



**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 Glencoe-Northbrook, N.A.  
Charter Number: 14583**

**333 Park Avenue  
Glencoe, Illinois 60022**

**Office of the Comptroller of the Currency**

**Chicago – West Field Office  
85 West Algonquin Road, Suite 340  
Arlington Heights, Illinois 60005**

**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.**

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## Overall CRA Rating

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

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

Performance Levels	Harris Bank Glencoe-Northbrook, N.A. Performance Tests		
	Lending Test*	Investment Test	Service Test
Outstanding		X	
High Satisfactory	X		X
Low Satisfactory			
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 Glencoe-Northbrook, N.A.’s geographic distribution of loans is adequate. The bank had an adequate level of home mortgage, small business, and consumer lending in low- and moderate-income geographies.
- Harris Bank Glencoe-Northbrook, N.A.’s borrower distribution of loans is good. The distribution of loans to borrowers of different incomes reflects a good 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 Glencoe-Northbrook, 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.
- Harris Bank Glencoe-Northbrook, N.A. provides a relatively high level of community development services. Delivery systems are accessible to individuals and reasonably accessible to geographies of different income levels in its assessment area (AA).
- Harris Bank Glencoe-Northbrook, N.A. has an excellent 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 Glencoe-Northbrook, N.A. (HB Glencoe) is an intrastate bank headquartered in Glencoe, Illinois. It is located in northeastern Illinois in the Chicago MA. HB Glencoe 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 combined assets of all the Harris Banks 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 Glencoe had \$487 million in total assets and \$428 million in deposits. This is the sixth largest bank of the Harris Bank, excluding HTSB. HB Glencoe has three branch locations in Glencoe and Northbrook, Illinois. The bank has four ATMs, all located at the three branch locations.

HB Glencoe is a full-service bank, offering various loan and deposit products. HB Glencoe offers the standardized consumer deposit and loan products of the Harris Bank. It makes each commercial loan decision based on the needs of the business or non-profit organization. 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 the 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 Glencoe has been primarily a retail bank making real estate and commercial loans. As of December 31, 2001, net loans at \$366 million represented 75 percent of total assets. The loan portfolio was comprised of real estate loans of \$296 million (80 percent), commercial loans of \$59 million (16 percent), and consumer loans of \$15 million (4 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 86 percent. It is the largest of the four banks with offices in Glencoe, Illinois.

There were no legal or financial factors that impeded HB Glencoe's ability to help meet the credit needs of the communities it serves. As of December 31, 2001, HB Glencoe reported Tier One capital of \$36 million.

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

## Scope of the Evaluation

### Evaluation Period/Products Evaluated

We reviewed HB Glencoe's origination, purchase, and HTSB allocation of home mortgage loans, loans to small 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 Glencoe'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 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 Glencoe'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 Glencoe'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 Glencoe 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 Glencoe 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 Glencoe's one AA. The AA consists of 223 geographies in northern Cook and southeastern Lake Counties, all within the Chicago MA.

## **Ratings**

HB Glencoe'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 that related specifically to HB Glencoe'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 more 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 January 1997.

## 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 High Satisfactory. Based on this full-scope review, the bank's performance in its AA is good.

#### 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 Glencoe to the credit needs of its AA.

During the evaluation period, HB Glencoe originated/purchased 1,489 home mortgage loans, loans to small businesses, and consumer loans totaling \$335 million. Approximately 43 percent of the total number of loans originated/purchased in the bank's AA during the evaluation period was consumer loans. Home mortgage loans equaled 39 percent and small loans to businesses represented 18 percent of the total. Small loans to farms are not a primary business line of HB Glencoe and are not being considered as part of this evaluation.

The majority of the bank's consumer loans were home equity loans. Home equity loans comprised 56 percent, other unsecured loans comprised 27 percent, automobile loans comprised 9 percent, and other secured loans comprised 8 percent of the consumer loans originated/purchased.

