



LARGE BANK

Comptroller of the Currency
Administrator of National Banks

Washington, DC 20219

Public Disclosure

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Community Reinvestment Act Performance Evaluation

Marquette National Bank
Charter Number: 14504

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NOTE: This evaluation is not, and should not 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 **Marquette National Bank** prepared by the **Office of the Comptroller of the Currency (OCC)**, the institution's supervisory agency, as of April 10, 2000. The agency evaluates performance in assessment area(s), as they are delineated by the institution, rather than individual branches. This assessment area evaluation may include the 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.*

Definitions and Common Abbreviations

The following terms and abbreviations are used throughout this Performance Evaluation. The definitions are intended to provide the reader with a general understanding of the terms, not a strict legal definition.

Affiliate- Any company that controls, is controlled by, or is under common control by another company. A company is under common control with another company if both companies are directly or indirectly controlled by the same company. A bank subsidiary is controlled by the bank and is, therefore, an affiliate.

Block Numbering Area (BNA) Statistical subdivisions of counties in which census tracts have not been established. BNAs have been established by the United States Census Bureau in conjunction with state agencies.

Census Tract (CT) Small, locally defined statistical areas within metropolitan statistical areas. These areas are determined by the United States Census Bureau in an attempt to group homogenous populations. A CT has defined boundaries per ten year census and an average population of 4,000.

Community Development (CD) Affordable housing for low- or moderate-income individuals; community services targeted to low- or moderate-income individuals; activities that promote economic development by financing businesses or farms that meet the size eligibility standards of the Small Business Administration's Development Company or Small Business Investment Company programs (13 CFR 121.301) or have gross annual revenues of \$1 million or less; or, activities that revitalize or stabilize low- or moderate-income geographies.

Community Reinvestment Act (CRA) The statute that requires the OCC to evaluate a bank's record of meeting the credit needs of its local community, consistent with the safe and sound operation of the bank, and to take this record into account when evaluating certain corporate applications filed by the bank.

Full-Scope Review Performance under the Lending, Investment and Service Tests is analyzed considering fully understood performance context, quantitative factors (e.g., geographic distribution, borrower distribution, total number and dollar amount of investments, branch distribution) and qualitative factors (e.g., innovation, complexity).

Geography- A census tract or a block numbering area delineated by the United States Bureau of the Census in the most recent decennial census.

Home Mortgage Disclosure Act (HMDA) The statute that requires certain mortgage lenders that do business or have banking offices in a metropolitan statistical area to file annual summary reports of their mortgage lending activity. The reports include such data as the race, gender, and the income of applicants, the amount of loan requested, and the disposition of the application (e.g., approved, denied, withdrawn).

Home Mortgage Loans Such loans include home purchase and home improvement loans, as defined in the HMDA regulation. This definition also includes multifamily (five or more families) dwellings loans, loans for the purchase of manufactured homes and refinancing of home improvement and home purchase loans.

Limited-Scope Review Performance under the Lending, Investment and Service Tests is analyzed using only quantitative factors (e.g., geographic distribution, borrower distribution, total number and dollar amount of investments, branch distribution).

Low-Income- Income levels that are less than 50% of the median family income.

Median Family Income (MFI) The median income determined by the United States Census Bureau every ten years and used to determine the income level category of geographies. Also, the median income determined by the Department of Housing and Urban Development annually that is used to determine the income level category of individuals. For any given area, the median is the point at which half of the families have income above it and half below it.

Metropolitan Statistical Area (MSA) Area defined by the Director of the United States Office of Management and Budget. MSAs consist of one or more counties, including large population centers and nearby communities that have a high degree of interaction.

Middle-Income -Income levels that are at least 80% and less than 120% of the MFI.

Moderate-Income -Income levels that are at least 50% and less than 80% of the MFI.

Small Business Loans Loans with original amounts of \$1 million or less that are: (1) secured by nonfarm nonresidential properties; or (2) commercial and industrial loans to U.S. addresses.

Small Farm Loans - Loans with original amounts of \$500 thousand or less that are: (1) secured by farmland; or (2) to finance agricultural production and other loans to farmers.

Tier 1 Capital- The total of common shareholders' equity, perpetual preferred shareholders' equity with noncumulative dividends, retained earnings and minority interests in the equity accounts of consolidated subsidiaries.

Upper-Income- Income levels that are 120% or more of the MFI.

Overall CRA Rating

Institution's CRA Rating: This institution is rated "Outstanding."

The following table indicates the performance level of **Marquette National Bank** with respect to the Lending, Investment, and Service Tests:

Performance Levels	Marquette National Bank Performance Tests		
	Lending Test*	Investment Test	Service Test
Outstanding	X	X	
High Satisfactory			X
Low Satisfactory			
Needs to Improve			
Substantial Noncompliance			

* The Lending Test is weighted more heavily than the Investment and Service Tests when arriving at an overall rating.

The major factors that support this rating include:

- y There is good penetration to borrowers of all different income levels.
- y Lending levels are good.
- y Geographic distribution of HMDA and small loans to businesses is good.
- y Community development lending and the availability of flexible lending products have a positive impact on lending.
- y Qualified investments totalling \$6,876,000 (\$4,820,000 outstanding) is excellent. This total represents 7.2% of Tier 1 Capital.
- y Branch and alternative delivery systems are adequate while community development services are excellent.

Description of Institution

Marquette National Bank (MNB) is an intrastate bank headquartered in Chicago, IL. MNB is a mid-size bank that is wholly owned by Marquette National Corporation, a one-bank holding company. MNB operates on Chicago's South side and in Chicago's southwest suburbs. MNB has 17 banking offices throughout this market along with 36 automatic teller machines (ATMs). MNB acquired a mortgage lending operation in February 1998. One branch was closed during this evaluation period and was relocated approximately 1.5 miles from this closed facility. In November 1999, the bank opened a branch in southwest suburban Orland Park, IL. Management did not identify any affiliates for consideration of their CRA related activities.

