



Comptroller of the Currency
Administrator of National Banks

LARGE BANK

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Public Disclosure

March 30, 1998

Community Reinvestment Act Performance Evaluation

MID-CITY NATIONAL BANK OF CHICAGO
Charter No. 13684

801 West Madison Street
Chicago, Illinois 60607

Office of the Comptroller of the Currency
One Financial Place, Suite 2700
440 S. LaSalle Street
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NOTE: This evaluation is not, nor should it be construed as, an assessment of the financial condition of this institution. The rating assigned to this institution does not represent an analysis, conclusion, or opinion of the federal financial supervisory agency concerning the safety and soundness of this financial institution.

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General Information

The Community Reinvestment Act (CRA) requires each federal financial supervisory agency to use its authority when examining financial institutions subject to its supervision, to assess the institution's record of meeting the credit needs of its entire community, including low- and moderate-income neighborhoods, consistent with safe and sound operation of the institution. Upon conclusion of such examination, the agency must prepare a written evaluation of the institution's record of meeting the credit needs of its community.

This document is an evaluation of the CRA performance of **Mid-City National Bank of Chicago** prepared by **The Office of the Comptroller of the Currency**, the institution's supervisory agency, as of **March 30, 1998**. The agency evaluates performance in assessment area(s), as they are delineated by the institution, rather than by individual branches. This assessment area evaluation may include visits to some, but not necessarily all of the institution's branches. The agency rates the CRA performance of an institution consistent with the provisions set forth in Appendix A to 12 CFR Part 25.

Institution's CRA Rating: This institution is rated "**Satisfactory record of meeting community credit needs**".

The following chart indicates the performance level of **Mid-City National Bank of Chicago** with respect to the lending, investment, and service tests.

Performance Levels	Mid-City National Bank of Chicago Performance Tests		
	Lending Test*	Investment Test	Service Test
Outstanding			
High satisfactory			
Low satisfactory	X	X	X
Needs to improve			
Substantial noncompliance			

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

Description of Institution

Mid-City National Bank of Chicago (Mid-City) is a wholly owned subsidiary of MidCity Financial Corporation (MCFC), a \$1.5 billion multi-bank holding company. MCFC is the parent corporation of four additional banks. They include: First National Bank of Morton Grove, Morton Grove, Illinois; First National Bank of Elmhurst, Elmhurst, Illinois; Union Bank and Trust Company, Oklahoma City, Oklahoma; and Abrams Centre National Bank, Dallas, Texas. MCFC also owns one non-bank data processing subsidiary. Mid-City is the largest affiliate in the group.

Mid-City's head office has been located on the near west side of Chicago since it was first chartered in 1911. Mid-City also has five additional offices located in the City of Chicago and four located in the Chicago suburbs of North Riverside, LaGrange Park and Mount Prospect. Five of these branches were acquired during 1992 from Clyde Federal Savings and Loan, a former savings association. The branch office in Chicago's Pilsen community was acquired during 1995, from the former Peoples Savings and Loan.

Branch locations are supplemented by 13 automatic teller machines (ATMs). Three ATMs are detached. Other alternative delivery systems include automated telephone banking in which customers can access loan and deposit information 24 hours a day.

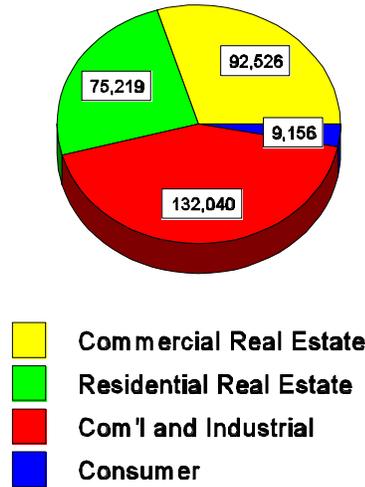
Mid-City provides a full range of retail and commercial bank products as well as trust services. The bank has historically focused on commercial business and therefore, the bank's loan portfolio is heavily weighted toward commercial loan products. Since the 1991 purchase of the suburban branch network of a savings institution, the bank's retail business segment significantly increased. However, the bank's strategic focus continues to be on small businesses.

