SMALL BANK

Comptroller of the Currency
Administrator of National Banks

PUBLIC DISCLOSURE

December 13, 2001

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

Uptown National Bank of Chicago
Charter Number 14430

4753 North Broadway
Chicago, Illinois 60640

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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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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 Community Reinvestment Act (CRA) performance of Uptown National Bank of Chicago (Uptown), Chicago, Illinois, as prepared by The Office of the Comptroller of the Currency, the institution's supervisory agency, as of December 13, 2001. The agency rates the CRA Performance of an institution consistent with the provisions set forth in Appendix A to 12 CFR Part 25.

INSTITUTION RATING

INSTITUTION'S OVERALL CRA RATING: This institution is rated **"Satisfactory."**

The institution's overall rating is a blend based on the institution's ratings in the states of Arizona and Illinois. When determining the overall rating, we weighted the state rating for Illinois more heavily than the state rating for Arizona, since a significantly higher level of the bank's deposit and lending activities are in Illinois. The major factors that support Uptown's overall rating include:

- An excellent geographic distribution of loans in Illinois.
- A reasonable distribution of loans to borrowers of different income levels and to businesses of different sizes in Illinois.
- A reasonable net loan-to-deposit ratio.
- A reasonable level of lending within the bank's assessment areas.

DESCRIPTION OF INSTITUTION

Uptown National Bank of Chicago ("Uptown") is an interstate financial institution headquartered in Chicago, Illinois, approximately seven miles north of the downtown financial district. Uptown is a wholly owned subsidiary of Upbancorp, Inc., ("Upbancorp") a one-bank holding company with no other subsidiaries. Uptown has one subsidiary, Broadway Clark Building Corporation, whose sole purpose is to hold title to the bank's building. This subsidiary had no impact on the bank's capacity for community reinvestment.

As of September 30, 2001, the bank had $411 million in assets and $31 million in tier-one capital. Additionally, Uptown had $312 million in outstanding net loans and $350 million in deposits, relating to a net loan-to-deposit ratio of 89 percent. Uptown made no agricultural loans during the evaluation period, which is considered reasonable since the bank's Illinois and Arizona branches are located in metropolitan areas where few opportunities exist for this type of lending. Therefore, agricultural lending is not part of the bank's lending strategy. Table 1 provides data on the bank's gross loan portfolio.

Table 1.
Loan Portfolio Composition

Loan Type	Portfolio Composition $(000s)	Percent
Residential Real Estate	136,149	43.1
Commercial	117,774	37.3
Commercial Real Estate	58,453	18.5
Consumer	3,290	1.0
Other	463	0.1
Total Gross Loans	**316,129**	**100.0**

On August 31, 2000, Upbancorp completed a merger of its two bank subsidiaries, Uptown and Heritage Bank ("Heritage"), Phoenix, Arizona, with Uptown as the surviving entity. Prior to the merger Uptown had $288 million in total assets, although it was not evaluated as a large bank since it had not met the qualifying threshold of two consecutive calendar years of assets over $250 million. Heritage had $84 million in assets prior to the merger.

Uptown has seven full-service branches, five in Illinois and two in Arizona. In addition, Uptown has two limited-service facilities and a loan production office in Illinois.

The bank has two assessment areas (AAs) located in two separate states: portions of **Cook and Kane Counties** in Illinois, which are part of the Chicago Metropolitan Statistical Area (MSA) #1600, and all of **Maricopa County**, Arizona, which is part of the Phoenix-Mesa MSA #6200. Our analysis was based on the bank's performance in each of those states.

Uptown's deposit distribution as of November 30, 2001, was $241 million (71 percent) in Illinois and $99 million (29 percent) in Arizona. Similarly, the loan portfolio distribution was $259 million (74 percent) in Illinois and $92 million (26 percent) in Arizona. An analysis of Uptown's loan portfolio revealed originations of diverse loan products from its Illinois branches compared to the bank's Arizona locations, whose focus is primarily commercial lending. Therefore, Uptown's Arizona lending performance analysis was limited to commercial loans.

Uptown received an overall Satisfactory rating on March 31, 1996, the date of the last Community

Reinvestment Act performance evaluation. There are no financial conditions, legal constraints or other factors that would hinder its ability to meet the credit needs of its community.