Among home mortgage loans originated/purchased, approximately 51 percent were for home purchase, 44 percent for home refinance, 3 percent for home improvement, and 2 percent multi-family loans.

HB Glencoe's lending activity was good in its AA. According to the FDIC's June 30, 2001 deposit market share report, HB Glencoe had a 0.28 percent deposit market share and ranked 50<sup>th</sup> out of 240 FDIC insured financial institutions with branches in Cook and Lake Counties. Based on 2000 peer mortgage data for the AA, HB Glencoe had a market share of 0.10 percent and ranked 126<sup>th</sup> of 546 lenders making home purchase loans, a market share of 0.09 percent and ranked 141<sup>st</sup> of 472 lenders making home refinance loans, and a market share of 0.17 percent and ranked 78<sup>th</sup> of 176 lenders making home improvement loans. The bank's market share increases to 0.53 percent for home purchase loans and to 0.32 percent for home refinance loans when the HTSB allocated mortgage loans are included. Mortgage companies and large interstate commercial and thrift institutions were significant lenders in the bank's AA, capturing approximately 38 percent of the home purchase loan and 36 percent of the home refinance loan market. Based on 2000 peer small business data, HB Glencoe had a market share of 0.24 percent and ranked 39<sup>th</sup> of 313 lenders making small loans to businesses. The top two lenders making small loans to businesses were non-bank credit card lenders that captured 40 percent of the market.

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

The geographic distribution of HB Glencoe's home mortgage loans, small loans to businesses, and consumer loans reflected an adequate penetration 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 geographic distribution of loans.

The bank had two low-income and twelve moderate-income geographies within the AA.

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

Refer to Tables 2, 3, 4 and 5 in Appendix C for the facts and data used to evaluate the geographic distribution of the bank's home mortgage loan originations and purchases.

The geographic distribution of the bank's home purchase loans was adequate. HB Glencoe's 0.34 percent of home purchase loans made in the low-income geographies exceeded the 0.13 percent of owner-occupied housing units within these geographies. HB Glencoe's 0.34 percent of home purchase loans made in the moderate-income geographies was below the 2.93 percent of owner-occupied housing units within these geographies. This is reasonable due to the location of the low- and moderate-income geographies in relation to the bank's office locations (refer to market profile in Appendix B). In addition, 2000 peer mortgage data showed that 63 percent and 44 percent of all home purchase loans in the low- and moderate-income geographies, respectively, were government agency (FHA/VA) mortgage products, which the bank does not offer.

The geographic distribution of the bank's home refinance loans was adequate. HB Glencoe made no home refinance loans in the low-income geographies during the evaluation period. This is reasonable since only 396 or 0.13 percent of all owner-occupied housing units are located in those geographies. The 0.78 percent of home refinance loans made in moderate-income geographies was below the 2.93 percent of owner-occupied housing units. This is reasonable due to the location of the low- and moderate-income geographies in relation to the bank's office locations (refer to market profile in Appendix B).

Since a very limited number of home improvement loans and multi-family loans were made during the evaluation period, a geographic distribution analysis of those products would not be meaningful.

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

Refer to Table 6 in Appendix C for the facts and data used to evaluate the geographic distribution of the bank's origination/purchase of small loans to businesses.

The bank's geographic distribution of small loans to businesses was adequate. HB Glencoe made no small loans to businesses in the low-income geographies. This is reasonable since less than 1 percent or 75 of the businesses within the AA are located in low-income geographies. The 0.75 percent of small loans to businesses in the moderate-income geographies was lower than the 2.89 percent of businesses located in those geographies.

This is reasonable due to the location of the low- and moderate-income geographies in relation to the bank's office locations (refer to market profile in Appendix B).

### ***Consumer Loans***

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

The geographic distribution of consumer loans was adequate. Although HB Glencoe made no consumer loans in the low-income geographies, less than 1 percent or 1,792 of the households within the AA are located in these geographies. The bank's 0.16 percent of consumer loans in moderate-income geographies was lower than the 4.90 percent of households in those geographies. This is reasonable due to the location of the low- and moderate-income geographies in relation to the bank's office locations (refer to market profile in Appendix B).

