 73,040	$ 66,910
Interest on federal funds sold and resale agreements	691	1,092	1,450
Interest and dividends on securities:			
Taxable	10,664	11,443	11,440
Exempt from federal income taxes	262		
	10,926	11,443	11,440
Total interest income	88,396	85,575	79,800
INTEREST EXPENSE			
Interest on deposits	17,043	16,393	16,281
Interest on short-term borrowed funds	12,325	15,275	15,069
Interest on long-term debt	9,651	6,355	3,941
Total interest expense	39,019	38,023	35,291
Net interest income	49,377	47,552	44,509
Provision for loan losses	3,480	2,890	4,819
Net interest income after provision for loan losses	45,897	44,662	39,690
NON-INTEREST INCOME			
Service charges on deposit accounts	2,433	2,145	2,195
Fees for other customer services	1,775	1,635	1,698
Trust fees	4,512	4,641	4,801
State income tax refund	1,233		1,369
Other income	744	821	1,327
	10,697	9,242	11,390
NON-INTEREST EXPENSE			
Salaries and employee benefits	16,379	15,238	15,110
Net occupancy expense of bank premises	3,308	3,062	3,194
Equipment rentals, depreciation and maintenance	3,531	3,512	3,648
Other expense	5,873	6,237	6,313
	29,091	28,049	28,265
Earnings before income taxes	27,503	25,855	22,815
Income taxes	10,876	10,191	9,093
Net earnings	$ 16,627	$ 15,664	$ 13,722
BASIC EARNINGS PER SHARE	$ 1.90	$ 1.77	$ 1.54

Average common and common equivalent shares outstanding	8,766,727	8,855,348	8,901,415

</TABLE>

See Notes To Consolidated Financial Statements

CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY

<TABLE>
<CAPTION>

	COMMON STOCK					TREASURY STOCK		
(IN THOUSANDS EXCEPT NUMBER OF SHARES)	NUMBER OF SHARES	AMOUNT	ADDITIONAL PAID-IN CAPITAL	RETAINED EARNINGS	UNREALIZED GAINS (LOSSES)	NUMBER OF SHARES	AMOUNT	TOTAL
<S>	<C>	<C>	<C>	<C>	<C>	<C>		<C>
Balance at January 1, 1997	7,374,520	$ 9,218	$79,199	$ 31,243	$ (405)	16		$119,255
Net earnings for the year				13,722				13,722
Ten percent stock dividend	736,374	921	15,558	(16,500)				(21)
Unrealized securities gains net of tax effect					829			829
Cancellation of treasury stock	(58)		(1)	(1)		(58)	$ 1	(1)
Purchase of treasury stock						33,595	(857)	(857)
Balance at December 31, 1997	8,110,836	10,139	94,756	28,464	424	33,553	(856)	132,927
Net earnings for the year				15,664				15,664
Ten percent stock dividend	804,574	1,005	27,961	(29,006)				(40)
Unrealized securities gains net of tax effect					489			489
Cancellation of treasury stock	(53,466)	(67)	(735)	(652)		(53,466)	1,454	
Purchase of treasury stock						64,943	(1,752)	(1,752)
Balance at December 31, 1998	8,861,944	11,077	121,982	14,470	913	45,030	(1,154)	147,288
Net earnings for the year				16,627				16,627
Cash dividend				(7,362)				(7,362)
Unrealized securities (losses) net of tax effect					(2,796)			(2,796)
Purchase of treasury stock						80,192	(1,808)	(1,808)
Balance at December 31, 1999	8,861,944	$11,077	$121,982	$ 23,735	$ (1,883)	125,222	$ (2,962)	$151,949

</TABLE>

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

<TABLE>
<CAPTION>

	YEAR ENDED DECEMBER 31,		
(IN THOUSANDS)	1999	1998	1997
<S>	<C>	<C>	<C>
Total interest income	$88,396	$85,575	$79,800
Total interest expense	39,019	38,023	35,291
Net interest income	49,377	47,552	44,509
Provision for loan losses	3,480	2,890	4,819
Net interest income after provision for loan losses	45,897	44,662	39,690
Total non-interest income	10,697	9,242	11,390
Total non-interest expense	29,091	28,049	28,265
Earnings from operations before taxes	27,503	25,855	22,815
Applicable income taxes	10,876	10,191	9,093
Net earnings	16,627	15,664	13,722
Other comprehensive income, before tax:			
Unrealized gain (loss) on investments in securities	(4,697)	821	1,393
Applicable income tax	(1,901)	332	564
Other comprehensive income, net of tax	(2,796)	489	829
Comprehensive income	$13,831	$16,153	$14,551

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</TABLE>

See Notes to Consolidated Financial Statements

CONSOLIDATED STATEMENTS OF CASH FLOWS

<TABLE>
<CAPTION>

(IN THOUSANDS)	YEAR ENDED DECEMBER 31, 1999	1998	1997
Cash flows from operating activities:			
Net earnings	$ 16,627	$ 15,664	$ 13,722
Adjustments to reconcile net earnings to net cash from operating activities:			
Depreciation and amortization	2,757	2,927	3,245
Amortization of securities premiums and discounts	283	579	469
Provision for loan losses	3,480	2,890	4,819
(Increase) in accrued interest receivable	(101)	(239)	(954)
(Increase) decrease in other assets	(1,856)	3,268	(4,936)
Increase in other liabilities	12,404	1,229	1,421
Other decrease (increase)	1,842	(651)	(194)
Total operating adjustments	18,809	10,003	3,870
Net cash provided by operating activities	35,436	25,667	17,592
Cash flows from investing activities:			
Net (increase) in loans	(75,858)	(98,903)	(71,321)
Net (increase) decrease in federal funds sold	(49,555)	(2,360)	56,380
Available-for-sale securities:			
Proceeds from maturities and principal repayments	37,619	64,810	27,274
Purchases of securities	(44,006)	(57,114)	(34,476)
Held-to-maturity securities:			
Proceeds from maturities and principal repayments	12,102	17,865	9,233
Purchases of securities	(17,396)	(21,743)	(15,139)
Purchase of premises and equipment	(1,279)	(1,913)	(2,436)
Net cash (used in) investing activities	(138,373)	(99,358)	(30,485)
Cash flows from financing activities:			
Net (decrease) increase in non-interest bearing and savings deposits	(4,352)	31,333	2,151
Net increase (decrease) in time deposits	101,166	7,511	(43,132)
Net (decrease) increase in federal funds purchased and repurchase agreements	(8,752)	(5,697)	7,759
Net (decrease) increase in commercial paper	(60,619)	(19,685)	20,974
Net increase (decrease) in other short-term borrowed funds	32,390	(10,555)	11,852
Net increase in long-term debt	37,000	72,000	19,080
Purchase of treasury stock	(1,808)	(1,752)	(856)
Payment for fractional shares on stock dividends		(40)	(22)
Cash dividends paid	(7,362)		
Net cash provided by financing activities	87,663	73,115	17,806
Net increase (decrease) in cash and due from banks	(15,274)	(576)	4,913
Cash and due from banks at beginning of year	52,271	52,847	47,934
Cash and due from banks at end of year	$ 36,997	$ 52,271	$ 52,847
Supplemental disclosures			
Cash paid during the year for:			
Interest	$ 37,210	$ 36,306	$ 35,194
Income taxes	10,655	10,618	10,076

</TABLE>

See Notes to Consolidated Financial Statements

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

DESCRIPTION OF BUSINESS -- The Company's principal business is a bank holding company for National City Bank of Minneapolis which is a full service national bank offering a variety of loans, deposit programs, trust and related banking services. The Company's principal non-bank subsidiary is Diversified Business Credit, Inc., a commercial finance company.

PRINCIPLES OF CONSOLIDATION -- The consolidated financial statements include the accounts of the Company and its subsidiaries, after elimination of all material intercompany transactions and balances.

RISKS AND UNCERTAINTIES -- The preparation of the financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual experience could differ from those estimates.

SECURITIES -- Securities which the Company has the positive intent and ability to hold to maturity are reported as held-to-maturity securities. Securities in this category are stated at cost, adjusted for amortization of premiums and accretion of discounts over their remaining lives. Securities not classified as held-to-maturity securities are classified as available-for-sale securities and are reported at fair value, with unrealized gains and losses, net of tax, reported in a separate component of stockholders' equity and comprehensive income. Realized gains and losses on disposition of securities and declines in value judged to be other than temporary are computed on a specific identification method, and included in earnings.

LOANS -- Most of the Company's loans are to customers within Minnesota. Interest income on loans is accrued on the basis of unpaid principal. Loan and commitment fees are generally deferred and recognized over the loan and commitment period as a yield adjustment. Loans are generally placed on non-accrual status when the collection of interest or principal has become 90 days past due or collection is otherwise considered doubtful. When a loan is placed on non-accrual status, interest previously accrued and unpaid in the current year is reversed against current period interest income. Interest payments received on non-accrual loans are generally applied against principal unless the loan is well secured or in the process of collection.

ALLOWANCE FOR LOAN LOSSES -- The provision for loan losses is based on management's continuing evaluation of the loan portfolio, including estimates and appraisals of collateral values, and current economic conditions. Changes in the estimates, appraisals and evaluations might be required quickly in the event of changing economic conditions and the economic prospects of borrowers. The Company allocates the allowance for loan losses by identifying specific loans that have a possibility of loss or are impaired, and by applying a historical loss experience. The entire balance of the allowance is available to absorb losses on loans that become uncollectible.

BANK PREMISES AND EQUIPMENT -- Bank premises and equipment, including leasehold improvements, are carried at cost less accumulated depreciation and amortization. Depreciation and amortization are computed on the straight-line or double declining balance basis over the estimated useful life of the asset or lease term.

TREASURY STOCK -- The Company's board of directors has authorized the repurchase of shares from stockholders who have 99 or fewer shares. The board also authorized the repurchase of larger blocks of stock, from time to time.

INCOME TAXES -- Deferred income taxes are provided on all significant temporary differences between the tax basis of an asset or liability and its reported amount in the financial statements at currently enacted tax rates.

INTEREST RATE SWAPS -- The Company enters into interest rate swap transactions as a tool to manage its interest rate risk. Income or expense on swaps designated as hedges of assets or liabilities is recorded as an adjustment to interest income or expense. If the hedged instrument is terminated prior to maturity, the swap agreement is marked to market with any resulting gain or loss included in the gain or loss from the disposition. If the interest rate swap is terminated, the gain or loss is deferred and amortized over the remaining life of the specific asset or liability it was designated to hedge.

PER SHARE CALCULATION -- Basic earnings per share is calculated by dividing net income by the weighted average number of common shares outstanding during the year. Average common shares outstanding are retroactively adjusted to reflect the impact of stock dividends.

NEW ACCOUNTING PRONOUNCEMENT -- The Financial Accounting Standards Board issued in June, 1998 SFAS No. 133 "Accounting for Derivative Instruments and Hedging Activities". As amended by SFAS No. 137, SFAS No. 133 is effective for years beginning after June 15, 2000. SFAS No. 133 provides a comprehensive and consistent standard for the recognition and measurement of derivatives and hedging activities. The Company expects to adopt SFAS 133 for the year ending December 31, 2001 and is in the process of assessing its impact on the financial statements.

