



PUBLIC DISCLOSURE

June 09, 2015

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

North Side FS & LA of Chicago
Charter Number 703468

5159 N Clark St
Chicago, IL 60640-2829

Office of the Comptroller of the Currency

Chicago Field Office
1700 East Golf Road
Suite 800
Schaumburg, IL 60173

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.

INSTITUTION'S CRA RATING: This institution is rated Outstanding

Summarize the major factors supporting the institution's rating.

- The distribution of lending among borrowers of different income levels is excellent.
- The geographic distribution of loans within the assessment area is excellent.
- A majority of originated loans are within the assessment area (AA).
- The loan-to-deposit (LTD) ratio is reasonable.

SCOPE OF EXAMINATION

This Community Reinvestment Act (CRA) evaluation assesses North Side Federal Savings and Loan Association of Chicago's (North Side) performance in meeting the credit needs of its community using full scope Small Bank CRA examination procedures. The evaluation period for the assessment is November 9, 2009 to March 31, 2015.

The primary performance assessment is performed under the lending test, which evaluates the bank's record of meeting the credit needs of its AA through lending activities. The review period for the lending analysis is January 1, 2013 to December 31, 2014. We analyzed loan originations from the Home Mortgage Disclosure Act (HMDA) Loan Application Register (LAR). We sampled 30 HMDA reportable loans from 2013 and 2014, which represents all of the bank's HMDA reportable loans for this time period. Our analysis included testing HMDA data for accuracy prior to the evaluation and all data was deemed reliable.

Using the 2010 U.S. Census and aggregate peer HMDA data, we generated demographic reports to compare North Side's 2013 and 2014 HMDA lending to the census data of the AA. We evaluated loans originated within the AA, lending to borrowers of different incomes, and the geographic distribution of loans. Additionally, we assessed the bank's lending volume by generating a quarterly average of the bank's LTD ratio since the prior CRA evaluation. The average spanned 22 quarters, from December 31, 2009 to March 31, 2015.

We used the Federal Deposit Insurance Corporation (FDIC) annual deposit information to determine the bank's deposit market share and market presence within its AA. The most recent deposit market share information was dated June 30, 2014. We also considered the bank's responsiveness to community needs within the AA and to any complaints received during the evaluation period.

DESCRIPTION OF INSTITUTION

North Side is a mutual federal savings association located in Chicago, IL. The institution has one office and one automated teller machine (ATM). The ATM is located outside it's banking office. The office is located in a middle-income census tract. As of March 31, 2015, North Side reported total assets of \$45 million and total deposits of \$40 million. North Side received an "Outstanding" CRA rating from the Office of Thrift Supervision during the previous CRA evaluation dated November 4, 2009.

North Side is primarily a residential real estate lender. As of March 31, 2015, North Side reported a loan portfolio of \$27.8 million comprising 61.7 percent of total assets. The loan portfolio is comprised of \$27.7 million in real estate loans, \$71 thousand in commercial loans, and \$36 thousand in individual loans

The bank offers fixed and adjustable-rate first mortgage loans. North Side also offers fixed-rate second mortgages, commercial mortgage loans, and home equity lines of credit. The bank supports and participates in many local community activities.

North Side has the financial capacity to assist in meeting the credit needs of its AA. Other than high competition from many financial institutions in the AA, there are no other circumstances impeding the bank's ability to help meet the AA's credit needs.

DESCRIPTION OF ASSESSMENT AREA

North Side's AA is comprised of 230 census tracts within northern Cook County. Forty-seven census tracts, or 20.4 percent, are low or moderate-income geographies. Considering the bank's size and office location, the delineated AA meets the requirements of the CRA regulation and does not arbitrarily exclude low or moderate-income areas.

According to the 2010 U.S. Census, the AA's population was 979,159. The AA consisted of 225,311 families; of which 48,310 were low-income (21.4 percent) and 36,503 were moderate-income (16.2 percent). The weighted average median family income was \$76,300 according to the Department of Housing and Urban Development. The AA consisted of 429,411 housing units, of which 53.2 percent were owner occupied units, 38.0 percent were rental units, and 8.8 percent were vacant units. The median housing value was \$411,838 and the median monthly gross rent was \$930.

Economic conditions in the local area are stable. The majority of businesses within the AA are businesses with revenues less than \$5 million (68.59 percent) and employees less than 50 (80.42 percent). The AA's economy is primarily comprised of service businesses (46.69 percent) and retail trade businesses (13.07 percent). The unemployment rate for Cook County in 2014 was 7.4 percent compared to 7.1 percent for Illinois.

Competition among financial institutions is strong in Cook County. As of June 30, 2014, North Side ranked 76 out of 90 institutions on the FDIC's market share deposit report with a deposit market share of 0.02 percent. Top competitors in Cook County include JP Morgan Chase (31.80 percent), BMO Harris (14.37 percent), and The Northern Trust Company (13.51 percent).