### **Lending Gap Analysis**

Maps and reports detailing HB Glencoe'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, small loans to businesses, and consumer loans originated/purchased by HB Glencoe over the evaluation period were within its AA. Forty-four percent of the bank's home mortgage loans, 58 percent of the small loans to businesses and 81 percent of the consumer loans were within the bank's AA. 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 Glencoe'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 Glencoe's home mortgage loans, small loans to businesses, and consumer loans reflected a good dispersion 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 good. HB Glencoe's 2.28 percent of home purchase loans made to low-income borrowers was less than the 9.08

percent of low-income families living in the AA. Considering that approximately 4 percent of the households living in the bank's AA were below the poverty level, the very high median home value in the bank's AA was a barrier to home ownership for low-income borrowers. Other factors that contributed to the limited opportunities for affordable housing were the limited availability of land, lack of incentive for developers, and the trend to tear down existing housing and replace it with new, larger and more expensive construction. The bank's 13.69 percent of home purchase loans to moderate-income borrowers exceeded the 13.40 percent of moderate-income families in the bank's AA.

Home refinance loan borrower distribution was adequate. The bank's 2.16 percent of home refinance loans to low-income borrowers was below the 9.08 percent of low-income families living in the AA. Similarly, the 7.36 percent of home refinance loans made to moderate-income borrowers was also below the 13.40 percent of moderate-income families living in the AA. However, because of the very high cost housing, only a small percentage of low- and moderate-income families own their own homes. This limits the banks home refinance lending opportunities to these borrowers.

Since a very limited number of home improvement loans were made during the evaluation period, a borrower distribution analysis of that product would not be meaningful.

### ***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 45.69 percent of HB Glencoe's small loans to businesses with revenues of \$1 million or less was below the 83.41 percent of businesses that are defined as such. However, 2000 peer small business data show that 61 percent of small loans to small businesses in the AA have average loan amounts of \$10 thousand or less. Credit card lenders 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 good. The 6.92 percent of HB Glencoe's consumer loans made to low-income borrowers was less than the 12.65 percent of low-income households in the AA. This is reasonable considering that approximately 4 percent of the households living in the bank's AA were below the poverty level. HB Glencoe's 12.50 percent of consumer loans to moderate-income borrowers substantially met the 12.60 percent of moderate-income households in the AA. Almost 56 percent of the consumer loans were represented by home equity loans and because of the very high cost of housing, only a small percentage of low- and moderate-income borrowers could afford to own their homes. This limits the bank's home equity loan lending opportunities to these borrowers.

## 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 (CD) lending. Because HB Glencoe 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 Glencoe 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 Glencoe originated the following loans for community development:

- A \$2.5 million working capital loan to a not-for-profit social service agency in Buffalo Grove, Illinois. The agency provides a variety of social services primarily to low- and moderate-income families. Services include day care centers, recreational and educational programs for developmentally challenged children and their families, camps for physically challenged youths and adults, and interaction programs for youths from different socio-economic backgrounds and races in learning to accept diversity.
- A \$1.6 million construction line of credit to a local not-for-profit developer of permanent low- and moderate-income housing. The construction loan will be used to build a 60-unit affordable housing complex for low- and moderate-income senior citizens. The land to build the complex was contributed by the City of Highland Park. The city in return will receive 12 one-bedroom rental units, which will be rented out by an agency of the city to senior citizens. The housing will first be offered to low- and moderate-income seniors.
- A \$1.5 million loan to purchase an 80-unit single room occupancy apartment building in Chicago, Illinois. HUD has designated the subject property as Class 2 property, which stipulates that 90 percent of the units must be single room and the monthly rent shall not exceed \$445. The subject property complies with all HUD rental guidelines. The loan provides regional benefit for affordable housing in an area of Chicago where rental opportunities are limited and the median cost of housing is increasing.
- Two loans totaling \$1 million to purchase a multi-purpose building providing commercial and residential facilities. The property is located in downtown Winnetka with storefront commercial space and eight residential apartments. The rents charged for the residential apartments, \$650-\$735, are considered affordable especially in view of the desired location in an area providing very limited affordable housing.
- A loan for \$757 thousand to a condominium association in Des Plaines, Illinois, to finance common element repair projects. Condominiums in the project have sold at an average price of \$98 thousand. The project is considered affordable in view of the limited opportunities and high median cost of housing in the AA.
- Three loans totaling \$741 thousand to a local not-for-profit corporation with facilities in the bank's AA. The corporation provides housing and support services to low- and moderate-income adults who suffer from chronic mental illness. The beneficiaries live on fixed