NOTE B. ESTIMATED FAIR VALUE

The following disclosure of the estimated fair value of financial instruments is made in accordance with the requirements of SFAS No. 107, "Disclosures about Fair Value of Financial Instruments"

	DECEMBER 31, 1999	
(IN THOUSANDS)	CARRYING AMOUNT	ESTIMATED FAIR VALUE
ASSETS:		
Cash and due from banks	$36,997	$36,997
Federal funds sold and resale agreements	55,655	55,655
Available-for-sale securities	135,340	135,340
Held-to-maturity securities	46,572	45,297
Loans-net of allowance for loan losses	824,702	823,175
LIABILITIES:		
Deposits	614,308	613,415
Federal funds purchased and repurchase agreements	89,950	89,935
Commercial paper and other short-term funds	83,830	83,770
Long-term debt	176,000	173,564
OFF-BALANCE SHEET UNREALIZED GAINS:		
Interest rate swap agreements		(2,873)

	DECEMBER 31, 1998	
(IN THOUSANDS)	CARRYING AMOUNT	ESTIMATED FAIR VALUE
ASSETS:		
Cash and due from banks	$52,271	$52,271
Federal funds sold and resale agreements	6,100	6,100
Available-for-sale securities	133,897	133,897
Held-to-maturity securities	41,255	41,569
Loans-net of allowance for loan losses	752,324	756,573
LIABILITIES:		
Deposits	517,494	518,331
Federal funds purchased and repurchase agreements	98,702	98,702
Commercial paper and other short-term funds	112,059	112,495
Long-term debt	139,000	144,581
OFF-BALANCE SHEET UNREALIZED GAINS:		
Interest rate swap agreements		5,071

The estimated fair value amounts have been determined by the Company using available market information and appropriate valuation methodologies. However, considerable judgement is required to interpret market data to develop the estimates of fair value. Accordingly, the estimates presented herein are not necessarily indicative of the amount the Company could realize in a current market exchange. The use of different market assumptions and/or estimation methodologies may have a material effect on the estimated fair value amounts.

CASH AND DUE FROM BANKS -- The carrying value of cash and due from banks approximates estimated fair value.

FEDERAL FUNDS SOLD, RESALE AGREEMENTS, FEDERAL FUNDS PURCHASED, AND REPURCHASE AGREEMENTS -- The carrying value of these instruments approximates estimated fair value.

SECURITIES -- Estimated fair values of securities are based primarily on quoted market prices or dealer quotes. If quoted market price is not available, fair value is estimated using quoted market prices for securities with similar characteristics.

LOANS -- Approximately 80% of the loans outstanding have variable rate pricing. Management segregates all loans into appropriate risk categories. For that portion of the portfolio for which there are no known credit concerns, management believes that the risk factor embedded in the pricing of loans results in a fair valuation of such loans at their carrying value. For that portion of the portfolio with an element of credit concern, the level of credit adjustment required in the marketplace approximates the valuation allowance for loan losses.

NOTE B. ESTIMATED FAIR VALUE (CONTINUED)

DEPOSITS -- The fair value of non-interest bearing deposits and savings accounts is the amount payable on demand at the reporting date. The fair value of fixed-maturity certificates of deposit is estimated using the rates currently offered in the marketplace for deposits of similar remaining maturities.

COMMERCIAL PAPER AND OTHER BORROWED FUNDS -- These short term borrowings generally mature in less than 90 days and carrying value is a reasonable estimate of fair value.

LONG-TERM DEBT -- The fair value of long-term debt is estimated using the rates currently available on debt with similar terms and similar remaining maturities.

INTEREST RATE SWAP AGREEMENTS -- The fair value is the estimated amount that the Company would receive or pay to execute a new agreement with terms identical to those remaining on the current agreement, considering current interest rates.

NOTE C. LOANS

The following loans were outstanding:

	DECEMBER 31,	
(IN THOUSANDS)	1999	1998
Commercial & Industrial	$570,879	$520,672
Real estate:		
Construction	31,967	24,196
Residential mortgage	42,096	40,074
Non-residential mortgage	111,794	92,769
Loans to individuals for personal expenditures	42,704	46,800
Other	39,145	41,598
	$838,585	$766,109

At December 31, 1999 and 1998, receivables from and standby letters of credit issued on behalf of commercial real estate developers and investors were approximately $131 million and $95 million, respectively. The credit risk associated with these loans is subject to changes in real estate market values. The properties held as collateral are primarily in the state of Minnesota.

The Company's non-bank subsidiary engages in asset-based lending and originates loans which are dependent on the value of the borrower's underlying collateral. Collateral typically includes accounts receivable, inventory and equipment. The total receivables from collaterally dependent loans was $298 million and $305 million at December 31, 1999 and 1998, respectively, secured by collateral against which the non-bank subsidiary has made advances pursuant to its loan agreements with an estimated fair value of $366 million and $369 million, respectively.

An analysis of the allowance for loan losses is presented below:

	YEAR ENDED DECEMBER 31,		
(IN THOUSANDS)	1999	1998	1997
Balance at beginning of period	$13,785	$14,283	$10,111
Provision charged to operating expense	3,480	2,890	4,819
Charge-offs	(3,560)	(3,444)	(1,179)
Recoveries	178	56	532
Balance at end of period	$13,883	$13,785	$14,283

In the opinion of management, the allowance for loan losses is adequate to provide for known and estimated exposures in the loan portfolio at each of the respective balance sheet dates.

At December 31, 1999, the Company had five impaired commercial loans under SFAS No. 114 totaling $15,714,000 compared with seven loans totaling $16,736,000 at December 31, 1998. Management has allocated $4,450,000 and $7,027,000 for 1999 and 1998, respectively, of the Allowance for Loan Losses to these loans. Impaired loans averaged $10,621,000 and $15,147,000 during 1999 and 1998, respectively. Interest payments received on non-accrual impaired loans are generally applied against principal unless the loan is well secured or in the process of collection. Non-accrual, impaired, renegotiated and loans past due 90 days or more were $16,257,000 and $17,671,000 at December 31, 1999 and 1998, respectively. Gross interest income would have been increased by approximately $803,000, $636,000, and $95,000 for the years ended December 31, 1999, 1998 and 1997, respectively, had such loans been current and in accordance with original terms. Interest income recognized on impaired accruing loans was approximately $606,000, $1,273,000, and $470,000 at December 31, 1999, 1998, and 1997, respectively. Nonperforming status is not necessarily an indication of probable loss.

Loans carried at $85,352,000 were pledged at December 31, 1999 to secure borrowings in the form of Federal Home Loan Bank and Federal Reserve Bank advances. No loans were pledged at December 31, 1998.

Loans to principal officers and directors of the Company and its subsidiaries aggregated approximately $5,653,000, $8,266,000, and $8,552,000 at December 31, 1999, 1998, and 1997, respectively. New loans and repayments during 1999 were $5,308,000 and $7,921,000, respectively. In the opinion of management, all such loans are made at normal interest rates and terms.

NOTE D. BANK PREMISES AND EQUIPMENT

(IN THOUSANDS)	DECEMBER 31, 1999	1998
Assets, at cost:		
Land	$ 183	$ 183
Buildings	1,296	1,229
Leasehold improvements	2,667	2,622
Equipment	18,110	17,280
	22,256	21,314
Accumulated depreciation:		
Buildings	648	585
Leasehold improvements	1,298	1,060
Equipment	11,389	9,270
	13,335	10,915
	$8,921	$10,399

NOTE E. DEPOSITS

Approximately $187,037,000 and $112,897,000 of interest bearing time deposits were in denominations of $100,000 or more at December 31, 1999 and 1998, respectively. The scheduled maturities of time deposits at December 31, 1999 are summarized as follows:

(IN THOUSANDS)	LESS THAN $100,000	$100,000 OR MORE
3 months or less	$ 26,601	$ 58,769
3 - 6 months	17,546	42,807
6 - 12 months	26,304	62,989
1 - 2 years	31,989	20,235
2 - 3 years	9,867	1,415
3 - 5 years	3,786	822
over 5 years	77	
	$116,170	$187,037

NOTE F. SHORT-TERM BORROWINGS

Short-term borrowings include federal funds purchased, securities sold under agreements to repurchase, treasury tax and loan deposits, Federal Home Loan Bank advances and commercial paper. Federal funds purchased generally mature the day following the date of purchase, while securities sold under agreements to repurchase generally mature within 30 days from the various dates of sale. The Company had unsecured lines of credit available in the amount of $140,000,000 at December 31, 1999, 1998 and 1997. There were no borrowings under the lines on these dates. The lines contain covenants, which require the Company to maintain certain levels of capitalization and maintain debt to capitalization ratios within prescribed limits.

The following information relates to aggregate short-term borrowings:

	DECEMBER 31,		
(IN THOUSANDS)	1999	1998	1997
Maximum amount outstanding at any month end:			
Federal funds & repurchase	$133,181	$163,128	$156,104
Commercial paper	117,584	138,323	137,714
Other	104,576	27,388	26,332
Daily average amount outstanding:			
Federal funds & repurchase	123,714	145,095	133,366
Commercial paper	75,035	115,197	118,154
Other	34,827	17,488	17,047
Weighted average interest rate for full year:			
Federal funds & repurchase	4.53%	4.91%	4.99%
Commercial paper	5.53%	6.01%	6.04%
Other	6.08%	5.40%	5.82%
Outstanding at year-end:			
Federal funds & repurchase	89,950	98,702	104,399
Commercial paper	38,777	99,396	119,081
Other	45,053	12,663	23,218
Weighted average interest rate on debt outstanding as of December 31:			
Federal funds & repurchase	3.96%	4.03%	5.43%
Commercial paper	6.06%	5.75%	5.92%
Other	5.45%	5.11%	5.33%

NOTE G. LONG-TERM DEBT

	DECEMBER 31,	
(IN THOUSANDS)	1999	1998
Diversified Business Credit, Inc.		
Senior Notes		
Series A, 8.18%, due 1999		$ 23,000
Series B, 8.45%, due 2001	$ 24,000	24,000
Series C, 7.84%, due 2007	10,000	10,000
Series D, 7.15%, due 2004	5,000	5,000
Series E, 7.22%, due 2007	5,000	5,000
Series F, 6.68%, due 2003	51,000	51,000
Series G, 6.79%, due 2005	11,000	11,000
Series H, 8.36%, due 2004	70,000	
Federal Home Loan Bank Advance, 5.81%, due 2000		10,000
Total	$176,000	$139,000

The Company has entered into interest rate swap agreements to effectively convert the Senior Notes to floating rate instruments. At December 31, 1999, the weighted average effective interest rate for the Senior Notes Series B, including the effects of the related swap agreements is the one month LIBOR rate plus 104 basis points, or 6.86%. The weighted average effective interest rate for the Senior Notes Series C, D, E, F, G, and H including the effects of the related swap agreements, is the three month LIBOR rate plus 119 basis points or 7.19%.

NOTE G. LONG-TERM DEBT (CONTINUED)

The Senior Notes are unsecured and are unconditionally guaranteed by the parent company.

The Senior Notes include covenants which require Diversified Business Credit, Inc. and the parent company to maintain certain levels of capitalization and maintain debt to capitalization ratios within prescribed limits.

NOTE H. INCOME TAXES

The components of income tax expense were:

(IN THOUSANDS)	1999	1998	1997
Current:			
Federal	$ 8,942	7,860	8,383
State	2,223	2,013	2,079
	11,165	9,873	10,462
Deferred:			
Federal	(219)	239	(1,027)
State	(70)	79	(342)
	(289)	318	(1,369)
	$10,876	10,191	$9,093

Deferred income taxes reflect the net tax effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes. Significant components of the Company's deferred tax assets and liabilities are as follows:

	DECEMBER 31,	
(IN THOUSANDS)	1999	1998
Deferred tax assets:		
Loan loss reserve	$5,618	$5,579
Salary continuation plan	1,075	994
Loan fees		21
Nondeductible expenses	25	20
Unrealized losses on securities	1,280	
Total deferred tax assets	7,998	6,614
Deferred tax liabilities:		
Retirement plan	1,334	1,256
Prepaid expenses	131	111
Tax over book depreciation	432	482
Security discounts	25	14
Unrealized gains on securities		620
Total deferred tax liabilities	1,922	2,483
Net deferred tax assets	$6,076	$4,131

It is more likely than not that the Company will realize the benefit of the deferred tax assets. Therefore, no valuation allowance has been recorded for any of the periods reported.