As of December 31, 1999, the bank had total average assets of \$1 billion and net income of \$6 million for the year. As of the same date, MNB reported Tier 1 capital of \$95.6 million. Earning assets represented 93.6% of average assets while net loans and leases represented 65.6% of average assets. The loan portfolio is comprised of 57% real estate loans, 21% commercial and industrial loans, 13% municipal loans, and 9% installment loans. There are no legal, financial, or other factors impeding MNB's ability to help meet the credit needs of the communities it serves.

MNB's lending strategy has focused on home mortgage and small business lending since the prior Performance Evaluation. The bank offers traditional mortgage loan products such as home purchase loans, refinancings, home improvement loans, and home equity lines of credit. The bank introduced four flexible mortgage products during the evaluation period. These include: the 97% "flex" Mortgage - a home purchase loans up to 97% of the value of the property with private mortgage insurance; the 97% "gift" mortgage - a home purchase loan product allowing for a downpayment as low as 3% to come from a gift; the "extended gift" mortgage - a home purchase loan with a 90% loan-to-value with a minimum \$1,000 from the borrower's own funds with the remaining funds coming from immediate family gift; and a "Fresh Start" loan whose proceeds are used to purchase a certificate of deposit at MNB to assist individuals in repairing damaged credit histories. Commercial loan products include inventory acquisition, fixed asset purchases, real estate financing, working capital lines of credit, commercial and municipal leases, small business, and credit cards. MNB created a small business department during 1998 in order to focus on this segment of the commercial market.

MNB was rated "Needs to Improve" at its last CRA evaluation dated January 26, 1998.

Scope of the Evaluation

Refer to Appendix A for information regarding the scope of the evaluation.

Evaluation Period/Products Evaluated

The evaluation period for the Lending Test is January 1, 1998 through December 31, 1999. For the Investment Test and Service Test, the evaluation period is January 1, 1998 through March 31, 2000.

For the Lending Test, MNB's originations of home mortgage loans, small loans to businesses and CD loans were evaluated. Less weight was placed on the home purchase mortgage loans due to the lower volumes relative to home improvement loans and home refinancings. MNB did not purchase any of these loans during the evaluation period. Since MNB does not make agricultural loans, small loans to farms were not evaluated.

Data Integrity

As part of this CRA evaluation, we tested MNB's publicly filed information on home mortgage loans and small loans to businesses for accuracy. We reviewed data for the years 1998 and 1999.

We noted errors in the 1998 HMDA data as well as errors in the 1998 and 1999 small loans to businesses data. MNB was able to isolate the source and correct the errors. As a result, this evaluation is based on accurate data.

MNB submitted information on community development loans, services, and investments. We verified this data to ensure that it met the regulatory definition of community development.

Selection of Areas for Full-Scope Review

The entire AA of 1024 geographies was selected for the full scope review. These geographies are contiguous and are contained within the Chicago MSA. Refer to Appendix B for details on the AA and its expansion since the prior evaluation.

Ratings

When determining conclusions for the Lending Test, home mortgage products were weighted more heavily than small loans to businesses as these loans represented a

substantial majority of lending activity during the evaluation period.

Other

Five community contacts were used during this evaluation. We contacted two community organizations operating in the bank's assessment area. We also considered information from three other community organizations within the bank's AA, which were contacted within the last year. Affordable housing, small business and economic development organizations were used to help identify the various credit needs of the AA. The needs identified included: affordable housing education and lending, small business lending, and economic development activities which include affordable housing, the need for childcare facilities and consumer education on the facets of understanding and operating a small business. These needs which relate to credit, investments, and services in the AA were considered in our evaluation of MNB's performance under the Lending, Investment, and Service Tests.

Fair Lending Review

A comparative file analysis of home equity lines of credit and home equity loans was performed with the evaluation of MNB's CRA performance. The analysis consisted of comparing rates, terms and fees of approved borrowers with Polish surnames to other approved borrowers and covered a six-month time period. Underwriting decisions were evaluated to determine whether Polish borrowers were treated similarly to other borrowers. This group was selected due to its concentrated population within MNB's AA. No violations of the substantive provisions of the antidiscrimination laws and regulations were identified.

Conclusions with Respect to Performance Tests

LENDING TEST

Conclusions for Areas Receiving Full-Scope Reviews

The bank's performance under the Lending Test is rated "Outstanding". Based on the full-scope review, MNB's performance is excellent.

Lending Activity

Refer to Table 1 in Appendix C for the facts and data used to evaluate the bank's lending activity.

Approximately 84% of the loans originated during this evaluation period were for home mortgage loans, with small loans to businesses comprising the difference. MNB is not an agricultural lender as there is very limited agriculture business in the AA.

Among the home mortgage loan originations by MNB during the evaluation period, approximately 50% were for refinancing, 30% home improvement and 20% home purchase.

MNB's lending activity within the AA is good. MNB ranks 20th in terms of deposit share (.74%). Based on 1998 HMDA aggregate data, MNB ranks 67th overall with a share of .43%. The breakdown within the HMDA categories are as follows: MNB ranks 64th in refinancings with a share of 0.4%; MNB ranks 15th in home improvement loans with a share of 1.6% and ranks 101st in home purchase mortgage loans with a share 0.2%. As detailed in the Description of the Assessment Area section, there are over 800 HMDA reporters doing business in the bank's AA and there is strong competition. Management stated that a smaller peer group analysis is more appropriate. Management identified parameters resulted in a peer group of twenty banks. The parameters included but were not limited to asset size, local ownership and local presence. A review of this data indicated that MNB ranks fifth in deposit share and fourth in lending share within this group.

