



Comptroller of the Currency
Administrator of National Banks

PUBLIC DISCLOSURE

November 6, 1996

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

**Success National Bank
Charter Number 16101**

**One Marriott Drive
Lincolnshire, Illinois 60069**

**Office of the Comptroller of the Currency
Arlington Place II, Suite 340
85 West Algonquin Road
Arlington Heights, Illinois 60005**

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 Community Reinvestment Act (CRA) performance of **Success National Bank (Success)** prepared by **Office of the Comptroller of the Currency**, the institution's supervisory agency, as of November 6, 1996. The agency rates the CRA performance of an institution consistent with the provisions set forth in Appendix A to 12 CFR Part 25.*

This evaluation covers the period from May 4, 1995 (the date of the last Performance Evaluation) to the date mentioned above. The prior rating was "Satisfactory". We analyzed home mortgage lending, equity lines of credit, small business loans, and consumer loans as part of this evaluation.

INSTITUTION'S CRA RATING: This institution is rated Satisfactory.

Success has demonstrated a willingness to lend in all types of geographies within its assessment area commensurate with the opportunities available. The bank is adequately making loans to individuals in all income brackets. Loans are made to businesses of different sizes in varying amounts.

The following table indicates the performance level of Success National Bank with respect to each of the five performance criteria.

SMALL INSTITUTION ASSESSMENT CRITERIA	<u>SUCCESS NATIONAL BANK</u> PERFORMANCE LEVELS		
	Exceeds Standards for Satisfactory Performance	Meets Standards for Satisfactory Performance	Does not meet Standards for Satisfactory Performance
Loan to Deposit Ratio	X		
Lending in Assessment Area		X	
Lending to Borrowers of Different Incomes and to businesses of Different sizes		X	
Geographic Distribution of Loans		X	
Response to Complaints	No complaints were received since the prior examination.		

DESCRIPTION OF INSTITUTION

Success National Bank (Success) is wholly owned by Success Bankshares, Inc., a one bank holding company. Success has the ability to help meet the credit needs of its assessment area. The bank's financial condition and size allows it to compete for credit with other financial institutions in the area. The bank offers a wide range of products in order to serve the community. A review of the financial statements of Success at June 30, 1996 discloses average assets of \$246,406,000, a return on average assets of .46% and Tier One Leverage Capital of 7.5%. Loans make up 70% of average total assets. The loan portfolio (as detailed in the June 30, 1996 Bank Performance Report) is comprised of 80% real estate loans, 16% commercial loans, 2% loans to individuals, and 2% other. Success has no agricultural loans. The primary focus has been on mortgage and consumer lending. Success has 8 offices located within the assessment area as well as 8 automated teller machines (ATMs). The ATMs are situated within the offices. One office has two ATMs and one office has no ATM access. All of the offices and ATMs are located in upper-income areas.

Success makes available two affordable housing loan products. These are loans associated with the Lake County First Time Home Buyers Program and the Chicago Investment Program as part of the Federal Home Loan Bank of Chicago program. These loans are included in the Home Mortgage Disclosure Act (HMDA) loan report.

DESCRIPTION OF THE BANK'S ASSESSMENT AREA

The assessment area (AA) consists of 317 census tracts with the following breakdown: 3% low-; 21% moderate-; 29% middle-; and 47% upper-income. The distribution of owner occupied units reflects the opportunities available for the bank to make Home Mortgage Disclosure Act (HMDA) reportable loans in each area as well as the opportunity to originate Home Equity Lines of Credit (HELOCs). The distribution of owner occupied units is: 1% in low-income tracts; 10% in moderate-income tracts; 28% in middle-income tracts; and 61% in upper-income tracts. The median year built of the housing stock is 1951 with the median housing value being \$155,000. The population of the assessment area is 1,450,000 with 79% over the age of 16 and 12% over sixty-five years old. The median family income (per U.S. Census data) for this area is \$49,730.