The total effective tax rate for the years ended December 31, 1999, 1998 and 1997 is different than the federal income tax rate. The reasons for the differences are as follows:

	1999	1998	1997
Federal income tax rate	35.0%	35.0%	35.0%
Tax exempt income	(0.3)	(0.2)	(0.1)
State income taxes, net of federal income tax benefit	5.1	5.2	5.1
Cash value of life insurance	(0.5)	(0.5)	(0.6)
Other items	(0.1)	(0.1)	
Effective rate	39.2%	39.4%	39.4%

NOTE I. COMMITMENTS AND CONTINGENCIES

The Company had commitments outstanding in connection with standby letters of credit aggregating approximately $21,765,000 and $21,714,000 at December 31, 1999 and 1998, respectively. Commercial letters of credit were $2,587,000 and $2,980,000 at December 31, 1999 and 1998, respectively. Acquired standby letters of credit were $8,233,000 at December 31, 1999 and $11,419,000 at December 31, 1998.

National City Bank has entered into a ten year lease which commenced March 16, 1996, for its headquarters in downtown Minneapolis. The annual cost for the first five years will be approximately $1.7 million per year and for the last five years will be approximately $1.8 million per year. The lease provides an option to extend the term for two consecutive five-year periods at the then current fair market rents. The Bank will have the right to terminate the lease or give back substantial portions of the leased premises on the sixth anniversary of the lease term. In addition, the Bank paid for all of its leasehold improvements, which approximated $2.0 million.

Diversified Business Credit, Inc. has entered into a five year lease which commenced September 1, 1997, for its headquarters in downtown Minneapolis. The annual cost for the five years will be approximately $240,000. The lease provides an option to extend the term for two consecutive five-year periods at the then current fair market rents.

NOTE I. COMMITMENTS AND CONTINGENCIES (CONTINUED)

The Company was obligated under operating leases for premises and equipment with terms of one year or more at December 31, 1999. The aggregate lease commitments outstanding as of December 31, 1999 were $14,158,000 and for the next five years are payable as follows:

(IN THOUSANDS)	
2000	$2,469
2001	2,437
2002	2,342
2003	2,136
2004	2,136

Net rental expense on premises for the years ended December 31, 1999, 1998, and 1997, was $2,534,000, $2,332,000, and $2,478,000, respectively.

Dividends declared by national banks that exceed retained net earnings for the current year plus the preceding two years must be approved by the Comptroller of the Currency. Under this formula, approximately $10,668,000 of dividends may be paid by the Company's bank subsidiary at December 31, 1999, without such approval, subject to continued maintenance of regulatory capital requirements.

The Company is party to various legal proceedings incidental to its business. Certain claims, suits and complaints arising in the ordinary course of business have been filed or are pending against the Company. In the opinion of management, the resulting liability, if any, arising from these actions will not be material.

NOTE J. RESTRICTIONS ON CASH BALANCES

Federal Reserve Board regulations require that the Bank maintain certain minimum reserve balances on deposit with the Federal Reserve Bank. Cash balances maintained to meet reserve requirements are not available for use by the Company. During 1999, approximately $3,208,000 was maintained in required reserves on a daily average basis.

NOTE K. FINANCIAL INSTRUMENTS WITH OFF-BALANCE-SHEET RISK

The Company is a party to certain financial instruments with off-balance-sheet risk which are entered in the normal course of business to meet the financing needs of its customers and to manage the Company's exposure to fluctuations in interest rates. These financial instruments include unfunded commitments to extend credit and interest rate swaps. These instruments involve, to varying degrees, amounts of credit and interest rate risk in excess of the amount recognized in the consolidated balance sheet. The contract or "notional" amounts of those instruments reflect the extent of involvement the Company has in particular classes of financial instruments.

The Company's exposure to credit loss in the event of nonperformance by the other party to the financial instrument for commitments to extend credit and standby letters of credit is represented by the contractual amount of those instruments. The Company uses the same credit policies in making commitments and conditional obligations as it does for on-balance-sheet instruments.

A summary of the Company's contractual or notional amounts for off-balance-sheet activities at December 31, 1999 and 1998, is as follows:

(IN THOUSANDS)	1999	1998
Credit activities:		
Commitments to extend credit	$358,191	$315,391
Standby letters of credit	21,765	21,714
Commercial letters of credit	2,587	2,980

Acquired standby letters of credit	8,233	11,419
Other financial instrument activities:		
Interest rate swap agreements	$176,000	$129,000

Commitments to extend credit are agreements to lend to a customer as long as there is no violation of any condition established in the contract. Commitments generally have fixed expiration dates or other termination clauses and generally require payment of a fee. Because many of the commitments are expected to expire without being drawn upon, the total commitment amounts do not necessarily represent future cash requirements. The Company evaluates each customer's creditworthiness on a case-by-case basis. The amount of collateral, obtained if deemed necessary by the Company upon extension of credit, is based on management's credit evaluation. Collateral held varies, but may include cash, marketable securities, accounts receivable, inventory, property, plant and equipment, and income-producing commercial properties.

Standby letters of credit are conditional commitments issued by the Company to assure the performance of a customer to a third-party. Those standby letters of credit are primarily issued to support customers' international business transactions, and public and private borrowing arrangements, including commercial paper, bond financing, and similar transactions. Most standby letters of credit expire within one year. The credit risk involved in issuing letters of credit is essentially the same as that involved in extending loan facilities to customers. The Company holds collateral supporting those commitments for which collateral is deemed necessary. In most cases where collateral is held, coverage is 100%.

Interest rate swaps involve the contractual exchange of fixed and floating rate interest payment obligations based on a notional principal amount. The Company enters into interest rate swap contracts to hedge its balance sheet for risk caused by fluctuations in interest rates. The risks associated with such swaps are the exposure to movement in interest rates (market risk) and the ability of counterparties to meet the terms of the contract (credit risk). The use of swaps for interest rate risk management purposes is integrated into the Company's overall asset/liability management process.

For interest rate swap transactions, the contract or notional amounts do not represent exposure to credit loss. The Company estimates the credit risk for interest rate swap contracts by calculating the cost to replace all outstanding contracts in a gain position at current market rates. These contracts had a loss position of $2.9 million at December 31, 1999, and a gain position of $5.1 million at December 31, 1998. If the counterparties failed to perform according to the terms of the contracts, the Company could incur a loss in the amount of its current gain position. The Company controls the credit risk associated with swap agreements through credit approvals and monitoring procedures. Under the terms of certain swaps, each party may be required to pledge certain assets if the market value of the swap exceeds an amount set forth in the swap agreement or in the event of a change in their credit rating.

At December 31, 1999 and 1998, interest rate swaps totaling $176 million and $129 million, respectively, hedged long-term debt. The Company is a receiver of fixed rate interest and a payer of floating rate interest based on the one month LIBOR rate on $24 million of these swaps and the three month LIBOR on $152 million. The notional balances and yields by maturity date for interest rate swaps at December 31, 1999, are as follows:

MATURITY DATE	WEIGHTED NOTIONAL AMOUNT (IN THOUSANDS)	WEIGHTED AVERAGE INTEREST RATE RECEIVED	AVERAGE INTEREST RATE PAID
2001	24,000	7.41%	5.38%
2003	51,000	5.89%	5.40%
2004	75,000	6.68%	5.67%
2005	11,000	5.93%	5.40%
2007	15,000	6.84%	5.40%
Total	$176,000	6.52%	5.51%

Swaps contributed to the Company's net interest income by reducing interest expense for the years ended December 31, 1999, 1998 and 1997, by $1,593,000, $971,000 and $995,000, respectively.

NOTE L. EMPLOYEE BENEFIT PLANS

The Company has a defined benefit pension plan covering substantially all of its full-time employees. The benefits are based on years of service and the employee's compensation while employed with the Company. The Company's funding policy is to contribute annually current service costs accrued and past service costs amortized over a 30-year period. Contributions are intended to provide not only for benefits attributed to service to date but also for those expected to be earned in the future. Plan assets consist principally of equity securities and U.S. Government and corporate bonds.

The following table sets forth the plan's funded status and amounts recognized in the Company's financial statements:

(IN THOUSANDS)	DECEMBER 31, 1999	1998	1997
Projected benefit obligation:			
Balance at beginning of period	$ 12,033	$10,541	$ 9,457
Service cost	394	379	316
Interest cost	820	745	718
Actuarial (gain) or loss	(1,128)	(7)	758
Benefits paid during period	(1,103)	(523)	(531)
Projected benefit obligation at end of period	11,016	11,135	10,718
Plan assets at fair value:			
Balance at beginning of period	15,692	14,579	13,204
Actual return on plan assets during period	1,806	1,635	1,906
Benefits paid during period	(1,103)	(523)	(531)
Fair value of plan assets at end of period	16,395	15,691	14,579
Plan assets in excess of projected benefit obligation	5,379	4,556	3,861
Unrecognized prior service cost	149	(98)	(107)
Unrecognized net loss or (gain)	(1,902)	(961)	(431)
Unrecognized transition asset	(200)	(261)	(323)
Prepaid pension cost at end of period	$ 3,426	$ 3,236	$ 3,000
Prepaid pension cost at beginning of period	$ 3,236	$ 3,000	$ 2,793
Pension cost (credit) for the period	(190)	(236)	(207)
Prepaid pension cost at end of period	$ 3,426	$ 3,236	$ 3,000

For 1999, the discount rate and rate of increase in future compensation levels used in determining the actuarial present value of the projected benefit obligation were 7.75% and 4.5%, respectively. For 1998, the rates were 7.5% and 4.5%. For 1997, the rates were 7.0% and 4.5%. The expected long-term rate of return on assets was 9.0% for all three years.

The Company maintains a retirement savings 401(k) plan. All employees of the Company and its subsidiaries are eligible to participate in the plan after completing twelve months of service during which they have worked at least one thousand hours. Matching contributions are made at the discretion of management. Company contributions charged to operations for the years ended December 31, 1999, 1998 and 1997, were $278,000, $276,000, and $271,000, respectively.

The Company and its subsidiaries have entered into agreements to provide salary continuation supplemental payments at retirement to certain officers. The benefits due under these agreements are being accrued currently.

