



LARGE BANK

Comptroller of the Currency
Administrator of National Banks

Washington, DC 20219

Public Disclosure

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Community Reinvestment Act Performance Evaluation

**Harris Bank Elk Grove, N.A.
Charter Number: 15916**

**500 East Devon Avenue
Elk Grove Village, Illinois 60007**

Office of the Comptroller of the Currency

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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 Elk Grove, N.A. with respect to the Lending, Investment, and Service Tests:

Performance Levels	Harris Bank Elk Grove, N.A. Performance Tests		
	Lending Test*	Investment Test	Service Test
Outstanding			
High Satisfactory	X	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 Elk Grove, 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 an excellent level of 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 Elk Grove, N.A.’s geographic distribution of loans is good. The bank had an adequate level of home mortgage and an excellent level of small loans to businesses and consumer lending in moderate-income geographies.
- Harris Bank Elk Grove, 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 Elk Grove, N.A. has a good 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 Elk Grove, N.A. (HB Elk Grove) is an intrastate bank headquartered in Elk Grove Village, Illinois. It is located in the Chicago MA, immediately west of O'Hare International Airport, approximately 17 miles northwest of downtown Chicago. HB Elk Grove 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, the Bankmont Financial Corporation is the 31st largest banking organization in the United States. The combined assets of the Harris Bank group 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 Bank's 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 Elk Grove had \$150 million in total assets and \$137 million in deposits. This is the 21st largest bank of the Harris Bank, excluding HTSB. HB Elk Grove has one branch and two ATM locations in Elk Grove Village, Illinois.

HB Elk Grove is a full-service bank, offering various loan and deposit products. HB Elk Grove offers the standardized consumer deposit and loan products of the Harris Bank. In 1997 and 1998, Harris Bank consolidated the permanent financing mortgage business of all of its banks into one operation housed at HTSB. Mortgage applications taken at the bank are referred to and processed by one of HTSB's Regional Operations Centers (ROCs). Mortgage applications denied by the ROCs can be overridden and reported on the referring bank's books. For the purpose of 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 Elk Grove has been primarily a retail bank making home mortgage loans. As of December 31, 2001, net loans at \$103 million represented 69 percent of total assets. Of the total loan portfolio, real estate loans of \$80 million represent 77 percent, consumer loans of \$12 million represent 12 percent, commercial loans of \$8 million represent 8 percent, and other loans and leases of \$3 million represent 3 percent. Agricultural lending is not a primary business line of the bank.

There were no legal factors that impeded HB Elk Grove's ability to help meet the credit needs of the communities it serves.

A challenge that faced the management of HB Elk Grove in 2001 resulted from the controversy over the O'Hare International Airport expansion. Anti-expansion municipalities (Elk Grove Village, Bensenville, and Wood Dale) withdrew a significant amount of deposits from HB Elk Grove to protest the bank's support of the O'Hare expansion. The airport issue, in conjunction with the closure of the Nerge Road branch, and new de novo competition contributed to the loss of deposits and reduction in mortgage and consumer loans in 2000 and 2001. As of December 31, 2001, HB Elk Grove reported Tier One capital of \$12 million.

HB Elk Grove was rated "Satisfactory" at its last CRA evaluation dated October 18, 1996.

Scope of the Evaluation

Evaluation Period/Products Evaluated

We reviewed HB Elk Grove'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 October 1, 1996 through December 31, 2001. Community development loans were reviewed from October 18, 1996 to May 20, 2002.

Our review of investments included an analysis of the investment portfolio and the donations and grants made between October 18, 1996 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 Elk Grove's lending and investment performance, the home mortgage and investment activities of its affiliate, HTSB, were considered to the extent the loans and investments were allocated to the bank by HTSB, were located in the bank's AA, and were not included in any other affiliate's data.

Our evaluation of bank services included analyzing the bank's branch and ATM network for the availability and effectiveness of delivering retail banking services. We analyzed the effect of changes in branch locations since our previous CRA examination. We also considered the extent and innovativeness of the bank's community development services in meeting the credit needs of its AA. This analysis covered the period between October 18, 1996 and May 20, 2002.

Data Integrity

We verified a representative sample of HB Elk Grove'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 Elk Grove'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 Elk Grove 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 Elk Grove 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 Elk Grove's one AA. The AA consists of 66 geographies in Cook and DuPage Counties, all within the Chicago MA.

