

Public Disclosure

November 6 , 1997

Community Reinvestment Act Performance Evaluation

**National Bank of the Great Lakes
Charter No. 22894**

**140 Industrial Drive
Elmhurst, IL 60126**

Office of the Comptroller of the Currency

**One Financial Place, Suite 2700
440 S. LaSalle Street
Chicago, IL 60605**

Note: This evaluation is not, nor should it be construed as, an assessment of the financial condition of this institution. The rating assigned to this institution does not represent an analysis, conclusion, or opinion of the federal financial supervisory agency concerning the safety and soundness of this financial institution.

General Information

The Community Reinvestment Act (CRA) requires each federal financial supervisory agency to use its authority when examining financial institutions subject to its supervision, to assess the institution's record of meeting the credit needs of its entire community, including low- and moderate-income neighborhoods, consistent with safe and sound operation of the institution. Upon conclusion of such examination, the agency must prepare a written evaluation of the institution's record of meeting the credit needs of its community.

This document is an evaluation of the CRA performance of the National Bank of the Great Lakes (NBGL) prepared by the Office of the Comptroller of the Currency (OCC), the institution's supervisory agency, as of November 6, 1997. The agency evaluates performance in assessment area(s), as they are delineated by the institution, rather than individual branches. This assessment area evaluation may include visits to some, but not necessarily all of the institution's branches. The agency rates the CRA performance of an institution consistent with the provisions set forth in appendix A to 12 CFR part 25.

Institution's CRA Rating: This institution is rated "Satisfactory record of meeting the needs of the community."

This rating is based upon the number (17) and dollar amount (\$3 million) of community development activities in which the bank and its affiliates are involved. Although only two activities are considered complex and not routinely provided by private resources, given the limited existence (20 months) of the bank, the level and types of activities provide evidence that the NBGL is in compliance with the intent of the Act.

This is the first Performance Evaluation of this institution.

Description of Institution

The NBGL is a limited purpose bank as defined in the Community Reinvestment Act as amended May 4, 1995. Being defined as a limited purpose bank for CRA means that the bank is evaluated under the community development test. The OCC approved this designation. The designation became effective on February 4, 1996, the date the bank was chartered.

The NBGL is a credit card bank authorized to engage only in activities described by the Bank Holding Company Act of 1956, as amended by the Competitive Equality Banking Act of 1987 (CEBA). As such, the bank does not accept deposits from the public. It extends credit exclusively to customers of Boston Store, Bergner's, and Carson Pirie Scott in the form of credit card loans. By law, the NBGL is not permitted to make any other type of loans. The bank is a wholly owned subsidiary of Carson Pirie Scott & Company, which owns and operates fifty-two department stores and four furniture stores in Illinois, Indiana, Minnesota, and Wisconsin. The holding company is located in Milwaukee, Wisconsin.

The bank has only one facility, located in the city of Elmhurst, Illinois. Generally, a CEBA credit card bank's total assets are modest as credit card account receivables are packaged and used to securitize an investment. The investment is then sold. Currently, the NBGL maintains its receivables on its balance sheet. As of June 30, 1997, total assets were \$272 million with 90% being represented by credit card account receivables. Net income for 1996 totaled \$10 million. At June 30, 1997, year-to-date 1997 net income totaled \$5.9 million.

Description of Assessment Area

The NBGL's assessment area (AA) consists of Cook County, Illinois and the City of Elmhurst, located in DuPage County, Illinois. The bank's head office (only facility) is located in Elmhurst, which is contiguous to Cook County. The bank expanded its AA to include Cook County since there are no low- or moderate-income areas in the city of Elmhurst. The AA is contained in the Chicago MSA and includes 1,359 census tracts and 1,266,400 families. Table 1 displays the number of tracts and families by income level.

Table 1
Tracts and Families by Income Level

	Low-Income		Moderate-Income		Middle-Income		High-Income		N/A		Total	
	Count	%	Count	%	Count	%	Count	%	Count	%	Count	%
Census Tracts	272	20	340	25	482	35	242	18	23	2	1,359	100
Families (000)	303	24	234	18	294	23	435	35	0	0	1,266	100

Source: 1990 US Census Data

The table shows that approximately 45% of the AA consists of low- and moderate-income census tracts. Separately, the table discloses that 42% of the families within the AA are considered low- and moderate-income.