Distribution of Loans by Income Level of the Geography

Home Mortgage Loans

Refer to Tables 2, 3 and 4 in Appendix C for the facts and data used to evaluate the geographic distribution of the bank's home mortgage loan originations and purchases.

The overall geographic distribution of home mortgage loans is good.

Home purchase loan geographic distribution is adequate. The portion of home purchase loans made in low-income geographies is less than the portion of owner-occupied housing units within those geographies. The bank's market share in these geographies was less than their overall market share. The portion of home purchase loans made in moderate-income geographies is also less than the portion of owner-occupied housing units within those geographies. The bank's market share in these geographies meets their overall market share. Given the nature of some of these low- and moderate-income tracts (See Description of AA) as well as the marketing efforts, this level is considered adequate. Overall, MNB ranked 101st among HMDA lenders providing home purchase mortgage loans in its AA during 1998.

Home improvement loan geographic distribution is excellent. The portion of home improvement loans made in low-income and moderate-income geographies significantly exceeds the portion of owner-occupied housing units within those geographies. The bank's market share in these geographies was greater than their overall market share. For the low-income geographies, the market share was twice the overall market share. Given the nature of some of these low- and moderate-income tracts (See Description of AA) as well as the marketing efforts, this level is considered excellent. MNB ranked 15th among HMDA lenders providing home improvement mortgage loans in its AA during 1998.

Home refinance loan geographic distribution is excellent. The portion of home refinance loans made in low-income geographies exceeds the portion of owner-occupied housing units within those geographies. The bank's market share in low-income geographies for home refinance loans was less than its overall market share. The portion of home refinance loans made in moderate-income geographies is less than the portion of owner-occupied housing units within those geographies. The bank's market share in moderate-income geographies for home refinance loans meets its overall market share. Given the nature of some of these low- and moderate-income tracts (See Description of AA) as well as the marketing efforts, this level is considered good. MNB ranked 64th among HMDA lenders providing home refinance mortgage loans in its AA during 1998.

Small Loans to Businesses

Refer to Table 5 in Appendix C for the facts and data used to evaluate the geographic distribution of the bank's origination/purchase of small loans to businesses.

The geographic distribution of small loans to businesses is good. The portion of small loans to businesses made in low-income geographies is less than the portion of businesses that are within these geographies. The market share for small loans to businesses in low-income geographies is less than the overall market share. The

portion of small loans to businesses made in moderate-income geographies significantly exceeds the portion of businesses that are within these geographies. The market share of these loans in moderate-income geographies exceeds the overall market share. Given the nature of some of these low- and moderate-income tracts (See Description of AA) as well as the marketing efforts, this level is considered good.

MNB initiated a small business department in the first quarter of 1998 to focus on this segment of the commercial market.

Lending Gap Analysis

Maps and reports detailing MNB's lending activity over the evaluation period for home mortgage loans and small loans to businesses were reviewed to identify gaps in the geographic distribution of those loans. Gaps were identified as non-conspicuous pockets throughout the AA. These tracts cross all income levels and are disbursed furthest from the branches. The gaps do not indicate a pattern that would constitute illegal discrimination or arbitrary exclusion of low-or moderate-income tracts. The major factor for the lack of penetration of the individual geographies throughout the AA is the fact that MNB developed a strategy after the last Public Evaluation to concentrate their lending activities within a two-mile radius of the branches and Main Office. This strategy was adopted as part of the bank's plan to initially help improve its CRA performance from the prior evaluation. A review of the data disclosed that 64% of HMDA loans originated in low-income geographies and 72% of HMDA loans originated in moderate-income geographies were within a two-mile radius of its branches.

Inside/Outside Ratio

A substantial majority of the home mortgage loans, small loans to businesses and CD loans originated/purchased by MNB over the evaluation period were within its AA. Ninety-three percent of the home mortgage loans, eighty-two percent of the small loans to businesses and all of the CD loans were generated within the AA. This level of performance is considered positive.

Distribution of Loans by Income Level of the Borrower

Home Mortgage Loans

Refer to Tables 6,7 and 8 in Appendix C for the facts and data used to evaluate the borrower distribution of the bank's home mortgage loan originations and purchases.

The overall borrower distribution of home mortgage loans is good.

Home purchase loan borrower distribution is good. The portion of home purchase loans made to low-income borrowers in the AA is less than the portion of families that are defined as such. The market share for these loans made to low-income borrowers significantly exceeds MNB's overall market share in the AA for home purchase loans. The portion of home purchase loans made to moderate-income borrowers in the AA exceeds the portion of families defined as such. The market share for these loans made to moderate-income borrowers meets MNB's overall market share in the AA for home purchase loans.

Home improvement loan borrower distribution is excellent. The portion of home improvement loans made to low-income and moderate-income borrowers in the AA exceeds the portion of families that are defined as such. The market share for these loans made to both low-income borrowers and moderate-income borrowers exceeds MNB's overall market share in the AA for home improvement loans. The market share for these loans made to low-income borrowers is twice MNB's overall market share in the AA for home improvement loans.

Home refinance loan borrower distribution is excellent. The portion of home refinance loans made to low-income borrowers in the AA is less than the portion of families that are defined as such. The market share for these loans made to low-income borrowers exceeds MNB's overall market share in the AA for home refinance loans. The portion of home refinance loans made to moderate-income borrowers in the AA significantly exceeds the portion of families defined as such. The market share for these loans made to moderate-income borrowers exceeds MNB's overall market share in the AA for home refinance loans.

Refer to Table 9 in Appendix C for the facts and data used to evaluate the borrower distribution of the bank's origination/purchase of small loans to businesses.

