



# INTERMEDIATE SMALL BANK

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Comptroller of the Currency  
Administrator of National Banks

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Washington, DC 20219

## PUBLIC DISCLOSURE

January 31, 2011

## COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

Great Lakes Bank, National Association  
Charter Number: 12779

13057 South Western Avenue  
Blue Island, IL 60406-0000

Office of the Comptroller of the Currency

CHICAGO SOUTH Field Office  
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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.

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

**The Lending Test is rated: Outstanding.**

**The Community Development Test is rated: Outstanding.**

- The bank's loan to deposit ratio is more than reasonable.
- Lending in the bank's assessment area (AA) exceeds the standard for satisfactory performance.
- The geographic distribution of loans reflects excellent dispersion throughout the AA.
- Given the demographics of the AA, borrower distribution reflects excellent penetration among individuals of different income levels and businesses of different sizes.
- There are no complaints on file relating to the bank's Community Reinvestment Act performance.
- The bank's community development performance demonstrates excellent responsiveness to community development needs throughout the AA.

## **Scope of Examination**

Great Lakes Bank N.A. (GLB) was evaluated under the Intermediate Small Bank examination procedures, which included a Lending Test and a Community Development (CD) test. The lending test evaluates the bank's record of meeting the credit needs of its AAs through its lending activities. The CD test evaluates the bank's responsiveness to CD needs in its AAs through CD lending, qualified investments, and community development services.

GLB's primary loan types are home mortgage loans and loans to small businesses; we used these loan types to evaluate the bank's performance under the Lending Test. The bank reports data under the requirements of the Home Mortgage Disclosure Act (HMDA). The HMDA data was tested and found to be reliable. The bank collects small business data but is not required to report this data. The collected small business data was reviewed for accuracy and found to be reliable. The evaluation period for the Lending Test covers January 1, 2008 through December 31, 2010. Under the Community Development Test, CD Loans, Investments, and Services were evaluated. The Community Development Test evaluation period covers November 7, 2007 to January 31, 2011. The bank's performance received a full scope review for this evaluation period.

## Description of Institution

GLB, with total assets of \$657 million as of September 30, 2010, is a full service commercial bank headquartered in Blue Island, Illinois. GLB is a wholly owned subsidiary of Great Lakes Financial Resources, a one bank holding company located in Matteson, Illinois. GLB was rated “Satisfactory” at the previous CRA Examination dated November 6, 2007.

GLB is an intrastate bank with eight full service banking center locations and two drive-up locations. All ten banking offices are located in Cook and Will Counties. The counties are contiguous and located in the Chicago-Naperville-Joliet Metropolitan District 16974.

Of the eight full service branches, one is located in a moderate-income geography, five in middle-income geographies, and two in upper-income geographies. Of the two drive-up facilities, one is located in a moderate-income geography and one is located in a middle-income geography. Since the last evaluation, the bank closed six locations, four of which were convenience branch facilities located in small grocery stores. None of the closed facilities were in low-income geographies. GLB does not have any branches in the sixteen low-income geographies within the bank’s assessment area. The bank’s branch distribution among moderate-income geographies is adequate. In addition to branches, the bank has a total of ten ATM locations within the AA. The following table details the bank’s branch and ATM distribution by census tract income.

<b>Distribution of Bank Offices and ATM’s by Geographies</b>						
<b>Geography Income Level</b>	<b>Geographies in AA</b>		<b>Banking Locations</b>		<b>Automated Teller Machines</b>	
	<b>#</b>	<b>%</b>	<b>#</b>	<b>%</b>	<b>#</b>	<b>%</b>
Low	16	6.04%	0	0.00%	0	0.00%
Moderate	70	26.42%	2	20%	2	20%
Middle	131	50.57%	6	60%	6	60%
Upper	44	16.60%	2	20%	2	20%
NA	1	0.38%	0	0.00%	0	0.00%
<b>Total</b>	262	100.00%	10	100.00%	10	100.00%

*\*\*Includes all branch locations and drive-up locations.*

The bank’s business strategy is to provide its customers with a full range of products and services consistent with the community needs. As of September 30, 2010, GLB had total assets of \$657 million, total loans of \$363 million, and total deposits of \$512 million. For the same time period, the loan to deposit ratio was 69 percent. The loan portfolio consists of residential real estate loans (34 percent), commercial and commercial real estate loans (58 percent), construction and development loans (7 percent), and other loans (1 percent).