This evaluation considered the bank's performance since the last examination, dated March 22, 1996, at which the bank received a Satisfactory rating. The current evaluation reflects performance from January 1, 1996 thru December 31, 1997.

There are no current impediments which would hamper Mid-City's ability to meet the credit needs of its communities. For the year ending December 31, 1997, Mid-City had a net income of \$8.9 million. As of December 31, 1997, the bank had total assets of \$756 million and the loan-to-deposit ratio was 44%. Loans represented 41% of total assets and commercial lending represented 73% of gross loans. **Figure I** displays the distribution of the loan portfolio as of December 31, 1997:

Loan Portfolio Distribution

Figure I (000's)



DESCRIPTION OF ASSESSMENT AREA

The assessment area is comprised of the entire political subdivision of Cook County, which is a portion of the Chicago Metropolitan Statistical Area (MSA 1600). This assessment area represents 1352 census tracts. The most substantial portion of the assessment area is the City of Chicago. This assessment area includes census tracts where the bank has a branch and where a substantial portion of the bank's loans have been originated.

Per 1990 census data, **Table 1** displays significant demographic information regarding Mid-City's assessment area:

Table 1 Overall Demographic Information						
Demographic Characteristics	#	% of State	Low % of #	Moderate % of #	Middle % of #	Upper % of #
Population	5,105,067	45%	14%	25%	41%	20%
Households	1,874,634	45%	12%	23%	43%	22%
Households Below Poverty Level	240,465	50%	39%	33%	21%	7%
Census Tracts	1,352	48%	20%	25%	36%	17%
Owner Occupied Housing	1,042,793	39%	4%	17%	51%	28%
Small Businesses	168,122	44%	8%	18%	40%	33%#

Note: The demographic information presented in this table is based on census tracts. The number of households below the poverty level for each income level is as a percentage of the total number of households. Percentages that do not add to 100% contain a small percentage that could not be identified.

According to the 1990 U.S. Census, the assessment area consists of 2,021,833 housing units. Fifty-two percent of these units are owner occupied, 41% are rental and 7% are vacant housing units. The median housing value is \$121,735. The median year built of housing in the assessment area is 1953.

The 1990 U.S. Census reveals that there are 1,256,554 families within the bank's assessment area. Twenty-four percent of the families are low-income, 19% are moderate-income, 23% are middle-income, and 34% are upper-income. The median 1998 family income for the assessment area is \$55,800.

Overall economic conditions in the assessment area are good and stable. Unemployment for the area was 4.7% in March of 1998, which is lower than the national average of 5.0%. The employment base is diversified with numerous employment opportunities. Thirty-nine Fortune 500 companies are located within the State of Illinois, 21 of which have their headquarters within Mid-City's assessment area. Twenty companies, within the assessment area, employ 4000 or more people at one location.

City of Chicago

The City of Chicago represents the largest individual segment of the assessment area. Also, the portion of the assessment area that relates to the City of Chicago is dramatically different in terms of its demographic make-up of the population, income levels, and the nature of housing stock. Chicago has a significant percentage of low-and moderate-income census tracts when compared to suburban Cook County.

The 1990 U.S. Census revealed that within the assessment area 98% of the low-income tracts and 86% of the moderate-income census tracts are within the City of Chicago. However, it is interesting to note that families of all income levels are dispersed throughout all tracts within Chicago. Specifically, 10% of the total middle- and upper-income families live in low-income census tracts and 33% of the middle- and upper-income families reside in moderate-income tracts.

Forty-one percent of the owner occupied housing within the assessment area is in the City of Chicago. The housing stock within Chicago is somewhat older than the rest of Cook County. The median year built for housing units in the remainder of the assessment area was 1961. In Chicago, the median year built for housing units was 1947.