NOTE M. PARENT ONLY INFORMATION

The following financial information relates to National City Bancorporation (parent only) operations:

BALANCE SHEETS

DECEMBER 31,

(IN THOUSANDS)	1999	1998
ASSETS		
Cash	$ 7,290	$ 4,396
Investment in bank subsidiary	62,766	64,371
Investment in non-bank subsidiary	40,413	34,256
Subordinated note receivable from affiliate	8,000	8,000
Other investments	173	183
Due from affiliates	71,800	135,200
Other assets	392	355
	$190,834	$246,761
LIABILITIES AND STOCKHOLDERS' EQUITY		
Commercial paper	$ 38,777	$ 99,396
Other liabilities	108	77
Stockholders' equity	151,949	147,288
	$190,834	$246,761

STATEMENTS OF EARNINGS

<TABLE>
<CAPTION>

(IN THOUSANDS)	YEAR ENDED DECEMBER 31, 1999	1998	1997
<S>	<C>	<C>	<C>
INCOME			
Dividends from bank subsidiary	$ 7,800	$ 3,000	$ 3,000
Interest income	8,776	10,321	9,879
Other income	162	80	239
	16,738	13,401	13,118
EXPENSES			
Interest expense	5,555	7,290	7,507
Other expenses	762	738	621
	6,317	8,028	8,128
Earnings before taxes	10,421	5,373	4,990
Income taxes	1,166	967	817
	9,255	4,406	4,173
Equity in undistributed net earnings of subsidiaries	7,372	11,258	9,549
Net earnings	$16,627	$15,664	$13,722

</TABLE>

NOTE M. PARENT ONLY INFORMATION (CONTINUED)

STATEMENTS OF CASH FLOWS

<TABLE>
<CAPTION>

(IN THOUSANDS)	YEAR ENDED DECEMBER 31, 1999	1998	1997
<S>	<C>	<C>	<C>
Cash flows from operating activities:			
Net earnings	$ 16,627	$ 15,664	$ 13,722
Adjustments to reconcile net earnings to net cash from operating activities:			
Equity in undistributed earnings of subsidiaries	(7,372)	(11,258)	(9,549)
(Increase) decrease in other assets	(3)	198	726
Increase (decrease) in other liabilities	31	(92)	112
	(7,344)	(11,152)	(8,711)
Net cash provided by operating activities	9,283	4,512	5,011
Cash flows from investing activities:			
Payments from (advances to) affiliates	63,400	5,450	(13,300)
Net cash provided by (used for) investing activities	63,400	5,450	(13,300)

Cash flows from financing activities:			
Net (decrease) increase in commercial paper	(60,619)	(19,685)	20,974
Payment for fractional shares on stock dividends		(40)	(22)
Cash dividends paid	(7,362)		
Purchase of treasury stock	(1,808)	(1,752)	(856)
Net cash (used in) provided by financing activities	(69,789)	(21,477)	20,096
Net increase (decrease) in cash	2,894	(11,515)	11,807
Cash at beginning of year	4,396	15,911	4,104
Cash at end of year	$ 7,290	$ 4,396	$ 15,911
Supplemental disclosures			
Cash paid during the year for:			
Interest	$ 5,555	$ 7,290	$ 7,504
Income taxes	1,176	1,058	660

</TABLE>

NOTE N. SECURITIES

Securities consist of the following:

<TABLE>
<CAPTION>

(IN THOUSANDS)	DECEMBER 31, 1999 COST OR AMORTIZED COST	UNREALIZED GAINS	UNREALIZED LOSSES	APPROXIMATE MARKET VALUE
<S>	<C>	<C>	<C>	<C>
Available-for-sale				
U.S. Treasury	$ 4,983		$ 25	$ 4,958
U.S. Government agencies	21,944		307	21,637
Federal agency mortgage-backed	98,006	$ 68	2,153	95,921
Securities of states and political subdivisions	9,935		746	9,189
Other securities	3,635			3,635
	$138,503	$ 68	$3,231	$135,340
Held-to-maturity				
Collateralized mortgage obligations	$ 46,572	$ 21	$1,296	$ 45,297

</TABLE>

NOTE N. SECURITIES (CONTINUED)

<TABLE>
<CAPTION>

(IN THOUSANDS)	DECEMBER 31, 1998 COST OR AMORTIZED COST	UNREALIZED GAINS	UNREALIZED LOSSES	APPROXIMATE MARKET VALUE
<S>	<C>	<C>	<C>	<C>
Available-for-sale				
U.S. Treasury	$ 4,969	$ 108		$ 5,077
U.S. Government agencies	17,057	84	$52	17,089
Federal agency mortgage-backed	107,537	1,436	43	108,930
Other securities	2,801			2,801
	$132,364	$1,628	$95	$133,897
Held-to-maturity				
Collateralized mortgage obligations	$ 41,255	$ 314		$ 41,569

</TABLE>

Expected maturities may differ from contractual maturities because the issuers of the securities may have the right to prepay obligations without prepayment penalties.

CONTRACTUAL MATURITIES AND MARKET VALUE

<TABLE>
<CAPTION>

DECEMBER 31, 1999

(IN THOUSANDS)	WITHIN ONE YEAR AMOUNT	YIELD	AFTER ONE BUT WITHIN FIVE YEARS AMOUNT	YIELD	AFTER FIVE BUT WITHIN TEN YEARS AMOUNT	YIELD	AFTER TEN YEARS AMOUNT	YIELD
<S>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>
Available-for-sale								
U.S. Treasury			$ 4,958	5.69%				
U.S. Government agencies	$6,991	5.69%	6,806	5.23%			$ 7,840	6.51%
Federal agency mortgage-backed			6,376	5.82%	$14,099	6.49%	75,446	6.91%
Municipal securities					991	6.14%	8,198	7.18%
Other securities							3,635	6.64%
	$6,991	5.69%	$18,140	5.56%	$15,090	6.47%	$95,119	6.90%
Held-to-maturity								
Collateralized mortgage obligations					$ 7,314	5.62%	$39,258	6.32%
Approximate market value					$ 7,186		$38,111	

</TABLE>

<TABLE>
<CAPTION>

DECEMBER 31, 1998

(IN THOUSANDS)	WITHIN ONE YEAR AMOUNT	YIELD	AFTER ONE BUT WITHIN FIVE YEARS AMOUNT	YIELD	AFTER FIVE BUT WITHIN TEN YEARS AMOUNT	YIELD	AFTER TEN YEARS AMOUNT	YIELD
<S>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>
Available-for-sale								
U.S. Treasury			$ 5,077	5.69%				
U.S. Government agencies	$5,077	6.17%	12,012	5.25%				
Federal agency mortgage-backed			4,368	5.82%	$10,129	6.28%	$94,433	6.71%
Other securities							2,801	6.56%
	$5,077	6.17%	$21,457	5.47%	$10,129	6.28%	$97,234	6.71%
Held-to-maturity								
Collateralized mortgage obligations					$ 2,271	7.25%	$38,984	6.60%
Approximate market value					$ 2,288		$39,281	

</TABLE>

Securities carried at $140,460,000 and $124,468,000 at December 31, 1999 and 1998, respectively, were pledged to secure government, public and trust deposits, borrowings in the form of repurchase agreements and FHLB advances and for other purposes as required by law. Average yields on available-for-sale securities is based on amortized cost.

NOTE N. SECURITIES (CONTINUED)

The Company retains possession of most securities sold under agreements to repurchase. The Company takes possession of securities purchased under agreement to resell.

The underlying collateral for collateralized mortgage obligations consists of Federal agency mortgage-backed securities. The average life of Federal agency mortgage-backed securities and collateralized mortgage obligations is expected to be considerably less than the contractual maturities shown in the table because of scheduled payments and prepayments. The estimated average lives for these instruments depend on the level of interest rates. The estimated average lives as of the reporting date are 2.9 years for agency mortgage-backed securities and 2.9 years for collateralized mortgage obligations.

NOTE O. BUSINESS SEGMENTS

The Company provides a wide range of banking and financial services and products through its subsidiaries. The business segments are managed with a focus on various performance objectives including net income, return on average equity, and operating efficiency. The Company has two business segments: National City Bank of Minneapolis (Bank) and Diversified Business Credit, Inc. (DBCI). The

Bank offers a full range of banking services to businesses and individuals including loans, deposit services, trust services, cash management services, and investment sales. DBCI is a commercial finance company offering asset-based lending to businesses. The revenues, expenses, and assets of the business segments are summarized below:

(IN THOUSANDS)	DECEMBER 31, 1999 COMMERCIAL BANKING	COMMERCIAL FINANCE	OTHER*	CONSOLIDATED COMPANY
Interest income	$ 53,497	$ 35,054	$ (155)	$ 88,396
Interest expense	24,470	17,846	(3,297)	39,019
Net interest income	29,027	17,208	3,142	49,377
Non-interest income	10,509	461	(273)	10,697
Total revenue	39,536	17,669	2,869	60,074
Loan loss provision	941	2,539		3,480
Depreciation and amortization expense	2,649	133	5	2,787
Other non-interest expense	21,230	4,675	399	26,304
Income taxes	5,701	4,165	1,010	10,876
Net earnings	$ 9,015	$ 6,157	$ 1,455	$ 16,627
Total loans	$540,984	$297,601		$ 838,585
Total assets	841,149	302,742	$ (3,711)	1,140,180

(IN THOUSANDS)	DECEMBER 31, 1998 COMMERCIAL BANKING	COMMERCIAL FINANCE	OTHER*	CONSOLIDATED COMPANY
Interest income	$ 52,737	$ 32,932	$ (94)	$ 85,575
Interest expense	24,967	16,203	(3,147)	38,023
Net interest income	27,770	16,729	3,053	47,552
Non-interest income	9,002	599	(359)	9,242
Total revenue	36,772	17,328	2,694	56,794
Loan loss provision	640	2,250		2,890
Depreciation and amortization expense	2,792	129	6	2,927
Other non-interest expense	20,383	4,330	409	25,122
Income taxes	5,031	4,287	873	10,191
Net earnings	$ 7,926	$ 6,332	$ 1,406	$ 15,664
Total loans	$461,324	$304,785		$ 766,109
Total assets	721,570	310,638	$ (6,526)	1,025,682

NOTE O. BUSINESS SEGMENTS (CONTINUED)

(IN THOUSANDS)	DECEMBER 31, 1997 COMMERCIAL BANKING	COMMERCIAL FINANCE	OTHER*	CONSOLIDATED COMPANY
Interest income	$ 51,167	$ 28,692	$ (59)	$ 79,800
Interest expense	24,182	13,600	(2,491)	35,291
Net interest income	26,985	15,092	2,432	44,509
Non-interest income	10,729	749	(88)	11,390
Total revenue	37,714	15,841	2,344	55,899
Loan loss provision	1,607	3,212		4,819
Depreciation and amortization expense	3,159	82	4	3,245
Other non-interest expense	20,683	3,928	409	25,020
Income taxes	4,738	3,597	758	9,093
Net earnings	$ 7,527	$ 5,022	$ 1,173	$ 13,722
Total loans	$426,495	$244,099		$670,594

Total assets	693,065	246,584	$ (4,477)	935,172

</TABLE>

*Other includes parent only and consolidating eliminations

The Bank has experienced increased net interest income related primarily to a growth in loans, while containing growth in non-interest expense. The Bank received state tax refunds in 1999 and 1997 of $1,233,000 and $1,369,000, respectively, which were included in non-interest income. DBCI has also experienced higher interest income related to loan growth, offset by an increase in funding costs.

REPORT OF INDEPENDENT AUDITORS

Board of Directors and Shareholders
National City Bancorporation
Minneapolis, Minnesota

We have audited the accompanying consolidated balance sheets of National City Bancorporation and subsidiaries as of December 31, 1999 and 1998, and the related consolidated statements of income, shareholders' equity, comprehensive income, and cash flows for each of the three years in the period ended December 31, 1999. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of National City Bancorporation and subsidiaries as of December 31, 1999 and 1998, and the consolidated results of their operations and their cash flows for each of the three years in the period ended December 31, 1999, in conformity with accounting principles generally accepted in the United States.

