

PUBLIC DISCLOSURE

November 17, 2003

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

First Commercial Bank
RSSD# 48730

6945 North Clark Street
Chicago, Illinois 60626

Federal Reserve Bank of Chicago

230 South LaSalle Street
Chicago, Illinois 60604-1413

NOTE: This document is an evaluation of this institution's record of meeting the credit needs of its entire community, including low- and moderate-income neighborhoods, consistent with safe and sound operation of the institution. This evaluation is not, 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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INSTITUTION'S COMMUNITY REINVESTMENT ACT (CRA) RATING: This institution is rated **satisfactory**.

First Commercial Bank has provided credit consistent with its size, financial capacity, location, economic conditions, and competitive factors within its assessment area. The bank's efforts are accomplished primarily through the origination of residential real estate and small business loans. The bank's loan-to-deposit ratio only slightly lags its peer group, and it has been trending upward over the last eight quarters and reflects the bank's efforts to meet the credit needs of the community. The bank's lending within its assessment area is considered outstanding. The geographic distribution of real estate and small business loans reflects a satisfactory penetration throughout the assessment area, and the distribution of borrowers reflects an adequate level of penetration among customers of different income levels. No CRA related complaints were received by the institution or this Reserve Bank since the previous evaluation.

The institution was rated **satisfactory** under the CRA at its previous evaluation, conducted on November 1, 1999.

DESCRIPTION OF INSTITUTION

First Commercial Bank, an affiliate of the multi-bank holding company Metropolitan Bank Group, is a full-service bank offering a wide range of deposit and loan products. The bank's office network consists of the main office located at 6945 N. Clark Street in Chicago, and two branches, located at 2201 W. Howard Street and 3200 W. Touhy Street, both in Chicago, Illinois. The bank also operates one drive-up facility located at 6930 N. Clark Street, across the street from the main bank.

According to the Uniform Bank Performance Report, the bank had \$173.6 million in total assets as of June 30, 2003. The bank offers mortgage, commercial, and consumer loans. The deposit products offered by the bank include: checking accounts, NOW accounts, savings accounts, money market deposit accounts, and certificate of deposits. As of June 30, 2003, the largest loan category, by dollar amount as a percentage of total loans, was commercial real estate loans at 36.0%.

The bank's peer group includes all commercial banks with assets between \$100 and \$300 million, with 3 or more banking offices, and located in a metropolitan area. Devon Bank, Broadway Bank, NAB Bank, as well as branches of Harris Trust and Savings Bank, LaSalle Bank N.A., and Bank One N.A. are among some of the bank's main competitors.

There are no apparent factors relating to the bank's financial condition, size, products offered, prior performance, or local economic conditions that would prevent the bank from meeting the credit needs of the community.

DESCRIPTION OF ASSESSMENT AREA

An institution’s assessment area will include the towns, counties, or other political subdivisions where its branches are located and a substantial portion of its loans are made. Assessment area must consist of one or more geographies defined by block numbering areas (BNAs) or census tracts, which are statistical subdivisions of a county. Census tracts are primarily used in metropolitan areas, while BNAs are used in non-metropolitan areas. 1990 U.S. Bureau of Census data is used in this evaluation, unless stated otherwise.

First Commercial Bank’s assessment area consists of all of Cook County, which is comprised of 272 low-income census tracts, 340 moderate-income census tracts, 481 middle-income census tracts, 236 upper-income census tracts and 23 census tracts with no residents. The map of assessment area is shown in Appendix A. The bank expanded its assessment area since the previous CRA examination in order to capture the expansive nature of the bank’s loan production.

Income Characteristics

Exhibit 1 compares the income levels for the assessment area to the Chicago Metropolitan Statistical Area (MSA) and the State of Illinois based on 1990 U.S. Bureau of Census data. In contrast to the 1990 data, the 2002 HUD adjusted median family income for the Chicago MSA is \$75,400.

Exhibit #1						
Distribution of Families by Income Level						
Location	Median Family Income(\$)	Percent of Families				
		Low	Moderate	Middle	Upper	Below Poverty Level
Assessment Area	41,227	24.1	18.5	23.2	34.2	11.1
Chicago MSA	42,758	19.8	17.4	24.0	38.8	8.6
State of Illinois	38,664	20.0	17.9	24.2	38.0	9.0

Low-income is defined as less than 50% of median family income; moderate-income as 50% to less than 80% of median family income; middle-income as 80% to less than 120% of median family income; and upper-income as 120% or more of median family income.

Housing Characteristics and Affordability

According to 1990 U.S. Census Bureau data, 5.1 million individuals reside in the assessment area. Of the 2.0 million housing units, 51.6% are owner-occupied, 41.4% are rental units, and 7.0% are vacant units. The median age of housing stock is 33 years, while the median housing value for the Chicago MSA and the State of Illinois are 45 and 38 years, respectively.