There are no legal or financial impediments to GLB’s ability to help meet the credit,

investment, and service needs of its AA. As of September 30, 2010, GLB's Tier 1 Capital totals \$60 million, representing 9 percent of average total assets. The bank is financially capable of meeting almost any request for credit, subject to sound underwriting criteria and certain legal restrictions applicable to all national banks.

GLB's banking locations are supplemented by 24-hour access to deposit accounts through its automated teller machine (ATM) network. Other services include remote-deposit capture, 24-hour telephone and Internet banking.

## Description of Assessment Area(S)

Demographic Information for Full Scope Area: Cook and Will Counties						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts/BNAs)	262	6.11	26.72	50.00	16.79	0.38
Population by Geography	1,235,758	4.19	25.05	50.19	20.57	0.00
Owner-Occupied Housing by Geography	334,613	1.55	20.21	54.72	23.51	0.00
Business by Geography	60,983	2.82	17.00	50.75	29.40	0.03
Farms by Geography	1,156	1.99	12.37	46.11	39.53	0.00
Family Distribution by Income Level	320,318	20.08	18.99	24.09	36.84	0.00
Distribution of Low and Moderate Income Families throughout AA Geographies	125,151	7.60	34.67	47.30	10.43	0.00
Median Family Income HUD Adjusted Median Family Income for 2010 Households Below Poverty Level		60,166 74,600 9%	Median Housing Value Unemployment Rate ( US Dept. of Labor as of 12/2010)		127,366 8.6%	

(\*) The NA category consists of geographies that have not been assigned an income classification.  
Source: 2000 US Census and 2010 HUD updated MFI

The above table provides basic demographic information based on the income level of geographies and families within the AA.

GLB's AA consists of 262 geographies. The AA is consistent with CRA regulatory requirements and does not arbitrarily exclude low- and moderate-income geographies. The AA includes geographies in which the bank has branches and where a substantial portion of the bank's loans are originated. The bank does not have a presence in low-income geographies, while their presence in moderate-income geographies within the AA is adequate.

According to the 2000 census, the total population of the AA is 1,235,758. Of the total population, 4.19 percent live in low-income geographies, 25.05 percent live in moderate-income geographies, 50.19 percent live in middle-income geographies, and 20.57 percent live in upper-income geographies.

Also according to the 2000 census, the bank's AA has a total of 320,318 families; 20.08 percent low-income, 18.99 percent moderate-income, 24.09 percent middle-income, and 36.84 percent upper-income. Approximately nine percent of the population within the bank's AA falls below the poverty level. Based on the Department of Housing and Urban Development, the 2010 adjusted median family income figure for the AA was \$74,600. This figure was used to determine the borrower's income demographic.

Local banking competition is aggressive and includes affiliates of large national banking companies, regional banks, numerous small community banks, credit unions, and non-bank financial service providers. According to the FDIC report as of June 30, 2010, GLB ranks 42 out of 197 financial institutions and has a deposit market share of 0.25 percent. Major industries in the AA are Services, retail trade, construction and finance, insurance and real estate.

## Conclusions with Respect to Performance Tests

### LENDING TEST

The bank's performance under the Lending Test is rated "**Outstanding.**"

#### Loan-to-Deposit Ratio

GLB's quarterly average loan to deposit ratio is more than reasonable at 82 percent and exceeds the standard for satisfactory performance. The average quarterly loan-to-deposit ratio from December 10, 2007 through September 10, 2010 is 81.97 percent. The bank's loan-to-deposit ratio has been steadily decreasing since March 2008, going from 92.37 percent to 69.20 percent in September 10, 2010. The bank's loan-to-deposit ratios were compared with three similarly sized institutions with total assets ranging from \$608 million to \$738 million. Refer to the table below for comparative data:

<b>Loan to Deposit Ratio</b>		
<b>Institution</b>	<b>Total Assets (millions) (As of 6/30/10)</b>	<b>Loan to Deposit Ratio</b>
Archer Bank	\$608	68.35%
National Bank and Trust of Sycamore	\$620	76.75%
Great Lakes Bank N.A.	\$657	81.97%
Amalgamated Bank of Chicago	\$738	65.81%

Source: FFIEC Call Report Data as of September 30, 2010

#### Lending in Assessment Area

GLB's lending in its AA exceeds the standard for satisfactory performance. A substantial majority of the number and dollar amount of the home mortgage and small business loans were originated within the bank's AA. As depicted in the table below, 81

percent of the home mortgage and small business loans are in the bank’s assessment area, while only 19 percent were outside the AA.

