



**LARGE BANK**

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Comptroller of the Currency  
Administrator of National Banks

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Washington, DC 20219

## **Public Disclosure**

**May 20, 2002**

# **Community Reinvestment Act Performance Evaluation**

**Harris Bank Barrington, N.A.  
Charter Number: 11283**

**201 South Grove Avenue  
Barrington, Illinois 60010**

**Office of the Comptroller of the Currency**

**Chicago – West 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, 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.**

## Table of Contents

<b><u>OVERALL CRA RATING</u></b> .....	1
<b><u>DEFINITIONS AND COMMON ABBREVIATIONS</u></b> .....	2
<b><u>DESCRIPTION OF INSTITUTION</u></b> .....	5
<b><u>SCOPE OF THE EVALUATION</u></b> .....	7
<b><u>FAIR LENDING REVIEW</u></b> .....	8
<b><u>CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS</u></b> .....	9
<u>LENDING TEST</u> .....	9
<u>INVESTMENT TEST</u> .....	14
<u>SERVICE TEST</u> .....	15
<b><u>APPENDIX A: SCOPE OF EXAMINATION</u></b> .....	A-1
<b><u>APPENDIX B: MARKET PROFILES FOR FULL-SCOPE AREAS</u></b> .....	B-1
<u>PORTIONS OF COOK, LAKE, KANE, AND MCHENRY COUNTIES IN CHICAGO MA</u> .....	B-2
<b><u>APPENDIX C: TABLES OF PERFORMANCE DATA</u></b> .....	C-1

## Overall CRA Rating

**Institution’s CRA Rating:** This institution is rated **Satisfactory**.

The following table indicates the performance level of Harris Bank Barrington, N.A. with respect to the Lending, Investment, and Service Tests:

Performance Levels	Harris Bank Barrington, N.A. Performance Tests		
	Lending Test*	Investment Test	Service Test
Outstanding	X		
High Satisfactory			X
Low Satisfactory		X	
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:

- Harris Bank Barrington, N.A.’s borrower distribution of loans is good. The distribution of loans to borrowers of different incomes reflects an excellent level of home mortgage and consumer lending to low- and moderate-income individuals. Lending to businesses of different sizes indicates an adequate level of lending to businesses with revenue of \$1 million or less.
- Harris Bank Barrington, N.A extended a significant amount of community development loans during the evaluation period. Therefore, CD lending had a positive impact on the Lending Test conclusions.
- Delivery systems are accessible to geographies and individuals of different income levels in its assessment area (AA). Harris Bank Barrington, N.A. provides an adequate level of community development services.
- Harris Bank Barrington, N.A. has an adequate level of qualified investments considering the needs and opportunities available throughout the bank’s AA and the bank’s size and financial capability.

## Definitions and Common Abbreviations

The following terms and abbreviations are used throughout this performance evaluation, including the CRA tables. 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 with another company. A company is under common control with another company if the same company directly or indirectly controls both companies. A bank subsidiary is controlled by the bank and is, therefore, an affiliate.

**Aggregate Lending:** The number of loans originated and purchased by all reporting lenders in specified income categories as a percentage of the aggregate number of loans originated and purchased by all reporting lenders in the MA/assessment area.

**Block Numbering Area (BNA):** A statistical subdivision of a county for grouping and numbering blocks in non-metropolitan counties where local census statistical area committees have not established census tracts. A BNA does not cross county lines.

**Census Tract (CT):** A small subdivision of metropolitan and other densely populated counties. Census tract boundaries do not cross county lines; however, they may cross the boundaries of metropolitan areas. Census tracts usually have between 2,500 and 8,000 persons, and their physical size varies widely depending upon population density. Census tracts are designed to be homogeneous with respect to population characteristics, economic status, and living conditions to allow for statistical comparisons.

**Community Development:** Affordable housing (including multifamily rental 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.

**Consumer Loan(s):** A loan(s) to one or more individuals for household, family, or other personal expenditures. A consumer loan does not include a home mortgage, small business, or small farm loan. This definition includes the following categories: motor vehicle loans, credit card loans, home equity loans, other secured consumer loans, and other unsecured consumer loans.

**Family:** Includes a householder and one or more other persons living in the same household who are related to the householder by birth, marriage, or adoption. The number of family households always equals the number of families; however, a family household may also

include non-relatives living with the family. Families are classified by type as either a married-couple family or other family, which is further classified into 'male householder' (a family with a male household and no wife present) or 'female householder' (a family with a female householder and no husband present).

**Full Review:** Performance under the Lending, Investment, and Service Tests is analyzed considering performance context, quantitative factors (e.g., geographic distribution, borrower distribution, and total number and dollar amount of investments), and qualitative factors (e.g., innovativeness, complexity, and responsiveness).

**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 area to file annual summary reports of their mortgage lending activity. The reports include such data as the race, gender, and the income of applications, the amount of loan requested, and the disposition of the application (e.g., approved, denied, and withdrawn).

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

**Household:** Includes all persons occupying a housing unit. Persons not living in households are classified as living in group quarters. In 100 percent tabulations, the count of households always equals the count of occupied housing units.

**Limited 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, and branch distribution).

**Low-Income:** Individual income that is less than 50 percent of the area median income, or a median family income that is less than 50 percent, in the case of a geography.

**Market Share:** The number of loans originated and purchased by the institution as a percentage of the aggregate number of loans originated and purchased by all reporting lenders in the MA/assessment area.

**Median Family Income (MFI):** The median income determined by the U.S. 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 Area (MA):** Any primary metropolitan area (PMA), metropolitan area (MA), or consolidated metropolitan area (CMA), as defined by the Office of Management and Budget, with a population of 250,000 or more, and any other area designated as such by the appropriate federal financial supervisory agency.

**Middle-Income:** Individual income that is at least 80 percent and less than 120 percent of the area median income, or a median family income that is at least 80 percent and less than 120 percent, in the case of a geography

**Moderate-Income:** Individual income that is at least 50 percent and less than 80 percent of the area median income, or a median family income that is at least 50 percent and less than 80 percent, in the case of a geography.

**Multifamily:** Refers to a residential structure that contains five or more units.

**Other Products:** Includes any unreported optional category of loans for which the institution collects and maintains data for consideration during a CRA examination. Examples of such activity include consumer loans and other loan data an institution may provide concerning its lending performance.

**Owner-Occupied Units:** Includes units occupied by the owner or co-owner, even if the unit has not been fully paid for or is mortgaged.

**Qualified Investment:** A qualified investment is defined as any lawful investment, deposit, membership share, or grant that has as its primary purpose community development.

**Rated Area:** A rated area is a state or multi-state metropolitan area. For an institution with domestic branches in only one state, the institution's CRA rating would be the state rating. If an institution maintains domestic branches in more than one state, the institution will receive a rating for each state in which those branches are located. If an institution maintains domestic branches in two or more states within a multi-state metropolitan area, the institution will receive a rating for the multi-state metropolitan area.

**Small Loan(s) to Business(es):** A loan included in 'loans to small businesses' as defined in the Consolidated Report of Condition and Income (Call Report) and the Thrift Financial Reporting (TFR) instructions. These loans have original amounts of \$1 million or less and typically are either secured by nonfarm or nonresidential real estate or are classified as commercial and industrial loans. However, thrift institutions may also exercise the option to report loans secured by nonfarm residential real estate as "small business loans" if the loans are reported on the TFR as nonmortgage, commercial loans.