The borrower distribution of small loans to businesses is good. The portion of MNB's small loans to small businesses (businesses with revenues of \$1 million or less) is less than the portion of businesses that are defined as such. The portion of loans of \$100,000 or less exceeds the portion of businesses that are defined as small. The market share of small loans made to small businesses equals MNB's overall market share for small loans to all businesses.

Community Development Lending

Refer to Table 1 in Appendix C for the facts and data used to evaluate the bank's level of community development lending.

Community development lending has a positive impact on the bank's lending performance. MNB provides loans to the Neighborhood Housing Services of Chicago, Inc. (NHS) in order for NHS to originate loans, both first mortgage loans and second mortgage loans. MNB participates in eight of these pools which are used for affordable housing.

MNB demonstrated a leadership role when deciding to provide a legally binding \$1 million commitment to fund first and second lien mortgages to a newly created subsidiary of a CDC involved in affordable housing within the AA. The leadership role is due to the fact that MNB was the first financial institution to commit funds for this project. Other institutions have followed in committing funds for this endeavor in order to make it a viable venture.

MNB originated other small loans to businesses that meet the definition of community development. However, due to reporting requirements these loans are captured and analyzed elsewhere in the respective areas.

Product Innovation and Flexibility

Product flexibility has a positive impact on the Lending Test conclusions.

The bank introduced four flexible mortgage products during the evaluation period. These include: the 97% "flex" Mortgage - a home purchase loans up to 97% of the value of the property with private mortgage insurance; the 97% "gift" mortgage - a home purchase loan product allowing for a downpayment as low as 3% to come from a gift; the "extended gift" mortgage - a home purchase loan with a 90% loan-to-value with a minimum \$1,000 from the borrower's own funds with the remaining funds coming from immediate family gift; and a "Fresh Start" loan whose proceeds are used to purchase a certificate of deposit at MNB to assist individuals in repairing damaged credit histories.

None of the programs are considered innovative.

INVESTMENT TEST

Conclusions for Areas Receiving Full-Scope Reviews

The bank's performance under the Investment Test is rated "Outstanding." Based on the full-scope review, performance is excellent.

Refer to Table 10 in Appendix C for the facts and data used to evaluate the bank's level of qualified investments.

MNB's AA covers a large area of the south side of Chicago, encompassing some of the richest and poorest neighborhoods in the area. There is a vast array of opportunities for qualified investments within the city and county. These opportunities include investing and partnering with the numerous housing organizations, small business organizations and economic development corporations.

During this evaluation period, MNB made seventy-nine new qualified investments totaling \$4.737 million, with \$2.906 million actually funded. The bank also funded \$1.044 million during this evaluation period committed to in prior periods. Total qualified investments (including unfunded portion) are \$6.876 million and represent 7.2% of Tier 1 Capital. This volume of investments is excellent given the dollars available for community development purposes. A significant majority (73%) of these investments addressed the identified community need for affordable housing. Although these investments are relatively new for the bank, they are not innovative or complex for the Chicago market.

The following is a discussion of MNB's new investments in its AA:

Marquette National Bank made five "equity-equivalent investments" in local Community Development Financial Institutions (CDFI) during this evaluation period. These five investments resulted in a dollar commitment of \$2.7 million of which \$869,000 was actually funded to date. These were:

- \$200,000 invested in a fund that provides low-cost, flexible financing to nonprofit community development organizations for the revitalization of low- and moderate-income neighborhoods. As a not-for-profit revolving loan fund, this fund provides financing for development projects promising high social impact that for-profit, regulated financial institutions do not provide. This investment allows the bank to more effectively reach low- and moderate-income areas where it might not otherwise have the opportunity.
- \$2 million committed to be disbursed over five years at \$400,000 a year (\$400,000 funded to date) to a corporation which provides private sources of predictable, low-cost, flexible project financing to Community Development Corporations. The primary purpose of these projects is for commercial and business loans in low- and moderate-income areas. The loans are targeted for predevelopment financial and construction cost, operating lines of credit, revolving loan funds, construction loans, working capital loans, and loan guarantees.
- \$150,000 invested in a fund established to help low- and moderate-income households and individuals gain access to credit, receive advocacy training to empower their local communities, and to develop wealth accumulation skills to aid in achieving long-term financial independence. The primary focus is to identify, pre-qualify, and prepare 13,000 low-income families for home loans.
- \$100,000 invested in a fund that provides funding to start-up and emerging small businesses (loan amounts are limited to between \$1,000 and \$20,000) located primarily in distressed low- and moderate-income areas.
- \$250,000 equity commitment (\$19,000 funded to date) to a partnership which

is an offshoot of a local CDFI. The partnership is providing funding to small businesses for the rehabilitation of a severely depressed low-income neighborhood.

During 1999, the bank received an award as part of the United States Treasury Department's CDFI Bank Enterprise Award Program. This program honors banks that have shown a strong commitment to funding community development programs and projects. MNB received this award in response to the large amount of investments it has made to CDFIs in its assessment area.

Also during this evaluation period, the bank made the following qualified investments:

- \$1.404 million invested securities backed by mortgages originated in low- and moderate-income census tracts in MNB's assessment area.
- \$250,000 to purchase 16,667 shares of stock to assist in opening a CDFI. The CDFI is located in a low-income census tract and a substantial majority of the CDFI's target market is comprised of low- and moderate-income individuals.
- 352,000 in grants to 22 local non-profit organizations for various community and economic development programs and projects throughout the AA. These programs and projects included funding for; jobs programs, business development forums, credit counseling, vocational training incubators, and technical assistance to potential borrowers. Included in this total was a grant of \$127,000 to an organization that provides assistance to low- and moderate-income individuals with applying for, qualifying for, and obtaining housing loans.
- \$31,000 in contributions to programs and projects sponsored by over 50 local non-profit organizations. These activities specifically target low- and moderate-income individuals or geographies and have community development as their primary focus. They include such things as sponsoring youth events for LMI individuals in LMI areas, supporting local school initiatives in LMI neighborhoods, supporting meetings for small business owners and prospects, and supporting job counseling.