/s/ Ernst & Young LLP

Minneapolis, Minnesota
January 14, 2000

MANAGEMENT'S DISCUSSION AND ANALYSIS OF

FINANCIAL CONDITION AND RESULTS OF OPERATIONS

SUMMARY RESULTS

Net earnings for 1999 were $16,627,000 compared with $15,664,000 in 1998, up 6 percent. Basic earnings per share increased to $1.90 in 1999 compared with $1.77 in 1998. The net earnings for 1999 include a state income tax refund, related to taxes paid in prior years, of $1,233,000 with a net earnings effect of approximately $769,000. Without regard for the tax refund, net earnings for 1999 increased 1 percent.

The major factors contributing to the earnings increase in 1999 were higher net interest income resulting from growth in loans offset by an increased provision for loan losses, associated primarily with the Company's commercial finance subsidiary, and increased funding costs relative to rates received on earning assets.

The Company issued stock dividends in each year from 1981 to 1998. The Company began paying cash dividends in 1999.

NET INTEREST INCOME

Net interest income, on a fully taxable equivalent basis, increased to $49.5 million up from $47.6 million in 1998 and $44.6 million in 1997. Fluctuations in net interest income can result from changes in the volume of assets and liabilities as well as changes in interest rates. These changes are presented in the analysis on page 29. The average base rate decreased to 8.00 percent from 8.35 percent in 1999. Approximately 80 percent of the Company's loan portfolio has floating interest rates that generate more income during periods of rising rates. Net interest margin, the relationship between net interest income and average earning assets, was 5.01 percent compared with 5.15 percent in 1998. Average earning assets grew to $989 million in 1999, an increase of $63 million or 7 percent. Average loans increased to $799 million in 1999 from $724 million in 1998, an increase of 10 percent. Loans were 80.8 percent of total earning assets in 1999, compared with 78.2 percent in 1998.

The general decrease in interest rates during 1999 resulted in a decrease in the cost of interest bearing deposits and borrowed funds from 5.33 percent to 5.12 percent. While the average base rate and yield on interest bearing assets decreased 29 basis points, the average cost of interest bearing liabilities decreased 21 basis points. As a result, interest rate spread declined to 3.84 percent from 3.92 percent in 1998. Interest bearing time deposits of $100,000 or more decreased and averaged $56.1 million in 1999 compared with $59.5 million in 1998. Other interest bearing deposit accounts increased $5.7 million compared with last year and comprise approximately 30 percent of interest bearing sources. Brokered deposits averaged $95.1 million in 1999 compared with $59.0 million in 1998. While the Company's emphasis remains on increasing funding from direct deposits, the brokered deposit market is an important funding option. Commercial paper proceeds are used to fund the loans of the Company's commercial finance subsidiary, Diversified Business Credit, Inc. (DBCI). DBCI issues long-term debt to investors in private placement transactions. At December 31, 1999, long-term debt totaled $176 million. Detail information about long-term debt is presented in Note G to the financial statements. Non-interest bearing deposits increased from 1998 and averaged $133.9 million in 1999.

The following table summarizes the changes in funding sources since 1997:

<TABLE>
<CAPTION>

(DAILY AVERAGES IN THOUSANDS)	1999 AMOUNT	1999 % CHANGE FROM 1998	1998 AMOUNT	1998 % CHANGE FROM 1997
<S>	<C>	<C>	<C>	<C>
Interest bearing time deposits of $100,000 or more	$ 56,102	(5.8)%	$ 59,528	14.9%
Brokered deposits	95,095	61.2	58,987	(11.8)
Other interest bearing deposits	227,460	2.6	221,779	2.2
Commercial paper	75,035	(34.9)	115,197	(3.4)
Other short-term borrowed funds	158,541	(2.5)	162,583	8.8
Long-term debt	149,565	57.4	94,994	65.2
Total interest bearing	761,798	6.8	713,068	7.8
Non-interest bearing deposits	133,926	2.4	130,761	11.2
Other liabilities	11,487	13.5	10,118	11.6
Stockholders' equity	147,802	5.8	139,725	12.4
	$1,055,013	6.2%	$993,672	8.9%

</TABLE>

CREDIT RISK MANAGEMENT

The responsibility for credit administration rests with the credit committees of each subsidiary. The credit committees, with approval by the Board of Directors, determine applicable policies and credit approval authorities used in the Company. Management monitors compliance with credit standards. Lending officers are responsible for applying credit standards and the Company uses a rating system to assess and monitor the credit risk associated with loans. Detecting negative trends at the earliest possible stage is essential in managing risk of loan loss to the Company and assisting the borrowing customer. A diligent follow-up process is used to monitor, communicate and correct credit weaknesses that are revealed.

The Bank has established a risk management function that is responsible for assessing credit risk associated with new loans and lines of credit as well as monitoring credit risk factors on an ongoing basis. The Company uses an independent review procedure to monitor compliance with its credit granting process. The review includes an assessment of credit policy application and the accuracy of the loan rating system. The review of credit process covers all lending industry segments on a schedule determined by assessment of risk. Management and the Examining and Audit Committee of the Board of Directors are informed directly of the results of the reviews. Additionally, DBCI monitors collateral values and related credit risks through its staff of field auditors.

The largest loan category is commercial and industrial loans, which grew from $521 million in 1998 to $571 million in 1999, an increase of 10 percent. Management monitors loan concentrations by industry segment to develop a diverse mix of credits. Industry Credit Exposure Guidelines are established and managed based on the current and anticipated economic conditions and the perceived risk profile of an industry. The Company's ability to manage the credit risk within an industry is also considered. A high percentage of the commercial and industrial loans originate from the Minneapolis/St. Paul metropolitan area. Those industry sectors showing signs of weakness are targeted by management for slow or no growth in credit facilities. Underwriting Guidelines including profitability, cash flow, leverage, collateral, guarantee and monitoring standards are applicable for the bulk of the commercial and industrial loans. The Bank also purchases loans from correspondent banks. Purchased loans were $93.4 million and $66.5 million at December 31, 1999, and 1998, respectively.

Loans secured by commercial real estate were approximately $144 million as of December 31, 1999 and $117 million as of the previous year end. Included in this total is approximately $32 million of construction financing. The Company makes commercial real estate loans for owner occupied real estate (commercial and industrial borrowers), as well as to commercial real estate developers and investors. A diversification of property types is maintained within the commercial real estate

portfolio with office and warehouse buildings being the largest category at 19 percent. Commercial real estate lending activities are guided by Credit Policies, Underwriting Guidelines, Operating Procedures, Collateral Standards and Environmental Risk Procedures.

Loans secured by residential mortgages totaled $42 million at December 31, 1999, compared with $40 million last year. This category includes $12 million secured by first liens on 1-4 family housing, $19 million secured by junior liens on 1-4 family housing and $11 million revolving Executive Line loans that are secured by either first or second mortgages. The comparable 1998 amounts are $16 million first liens, $16 million junior liens and $8 million revolving Executive Lines. Collateral standards for residential real estate lending generally call for a maximum 80 percent loan-to-value ratio for properties up to $300,000 and lesser advance rates for properties above $300,000.

Loans to individuals were $43 million at December 31, 1999, compared with $47 million in 1998. These loans are from a variety of sources including loans to higher net-worth individuals in which smaller loan amounts are typically unsecured and where larger amounts are normally secured by marketable securities or home equity. The Company has experienced a low level of loss in the residential mortgage and loans to individuals categories. This resulted from a combination of favorable economic conditions in the Twin Cities over the past several years and the effective performance of credit risk management functions.

Other loans were $39 million on December 31, 1999, compared with $42 million in 1998. These loans are comprised primarily of loans to owners of community banks and bank holding companies to finance the purchase and expansion of those banks. The management of risks related to bank stock loans includes specific underwriting guidelines, periodic reviews performed by experienced consultants or bank staff, receipt and analysis of quarterly financial data and frequent calls with bank ownership and management.

PROVISION FOR LOAN LOSSES

The provision for loan losses was $3.5 million in 1999 compared with $2.9 million in 1998. Management determines an appropriate provision based on its evaluation of the adequacy of the allowance for loan losses in relationship to a continuing review of problem loans, including estimates and appraisals of collateral values, prior loss experience, and current economic conditions. Changes in these estimates, appraisals and evaluations might be required quickly in the event of changing economic conditions and the economic prospects of borrowers. Management engages in a detailed review of loans showing weakness based on established criteria. A system of risk grading is used to establish monthly assessments of the portfolio and such assessments are the basis for a quarterly review of the allowance for loan losses. The Summary of Loan Loss Experience presented on page 33 shows the changes in the percentage from 1995 to 1999.

The allowance for loan losses was $13.9 million at December 31, 1999 and was 1.66 percent of loans compared with 1.80 percent in 1998. Actual net loan losses were $3.4 million in 1999 and 1998. Charge-offs were $3.6 million in 1999, and recoveries were $178,000. The method used and assumptions made in the determination of the provision and allowance for loan losses is consistent for all periods presented in the Company's financial statements.

The Company experienced a higher level of loss in 1999 and 1998 than in the previous three years as presented in the Summary of Loan Loss Experience on page 33. The losses occurred in the commercial lending portfolio of DBCI. The Company's percent of net loan charge-offs to average loans was .42 percent compared with .47 percent in 1998. The allocation of the allowance for loan losses is presented on pages 33 and 34.

NON-PERFORMING ASSETS

Non-performing assets were $16.3 million at December 31, 1999, compared with $17.7 million in 1998 and $15.1 million in 1997. At the current year-end, non-performing assets consisted of loans on non-accrual status, impaired loans, restructured loans, and loans past due 90 days or more. Non-performing assets are presented on page 32.

In addition to loans considered non-performing, there were loans with an aggregate principal balance of $19.2 million outstanding at December 31, 1999, to borrowers who are currently experiencing financial difficulties. This compares with $38.8 million at December 31, 1998. Although these loans are adequately secured, management has concerns regarding the ability of such borrowers to continue meeting existing loan repayment terms. Accordingly, these loans may be subject to future modifications of their terms or may become non-performing. Management is monitoring the performance and classification of such loans and the financial condition of these borrowers and has considered the risk associated with these loans in determining the adequacy of the allowance for loan losses. Non-accrual loans are loans on which the accrual of interest ceases when the collection of principal or interest is determined to be doubtful by management. It is the Company's policy to cease the accrual of interest when principal or interest payments are delinquent 90 days or more. Any unpaid amounts previously accrued in the current year are reversed from income, and thereafter interest is recognized only when payments are received. Impaired loans are loans on which it is probable that the Company will be unable to collect all principal and interest due according to contractual terms. To the extent management anticipates losses on these loans, appropriate loan loss reserve allocations have been provided. Restructured loans are loans on which the Company, for economic or legal reasons related to a borrower's financial difficulties, grants a concession to the borrower that it would not otherwise consider. Non-performing loans include loans on which principal payments are contractually delinquent 90 days or more and interest is still being accrued. These loans are well secured and in the process of collection. The Company had no other real estate owned acquired in foreclosure at December 31, 1999 or 1998.

INTEREST RATE RISK MANAGEMENT

Because of the rate sensitivity of financial instruments, fluctuations in interest rates expose the Company to potential gains and losses resulting from changes in the fair value of the instruments. The objective of interest rate risk management is to control exposure of net interest income to risks associated with interest rate movements. The Company actively manages its interest rate risk position. The tools used to measure interest rate risk include simulation of future net earnings, gap analysis and a market valuation model that measures interest rate risk from an economic perspective. Significant assumptions required in the use of these tools include prepayment risks and the timing of changes in deposit rates compared with changes in money market rates.