FAIR LENDING REVIEW

An analysis of recent public comments, consumer complaint information, and Home Mortgage Disclosure Act (HMDA) lending data was performed according to the OCC's risk based fair lending approach. Based on its analysis of the information, the OCC decided that a comprehensive fair lending examination would not need to be conducted in connection with the CRA evaluation this year. The latest comprehensive fair lending exam was performed March 31, 1996.

RATING FOR THE STATE - ILLINOIS

Institution's CRA rating in the State of Illinois is "Satisfactory."

DESCRIPTION OF ASSESSMENT AREA

The Illinois AA consists of 237 geographies, with 235 geographies in the north and northwest portions of Cook County and two geographies in Kane County. Although Cook and Kane counties are not contiguous, they are part of the Chicago MSA and were evaluated as one AA.

This AA meets the requirement of the regulation and does not arbitrarily exclude low- and moderate-income geographies. The AA consists of ten (4 percent) low-income, 68 (29 percent) moderate-income, 82 (35 percent) middle-income and 77 (32 percent) upper-income geographies.

The total population of the AA is 1,005,075. The median family income was $48,674 based on 1990 Census data, and $67,900 based on 2000 adjusted median family income. The AA contains 21 percent low-income, 17 percent moderate-income, 21 percent middle-income, and 41 percent upper-income families. Fifty-two percent of the housing in the AA was 1-4 family units, with 43 percent owner-occupied. The median home value was approximately $179,157.

The 2001 unadjusted seasonal unemployment rate for Cook and Kane counties was 5.9 percent and 4.9 percent, respectively. The vast majority of the companies are considered small businesses, with 91 percent of those businesses employing less than 50 people.

We conducted one community contact interview in the AA during our evaluation. The contact was with a director of an economic development corporation. He identified affordable housing and small business loans as credit needs of the community.

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA

Loan-to-Deposit Ratio

Uptown's net loan-to-deposit ratio at 89 percent, as of September 30, 2001, is reasonable. The bank's average quarterly net loan-to-deposit ratio was 81 percent from June 30, 1996, to September 30, 2001. In comparison, the peer average quarterly net loan-to-deposit ratio ranged from 72 percent to 86 percent. The peer group consisted of other Chicago MSA banks with asset sizes between $379 million and $479 million.

Uptown was unable to provide data to calculate separate loan-to-deposit ratios for each state since the merger. Therefore, this analysis was based on the bank's performance at the bank level, rather than the state level.

Lending in Assessment Area

Uptown's record of lending within its AAs is reasonable. Uptown requested that its consumer loans made in Illinois during the evaluation period be considered as part of this evaluation. Consumer and residential real estate loans are not part of the bank's lending strategy in Arizona and were therefore not considered in this evaluation. Table 2 details the bank's lending within its AAs by number of loan originations and dollar volume since its last CRA evaluation.

Table 2.
Loans Originated in Assessment Areas

Loan Type	# in AAs	$ in AA (000s)	Total #	Total $ (000s)	Percent # in AAs	Percent $ in AAs
Home Purchase*	58	7,778	113	17,132	51.3	45.4
Home Refinance*	32	4,530	53	9,103	60.4	49.8
Home Improve*	121	23,461	244	54,273	49.6	43.2
Total HMDA* **	253	52,186	478	109,679	52.9	47.6
Business/Commercial***	15	3,048	20	4,648	75.0	65.6
Consumer ***	16	298	20	494	80.0	60.3

* Represents loans originated in 1996 through 2001 under the Home Mortgage Disclosure Act.
** Includes multi-family originations.
*** Represents a sample of 20 loans

This analysis was based on the bank's performance at the bank level, rather than the state level. The residential real estate and consumer loans reflected in Table 2 represent those loans that were originated/purchased by Uptown in Illinois. The lending strategy in Arizona is to make commercial loans; consequently, the bank made a very limited number of residential real estate and consumer loans that state. Therefore, the analysis for Arizona consists only of commercial loans originated/purchased since the merger. The business/commercial loans reflected in Table 2 represent loans originated/purchased by Uptown in both Illinois and Arizona.

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

The bank's record of lending for residential real estate and consumer loans to individuals of different income levels is reasonable. The bank's record of lending to small businesses of different sizes is reasonable.