incomes provided by Social Security or other federal and state agencies. All the housing costs incurred by the residents are fully reimbursed by a state agency.

- A \$500 thousand loan to a townhouse association in Round Lake Beach, Illinois to finance general repair and remodeling. Once completed, the condominium values are expected to be in the range of \$85 thousand to \$95 thousand. The project is considered affordable in view of the limited opportunities and high median cost of housing in the AA.
- A \$250 thousand loan to refinance an eight-unit apartment building in Franklin Park, Illinois. The building is not in the bank's AA but it is located in a contiguous geography. The loan provides regional benefit for affordable housing in light of \$673 average rents being charged for apartments in an area where rental opportunities are limited and the median cost of housing is high.
- A \$5 thousand loan to a micro loan pool in Lake County, Illinois. The pool provides loans to small businesses and start-up businesses to support job creation and retention of low- and moderate-income individuals.

## INVESTMENT TEST

### Conclusions for Areas Receiving Full-Scope Reviews

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

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 Glencoe exhibited an excellent level of 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 provide the most direct benefit to its AA.

HB Glencoe provided qualified investments within its AA through cash contributions, grants, and purchases of securities. Qualifying investments totaled over \$3.1 million. Specific noteworthy investments included:

- HB Glencoe 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.
- HTSB allocated to HB Glencoe a 16 percent (\$1.6 million) investment in four mortgage-backed securities totaling \$9.7 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 Glencoe's AA.
- HB Glencoe purchased \$250 thousand of two bond issues for Lake County, Illinois Community Unit School District Number 187 North Chicago. The bonds were used for operating expenses for the District. More than 60 percent of the student population of the school district is low-income.

Additional donations and grants were provided to organizations with a community development focus. HB Glencoe contributed to 22 different community development organizations, totaling \$58 thousand during the evaluation period.

Several prior period investment securities are recognized during this evaluation period. They include allocated portions of 14 mortgage back security pools, with an outstanding balance of \$695 thousand.

## **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 Glencoe has a good distribution of delivery systems that are accessible to individuals and reasonably accessible to geographies of different income levels in the AA. The bank has three branch office locations, all of which are in upper-income geographies. Although there are no branches in low- or moderate-income geographies within the bank's AA, the percentage of the population that is located in low- and moderate-income geographies is 0.46 percent and 6.57 percent, respectively. The bank's lending activity showed that it served individuals of all income levels. As discussed in the Lending Test section, the bank had a good dispersion of home mortgage loans and a good dispersion of consumer loans to borrowers of different income levels, including low- and moderate-income borrowers. The bank has not opened or closed any branch locations during the evaluation period.

Although the hours of HB Glencoe's office locations vary slightly, the differences do not negatively impact low- or moderate-income individuals. The main office and the Northbrook Central lobbies are open Monday through Friday from 8:30 a.m. to 5:00 p.m. and on Saturday from 8:30 a.m. to 1:00 p.m. The main office drive-up is open Monday through Friday from 7:30 a.m. to 6:30 p.m. and on Saturday from 7:30 a.m. to 4:00 p.m. Northbrook Central does not have a drive-up facility. The Northbrook East location has the same Monday through Friday hours for the lobby and drive-up as the main bank. On Saturdays, the lobby is closed and the drive-up is open from 7:30 a.m. to 1:00 p.m. There are no differences in the products and services available at the different locations.