Ratings

HB Elk Grove'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 five community contacts that related specifically to HB Elk Grove'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. Also, the contacts indicated that banks should provide financial education.

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 October 1996.

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 Elk Grove to the credit needs of its AA.

During the evaluation period, HB Elk Grove made 1,524 home mortgage loans, small loans to businesses, and consumer loans totaling \$128 million. Approximately 39 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 34 percent and small loans to businesses represented 27 percent of the total. Small loans to farms are not a primary business line of HB Elk Grove 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 70 percent, other unsecured loans comprised 18 percent, other secured loans comprised 7 percent, and automobile loans comprised 5 percent of the consumer loans originated/purchased.

Among home mortgage loans originated/purchased, approximately 24 percent were for home purchase, 54 percent for home refinance, 21 percent for home improvement, and 1 percent for multi-family loans.

HB Elk Grove's lending activity was good in its AA. According to the FDIC's June 30, 2001 deposit market share report, HB Elk Grove had a 0.09 percent deposit market share and ranked 133rd out of 242 FDIC insured financial institutions with branches in Cook and DuPage Counties. Based on 2000 peer mortgage data, HB Elk Grove had a market share of 0.09 percent and ranked 128th of 368 lenders making home purchase loans, a market share of 0.11 percent and ranked 128th of 339 lenders making home refinance loans, and a market share of 0.80 percent and ranked 29th of 119 lenders making home improvement loans. The bank's market share increases to 0.28 percent for home purchase loans and to 0.32 percent for refinance loans when the HTSB allocated mortgage loans are included. Mortgage companies and large interstate commercial thrift institutions were significant lenders in the bank's AA, capturing 34 percent of the home purchase loan market and 37 percent of the home refinance loan market. Based on 2000 peer small business data, HB Elk Grove had a market share of 0.12 percent and ranked 64th of 315 lenders making small loans to businesses. The top two

lenders making small loans to businesses were a non-bank credit card company and a non-bank financial services company that captured 40 percent of the market.

Distribution of Loans by Income Level of the Geography

The geographic distribution of HB Elk Grove's home mortgage loans, small loans to businesses, and consumer loans reflected a good 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 no low-income and one moderate-income geography 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 Elk Grove made no home purchase loans in the one moderate-income geography in the AA during the evaluation period. The moderate-income geography is primarily an industrial park with limited owner-occupied housing units, 96 percent of which are mobile homes. The bank's performance is reasonable given the limited housing in this geography and the bank's lack of expertise in mobile home lending.

The geographic distribution of bank's home refinance loans was also adequate. HB Elk Grove made no home refinance loans in the one moderate-income geography during the evaluation period. The moderate-income geography is primarily an industrial park with limited owner-occupied housing units, 96 percent of which are mobile homes. The bank's performance is reasonable given the limited housing in this geography and the bank's lack of expertise in mobile home lending.

The geographic distribution of bank's home improvement loans was also adequate. HB Elk Grove made no home improvement loans in the one moderate-income geography during the evaluation period. The moderate-income geography is primarily an industrial park with limited owner-occupied housing units, 96 percent of which are mobile homes. The bank's performance is reasonable given the limited housing in this geography and the bank's lack of expertise in mobile home lending.

Since a very limited number of multi-family loans were made during the evaluation period, a geographic distribution analysis of this product 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 excellent. The percentage, 9.93 percent, of small loans to businesses in the moderate-income geography was significantly higher than the 3.00 percent of businesses located in that geography.

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 excellent. The 1 percent of consumer loans made in the moderate-income geography was higher than the 0.88 percent households in that geography.

Lending Gap Analysis

Maps and reports detailing HB Elk Grove'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

The majority of the home mortgage loans, small loans to businesses, and consumer loans originated/purchased by HB Elk Grove over the evaluation period were within its AA. Forty-eight percent of the bank's home mortgage loans, 68 percent of the small loans to businesses, and 62 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 Elk Grove'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 Elk Grove's home mortgage loans, small loans to businesses, and consumer loans reflected a good dispersion among borrowers of different income levels throughout the bank's AA. Because the bank's market share of home mortgage loans and small loans to businesses is not significant enough to perform a meaningful analysis, we did not consider market share data in evaluating the bank's borrower distribution of loans.

Home Mortgage Loans

Refer to Tables 8, 9, and 10 in Appendix C for the facts and data used to evaluate the borrower distribution of the bank's home mortgage loan originations and purchases.

