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Comptroller of the Currency  
Administrator of National Banks

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**PUBLIC DISCLOSURE**

March 23, 1998

**COMMUNITY REINVESTMENT ACT  
PERFORMANCE EVALUATION**

Western Springs National Bank and Trust  
Charter # 15346

4456 Wolf Road  
Western Springs, Illinois 60558

Comptroller of the Currency  
Chicago-West Field Office  
85 West Algonquin Road, Suite 340  
Arlington Heights, Illinois 60005

**NOTE: 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.**

## 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 **Western Springs National Bank and Trust** prepared by **the Comptroller of the Currency**, the institution's supervisory agency, as of **March 23, 1998**. The agency rates the CRA performance of an institution consistent with the provisions set forth in Appendix A to 12 CFR Part 25.*

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

- **A high percentage of the bank's commercial loan portfolio is for small business credits. Also, the distribution of loans to borrowers of different income is good.**
- **The geographic distribution of the bank's residential real estate loans within its assessment area is good.**
- **The loan-to-deposit ratio is reasonable.**
- **A majority of the bank's loans are originated within their assessment area.**

## DESCRIPTION OF INSTITUTION

Western Springs National Bank and Trust (WSNB) has one banking facility located in the village of Western Springs. Western Springs is a bedroom community located approximately 20 miles southwest of Chicago. Western Springs Bancorp, Inc. (a one bank holding company) owns 99% the bank's stock. WSNB's assets totaled \$112 million at December 31, 1997.

The bank's loan portfolio represents 46% of total assets. Commercial credits comprise the majority of the loan portfolio as reflected in **Table 1**. However, residential real estate lending has recently increased. Historically, the bank originated only a limited amount of residential real estate loans, as requests for these loan types were generally referred to an affiliate bank. However, the bank initiated a residential real estate lending department in July 1997. The bank now originates a variety of residential real estate products including longer term (30 year) residential real estate loans.

**Table 1** demonstrates the composition of bank's loan portfolio for year-end 1996 and 1997.

<b>Table 1 Loan Portfolio</b>				
<b>Loan Product</b>	<b>1996</b>		<b>1997</b>	
	<b>\$</b>	<b>%</b>	<b>\$</b>	<b>%</b>
Commercial	35,804	79%	39,157	76%
Home Equity	7,168	16%	8,181	16%
Residential R.E.	814	2%	2,241	4%
Consumer	1,769	3%	1,813	4%
Total Loans	45,555	100%	51,392	100%

Note -- Amounts in (\$000).

No impediments exist that would impact the bank's ability to meet the various credit needs of the community. Our last review, dated March 16, 1996, rated the bank's CRA performance as "Satisfactory."

## **DESCRIPTION OF ASSESSMENT AREA**

The bank's defined assessment area includes 46 geographies. Municipalities in this area include the villages, or portions of, Western Springs, LaGrange, LaGrange Highlands, LaGrange Park, Countryside, Indian Head Park, Burr Ridge, Hinsdale, Darien, Willowbrook, Westmont, Clarendon Hills, Downers Grove, Oak Brook, Oak Brook Terrace, Westchester, Hillside, Broadview, Riverside, North Riverside, Brookfield, Lyons, Hodgkins, McCook, Willow Springs, Elmhurst, Villa Park, and Summit.

**Table 2** displays significant demographic information regarding the bank's 1998 assessment area.

<b>Table 2 Family Demographic Information</b>						
<b>Income Level of Geographies</b>	<b>Total Population</b>	<b>% of Total</b>	<b>Number of Geographies</b>	<b>% of Total</b>	<b>Number of Owner-Occupied Units</b>	<b>% of Owner-Occupied Units</b>
Low	0	0%	0	0%	0	0%
Moderate	2,722	1%	1	2%	794	1%
Middle	82,722	33%	18	39%	23,827	32%
Upper	162,026	66%	27	59%	48,941	67%
Total	247,470	100%	46	100%	73,562	100%

There are 97,850 housing units within this area, 75% are owner occupied, 21% are rental, and 4% are vacant. The median housing value is \$161,314 with 1962 as the median year built.

Assessment area demographic information reflects an affluent and stable population base as there is only one moderate income census tract; and only 21% of families being either low- or moderate-income. **Table 4** demonstrates the percentage of families by income level within the assessment area.

The local economies of Cook and DuPage counties are good. The area has a good mix of large employers, including services, retail, manufacturing, and government. Demographic information reflects the assessment areas's unemployment rate at 2% remains below the national rate.

Competition from banks and other financial entities within the bank's assessment area is considered strong. We identified at least 20 financial institutions within the bank's assessment area, including over 100 branch office facilities. In addition, several of the institutions are part of large regional or money center banks that have significant resources to offer a variety of lending products. We additionally identified numerous other financial entities that offer loan products, such as home mortgage, credit union and finance companies, that service the bank's assessment area.

Significant credit needs within the assessment area include home improvement financing and small business loans. These needs were identified through several community contacts with housing, economic development and government representatives contacted by banking regulatory agencies during the past 24 months. We performed one community contact during our review. This contact confirmed the community credit needs identified during previous contacts.