The employment data within the assessment area is good. Unemployment, currently between 4.5% and 5%, compares favorably with the state average and national average (5.3% and 5.2% respectively). The services industry is the major employment sector in this area with over 860,000 employees. Other major industries include manufacturing (500,000 employees) and finance, insurance, and real estate (263,000 employees). A review of the number of businesses in the area discloses that 93% have less than 50 employees each. Six percent of the businesses employ between 50 and 499 people each; with one percent of the companies employing 500 or more. The major employers within the area include: Quill Corporation, Hewitt Associates, Fel-Pro, and Baxter.

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA:

Loan-to-Deposit Ratio

The bank's loan-to-deposit ratio is good. As of June 30, 1996, the ratio was 80.7%. The ratio averaged 76.4% over the last five (5) quarters and has been on an increasing trend throughout the period. Success has calculated this ratio to be 79.6% as of September 30, 1996. The bank's peer group loan-to-deposit ratio has averaged 68.9% and was relatively stable over the same five quarters. The peer loan-to-deposit ratio was 69.6% at June 30, 1996. (Peer is defined by the Uniform Bank Performance Report as Peer Group 7 - 927 banks with assets ranging from \$100 million to \$300 million with branches in a metropolitan area.)

Lending in the Assessment Area

Overall, Success is lending within the assessment area on a reasonable basis. This is evidenced by Table 1 which shows that 74.6% of the number and 71.8% of the dollar amount of originations were within the assessment area.

Table 1					
Ratio of Loans Inside the Assessment Area					
	Home Mortgage	Home Equity Lines of Credit	Small Business	Consumer /Other	Total
Number					
# of Loans Inside the AA	258	194	76	111	639
Total # of Loans	323	245	127	161	856
% of Loans Inside/ Total # of Loans	79.9%	79.2%	59.8%	68.9%	74.6%
Dollars (in \$000's)					
\$ of Loans Inside the AA	33,657	15,094	17,489	7,658	73,898
Total \$ of Loans	42,926	18,153	27,601	14,250	102,930
% of Loans Inside/ Total \$ of Loans	78.4%	83.1%	63.3%	53.7%	71.8%

Source: 1995 and 1996 HMDA LAR
1996 Management Reports

Lending to Borrowers of Different Income Levels and to Businesses of Different Sizes

The bank's efforts to reach borrowers of all income levels is considered reasonable. The number and dollar amount of HMDA and HELOC loans are relatively consistent with the percentage of low- and moderate-income families in the assessment area. Business data reviewed also reveals that Success is making loans to different size businesses in varying amounts.

As pointed out in Table 2 below, nine percent of HMDA loans originated were to low-income borrowers. In addition, 12% of the HMDA loan originations were made to moderate-income individuals. Table 3 shows that five percent of the number of HELOC loans are to low-income borrowers, with another 10% to moderate-income borrowers. Although these percentages are lower than the percent of families in these respective income categories, it is unknown how many of these families reside in owner occupied units.

Table 2 Borrower Distribution of HMDA Loans					
Originations and Purchased HMDA Loans from May 4, 1995 through Oct. 10, 1996	Number (#) of loans in the AA	Percent of total # loans in AA	Dollar (\$000) of loans in the AA	Percent of total \$ of loans in AA	Percent of Families in the AA
Low-Income Borrower	22	9%	1,824	6%	15%
Moderate-Income Borrower	32	12%	2,454	7%	15%
Middle-Income Borrower	52	20%	4,637	14%	21%
Upper-Income Borrower	142	55%	19,656	58%	49%
N/A	10	4%	5,086	15%	0%
TOTAL	258	100%	33,657	100%	100%

Source: 1995 and 1996 HMDA LAR

N/A = income information on the borrower was not available.