Affordability ratios, developed by dividing the median family income by the median household value for a given area or groups of geographies, are helpful in comparing costs for different areas. An area with a high ratio generally has more affordable housing than an area with a low ratio. The affordability ratios for the assessment area and for the Chicago MSA are 28.7 and 33.3, respectively, indicating that housing is generally less affordable in the assessment area.

Labor and Employment

Based on unemployment statistics information from Illinois Department of Employment and Security, the average unemployment rate in September 2003 for Cook County and the City of Chicago are 7.4% and 8.4%, respectively, suggesting reduced loan demand for the area. The major employers in the bank's assessment area are listed in Exhibit 2.

Exhibit #2			
Major Employers in the Assessment Area			
Company	Location	Employees	Description
Public Schools	Cook County	117,500	Schools
City of Chicago	Chicago	40,320	Government
Cook County	Cook County	27,100	Government
Federal Government	Cook County	24,280	Government
U.S. Postal Service	Cook County	23,800	Government
Jewel/Osco	Cook County	19,300	Grocery
United Airlines	Chicago	16,200	Airlines
United Parcel Services	Cook County	15,600	Delivery Services

Source: Illinois Department of Commerce and Economic Opportunity

Community representatives, contacted during the examination to determine the credit needs of the assessment area, indicated that local financial institutions are actively involved in the community and are adequately meeting the credit needs of the community.

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA

Performance standards for small banks consist of the following, as applicable: the bank's LTD ratio, the percentage of loans and other lending-related activities located in the bank's assessment area, the record of lending to borrowers of different income and farms and businesses of different sizes, the geographic distribution of loans, and the record of taking action in response to written complaints. To determine CRA performance, the above standards are analyzed and evaluated within the assessment area context, which includes, but not limited to, comparative analyses of the assessment area and the state and the non-metropolitan portions of the state demographic data on median income, nature of housing stock, housing costs, and other relevant data pertaining to the bank's assessment area.

Loan-to-Deposit Ratio

The bank's average loan-to-deposit ratio (LTD), calculated from data contained in the Consolidated Reports of Condition, was evaluated giving consideration to the bank's capacity to lend, competitor and peers' loan-to-deposit ratios, as well as demographic factors, economic conditions and lending opportunities present in the assessment area.

Based on the bank's LTD ratios relative to its peer group and a sample of competitors, the bank meets the standards for satisfactory performance under this criterion. The bank's LTD ratio is considered reasonable given the bank's size, financial condition, and assessment area's credit needs. Exhibit 3 shows the comparison for the eight-quarters ending June 30, 2003.

Exhibit #3									
LTD Ratios									
Bank Name, City, 6/30/03 Assets \$ (Millions)	9/30/01	12/30/01	3/31/02	6/30/02	9/30/02	12/31/02	3/31/03	6/30/03	Average
First Commercial Bank, Chicago, \$173.6	68.4	78.7	81.7	77.2	80.1	75.3	73.9	76.6	76.5
<i>Peer</i>	76.5	77.7	78.1	79.2	79.4	78.8	78.6	77.3	78.2
Devon Bank, Chicago, \$254.2	67.6	67.4	73.9	77.4	75.2	76.1	73.4	72.1	72.9
Broadway Bank, Chicago, \$475.2	100.4	92.1	95.0	86.2	86.4	89.3	98.2	95.8	92.9
NAB Bank, Chicago, \$164.9	80.8	84.3	88.0	76.2	79.1	81.9	82.9	82.0	81.9

Lending in the Assessment Area

To assess the extent of lending within the assessment area, the following were reviewed: Home Mortgage Disclosure Act (HMDA) data and small business loans. The sample period for the HMDA-reportable loans was January 1, 2001 to December 31, 2002, while the sample period for the small business loans was between January 1, 2002 and December 31, 2002. Information from the performance context, such as economic conditions present within the assessment area, loan demand, bank size, financial condition, branching network, and business strategies, were considered when evaluating the bank's performance.

HMDA-reportable and small business lending within the bank's assessment area exceeds the standards for satisfactory performance under this criterion.

Almost all of First Commercial Bank's loans were originated within the assessment area. The distribution of a sample of the bank's primary loan products is illustrated in Exhibit 4.

Exhibit #4			
Distribution of Loans in/out of Assessment Area (AA)			
Loan Type	Number of Loans		
	# in Sample	# in AA	% in AA
2001 HMDA-Reportable	46	45	97.8%
2002 HMDA-Reportable	44	40	90.9%
Small Business	50	48	96.0%
Totals	140	133	95.0%

Lending to Borrowers of Different Income Levels and to Businesses of Different Sizes

The distribution of loans among borrowers of different income levels was determined by reviewing Home Mortgage Disclosure Act (HMDA) data and small business loans. The sample period for the HMDA-reportable loans was January 1, 2001 to December 31, 2002, while the sample period for the small business loans was between January 1, 2002 and December 31, 2002. Information from the performance context, such as economic conditions present within the assessment area, demographics, loan demand, bank size, financial condition, branching network, and business strategies, were considered when evaluating the bank's performance.