SERVICE TEST

Conclusions for Areas Receiving Full-Scope Reviews

The bank's performance under the Service Test is rated "High Satisfactory". Based on the full-scope review, performance is good.

Retail Banking Services

Refer to Table 11 in Appendix C for the facts and data used to evaluate the

distribution of the bank's branch delivery system and branch openings and closings.

MNB's delivery system is reasonably accessible to the populations residing in moderate-, middle-, and upper-income areas. The delivery systems provide limited accessibility to the population residing in low-income geographies within the bank's assessment area. The bank has no branches in low-income geographies. Sixteen percent of the population is located in low-income geographies. Analysis of the branch and population distribution shows that only 32% of the population residing in low-income geographies are within a two-mile radius of the branches.

During the evaluation period the bank closed one branch and opened two other branches. The closed branch was located in a moderate-income geography and closed due to the owner of the property in which the branch was located not renewing the lease. This branch was replaced by another branch that opened 1.5 miles away in the same moderate-income geography. The bank also opened a branch in an upper-income geography.

The bank provides the same services to the community at all locations. Hours of operation are similar at all bank offices. Hours are expanded in some areas to accommodate differing employment schedules.

MNB owns and operates 36 ATMs in its assessment area. Of the 36 ATMs, two or 6%, are located in the low income-geographies while seven or 19%, are located in moderate-income geographies. An analysis of the demographics and the relevant data shows that individuals in low-income geographies only have limited access to alternative delivery systems. The bank also participates in a number of other ATM networks, which provides bank customers greater access to banking services. MNB is part of a group of banks who have agreed to waive ATM fees if individuals use any one of the group's ATMs. There is no documentation to support how effective this system is in delivering services to the population in low-income areas.

The bank offers a variety of special services for its customers that are standard throughout the banking industry. These include the Senior Checking Account for senior citizens, the Smart Money Checking Account for customers receiving public assistance with a direct deposit feature, and the Student Checking Account for area students. All of these programs feature no monthly fees and no minimum balance requirements. Bank analysis of its programs and services shows that 29% of the households entering a deposit relationship during this evaluation period with the bank are low- and moderate-income, while 35% of the households in the AA are low- and moderate-income. (Data captured for this time frame only.)

Other alternate delivery systems include, the Customer Service Center, Teller Phone banking and Mr. Payroll. The Customer Service Center and Teller Phone banking provide deposit and loan account information, while Mr. Payroll provides payroll check cashing services to bank customers and non-customers at fees below those charged by currency exchanges. Since bank management could not provide data

regarding usage by low- and moderate-income individuals, significant weight was not placed on the alternative delivery systems when drawing a conclusion under the Service Test.

Community Development Services

Marquette National Bank's performance in providing community development services in its assessment area is excellent.

Bank directors, management and employees are very active in the community and provide an excellent level of community development services. They provide financial expertise and serve on the boards of several community development organizations. These organizations target low- and moderate-income groups and focus on job training and placement for disadvantaged members of the community, attracting and maintaining businesses in the community, provide credit counseling for low- and moderate-income individuals and provide assistance to low- and moderate-income individuals to obtain affordable housing.

During the evaluation period, the bank initiated and conducted nine seminars. The purpose of some of the seminars was to educate low- and moderate-income applicants regarding the application and financing process for a home mortgage and to provide credit counseling for applicants with poor credit histories. These seminars also explained the mortgage lending opportunities and programs offered by the bank in low- and moderate-income geographies and to low- and moderate-income people. Other seminars focused on the small business entrepreneurs exploring planning, budgeting, and the proper usage of the different types of credit offered.

Appendix A: Scope of Examination

The following table identifies the time period covered in this evaluation, affiliate activities that were reviewed, and loan products considered. The table also reflects the metropolitan and nonmetropolitan areas that received comprehensive examination review (designated by the term Δ Full-Scope Δ) and those that received a less comprehensive review (designated by the term Δ Limited-Scope Δ).

Time Period Reviewed	Lending Test: January 1, 1998 to December 31, 1999 Investment Test: January 1, 1998 to March 31, 2000 Service Test: January 1, 1998 to March 31, 2000	
Financial Institution	Products Reviewed	
Marquette National Bank (MNB) Chicago, IL	Home mortgage loans, small loans to businesses and CD loans.	
Affiliate(s)	Affiliate Relationship	Products Reviewed
None	NA	NA
List of Assessment Areas and Type of Examination		
Assessment Area	Type of Exam	Other Information
Entire AA contained within a portion of the Chicago MSA #1600	Full-Scope	

Appendix B: Market Profile for Full-Scope Area

Market Profile

Demographic Information for the Area: *MARQUETTE NATIONAL BANK (1024 CT)											Evaluation Period 01/01/1998 TO 12/31/1999	
Demographic Characteristic	Total	Low Income Tracts		Mod Income Tracts		Middle Income Tracts		Upper Income Tracts		NA Income Tracts		
	#	%	#	%	#	%	#	%	#	%	#	
Geographies (Census Tracts/BNAs)	1,024	24.22	248	23.54	241	34.47	353	15.72	161	2.05	21	
Population by Geography	3,883,637	15.97	620,145	22.44	871,488	40.29	1,564,866	21.24	824,775	0.06	2,363	
Owner-Occupied Housing by Geography	814,350	5.15	41,939	16.37	133,349	50.11	408,102	28.36	230,955	0.00	5	
Business by Geography	128,311	8.17	10,481	14.11	18,106	36.40	46,702	38.70	49,650	2.63	3,372	
Farms by Geography	1,905	1.21	23	5.72	109	54.59	1,040	37.90	722	0.58	11	
Family Distribution by Income Level	967,042	24.36	235,531	18.03	174,336	23.55	227,693	34.07	329,482	0.00	0	
Distribution of Low and Moderate Income Families throughout AA Geographies	409,867	26.55	108,822	29.74	121,901	35.21	144,329	8.49	34,815	0.00	0	
Median Family Income	42,758	Median Housing Value		108,960								
HUD Adjusted Median Family Income for 1999	63,800	Unemployment Rate		4.55%								
Households Below Poverty Level	10.45%											