The overall borrower distribution of home purchase loans was excellent. HB Elk Grove's 6.96 percent of home purchase loans made to low-income borrowers was lower than the 8.74 percent of low-income families living in the AA. This is excellent considering that 3 percent of the households in the AA are below the poverty level. The bank's 25.22 percent of home

purchase loans to moderate-income borrowers significantly exceeded the 14.72 percent of moderate-income families in the bank's AA.

Home refinance loan borrower distribution was excellent. The bank's 7.26 percent of home refinance loans to low-income borrowers was lower than the 8.74 percent of low-income families living in the AA. As indicated previously, this is excellent because 3 percent of the households in the AA are below the poverty level. The 19.66 percent of home refinance loans made to moderate-income borrowers was higher than the 14.72 percent of moderate-income families living in the AA.

Home improvement loan borrower distribution was adequate. The bank's 0.96 percent of home improvement loans to low-income borrowers was lower than the 8.74 percent of low-income families living in the AA. As indicated previously, 3 percent of the households in the AA are below the poverty level. The 11.54 percent of home refinance loans made to moderate-income borrowers was below the 14.72 percent of moderate-income families living in the AA.

Small Loans to Businesses

Refer to Table 11 in Appendix C for the facts and data used to evaluate the borrower distribution of the bank's origination/purchase of small loans to businesses.

The borrower distribution of small loans to businesses was adequate. The 52.30 percent of HB Elk Grove's small loans to businesses with revenues of \$1 million or less was below the 78.03 percent of businesses that are defined as such. However, the 2000 peer small business data shows that 61 percent of small loans to small businesses in the AA have average loan amounts of \$10 thousand or less and are made by credit card lenders that dominate the market with small business credit card products, with which the bank cannot compete.

Consumer Loans

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

Consumer loan borrower distribution was excellent. The 10.37 percent of HB Elk Grove's consumer loans made to low-income borrowers substantially met the 10.92 percent of low-income households in the AA, considering approximately 3 percent of the households in the bank's AA are below the poverty level. HB Elk Grove's 17.22 percent of consumer loans to moderate-income borrowers was significantly higher than the 13.82 percent of moderate-income households in the AA.

Community Development Lending

Refer to Table 1 Lending Volume in Appendix C for the facts and data used to evaluate the bank's level of community development lending. Because HB Elk Grove 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 Elk Grove extended an adequate amount of community development loans during the evaluation period. Therefore, CD lending had a neutral impact on the Lending Test conclusions for the AA.

During the evaluation period, HB Elk Grove originated the following loans for community development loans:

- Two loans totaling \$304 thousand to purchase and improve multi-purpose real estate to a not-for-profit corporation providing shelter and medical clinic services in Wood Dale, Illinois. The organization provides community services to low- and moderate-income individuals, such as individual and family counseling, shelter for victims of domestic violence and abuse, and various medical services including behavioral and mental health services.
- Two loans totaling \$239 thousand to a not-for-profit charity organization to purchase an apartment building in Schaumburg, Illinois. The organization provides transitional housing to low- and moderate-income individuals.
- Three loans totaling \$110 thousand to real estate limited partnerships. Although not located in the bank's AA, the partnerships are not-for-profit corporations sponsored by a local equity fund as an investment vehicle for institutions looking to receive investment credits under the Community Reinvestment Act. The funds provide equity financing for neighborhood projects targeted toward housing developments, historic preservations, and/or commercial centers that will revitalize and stabilize low- to moderate-income areas of the Chicago MA.
- Two loans totaling \$70 thousand to condominium associations in the bank's AA to pursue capital improvement projects. The average cost of these condominiums range from \$101 thousand to \$129 thousand, which is affordable for low- and moderate-income individuals.

INVESTMENT TEST

Conclusions for Areas Receiving Full-Scope Reviews

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

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 Elk Grove exhibited a good 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 devoted its efforts in contributing to those investments that provide the most direct benefit to its AA.

The bank provided qualified investments within its AA through cash contributions and grants, and purchases of securities. Qualifying investments totaled \$1.6 million. Specific noteworthy investments included:

- The bank invested \$350 thousand in a \$10 million revenue bond issued through the DuPage Housing Authority for the benefit of the Community Housing Association of DuPage (CHAD). The purpose of the bond was to refund all of CHAD's outstanding mortgage loans presently held by another financial institution on properties owned and operated by CHAD. Additionally, the bond was to purchase additional affordable housing stock, retire an existing \$700 thousand mortgage note held by the bank, retire an outstanding operating line of credit, and establish a property tax escrow against the properties owned by CHAD.