Residential Real Estate Loan Originations

Table 3.
Percentage of Residential Real Estate Loans - Illinois

Borrower Income Level	Home Purchase*		Home Improvement*		Home Refinance*		All Mortgage Loans* **		Percent of Families in AA
	# of loans	$ of loans	# of loans	$ of loans	# of loans	$ of loans	# of loans	$ of loans	
Low	3.5	6.7	5.0	0.5	6.2	1.5	3.9	1.4	20.6
Moderate	17.2	12.5	7.4	1.0	21.9	17.6	10.3	3.8	17.2
Middle	25.9	18.5	20.7	9.4	12.5	10.5	17.4	7.9	21.1
Upper	51.7	60.7	66.9	89.1	50.0	63.7	50.2	54.6	41.1
N/A	1.7	1.6	0.0	0.0	9.4	6.7	18.2	32.3	

* Represents loans originated in 1996 through 2001 under the Home Mortgage Disclosure Act.
** Includes multi-family originations

The borrower distribution of home purchase loans is reasonable. Home purchase loans made to low-income borrowers at 3.5 percent were significantly below the 20.6 percentage of low-income families in the AA. This is reasonable considering 11 percent of households in the AA are below poverty level, based on 1990 Census data. The 17.2 percentage of home purchase loans made to moderate-income borrowers equaled the 17.2 percentage of moderate-income families within the AA. Since the last CRA evaluation the bank made 58 home purchase loans within the AA, with two (3.5 percent) of those loans totaling $523 thousand made to low-income borrowers and ten (17.2 percent) loans totaling $975 thousand made to moderate-income borrowers.

The borrower distribution of home improvement loans is reasonable. Home improvement loans made to low-income borrowers at 5 percent were significantly below the 20.6 percentage of low-income families in the AA. However, as indicated previously, this is considered reasonable since approximately 11 percent of households in the AA are below poverty level. Home improvement loans made to moderate-income borrowers at 7.4 percent were also below the 17.2 percentage of moderate-income families in the AA. Since the last CRA evaluation the bank made 121 home improvement loans in the AA, with six (5 percent) loans totaling $119 thousand made to low-income borrowers and nine (7.4 percent) loans totaling $234 thousand made to moderate-income borrowers.

The borrower distribution of home refinance loans is reasonable. Home refinance loans made to low-income borrowers at 6.2 percent were below the 20.6 percentage of low-income families in the AA. This is reasonable since 11 percent of households in the AA are below poverty level. However, home refinance loans made to moderate-income borrowers at 21.9 percent exceeded the 17.2 percentage of moderate-income families in the AA. Since the last CRA evaluation the bank made 32 home refinance loans in the AA, with two (6.2 percent) loans totaling $67 thousand made to low-income borrowers and seven (21.9 percent) loans totaling $800 thousand made to moderate-income borrowers.

Commercial Loan Originations

Table 4.
Lending to Businesses of Different Sizes - Illinois

Revenues $1 Million or Less				Revenues Greater than $1 Million			
#	Percent	$ (000s)	Percent	#	Percent	$ (000s)	Percent
12	60	1,234	60.0	6	30.0	2,155	34.3

The borrower distribution of commercial loans within the AA is reasonable. A sample of 20 commercial loans made in the AA since the previous CRA evaluation was chosen for analysis. Distribution analysis revealed that twelve loans (60 percent) totaling $1.23 million were made to businesses with annual revenues of less than $1 million. This is somewhat below the 85 percent of businesses with revenues of $1 million or less in the AA. Gross revenue information for two (10%) of the 20 loans sampled was not available.

Consumer Loan Originations

Table 5. Consumer Loans - Illinois					
Borrower Income Level	**Number of Loans**	**Percent**	**Dollars of Loans $(000s)**	**Percent**	**Percentage of Households in AA**
Low	3	15	17	4.2	25.6
Moderate	4	20	82	20.3	17.6
Middle	4	20	63	15.6	19.5
Upper	6	30	205	51.0	37.3
Not Available	3	15	36	8.9	

The borrower distribution of consumer loans in the AA is reasonable. A sample of 20 consumer loans made within the AA since the previous CRA evaluation was chosen for distribution analysis. Analysis of the sample revealed that the consumer loans made to low-income borrowers, in terms of number, at 15 percent was below the 25.6 percentage of low-income households in the AA. However, the 20 percent of consumer loans made to moderate-income borrowers exceeded the 17.6 percentage of moderate-income households in the AA. Borrower incomes for three (15 percent) loans were not available.

