

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 operations 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 **AmericanMidwest Bank & Trust** prepared by the **Federal Reserve Bank of Chicago**, the institution's supervisory agency, as of **September 10, 1996**. The agency rates the CRA performance of an institution consistent with the provisions set forth in Appendix A to 12 CFR Part 228.

INSTITUTION-S RATING: This institution is rated Satisfactory.

The bank promotes economic revitalization and growth consistent with its size, financial capacity, location, and current economic conditions. Its loan-to-deposit ratio is reasonable, given the bank's size, financial condition, lending activities and assessment area credit needs. The bank originated the majority of its commercial, consumer installment, and real estate mortgage loans within its assessment area. The bank's geographic distribution of its credit extensions demonstrates a reasonable penetration of all segments of its local community. The distribution of borrowers reflects a reasonable penetration among individuals of different income levels and businesses of different sizes. No CRA-related complaints have been received since the previous examination.

The following table indicates the performance level of **AmericanMidwest Bank & Trust** with respect to each of the five performance criteria.

SMALL INSTITUTION ASSESSMENT CRITERIA	AMERICANMIDWEST BANK & TRUST PERFORMANCE LEVELS		
	Exceeds Standards for Satisfactory Performance	Meets Standards for Satisfactory Performance	Does Not Meet Standards for Satisfactory Performance
Loan-to-Deposit Ratio		X	
Lending in Assessment Area		X	
Lending to Borrowers of Different Incomes and to Businesses of Different Sizes		X	
Geographic Distribution of Loans		X	
Response to Complaints	No CRA-related complaints have been received since previous examination.		

DESCRIPTION OF INSTITUTION

AmericanMidwest Bank & Trust, Melrose Park, Illinois, with total assets of \$178 million as of June 30, 1996 is a subsidiary of National Bancorp, Incorporated (NBI), a multi-bank holding company located in Streamwood, Illinois. The bank has one branch and one automated teller machine (ATM), located in Melrose Park. The bank offers a full array of loan products including installment, real estate, home equity and commercial loans.

The bank's local competitors include LaSalle Talman FSB (branch of Chicago), Midwest Bank and Trust Company (branch of Elmwood Park), Bank of Bellwood, Bellwood, Illinois, Highland Community Bank, Maywood, First Suburban National Bank, Maywood, Maywood-Proviso State Bank, Maywood and various other financial institutions located in nearby Franklin Park, Oak Park and Elmhurst.

DESCRIPTION OF BANK-S ASSESSMENT AREA

The bank's main and branch offices are located in Melrose Park, approximately 12 miles west of Chicago. The bank's assessment area includes the municipalities of Melrose Park, Elmwood Park, River Forest, Forest Park, Broadview, Westchester, Maywood, River Grove, Stone Park, Hillside, Berkeley, Northlake and Franklin Park. The assessment area includes 47 census tracts, all located within the Chicago Metropolitan Area (MSA). Based upon 1990 census information, 6 of these census tracts are moderate-income, 36 middle-income, 5 upper-income and 18 minority census tracts. The bank revised the assessment area since the previous examination to comply with the revised CRA requirements. The previous assessment area included 84 census tracts, of which, five were low- and moderate-income tracts from the Berwyn and Cicero area.

Approximately 210,328 people reside in the assessment area, with the following racial/ethnic distribution: 141,028 White (67.1%), 45,066 Black (21.4%), 18,969 Hispanic (9.0%), 5,002 Asian (2.4%), 134 Native American (0.1%). The median family income for the assessment area (\$41,777) is slightly below the MSA median (\$42,758) and above the Illinois (\$38,664) median family income. Approximately 16% of the families in the assessment area are low-income and 21% are moderate-income.