Source: 1990 US Census and HUD update MFI

Description of Assessment Area

MNB's assessment area (AA) is located entirely within the Chicago Metropolitan Statistical Area (MSA) and consists of 1,024 census tracts. During the evaluation period, MNB expanded its assessment area by 654 census tracts to include more areas surrounding its current branches. This expanded area includes approximately two-thirds of Cook County, three-quarters of DuPage County, and nearly all of Will County. Some of the neighborhoods in the AA are: West Englewood, Summit, Bridgeport, Bridgeview, Evergreen Park, Oak Lawn, Manhattan, Palos Heights, Orland Park, and Tinley Park. The AA is legal and does not arbitrarily exclude low-or moderate-income geographies.

The table above shows that MNB's AA contains a significant portion of low- and moderate-income geographies (24% and 24%, respectively) and low- and moderate-income families (24% and 18%, respectively). The information on owner-occupancy highlights the fact that mortgage lending (home purchase, refinance, and home improvement) opportunities exist in the different geographies. Management provided information that indicates that forty-four of the low-income tracts and fifteen of the moderate-income tracts have low opportunity for lending. Information included the low level of population, low level of owner-occupied housing as well as the predominant land usage of the tracts (independently determined). Documentation of the marketing efforts that reached these tracts indicate that a good faith effort to attract potential customers was afforded to all areas of the bank's AA. Management asserted and community

contacts supported the theory that several moderate-income tracts within the AA may well be considered low-income when the new census data are gathered and released.

The local economy is stable. The unemployment rate in the AA is 4.6% compared to 4.3% for the State of Illinois as of February 2000. The majority of the assessment area consists of residential areas with the main industry being services. Retail trade and manufacturing are next largest industries in the AA. MNB's AA includes several neighborhoods which range from some of the oldest and poorest in the City of Chicago to some of the higher income areas. The weighted average of the MSA's 1999 updated median family income is \$63,800; however, the weighted average of the 1999 updated median family income for the AA is approximately \$42,758. Within the AA, approximately 11% of the households are on public assistance and 14% of the households are below the poverty level.

Competition within the assessment area is very strong. Several large banking companies and several mortgage-banking companies both local and national in scope, along with numerous community-sized financial institutions, operate in the bank's market. The geographic area (Chicago) and the LMI composition of the market and the respective opportunities it provides, are the major reasons that over 800 HMDA reporters originated/purchased HMDA reportable loans in 1998 (the latest year for which data is available) in MNB's AA.

As a part of this examination process, we contacted two community organizations operating in the bank's assessment area. We also considered information from three other community organizations within the bank's AA, which were contacted within the last year. Affordable housing, small business and economic development organizations were used to help identify the various credit needs of the AA. The needs identified included affordable housing, education, and lending, small business lending, end economic development activities which include affordable housing, the need for childcare facilities and consumer education on the facets of understanding and operating a small business. These needs which relate to credit, investments, and services in the AA were considered in our evaluation of MNB's performance under the Lending, Investment, and Service Tests.

Appendix C: Tables of Performance Data

Content of Standardized Tables

References to the Δ bank include activities of any affiliates that the bank provided for consideration (refer to Appendix A: Scope of the Examination). For purposes of reviewing the Lending Test tables, the following are applicable: purchased loans are treated as originations/purchases; market rank is based on the number of loans originated and purchased by the bank as compared to all other lenders in the MSA/assessment area; and market share is the number of loans originated and purchased by the bank as a percentage of the aggregate number of reportable loans originated and purchased by all lenders in the MSA/assessment area.

The following is a listing and brief description of the tables:

- Table 1. Lending Volume** Presents the number and dollar amount of reportable loans originated and purchased by the bank over the evaluation period by MSA/assessment area.
- Table 2. Geographic Distribution of Home Purchase Loans** Compares the percentage distribution of the number of loans originated and purchased by the bank in low-, moderate-, middle- and upper-income geographies to the percentage distribution of owner-occupied housing units throughout those geographies. The table also presents market rank and market share information based on the most recent aggregate market data available.
- Table 3. Geographic Distribution of Home Improvement Loans** See Table 2.
- Table 4. Geographic Distribution of Refinance Loans** See Table 2.
- Table 5. Geographic Distribution of Small Loans to Businesses** The percentage distribution of the number of small loans (less than or equal to \$1 million) to businesses originated and purchased by the bank in low-, moderate-, middle- and upper-income geographies compared to the percentage distribution of businesses (regardless of revenue size) throughout those geographies. The table also presents market rank and market share information based on the most recent aggregate market data available.
- Table 6. Borrower Distribution of Home Purchase Loans** Compares the percentage distribution of the number of loans originated and purchased by the bank to low-, moderate-, middle- and upper-income borrowers to the percentage distribution of families by income level in each MSA/assessment area. The table also presents market rank and market share information based on the

most recent aggregate market data available.

Table 7. Borrower Distribution of Home Improvement Loans See Table 7.

Table 8. Borrower Distribution of Refinance Loans See Table 7.