CHAD is a nonprofit corporation serving low-to moderate-income residents of DuPage County. It provides affordable housing to participants in the U.S. Department of Housing and Development's (HUD) Section 8 program as well as to other qualified low-and moderate-income residents of DuPage County.

- The bank purchased \$200 thousand of a \$5.9 million Government National Mortgage Association (GNMA) pool targeted for restructuring a mortgage loan originally for the construction and rehabilitation of Alden Village Health Facility in Bloomingdale, Illinois. Alden Village is a long term and transitional facility for patients with a moderate to profound cognitive disability. Services are designed for infants, children, and young adults under the age of 22. Alden Village has 28 homes and receives 100 percent Medicaid public assistance.
- The bank made a 2 percent (\$160 thousand) investment in three mortgage-backed securities totaling \$8.7 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 Elk Grove's AA.

Several additional investment securities are recognized during this evaluation period. They include 22 mortgage back security pools with an outstanding balance totaling \$599 thousand. Also one affordable housing bond (Shorewood Towers) totaling \$250 thousand is outstanding.

Additional donations and grants were provided to organizations with a community development focus. HB Elk Grove contributed to 27 different community development organizations, totaling \$43 thousand during the evaluation period.

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 Elk Grove 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 one branch location, which is in a middle-income geography. There are no low-income geographies in the bank's AA. Although there are no branches in moderate-income geographies, only 0.85 percent of the AA population is located in moderate-income geographies. The bank's lending activity showed that it served individuals of all income levels. As discussed in the Lending Test section, the bank had an excellent dispersion of home mortgage and consumer loans to borrowers of different income levels, including low- and moderate-income borrowers.

The hours of HB Elk Grove's office location do not negatively impact low- or moderate-income individuals. The bank is open Monday through Thursday from 9:00 a.m. to 4:00 p.m., on Friday from 9:00 a.m. to 5:00 p.m., and on Saturday from 9:00 a.m. to 12:00 p.m. The drive thru is open Monday through Friday from 7:00 a.m. to 7:00 p.m. and on Saturday from 8:00 a.m. to 1:00 p.m.

Since the last CRA evaluation, HB Elk Grove has closed one branch location. The closing did not have a negative effect on low- or moderate-income geographies or individuals. In March 2000, the bank closed its Nerge branch in Rochelle, located in an upper-income geography. The facility was closed due to marginal performance and its close proximity to a Harris Bank affiliate in Roselle.

Alternative Delivery Systems

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

HB Elk Grove operates two ATMs, both located at the main office location. Both ATMs take deposits and can facilitate bilingual (Spanish) transactions. Also, there are 250 affiliated Harris Bank ATMs located throughout the Chicago MA that can be used by HB Elk Grove 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 Elk Grove'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 conclusions. 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 Elk Grove provided during this evaluation period.

- HB Elk Grove conducted several First Time Home Buyers seminars. Targeted to low- and moderate- income individuals, these seminars were designed to guide homebuyers through the home buying process. Information was provided to participants on how to apply for a loan, repair credit problems, and maintain the home once purchased.
- The bank participated in four basic money manager seminars that were co-sponsored with the Township Community Education High School District #214. These seminars taught financial management and budgeting principals to over 600 low- and moderate-income persons participating in the district's English as a Second Language Program.
- Two employees and one bank officer are active with the Northwest Suburban Public Action to Deliver Shelter (PADS). The PADS program goal is to provide food and emergency shelter to homeless individuals and families. In their capacity as board members and members of the steering committee, these bankers help with the purchasing process, including managing within the budget
- A bank officer is active with the Northwest Housing Partnership. This is a not-for-profit organization that develops affordable senior housing and affordable homes for first time homebuyers. This organization hosts First Time Home Buyer fairs and has a Housing Preservation Program. The preservation program helps low- and moderate-income families repair code violations and correct unsafe conditions in their homes. This bank officer served on a committee to review financing options regarding expansion projects.
- A bank officer is a board member and is on several committees of Women in Need Growing Stronger (WINGS). WINGS is an organization that provides transitional housing as well as comprehensive support services such as counseling and child day care to homeless women and their families. This officer is involved in a development of speakers' bureau. When complete, WINGS volunteers will seek speaking engagements to raise funds and volunteers for the program. In addition, the bank officer is working to establish a lending program for WINGS. This program will allow WINGS to purchase a small apartment building for its program, convert the building to condominiums, and encourage participants to purchase one of the units.
- A bank officer helped to negotiate a loan servicing agreement for Chicagoland Habitat for Humanity. This organization provides affordable housing for low- and moderate-income

families. Habitat's mortgages are unique in that they bear zero interest and are made to people not accustomed to traditional banking services.

