



SMALL BANK

Comptroller of the Currency
Administrator of National Banks

PUBLIC DISCLOSURE

December 20, 2004

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

**South Central Bank N.A.
Charter Number
24430**

**525 West Roosevelt Road
Chicago, Illinois 60607**

**Comptroller of the Currency
ADC – Chicago-South Field Office
7600 County Line Road, Suite 3
Burr Ridge, IL 60527**

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.

TABLE OF CONTENTS

GENERAL INFORMATION.....	1
INSTITUTION'S CRA RATING.....	1
DESCRIPTION OF INSTITUTION	2
DESCRIPTION OF ASSESSMENT AREA	2
CONCLUSIONS ABOUT PERFORMANCE CRITERIA.....	3

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 South Central Bank N.A. (SCB) prepared by **The Office of the Comptroller of the Currency (OCC)**, the institution's supervisory agency, as of December 20, 2004. The agency rates the CRA performance of an institution consistent with the provisions set forth in Appendix A to 12 CFR Part 25.

This evaluation covers the period since April 9, 1999 the date of the last CRA examination when the bank was rated "**Outstanding Record of Meeting Community Credit Needs.**"

INSTITUTION'S CRA RATING: This institution is rated **Outstanding**.

The major factors that support SCB's overall rating include:

- The bank's loan to deposit ratio is reasonable.
- The bank's lending activity in the assessment area (AA) is more than reasonable.
- The bank's record of extending credit to individuals of different income levels and businesses of different sizes in the AA is reasonable.
- The bank's geographic distribution of home mortgage loans and small business loans is more than reasonable.
- The volume of community development loans indicates the bank's willingness to support economic development in their AA.
- The bank did not receive any written complaints about its performance in helping to meet the credit needs within their AA during this evaluation period.

DESCRIPTION OF INSTITUTION

South Central Bank N.A. (SCB) is headquartered in Chicago, Illinois in Chicago's south loop area. SCB is a wholly owned subsidiary of First Business Bancorp Company a one-bank holding company. On July 1, 2003 SCB converted from a State chartered bank to a National chartered bank. SCB has 4 full service branches, 2 of which have drive up facilities. SCB's branches are all located in Chicago, Illinois. The main office is in the near south loop area, with branches in the Bridgeport and Chinatown neighborhoods and a new location, as of 2003, in the West Loop.

The bank has total assets of \$174 million as of September 30, 2004. The loan portfolio represents 54 percent of total assets. The table below illustrates the composition of the loan portfolio.

Loan Category	\$(000)	Percent
Residential Real Estate Loans	\$49,480	54%
Commercial and Commercial Real Estate Loans	\$29,322	32%
Individual Loans	\$12,828	14%
Total	\$91,630	100%

There are no legal, financial, or other factors impeding the bank's ability to help meet the credit needs in the bank's assessment areas. There has been no change in the bank's corporate structure since the last CRA examination. The bank's last CRA evaluation was April 8, 1999 at which the bank received an "Outstanding" record of meeting the community credit needs.

DESCRIPTION OF ASSESSMENT AREA

SCB has one assessment area (AA) encompassing 1738 geographies within Cook, DuPage, Kane, Lake, McHenry and Will Counties all of which are in MA 1600. Among the 1738 geographies, there are 279 low-income (16 percent), 371 moderate-income (21 percent), 654 middle-income (38 percent), 407 (23 percent) upper-income geographies and 27 NA geographies (2 percent) using 1990 census data. Geographies rated NA have not been evaluated for income level. This AA meets the requirements of the regulation and does not arbitrarily exclude low- and moderate-income geographies. Competition in the bank's AA is strong. There are 290 banks in the six-county area where the bank's AA is located. SCB rank's 143rd out of the 290 banks with a 0.07 percent deposit market share.

The evaluation period included loans originated from January 1, 2000 through December 31, 2002 and were analyzed using 1990 census data. We did not use 1999 data, as much of the data from 1999 was not available. The total population of the AA is approximately 7.3 million persons based on 1990 census data. The updated median annual family income in the bank's AA is just over \$75 thousand. Per the 1990 census 69.60 percent of the housing in the AA is 1-4 family units with 57.01 percent owner-occupied. The median home value, based on 1990 census data, is approximately \$124 thousand.

The average unadjusted seasonal unemployment rate for the six counties in the bank's AA is 5.4 percent. The State of Illinois unemployment rate is 5.8 percent and the 2004 national unemployment rate average is 5.2 percent.