#### **Alternative Delivery Systems**

HB Glencoe 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 in low- and moderate-income geographies or by low- and moderate-income individuals; therefore, significant weight was not placed on these delivery systems when drawing our CRA performance conclusions.

HB Glencoe operates four ATMs, all of which take deposits. The main location and Northbrook East branch each have one ATM, while Northbrook Central has two. 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 Glencoe 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 Glencoe's performance in providing CD services in its AA is good. Bank management invests numerous hours in community development programs targeted to low- and moderate-income individuals, positively impacting the Service Test rating. 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 Glencoe provided during this evaluation period.

- HB Glencoe conducted three Homeseeker seminars for first time homebuyers. 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.
- The bank led four Better Business Bureau sponsored seminars related to predatory lending aimed at senior citizens in the AA. They also participated in a North Shore Landlords meeting designed to inform the landlords of the advantages of accepting Section 8 low-income families.
- Lake County Affordable Housing Corporation trained an HB Glencoe mortgage originator in the corporation's down payment and buy-down assistance programs. In turn, this mortgage originator trained additional Harris Bank originators in the region. These employees assist in qualifying customers for the organization's programs.
- A bank director is a board member and the assistant treasurer of the North Shore Senior Center. Another bank employee helps with fundraising and financial reviews. This organization provides critical social services for senior citizens and their families. The Center approximates that at least one-half of its clientele are low- and moderate-income individuals.
- A bank officer is a board member and co-treasurer of the Family Services of Glencoe. This organization provides community services targeted to low- and moderate-income individuals in the bank's AA. Approximately 75 percent of those aided have low or moderate incomes.
- A bank officer is a board member and on the finance committee of Neighborhood Housing Services (NHS). NHS is a not-for-profit organization working to increase home ownership among low- and moderate-income individuals, as well as provide neighborhood revitalization in low- and moderate-income geographies within the Chicago MA, including the bank's AA.
- A bank officer helps with fundraising for the Committee for Senior Housing Aid in Glencoe. This organization provides housing grants to low- and moderate-income senior citizens.

- A bank director is the chairman of the corporate advisory board of Family Services of South Lake County. This organization provides funding for social services directed at low- and moderate-income individuals in Lake County. The director offers his financial expertise to the organization to help develop more affordable housing in Lake County.
- Harris 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

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 Glencoe-Northbrook, N.A. (HB Glencoe) Glencoe, 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 and Lake 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 and Lake Counties in Chicago MA ..... B-2

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

### Portions of Cook and Lake Counties in Chicago MA

Demographic Information for Full-Scope Area: Portions of Cook and Lake Counties in Chicago MA						
Demographic Characteristics	#	Low % of #	Modera te % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts/BNAs)	223	0.90	5.38	31.39	62.33	0.00
Population by Geography	1,102,811	0.46	6.57	31.99	60.97	0.00
Owner-Occupied Housing by Geography	294,515	0.13	2.93	30.63	66.31	0.00
Businesses by Geography	54,932	0.14	2.89	28.74	68.24	0.00
Farms by Geography	999	0.10	3.00	26.53	70.37	0.00
Family Distribution by Income Level	294,601	9.08	13.40	21.63	55.89	0.00
Distribution of Low- and Moderate-Income Families throughout AA Geographies	66,231	1.42	12.53	45.99	40.05	0.00
Median Family Income HUD Adjusted Median Family Income for 2001 Households Below the Poverty Level	= \$42,758 = \$70,500 = 4.13%	Median Housing Value Unemployment Rate		=\$179,134 = 1.74%		

(\*) 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 223 geographies located in northern Cook and southeastern Lake Counties in northeastern Illinois. There are two (1 percent) low-income, 12 (5 percent) moderate-income, 70 (32 percent) middle-income, and 139 (62 percent) upper-income geographies in the AA. Both low-income and 10 of the moderate-income geographies are located on the outer edges of the AA, between 16 and 23 miles from the bank's office locations. These geographies are located in North Chicago, Waukegan Township, and Avon Township. The other two moderate-income geographies are located in Evanston about seven miles from the bank's office location, and in Glenview at the site of the former Glenview Naval Air Station that has since been closed. HB Glencoe's AA meets the requirements of the CRA regulation and does not arbitrarily exclude low- or moderate-income areas.