**Small Loan(s) to Farm(s):** A loan included in 'loans to small farms' as defined in the instructions for preparation of the Consolidated Report of Condition and Income (Call Report). These loans have original amounts of \$500,000 or less and are either secured by farmland, or are classified as loans to finance agricultural production and other loans to farmers.

**Tier One Capital:** The total of common shareholders' equity, perpetual preferred shareholders' equity with non-cumulative dividends, retained earnings and minority interests in the equity accounts of consolidated subsidiaries.

**Upper-Income:** Individual income that is more than 120 percent of the area median income, or a median family income that is more than 120 percent, in the case of a geography.

## Description of Institution

Harris Bank Barrington, N.A. (HB Barrington) is an intrastate bank headquartered in Barrington, Illinois. It is located in the Chicago MA, approximately 45 miles northwest of Chicago. HB Barrington is a wholly owned subsidiary of Harris Bankcorp, Inc., located in Chicago, Illinois.

Harris Bankcorp, Inc. is a subsidiary of the Bankmont Financial Corporation, which is wholly owned by the Bank of Montreal in Toronto, Canada. Harris Bankcorp, Inc. includes Harris Trust and Savings Bank (HTSB) in downtown Chicago, 26 separately chartered community banks in the Chicago MA, one bank in Arizona, and one bank in Florida (collectively known as Harris Bank). There are approximately 150 branches and over 250 Harris-owned ATMs in the Chicago area. It is one of the largest community bank networks in the Midwest. HTSB alone is ranked the fourth largest bank in Chicago. According to the Federal Reserve System's National Information Center, Bankmont Financial Corporation is the 31<sup>st</sup> largest banking organization in the United States. The assets of all community banks within the Harris Bank amount to roughly \$29 billion as of December 31, 2001. The Bank of Montreal had assets of approximately \$151 billion Canadian at October 31, 2001 and ranks as one of the ten largest banks in North America.

The holding company does not have any additional subsidiaries that would significantly influence the bank's capacity to lend or invest in the bank's AA. Harris Banks' commitment to community banking is founded on the belief that local, independent banks, allowed to appoint their own management team and board of directors, have the insight to best serve their respective communities.

As of December 31, 2001, HB Barrington had \$1.1 billion in total assets and \$953 million in deposits. This is the second largest bank of the Harris Bank, excluding HTSB. HB Barrington has eight branch and 12 ATM locations in Barrington, South Barrington, Algonquin, Buffalo Grove, Crystal Lake, and Lake Barrington Shores, Illinois.

HB Barrington is a full-service bank, offering various loan and deposit products. In 1999, HB Barrington adopted the standardized consumer and commercial product offerings of the Harris Bank. In 1997 and 1998, Harris Bank consolidated the permanent financing mortgage business of all of its banks into one operation housed at HTSB. Mortgage applications taken at the bank are referred to and processed by one of HTSB's Regional Operations Centers (ROCs). Mortgage applications denied by the ROCs can be overridden and reported on the referring bank's books. For the purpose of this CRA evaluation, home mortgage loans allocated from HTSB were considered. Mortgage loans were allocated by HTSB to its affiliate banks based on the referring bank and the location of the loan. Affiliate banks were assigned loans that were located in their AA.

HB Barrington has been primarily a retail bank making home mortgages and consumer loans. All indirect motor vehicle consumer loans generated by the Harris Bank are made through HB Barrington. As of December 31, 2001, net loans at \$754 million represented 69 percent of total assets, with consumer loans of \$376 million (49 percent), real estate loans of \$305 million (40 percent), commercial loans of \$62 million (8 percent), and other loans and leases of \$18 million (3 percent). Agricultural lending is not a primary business line of the bank. The bank's

loan to deposit ratio as of December 31, 2001 was 79 percent. It is the largest of the four banks headquartered in Barrington, Illinois.

HB Barrington shares a unique relationship with Suburban Bank of Barrington, one of HB Barrington's affiliates. These two affiliates share a bank President, officers, and other employees for a variety of functions, including, but not limited to, performing community development services. To acknowledge the contributions of these employees to each bank, services performed by joint employees are reflected in the Performance Evaluation of both institutions.

There were no legal, financial, or other factors that impeded HB Barrington's ability to help meet the credit needs of the communities it serves. As of December 31, 2001, HB Barrington reported Tier One capital of \$84 million.

HB Barrington was rated "Satisfactory" at its last CRA evaluation dated May 22, 2000.

## Scope of the Evaluation

### Evaluation Period/Products Evaluated

We reviewed HB Barrington's origination, purchase, and HTSB allocation of home mortgage loans, small loans to businesses, and, at the bank's request, consumer loans for the time period of January 1, 2000 through December 31, 2001. Community development loans were reviewed from May 22, 2000 to May 20, 2002.

Our review of investments included an analysis of the investment portfolio and the donations and grants made between May 22, 2000 and May 20, 2002. We considered investments and donations or grants to organizations that have community development as their primary purpose.

In the evaluation of HB Barrington's lending and investment performance, the home mortgage and investment activities of its affiliate, HTSB, were considered to the extent the loans and investments were allocated to the bank by HTSB, were located in the bank's AA, and were not included in any other affiliate's data.

Our evaluation of bank services included analyzing the bank's branch and ATM network for the availability and effectiveness of delivering retail banking services. We analyzed the effect of changes in branch locations since our previous CRA examination. We also considered the extent and innovativeness of the bank's community development services in meeting the credit needs of its AA. This analysis covered the period between May 22, 2000 and May 20, 2002.

### Data Integrity

We verified a representative sample of HB Barrington's publicly filed data on home mortgage loans, small loans to businesses, and consumer loans to determine the accuracy of the information presented by the bank. We reviewed the sample of HMDA-reportable transactions to ascertain the purpose, action taken, location, race, gender, applicant income, and loan size were accurately included on HB Barrington's Loan Application Register. We reviewed the sample of small loans to businesses and consumer loans to ascertain the loan type, original amount, location, and gross revenue or applicant income (respectively) were accurately presented. HB Barrington had no significant errors in its data that would prevent an accurate evaluation of its CRA performance.

We reviewed information on bank-identified community development loans, qualified investments, and community development services to verify that the activities met the regulatory definitions. HB Barrington had accurately identified substantially most of the activities it submitted. We determined which loans, investments, and services met the definition of community development and included those under the Lending, Investment, or Services Test, respectively.

## **Selection of Areas for Full-Scope Review**

Our analysis included full-scope examination procedures for HB Barrington's one AA. The AA consists of 116 geographies in northwest Cook, southwest Lake, northeast Kane, and southeast McHenry Counties, all within the Chicago MA.

## **Ratings**

HB Barrington's overall rating was based on conclusions reached during our full-scope review of the bank's performance in its one AA.

## **Other**

During the evaluation, the OCC, the Federal Reserve Bank of Chicago, and the Federal Deposit Insurance Corporation made nine community contacts which related specifically to HB Barrington's AA. Most of the contacts said that banks were doing a good job of meeting credit needs in their area.

One of the primary credit needs identified by the contacts was lending for affordable housing. The contacts stated that the following are opportunities for banks to help meet the affordable housing credit needs: relaxing some underwriting standards, down payment assistance, home ownership counseling, and rehabilitation. The contacts cited the following as obstacles to affordable housing: new home construction costs greater than \$200 thousand, little construction of affordable rental properties, high impact fees, high land costs, local zoning ordinances, and few affordable housing developers.