We contacted a local official from the AA to assess credit needs and economic conditions within the area. The contact indicated that the performance of local financial institutions is very good. The credit and financial service needs are primarily affordable housing, home improvement and small business credit. The area is economically stable.

CONCLUSIONS ABOUT PERFORMANCE CRITERIA

Loan-to-Deposit Ratio

The bank's average loan-to-deposit ratio (LTD) is reasonable given the bank's size, financial condition, and AA credit needs. SCB's LTD ratio has remained stable since the last evaluation. The bank's LTD ratio as of June 30, 2004 is 72 percent. SCB's quarterly average LTD ratio for the period from December 31, 2000 through June 30, 2004 is 75 percent. The loan to deposit ratio of banks of various sizes in the AA range from an average of 52 percent to 91 percent.

Lending in Assessment Area

SCB's lending within the AA is more than reasonable. SCB's primary loan types are home-mortgage and commercial and commercial real estate loans. These loan types constitute a significant volume of the bank's lending mix. Residential loans comprise 54 percent of SCB's portfolio and commercial and commercial real estate loans comprise 32 percent.

Loans inside SCB's AA represent 67 percent of the number of loans and 85 percent of the dollar amount (\$128.6 million). The following table details the bank's lending within the AA by the number of loans originated and dollar volume during the evaluation period.

Lending in Assessment Area										
Loan Type	Number of Loans					Dollars of Loans (000 omitted)				
	Inside		Outside		Total	Inside		Outside		Total
	#	%	#	%		\$	%	\$	%	
Home Purchase*	180	97	6	3	100%	26,068	96	1,095	4	100%
Home Improvement*	3966	64	2192	36	100%	44,144	68	20,325	32	100%
Home Refinance*	520	90	60	10	100%	54,983	97	1,731	3	100%
Total Residential Real Estate*	4666	67	2258	33	100%	125,195	84	23,151	16	100%
Small Business #	20	100	0	0	100%	3,406	100	0	0	100%
TOTAL Loans	4686	67	2258	33	100%	128,601	85	23,151	15	100%

* Represents home mortgage loans originated between January 1, 2000 and December 31, 2002 as reported on the bank's HMDA LAR

#SCB is not a small business reporter, therefore; the analysis performed on the small business portfolio is based solely on the sample size of 20.

Lending to Borrowers of Different Incomes and to Businesses of Different Sizes

The bank's lending to borrowers of different income levels is reasonable

In evaluating the borrower distribution of home mortgage loans, (home purchase, home improvement and home refinance) we considered the number of households that live below the poverty level (10 percent using 1990 census), and the unemployment rate for the AA. The average unadjusted seasonal unemployment rate for the six counties in the bank's AA is 5.4 percent. The poverty level and the unemployment rate are barriers that may have a negative affect on home ownership.

Residential Real Estate Loan Originations (January 1, 2000 – December 31, 2002)

The borrower distribution of home purchase loans is reasonable. Home purchase loans made to low-income borrowers is just below the percentage of low-income families within the AA. Home purchase loans made to moderate-income borrowers greatly exceed the percentage of moderate-income-families within the AA.

The borrower distribution of home improvement loans is reasonable. Home improvement loans made to low-income borrowers is below the percentage of low-income families within the AA. Home improvement loans made to moderate-income borrowers greatly exceed the percentage of moderate-income families within the AA.

The borrower distribution of home refinance loans is reasonable. Home refinance loans made to low-income borrowers is below the percentage of low-income families within the AA. Home refinance loans made to moderate-income borrowers is near the percentage of moderate-income families within the AA.

Borrower Income Level	Low		Moderate		Middle		Upper	
Loan Type	% of AA Families	% of Number of Loans	% of AA Families	% of Number of Loans	% of AA Families	% of Number of Loans	% of AA Families	% of Number of Loans
Home Purchase*	19.93	17.22	17.34	26.11	23.88	17.22	38.85	39.44
Home Improvement*	19.93	15.99	17.34	26.32	23.88	30.33	38.85	27.36
Home Refinance*	19.93	10.19	17.34	16.35	23.88	27.69	38.85	45.77

*Represents loans originated between January 1, 2000 and December 31, 2002 as reported on the bank's HMDA LAR.