Table 9. Borrower Distribution of Small Loans to Businesses Compares the percentage distribution of the number of small loans (less than or equal to \$1 million) originated and purchased by the bank to businesses with revenues of \$1 million or less to the percentage distribution of businesses with revenues of \$1 million or less. The table also compares the bank's percentage distribution with the percentage of loans originated and purchased by all other small business reporters in the bank's AA to businesses with revenues of \$1 million or less and is based on the most recent aggregate market data available. In addition, the table presents the percentage distribution of the number of loans originated and purchased by the bank by loan size, regardless of the revenue size of the business. Market share information is presented based on the most recent aggregate market data available.

Table 10. Qualified Investments Presents the number and dollar amount of qualified investments made by the bank in each MSA/AA. The table separately presents investments made during prior evaluation periods that are still outstanding and investments made during the current evaluation period. Prior period investments are reflected at their book value as of the end of the evaluation period. Current period investments are reflected at their original investment amount even if that amount is greater than the current book value of the investment. The table also presents the number and dollar amount of unfunded qualified investment commitments. In order to be included, an unfunded commitment must have been reported on schedule RC-L of the Call Reports as an off-balance sheet item.

Table 11. Distribution of Branch Delivery System and Branch Openings/Closings Compares the percentage distribution of the number of the bank's branches in low-, moderate-, middle- and upper-income geographies to the percentage of the population within each geography in each MSA/AA. The table also presents data on branch openings and closings in each MSA/AA.

Table 1. Lending Volume

LENDING VOLUME		Evaluation Period 01/01/1998 TO 12/31/1999										
MSA/Assessment Area	% of Rating Area Deposits in AA*	Home Mortgage		Small Business		Small Farm		Community Development		Total Reported Loans		% of Rating Area Loans in AA (% of #)
		#	\$ (000's)	#	\$ (000's)	#	\$ (000's)	#	\$ (000's)	#	\$(000's)	
Full Scope	100.00	2,249	160,922	422	41,885	0	0	9	4,150	2680	206,957	100.00
*MARQUETTE NATIONAL BANK (1024 CT)												

* Deposit Data as of June 30, 1999

Table 2. Geographic Distribution of Home Purchase Loans

Geographic Distribution: HOME PURCHASE		Evaluation Period 01/01/1998 TO 12/31/1999													
MSA/Assessment Area	Low Income Geographies		Moderate Income Geographies		Middle Income Geographies		Upper Income Geographies		Overall Market Rank*	Market Share by Geography*			Total Home Purchase Loans		
	% Owner Occ Units	% Bank Loans	% Owner Occ Units	% Bank Loans	% Owner Occ Units	% Bank Loans	% Owner Occ Units	% Bank Loans		Overall	Low	Mod		Upp	#
Full Scope															
*MARQUETTE NATIONAL BANK (1024 CT)	5	2	16	9	50	61	28	28	101	0.2	0.1	0.2	0.2	449	100

* Based on 1998 Aggregate HMDA Data Only. Market rank is for all income categories combined.

** Home purchase loans within an MSA/AA as a % of all home purchase loans in the rating area.

Table 3. Geographic Distribution of Home Improvement Loans

Geographic Distribution: HOME IMPROVEMENT		Evaluation Period 01/01/1998 TO 12/31/1999														
MSA/Assessment Area	Low Income Geographies		Moderate Income Geographies		Middle Income Geographies		Upper Income Geographies		Overall Market Rank*	Market Share by Geography				Total Home Improvement Loans		
	% Owner Occ Units	% Bank Loans	% Owner Occ Units	% Bank Loans	% Owner Occ Units	% Bank Loans	% Owner Occ Units	% Bank Loans		Overall	Low	Mod	Mid	Upp	#	% of Total**
Full Scope																
*MARQUETTE NATIONAL BANK (1024 CT)	5	21	16	36	50	36	28	8	15	1.6	3.6	2.4	1.2	0.4	668	100

* Based on 1998 Aggregate HMDA Data Only. Market rank is for all income categories combined.
 ** Home improvement loans within an MSA/AA as a % of all home improvement loans in the rating area.

Table 4. Geographic Distribution of Home Mortgage Refinance Loans

Geographic Distribution: HOME MORTGAGE REFINANCE		Evaluation Period 01/01/1998 TO 12/31/1999														
MSA/Assessment Area	Low Income Geographies		Moderate Income Geographies		Middle Income Geographies		Upper Income Geographies		Overall Market Rank*	Market Share by Geography			Total Home Mortgage Refinance Loans			
	% Owner Occ Units	% Bank Loans	% Owner Occ Units	% Bank Loans	% Owner Occ Units	% Bank Loans	% Owner Occ Units	% Bank Loans		Overall	Low	Mod	Upp	#	% of Total**	
Full Scope																
*MARQUETTE NATIONAL BANK (1024 CT)	5	6	16	15	50	55	28	24	64	0.4	0.3	0.4	0.6	0.3	1,122	100

* Based on 1998 Aggregate HMDA Data Only. Market rank is for all income categories combined.

** Refinance loans within an MSA/AA as a % of all refinance loans in the rating area.

Table 5. Geographic Distribution of Small Loans to Businesses

Geographic Distribution: SMALL BUSINESS		Evaluation Period 01/01/1998 TO 12/31/1999															
		Low Income Geographies		Moderate Income Geographies		Middle Income Geographies		Upper Income Geographies		Overall Market Rank*	Market Share by Geography*				Total Small Business Loans % of Total**		
		% of Businesses	% Bank Loans	% of Businesses	% Bank Loans	% of Businesses	% Bank Loans	% of Businesses	% Bank Loans		Overall	Low	Mod	Mid		Upp	
Full Scope		8	5	14	20	36	40	39	34	32	0.5	0.4	0.6	0.6	0.4	422	100
*MARQUETTE NATIONAL BANK (1024 CT)																	

* Based on 1998 Aggregate Small Business Data Only. Market rank is for all income categories combined.