The contacts also identified small business funding and operating lines of credit as a credit need. Another need was to provide donations and grants to transitional housing organizations due to the increasing population of homeless people.

## **Fair Lending Review**

An analysis of recent year's public comments and consumer complaint information and Home Mortgage Disclosure Act (HMDA) and small business 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 in August 1998.

## 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 this full-scope review, the bank's performance in its AA is excellent.

#### Lending Activity

Refer to Tables 1 Lending Volume and 1 Other in Appendix C for the facts and data used to evaluate the bank's lending activity.

Lending levels reflect a good responsiveness by HB Barrington to the credit needs of its AA.

During the evaluation period, HB Barrington originated/purchased 14,491 home mortgage loans, small loans to businesses, and consumer loans totaling \$585 million. Approximately 89 percent of the total number of loans originated/purchased in the bank's AA during the evaluation period was consumer loans. Small loans to businesses represented 4 percent and home mortgage loans equaled 7 percent of the total. HB Barrington has been designated as the indirect automobile lending expert of the Harris Bank and is the only bank in the group that can originate this type of loan. Consequently, HB Barrington originates a large number of automobile loans through a network of local automobile dealers. HB Barrington originated 11,241 automobile loans during this evaluation period. Small loans to farms are not a primary business line of HB Barrington and are not being considered as part of this evaluation.

A significant majority of the bank's consumer loans were automobile loans. Automobile loans comprised 87 percent, home equity loans comprised 7 percent, other unsecured loans comprised 5 percent, and other secured loans comprised 1 percent of the consumer loans originated/purchased.

Among home mortgage loans originated/purchased, approximately 37 percent were for home purchase, 50 percent for home refinance, 12 percent for home improvement, and 1 percent for multi-family loans.

HB Barrington's lending activity was good in its AA. According to the FDIC's June 30, 2001 deposit market share report, HB Barrington had a 0.59 percent deposit market share and ranked 24<sup>th</sup> out of 262 FDIC insured financial institutions with branches in Cook, Lake, and McHenry Counties. Based on 2000 peer mortgage data for the AA, HB Barrington had a market share of 0.05 percent and ranked 167<sup>th</sup> of 499 lenders making home purchase loans, a market share of 0.03 percent and ranked 240<sup>th</sup> of 447 lenders making home refinance loans, and a market share of 2.28 percent and ranked 10<sup>th</sup> of 174 lenders making home improvement loans. The bank's market share increases to 0.64 percent for home purchase loans and to 0.49 percent for home refinance loans when the HTSB allocated mortgage loans are included. Mortgage companies were significant lenders in the bank's AA, with the top mortgage

companies capturing approximately 36 percent of the home purchase loan market. Similarly, large interstate commercial and thrift financial institutions captured 36 percent of both the home refinance loan market and the home improvement loan market. Based on 2000 peer small business data, HB Barrington had a market share of 0.37 percent and ranked 30<sup>th</sup> of 330 lenders making small loans to businesses. The top two lenders making small loans to businesses were non-bank credit card and financial service lenders that captured 39 percent of the market.

### **Distribution of Loans by Income Level of the Geography**

There were no low- or moderate-income geographies in the bank's AA. Therefore, an analysis of the geographic distribution of loans would not be meaningful. Geographic distribution of loans was not taken into consideration in evaluating the bank's lending performance.

### **Lending Gap Analysis**

Maps and reports detailing HB Barrington's lending activity over the evaluation period for home mortgage loans, small loans to businesses, and consumer loans were reviewed to identify gaps in the geographic distribution of loans. No unexplained, conspicuous gaps were identified.

### ***Inside/Outside Ratio***

A majority of the home mortgage loans and small loans to businesses originated/purchased by HB Barrington over the evaluation period were within its AA. Sixty-one percent of the bank's home mortgage loans and 73 percent of small loans to businesses were within the AA. However, only 17 percent of consumer loans originated/purchased were within the bank's AA. As indicated previously, HB Barrington is responsible for the indirect automobile lending for all of the Harris Bank; therefore, it originates a large number of such loans, directly impacting the bank's consumer loan inside/outside ratio. If automobile loans were excluded from the consumer loans, the bank's percentage of remaining consumer loans originated/purchased during the evaluation period in the AA would have been 87 percent. This information included bank originations and purchases only and does not include home mortgage loans allocated from HTSB that are being considered under the other performance criteria. HB Barrington's lending performance in its AA was positively factored into the overall analysis of bank's lending performance.

### **Distribution of Loans by Income Level of the Borrower**

The borrower distribution of HB Barrington's home mortgage loans, small loans to businesses, and consumer loans reflected a good dispersion among borrowers of different income levels throughout the bank's AA. Because the bank's market share of home mortgage loans and small loans to businesses is not significant enough to perform a meaningful analysis, we did not consider market share data in evaluating the bank's borrower distribution of loans.

### ***Home Mortgage Loans***

Refer to Tables 8, 9, and 10 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 purchase loans was excellent. HB Barrington's 6.80 percent of home purchase loans made to low-income borrowers was near to the 7.37 percent of low-income families living in the AA. However, considering that approximately 3 percent of the households living in the AA were below the poverty level, the high median home value in the bank's AA was a barrier to home ownership for low-income borrowers. The bank's 13.91 percent of home purchase loans to moderate-income borrowers exceeded the 12.64 percent moderate-income families in the bank's AA.

Home refinance loan borrower distribution was also excellent. The bank's 4.57 percent of home refinance loans to low-income borrowers was below the 7.37 percent of low-income families living in the AA. However, because of the high cost of housing, only a small percentage of low-income borrowers own their own homes. This limits the bank's home refinance lending opportunities to these borrowers. HB Barrington's 15.87 percent of home refinance loans made to moderate-income borrowers exceeded the 12.64 percent of moderate-income families living in the AA.

The borrower distribution for home improvement loans was good. HB Barrington's 6.84 percent of home improvement loans made to low-income borrowers was near to the 7.37 percent of low-income families living in the AA. This is excellent considering approximately 3 percent of the households living in the AA were below the poverty level and the high median home value in the bank's AA was a barrier to home ownership for low-income borrowers, which would limit the bank's home improvement lending opportunities to these borrowers. The bank's 6.84 percent of home improvement loans to moderate-income borrowers was below the 12.64 percent of moderate-income families in the bank's AA.

### ***Small Loans to Businesses***

Refer to Table 11 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 was adequate. The 46.35 percent of HB Barrington's small loans to businesses with revenues of \$1 million or less was below the 82.93 percent of businesses that are defined as such. However, 2000 peer small business data show that 60 percent of small loans to small businesses in the AA have average loan amounts of \$10,000 or less and are made by credit card lenders that dominate the market with small business credit card products, with which the bank cannot compete.

## **Consumer Loans**

Refer to Table 13 in Appendix C for the facts and data used to evaluate the borrower distribution of the bank's consumer loan originations and purchases.

Consumer loan borrower distribution was excellent. The 10.61 percent of HB Barrington's consumer loans made to low-income borrowers exceeded the 9.47 percent of low-income borrowers in the AA. HB Barrington's 22.43 percent consumer loans to moderate-income borrowers significantly exceeded the 11.24 percent of moderate-income borrowers in the AA.