The estimated median family income of the AA is \$41,400. Housing units total 2,035,000 with 65% of these being 1-4 family units. Rental occupied units total 838,000 and represent 41% of total housing units. The median average housing cost is \$122,000 with the median average year built being 1953.

Management's contact with community representatives is limited to discussions with a minority owned bank located in the City of Chicago. The minority owned bank has a Community Development Corporation and is in tune with the needs of the NBGL's AA. Credit needs identified by NBGL through these discussions include affordable housing and stabilizing communities through economic development. These needs are consistent with those voiced by the two groups (one housing and one economic development) we contacted as part of the examination as well as reviewing four other community contacts (two housing and two economic development) made by other regulatory agencies.

Conclusions about Performance

The bank provides community development investments and community development services to help meet the credit needs of its assessment area. Seventy-six percent of the number (13 out of 17) and 45% of the dollar amount (\$1.4 million out of \$3 million) of the NBGL's community development activities are inside its assessment area. The remainder of the activities are centered in the greater Milwaukee, Wisconsin area. Table 2 outlines the community development activities made directly by the bank and indirectly, through its affiliates.

Table 2
Community Development Activity

Type of Activity	Number	Dollars in 000's	Direct		Indirect (provided by affiliates)	
			Number	Amt	Number	Amt
Community Development Investments	15	2,925	1	100	14	2,825
Community Development Service	2	150	1	0	1	150

Source: Internal reports

Table 2 shows that of the 15 community development investments, one is provided directly by the bank. Additionally, one of the two community development services is provided directly by the bank. The remaining community development activities are provided through affiliates: Carson Pirie Scott Foundation and Carson Pirie Scott & Company.

Listed below are the community development activities with a synopsis of the missions of each entity as well as a summary detailing the type, amount and source of investment or service. The activities are grouped by those performed within the AA and outside the AA in order to provide a perspective on where the various activities occur.

Community Development Activities INSIDE the Assessment Area

QUALIFIED INVESTMENTS:

The bank and its affiliates made ten qualified investments inside the assessment area totaling \$1.2 million. The only qualified investment deemed to be complex and not routinely provided by private investors is the in-kind contribution of clothing to a non-profit organization involved in community services targeted to low- and moderate- income individuals. The amount of clothing collected by the affiliate in order to generate such a high dollar figure takes a significant level of organization, time and commitment.

- Deposit by bank (NBGL) in minority-owned financial institution - amount: \$100,000

- Deposit by affiliate (Carson Pirie Scott Foundation) in minority-owned financial institution - amount: \$100,000
- Contribution by affiliate (Carson Pirie Scott Foundation) in minority-owned CDC - amount: \$15,000
- Contribution by affiliate (Carson Pirie Scott & Company) to a community service organization - amount: \$75,000

The organization contributes to activities that revitalize or stabilize low- or moderate-income areas and assist the low- and moderate-income individuals of the areas. All contributions reflect the estimated non-administrative portion of funds invested in community development-related investments and services targeted to low- and moderate-income individuals

- In-kind Contribution by affiliate (Carson Pirie Scott & Company) to a service organization - amount: \$924,000

The organization provides community services to low- and moderate- income individuals; activities include a clothing drive, providing potential customers with incentives to donate old clothing, which were donated to the company. The company calculates the dollar amount provided based on number of clothes donated and estimated use of the clothing.

- In-kind Contribution by affiliate (Carson Pirie Scott & Company) to a food depository, Amount: \$6,000

The food depository serves 326,000 people, or 6.39% of Cook County residents, who regularly rely on emergency feeding programs served by this depository. Seventy-six percent of these households have less than \$10,000 in annual income.

- Contribution by affiliate (Carson Pirie Scott & Co. and Carson Pirie Scott Foundation) to a care facility - amount: \$11,000

The facility serves approximately 20,000 people. It specifically targets low- and moderate-income areas of Chicago. The facility provides after-school day care centers located in these low- and moderate-income areas.

- Contribution by affiliate (Carson Pirie Scott & Co.), to a community organization - amount: \$7,000

The non-profit organization supports activities that promote community development in low- and moderate-income areas and to low- and moderate-income individuals.