The unemployment rate for the City of Chicago, at 5.5%, is higher than the national average. Between 1991 and 1995, there has been a small decline in the number of people working in the city. The report *Where Workers Work in the Chicago Metro Area*, produced by the Illinois Department of Employment Security, revealed that there was a decrease of 48,541 (4%) people working in the City of Chicago during this time frame. There are 29 companies in the Chicago MSA that employ 4,000 or more people in 1 location. One-half of those companies are located in the City of Chicago.

According to the Northeastern Illinois Planning Commission, Chicago's population has shown a 4% decline from 1990 to 1995.

Cook County Excluding Chicago

The remainder of the assessment area is suburban. This area is generally stable, prosperous, and is experiencing fairly constant growth. Between 1991 and 1995, there has been a fairly significant increase in the number of people working in this segment of the assessment area. The report, *Where Workers Work in the Chicago Metro Area*, produced by the Illinois Department of Employment Security, revealed that there has been an increase of 80,833 persons (8%) working in the rest of Cook County during this period. The unemployment rate is lower than the national average, at 4.0%. The suburban census tracts are overwhelmingly middle- or upper-income.

Similarly Situated Banks

Mid-City's principal business activities are highly competitive. The bank competes actively with other financial service providers offering a wide array of financial products and services. Competitors include other national and state banks, savings banks, savings and loan associations, finance companies, insurance companies, and various nonfinancial intermediaries.

Similarly situated banks for the assessment area include Midwest Bank and Trust, Elmwood Park, Illinois and Manufacturers Bank, Lansing, Illinois. These banks are independently owned, range from \$450 million to \$800 million in total assets, serve a similar market area, and primarily have a commercial lending focus. Mid-City also considers the Bank of Lincolnwood, Cole Taylor Bank and National Republic Bank as major competitors, although the competition differs based on the different products and services offered.

Credit Needs

Based on the size and location of the bank's assessment area, credit and community development needs are numerous and varied. Significant credit needs include affordable housing, consumer, and small business loans. Community development needs range from debt financing and equity investments to direct purchases of tax credits for projects relating to affordable housing. Improved access to financial services, through additional branches in low- and moderate-income areas, was also identified as a need. These needs were identified through several community contacts with housing, economic and government representatives contacted by banking regulatory agencies in the past 24 months. We performed one independent contact during this examination which confirmed these credit needs.

Conclusions with Respect to Overall Performance Tests

LENDING TEST

The lending test is the most influential consideration in evaluating the bank's CRA performance. Consideration is given to the bank's origination of credit within its assessment area; the extension of credit to low- and moderate-income areas within the assessment area; the level of credit provided to low- and moderate-income borrowers, small businesses, farms, and credit provided for community development. Overall, our review found that Mid-City's lending activity demonstrates:

- a good responsiveness to credit needs in its assessment area;
- a reasonable level of loans to low- and moderate-income census tracts within the assessment area;
- a high percentage of loans made within the assessment area;
- a good distribution of loans among borrowers of different income levels;
- adequate use of innovative and/or flexible credit products; and
- an adequate level of community development lending.

Performance Criteria:

Lending Activity

Mid-City's lending volume is adequate. As of December 31, 1997, the loan-to-deposit ratio was low at only 44%. This ratio is lower than other peer banks, which average 68%. Peer banks include all banks within Cook County with total assets between \$300 million to \$1 billion, and have a commercial loan base of at least 20%. Eleven banks fit into this custom peer group. Mid-City's low loan-to-deposit ratio is attributed to the purchase of branches from a former savings association. The deposit acquisitions totaled \$350 million, while the loan acquisition approximated only \$62 million. Also, the bank's loan portfolio has experienced a 2% decline over the last two years. The decline was due to loan payoffs within the commercial loan portfolio.

Although Mid-City originates a wide variety of loans, it has historically been primarily a commercial lender. As reflected in **Figure 1**, 73% of the loan portfolio is in commercial loans and approximately 39% of the commercial loan portfolio are small business loans.

Mid-City's loan and deposit base is concentrated in the City of Chicago rather than the remainder of Cook County. As of December 31, 1997, 57% of the number and 65% of the dollar volume of deposit accounts were from within the City of Chicago. The number and dollar volume of loans generated from within Chicago represent 65% and 88%, respectively.