<b>Lending in GLB’s AA</b>										
Loan Type	Number of Loans					Dollars of Loans (000’s)				
	Inside		Outside		Total	Inside		Outside		Total
	#	%	#	%		\$	%	\$	%	
Home Mortgage*	220	88.35	29	11.65	249	14,649	73.68	5,234	26.32	\$19,883
Small Business**	734	79.09	194	20.91	928	121,240	69.34	53,615	30.66	\$174,855
<b>Totals</b>	<b>954</b>	<b>81.00%</b>	<b>223</b>	<b>19.00%</b>	<b>1,177</b>	<b>\$135,889</b>	<b>70.00</b>	<b>\$58,849</b>	<b>30.00</b>	<b>\$194,738</b>

\* Based on reported HMDA related data 2008 through 2010

\*\* Based on all Small Business loans. Bank collected data but does not report

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

GLB’s lending to borrowers of different incomes and businesses of different sizes in its AA is excellent given the demographics of the AA.

GLB’s overall distribution of home mortgage loans is excellent, particularly when considering that low-income families may have a difficult time qualifying for conventional home mortgage products. Poverty level within the AA is 9 percent.

Home purchase loans to low-income borrowers (47.95 percent) exceed the percentage of low-income families (20.08 percent) in the AA. Home purchase loans to moderate-income borrowers (24.66 percent) also exceed the percentage of moderate-income families (18.94 percent) in the AA.

Home improvement loans to low-income borrowers (40.54 percent) exceed the percentage of low-income families (20.08 percent) in the AA. The percentage of home improvement loans made to moderate-income borrowers (16.22 percent) is somewhat below the percentage of moderate-income families (18.99 percent) in the AA.

Refinance loans to low-income families (9.33 percent) is below the percentage of low-income families (20.088 percent) that reside in the AA. Refinance loans to moderate-income borrowers (24.00 percent) exceeds the percentage of moderate-income families (18.99 percent) that reside in the AA.

GLB’s borrower distribution of small business loans is good. Loans to businesses with revenues of \$1 million or less represents 54.09 percent of the small business loans, which is below the 79.00 percent of the area’s businesses reporting revenues of less than \$1 million. Competition for small business loans is strong. Seventy percent of the banks small loans to business are loans for less than \$100 thousand. Almost 17 percent of businesses in the banks AA have unreported revenues. Businesses with revenues less than \$1 million usually have a greater need for smaller loans.

<b>2008-2010 Borrower Distribution of Home Mortgage Loans in GLB's AA</b>								
Borrower Income Level	LOW		MODERATE		MIDDLE		UPPER	
% of AA Families	20.08%		18.99		24.09		36.84	
Loan Type(s)	% of Number	% of Amount	% of Number	% of Amount	% of Number	% of Amount	% of Number	% of Amount
Home Purchase	36.08%	10.59	18.56	11.85	10.31	16.61	10.31	24.12
Home Improvement	40.54%	29.95%	16.22	20.62	13.51	13.26	29.73	36.37
Home Refinance	8.14	4.63%	20.93	8.97	25.58	25.89	32.56	42.19

Source: GLB's reported HMDA data); 2000 U.S. Census data.  
 Total number of families in AA: 324,350.

<b>2008-2010 Borrower Distribution of Loans to Businesses in GLB's AA</b>			
Business Revenues (or Sales)	≤\$1,000,000	>\$1,000,000	NA
% of AA Businesses	79.00%*	4.60%*	16.41
% of Bank Loans in AA by #	56.25%	43.75%	

\*According to 2000 Census, 16.41% of non-farm businesses did not report revenue

### Geographic Distribution of Loans

The geographic distribution of loans reflects excellent dispersion throughout the AA. GLB's geographic distribution of home mortgage loans is excellent and GLB's geographic distribution of small business loans is also excellent.