The market value of each asset and liability is calculated in the market valuation model by computing the present value of all cash flows generated. In each case, the cash flows are discounted by a market interest rate chosen to reflect as closely as possible the characteristics of the given asset or liability. As of the reporting date, this internal valuation model indicates that a two percent shift in the absolute level of interest rates would change the market value of equity by less than six percent. This represents a relatively risk neutral position from an economic perspective.

The following table summarizes the Company's repricing gap for various time intervals at December 31, 1999:

<TABLE>
<CAPTION>

(IN MILLIONS)	WITHIN 3 MONTHS	3 MONTHS TO 1 YEAR	1 YEAR TO 5 YEARS	MORE THAN 5 YEARS

<S>	<C>	<C>	<C>	<C>
Loans	$ 658	$ 40	$ 86	$ 41
Securities	13	27	99	43
Other assets	55			78
	726	67	185	162
Non-interest bearing deposits	7	19	104	36
Interest bearing deposits	182	165	101	
Short-term borrowings	134	40		
Long-term debt			150	26
Interest rate swaps	176		(150)	(26)
Other liabilities and stockholders' equity				176
	499	224	205	212
Repricing gap	$ 227	$ (157)	$ (20)	$ (50)
Cumulative gap	227	70	50	0
Cumulative gap as a percent of assets	20%	6%	4%	0%

</TABLE>

As indicated by the Gap table, assets reprice slightly faster than liabilities as of the reporting date. With this balance sheet position, which is typical for the Company, interest margins are projected to increase slightly in an environment of rising short-term rates and decline slightly in a declining rate environment. A lower interest rate environment is preferable for the Company from a credit perspective, however, as there is less pressure on customers to meet variable rate debt servicing obligations.

The following table provides information about the Company's derivative financial instruments and other financial instruments used for purposes other than trading that are sensitive to changes in interest rates. For loans, securities, and liabilities with contractual maturities, the table presents principal cash flows and related weighted-average interest rates by contractual maturities as well as the Company's historical experience of the impact of interest rate fluctuations on the prepayment of residential and home equity loans and mortgage-backed securities. For other rate sensitive liabilities that have no contracted maturity (e.g., non-interest bearing checking and interest bearing checking and savings), the table presents principal cash flows and, as applicable, related weighted-average interest rates based on the Company's historical experience, management's judgment, and statistical analysis, as applicable, concerning their most likely withdrawal behaviors.

<TABLE>
<CAPTION>

(IN MILLIONS)	2000	2001	2002	2003	2004	THEREAFTER	TOTAL	FAIR VALUE AS OF 12/31/99
<S>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>
RATE SENSITIVE ASSETS:								
Fixed interest rate loans	$ 35	$ 21	$ 31	$ 16	$ 15	$ 53	$ 171	$170
Average interest rate	8.05%	8.53%	8.53%	8.36%	8.36%	8.27%	8.32%	
Variable interest rate loans	548	40	20	17	17	26	668	667
Average interest rate	10.40%	8.35%	8.28%	7.52%	7.52%	7.06%	9.93%	
Fixed interest rate securities	28	30	26	22	21	43	170	169
Average interest rate	6.33%	6.46%	6.45%	6.47%	6.47%	6.38%	6.42%	
Variable interest rate securities	1	1				10	12	12
Average interest rate	6.81%	6.06%				5.94%	5.89%	
Other interest bearing assets	56						56	56
Average interest rate	5.75%						5.75%	
RATE SENSITIVE LIABILITIES:								
Non-interest bearing checking	26	26	26	26	26	36	166	166
Interest bearing checking & savings	112	9	8	8	8		145	145
Average interest rate	3.63%	1.09%	.92%	.92%	.92%		3.03%	
Time deposits	235	52	11	3	2		303	302
Average interest rate	5.72%	5.99%	6.04%	5.68%	5.68%		5.77%	
Fixed interest rate borrowings	174	24		51	75	26	350	347
Average interest rate	5.18%	6.75%		5.95%	6.24%	6.43%	5.72%	
RATE SENSITIVE DERIVATIVE FINANCIAL INSTRUMENTS:								
Interest rate swaps		24		51	75	26	176	(3)
Average pay rate		5.38%		5.40%	5.67%	5.40%		
Average receive rate		7.41%		5.89%	6.68%	6.46%		

</TABLE>

NON-INTEREST INCOME

Total non-interest income was $10.7 million, compared with $9.2 million in 1998, and $11.4 million in 1997. 1999 and 1997 included a state income tax refund related to taxes paid in prior years and interest earned to the date of the refund. In 1997, the bank discontinued origination of mortgage loans from its own mortgage banking unit, and instead, accommodates customers through a referral arrangement with another lender. The decline in mortgage fee income is offset by a decline in corresponding salary and other expense. The Bank realized no gains or losses on the sale of investment securities in 1999, 1998 or 1997.

The table below summarizes the major components of non-interest income:

(IN THOUSANDS)	1999	1998	1997
Trust income	$ 4,512	$4,641	$ 4,801
Service charges on deposit accounts	2,433	2,145	2,195
Mortgage banking fees	39	50	204
Sale of financial services and investment products	409	306	292
State income tax refund	1,233		1,369
Letter of credit commissions	545	609	558
Other	1,526	1,491	1,971
	$10,697	$9,242	$11,390

NON-INTEREST EXPENSE

Non-interest expense totaled $29.1 million in 1999, compared with $28.0 million in 1998 and $28.3 million in 1997. The table below summarizes the major components of non-interest expense:

(IN THOUSANDS)	1999	1998	1997
Salaries and employee benefits	$16,379	$15,238	$15,110
Net occupancy	3,308	3,062	3,194
Equipment	3,531	3,512	3,648
Fees and assessments	1,554	1,374	1,539
Advertising and marketing	636	742	909
Other	3,683	4,121	3,865
	$29,091	$28,049	$28,265

YEAR 2000

The Company has completed replacing or modifying certain systems to ensure Year 2000 compliance. The Company estimates that the cost of its Year 2000 compliance program was approximately $1.1 million. A significant amount of the total cost represents enhancements and improvements, which will be amortized over the estimated useful life of the enhancement or improvement. The Company completed all Year 2000 readiness work. No significant disruptions resulting from the century date change have been detected in any of its critical systems.

CAPITAL AND LIQUIDITY

Stockholders' equity was $152 million or 13.4 percent of total assets at December 31, 1999, compared with $147 million and 14.3 percent in 1998. The Company must meet specific capital guidelines that involve quantitative measures of the Company's assets, liabilities and certain off-balance sheet items as calculated under regulatory accounting practices. The Bank's capital amounts and classification are also subject to qualitative judgments by the regulators about components, risk weighting and other factors. Failure to meet minimum capital requirements can initiate certain mandatory, and possibly additional discretionary actions by regulators that, if undertaken, could have a direct material effect on the Company's financial statements. Banking regulatory agencies have categorized the Company as well capitalized under existing regulatory guidelines for 1999 and 1998. The required risk based ratio for capital adequacy purposes is eight percent and the required leverage ratio is four percent. The table below states the Company's capital ratios:

	DECEMBER 31,	
	1999	1998
RISK CAPITAL RATIOS		

Tier I Capital	15.40%	16.33%
Total Capital	16.65%	17.58%
LEVERAGE RATIO	13.42%	14.27%

Liquidity is the ability to raise funds in all market environments to meet the commitments of the Company. Liquidity is available through the management of liabilities and from various asset sources. It is the policy of the Company to rely primarily on managed liabilities, but to recognize the potential need for asset liquidity in meeting liquidity requirements. Liability sources include large denomination certificates of deposit and borrowing as federal funds purchased, repurchase agreements, and Federal Home Loan Bank advances in the bank subsidiary. The sale of commercial paper as well as back up lines of credit available to the parent Company provide additional sources of liquidity. The Bank's holding of short-term money market investments such as federal funds sold and securities purchased under agreements to resell enhances asset liquidity.

The Company issues commercial paper to finance the loans of DBCI. The Company's commercial paper has an independent rating and is backed by supporting lines of credit of $140 million.

DBCI has original maturity five, seven, and ten-year term notes in the amount of $176 million with an investment grade rating.

Available-for-sale securities provide liquidity through scheduled maturities and the cash convertibility of these assets at market value. At December 31, 1999, the market value of available-for-sale securities was less than amortized cost by $3.2 million. At December 31, 1998, the market value exceeded amortized cost by $1.5 million. Held-to-maturity securities provide liquidity through scheduled maturities. The majority of the securities are readily marketable. Management has structured the loan portfolio to provide additional liquidity with at least 55 percent of total loans having scheduled maturities within one year.

Cash flows from operations and changes in the balance sheet also affect liquidity. The Consolidated Statement of Cash Flows on page 6 shows the component changes in the Company's cash position for the three years ending December 31, 1999. In 1999, net cash provided from operating activities increased to $35 million. Investing activities reflect loan originations and principal repayments as well as activity in short-term money market investments, the investment portfolio and investment in premises and equipment. In 1999, net cash used in investing activities increased by $39 million. The increase reflects a higher volume of federal funds sold offset by a lower volume of loan originations as compared with the prior year. Cash provided from financing activities increased by $15 million in 1999. Increased funding sources included time deposits, other short-term borrowings and long term debt, offset by decreased non-interest bearing and savings deposits and commercial paper. The Company paid $7.4 million in cash dividends in 1999.

The Company is not aware of any current recommendations by regulatory authorities, which if they were to be implemented would have a material effect on liquidity, capital resources or operations.

1998 VERSUS 1997

The major factors contributing to the earnings increase were higher net interest income and lower loan loss provision expense, partially offset by lower non-interest income. Net interest income increased to $47.6 million, up 7 percent. The increase resulted from a higher volume of earning assets offset by a decrease in net interest margin. Non-interest income was $9.2 million compared with $11.4 million in 1997. 1997 included a state income tax refund of $1.4 million. Non-interest expense decreased $216,000 from 1997. Most categories of expense decreased from the previous year, with slight increases in personnel and other expenses, such as, supplies, travel and entertainment, and delivery expense.

BUSINESS SEGMENTS

The Company has two business segments, National City Bank of Minneapolis (commercial bank) and Diversified Business Credit, Inc. (commercial finance). The main offices of each segment are located in the business district of downtown Minneapolis. In addition to the main office, the commercial bank has a drive-up location in downtown Minneapolis and a full service bank in Edina, Minnesota. The commercial finance segment has a office in Milwaukee, Wisconsin.

The commercial bank offers the usual banking services including business, consumer, and real estate loans, deposit and cash management services, correspondent banking, and safe deposit. In addition, the commercial bank also offers trust services including management of funds for individuals, the administration of estates and trusts, and for corporations, governmental bodies, and public authorities, paying agent services, trustee under corporate indenture, pension and profit sharing agreements, and record keeping and reporting for 401-K savings plans. The commercial bank originates the majority of its business in the Minneapolis/St. Paul area.

The net income of the commercial bank increased to $9.0 million in 1999 from $7.9 million in 1998 and $7.5 million in 1997. The non-interest income in 1999 and 1997 included state income tax refunds of $1,233,000 and $1,369,000, respectively which increased net earnings approximately $769,000 in 1999 and $850,000 in 1997. The bank has increased its net earnings through the growth of its loan portfolio and the use of lower cost funding sources, primarily deposits.