#### **CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA:**

- **A high percentage of the bank's commercial credits are for small business loans. Also, the bank is satisfactorily originating loans to borrowers of all income levels.**

#### Small Loans to Businesses

The bank demonstrates a commitment to service all sizes of business loan requests by originating a high percentage of commercial credits for small business loans. The bank does not track lending by business size. To analyze the bank's small business lending, we assessed business lending by sampling 63 small business loans originated by the bank since its last examination. Based on this review, the bank originated approximately 67% of its small business loans for amounts under \$100,000.

**Table 3** demonstrates the percentage of small business loans based on our sample of business credits originated since the last examination.

Table 3 Small Business Loans	
Loan Size	Percent of Portfolio (# of Loans)
\$0 to \$99,999	67%
\$100,000 to \$249,999	16%
\$250,000 to \$999,999	17%

Also, the bank originates requests for Small Business Administration (SBA) loans. Crain's Chicago Business (March 9, 1998) ranked Western Springs National Bank, with \$3 million of SBA originations, as the nineteenth largest SBA lender within the Chicago area based on September 30, 1997, portfolio balances. Additionally, WSNB was among only eight financial institutions listed within the top 25 lenders with bank assets totaling less than \$250 million.

Residential Real Estate Loans -- Loan Distribution by Borrower Income Level

Western Springs National Bank's distribution of residential real estate loans among borrowers of various income levels is satisfactory compared to the population's income distribution characteristics. **Table 4** reflects that within the assessment area, the bank extended 26% of residential real estate loans in 1996 and 1997 to low- and moderate-income borrowers. Demographics reveal that low- and moderate-income families comprise 21% of this area's population.

Table 4 Distribution of Residential Real Estate Loans By Borrower Income							
Borrower Income	1996 & 1997 HMDA		1996 & 1997 SECONDARY MARKET*		COMBINED		% of Families by Income Level Within the Assessment Area
	#	%	#	%	#	%	
Low	0	0	0	0%	0	0%	8%
Moderate	1	10%	5	38%	6	26%	13%
Middle	2	20%	3	24%	5	22%	23%
Upper	7	70%	5	38%	12	52%	56%
Total	10	100%	13	100%	23	100%	100%

Source: 1996 and 1997 Home Mortgage Disclosure Act (HMDA) Data and Bank Secondary Market Reports

\* Residential real estate loans originated by the bank and sold in the secondary market but not included on HMDA reports.

- **The geographic distribution of the bank’s residential real estate loans within its assessment area is good.**

Conclusions on the geographic distribution of loans are limited due to the fact that the assessment area does not contain any low income census tracts, and only one moderate income census tract. While the bank has only recently initiated residential real estate lending, the distribution of residential real estate loans within the moderate income census tract is good based on a comparison of lending within the different income geographies to the assessment area. During 1996 and 1997, the bank originated 9% of its residential real estate loans in its moderate income census tract. The moderate income census tract represents only 2% of total census tracts within the assessment area. **Table 5** reflects the bank’s distribution of residential loans within the assessment area geographies.

Table 5 Residential Real Estate Loan Distribution By Income Level of Geography							
Income Level of Geography	1996 & 1997 HMDA		1996 & 1997 SECONDARY MARKET		COMBINED		Assessment Area Characteristics
	#	%	#	%	#	%	% Census Tracts
Low	NOT APPLICABLE. NO LOW INCOME CENSUS TRACTS.						0%
Moderate	1	10%	1	8%	2	9%	2%
Middle	3	30%	4	31%	7	30%	39%
Upper	6	60%	8	61%	14	61%	59%
Total	10	100%	13	100%	23	100%	100%

Source: 1996 & 1997 HMDA-LAR  
Amounts in (\$000)

To date, the bank does not maintain the location of its small business loans by census tract.

- **The bank’s loan-to-deposit ratio is reasonable.**

The loan-to-deposit ratio averaged 50.44% since the last examination. This ratio is lower than the bank’s local peer group. Data obtained from five banks within the assessment area having similar asset sizes reflects an average loan-to-deposit ratio of 66%, with individual ratios ranging from 46% to 79%. The bank’s lower ratio reflects its small residential real estate portfolio as compared to its peer banks. However, since the bank’s last examination, the loan-to-deposit ratio increased from 42.91% at March 3, 1996 to 53.92% at December 31, 1997.

- **The bank conducts a majority of their lending in their assessment area.**

We reviewed HMDA data, home mortgages sold in the secondary market, home equity loans, and small business loans to assess the level of lending within the bank's assessment area. Since the bank's last examination, approximately 55% of home, home equity, and small business loans were originated within the assessment area.

- **The bank did not receive any consumer complaints since our last examination.**

- **The bank is in compliance with antidiscrimination laws and regulations.**

We performed an examination as of March 23, 1998, to assess the bank's compliance with antidiscrimination laws. We did not detect any discriminatory practices intended to discourage applicants for credit during the review.