- The bank's president is a board member and on the senior financial advisory council of the Kenneth Young Center, an organization that provides services to low- and moderate income senior citizens. HB Elk Grove sponsored three financial and money management training programs provided by the center. These programs offered senior citizens representative payee and bill payer services, as well as assistance in the prevention of unnecessary guardianship and institutionalization of these low- and moderate-income individuals.
- The bank's president is a board member of Childserv. Childserv is a not-for-profit, private child welfare agency that primarily works with low- and moderate-income children and families. The president worked to establish a revolving line of credit to help the organization manage its cash flow.
- A bank officer is a member, community advisor, and treasurer for the Association of Homeless Advocates in the North/Northwest District (AHAND). AHAND is a collaboration of 30 separate organizations committed to solving the need for affordable housing and life skills services for homeless persons in the north and northwest suburban Cook County.
- Harris participates in the Illinois Link Electronic Benefit 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”).

Time Period Reviewed	Lending Test (excludes CD Loans): 10/01/96 to 12/31/01 Investment and Service Tests and CD Loans: 10/18/96 to 05/20/02	
Financial Institution		Products Reviewed
Harris Bank Elk Grove, N.A. (HB Elk Grove) Elk Grove Village, Illinois		Home mortgage loans, small loans to businesses, consumer loans, and community development loans.
Affiliate(s)	Affiliate Relationship	Products Reviewed
Harris Trust and Savings Bank, Chicago, Illinois.	Bank Affiliate	Home mortgage loans and investments.
List of Assessment Areas and Type of Examination		
Assessment Area	Type of Exam	Other Information
Portions of Cook and DuPage Counties in Chicago MA #1600	Full Scope	None

Appendix B: Market Profiles for Full-Scope Areas

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Market Profiles for Areas Receiving Full-Scope Reviews

Portions of Cook and DuPage Counties in Chicago MA.....B-2

Appendix B: Market Profile for Full-Scope Area

Portions of Cook and DuPage Counties in Chicago MA

Demographic Information for Full-Scope Area: Portions of Cook and DuPage Counties in Chicago MA						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts/BNAs)	66	0.00	1.52	48.48	50.00	0.00
Population by Geography	394,171	0.00	0.85	50.94	48.21	0.00
Owner-Occupied Housing by Geography	100,723	0.00	1.20	43.92	54.87	0.00
Businesses by Geography	23,275	0.00	3.00	59.70	37.29	0.00
Farms by Geography	262	0.00	1.15	47.33	51.53	0.00
Family Distribution by Income Level	104,206	8.74	14.72	27.04	49.50	0.00
Distribution of Low- and Moderate-Income Families throughout AA Geographies	24,446	0.00	1.82	60.48	37.70	0.00
Median Family Income HUD Adjusted Median Family Income for 2001 Households Below the Poverty Level	= \$42,758 = \$70,500 = 3.00%	Median Housing Value Unemployment Rate				=\$132,861 =2.04 %

(*) 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 66 geographies located in Cook and DuPage Counties. In Cook County, it includes the villages of Elk Grove, Rosemont, Schaumburg, Rolling Meadows, Hoffman Estates, Hanover Park, Mount Prospect, Des Plaines, and Arlington Heights. The main townships in DuPage County include Bensenville, Wood Dale, Addison, Elmhurst, Villa Park, Glendale Heights, and Bloomingdale. There are no low-income geographies. There are one moderate-income (2 percent), 32 (48 percent) middle-income, and 33 (50 percent) upper-income geographies in the AA. The moderate-income geography is located adjacent to O'Hare International Airport and is primarily industrial with limited owner occupied housing. The 1990 Census data reports that there were 1,317 housing units, of which 96 percent are mobile homes. HB Elk Grove's AA meets the requirements of the CRA regulation and does not arbitrarily exclude low- or moderate-income areas.