As shown in **Table 2**, the bank is not an active home mortgage lender, primarily due to the steep competition from many larger multinational banks, regional banks and mortgage companies. Historically, the bank's mortgage product lines have not been as extensive as that of other financial institutions. Aggregate market data for 1996 HMDA activity revealed that 143,550 HMDA loans

were originated in Cook County, with Mid-City originating only 66 (.05%) of HMDA reportable loans. The market share data revealed that leaders are several multinational and regional banks. The five banks reflecting the highest market share within Cook County include; LaSalle Bank FSB with 4% market share, Bank One, Chicago, NA with 2% market share, Cole Taylor Bank with 1% market share and Northern Trust with 1% market share and NBD Mortgage Company with 3% market share.

As shown in **Table 2**, the level of loans originated **within** the assessment areas is substantial.

Table 2			
Loan Originated Inside the Assessment Area			
	Home Mortgage	Small Business	Total
Number			
Loans Inside the Assessment Area	97	754	851
Total # of Loans	128	807	935
% Inside the Assessment Area	76%	93%	91%
Dollars (000's)			
Loans Inside the Assessment Area	10,989	28,503	39,492
Total \$ Amount of Loans	14,963	32,855	47,818
% Inside the Assessment Area	73%	87%	83%

Source: 1997 HMDA-LAR; 1997 Small Business/Farm Data Collection Register. Includes all HMDA reportable transactions.

Geographic Distribution

Overall, Mid-City's geographic distribution of home mortgage loans and small business loans, within the assessment area, is reasonable. Also, the dispersion of lending within the assessment area is reasonable. The analyses are weighted more towards the distribution of the bank's small business loans rather than home mortgage lending since commercial lending is the bank's business focus.

Home Mortgage Loans

The distribution of credit to low- and moderate-income tracts is good when compared to the owner-occupied characteristics of the assessment area. **Table 3** shows that Mid-City originated 37% in 1996 and 21% in 1997, to low- and moderate-income tracts. This distribution compares favorably to the 21% of owner-occupied units located in low- and moderate-income census tracts. It does not compare favorably to the low- and moderate-income characteristics within the assessment area.

Table 3 Home Mortgage Loans By Income Level of Census Tract										
Income Level of Census Tract	1996				1997				Assessment Area Characteristics	
	#	%	\$ (000's)	%	#	%	\$ (000's)	%	% of Owner-Occupied Units	% of Census Tracts
Low	13	24%	597	11%	10	11%	602	7%	4%	20%
Moderate	7	13%	635	12%	9	10%	395	4%	17%	25%
Middle	21	39%	2,745	50%	36	41%	2,531	29%	51%	36%
Upper	13	24%	1,483	27%	34	38%	5,302	60%	28%	17%
Unavailable	NA	NA	NA	NA	NA	NA	NA	NA	NA	2%
Total	54	100%	5,460	100%	89	100%	8,830	100%	100%	100%

Source: 1996 and 1997 HMDA-LAR. Only owner-occupied lending is reflected in this table.

The bank's market share for home mortgage lending is low, as Mid-City is number 271 amongst 715 lenders within the assessment area. However, Mid-City is comparable to other similarly situated banks in market share, for home mortgage loans within the assessment area. Please refer to the *Lending Activity* section of this Disclosure for further explanation of the bank's home mortgage market share. **Table 4** further details Mid-City's home mortgage activity.

Table 4 Geographic Distribution of Mortgage Loans By Product Type									
Income Level of Census Tract	1996 and 1997 Combined								Assessment Area Characteristics
	Home Purchase		Refinance		Home Improvement		Multi-Family		
	#	%	#	%	#	%	#	%	
Low	8	17%	9	20%	4	8%	2	100%	4%
Moderate	4	8%	5	11%	7	14%	0	0%	17%
Middle	16	33%	16	37%	25	51%	0	0%	51%
Upper	20	42%	14	32%	13	27%	0	0%	28%
TOTAL	48	100%	44	100%	49	100%	2	100%	100%

Source: 1996 and 1997 HMDA - LAR. Only includes owner-occupied loans.