Given the demographics of the bank's assessment area, the loan distribution across borrowers of different income levels, and businesses of different sizes meets the standards for satisfactory performance under this criterion. The distribution of First Commercial Bank's loans reflects reasonable penetration among borrowers of different income and revenue levels.

HMDA-Reportable Loans

Exhibits 5 shows the distribution of HMDA-reportable real estate loans, originated between January 1, 2001 and December 31, 2002, by income level. As shown, the percent of loans to low- and moderate-income borrowers is 8.8% and 40.0% in 2001 and 2002, respectively, which is satisfactory given the demographic and economic factors within the bank's assessment area. In 2001, more than half of the bank's HMDA-reportable loans were originated to borrower's whose income information was not collected since these were multifamily loans, which do not require collection of income data. Therefore, if the loans to borrowers whose income was not collected are excluded from the calculations, the percent of loans to low- and moderate-income borrowers is 20%, or 4 of 20 loans.

Exhibit #5a		
Loan Distribution of 2001 HMDA-Reportable Loans by Income Level		
Income Level	Total Number Of Loans	Percent of Total Loans*
Low	2	4.4%
Moderate	2	4.4%
Middle	5	11.1%
Upper	11	24.4%
Borrower Income Info N/A	25	55.6%
Totals	45	100.0%

* HUD's estimated 2002 median family income was used to determine the income level of the applicants.

Exhibit #5b		
Loan Distribution of 2002 HMDA-Reportable Loans by Income Level		
Income Level	Total Number Of Loans	Percent of Total Loans*
Low	5	12.5%
Moderate	11	27.5%
Middle	5	12.5%
Upper	10	25.0%
Borrower Income Info N/A	9	22.5%
Totals	40	100.0%

* HUD's estimated 2002 median family income was used to determine the income level of the applicants.

Small Business Loans

The distribution of small business loans reflects a satisfactory penetration among small businesses. The distribution based on a sample of small business loans originated between January 1, 2002 and December 31, 2002 is shown in Exhibit 6.

Exhibit #6		
Distribution of Small Business Loans		
Original Dollar Amount	Number	Dollar Amount
Less than or equal to \$100,000	14	587,000
Greater than \$100,000 through \$250,000	7	1,395,000
Greater than \$250,000 through \$500,000	27	13,662,000
Total	48	15,644,500

As Exhibit 6 shows, originations in the \$100,000 or less category represent 29.2% of small business loans. Of the 48 small business loans sampled, 95.8% were originated to borrowers with gross annual revenues of \$1 million or less.

According to community contacts, area financial institutions are meeting the needs of business owners in the area.

Geographic Distribution of Loans

The distribution of lending activities among geographies of different income levels within the assessment area, particularly those defined as low- and moderate-income, was reviewed. To assess the bank’s performance, the following were reviewed: Home Mortgage Disclosure Act (HMDA) data and small business loans. The sample period for the HMDA-reportable loans was January 1, 2001 to December 31, 2002, while the sample period for the small business loans was between January 1, 2002 and December 31, 2002. Those loans for which census tracts were unknown were not included in the analysis. Demographic characteristics of census tracts, such as housing types and income level, were considered in the evaluation.

The geographic distribution of the bank’s lending meets the standards for satisfactory performance under this criterion, and is reflective of the bank’s assessment area. The bank’s assessment area includes 272 low-income geographies, 340 moderate-income geographies, 481 middle-income geographies, 236 upper-income geographies, and 23 census tracts with no residents. No low- or moderate-income geographies were arbitrarily excluded from the assessment area.

Of the 85 HMDA-reportable loans originated in the assessment area between January 1, 2001 and December 31, 2002, approximately 48.8% and 45.0% of the loans were originated in the low- and moderate-income census tracts in 2001 and 2002, respectively as illustrated in Exhibit 7. With respect to the small business loans originated in the assessment area, approximately 45.8% of the loans were originated in the low- and moderate-income census tracts.

Exhibit #7 Geographic Distribution of Loans by Census Tract						
Loan Type	2001 HMDA-Reportable		2002 HMDA-reportable		Small Business	
Tract Level	#	%	#	%	#	%
Low	2	4.4	6	15.0	6	12.5
Moderate	20	44.4	12	30.0	16	33.3
Middle	15	33.3	8	20.0	17	35.4
Upper	8	17.8	14	35.0	9	18.8
Total	45	100.0	40	100.0	48	100.0

Complaints

Neither the bank nor this Reserve Bank has received any CRA-related complaints since the previous evaluation.

Fair Lending

The bank is in compliance with the substantive provisions of the anti-discrimination laws and regulations, including the Equal Credit Opportunity and Fair Housing Acts. A sample of the banks’ lending activity was reviewed to determine whether loan policies and lending standards were in compliance with the fair lending laws and regulations, and that these are being consistently applied to all applicants. No evidence of prohibited discriminatory credit practices

was detected.

Appendix A
First Commercial Bank – Chicago, IL (RSSD# 48730)
2003 Assessment Area