Geographic Distribution of Loans

The geographic distribution of the bank's residential real estate loans, commercial loans, and consumer loans reflects an excellent penetration throughout the AA.

Residential Real Estate Loan Originations

Table 6. Percentage of Residential Real Estate Loans - Illinois									
Census Tract Income Level	**Home Purchase***		**Home Improvement***		**Home Refinance***		**All Mortgage Loans* ****		**Percentage of Owner-Occupied Units in AA**
	# of loans	**$ of loans**	**# of loans**	**$ of loans**	**# of loans**	**$ of loans**	**# of loans**	**$ of loans**	
Low	5.2	6.8	0.8	0.1	9.4	6.1	6.7	7.4	0.9
Moderate	41.4	38.2	19.8	7.3	40.6	49.1	31.6	27.0	18.3
Middle	32.7	36.9	36.4	32.2	37.5	39.0	34.4	35.0	35.7
Upper	20.7	18.1	43.0	60.4	12.5	5.8	27.3	30.6	45.1

* Represents loans originated in 1996 through 2001 under the Home Mortgage Disclosure Act.
** Includes multi-family originations

The geographic distribution of home purchase loans within the AA is excellent. Home purchase loans made in the low-income geographies at 5.2 percent and in the moderate-income geographies at 41.4 percent, significantly exceeded the 0.9 percentage and 18.3 percentage of owner-occupied units in those respective geographies. Since the last CRA evaluation, the bank made 58 home purchase loans within the AA. Three of those loans (5.2 percent) totaling $524 thousand were made in low-income geographies and twenty-four loans (41.4 percent) totaling $2.97 million were made in moderate-income geographies.

The geographic distribution of home improvement loans within the AA is excellent. Home improvement loans made in the low-income geographies at 0.8 percent were near the 0.9 percentage of owner-occupied units in those geographies. However, the 19.8 percent of loans made in the moderate-income geographies exceeded the 18.3 percentage of owner-occupied units in those geographies. Since the last CRA evaluation, the bank made 121 home improvement loans within the AA, with one loan (0.8 percent) totaling $25 thousand made in low-income geographies and twenty-four loans (19.8 percent) totaling $1.71 million made in moderate-income geographies.

The geographic distribution of home refinance loans within the AA is excellent. Home refinance loans made in the low-income geographies at 9.4 percent and in the moderate-income geographies at 40.6 percent significantly exceeded the 0.9 percentage and 18.3 percentage of owner-occupied units in those respective geographies. Since the last CRA evaluation, the bank made 32 home refinance loans within the AA. Three of those loans (9.4 percent) totaling $278 thousand were made in low-income geographies and thirteen loans (40.6 percent) totaling $2.23 million were made in moderate-income geographies.

Commercial Loan Originations

Table 7.
Commercial Loans - Illinois

Census Tract Income Levels	Percent of Non-Farm Businesses	Percent of Loans Made by Number	Percent of Loans Made by Dollar Volume
Low	2.9	45	26.7
Moderate	18.4	15	11.6
Middle	32.6	35	60.4
Upper	46.1	5	1.4
Total	100.0	100	100.0

The geographic distribution of commercial loans is reasonable. The geographic analysis of commercial loans was based on a sample of 20 loans made within the AA since the previous CRA evaluation. The 45 percent of commercial loans made in low-income geographies significantly exceeded the 2.9 percent of businesses located in those geographies. However, the 15 percent of commercial loans made in moderate-income geographies were near to the 18.4 percent of businesses located in moderate-income geographies.

Consumer Loan Originations

Table 8.
Consumer Loans - Illinois

Census Tract Income Level	Number of Loans	Percent	Dollars of Loans $ (000s)	Percent	Percentage of Households in AA
Low	1	5	7	1.7	5.0
Moderate	9	45	146	36.4	31.1
Middle	9	45	241	59.9	31.8
Upper	1	5	8	2.0	32.0

The geographic distribution of consumer loans is excellent. The geographic analysis of consumer loans was based on a sample of 20 loans made within the AA since the previous CRA evaluation. The five percent of consumer loans made in low-income geographies equaled the five percent of households located in those geographies. The 45 percent of consumer loans made in moderate-income geographies significantly exceeded the 31.1 percentage of households located in moderate-income geographies.