The communities surrounding the bank's branch are stable with a higher concentration of affluent families than the Chicago MA.

The 2001 HUD adjusted median family income for the MA is \$70,500, an increase of 65 percent from the 1990 median family income. Eleven geographies within the AA have high (30 percent) concentrations of low- or moderate-income families. The villages containing

significant concentrations of low- or moderate-income families include: Elk Grove, Hoffman Estates, Mount Prospect, Addison, and Bensenville.

In most instances, the communities within the bank's AA are somewhat more affluent, have a lower percentage of rental units, and have higher housing costs than the overall Chicago MA. The large majority of housing is owner-occupied (67 percent). Twenty-eight percent are occupied rental units. Additionally, 11 geographies in the AA contain more than 50 percent rental. Based on 1990 Census data, the weighted median housing cost is \$133 thousand. Overall, the cost of housing in the area is higher in relation to the entire Chicago MA where the median housing value is \$123 thousand. Also, according to *Living in Greater Chicago On-Line Magazine*, the average 2000 sales price in Elk Grove Village was \$213 thousand. However, the average sales price for attached housing, condos, and townhouses, was more affordable, at \$148 thousand.

The local economy is stable. Eighty-six percent of the businesses in the area have gross revenues of less than \$1 million. The primary industry is services (34 percent) followed by retail trade (14 percent). The AA contains O'Hare International Airport and several Fortune 500 companies that have their headquarters in this area. Major employers include United Airlines, Motorola, Keebler, Sears, Ameritech, Woodfield Mall and numerous hotels, restaurants, convention centers, and industries that cater to business travelers using O'Hare International Airport. Elk Grove Village contains the largest industrial park of its kind in the country, according to its Chamber of Commerce. The Business Park expands 5.4 miles and contains 3,600 businesses, which keep property taxes low for Elk Grove Village.

The 2001 unemployment rate for Cook County was 5.9 percent, which was slightly higher than the Chicago MA, at 5.4 percent. Several municipalities in the Cook County section of HB Elk Grove's AA have lower unemployment rates: Elk Grove Village's unemployment rate was 4.0 percent, Arlington Heights' was 3.5 percent, and Schaumburg's was 3.9 percent. DuPage County's unemployment rate was 3.8 percent.

HB Elk Grove'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 Advantage National Bank, Bank One, N.A., Charter One, N.A., LaSalle Bank, N.A., and Wells Fargo Bank, N.A. The bank views these financial institutions as competitors because of their lending strategies. However, only other Harris Bank affiliates (HB Arlington-Meadows and HB Palatine) are located within the AA and are similar in terms of size, financial condition, product offerings and business strategy.

Appendix C: Tables of Performance Data

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 ELK GROVE				Evaluation Period: October 1,1996 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)													
Full Review: Portions of Cook and DuPage Counties in Chicago MA #1600													100	513	53,826	413	50,740	0	0	9	723	935	105,289	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 October 1, 1996 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 ELK GROVE				Evaluation Period: October 1, 1996 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)													
Full Review: Portions of Cook and DuPage Counties in Chicago MA #1600													100	598	23,416	0	0	418	20,650	32	337	0	0	39	1,957	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 Lines) is from October 01, 1996 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 ELK GROVE		Evaluation Period: October 01, 1996 TO December 31, 2001	
MA/Assessment Area:	Other Unsecured Consumer Loans*		Other Optional Loans*		
	#	\$ (000's)	#	\$ (000's)	
Full Review: Portions of Cook and DuPage Counties in Chicago MA #1600					
	109	472	0	0	

*The evaluation period for Optional Product Line(s) is from October 01, 1996 to December 31, 2001.

Table 2. Geographic Distribution of Home Purchase Loans

Geographic Distribution: HOME PURCHASE		Geography: HB ELK GROVE		Evaluation Period: October 1, 1996 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
Full Review: Portions of Cook and DuPage Counties in Chicago MA #1600															
	123	100.00	0.00	0.00	1.20	0.00	43.92	34.15	54.87	65.85	0.09	0.00	0.00	0.05	0.12

* 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 ELK GROVE				Evaluation Period: October 1, 1996 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
Full Review: Portions of Cook and DuPage Counties in Chicago MA #1600															
	105	100.00	0.00	0.00	1.20	0.00	43.92	35.24	54.87	64.76	0.80	0.00	0.00	0.34	1.21