The AA is quite diverse. It includes communities among the highest per capita income in the United States in northern Cook County and communities of more modest means in northern Lake County. The Glencoe-Northbrook area with its surrounding suburbs is considered part of Chicago's affluent North Shore, which borders Lake Michigan. This area is considered one of the most exclusive in the Chicago MA. The northern Lake County portion of the assessment area is less prosperous and includes the communities of Waukegan and North Chicago, which

contains Great Lakes Naval Training Center, the Navy's largest recruit training center.

The 2001 HUD adjusted median family income for the Chicago MA is \$70,500, an increase of 65 percent from the 1990 median family income. Current income estimates for the Glencoe-Northbrook communities are over six figures. The *Chicago Tribune* lists the 2001 estimated median income for Glencoe and Northbrook at \$223,725 and \$140,724, respectively, and the median income for North Chicago and Waukegan as \$45,442 and \$57,134, respectively.

There is very limited undeveloped land, and tearing down older homes and replacing them has become the current trend. The AA has slightly newer housing stock, a lower percentage of rental units, and higher housing costs than the overall MA.

The large majority of housing is owner occupied (71 percent). Only 25 percent are occupied rental units. Home prices can vary significantly in this AA. The *Illinois Realtors Association* reported the median price of single-family homes for the North Shore through the first six months of 2001 was \$403,800. Homes in some communities, such as Glencoe, Kenilworth, Highland Park and Lake Forest cost in the millions. In fact, an "Elite Home Index" was published in *The Wall Street Journal* on March 22, 2002, which ranked Glencoe and Lake Forest in the top 10 towns in the nation. According to the *Chicago Tribune*, median home prices through the first quarter of 2001 in North Chicago and Waukegan were \$92,000 and \$116,500 respectively. While the home prices in these latter communities are more affordable to low- and moderate-income borrowers, they are further away from the bank's office locations.

There are limited opportunities for first time or entry-level homebuyers in the local housing market. Considering the highest income level for low- and moderate-income borrowers, a mortgage rate of 6.9 percent for 2001, Fannie Mae guidelines and a conservative amount included for taxes and insurance, the most a low-income or moderate-income family could afford would be \$109,500 and \$177,000 respectively.

The communities within the North Shore are residential/bedroom communities with retail and specialty shopping districts that cater to area residents. Many residents commute into larger metropolitan (Chicago) and other local office complexes (Northbrook) to work. The few corporations in the AA with headquarters or large offices include: Allstate Insurance, Abbott Laboratories, Baxter International, and Accenture. Eighty-three percent of the businesses in the area have gross revenues of less than \$1 million. The primary industry is services (46 percent), followed by retail trade (17 percent), and finance, insurance and real estate (9 percent).

The 2001 unemployment rate for Cook County was 5.9 percent, which was slightly higher than the Chicago MA at 5.4 percent. Lake County's unemployment rate was lower at 4.6 percent. However, North Chicago and Waukegan had unemployment rates that were amongst the highest within the MA, at 10.0 percent and 7.5 percent, respectively.

HB Glencoe'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 LaSalle Bank, N.A., Bank One, N.A., Northern Trust, North Shore Community Bank and Trust, Success National Bank, First Bank of Highland Park, and Glenview State Bank. The bank views these financial institutions as competitors because of

their lending profiles and strategic approach. However, several banks within the AA are similarly situated in terms of size, financial condition, product offerings and business strategy. These include First Bank of Highland Park, Glenview State Bank, Lake Forest Bank and Trust, and North Shore Community Bank.