Responses to Complaints

Uptown has not received any written complaints about its performance in helping to meet the credit needs within this AA during this evaluation period.

RATING FOR THE STATE - ARIZONA

Institution's CRA rating in the State of Arizona is "Satisfactory."

DESCRIPTION OF ASSESSMENT AREA

The Maricopa County AA consists of 466 geographies in the Phoenix-Mesa MSA. This AA also meets the requirement of the regulation and does not arbitrarily exclude low- and moderate-income geographies. Twenty-seven geographies (6 percent) are defined as low-income, 108 (23 percent) are moderate-income, 178 (38 percent) are middle-income, 149 (32 percent) are upper-income, and four geographies (1 percent) have no income designations.

The total population of the AA is 2,122,101. The median family income was $38,272 based on 1990 Census data, and $53,100 based on 2000 adjusted median family income. The AA contains 19 percent low-income, 18 percent moderate-income, 23 percent middle-income, and 40 percent upper-income families. Sixty-six percent of the housing in the AA was 1-4 family units, with 54 percent owner-occupied. The median home value was approximately $87,219. The 2001 unadjusted seasonal unemployment rate for the county was 4.7 percent. The vast majority of companies are considered small businesses, with 86 percent of those businesses employing less than 50 people.

We conducted one community contact interview in the AA during our evaluation. The contact was with senior executives of a multi-bank development corporation. They identified affordable housing and small business loans as credit needs of the community.

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA

Loan-to-Deposit Ratio

As previously indicated, Uptown was unable to provide data to calculate separate loan-to deposit ratios for the State of Arizona since the merger. Therefore, refer to the loan-to-deposit ratios calculated at the bank level in the "Conclusions with Respect to Performance Criteria" portion of the "Rating for the State - Illinois" section of this evaluation.

Lending in Assessment Area

As previously indicated, Uptown's lending focus in Arizona is on commercial lending. Therefore, the bank made a very limited number of residential real estate and consumer loans. Consequently, Uptown's lending performance in the AA was evaluated at the bank level in the combined AAs rather than the state level. Refer to the "Lending in Assessment Area" portion of the "Rating for the State - Illinois" section of this evaluation for the bank's lending performance.

Lending to Businesses of Different Sizes

Uptown's lending in this AA is primarily focused on commercial loans, with very limited residential real estate and consumer lending. Consequently, for this evaluation only the commercial lending performance in this AA was analyzed.

Table 9. Lending to Businesses of Different Sizes - Arizona							
Revenues $1 Million or Less				Revenues Greater than $1 Million			
#	Percent	$ (000s)	Percent	#	Percent	$ (000s)	Percent
9	45	811	14.1	11	55	4,952	85.9

The borrower distribution of commercial loans within the AA is reasonable. A sample of 20 commercial loans made in the AA since the previous CRA evaluation was chosen for analysis. Distribution analysis revealed that nine (45 percent) of the sampled loans totaling $811 thousand were made to businesses with annual revenues of less than $1 million. This is below the 84 percent of businesses with revenues of $1 million or less located in the AA.

Geographic Distribution of Loans

The geographic distribution of commercial loans in this AA is reasonable**.** The geographic analysis of commercial loans was based on a sample of 20 loans made within the AA since the previous CRA evaluation. The 10 percent of commercial loans made in low-income geographies significantly exceeded the 5.2 percent of businesses located in those geographies. However, the 10 percent of commercial loans made in moderate-income geographies were below the 21.8 percent of businesses located in moderate-income geographies.

Table 10. Commercial Loans - Arizona			
Census Tract Income Levels	Percent of Non-Farm Businesses	Percent of Loans Made by Number	Percent of Loans Made by Dollar Volume
Low	5.2	10	5.2
Moderate	21.8	10	1.7
Middle	36.5	65	60.2
Upper	35.9	15	32.9
Not Available	0.6	0	0
Total	100.0	100	100.0

Responses to Complaints

Uptown has not received any written complaints about its performance in helping to meet the credit needs within this AA during this evaluation period.