The following table summarizes the commercial bank's performance measures:

(IN THOUSANDS)	1999	1998	1997
Net interest income	$ 29,027	$ 27,770	$ 26,985
Net earnings	9,015	7,926	7,527
Average assets	747,781	720,504	684,609
Average loans	490,553	446,950	418,270
Average deposits	528,189	486,590	470,206
Return on average equity	14.40%	13.19%	13.16%
Efficiency ratio	60.40%	63.03%	63.22%

The commercial finance segment specializes in providing working capital loans secured by accounts receivable, inventory, and other marketable assets. Loans are made on a demand basis with no fixed repayment schedule. Compared to equity-based loans made by commercial banks, asset-based loans require closer monitoring of collateral values and typically interest rates earned on these loans are higher. The commercial finance segment funds its loans through the issuance of long-term debt in the form of Senior Notes and borrowings from the parent company. Additional Senior Notes were issued in 1999. At December 31, 1999, 59 percent of the commercial finance segment's loans were funded by Senior Notes, compared with 42 percent in 1998. The commercial finance segment originates the majority of its loans in Minnesota with approximately 17 percent originated in its Wisconsin office.

The net earnings of the commercial finance segment were $6.2 million in 1999 compared with $6.3 million in 1998 and $5.0 million in 1997. The earnings of the commercial finance segment were negatively impacted in 1999 by a lower interest rate spread, resulting from a decreased yield on earning assets and higher funding costs. The commercial finance segment also experienced a higher loan loss provision and higher non-interest expenses in 1999. The following table summarizes the commercial finance segment's performance measures:

(IN THOUSANDS)	1999	1998	1997
Net interest income	$ 17,208	$ 16,729	$ 15,092
Net earnings	6,157	6,332	5,022
Average assets	312,783	278,737	233,260
Average loans	307,965	277,162	231,370
Return on average equity	16.88%	20.59%	20.76%
Efficiency ratio	27.21%	25.73%	25.31%

PRIVATE SECURITIES LITIGATION REFORM ACT

The Private Securities Litigation Reform Act of 1995 provides a "safe harbor" for forward-looking statements. Certain information included in this annual report to stockholders and other material filed or to be filed by the Company with the Securities and Exchange Commission (as well as information included in oral statements or other written statements made or to be made by the Company) contains statements that are forward-looking, such as statements relating to plans for future expansion and other business development activities as well as other capital spending, financing sources and the effects of regulation and competition. Such forward-looking information involves important risks and uncertainties that could significantly affect actual results in the future and, accordingly, such results may differ materially from those expressed in any forward-looking statements made by or on behalf of the Company. These risks and uncertainties include, but are not limited to, those relating to development and construction activities, dependence on existing management, leverage and debt service (including sensitivity to fluctuations in interest rates), domestic or global economic conditions, changes in federal or state tax laws or the administration of such laws, litigation or claims, as well as all other risks and uncertainties described in the Company's filings.

CHANGE IN INTEREST INCOME AND EXPENSE

	YEAR-ENDED DECEMBER 31,					
	1999 OVER 1998			1998 OVER 1997		
		CHANGES RESULTING FROM			CHANGES RESULTING FROM	
(IN THOUSANDS ON A FULLY TAXABLE EQUIVALENT BASIS)	TOTAL	RATES	VOLUME	TOTAL	RATES	VOLUME
Earned on:						
Funds sold	$ (401)	$ (17)	$ (384)	$ (358)	$ (59)	$ (299)
Total securities	(384)	(125)	(259)	3	(577)	580
Loans	3,667	(3,848)	7,515	6,165	(1,512)	7,677
Total earning assets	2,882	(3,990)	6,872	5,810	(2,148)	7,958
Interest Paid on:						
Savings deposits	(158)	(680)	522	573	186	387
Time deposits	(977)	(522)	(455)	(1)	(143)	142
Brokered deposits	1,916	(157)	2,073	(468)	(14)	(454)
Other deposits	(131)	(104)	(27)	8	3	5
Short-term funds borrowed	(2,950)	(519)	(2,431)	206	(311)	517
Long-term debt	3,296	(355)	3,651	2,414	(155)	2,569
Total interest bearing liabilities	996	(2,337)	3,333	2,732	(434)	3,166
Increase (decrease) in net interest income	$ 1,886	$ (1,653)	$ 3,539	$3,078	$ (1,714)	$4,792

In the above analysis, rate differences were computed as the change in the rate between the current and prior period times the volume of the current year, while the volume differences were computed as the change in volume between the current and prior period times the prior year's rate.

SECURITIES

CARRYING VALUE OF SECURITIES (IN THOUSANDS)	DECEMBER 31, 1999	1998	1997
Available-for-sale			
U.S. Treasury	$ 4,958	$ 5,077	$ 23,997
U.S. Government agencies	21,637	17,089	9,844
Federal agency mortgage-backed	95,921	108,930	102,529
Municipal securities	9,189		
Other securities	3,635	2,801	4,955
	$135,340	$133,897	$141,325
Held-to-maturity			
Collateralized mortgage obligations	$ 46,572	$ 41,255	$ 37,402
	$ 46,572	$ 41,255	$ 37,402

DISTRIBUTION OF ASSETS, LIABILITIES
AND STOCKHOLDERS' EQUITY

(DAILY AVERAGES IN THOUSANDS AND ON A FULLY TAXABLE EQUIVALENT BASIS)	1999 AVERAGE BALANCE	1999 INTEREST INCOME/ EXPENSE	1999 AVERAGE RATE
<S>	<C>	<C>	<C>
ASSETS			
Federal funds sold and resale agreements	$ 13,507	$ 691	5.12%
Securities:			
Taxable	171,215	10,664	6.23
Tax-exempt	5,403	395	7.31
Total securities	176,618	11,059	6.26
Loans	798,518	76,801	9.62
Total earning assets	988,643	88,551	8.96
Cash and due from banks	41,768		
Other assets	24,602		
	$1,055,013		
LIABILITIES AND STOCKHOLDERS' EQUITY			
Interest bearing deposits:			
Savings	$ 114,398	$ 4,125	3.61%
Time	232,433	12,633	5.44
Other	31,826	285	.90
Total	378,657	17,043	4.50
Short-term borrowed funds	233,576	12,325	5.28
Long-term debt	149,565	9,651	6.45
Total interest bearing liabilities	761,798	39,019	5.12
Non-interest bearing deposits	133,926		
Other liabilities	11,487		
Stockholders' equity	147,802		
	$1,055,013		
Net interest income and interest rate spread		$49,532	3.84
Net interest margin			5.01
Fees on loans included above		$ 3,446	

</TABLE>

Average balance of non-accruing loans is included in the above analysis.

Interest income attributable to non-accruing loans has not been included in the above analysis except as collected.

<TABLE>
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	1998 AVERAGE BALANCE	1998 INTEREST INCOME/ EXPENSE	1998 AVERAGE RATE	1997 AVERAGE BALANCE	1997 INTEREST INCOME/ EXPENSE	1997 AVERAGE RATE
<S>	<C>	<C>	<C>	<C>	<C>	<C>
	$ 20,844	$ 1,092	5.24%	$ 26,268	$ 1,450	5.52%
	180,705	11,443	6.33	171,981	11,440	6.65
	180,705	11,443	6.33	171,981	11,440	6.65
	724,112	73,134	10.10	649,640	66,969	10.31
	925,661	85,669	9.25	847,889	79,859	9.42
	44,819			39,733		
	23,192			25,155		
	$993,672			$912,777		

$101,964	$ 4,283	4.20%	$ 92,338	$ 3,710	4.02%
204,296	11,694	5.72	209,737	12,163	5.80
34,034	416	1.22	33,629	408	1.21
340,294	16,393	4.82	335,704	16,281	4.85
277,780	15,275	5.50	268,567	15,069	5.61
94,994	6,355	6.69	57,509	3,941	6.85
713,068	38,023	5.33	661,780	35,291	5.33
130,761			117,605		
10,118			9,069		
139,725			124,323		
$993,672			$912,777		
	$47,646	3.92		$44,568	4.09
		5.15			5.26
	$ 3,281			$ 2,378	

</TABLE>

LOAN PORTFOLIO ANALYSIS

<TABLE>
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TYPES OF LOANS (IN THOUSANDS)	DECEMBER 31, 1999	1998	1997	1996	1995
<S>	<C>	<C>	<C>	<C>	<C>
Commercial and industrial	$570,879	$520,672	$442,328	$393,534	$381,506
Real estate:					
Construction	31,967	24,196	10,405	10,444	16,089
Residential mortgage	42,096	40,074	43,295	40,323	32,125
Non-residential mortgage	111,794	92,769	88,448	76,086	68,504
Loans to individuals for personal expenditures	42,704	46,800	54,987	56,973	33,966
Other loans	39,145	41,598	31,131	22,960	22,607
	$838,585	$766,109	$670,594	$600,320	$554,797

</TABLE>

Maturities and sensitivity to changes in interest rates in the commercial and industrial and real estate construction loan portfolio are summarized below as of December 31, 1999:

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	WITHIN ONE YEAR	AFTER ONE BUT WITHIN FIVE YEARS	AFTER FIVE YEARS	TOTAL
<S>	<C>	<C>	<C>	<C>
Commercial and industrial	$444,106	$112,486	$14,287	$570,879
Real estate construction	16,895	7,593	7,479	31,967
	$461,001	$120,079	$21,766	$602,846
Loans with predetermined interest rates	$ 7,956	$ 44,128	$17,772	$ 69,856
Loans with floating interest rates	453,045	75,951	3,994	532,990
	$461,001	$120,079	$21,766	$602,846

</TABLE>

The following table summarizes non-performing assets:

<TABLE>
<CAPTION>

DECEMBER 31,

(IN THOUSANDS)	1999	1998	1997	1996	1995
<S>	<C>	<C>	<C>	<C>	<C>
Non-accrual loans	$ 322	$ 696	$ 320	$ 1,329	$ 1,314
Impaired non-accrual loans	1,316	10,562	171	1,017	2,409
Restructured loans	221	235			
Loans past due 90 days or more as to interest or principal		4	703	871	135
	1,859	11,497	1,194	3,217	3,858
Percent of total loans	0.2%	1.5%	0.2%	0.5%	0.7%
Impaired accruing loans	14,398	6,174	13,935	7,797	176
	$16,257	$17,671	$15,129	$11,014	$ 4,034
Percent of total loans	1.9%	2.3%	2.3%	1.8%	0.7%

</TABLE>

The gross interest income that would have been recorded in 1999 had non-performing assets remained current and in accordance with original terms, is approximately $816,000. The amount of interest included in income was $13,000.

It is the Company's policy to consider loans for non-accrual when they are past due 90 days or more, unless such loans are well secured and in the process of collection. All such loans have been reviewed by management, and where so determined are included in the non-accrual totals above.