* 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 ELK GROVE				Evaluation Period: October 1, 1996 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
Full Review: Portions of Cook and DuPage Counties in Chicago MA #1600															
	279	100.00	0.00	0.00	1.20	0.00	43.92	32.26	54.87	67.74	0.11	0.00	0.00	0.11	0.11

* 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 ELK GROVE						Evaluation Period: October 1, 1996 TO December 31, 2001							
MA/Assessment Area:	Total Multifamily Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Market Share (%) by Geography*					
	#	% of Total**	% of MF Units***	% BANK Loans	% MF Units***	% BANK Loans	% MF Units***	% BANK Loans	% MF Units***	% BANK Loans	Overall	Low	Mod	Mid	Upp	
Full Review: Portions of Cook and DuPage Counties in Chicago MA #1600																
	6	100.00	0.00	0.00	0.00	0.00	0.00	72.31	50.00	27.69	50.00	2.86	0.00	0.00	1.72	8.33

* 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 ELK GROVE						Evaluation Period: October 1, 1996 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
Full Review: Portions of Cook and DuPage Counties in Chicago MA #1600															
	413	100.00	0.00	0.00	3.00	9.93	59.70	60.77	37.29	29.30	0.12	0.02	0.08	0.15	0.11

* 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 ELK GROVE						Evaluation Period: October 1, 1996 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
Full Review: Portions of Cook and DuPage Counties in Chicago MA #1600															
	0	0.00	0.00	0.00	1.15	0.00	47.33	0.00	51.53	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 ELK GROVE						Evaluation Period: October 1, 1996 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
Full Review: Portions of Cook and DuPage Counties in Chicago MA #1600															
	123	100.00	8.74	6.96	14.72	25.22	27.04	31.30	49.50	36.52	0.05	0.12	0.03	0.07	0.04

* Based on 2000 Peer Mortgage Data: Central Region.

** As a percentage of loans with borrower income information available. No information was available for 6.50% of loans originated and purchased by Bank.

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

Table 9. Borrower Distribution of Home Improvement Loans

Borrower Distribution: HOME IMPROVEMENT		Geography: HB ELK GROVE								Evaluation Period: October 1, 1996 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
Full Review: Portions of Cook and DuPage Counties in Chicago MA #1600															
	105	100.00	8.74	0.96	14.72	11.54	27.04	43.27	49.50	44.23	0.84	0.00	0.79	0.95	0.90

* Based on 2000 Peer Mortgage Data: Central Region.

** As a percentage of loans with borrower income information available. No information was available for 0.95% 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 ELK GROVE								Evaluation Period: October 1, 1996 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
Full Review: Portions of Cook and DuPage Counties in Chicago MA #1600															
	279	100.00	8.74	7.26	14.72	19.66	27.04	30.34	49.50	42.74	0.02	0.00	0.00	0.00	0.07

* Based on 2000 Peer Mortgage Data: Central Region.

** As a percentage of loans with borrower income information available. No information was available for 16.13% 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 ELK GROVE		Evaluation Period: October 1, 1996 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
Full Review: Portions of Cook and DuPage Counties in Chicago MA #1600									
	413	100.00	78.03	52.30	65.62	22.28	12.11	0.12	0.14

* 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 3.15% 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 ELK GROVE		Evaluation Period: October 1, 1996 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
Full Review: Portions of Cook and DuPage Counties in Chicago MA #1600									
	0	0.00	85.88	0.00	0.00	0.00	0.00	0.00	0.00

* Based on 2000 Peer Small Business Data: US.

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

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

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

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

Geographic and Borrower Distribution: CONSUMER LOANS																			Geography: HB ELK GROVE																			Evaluation Period: October 1, 1996 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																																						
Full Review: Portions of Cook and DuPage Counties in Chicago MA #1600																																																								
	598	100.00	0.00	0.00	0.88	1.00	52.95	37.46	46.17	61.54	10.92	10.37	13.82	17.22	22.66	33.33	52.61	39.07																																						

* 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 ELK GROVE										Evaluation Period: October 18, 1996 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)																				
Full Review: Portions of Cook and DuPage Counties in Chicago MA #1600																													
	0	0	55	1,602	55	1,602	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 ELK GROVE Evaluation Period: October 18, 1996 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
Full Review: Portions of Cook and DuPage Counties in Chicago MA #1600																	
	100.00	1	100.00	0	0	100.00	0	0	1	0	0	0	-1	0.00	0.85	50.94	48.21