Our evaluation included two community contact interviews that operate in the AA. We discussed credit needs in the community, opportunities for participation by local institutions, and the degree of involvement of local institutions in the area. These organizations focus on affordable housing and assisted living for seniors and economic development. The primary credit need identified was affordable housing as rent prices are increasing in the community. Small business lending to entrepreneurs was also identified as a credit need. Both of our contacts mentioned North Side as being supportive of their organizations.

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA

North Side has demonstrated an outstanding performance in meeting the credit needs of its AA.

Loan-to-Deposit Ratio

North Side's average LTD ratio is reasonable given the bank's size, financial condition, and AA credit needs. The quarterly average loan-to-deposit for the period December 31, 2009 through March 31, 2015 was 78.8 percent. The bank's LTD ratio ranged from a low of 65.3 percent to a high of 99.7 percent during the evaluation period. The quarterly loan-to-deposit ratio for 11 banks of similar size in Cook County ranged from 16.3 to 102.2 percent. North Side ranked fourth out of the 11 peer banks.

Lending in Assessment Area

The majority of North Side's lending is inside the AA. Out of the 30 HMDA loans originated in 2013 and 2014, 53.3 percent of the number of loans and 59.2 percent of the dollar amount of loans were originated inside the AA. This percentage is reasonable and meets CRA performance standards. Refer to Table 1 for more details.

Table 1 -- Lending in AA										
Loan Type	Number of Loans					Dollars of Loans				
	Inside		Outside		Total #	Inside		Outside		Total \$
	#	%	#	%		\$(000)	%	\$(000)	%	
HMDA Loans	16	53.33	14	46.67	30	3,208	59.24	2,207	40.76	5,415

Source: HMDA data (2013 & 2014)

Lending to Borrowers of Different Incomes

North Side’s distribution of lending among borrowers of different income levels is excellent. We compared the percentage of HMDA loans originated in the AA to low and moderate- income borrowers in 2013 and 2014 to the aggregate percentage of HMDA loans to low and moderate-income borrowers reported in the AA. North Side originated 25 percent of HMDA loans to low-income borrowers. This percentage significantly exceeds the aggregate distribution of 5.07 percent by the peer group to low-income borrowers. Additionally, North Side’s lending to low-income borrowers exceeds the percentage of low-income families in the AA. The percentage of loans made to moderate-income borrowers (12.5 percent) was slightly above the peer group distribution to moderate-income borrowers (12.48 percent) and close to the percentage of moderate- income families in the AA. Refer to Table 2 for more details.

Table 2 – Borrower Distribution of Residential Real Estate Loans in AA				
Borrower Income Level	Number of Loans	% of Loans	HMDA Peer Group Distribution %	Family Distribution %
Low	4	25.00	5.07	21.44
Moderate	2	12.50	12.48	16.20
Middle	1	6.25	21	18.47
Upper	8	50.00	53.21	43.88
Not Available	1	6.25	8.24	0.00
Totals	16	100.00	100.00	100.00

Source: U.S. census data (2010) and HMDA data (2013 & 2014)

Geographic Distribution of Loans

North Side’s distribution of loans in the AA among low and moderate-income geographies is excellent. We compared the percentage of HMDA loans originated in low and moderate-income census tracts in 2013 and 2014 to the aggregate percentage of HMDA loans in low and moderate-income census tracts reported in the AA. North Side’s 6.25 percent of HMDA loans originated in low-income census tracts significantly exceeds the peer group distribution of 2.02 percent. Similarly, 31.25 percent of loans originated in moderate-income census tracts significantly exceeds the peer group distribution of 13.22 percent.

In addition, North Side’s lending in both low and moderate-income census tracts significantly exceeds the percentages of owner occupied housing units in low and moderate-income census tracts in the AA. We did not identify any unexplained lending gaps in the bank’s AA. Refer to Table 3 for more details.

Table 3 – Geographic Distribution of Residential Real Estate Loans in AA				
Census Tract Income Level	Number of Loans	% of Loans	HMDA Peer Group Distribution %	Owner Occupied Housing Units Distribution %
Low	1	6.25	2.02	1.53
Moderate	5	31.25	13.22	14.02
Middle	6	37.50	44.97	49.68
Upper	4	25.00	39.79	34.72
Not Available	0	0	0	0
Totals	16	100.00	100.00	100.00

Source: U.S. census data (2010) and HMDA data (2013 & 2014)

Responses to Complaints

North Side did not receive any complaints related to its CRA performance during the evaluation period. The Office of the Comptroller of the Currency (OCC) has not received any CRA-related comments or complaints during the evaluation period.

Fair Lending or Other Illegal Credit Practices Review

Pursuant to 12 C.F.R. 195.28(c), in determining a federal savings association's (FSA) CRA rating, the OCC considers evidence of discriminatory or other illegal credit practices in any geography by the FSA, or in any assessment area by an affiliate whose loans have been considered as a part of the FSA's lending performance.

We found no evidence of discriminatory or other illegal credit practices inconsistent with helping to meet community credit needs.