## **Community Development Lending**

Refer to Table 1 Lending Volume in Appendix C for the facts and data used to evaluate the bank's level of community development lending. Because HB Barrington has met the CD needs of its AA, this evaluation takes into consideration CD loans made outside of the bank's AA but within the broader Chicago MA.

HB Barrington extended a significant amount of community development loans during the evaluation period. Therefore, CD lending had a positive impact on the Lending Test conclusions for the AA.

During the evaluation period, HB Barrington originated the following loans for community development purposes:

- Five loans, totaling \$14.7 million, were made to various apartment complexes throughout the bank's AA. These complexes are located in Vernon Hills, Bartlett, Mundelin Carpentersville, and Palatine, Illinois. The apartment buildings currently charge rents between \$435 and \$895, depending on the number of bedrooms, which makes them affordable to low- and moderate-income individuals in these communities.
- A \$174 thousand loan to purchase of a six-unit apartment building in Elgin, Illinois. Even though the project is not located in the AA, it is contiguous to the bank's AA and qualifies on a regional level as affordable housing because the apartment rents range from \$460 to \$565, making them affordable to low- and moderate-income individuals in these communities.
- Two loans totaling \$1.3 million to purchase a 20-unit apartment complex in Elgin, Illinois, which will be converted into condominiums. Even though the project is not located in the AA it is contiguous to the bank's AA and qualifies on a regional level as affordable housing. The sales prices of the condominiums units will be in the range of \$83 thousand to \$112 thousand, which will be affordable to low- and moderate-income individuals.
- An \$80 thousand loan to a community service organization that provides intermediate care facilities to low- and moderate-income families of adults who suffer from autism. Even though the organization is not located in the bank's AA, it is contiguous to and benefits individuals located in the bank's AA.

- Two loans totaling \$55 thousand to a not-for-profit affordable housing organization to purchase lots for construction of affordable housing for low-income individuals. Though the organization is located outside the bank's AA, the organization purchased lots in geographies contiguous to the bank's AA.
- A \$40 thousand line of credit for working capital to a not-for-profit community development service organization. The organization provides aid to disabled Americans who cannot afford certain services such as medical equipment, legal advice, job placement, and general counseling. The organization depends on private contributions and corporate donations to sustain its operations. While the organization is located outside the bank's AA, its reach is region wide and open to all qualifying individuals with disabilities.
- A \$21 thousand loan to a not-for-profit community organization that provides day programs, as well as residential, vocational, and educational services to people with severe and persistent mental illnesses. The services are provided on a regional basis throughout the six-county Chicago MA.

## INVESTMENT TEST

### Conclusions for Areas Receiving Full-Scope Reviews

The bank's performance under the Investment Test is rated Low Satisfactory. Based on this full-scope review, the bank's performance in its AA was adequate.

Refer to Table 14 in Appendix C for the facts and data used to evaluate the bank's level of qualified investments.

In its investing activities, HB Barrington exhibited adequate responsiveness to credit and community development needs. The bank's AA represented a small portion of a large metropolitan area where many investment opportunities were available to assist with needs within the various communities. However, within the bank's AA, qualifying CD investment opportunities were limited. The bank primarily devoted its efforts in contributing to those investments that provided the most direct benefit to its AA.

The bank provided qualified investments within its AA through cash contributions and grants, and purchases of securities. Qualifying investments totaled almost \$2.3 million. Specific noteworthy investments included:

- HB Barrington purchased \$500 thousand of a \$4.2 million Fannie Mae bond pool. These affordable housing revenue bonds were issued by the Village of Palatine, Illinois to finance the second mortgage of Prairie Brook Apartments. Prairie Brook Apartments were originally financed through a bond issued by the Illinois Housing Development Authority to finance, acquire, and equip the project. Through the original issue and a subsequent revenue bond, the apartments are subject to a Land Use Restriction Agreement requiring the property to operate as a "qualified residential rental project". Prairie Brook is a 320-unit multifamily complex. Forty percent of the units receive Section 8 assistance or other government assistance. The remaining units are affordable for low- and moderate-income individuals.
- HTSB allocated to HB Barrington a 9 percent (\$919 thousand) investment in four mortgage-backed securities totaling \$9.8 million. The securities were backed by home mortgage loans originated to low- and moderate-income individuals throughout the Chicago MA. The bank's investment represents the portion of the securities with underlying mortgage loans that directly benefit HB Barrington's AA.

Additional donations and grants were provided to organizations with a community development focus. HB Barrington contributed to 21 different community development organizations, totaling \$54 thousand during the evaluation period.

Several prior period investment securities are recognized during this evaluation period. They include 18 mortgage-backed security pools totaling \$439 thousand. Also two affordable housing bonds (Village of Palatine Multi-Family Housing Revenue Bond and Liberty Towers Project) totaling \$355 thousand are outstanding.

## **SERVICE TEST**

### **Conclusions for Areas Receiving Full-Scope Reviews**

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

#### **Retail Banking Services**

Refer to Table 15 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.

HB Barrington has a good distribution of delivery systems that are accessible to geographies and individuals of different income levels in the AA. The bank has eight branch locations, one of which is a remote drive-up facility approximately one block away from a walk-up branch location. One branch is located in a middle-income geography with the remaining seven in upper-income geographies. There are no low- or moderate-income geographies within the bank's AA. The bank's lending activity showed that it served individuals of all income levels. As discussed in the Lending Test section, the bank had an excellent dispersion of home mortgage and consumer loans to borrowers of different income levels, including low- and moderate-income borrowers.

The hours of HB Barrington's office locations do not vary in a way that would negatively impact low- or moderate-income individuals. All lobbies open at 8:30 a.m. Monday through Saturday. The lobbies close at 5:00 p.m. Monday through Thursday, at 6:00 p.m. on Friday and at 12:30 p.m. on Saturday. All drive-ups (except Algonquin) open at 7:30 a.m. Monday through Saturday, close at 6:00 p.m. Monday through Thursday, at 6:30 p.m. on Friday, and at 12:30 p.m. on Saturday. Algonquin's drive-up opens at 7:00 a.m. Monday through Saturday and closes at 6:00 p.m. Monday through Thursday, at 7:00 p.m. on Friday, and at 12:30 p.m. on Saturday. There are no differences in the services available at the different locations.

#### **Alternative Delivery Systems**

HB Barrington offers various types of alternative delivery systems, which include automated teller machines (ATMs), telephone banking, and computer banking. The bank does not monitor the usage of these alternative delivery services by low- and moderate-income individuals; therefore, significant weight was not placed on these delivery systems when drawing our CRA performance conclusions.

HB Barrington operates 12 ATMs. Eight are located at the main office and branch locations, all of which accept deposits. The branch located in the middle-income geography has two ATMs while the walk-up facility, located one block from the drive-up office, does not have an ATM. The remaining four ATMs are located in local businesses throughout the AA, all but one of which accept deposits. All ATMs facilitate bilingual (Spanish) transactions. Also, there are 250 affiliated Harris Bank ATMs located throughout the Chicago MA that can be used by HB Barrington customers for no charge.

## Community Development Services

All of the following services benefited the bank's AA by providing services directed towards low- and moderate-income geographies or individuals.

HB Barrington's performance in providing CD services in its AA is adequate. Bank management is involved in community development programs that are targeted to low- and moderate-income individuals. These services include providing credit counseling, first-time homebuyer seminars, financial planning, technical expertise to nonprofit or government organizations, and financial education and management skills. The following paragraphs describe the CD services HB Barrington provided during this evaluation period.