Manufacturing and the service industry provide a major portion of the local employment opportunities, with a number of small industrial companies employing one to two hundred individuals. Among the area's employers are:

Company	Number of Employees	City
Alkco Lighting Company	100	Franklin Park
American Metalcraft Incorporated	100	Melrose Park
Belmont Plating Works, Inc	100	Franklin Park
Brunner & Lay, Inc	100	Franklin Park
CSM Mechanical, Inc	100	Melrose Park

Company	Number of Employees	City
Conway Import, Company	100	Franklin Park
Daystar Manufacturing Co., Inc.	100	Franklin Park
General Cooperage Co., Inc.	100	Franklin Park
Benjamin Moore & Co	150	Melrose Park
Brooklyn Bagel Boys, Inc.,	150	Franklin Park
Sanford Corporation	500	Bellwood
Jewel Food Stores	800	Melrose Park
Alberto-Culver Co.	800	Melrose Park
Matsushita Electric Corp.	1000	Franklin Park
Nestle Chocolate & Confection	1000	Franklin Park
Borg-Warner Automotive	1100	Bellwood
Navistar International Corp.	3500	Melrose Park

Housing in the assessment area consists primarily of owner-occupied units, which comprise 66% percent of the total housing units. By comparison, 57% of MSA housing and 59% of state housing is owner-occupied. Approximately 30.4% of the housing stock consists of rental units, with less than four percent of the housing stock being vacant. Approximately 75% of the housing supply consist of 1-4 family homes and 23% multifamily units. The assessment area's median housing value of \$95,601 and housing age of 40 years are below the MSA median housing value of \$108,960 and median housing age of 43 years.

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA:

The bank is in compliance with the substantive provision of the antidiscrimination laws and regulations, including the Equal Credit Opportunity Act and the Fair Housing Act. The examination did not reveal any evidence of discriminatory policies, procedures or practices that would discourage applicants.

Loan-to-Deposit Ratio

Analysis of the bank's Consolidated Reports of Condition for the six quarters, beginning March 31, 1995, revealed an average loan-to-deposit ratio of 43.60%. The following chart illustrates the growth in the loan portfolio since the previous examination:

Mar. '95	Jun. '95	Sept. '95	Dec. '95	Mar. '96	Jun. '96
40.49%	40.66%	41.03%	44.00%	44.64%	50.78%

By comparison, the December, 1995 loan-to-deposit ratios for competing financial institutions are illustrated in the following chart:

Bank Name/Location	Asset Size (\$000's)	LTD Ratio
--------------------	----------------------	-----------

Bank Name/Location	Asset Size (\$000's)	LTD Ratio
La Salle Talman FSB* Melrose Park, Branch of Chicago	10,658,178	93.9%
Midwest Bank and Trust* Melrose Park, Branch of Elmwood Park	363,541	61.1%
Bank of Bellwood* Stone Park, Branch of Bellwood	50,668	59.9%
Highland Community Bank Maywood, Illinois	\$191,325	31.9%
First Suburban National Bank Maywood, Illinois	\$115,831	54.9%
Maywood-Proviso State Bank Maywood, Illinois	\$125,471	77.5%

* LTD ratio is for the bank (not the branch) and is not reflective for the bank's assessment area.

Although the bank's loan-to-deposit ratio is below the other financial institutions in the area, the loan-to-deposit trend is increasing, as management has increased its lending efforts.

A review of the bank's June 30, 1996 Consolidated Report of Condition revealed total assets of \$178,410,000, outstanding loans of \$75,378,000 and deposits of \$148,440,000. This resulted in a loan-to-deposit ratio of 50.78% and a loan-to-asset ratio of 42.25%. The following illustrates distribution by loan type:

LOAN TYPE	DOLLAR AMOUNT OUTSTANDING (000's)	PERCENT OF TOTAL LOANS
REAL ESTATE		
Construction	4,279	5.67
Home Equity	5,086	6.74
Residential (1-4)	13,813	18.31
Commercial	13,580	18.00
Multi-family	1,786	2.37
CONSUMER		
Open-end Credit	97	0.13
All Other	3,654	4.84
COMMERCIAL AND INDUSTRIAL	28,730	38.10
STATE AND POLITICAL OBLIGATIONS	3,397	4.50
OTHER	1,009	1.34

Review of the loan portfolio revealed commercial-industrial lending comprised 38.1% of the portfolio, followed by loans on 1-4 family real estate (including home equity) 25.1% and

commercial real estate lending which comprised 18% of the portfolio.