- Contribution by affiliate (Carson Pirie Scott & Co.) to a housing group - amount: \$1,000
This group helps build affordable housing and is involved in activities that revitalize and stabilize

low- and moderate-income geographies.

- Contribution by affiliate (Carson Pirie Scott & Co.) to a mission - amount: \$1,000

The mission individuals and families pursue self-sufficiency, enhance personal growth and encourage social development by providing preventive, educational and supportive services. Of the approximately 6,500 clients served each year, over 90% are low- and moderate-income.

COMMUNITY DEVELOPMENT SERVICES:

Three community development services were provided inside its assessment area totaling \$150,000. Neither of these services are considered to be innovative or complex.

- Employees of Carson Pirie Scott & Co. contributed money to a community service organization through voluntary payroll deductions - amount: \$150,000

This non-profit organization contributes to activities that revitalize or stabilize low- or moderate-income geographies and assist the low- and moderate-income individuals of the area. All contribution amounts reflect the estimated non-administrative portion of said contributions that were invested in community development-related investments and services targeted to low- and moderate-income individuals.

- The President of the NBGL provides technical expertise to the Consumer Credit Counseling Services of Greater Chicago as a member of the board of directors and treasurer. This organization provides credit counseling for low- and moderate-income individuals.

Community Development Activities OUTSIDE the Assessment Area

QUALIFIED INVESTMENTS:

Five qualified investments were made outside the assessment area totaling \$1.7 million. All are considered to be routine and provided by private investors with the exception of the in-kind contribution to a non-profit organization involved in community services targeted to low- and moderate- income individuals. The amount of clothing collected by the affiliate in order to generate such a high dollar figure takes a significant level of organization, time and commitment.

- Contribution by affiliate (Carson Pirie Scott & Company) to a non-profit service organization - amount: \$430,000

The non-profit organization is involved in community services targeted to low- and

moderate- income individuals of the area. All contributions reflect the estimated non-administrative portion of said contributions that were invested in community development-related investments and services targeted to low- and moderate-income individuals.

- In-kind contribution by affiliate (Carson Pirie Scott & Company) to a non-profit service organization - amount: \$1.2 million

This company is involved in community services targeted to low- and moderate- income individuals. The company organized a clothing drive, providing potential customers with incentives to donate old clothing. These clothes were then donated to the community. The dollar amount provided was calculated by the organization based upon their formula using number of clothes donated and estimated usage of that clothing.

- Contribution by affiliate (Carson Pirie Scott & Company) to an Urban League - amount: \$5,000

This organization's priorities include providing employment and training services to economically disadvantaged people and economic development of low- and moderate-income areas through job placement for local businesses.

- Contribution by affiliate (Carson Pirie Scott & Company) to a non-profit community service organization - amount: \$3,000

The priority of this organization is to provide guidance through education to children and teens for job placement to escape poverty. Seventy percent of the club's members come from families earning less than \$15,000 annually.

- Contribution by affiliate (Carson Pirie Scott & Company) to non-profit housing and service center in Milwaukee - amount: \$2,000.

The center's mission statement is to reduce and help eliminate the effects of poverty on individuals and families. One hundred percent of the people served last year were economically disadvantaged.

Fair Lending

We did not identify violations of the antidiscrimination laws and regulations. We conducted a review of the bank's level of compliance with fair lending laws through an analysis of the procedures and practices used to manually approve individuals whose credit scores would indicate preliminary declination and manually decline individuals whose credit scores would indicate preliminary approval on a prohibited basis.

Appendix A – Scope of Examination

Scope of Examination

Time period reviewed	2/4/96 to 10/23/97		
Financial Institution National Bank of the Great Lakes		Products Reviewed Community Development Investments; Community Development Services	
Affiliate(s)	Affiliate Relationship	Products Reviewed	
Carson Pirie Scott & Co.	Bank Holding Company	Community Development Investments; Community Development Services	
Carson Pirie Scott Foundation	Holding Co. Subsidiary	Community Development Investments; Community Development Services	
List of Assessment Areas and Type of Examination			
Assessment Area	Type of Exam	Branches Visited	Other Information
Cook County, IL and the City of Elmhurst, IL, DuPage County contiguous to Cook County MSA 1600	On-site	No branches exist	None