Lending activity is evenly distributed between the three major home mortgage products. The bank is not an active multi-family lender. The table reveals that lending for each product type compares favorably to owner-occupied in low- income tracts. However, the distribution of loans within the various product types, is less favorable for moderate-income tracts.

Our analyses revealed that originations of home mortgage loans in low- and moderate-income tracts, were sporadic, however, mainly concentrated on the west side of the City of Chicago. This dispersion of home loans is reasonable since the bank’s branches located in low- and moderate-income areas are on the west side of the City of Chicago. Further, the low- and moderate-income tracts have a significant percentage of rental units. The owner occupancy is particularly low in low-income census tracts, at 17%.

Small Business Loans

Mid-City originates a satisfactory portion of small business loans in low- and moderate-income areas. **Table 5**, below, reflects that the percentage of loans originated in low- and moderate-income tracts is good when compared to the small business assessment area characteristics for these census tracts.

Mid-City’s small business lending market share is good considering its size and resources. When comparing the bank’s 1996 small business market share to other lenders within the assessment area, Mid-City ranks 31 out of 273 lenders. Further, the bank’s 1996 small business market share is good in low- and moderate-income census tracts. Mid-City ranked 16th, with a market share of 1.40% in the number of small business loans originated in low- and moderate-income census tracts within the assessment area. The bank’s small business lending performance was even better in low-income census tracts, as the bank’s market share was 2.74%, ranking 7th in the total number of small business loans originated. Although the bank’s market share within low-and moderate-income census tract is commendable, other similarly situated banks have comparable performance.

Table 5 Small Loans to Businesses By Income Level of Census Tract									
Income Level of Census Tract	1996				1997				Distribution of Small Businesses
	#	%	\$ (000's)	%	#	%	\$ (000's)	%	% of Census Tracts
Low	48	19%	6,726	22%	89	12%	3,487	12%	8%
Moderate	49	20%	4,847	16%	186	25%	5,218	18%	18%
Middle	65	26%	9,707	32%	399	53%	9,994	35%	40%
Upper	85	34%	9,354	30%	76	10%	6,854	24%	33%
NA	3	1%	97	<1%	4	<1%	2,950	11%	1%
Total	250	100%	30,731	100%	754	100%	28,503	100%	100%

Source: 1996 and 1997 Small Business Data Collection Register.

Borrower Characteristics

We evaluated loans by borrower characteristics to determine the extent that Mid-City provides loans to low-and moderate-income borrowers and small businesses. This analysis revealed that the distribution of Mid-City's home mortgages to low-and moderate-income borrowers is reasonable when compared to the income distribution of the assessment area's families. The analyses also revealed that a significant level of small loans are provided to businesses with revenues less than \$1 million. The bank also makes a considerable number of loans to businesses of varying sizes within the assessment area.

Home Mortgages

The distribution of home loans among borrowers of various income levels is satisfactory as lending to low-and moderate-income borrowers is comparable to the population's income distribution characteristics. **Table 6** reflects that within the entire assessment area, the bank extended 39% in 1996 to low- and moderate-income borrowers. Although the number of loans to low- and moderate-income borrowers increased in 1997, the distribution of loans to these borrowers declined to 31% in 1997. Thirty-five percent of the assessment area families are low-and moderate-income.

Table 6 Home Mortgage Loans By Borrower Income									
Borrower Income Distribution	1996				1997				Assessment Area Characteristics
	#	%	\$(000's)	%	#	%	\$(000's)	%	% of Families
Low	8	15%	282	5%	11	12%	306	4%	12%
Moderate	13	24%	1,015	19%	17	19%	975	11%	23%
Middle	17	31%	1,325	24%	20	23%	1,349	15%	43%
Upper	15	28%	2,818	52%	39	44%	6,160	70%	22%
Income Not Available	1	2%	20	0%	2	2%	40	<1%	0%
Total	54	100%	5,460	100%	89	100%	8,830	100%	100%

Source: 1996 and Year-to-date 1997 HMDA - LAR . Includes only owner-occupied units.

