



**LARGE BANK**

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Comptroller of the Currency  
Administrator of National Banks

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Washington, DC 20219

## **Public Disclosure**

May 22, 2000

### **Community Reinvestment Act Performance Evaluation**

Harris Bank Glencoe-Northbrook, N.A.  
Charter Number: 14583

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Glencoe, Illinois 60022

Office of the Comptroller of the Currency

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**NOTE:** This evaluation is not, and should not be construed as, an assessment of the financial condition of this institution. The rating assigned to this institution does not represent an analysis, conclusion, or opinion of the federal financial supervisory agency concerning the safety and soundness of this financial institution.

## Table of Contents

<b>General Information</b> .....	1
<b>Definitions and Common Abbreviations</b> .....	2
<b>Overall CRA Rating</b> .....	4
<b>Description of Institution</b> .....	5
<b>Scope of Evaluation</b> .....	7
<b>Fair Lending Review</b> .....	9
<b>Conclusions with Respect to Performance Tests</b>	
Lending Test .....	10
Investment Test .....	14
Service Test .....	15
<b>Appendix A: Scope of Evaluation</b> .....	A-1
<b>Appendix B: Market Profile for Area Receiving Full-Scope Review</b> .....	B-1
<b>Appendix C: Tables of Performance Data</b> .....	C-1

## 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 **Harris Bank Glencoe-Northbrook, N.A.** prepared by the **Office of the Comptroller of the Currency (OCC)**, the institution's supervisory agency, as of May 22, 2000. 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 the 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.*

## Definitions and Common Abbreviations

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

**Block Numbering Area (BNA)** Statistical subdivisions of counties in which census tracts have not been established. BNAs have been established by the United States Census Bureau in conjunction with state agencies.

**Census Tract (CT)** -Small, locally defined statistical areas within metropolitan statistical areas. These areas are determined by the United States Census Bureau in an attempt to group homogenous populations. A CT has defined boundaries per ten year census and an average population of 4,000.

**Community Development (CD)** Affordable 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.

**Full-Scope Review** Performance under the Lending, Investment and Service Tests is analyzed considering fully understood performance context, quantitative factors (e.g., geographic distribution, borrower distribution, total number and dollar amount of investments, branch distribution) and qualitative factors (e.g., innovation, complexity).

**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 statistical area to file annual summary reports of their mortgage lending activity. The reports include

such data as the race, gender, and the income of applicants, the amount of loan requested, and the disposition of the application (e.g., approved, denied, withdrawn).

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

**Limited-Scope 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, branch distribution).

**Low-Income**- Income levels that are less than 50% of the median family income.

**Median Family Income (MFI)** The median income determined by the United States 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 Statistical Area (MSA)**Area defined by the Director of the United States Office of Management and Budget. MSAs consist of one or more counties, including large population centers and nearby communities that have a high degree of interaction.

**Middle-Income** -Income levels that are at least 80% and less than 120% of the MFI.

**Moderate-Income** Income levels that are at least 50% and less than 80% of the MFI.

**Small Business Loans** Loans with original amounts of \$1 million or less that are: (1) secured by nonfarm nonresidential properties; or (2) commercial and industrial loans to U.S. addresses.

**Small Farm Loans** Loans with original amounts of \$500 thousand or less that are: (1) secured by farmland; or (2) to finance agricultural production and other loans to farmers.

**Tier 1 Capital**- The total of common shareholders' equity, perpetual preferred shareholders' equity with noncumulative dividends, retained earnings and minority interests in the equity accounts of consolidated subsidiaries.

**Upper-Income**- Income levels that are 120% or more of the MFI.

## Overall CRA Rating

**Institution's CRA Rating:** This institution is rated "**Satisfactory**"

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

Performance Levels	Harris Bank Glencoe-Northbrook, N.A. Performance Tests		
	Lending Test*	Investment Test	Service Test
Outstanding		X	
High Satisfactory	X		X
Low Satisfactory			
Needs to Improve			
Substantial Noncompliance			

\* The Lending Test is weighted more heavily than the Investment and Service Tests when arriving at an overall rating.

The major factors that support this rating include:

- y Lending levels that reflected a good responsiveness by HB Glencoe to the credit needs of its assessment area (AA).
- y Adequate distribution of HB Glencoe's loans among borrowers of different income levels throughout its AA.
- y Community development lending which had a significant impact on the Lending Test conclusion.
- y Investments that reflected an excellent responsiveness by HB Glencoe to the needs of its AA.
- y Adequate accessibility of HB Glencoe's offices to individuals of different income levels and good responsiveness of HB Glencoe's services to the needs of its AA.
- y Good performance in providing community development services, which had a positive impact on the Service Test conclusion.