The geographic distribution of home purchase loans is excellent. The percentage of home purchase loans in moderate-income geographies (86.60 percent) greatly exceeds the percentage of owner occupied units (20.21 percent) in moderate-income geographies. The bank did not originate any home purchase loans in low-income geographies. The percentage of owner occupied units within the low-income geographies is very small at less than 2 percent, thus limiting the opportunities to make home purchase loans.

The geographic distribution of home improvement loans is excellent. The geographic distribution of home improvement loans in moderate-income geographies (29.73 percent) exceeds the percentage of owner occupied units (20.21 percent) in those geographies. The bank did not originate any home improvement loans in low-income geographies. The percentage of owner occupied units within the low-income geographies is very small at less than 2 percent, thus limiting the opportunities to make home improvement loans in those geographies.

The geographic distribution of home refinance loans is excellent. The geographic

distribution of home refinance loans in moderate-income geographies (24.42 percent) exceeds the percentage of owner occupied units (20.21 percent) in those geographies. The bank did not originate any home refinance loans in low-income geographies. The percentage of owner occupied units within the low-income geographies is very small at less than 2 percent, thus limiting the opportunities to make home refinance loans in those geographies.

The geographic distribution of small business loans is excellent. The bank’s distribution of small business loans to businesses with revenues less than \$1 million in low-income geographies is 2.45 percent compared to the percentage of businesses in those geographies (2.82 percent). The bank’s distribution of small business loans to businesses with revenues less than \$1 million in moderate-income geographies is 16.49 percent compared to the percentage of small businesses in those geographies (17.00 percent).

Census Tract Income Level	LOW		MODERATE		MIDDLE		UPPER	
% of Owner Occupied Housing	1.55%		20.21%		54.72%		23.52%	
LOANS	% of Number	% of Amount	% of Number	% of Amount	% of Number	% of Amount	% of Number	% of Amount
Home Purchase	0.00	0.00	86.60	54.60	5.15	17.46	8.25	27.94
Home Improvement	0.00	0.00	29.73	28.64	54.05	50.08	16.22	21.28
Home Refinance	0.00	0.00	24.42	12.30	40.70	38.01	34.88	49.69

Census Tract Income Level	LOW		MODERATE		MIDDLE		UPPER	
% of AA Businesses	2.82%		17.00		50.75		29.40	
LOANS	% of Number	% of Amount	% of Number	% of Amount	% of Number	% of Amount	% of Number	% of Amount
Small Business Loans	2.45	3.24	16.49	19.57	50.68	48.17	30.38	29.02

**Responses to Complaints**

There have been no consumer complaints relating to the bank’s Community Reinvestment Act performance during the evaluation period.

**COMMUNITY DEVELOPMENT TEST**



The bank's community development performance demonstrates excellent responsiveness to community development needs in its AA through community development loans, qualified investments and community development services. The bank's community development performance is rated Outstanding.

GLB has demonstrated excellent responsiveness to the community development needs of its assessment area. Examples of GLB's responsiveness to community development needs include:

- \$755 thousand in community development grants and donations. The grants were made to organizations that target low- and moderate-income individuals, families or areas.
- \$3.1 million in new (acquired since the last CRA exam) qualifying investments, bringing total qualifying investments to \$3.8 million.
- Eleven community development loans totaling approximately \$5.8 million.
- Several bank Officers provide financial expertise to various organizations that provide services to low and moderate-income individuals or small businesses.

### **Number and Amount of Community Development Loans**

During the evaluation period, GLB extended a significant amount of community development loans. Examples of the eleven community development loans totaling approximately \$6.7 million are listed below:

- Two multi-family residential loans, totaling \$753 thousand, provided affordable housing to low- and moderate-income individuals or families;
- A loan for \$3.9 million to revitalize a downtown area located in an Enterprise Zone. This loan helped to revitalize and stabilize this moderate-income area by providing needed services and jobs for low- and moderate-income individuals living in this area.
- A \$272 thousand loan to a not-for-profit organization providing housing to low- and moderate-income individuals or families who are homeless.

### **Number and Amount of Qualified Investments & Grants**

#### **Investments**

Since the bank's last CRA evaluation in November 2007, Great Lakes Bank, N.A. has purchased \$3.1 million in qualifying investments. These investments are non-complex in nature; however, they do support the credit needs of the community. FNMA Pool mortgages for low- and moderate-income individuals and families represent \$2.2 million of new investments. All of the mortgages in the pools are to low- or moderate-income borrowers from within the bank's assessment area.