## 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 GLENCOE				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 and Lake Counties in Chicago MA #1600</b>																								
	100	579	170,679	267	51,313	0	0	12	8,866	858	230,858	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 GLENCOE				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 and Lake Counties in Chicago MA #1600</b>																								
	100.00	643	112,953	0	0	359	93,057	60	1,205	0	0	48	10,221	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 GLENCOE		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 and Lake Counties in Chicago MA #1600</b>					
	176	8,470	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 GLENCOE		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 and Lake Counties in Chicago MA #1600</b>															
	295	100.00	0.13	0.34	2.93	0.34	30.63	17.29	66.31	82.03	0.10	0.00	0.00	0.05	0.13

\* 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 GLENCOE				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 and Lake Counties in Chicago MA #1600</b>															
	19	100.00	0.13	0.00	2.93	0.00	30.63	15.79	66.31	84.21	0.17	0.00	0.00	0.18	0.18

\* 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 GLENCOE				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 and Lake Counties in Chicago MA #1600</b>															
	256	100.00	0.13	0.00	2.93	0.78	30.63	19.92	66.31	79.30	0.09	0.00	0.00	0.13	0.08

\* 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 GLENCOE				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**	% 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 and Lake Counties in Chicago MA #1600</b>															
	9	100.00	0.73	0.00	5.09	0.00	45.96	0.00	48.23	100.00	0.90	0.00	0.00	0.00	3.33

\* 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 GLENCOE				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 and Lake Counties in Chicago MA #1600</b>															
	267	100.00	0.14	0.00	2.89	0.75	28.74	17.23	68.24	82.02	0.24	0.24	0.11	0.12	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.

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

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

Geographic Distribution: SMALL LOANS TO FARMS			Geography: HB GLENCOE				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 and Lake Counties in Chicago MA #1600</b>																
	0	0.00	0.10	0.00	3.00	0.00	26.53	0.00	70.37	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 GLENCOE				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 and Lake Counties in Chicago MA #1600</b>																
	295	100.00	9.08	2.28	13.40	13.69	21.63	16.35	55.89	67.68	0.03	0.06	0.00	0.00	0.06	

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

\*\* As a percentage of loans with borrower income information available. No information was available for 20.55% 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 GLENCOE						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 and Lake Counties in Chicago MA #1600</b>															
	19	100.00	9.08	0.00	13.40	11.76	21.63	0.00	55.89	88.24	0.18	0.00	0.38	0.00	0.23

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

\*\* As a percentage of loans with borrower income information available. No information was available for 16.67% 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 GLENCOE						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 and Lake Counties in Chicago MA #1600</b>															
	256	100.00	9.08	2.16	13.40	7.36	21.63	17.32	55.89	73.16	0.01	0.00	0.00	0.00	0.03

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

\*\* As a percentage of loans with borrower income information available. No information was available for 7.39% 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 GLENCOE		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 and Lake Counties in Chicago MA #1600</b>									
	267	100.00	83.41	45.69	54.68	19.10	26.22	0.24	0.28

\* 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 5.53% 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 GLENCOE		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 and Lake Counties in Chicago MA #1600</b>									
	0	0.00	86.19	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% 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 GLENCOE				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 and Lake Counties in Chicago MA #1600</b>																		
	643	100.00	0.45	0.00	4.90	0.16	34.12	12.60	60.54	87.25	12.65	6.92	12.60	12.50	19.18	9.81	55.57	70.77

\* 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 GLENCOE				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 and Lake Counties in Chicago MA #1600</b>									
	14	695	29	2,410	43	3,105	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 GLENCOE 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 and Lake Counties in Chicago MA #1600</b>																	
	100.00	3	100.00	0	0	0	100.00	0	0	0	0	0	0	0.46	6.57	31.99	60.97