According to the Uniform Bank Performance Report (UBPR), dated June 30, 1996, the bank's performance compared to peer is illustrated in the following chart.

LOAN TYPE	BANK AVERAGE LOAN MIX (%)	PEER AVERAGE LOAN MIX (%)
REAL ESTATE LOANS		
Construction/Development	5.18	4.64
1 - 4 Family Residential	28.47	28.69
Home Equity	7.21	2.17
Other Real Estate	18.09	25.92
Farmland	0.00	0.45
Multi-family	2.58	1.38
Commercial	15.51	22.30
TOTAL REAL ESTATE LOANS	51.74	64.93
LOANS TO INDIVIDUALS	4.56	11.48
CREDIT CARD LOANS	0.13	0.48
COMMERCIAL & INDUSTRIAL LOANS	37.97	16.83
AGRICULTURAL LOANS	0.00	0.24
MUNICIPAL LOANS	4.83	0.21
OTHER LOANS*	0.90	0.25
*Excludes Financial Institution Loans, Acceptances of Other Banks, Foreign Office Loans and Leases, and Lease Financing Receivables		

Analysis of the loan portfolio with respect to peer also revealed the bank's strength relative to commercial-industrial lending, which comprised 38% of the portfolio for the bank, versus 16.9% for peer. The bank's total real estate lending was below peer level; however, home equity lending exceeded peer (7.2% for bank versus 2.17 for peer), and 1-4 family residential lending was comparable to peer (28.5% and 28.7%). The distribution of the bank's loan portfolio appears consistent with the make-up of its assessment area and meets the standard for satisfactory performance.

Lending in Assessment Area

The geographic distribution of the examination sample of approved loans, the bank's 1994 and 1995 HMDA data, 1996 LAR, and an expanded sample of approved commercial loans were reviewed, in order to evaluate the bank's lending within the assessment area. Please note that the 1994 and 1995 HMDA data is based on the bank's previous assessment area. The following chart reflects the geographic distribution of the examination loan sample:

		WITHIN THE	PERCENT
--	--	-------------------	----------------

LOAN TYPE	TOTAL SAMPLED	LOCAL DELINEATED COMMUNITY	OF TOTAL
Single Payment	2	2	100
Installment	21	13	62
Real Estate	10	5	50
Open End	20	12	60
Commercial	33	20	61
TOTAL	86	52	60.5

As the chart illustrates, approximately 60.5% of approved loans (52 of 86) were within the assessment area. The examination sample of approved commercial loans was expanded for review, due to the bank's emphasis upon commercial lending, which revealed that 61% of commercial loans sampled were within the assessment area.

Review of the bank's 1994 and 1995 HMDA data and 1996 loan application register (LAR) revealed that 60.6% of 1994 and 45.2% of 1995 originations were generated within the assessment area. Review of the 1996 year-to-date LAR (through August 1996), revealed that 60.6% of the bank's approved applications were generated within the assessment area.

The geographic distribution of the examination loan sample, 1994, 1995 and preliminary 1996 HMDA loans reflect adequate volume within the assessment area.

Lending to Borrowers of Different Incomes and Businesses of Different Sizes

The examination sample of approved credit applications, and the bank's 1994 and 1995 HMDA data were reviewed along with an expanded sample of commercial loans in order to assess the bank's lending to borrowers of different incomes and businesses of different sizes.

The examination loan sample consisted of 52 originations within the assessment area, of which 30 had information about the applicant's income. The following chart illustrates the income distribution of these loans:

LOAN TYPE	LOW-INCOME/#	MODERATE-INCOME/#	MIDDLE-INCOME/#	UPPER-INCOME/#
Single-payment	0	0	1	1
Installment	8	2	1	2
Open End*	1	2	3	4
Real Mortgage-Residential	0	1	2	2
TOTAL	9	5	7	9

*Includes home equity lines of credit and overdraft protection.