- HB Barrington conducted nine First Time Home Buyers seminars. Targeted to low- and moderate-income individuals, these seminars were designed to guide homebuyers through the home buying process. Information was provided to participants on how to apply for a loan, repair credit problems, and maintain the home once purchased.
- A bank officer is co-president of the Board of Directors for the Family Services of Lake County. This organization provides a variety of basic needs and services to low- and moderate-income individuals, including housing, money management, education, and counseling. As co-president, the bank officer is responsible for attending all board and benefit committee meetings addressing program and financial issues.
- A bank officer is a board member for the Barrington Council on Aging. This organization coordinates various services and programs for low- and moderate-income senior citizens, including providing meals. The bank officer reviews financial reports, and uses marketing and sales expertise to promote awareness of the organization to help generate financial support from the community.
- A bank officer is a board member and treasurer of the Michael Joseph Foundation. This organization provides transitional housing to primarily low- and moderate-income families in crisis by providing housing, day care, and transportation assistance.
- A bank officer is an advisory board member reviewing small business loan requests for the Lake County Partnership for Economic Development. This organization facilitates the Lake County Integrated Financing Program for Small Businesses. This program offers micro-loans to businesses with up to five employees.
- Harris Bank participates in the Illinois Link Electronic Benefits Transfer (EBT) program introduced by the Department of Public Aid. This system allows low- and moderate-income individuals who receive public assistance to access their benefits through Cash Station ATMs. ATM access allows multiple draws of the monthly benefits.

## Appendix A: Scope of Examination

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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 non-metropolitan areas that received comprehensive examination review (designated by the term “full-scope”) and those that received a less comprehensive review (designated by the term “limited-scope”).

<b>Time Period Reviewed</b>	Lending Test (excludes CD Loans): 01/01/00 to 12/31/01 Investment and Service Tests and CD Loans: 05/22/00 to 05/20/02	
<b>Financial Institution</b>	<b>Products Reviewed</b>	
Harris Bank Barrington, N.A. (HB Barrington) Barrington, Illinois	Home mortgage loans, small loans to businesses, consumer loans, and community development loans.	
<b>Affiliate(s)</b>	<b>Affiliate Relationship</b>	<b>Products Reviewed</b>
Harris Trust and Savings Bank, Chicago, Illinois.	Bank Affiliate	Home mortgage loans and investments.
<b>List of Assessment Areas and Type of Examination</b>		
<b>Assessment Area</b>	<b>Type of Exam</b>	<b>Other Information</b>
Portions of Cook, Lake, Kane, and McHenry Counties in Chicago MA #1600	Full Scope	None

# Appendix B: Market Profiles for Full-Scope Areas

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## Table of Contents

### Market Profiles for Areas Receiving Full-Scope Reviews

Portions of Cook, Lake, Kane, and McHenry Counties in Chicago MA ..... B-2

## Appendix B: Market Profile for Full-Scope Area

### Portions of Cook, Lake, Kane, and McHenry Counties in Chicago MA

Demographic Information for Full-Scope Area: Portions of Cook, Lake, Kane, and McHenry Counties in Chicago MA						
Demographic Characteristics	#	Low % of #	Modera te % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts/BNAs)	116	0.00	0.00	37.93	61.21	0.86
Population by Geography	678,495	0.00	0.00	37.57	62.43	0.00
Owner-Occupied Housing by Geography	184,274	0.00	0.00	33.91	66.09	0.00
Businesses by Geography	33,450	0.00	0.00	38.96	60.67	0.37
Farms by Geography	847	0.00	0.00	34.71	65.17	0.12
Family Distribution by Income Level	183,294	7.37	12.64	24.53	55.46	0.00
Distribution of Low- and Moderate-Income Families throughout AA Geographies	36,672	0.00	0.00	53.09	46.91	0.00
Median Family Income HUD Adjusted Median Family Income for 2001 Households Below the Poverty Level	= \$42,758 = \$70,500 = 2.99%	Median Housing Value Unemployment Rate				=\$151,986 =1.77 %

(\*) The NA category consists of geographies that have not been assigned an income classification.  
Source: 1990 U.S. Census, and 2001 HUD updated MFI.

The bank's AA consists of a portion of the Chicago MA. It includes 116 geographies located in northwest Cook, southwest Lake, northeast Kane, and southeast McHenry counties. There are no low- or moderate-income geographies in the AA. Forty-four (38 percent) are middle-income geographies and 71 (61 percent) are upper-income geographies. There is one geography that is not designated by income level. This geography contains a forest preserve and a golf course and has very few residents. HB Barrington's AA meets the requirements of the CRA regulation and does not arbitrarily exclude low- or moderate-income areas.

The 2001 HUD adjusted median family income for the MA is \$70,500, an increase of 65 percent from the 1990 median family income. Although the level of low- and moderate-income families is low in this AA, several townships or portions of townships have a significant percentage of low- and moderate-income families. These townships include Elgin, Carpentersville, Hanover Park, Mundelein, Wauconda, Woodstock, and portions of Palatine, Wheeling, and Hoffman Estates.

The total population at the 1990 Census was 678,495, with 38 percent of the population living in middle-income geographies and 61 percent in upper-income geographies. Data from the Illinois Planning Commission indicated that the population has grown approximately 29 percent since the 1990 Census when considering some of the main communities within the AA.

Overall, this AA is much more affluent than the overall Chicago MA, with newer housing stock, fewer rental units as a percentage of all housing units, and higher median home prices. There are 250,295 total housing units in the AA. The large majority of the housing is owner occupied (74 percent). Twenty-two percent are rental occupied units. Based on 1990 Census data, the median housing cost is \$152 thousand, with the average age of housing units approximately 29 years old. Overall, the cost of housing in the AA is high in relation to the entire Chicago MA, where the median housing value is \$123 thousand.

The Barrington area housing market provides limited opportunities for first time or entry-level homebuyers. The Village of Barrington and its surrounding like-named suburbs (North Barrington, Lake Barrington, Barrington Hills, South Barrington) is one of the most expensive areas in the Chicago MA. This area represents a prestigious address for many and median home values within these geographies often exceed \$250 thousand. The Village of Barrington lists a 1998 median home value of \$218 thousand. These areas have strict codes limiting their expansion and often require a large minimum lot size. Both of these factors limit the rate of future expansion. As a result, the number of new housing building permits issued has stayed fairly low and constant within Barrington since 1995. Only 32 residential building permits were issued inside the Village of Barrington in 2000, which is more than the total number of permits issued in the three previous years.

Most portions of this AA have such a high median home value that low-income and some moderate-income borrowers have been effectively priced out of this area. Communities in the AA that would be accessible to low- and moderate-income borrowers include Carpentersville, Crystal Lake, Hanover Park, Mundelein, Palatine, and Wauconda. According to the Multiple Listing Service of Northern Illinois, each of these communities had a fourth quarter 2001 median home sale price of below \$185 thousand, which is comparable to the moderate-income borrower level above.

The local economy is generally stable. Eighty-three percent of the businesses in the area have gross revenues of less than \$1 million. The AA contains a good mix of local employers and commuters to downtown Chicago. The primary industry is services (41 percent) followed by retail trade (17 percent). The 2001 unemployment rate in HB Barrington's AA was 1.8 percent, which was significantly less than the Chicago MA of 5.4 percent. Most business growth is in the western portion of the AA. Large corporations continue to locate their corporate headquarters in the northwest suburbs, including Sears, Allstate, Motorola and Ameritech. While there are several major employers in the area, no single one is the predominant entity.