## Description of Institution

Harris Bank Glencoe-Northbrook, N.A. (HB Glencoe) is an intrastate bank headquartered in Glencoe, Illinois. It is located in northeastern Illinois in the Chicago MSA. HB Glencoe is a wholly owned subsidiary of Harris Bankcorp, Inc., located in Chicago, Illinois. Harris Bankcorp, Inc. is a subsidiary of the Bankmont Financial Corporation, which is wholly owned by the Bank of Montreal in Toronto, Canada. Bankmont Financial Corporation also owns Harris Bankmont, Inc. These two holding companies are generally referred to as Harris Bank. This organization includes the Harris Trust and Savings Bank (HTSB) in downtown Chicago and 25 separately chartered community banks in the Chicagoland area. There are approximately 140 branches in the Chicago area. It is one of the largest community bank networks in the Midwest. Harris Trust and Savings Bank (HTSB) alone is ranked the fourth largest bank in Chicago. According to the American Banker, a banking news publication, the Harris organization is the 35<sup>th</sup> largest banking organization in the United States. The assets of all community banks within the Harris Bank group amount to roughly \$26 billion as of September 1999. The Bank of Montreal had assets of approximately \$231 billion Canadian at October 31, 1999 and ranks as one of the ten largest banks in North America. 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 12/31/99, HB Glencoe had \$382 million in total assets and \$343 million in deposits. This is the sixth largest bank in the Harris Bank group of banks, excluding Harris Trust and Savings Bank. HB Glencoe has three branch locations in Glencoe and Northbrook, Illinois. The bank has four ATMs, all located at the three branch locations.

HB Glencoe is a full-service bank, offering various loan and deposit products. HB Glencoe offers the standardized consumer deposit and loan products of Harris Bank. It makes each commercial loan decision based on the needs of the business or non-profit organization. In 1997 and 1998, Harris Bank consolidated the permanent financing mortgage business of all of its banks into one operation housed at HTSB. Mortgage applications taken at the bank are referred to and processed by one of HTSB's regional Operations Centers (ROCs). Mortgage applications denied by the ROC can be overridden and reported on the bank's books. For the purpose of the CRA evaluation, affiliate mortgage loans from HTSB were considered. Mortgage loans were allocated by HTSB to the individual banks based on the referring bank and the location of the loan. Banks were assigned loans that were located in their AA.

HB Glencoe has been primarily a retail bank making real estate and commercial loans. As of December 31, 1999, net loans at \$295 million represented 77% of total assets, with real estate loans of \$222 million (74%), commercial loans of \$48 million (16%), consumer loans of \$19 million (6%), and other loans and leases of \$10 million (4%). Agricultural lending is not a primary business line of the bank. The bank's loan to

deposit ratio as of December 31, 1999 was 86%. Its market share of deposits in Cook County was 0.28%. It is the largest of the four banks headquartered in Glencoe, Illinois.

There were no legal or financial factors that impeded HB Glencoe's ability to help meet the credit needs of the communities it serves. From August 1997 to December 1998, the bank's former president experienced health problems and was not able to manage the bank as well as was expected. The bank experienced a decline in lending and community investment activities during this period. A new president was hired in May 1999. He has encouraged investments and loans to small businesses as well as officer participation in community organizations. As of December 31, 1999, HB Glencoe reported Tier 1 capital of \$30 million.

HB Glencoe was rated "Satisfactory" at its last CRA evaluation dated February 3, 1997.

## Scope of the Evaluation

### Evaluation Period/Products Evaluated

With the exception of community development (CD) loans, the evaluation period of the Lending Test is January 1, 1998 through December 31, 1999. For CD loans, the Investment Test and the Service Test, the evaluation period is February 3, 1997 through May 22, 2000.

For the Lending Test, HB Glencoe's origination, purchase and HTSB allocation of home mortgage loans, small loans to businesses, consumer loans and CD loans were evaluated. The bank did not make any small loans to farms during the evaluation period.

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

Market share data for home mortgage loans and small loans to businesses were based on 1998 aggregate data, which were the most current data available at the time the bank's CRA performance was evaluated. Market share data were for the bank only and did not include the affiliate home mortgage loans allocated to the bank.

### Data Integrity

As part of this CRA evaluation, we tested for accuracy a representative sample of HB Glencoe's publicly filed data on home mortgage loans and small loans to businesses. We also tested for accuracy a representative sample of HB Glencoe's optionally collected data on consumer loans and other secured loans for purposes of small business, as well as data on home mortgage loans allocated from the bank's affiliate, HTSB.