Small Business Lending

A review of demographic data revealed that 72% of the 168,122 small businesses in the assessment area have revenues less than \$1 million. The distribution of Mid-City's loans to small businesses revealed a high level of lending to businesses having revenues less than \$1 million. In 1996, 45% of the small business loans within the assessment area were made to businesses having less than \$1 million in annual revenues. The amount of small business lending with revenues less than \$1 million in annual revenues increased significantly in 1997 to 95% because of the bank's lending relationship with a local taxi cab company. The bank has an agreement with the company whereby it originates

individual loans to the drivers to purchase taxi medallions.

Based on our review of the 1996 and 1997 Small Business Data Collection Registers, Mid-City's distribution of small business loans to borrowers of varying sizes is significant. As presented in **Table 7**, 68% of the loans were originated to small businesses by loan size of less than \$100,000, within the assessment area. For 1997, originations improved, with 93% of the loans made to small business borrowers in amounts less than \$100,000, primarily due to the bank's relationship with the taxi cab company.

Table 7 Distribution of Small Business Loan Originations in 1996 and 1997 Within the Assessment Area By Loan Size and Business Revenues								
Loan Size (all borrowers)					Annual Revenues < \$1 Million			
1996	#	%	\$ (000's)	%	#	%*	\$ (000's)	%*
less than \$100,000	170	68%	\$5,773	19%	NA	NA	NA	NA
\$100,000 to \$250,000	46	18%	\$7,597	25%	NA	NA	NA	NA
\$250,000 to \$1,000,000	34	14%	\$17,361	56%	NA	NA	NA	NA
Totals	250	100%	\$30,731	100%	112	100%	\$5,106	100%
1997								
less than \$100,000	701	93%	\$8,426	47%	692	96%	\$8,107	47%
\$100,000 to \$250,000	24	3%	\$4,138	15%	16	2%	\$2,564	15%
\$250,000 to \$1,000,000	28	4%	\$15,936	38%	14	2%	\$6,580	38%
Totals	753	100%	\$28,500	100%	722	100%	\$17,251	100%
Distribution of Businesses and Farms in the Assessment Area by Annual Revenues of the Business or Farm:				< 1 Million 72 % > 1 Million 12 % Unknown 16%	*As a percentage of loans of the size category			

Source: 1996 and 1997 Small Business Data Collection Register. Information reflecting loans < \$1 million in annual revenues by the various loan amounts was not available for 1996.

Community Development Lending

Based on our community outreach and considering the bank's size and competitive environment, we determined that Mid-City originates a reasonable level of community development loans in response to identified credit needs. A community development loan is a loan that: 1) has as its primary purpose community development; and, 2) except in the case of a wholesale or limited purpose bank, has not been reported or collected by the bank or an affiliate for consideration in the bank's assessment area as a home mortgage, small business, small farm, or consumer loan, unless it is a multifamily dwelling loan; and, benefits the bank's assessment area(s) or a broader statewide or regional area that includes the bank's assessment area(s). During the evaluation period the bank originated loans for the following community development purposes. These activities are focused

towards affordable housing initiatives since the bank does not have the expertise to make these types of loans but, recognize it as a credit need in the assessment area.

- The bank has a \$1.7 million dollar commitment with a nonprofit mortgage banking organization that provides financing for the acquisition and rehabilitation of new construction of multi-family housing in the Chicago area. The organization's goal is to conserve and revitalize older neighborhoods in low- and moderate-income areas. Capital for this initiative is from a pool of lenders and thrifts. In December of 1997, Mid-City approved the extension of \$1.7 million commitment to the year 2010. Twenty percent of the commitment is to be used for innovative and complex initiatives. The balance of the loan now approximates \$1 million. In 1996 and 1997, Mid-City extended \$53,000 and 98,000, respectively.
- In 1994, the bank committed to purchase loans totaling \$500,000 through a nationally known organization whose focus is to provide affordable housing. The organization initiated a new program to make home ownership among low-income families possible. In 1996 and 1997, the bank funded \$185,000 and \$24,000 under the commitment, respectively.