HB Barrington's principal business activities are highly competitive. The bank competes actively with other financial service providers offering a wide array of financial products and services. Local competitors include American Chartered Bank, Bank One, N.A., Barrington Bank and Trust Company, N.A., Chase Manhattan, FSB, LaSalle Bank, N.A., and Northern Trust Company. The bank views these financial institutions as competitors because of their lending profiles and strategic approach. However, there are no banks within the AA that are similarly situated in terms of size, financial condition, product offerings, and business strategy.

## Appendix C: Tables of Performance Data

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### Content of Standardized Tables

References to the “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 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 MA/assessment area. Tables without data are not included in this PE.

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 MA/assessment area. Community development loans to statewide or regional entities or made outside the bank’s assessment area may receive positive CRA consideration. Refer to Interagency Q&As \_\_.12(i) - 5 and - 6 for guidance on when a bank may receive positive CRA consideration for such loans. When such loans exist, insert a line item with the appropriate caption, such as “Statewide/Regional” or “Out of Assessment Area,” in the MA/Assessment Area column and record the corresponding numbers and amounts in the “Community Development Loans” column.
- Table 1. Other Products** - Presents the number and dollar amount of any unreported category of loans originated and purchased by the bank over the evaluation period by MA/assessment area. Examples include consumer loans or other data that a bank may provide, at its option, concerning its lending performance. This is a two-page table that lists specific categories.
- 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 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 Home Mortgage Refinance Loans** - See Table 2.
- Table 5. Geographic Distribution of Multifamily Loans** - Compares the percentage distribution of the number of multifamily loans originated and purchased by the bank in low-, moderate-, middle-, and upper-income geographies to the percentage distribution of multifamily housing units throughout those geographies. The table

also presents market share information based on the most recent aggregate market data available.

- Table 6. 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 share information based on the most recent aggregate market data available. Because small business data are not available for geographic areas smaller than counties, it may be necessary to use geographic areas larger than the bank's assessment area.
- Table 7. Geographic Distribution of Small Loans to Farms** - The percentage distribution of the number of small loans (less than or equal to \$500,000) to farms originated and purchased by the bank in low-, moderate-, middle-, and upper-income geographies compared to the percentage distribution of farms (regardless of revenue size) throughout those geographies. The table also presents market share information based on the most recent aggregate market data available. Because small farm data are not available for geographic areas smaller than counties, it may be necessary to use geographic areas larger than the bank's assessment area.
- Table 8. 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 MA/assessment area. The table also presents market share information based on the most recent aggregate market data available.
- Table 9. Borrower Distribution of Home Improvement Loans** - See Table 8.
- Table 10. Borrower Distribution of Refinance Loans** - See Table 8.
- Table 11. 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. 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 12. Borrower Distribution of Small Loans to Farms** - Compares the percentage distribution of the number of small loans (less than or equal to \$500,000) originated and purchased by the bank to farms with revenues of \$1 million or less to the percentage distribution of farms with revenues of \$1 million or less. 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 farm.

Market share information is presented based on the most recent aggregate market data available.

**Table 13. Geographic and Borrower Distribution of Consumer Loans (OPTIONAL)** - For geographic distribution, the table 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 households within each geography. For borrower distribution, the table 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 of households by income level in each MA/assessment area.

**Table 14. Qualified Investments** - Presents the number and dollar amount of qualified investments made by the bank in each MA/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 be legally binding and tracked and recorded by the bank's financial reporting system.

A bank may receive positive consideration for qualified investments in statewide/regional entities or made outside of the bank's assessment area. See Interagency Q&As \_\_.12(i) - 5 and - 6 for guidance on when a bank may receive positive CRA consideration for such investments. When such investments exist, insert a line item with the appropriate caption, such as "Statewide/Regional" or "Out of Assessment Area," in the MA/Assessment Area column and record the corresponding numbers and amounts in the "Qualified Investments" column.

**Table 15. 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 MA/AA. The table also presents data on branch openings and closings in each MA/AA.

**Table 1. Lending Volume**

LENDING VOLUME													Geography: HB BARRINGTON				Evaluation Period: January 01, 2000 TO December 31, 2001			
MA/Assessment Area:	% of Rated Area Loans (#) in MA/AA*	Home Mortgage		Small Loans to Businesses		Small Loans to Farms		Community Development Loans**		Total Reported Loans		% of Rated Area Deposits in MA/AA***								
		#	\$ (000's)	#	\$ (000's)	#	\$ (000's)	#	\$ (000's)	#	\$ (000's)									
<b>Full Review: Portions of Cook, Lake, Kane, and McHenry Counties in Chicago MA #1600</b>																				
	100	991	212,394	643	98,076	0	0	13	16,519	1,647	326,989	100.00								

\* Loan Data as of December 31, 2001. Rated area refers to either the state or multi-state MA rating area.

\*\* The evaluation period for Community Development Loans is May 22, 2000 to May 20, 2002.

\*\*\* Deposit Data as of December 31, 2001. Rated Area refers to the state, multi-state MA, or institution, as appropriate.

**Table 1. Other Products**

LENDING VOLUME													Geography: HB BARRINGTON				Evaluation Period: January 1, 2000 TO December 31, 2001			
MA/Assessment Area:	% of Rated Area Loans (#) in MA/AA*	Total Optional Loans**		Small Business Real Estate Secured**		Home Equity**		Motor Vehicle**		Credit Card**		Other Secured Consumer**		% of Rated Area Deposits in AA***						
		#	\$ (000's)	#	\$ (000's)	#	\$ (000's)	#	\$ (000's)	#	\$ (000's)	#	\$ (000's)							
<b>Full Review: Portions of Cook, Lake, Kane, and McHenry Counties in Chicago MA #1600</b>																				
	100.00	12,857	274,344	14	3,205	873	74,533	11,241	188,676	0	0	130	5,038	100.00						

\* Loan Data as of December 31, 2001. Rated area refers to either the state or multi-state MA rating area.

\*\* The evaluation period for Optional Product Line(s) is from January 01, 2000 to December 31, 2001.

\*\*\* Deposit Data as of December 31, 2001. Rated Area refers to the state, multi-state MA, or institution, as appropriate.

**Table 1. Other Products**

LENDING VOLUME		Geography: HB BARRINGTON		Evaluation Period: January 01,2000 TO December 31, 2001	
MA/Assessment Area:	Other Unsecured Consumer Loans*		Other Optional Loans*		
	#	\$ (000's)	#	\$ (000's)	
<b>Full Review: Portions of Cook, Lake, Kane, and McHenry Counties in Chicago MA #1600</b>					
	599	2,892	0	0	

\* The evaluation period for Optional Product Line(s) is from January 01, 2000 to December 31, 2001.

**Table 2. Geographic Distribution of Home Purchase Loans**

Geographic Distribution: HOME PURCHASE		Geography: HB BARRINGTON		Evaluation Period: January 1, 2000 TO December 31, 2001											
MA/Assessment Area:	Total Home Purchase Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Market Share (%) by Geography*				
	#	% of Total**	% 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
<b>Full Review: Portions of Cook, Lake, Kane, and McHenry Counties in Chicago MA #1600</b>															
	368	100.00	0.00	0.00	0.00	0.00	33.91	21.47	66.09	78.53	0.05	0.00	0.00	0.02	0.07

\* Based on 2000 Peer Mortgage Data: Central Region.