SUMMARY OF LOAN LOSS EXPERIENCE

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	YEAR ENDED DECEMBER 31,				
(IN THOUSANDS)	1999	1998	1997	1996	1995
<S>	<C>	<C>	<C>	<C>	<C>
Beginning balance of allowance for losses	$ 13,785	$ 14,283	$ 10,111	$ 8,602	$ 9,726
Provision charged to operating expense	3,480	2,890	4,819	3,148	452
Charge-offs:					
Commercial and industrial	3,414	3,252	898	2,062	1,637
Real estate (includes construction and real estate)		155	125	195	
Individuals for personal expenditures	60	37	156	298	44
Other	86				
	3,560	3,444	1,179	2,555	1,681
Recoveries:					
Commercial and industrial	138	37	267	829	45
Real estate (includes construction and real estate)		1	12	31	36
Individuals for personal expenditures	3	4	47	17	24
Foreign			8		
Other	37	14	198	39	
	178	56	532	916	105
Charge-offs net of recoveries	3,382	3,388	647	1,639	1,576
Ending balance of allowance for losses	$ 13,883	$ 13,785	$ 14,283	$ 10,111	$ 8,602
Average gross loans outstanding	$ 798,518	$ 724,112	$ 649,640	$ 571,959	$ 509,899
Percent of net loan charge-offs to average loans	0.42%	0.47%	0.10%	0.29%	0.31%
Percent of allowance for losses to loans outstanding at end of period	1.66%	1.80%	2.13%	1.68%	1.55%

</TABLE>

The provision for loan losses charged to operating expenses is based upon several factors which are evaluated by management including prior loss experience, current and anticipated economic conditions, regular examinations by supervisory authorities and continuing review of problem loans. The allowance for loan losses is allocated to individual loan categories based on the relative risk characteristics of the loan portfolio. For purposes of evaluating the adequacy of the reserve, management concentrates on the major components of the loan portfolio which are commercial loans, real estate loans and loans to individuals. Commercial and real estate-construction loans are reviewed and graded in one of several categories describing their quality, and problem loans are monitored by senior management. Real estate and loans to individuals which are considered past due are reported to management on a monthly basis. The Company also routinely maintains an unallocated allowance to recognize its exposure to unanticipated losses within the loan portfolio. This exposure is caused by inherent delays in obtaining information regarding an individual borrower's financial condition or change in their specific business condition; the judgmental nature of individual loan evaluations, collateral assessments and the interpretation of economic trends; the volatility of general economic or specific customer conditions affecting the identification and quantification of losses for large individual credits; and the sensitivity assumptions used in establishing allocated allowances for general categories of loans. The unallocated allowance also addresses risk in concentration of credit to specific borrowers, products, or industries.

The following is management's allocation of the allowance for loan losses:

YEAR ENDED DECEMBER 31	COMMERCIAL AND INDUSTRIAL	REAL ESTATE	INDIVIDUALS FOR PERSONAL EXPENDITURES	UNALLOCATED	TOTAL
1999					
Amount allocated	$ 11,329	$ 100	$ 300	$2,154	$13,883
Outstandings to total loans	68.08%	22.16%	5.09%		
1998					
Amount allocated	12,628	100	300	757	13,785
Outstandings to total loans	67.96%	20.50%	6.11%		
1997					
Amount allocated	8,449	200	300	5,334	14,283
Outstandings to total loans	65.96%	21.20%	8.20%		
1996					
Amount allocated	6,624	100	300	3,087	10,111
Outstandings to total loans	65.55%	21.13%	9.49%		
1995					
Amount allocated	3,268	100	300	4,934	8,602
Outstandings to total loans	68.76%	21.04%	6.12%		

The increase in the unallocated allowance for loan losses in 1999 is the result of the resolution of a large non-accrual loan.

SELECTED FINANCIAL DATA

	1999	1998	1997	1996	1995
BALANCE SHEET ITEMS (IN MILLIONS)					
Securities	$ 182	$ 175	$ 179	$ 165	$ 158
Loans	839	766	671	600	555
All other assets	119	85	85	137	90
Total assets	1,140	1,026	935	902	803
Total deposits	614	517	479	520	440
Short-term borrowed funds	174	211	246	206	198
Long-term debt	176	139	67	48	48
All other liabilities	24	12	10	9	10
Total liabilities	988	879	802	783	696
Stockholders' equity	152	147	133	119	107
INCOME AND EXPENSE ITEMS (IN THOUSANDS)					
Interest and fees on loans	76,779	73,040	66,910	58,795	55,972
All other interest income	11,617	12,535	12,890	11,404	10,417
Total interest income	88,396	85,575	79,800	70,199	66,389
Interest expense on deposits	17,043	16,393	16,281	14,980	12,950
Interest expense on short-term borrowed funds	12,325	15,275	15,069	11,908	11,680
Interest expense on long-term debt	9,651	6,355	3,941	3,261	3,638
Total interest expense	39,019	38,023	35,291	30,149	28,268
Net interest income	49,377	47,552	44,509	40,050	38,121
Provision for loan losses	3,480	2,890	4,819	3,148	452
Trust fees	4,512	4,641	4,801	4,605	4,839
State income tax refund	1,233		1,369		
Gains (losses) on sale of securities				133	(122)
All other income	4,952	4,601	5,220	5,344	4,460
All other expenses	29,091	28,049	28,265	26,189	26,053

Net earnings	16,627	15,664	13,722	12,686	12,696
Basic Earnings Per Share					
Net earnings	1.90	1.77	1.54	1.42	1.42

</TABLE>

SELECTED RATIOS

<TABLE>
<CAPTION>

	YEAR ENDED DECEMBER 31,		
	1999	1998	1997
<S>	<C>	<C>	<C>
Net earnings to average assets	1.58%	1.58%	1.50%
Net earnings to average stockholders' equity	11.23	11.26	11.26
Average stockholders' equity to average total assets	14.03	14.00	14.00
Dividend payout ratio	25.26	27.12	
Regulatory Capital Ratios:			
Tier 1 risk capital	15.40	16.33	16.52
Total risk capital	16.65	17.58	17.77
Leverage	13.42	14.27	14.15
(ratios calculated before unrealized gains or losses)			

</TABLE>

SELECTED CONSOLIDATED QUARTERLY FINANCIAL DATA

<TABLE>
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	1999			
(UNAUDITED) (IN THOUSANDS EXCEPT PER SHARE DATA)	FIRST QUARTER	SECOND QUARTER	THIRD QUARTER	FOURTH QUARTER
<S>	<C>	<C>	<C>	<C>
Interest income	$ 20,531	$ 21,459	$ 22,960	$ 23,446
Interest expense	8,814	9,152	10,231	10,822
Net interest income	11,717	12,307	12,729	12,624
Provision for loan losses	862	997	1,111	510
Other non-interest income	2,413	2,423	3,647	2,214
Non-interest expense	7,304	7,263	7,045	7,479
Income tax expense	2,359	2,556	3,197	2,764
Net earnings	3,605	3,914	5,023	4,085
Basic earnings per share	0.41	0.45	0.57	0.47

</TABLE>

<TABLE>
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	1998			
(UNAUDITED) (IN THOUSANDS EXCEPT PER SHARE DATA)	FIRST QUARTER	SECOND QUARTER	THIRD QUARTER	FOURTH QUARTER
<S>	<C>	<C>	<C>	<C>
Interest income	$ 20,074	$ 20,881	$ 22,485	$ 22,135
Interest expense	8,875	9,127	9,959	10,062
Net interest income	11,199	11,754	12,526	12,073
Provision for loan losses	228	57	535	2,070
Other non-interest income	2,409	2,678	2,177	1,978
Non-interest expense	7,350	7,219	7,146	6,334
Income tax expense	2,379	2,836	2,759	2,217
Net earnings	3,651	4,320	4,263	3,430
Basic earnings per share*	0.41	0.49	0.48	0.39

</TABLE>

Certain information has been restated from the information originally reported in the Company's Quarterly Reports on Form 10-Q. The restatements reflect the correction of previously reported information as discussed in the Company's Current Report on Form 8-K, dated November 15, 1999.

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	1999		1998	
	LOW	HIGH	LOW	HIGH
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Stock Price Range*				
First quarter	$21	$27 1/2	$23 3/8	$29 1/2
Second quarter	17 1/4	22 5/8	30	35 1/4
Third quarter	17 3/8	21	24	34 1/2
Fourth quarter	16	20 3/8	23 1/2	28
December 31 (Closing Price)	$16 3/4		$26 1/4	

</TABLE>

----

*Adjusted for stock dividends

DIRECTORS

<TABLE>
<CAPTION>
NATIONAL CITY BANCORPORATION

<S>	<C>	<C>	<C>
David C. Malmberg Chairman of the Board National City Bancorporation	Michael J. Boris* Private investor and Consultant	James B. Goetz, Sr. President and Chief Executive Officer Goetz Companies	Walter E. Meadley, Jr. Retired Vice Chairman of the Board National City Bank
Wendell R. Anderson* Of Counsel Larkin, Hoffman, Daly & Lindgren Ltd	Marvin Borman* Partner Maslon, Edelman, Borman & Brand	Esperanza Guerrero-Anderson* President and Chief Executive Officer Milestone Growth Fund, Inc.	Robert L. Olson President and Chief Executive Officer Diversified Business Credit, Inc.
David L. Andreas President and Chief Executive Officer National City Bancorporation President and Chief Executive Officer National City Bank	Sharon N. Bredeson President and Chief Executive Officer STAFF-PLUS, Inc.	Thomas E. Holloran* Professor, Graduate Programs in Management University of St. Thomas	Roger H. Scherer* Chairman of the Board Scherer Bros. Lumber Company
	Kenneth H. Dahlberg Chairman of the Board Dahlberg, Inc.	C. Bernard Jacobs Retired President and Chief Executive Officer National City Bancorporation Retired Chairman of the Board National City Bank	
Terry L. Andreas School for Field Studies Chairman of the Board Beverly, Massachusetts	John H. Daniels, Jr.* Partner Willeke & Daniels		*Members of the Audit Committee

</TABLE>

PRINCIPAL OFFICERS

<TABLE>
<CAPTION>
NATIONAL CITY BANCORPORATION

<S>	<C>	<C>	<C>
David L. Andreas President and Chief Executive Officer	Thomas J. Freed Secretary and Chief Financial Officer		

<CAPTION>
NATIONAL CITY BANK OF MINNEAPOLIS

<S>	<C>	<C>	<C>
David L. Andreas President and Chief Executive Officer	Margaret A. Newhouse Vice President	DeWayne A. Hoium Vice President	FINANCIAL MANAGEMENT DIVISION Thomas J. Freed Senior Vice President and Chief Financial Officer
CLIENT SERVICES DIVISION William J. Klein Executive Vice President	Scott D. Thorson Vice President	Sherri L. Kelly Vice President	Robert A. Duncan Vice President
Donna M. DeMatteo Vice President	BANK OPERATIONS DIVISION Donald W. Kjonaas Senior Vice President and Security Officer	James R. Kitchen Vice President	Michael G. Jensen Vice President
David M. Nash Senior Vice President	Laura J. Carlson Vice President	Susan E. Martenson Vice President	Robert A. Kramer Vice President and Controller
		Lisa A. Ruhl Vice President	Robert A. Steuck

		COMPLIANCE COUNSEL	Vice President and Auditor
		Connie G. Weinman	

<CAPTION>
DIVERSIFIED BUSINESS CREDIT, INC.

<S>	<C>	<C>	<C>
Robert L. Olson President and Chief Executive Officer	William D. Farrar Vice President	Bridget A. Manahan Vice President	Walter D. Tomaszek Vice President
Janet L. Pomeroy Senior Vice President	Jeffrey S. Holland Vice President	Kevin D. Schrader Vice President	
Anthony R. Bassett Vice President	Robert L. Johnson Vice President	Mark W. Schwieters Vice President	

</TABLE>

NATIONAL CITY BANCORPORATION

Sixth On The Mall
651 Nicollet Mall, Minneapolis, MN 55402-1611
(612) 904-8500
www.nationalcitybank.com
www.businesscredit.com

EXHIBIT 23

CONSENT OF INDEPENDENT AUDITORS

We consent to the incorporation by reference in the Registration Statement (Form S-3, No. 333-93941) of National City Bancorporation and in the related Prospectus of our report dated January 14, 2000, with respect to the consolidated financial statements and schedules of National City Bancorporation incorporated by reference in its Annual Report on Form 10-K for the year ended December 31, 1999.

/s/ Ernst & Young LLP

Minneapolis, Minnesota
March 28, 2000

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