Small Loans to Businesses Originated (January 1, 2000 – December 31, 2002)

Borrower distribution of small loans to businesses with revenues less than \$1 million is reasonable based on the sample size of twenty loans. SCB’s small loans to businesses with revenues of \$1 million or less, (50 percent) is below the percentage of those small businesses (75 percent) in the AA. Competition for small business loans in the bank’s AA is very strong. There were 351* lenders who reported originating small business loans in the bank’s AA during 2002. The majority of the 351 lenders are large credit card banks and large regional institutions.

*Source: Submitted small business peer data from 2002

Table 2A – Borrower Distribution of Loans to Businesses		
Business Revenues (or Sales)	≤\$1,000,000	>\$1,000,000
% of AA Businesses*	75%	10%
% of Bank Loans in AA by #	50 %	50%
% of Bank Loans in AA by \$	53%	47%

*SCB is not a small business loan reporter. Loan data is from a sample size of 20 loans.

Geographic Distribution of Loans

Geographic distribution of home mortgage loans is more than reasonable.

Geographic distribution of home purchase loans is more than reasonable. Geographic distribution of home purchase loans made in the low-income geographies (10.56 percent) greatly exceeds the percentage of owner-occupied units (2.91 percent) in those geographies. Geographic distribution of home purchase loans made in moderate-income geographies (32.22 percent) also greatly exceeds the percentage of owner-occupied units (12.66 percent) in those geographies.

Geographic distribution of home improvement loans is more than reasonable. Geographic distribution of home improvement loans made in the low-income geographies (8.93 percent) greatly exceeds the percentage of owner-occupied units (2.91 percent) in those geographies. Geographic distribution of home improvement loans made in the moderate-income geographies (24.51 percent) also greatly exceeds the percentage of owner occupied units (12.66 percent) in those geographies.

Geographic distribution of home refinance loans is more than reasonable. Geographic distribution of home refinance loans made in the low-income geographies (8.27 percent) greatly exceeds the percentage of owner-occupied units (2.91 percent) in those geographies. Geographic distribution of home refinance loans made in the moderate-income geographies (21.35 percent) also greatly exceeds the percentage of owner occupied units (12.66 percent) in those geographies.

Table 3 - Geographic Distribution of Home Mortgage Loans in the bank’s AA

Census Tract Income Level	Low		Moderate		Middle		Upper	
Loan type	% of AA Owner Occupied Housing	% of Number of Loans	% of AA Owner Occupied Housing	% of Number of Loans	% of AA Owner Occupied Housing	% of Number of Loans	% of AA Owner Occupied Housing	% of Number of Loans
Home Purchase	2.91	10.56	12.66	32.22	47.95	24.44	36.48	32.78
Home Improvement	2.91	8.93	12.66	24.51	47.95	48.51	36.48	18.05
Home Refinance	2.91	8.27	12.66	21.35	47.95	33.46	36.48	36.92

*Represents loans originated between January 1, 2000 and December 31, 2002 as reported on the bank's HMDA LAR.

Geographic distribution of small business loans is reasonable.

The percentage of small loans to businesses made in the low-income geographies (30 percent) greatly exceeds the percentage of businesses (4.2 percent) in those geographies. The percentage of small loans to businesses made in moderate-income geographies (35 percent) also greatly exceeds the percentage of businesses in those geographies (10.7 percent).

Census Tract Income Level	Low		Moderate		Middle		Upper	
Loan Type	% of AA Businesses	% of Number of Loans	% of AA Businesses	% of Number of Loans	% of AA Businesses	% of Number of Loans	% of AA Businesses	% of Number of Loans
	4.2	30	10.7	35	39.9	15	45.2	20

*The bank is not a small business reporter therefore; this analysis is based solely on a sample size of 20 loans.

Community Development Lending

Community development loans had a positive effect on the lending test conclusions. During the evaluation period, SCB originated 64 small business loans for a total of \$13.2 million, in an enterprise zone within the bank's AA. Each of these loans meets the definition of community development as they promote economic development by supporting permanent job creation for low or moderate-income individuals. Entities financed by these loans all met the size eligibility test as they either have annual revenues less than a \$1 million or meet the eligibility standards of a Small Business Investment Corporation or Small Business Development Corporation.

Responses to Complaints

SCB has no outstanding complaints about its performance in helping to meet the credit needs within

its AA during this evaluation period.

Fair Lending Review

We found no evidence of illegal discrimination or other illegal credit practices.