The bank has invested in one school district bond and one general purpose bond for a community that is made up of all low- and moderate-income geographies. The bond

purpose is for infrastructure to revitalize and stabilize the community. The general purpose bond for the municipality in the banks AA (that is completely made up of low- and moderate-income geographies) is for a total of \$475 thousand. The school district is in a moderate-income area and is comprised primarily (74%) of students eligible for free or reduced-price lunch programs. The school bond investment is for \$406 thousand.

### **Grants and Donations**

As of February 7, 2011, Great Lakes Bank, N.A. provided \$754 thousand in community development grants or donations. The grants/donations were made to organizations that target low- and moderate-income individuals, families or areas. Examples of some of these grants are as follows:

- A local foundation was granted \$78,000. This is an organization dedicated to the discovery, pursuit, and achievement of personal growth and dignity in the form of job training for low- or moderate-income individuals of all ages having developmental disabilities.
- A local organization focused on providing educational opportunities to low and moderate-income students, especially in the area of financial training, received a grant of \$17 thousand.
- A local family shelter was granted \$30,500. This shelter provides comprehensive, coordinated services to low- and moderate-income individuals and families in which domestic violence exists without imposing any one solution. The shelter accepts clients regardless of race, color, religion, national origin, sex, gender identity, sexual orientation, disability, marital status, or age.
- A south suburban organization that provides shelter and supportive services to homeless persons was granted \$30 thousand in donations.
- A local school was granted \$22 thousand. This grant was used to provide for economically and socially disadvantaged children from low-income homes who have undergone extreme hardship due to serious family and community issues. The school provides comprehensive residential, education and life skills programs in a structured and nurturing environment.
- An \$11 thousand donation was provided to an organization that serves homeless families and children through a transitional-to-permanent housing program and gives families an intense case management services. Some of the services are employment services, mental health services, life skills and budgeting.

### **Extent to Which the Bank Provides Community Development Services**

GLB's performance in providing community development services in the assessment area is good. Several officers and employees of GLB serve on the boards of directors or as officers of various community development service organizations. Those programs include providing financial expertise in the form of assistance in approving loan requests to qualified small business development corporations and organizations, and providing input in fundraising initiatives. These services are provided to corporations and organizations targeting low- and moderate-income individuals. Some examples are:

- One bank officer serves as Treasurer to an organization dedicated to serving low- or moderate-income individuals with developmental disabilities. Low- and moderate-income individuals are provided with educational, therapeutic, vocational and residential opportunities.
- Bank officers annually meet with local small businesses to provide valuable financial economic forecasts and economic advice. Valuable information for small businesses with revenues under \$1 million.
- The bank President sits on the board of an organization that provides shelter and job training to low- or moderate-income individuals who are developmentally challenged. The Presidents expertise helps with the organizations budgeting and planning.
- A bank officer is a board member and serves as Treasurer for a local CDC. The CDC is a not for profit organization formed to stimulate and support economic development in the banks AA.

While the community development services provided are non-complex, they are responsive to the needs of the community.

### **Responsiveness to Community Development Needs**

During our examination, we contacted a community organization that operates in the assessment area. Our Community Contact is an Executive Director of a not for profit organization that works with poverty level and low-income individuals, from infants to adults, who are developmentally disabled. Our contact stated that it is difficult to get funding as they are dependant upon State funds and donations. Fund raising is off due to the current economic conditions. The economy in the area this organization serves is poor. There is a need for small business loans to put residents back to work. There is also a need for true residential loan modifications to stop the run of foreclosures and keep families in the homes. Our contact also stated that three banks in particular have been helpful to the organization during these difficult economic times. Great Lakes is mentioned as being very creative in trying to help the organizations funding problems. A GLB bank Officer serves as the organization's Treasurer.

The contact agreed that local financial institutions and lenders are always receptive and willing to assist the community and are committed to the development of these

communities. The local financial institutions work with local organizations to provide seminars addressing local housing needs and to inform the community of the financial products that are available to them.

## **Fair Lending or Other Illegal Credit Practices Review**

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