To raise capital for future programs and satisfy the demand for housing related loans, the organization offered shares in a loan pool. Loans in the pool were generated from the energy assistance program, rehabilitation projects and gap financing. In March 1998, the bank purchased a share representing \$200,000 in loans.

- The bank, in conjunction with three other banks, helped to establish a revolving loan fund with a neighborhood organization that serves as a focal point for block clubs and residents on the west side of Chicago. The program is designed to provide micro loans to individuals to start a small business. One loan totaling \$9,000 was made in 1996. The bank originated \$50,000 in combined loans and letters of credit in 1997.

Innovative or Flexible Lending Practices

Mid-City makes adequate use of flexible loan programs that benefit low- and moderate-income borrowers or census tracts. These programs have been instrumental in providing affordable lending for consumer purposes and small business development.

- **Illinois Firsttime Homebuyers Program:** The bank is an approved lender under the Illinois Housing Development Authority first time home buyer program. This program provides below market rate financing on long term fixed rate mortgages to first time, low-and moderate-income home buyers throughout Illinois. Seven loans were funded under this program in 1996, totaling \$98,500. In 1997, 2 loans were originated totaling \$145,800.
- **The Pilsen Loan Fund:** This fund was established in 1995 for the Pilsen community which is low-and moderate-income. The fund was created to accommodate the community needs for non-conforming residential mortgage financing. The program is available to enable Pilsen residents to purchase a home. The mortgages are priced off of the current rates for conventional 15 and 30 year mortgages. Private mortgage insurance is not required. In 1996, five loans were originated totaling \$122,000. In 1997, two loans were extended, totaling \$170,000 and one loan

was extended in 1998, totaling \$90,000.

INVESTMENT TEST

In its investing activities, Mid-City exhibits adequate responsiveness to credit and community development needs. This conclusion is based on the needs and opportunities within the market identified through community contacts and the bank's size and financial capacity. The bank provides investments in its communities through cash and in-kind contributions and grants to numerous organizations serving low- and moderate-income residents in its assessment area. Total qualifying investments during this evaluation period total \$528,000. Specific noteworthy investments include:

- The bank has a \$250,000 equity investment in a limited partnership formed for the purpose of acquiring limited partnerships which engage in the acquisition, rehabilitation or construction of low income multi-family housing structures. The housing is to be located in various neighborhoods in the City of Chicago, specifically to provide safe and affordable housing to low-income households. These projects qualify for the federal low income housing tax credit for the bank.
- Mid-City also has a \$180,000 bond with a local school district. The purpose of the bond is to fund outstanding claims against the school district, supplement the working cash fund, and refund current portions of the school district's outstanding bond fund. The school district serves low and moderate income areas.

Additional donations and grants were provided to organizations with a community development focus. Mid-City contributed to 23 different community development organizations, totaling \$98,000 during the evaluation period.

SERVICE TEST

Mid-City serves the needs of its community through various service-oriented activities. This conclusion is based on the following:

- Mid-City employs various delivery systems which make products and services reasonably accessible to all portions of the community.
- Branch offices are reasonably accessible to all portions of the assessment area and branch hours are good.
- Mid-City provides an adequate level of community development services.

Retail Banking Services

Mid-City has a total of 10 branches (including the main office), 6 of which are located in the City of Chicago and 4 in the surrounding suburbs of Cook County. **Table 8** depicts the census tracts and income levels of the individuals served by the bank's 10 branch offices.

Table 8 Distribution of Branches by Census Tract Served				
Income Level of Census Tract	Branches		Assessment Area Characteristics	
	#	%	Distribution of Tracts	Distribution of Families
Low	2	20%	20%	24%
Moderate	0	0%	25%	19%
Middle	4	40%	36%	23%
Upper	4	40%	17%	34%
Unavailable	NA	NA	2%	NA
Total	10	100%	100%	100%

The bank's branches are dispersed throughout the assessment area, although mainly concentrated in the Chicago Loop, western and southwestern segments of the city and surrounding suburbs. One branch is located in the northwestern segment of suburban Cook County.