Table 3 Borrower Distribution of HELOCs					
Originations of HELOCs from January 1, 1996 through Oct. 10, 1996	Number (#) of loans in the AA	Percent of total # loans in AA	Dollar (\$000) of loans in the AA	Percent of total \$ of loans in AA	Percent of Families in the AA
Low-Income Borrower	9	5%	388	3%	15%
Moderate-Income Borrower	19	10%	1,106	7%	15%
Middle-Income Borrower	26	13%	1,084	7%	21%
Upper-Income Borrower	137	70%	12,268	81%	49%

Table 3 Borrower Distribution of HELOCs					
Originations of HELOCs from January 1, 1996 through Oct. 10, 1996	Number (#) of loans in the AA	Percent of total # loans in AA	Dollar (\$000) of loans in the AA	Percent of total \$ of loans in AA	Percent of Families in the AA
N/A	3	2%	338	2%	0%
TOTAL	194	100%	15,094	100%	100%

Source: 1996 Management Reports

N/A = income information on the borrower was not available.

An analysis of the small business data indicates that Success is making small dollar loans to small companies. This is evidenced by the fact that of the seventy-six small business loans originated in the assessment area between January 1, 1996 and October 10, 1996, fifty of them, or 66%, were to businesses with annual revenues of less than \$1,000,000. Thirty-five of the seventy-six loans (46%) were for original amounts less than \$100,000.

Geographic Distribution of Loans

Lending to different geographies within the assessment area is adequate. The number and dollar amount of HMDA reportable loans indicate that lending in different areas are commensurate with the opportunities available as described by owner occupied units. As detailed in Table 4, Success has granted ten percent of their HMDA loans in moderate-income areas. This is consistent with the opportunities available. Although no loans have been made in low-income geographies, the opportunities to perform are slight as only 1% of the owner occupied units of the bank's assessment area are in low-income tracts. Detailed in Table 5, is the fact that although the number of consumer loans originated in low-and moderate-income areas is low (5%), the dollar amount represents 24% of total consumer/other loans originated. Also, Table 5 indicates a low level of HELOC originations in low-and moderate-income census tracts with only 2% of such loans made in those areas.

Table 4 Geographic Distribution of HMDA Loans						
Originations and Purchased HMDA Loans from May 4, 1995 through Oct. 10, 1996	Number (#) of Loans in the AA	Percent of Total # loans in AA	Dollar (in \$000's) of Loans in the AA	Percent of Total \$ of loans in AA	Percent of Total Tracts	Percent of Total Owner Occupied Units
Low-Income Tract	0	0%	0	0%	3%	1%
Moderate-Income Tract	25	10%	2,643	8%	21%	10%
Middle-Income Tract	63	24%	8,959	26%	29%	28%
Upper-Income Tract	170	66%	22,055	66%	47%	61%
TOTAL	258	100%	33,657	100%	100%	100%

Source: 1995 and 1996 HMDA LAR

Table 5 Geographic Distribution of HELOCs and Consumer Loans					
Loans originated from Jan-1-96 through Oct-10-96.		Low- Income Tracts	Moderate- Income Tracts	Middle-Income and Upper-Income Tracts	TOTAL
Number (#) of loans in the AA	HELOCs	1	1	192	194
	Consumer	1	5	105	111
Percent of total # loans in AA	HELOCs	1%	1%	98%	100%
	Consumer	1%	4%	95%	100%
Dollar (\$000) of loans in the AA	HELOCs	125	15	14,954	15,094
	Consumer	17	1,863	5,778	7,658
Percent of total \$ of loans in AA	HELOCs	1%	<1%	>98%	100%
	Consumer	3%	21%	76%	100%
Percent of Total Owner Occupied Units		1%	10%	89%	100%
Percent of Total Tracts in the AA		3%	21%	76%	100%

Source: 1996 Management Reports

FAIR LENDING REVIEW

No violations of the substantive provisions of the antidiscrimination laws and regulations (ECOA, FHA, or HMDA) were identified. The institution's fair lending policies, procedures, training programs and internal assessment efforts have been effective in assisting lenders with these issues.