\*\* Home purchase loans originated and purchased in the MA/AA as a percentage of all home purchase loans originated and purchased in the rated area.

\*\*\* Percentage of Owner Occupied Units is the number of owner occupied housing units in a particular geography divided by the number of owner occupied housing units in the area based on 1990 Census information.

**Table 3. Geographic Distribution of Home Improvement Loans**

Geographic Distribution: HOME IMPROVEMENT			Geography: HB BARRINGTON						Evaluation Period: January 1, 2000 TO December 31, 2001						
MA/Assessment Area:	Total Home Improvement Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Market Share (%) by Geography*				
	#	% of Total**	% 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
<b>Full Review: Portions of Cook, Lake, Kane, and McHenry Counties in Chicago MA #1600</b>															
	118	100.00	0.00	0.00	0.00	0.00	33.91	26.27	66.09	73.73	2.28	0.00	0.00	1.52	2.71

\* Based on 2000 Peer Mortgage Data: Central Region.

\*\* Home improvement loans originated and purchased in the MA/AA as a percentage of all home improvement loans originated and purchased in the rated area.

\*\*\* Percentage of Owner Occupied Units is the number of owner occupied housing units in a particular geography divided by number of owner occupied housing units in the area based on 1990 Census information.

**Table 4. Geographic Distribution of Home Mortgage Refinance Loans**

Geographic Distribution: HOME MORTGAGE REFINANCE			Geography: HB BARRINGTON						Evaluation Period: January 1, 2000 TO December 31, 2001						
MA/Assessment Area:	Total Home Mortgage Refinance Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Market Share (%) by Geography*				
	#	% of Total**	% 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
<b>Full Review: Portions of Cook, Lake, Kane, and McHenry Counties in Chicago MA #1600</b>															
	499	100.00	0.00	0.00	0.00	0.00	33.91	20.04	66.09	79.96	0.03	0.00	0.00	0.02	0.03

\* Based on 2000 Peer Mortgage Data: Central Region.

\*\* Home mortgage refinance loans originated and purchased in the MA/AA as a percentage of all home mortgage refinance loans originated and purchased in the rated area.

\*\*\* Percentage of Owner Occupied Units is the number of owner occupied housing units in a particular geography divided by number of owner occupied housing units in the area based on 1990 Census information.

**Table 5. Geographic Distribution of Multifamily Loans**

Geographic Distribution: MULTIFAMILY		Geography: HB BARRINGTON								Evaluation Period: January 1, 2000 TO December 31, 2001					
MA/Assessment Area:	Total Multifamily Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Market Share (%) by Geography*				
	#	% of Total**	% of MF Units***	% BANK Loans	% MF Units***	% BANK Loans	% MF Units***	% BANK Loans	% MF Units***	% BANK Loans	Overall	Low	Mod	Mid	Upp
<b>Full Review: Portions of Cook, Lake, Kane, and McHenry Counties in Chicago MA #1600</b>															
	6	100.00	0.00	0.00	0.00	0.00	56.98	33.33	43.02	66.67	0.65	0.00	0.00	0.00	2.27

\* Based on 2000 Peer Mortgage Data: Central Region.

\*\* Multifamily loans originated and purchased in the MA/AA as a percentage of all multifamily loans originated and purchased in the rated area.

\*\*\* Percentage of multifamily units is the number of multifamily housing units in a particular geography divided by number of multifamily housing units in the area based on 1990 Census information.

**Table 6. Geographic Distribution of Small Loans to Businesses**

Geographic Distribution: SMALL LOANS TO BUSINESSES		Geography: HB BARRINGTON								Evaluation Period: January 1, 2000 TO December 31, 2001					
MA/Assessment Area:	Total Small Business Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Market Share (%) by Geography*				
	#	% of Total**	% of Businesses***	% BANK Loans	% of Businesses***	% BANK Loans	% of Businesses***	% BANK Loans	% of Businesses***	% BANK Loans	Overall	Low	Mod	Mid	Upp
<b>Full Review: Portions of Cook, Lake, Kane, and McHenry Counties in Chicago MA #1600</b>															
	643	100.00	0.00	0.00	0.00	0.00	38.96	23.33	60.67	76.67	0.37	0.14	0.04	0.27	0.64

\* Based on 2000 Peer Small Business Data: US.

\*\* Small loans to businesses originated and purchased in the MA/AA as a percentage of all small loans to businesses originated and purchased in the rated area.

\*\*\* Source Data: Dun and Bradstreet 2001.

**Table 7. Geographic Distribution of Small Loans to Farms**

Geographic Distribution: SMALL LOANS TO FARMS			Geography: HB BARRINGTON				Evaluation Period: January 1, 2000 TO December 31, 2001								
MA/Assessment Area:	Total Small Farm Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Market Share (%) by Geography*				
	#	% of Total**	% of Farms***	% BANK Loans	% of Farms***	% BANK Loans	% of Farms***	% BANK Loans	% of Farms***	% BANK Loans	Overall	Low	Mod	Mid	Upp
<b>Full Review: Portions of Cook, Lake, Kane and McHenry Counties in Chicago MA #1600</b>															
	0	0.00	0.00	0.00	0.00	0.00	34.71	0.00	65.17	0.00	0.00	0.00	0.00	0.00	0.00

\* Based on 2000 Peer Small Business Data: US.

\*\* Small loans to farms originated and purchased in the MA/AA as a percentage of all small loans to farms originated and purchased in the rated area.

\*\*\* Source Data: Dun and Bradstreet 2001.

**Table 8. Borrower Distribution of Home Purchase Loans**

Borrower Distribution: HOME PURCHASE			Geography: HB BARRINGTON				Evaluation Period: January 1, 2000 TO December 31, 2001								
MA/Assessment Area:	Total Home Purchase Loans		Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers		Market Share*				
	#	% of Total**	% Families***	% BANK Loans****	% Families***	% BANK Loans****	% Families***	% BANK Loans****	% Families***	% BANK Loans****	Overall	Low	Mod	Mid	Upp
<b>Full Review: Portions of Cook, Lake, Kane and McHenry Counties in Chicago MA #1600</b>															
	368	100.00	7.37	6.80	12.64	13.91	24.53	20.71	55.46	58.58	0.04	0.20	0.02	0.03	0.04

\*Based on 2000 Peer Mortgage Data: Central Region.

\*\* As a percentage of loans with borrower income information available. No information was available for 8.15% of loans originated and purchased by Bank.

\*\*\* Percentage of Families is based on the 1990 Census information.

\*\*\*\* Home purchase loans originated and purchased in the MA/AA as a percentage of all home purchase loans originated and purchased in the rated area.

**Table 9. Borrower Distribution of Home Improvement Loans**

Borrower Distribution: HOME IMPROVEMENT			Geography: HB BARRINGTON						Evaluation Period: January 1, 2000 TO December 31, 2001						
MA/Assessment Area:	Total Home Improvement Loans		Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers		Market Share*				
	#	% of Total**	% Families***	% BANK Loans****	% Families***	% BANK Loans****	% Families***	% BANK Loans****	% Families***	% BANK Loans****	Overall	Low	Mod	Mid	Upp
<b>Full Review: Portions of Cook, Lake, Kane, and McHenry Counties in Chicago MA #1600</b>															
	118	100.00	7.37	6.84	12.64	6.84	24.53	38.46	55.46	47.86	2.37	3.67	0.68	2.62	2.69

\* Based on 2000 Peer Mortgage Data: Central Region.