The two offices located in low-income census tracts are within the City of Chicago. Three branches are located in the Loop area of Chicago which primarily serve commercial concerns and are in upper-income areas. The last branch located within the City of Chicago (Garfield Ridge), although in a middle-income census tract, is in close proximity to low- and moderate-income areas. The branches within the suburbs of Cook County are located in middle- and upper-income census tracts. However, the areas surrounding these branches are middle- and upper-income.

As shown in **Table 8**, a significant portion of the branches are located in middle and upper income census tracts; however, our analyses reveal that they serve a significant percent of low- and moderate-income families. This conclusion is especially applicable to Cook County, excluding Chicago. Specifically, 24% of the families within Cook County excluding Chicago are low- and moderate-income. However, 83% of those families reside in middle- and upper-income areas.

Table 9 below demonstrates the distribution of family income by geography among census tracts in the bank’s entire assessment area (Cook County).

Table 9					
Distribution of Family Income by Census Tract					
Income Census Tracts	Income Levels of Families				Total
	Low	Moderate	Middle	Upper	
Low	64%	17%	12%	7%	100%
Moderate	36%	25%	21%	18%	100%
Middle	16%	20%	29%	35%	100%
Upper	6%	10%	19%	65%	100%
Total	24%	19%	23%	34%	100%

Products and services are fairly consistent for all branch locations. Mid-City’s hours are generally tailored to the needs of the surrounding area. Hours of operation are fairly consistent throughout the bank’s assessment area. All of the branches maintain Saturday hours. Additionally, three of the branches have drive-up facilities which offer extended hours. One of the drive-up facilities is located in a low-income census tract.

The bank maintains 13 ATM machines throughout its assessment area. ATM machines are located at each of the bank’s 10 branch facilities and three stand alone locations. Each location is equipped with a 24 hour ATM machine which offers a Spanish language option. Two of the stand alone machines are located in hotels. The bank subscribes to the Cash Station network which enables customers to transact banking through a large number of ATM machines nationwide.

Alternative Delivery Systems

The bank’s alternative delivery systems make services more accessible. These programs enhance the overall delivery of products to the market as a whole, including low- and moderate-income areas. In addition to the ATM network, these systems include an automated telephone banking system known as Personal Automated Teller (PAT) and Loan by Phone for home equity lines of credit. Using PAT, customers can obtain loan and deposit information 24 hours a day via a toll-free number. Customer initiated transactions may include: account balance inquiries, funds transfers, loan payments and rate information. Additionally, loan originators are willing to accept applications over the

telephone. As part of the bank's service to the multi-ethnic communities it serves, bank employees utilize a foreign language directory in order to provide assistance to non-English speaking customers. Bank personnel speak 27 different languages. This allows the bank to provide better customer service as it gives the bank the ability to have a translator join in on conversations with customers.

Community Development Services

Several bank employees offer community development services to organizations that have as their primary purpose economic development or revitalization. Their involvement is to provide technical assistance, develop programs to provide lending, inform the community about credit and deposit products, and sponsor seminars and counseling programs on home ownership. Detailed below are some of the programs and organizations.

- The bank's Vice Chairman & CEO serves on the leadership committee for the National Housing Service (NHS). The group's focus is to improve neighborhoods by assisting low- and moderate-income individuals and families achieve home ownership.
- An officer of the bank serves as a member of the Berwyn Development Corporation (BDC). BDC was established to attract businesses to Berwyn.
- Bank officers serve as representatives of the Chicagoland Chamber of Commerce. Members of this committee discuss various financial related issues with local businesses.

FAIR LENDING REVIEW

We conducted a fair lending examination to determine if all applicants that applied for home loans were treated similarly. Specifically, we compared files of denied applicants of a prohibited basis group to approved loan applicants to make this determination. We also determined if the rates and terms granted to approved borrowers of the prohibited basis group were similar to other approved loan borrowers. We found no evidence of discrimination.