** Small Business loans within an MSA/AA as a % of all Small Business loans in the rating area.

Table 6. Borrower Distribution of Home Purchase Loans

Borrower Distribution: HMDA HOME PURCHASE		Evaluation Period 01/01/1998 TO 12/31/1999														
MSA/Assessment Area	Low Income Borrowers		Moderate Income Borrowers		Middle Income Borrowers		Upper Income Borrowers		Overall Market Rank*	Market Share by Borrower Income*				Total Home Purchase Loans		
	% of Families	% Bank Loans**	% of Families	% Bank Loans**	% of Families	% Bank Loans**	% of Families	% Bank Loans**		Overall	Low	Mod	Mid	Upp	#	% of Total
Full Scope																
*MARQUETTE NATIONAL BANK (1024 CT)	24	9	18	29	24	31	34	28	101	0.2	0.3	0.2	0.2	0.2	449	100

* Based on 1998 Aggregate HMDA Data Only. Market rank is for all income categories combined.

** As a percentage of loans with borrower income information available.

Table 7. Borrower Distribution of Home Improvement Loans

Borrower Distribution: HOME IMPROVEMENT		Evaluation Period 01/01/1998 TO 12/31/1999													
MSA/Assessment Area	Low Income Borrowers		Moderate Income Borrowers		Middle Income Borrowers		Upper Income Borrowers		Overall Market Rank*	Market Share By Borrower Income*			Total Home Improvement Loans		
	% of Families	% Bank Loans**	% of Families	% Bank Loans**	% of Families	% Bank Loans**	% of Families	% Bank Loans**		Overall	Low	Mod		Upp	#
Full Scope															
*MARQUETTE NATIONAL BANK (1024 CT)	24	35	18	31	24	23	34	10	15	1.6	3.4	2.1	1.6	668	100

* Based on 1998 Aggregate HMDA Data Only. Market rank is for all income categories combined.

** As a percentage of loans with borrower income information available.

Table 8. Borrower Distribution of Home Mortgage Refinance Loans

Borrower Distribution: HOME MORTGAGE REFINANCE		Evaluation Period 01/01/1998 TO 12/31/1999														
MSA/Assessment Area	Low Income Families		Moderate Income Families		Middle Income Families		Upper Income Families		Overall Market Rank*	Market Share by Borrower Income*				Total Loans		
	% of Families	% Bank Loans**	% of Families	% Bank Loans**	% of Families	% Bank Loans**	% of Families	% Bank Loans**		Overall	Low	Mod	Mid	Upp	#	% of Total
Full Scope																
*MARQUETTE NATIONAL BANK (1024 CT)	24	12	18	28	24	30	34	27	64	0.4	0.5	0.7	0.6	0.4	1,122	100

* Based on 1998 Aggregate HMDA Data Only. Market rank is for all income categories combined.

** As a percentage of loans with borrower income information available.

Table 9. Borrower Distribution of Small Loans to Businesses

Borrower Distribution: SMALL BUSINESS		Evaluation Period 01/01/1998 TO 12/31/1999							
MSA/Assessment Area	Businesses With Revenues of \$1 million or less		% Distribution of Loans by Original Amount of Business Size		Market Share*		Total Small Business Loans		
	% Business**	% Bank Loans***	% Market Loans*	\$100,000 or less	> \$100,000 to \$250,000	> \$250,000 to \$500,000	#	% of Total	
Full Scope									
*MARQUETTE NATIONAL BANK (1024 CT)	70	65	52	76	15	9	0.5	422	100

* The market consists of all other Small Business reporters in BANK's assessment area and is based on 1998 Aggregate Small Business Data Only

** Businesses with revenues of \$1 million or less as a percentage of all businesses.

*** Loans to businesses with revenues of \$1 million or less as a percentage of all loans reported as small loans to businesses. No revenue information was available for XX% of small loans to businesses reported by the BANK.

Table 10. Qualified Investments

QUALIFIED INVESTMENTS		Evaluation Period 01/01/1998 TO 12/31/1999							
MSA/Assessment Area	Prior Period Investments*		Current Period Investments		Total Investment		Unfunded Commitments**		
	#	\$(000's)	#	\$(000's)	#	\$(000's)	% of Total	#	\$(000's)
Full Scope									
*MARQUETTE NATIONAL BANK (1024 CT)	4	1914	79	2906	83	4820	100.00	3	2,056

* 'Prior Period Investments' means investments made in a previous evaluation period that remains outstanding as of the examination date.

** "Unfunded Commitments" means legally binding commitments reported on Report of Condition Schedule L-"Off-Balance Sheet Items".

Table 11. Distribution of Branch Delivery System and Branch Openings/Closings

DISTRIBUTION OF BRANCH DELIVERY SYSTEM		Evaluation Period 01/01/1998 TO 12/31/1999																			
MSA/Assessment Area	Deposits % of Total Bank Deposits	# of Bank Branches			% of Total Bank Branches			Location of Branches by Income of Geographies (%)			# of Branch Closings	# of Branch Openings	Branch Openings/Closings			Net gain(+)/loss(-) of branches due to openings/closings			Population		
		# of Bank Branches	% of Total Bank Branches	% of Total Bank Branches	Low (%)	Mod (%)	Mid (%)	Upp (%)	Low (%)	Mod (%)			Mid (%)	Upp (%)	Low	Mod	Upp	Low	Mod	Upp	
																					Low
Full Scope		17	100.00	0.00	23.53	47.06	29.41	1	2	0.00	0.00	0.00	+1	16	22	40	22				
*MARQUETTE NATIONAL BANK (1024 CT)																					

* The percentage of the population in the MSA/AAA that resides in these geographies.