\*\* As a percentage of loans with borrower income information available. No information was available for 0.85% of loans originated and purchased by Bank.

\*\*\* Percentage of Families is based on the 1990 Census information.

\*\*\*\* Home improvement loans originated and purchased in the MA/AA as a percentage of all home improvement loans originated and purchased in the rated area.

**Table 10. Borrower Distribution of Home Mortgage Refinance Loans**

Borrower Distribution: HOME MORTGAGE REFINANCE			Geography: HB BARRINGTON						Evaluation Period: January 1, 2000 TO December 31, 2001						
MA/Assessment Area:	Total Home Mortgage Refinance Loans		Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers		Market Share*				
	#	% of Total**	% Families***	% BANK Loans****	% Families***	% BANK Loans****	% Families***	% BANK Loans****	% Families***	% BANK Loans****	Overall	Low	Mod	Mid	Upp
<b>Full Review: Portions of Cook, Lake, Kane, and McHenry Counties in Chicago MA #1600</b>															
	499	100.00	7.37	4.57	12.64	15.87	24.53	27.17	55.46	52.39	0.01	0.00	0.00	0.00	0.02

\* Based on 2000 Peer Mortgage Data: Central Region.

\*\* As a percentage of loans with borrower income information available. No information was available for 7.82% of loans originated and purchased by Bank.

\*\*\* Percentage of Families is based on the 1990 Census information.

\*\*\*\* Home mortgage refinance loans originated and purchased in the MA/AA as a percentage of all home mortgage refinance loans originated and purchased in the rated area.

**Table11. Borrower Distribution of Small Loans to Businesses**

Borrower Distribution: SMALL LOANS TO BUSINESSES				Geography: HB BARRINGTON		Evaluation Period: January 1, 2000 TO December 31, 2001			
MA/Assessment Area:	Total Small Loans to Businesses		Businesses With Revenues of \$1 million or less		Loans by Original Amount Regardless of Business Size			Market Share*	
	#	% of Total**	% of Businesses***	% BANK Loans****	\$100,000 or less	>\$100,000 to \$250,000	>\$250,000 to \$1,000,000	All	Rev \$1 Million or Less
<b>Full Review: Portions of Cook, Lake, Kane, and McHenry Counties in Chicago MA #1600</b>									
	643	100.00	82.93	46.35	63.45	17.73	18.82	0.37	0.43

\* Based on 2000 Peer Small Business Data: US.

\*\* Small loans to businesses originated and purchased in the MA/AA as a percentage of all small loans to businesses originated and purchased in the rated area.

\*\*\* Businesses with revenues of \$1 million or less as a percentage of all businesses (Source D&B -2001).

\*\*\*\* Small loans to businesses with revenues of \$1 million or less as a percentage of all loans reported as small loans to businesses. No information was available for 6.22% of small loans to businesses originated and purchased by the Bank.

**Table12. Borrower Distribution of Small Loans to Farms**

Borrower Distribution: SMALL LOANS TO FARMS				Geography: HB BARRINGTON		Evaluation Period: January 1, 2000 TO December 31, 2001			
MA/Assessment Area:	Total Small Loans to Farms		Farms With Revenues of \$1 million or less		Loans by Original Amount Regardless of Farm Size			Market Share*	
	#	% of Total**	% of Farms***	% BANK Loans****	\$100,000 or less	>\$100,000 to \$250,000	>\$250,000 to \$500,000	All	Rev \$1 Million or Less
<b>Full Review: Portions of Cook, Lake, Kane, and McHenry Counties in Chicago MA #1600</b>									
	0	0.00	83.35	0.00	0.00	0.00	0.00	0.00	0.00

\* Based on 2000 Peer Small Business Data: US.

\*\* Small loans to farms originated and purchased in the MA/AA as a percentage of all small loans to farms originated and purchased in the rated area.

\*\*\* Farms with revenues of \$1 million or less as a percentage of all farms (Source D&B -2001).

\*\*\*\* Small loans to farms with revenues of \$1 million or less as a percentage of all loans reported as small loans to farms. No information was available for 0.00% of small loans to farms originated and purchased by Bank.

**Table 13. Geographic and Borrower Distribution of Consumer Loans (Institution's Option)**

Geographic and Borrower Distribution: CONSUMER LOANS		Geography: HB BARRINGTON										Evaluation Period: January 1, 2000 TO December 31, 2001							
MA/Assessment Area:	Geographic Distribution										Borrower Distribution								
	Total Consumer Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers		
	#	% of Total*	% of Hhlds**	% of BANK Loans	% of Hhlds**	% of BANK Loans	% of Hhlds**	% of BANK Loans	% of Hhlds**	% of BANK Loans	% of Hhlds**	% of BANK Loans	% of Hhlds**	% of BANK Loans	% of Hhlds**	% of BANK Loans	% of Hhlds**	% of BANK Loans	
<b>Full Review: Portions of Cook, Lake, Kane, and McHenry Counties in Chicago MA #1600</b>																			
	12,843	100.00	0.00	0.00	0.00	0.00	38.92	34.27	61.08	65.72	9.47	10.61	11.24	22.43	20.81	28.21	58.49	38.75	

\* Consumer loans originated and purchased in the MA/AA as a percentage of all consumer loans originated and purchased in the rated area.  
 \*\* Percentage of Households is based on the 1990 Census Information.

**Table 14. Qualified Investments**

QUALIFIED INVESTMENTS		Geography: HB BARRINGTON						Evaluation Period: May 22, 2000 TO May 20, 2002					
MA/Assessment Area:	Prior Period Investments*		Current Period Investments		Total Investments			Unfunded Commitments**					
	#	\$(000's)	#	\$(000's)	#	\$(000's)	% of Total	#	\$(000's)				
<b>Full Review: Portions of Cook, Lake, Kane, and McHenry Counties in Chicago MA #1600</b>													
	20	794	26	1,472	46	2,266	100.00	0	0				

\* 'Prior Period Investments' means investments made in a previous evaluation period that are outstanding as of the examination date.  
 \*\* 'Unfunded Commitments' means legally binding investment commitments that are tracked and recorded by the institution's financial reporting system.

**Table 15. Distribution of Branch Delivery System and Branch Openings/Closings**

DISTRIBUTION OF BRANCH DELIVERY SYSTEM AND BRANCH OPENINGS/CLOSINGS    Geography: HB BARRINGTON    Evaluation Period: May 22, 2000 TO May 20, 2002																	
MA/Assessment Area:	Deposits	Branches						Branch Openings/Closings						Population			
	% of Rated Area Deposits in AA	# of BANK Branches	% of Rated Area Branches in AA	Location of Branches by Income of Geographies (%)				# of Branch Openings	# of Branch Closings	Net change in Location of Branches (+ or -)				% of Population within Each Geography			
				Low	Mod	Mid	Upp			Low	Mod	Mid	Upp	Low	Mod	Mid	Upp
<b>Full Review: Portions of Cook, Lake, Kane, and McHenry Counties in Chicago MA #1600</b>																	
	100.00	8	100.00	0.00	0.00	13.00	87.00	0	0	0	0	0	0	0.00	0.00	37.57	62.43