Overall, the bank originated loans to 14 of 30 (46.6%) to low- or moderate- income individuals.

Review of the bank’s 1994 and 1995 HMDA data revealed that 34.9% and 48.2% were to low- or moderate-income individuals, respectively. By comparison, low- or moderate-income applicants comprised 12.67% of the market, based upon 1990 census information. The bank’s origination rates for low- or moderate-income applicants in 1994 and 1995 (75% and 81.3%, respectively) were comparable to its overall origination rates in 1994 (81.2%) and 1995 (84.4%).

Review of the bank’s June, 1994, 1995, and 1996 Consolidated Reports of Condition revealed the bank’s record in extending loans to small businesses:

Table 1 - Commercial Real Estate Lending

Commercial Real Estate Loan Amount	June 1994 # 000's	June 1995 # \$000's	June 1996 # \$000's
\$100,000 or less	22 2,494	23 644	17 479
\$100,000 to \$250,000	28 2,711	20 2,071	19 2,242
\$250,000 to One Million	23 6,842	24 5,895	26 8,688

Table 2- Commercial/Industrial Lending

Commercial-Industrial Loan Amount	June 1994 # \$000's	June 1995 # \$000's	June 1996 # \$000's
\$100,000 or less	167 2,738	176 3,078	174 3,266
\$100,000 to \$250,000	31 2,648	37 3,404	39 3,720
\$250,000 to One Million	34 15,479	36 15,144	43 17,839

As reflected in the preceding charts, the number of commercial real estate loans under \$250,000

decreased over the years reviewed, although the number of loans in the \$250,000 to \$1,000,000 range increased from 23 to 26. Commercial-industrial lending under all three classifications increased from 1994 to 1996.

Analysis of the examination loan sample, and the bank's 1994 and 1995 HMDA lending indicates strong lending performance with respect to low- or moderate- income applicants, as the bank originated loans to low- or moderate- income applicants at a larger percentage than their representation in the market. Additionally, call report analysis indicated adequate lending levels with respect to commercial real estate and commercial/industrial lending.

Geographic Distribution

Review of the examination loan sample revealed that loans were distributed in 12 of the 47 census tracts in the assessment area, including eight loans extended in the six moderate- income census tracts. Additionally, review of an expanded sample of commercial loans (33 total reviewed) revealed credit was extended in 15 different census tracts within the assessment area, including four loans extended in moderate-income census tracts.

Analysis of the geographic distribution of the bank's 1995 HMDA data revealed the bank reported activity in five of ten low- or moderate-income census tracts and six of 18 minority census tracts. In 1994, activity was reported in six of ten low- or moderate-income census tracts and 11 of 18 minority census tracts. The bank approved 11 of 12 applications received from low- or moderate-income census tracts in 1995 and 17 of 21 applications in 1994; this resulted in a higher origination rate from low- or moderate- income census tracts (91.67%) than the bank's 1995 overall origination rate (82.4%). Overall, the 1995 and 1994 HMDA data demonstrated that the bank had penetration into 19 of 84 (22.6%) and 24 of 84 (28.6%), census tracts within the assessment area, respectively.

Comparison with the 1995 and 1994 delineation aggregate revealed that the bank generated a greater percentage of originations from low- or moderate-income census tracts. In 1995, the bank generated 39.29% of originations from low- or moderate- income census tracts, while the aggregate level was 9.75%. In 1994, the bank generated 39.53% of its originations from low- or moderate-income census tracts, while the aggregate level was 9.05%. Review of the bank's 1996 LAR, through August 31, 1996, revealed that the bank has generated 11 originations from the six moderate-income census tracts.

Review of the examination loan sample and the bank's 1994 and 1995 HMDA data revealed a reasonable geographic loan distribution throughout the bank's assessment area, including low- or moderate- income census tracts. The bank's HMDA lending demonstrated solid penetration in low- or moderate-income census tracts.

Response to Complaints

There have been no CRA-related complaints received by the bank since the previous examination.