HB Glencoe had no significant errors in its data on home mortgage loans or small loans to businesses that would prevent an accurate evaluation of its CRA performance. The bank's publicly filed data were substantially correct and reliable.

HB Glencoe had no significant errors in its consumer loan data for the home equity, other secured or other unsecured categories, but had significant omission in its data for the motor vehicle category. The bank was able to correct the motor vehicle consumer loan data; however, after further analysis, the bank elected not to have the motor vehicle category of consumer loans considered in this evaluation.

We verified information on bank-identified CD loans, qualified investments and CD services to ensure the activities met the regulatory definitions. HB Glencoe had

accurately identified substantially most of the activities it submitted. We excluded activities that did not meet the regulatory definitions from this evaluation.

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

HB Glencoe had one assessment area (AA) consisting of 53 census tracts located in Cook and Lake Counties in the Chicago MSA. This one AA received a full-scope review.

### **Ratings**

The bank's rating was based on conclusions reached in the evaluation of HB Glencoe's performance in its one AA.

### **Other**

During the evaluation, a total of 27 community contacts were made by the OCC, Federal Reserve Bank of Chicago, and Federal Deposit Insurance Corporation in the Chicagoland area. The community contacts mentioned several needs in the community that would provide opportunities to banks. 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: providing below market rate loans to affordable housing developers; relaxing some underwriting standards; considering compensating factors when lesser experienced groups or developers apply for affordable housing development loans; conducting outreach to inform community groups and developers of various financing options available and the assistance the bank is willing to provide; conducting home buyers seminars and counseling; and providing flexible credit terms for borrowers who have good credit but inadequate cash flow. The contacts cited the following as obstacles to affordable housing: new home construction in the \$100,000 to \$300,000 range, little construction of affordable rental properties, high impact fees, high land costs, little vacant land available for housing developments, little property zoned for multi-family units, and few affordable housing developers.

The contacts also identified small business funding and operating lines of credit as a credit need, citing the Capital Access Program (CAP) as a vehicle to provide loans to businesses that do not qualify for conventional credit.

As neighborhoods change, and as older residents move out and young families move into older homes in established neighborhoods, there is an opportunity for banks to extend rehabilitation and home improvement loans.

## **Fair Lending Review**

An analysis of 1998 HMDA and small business lending data, 1999 consumer complaint information, and public comments was performed according to the OCC's risk-based analysis approach. The analysis of the lending data revealed no significant differences for applicants by collected prohibited basis. In addition, an analysis of the consumer complaint data and public comments revealed no substantive fair lending issues that warranted more detailed review.

## Conclusions with Respect to Performance Tests

### LENDING TEST

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 and 14 in Appendix C for the facts and data used to evaluate the bank's lending activity.

Lending levels reflected a good responsiveness by HB Glencoe to the credit needs of its AA.

Approximately 46% of the total consumer loans, home mortgage loans and small loans to businesses originated/purchased in the bank's AA during the evaluation period were consumer loans. Home mortgage loans comprised 39% of the total and small loans to businesses 15%. Agricultural lending is not a primary business line of HB Glencoe and no small loans to farms were made during the evaluation period.

The majority of the bank's consumer loans were home equity loans. Home equity loans comprised 49%, other unsecured loans comprised 27% and other secured loans comprised 19% of the consumer loans originated/purchased.

Among home mortgage loans originated/purchased, approximately 64% were for refinance, 33% for home purchase and 3% for home improvement.

HB Glencoe's lending activity was good in its AA. According to the FDIC's June 30, 1999 deposit market share report, HB Glencoe had a 0.28% deposit market share and ranked 48<sup>th</sup> of the 216 FDIC insured financial institutions with branches in Cook County. Based on 1998 aggregate home mortgage market share data, HB Glencoe had a market share of 0.03% and ranked 204<sup>th</sup> of 387 lenders making home purchase loans and a market share of 0.01% and ranked 155<sup>th</sup> of 450 lenders making refinance loans. The bank's market share increases to 0.49% for home purchase loans and to 0.85% for refinance loans when the HTSB allocated mortgage loans are included. Mortgage companies were significant lenders in the bank's AA, capturing approximately 16% of both the home purchase and the refinance market. HB Glencoe had a market share of 1.0% and ranked 21<sup>st</sup> of 122 lenders making home improvement loans. Based on 1998 aggregate market data on small loans to businesses, HB Glencoe had a market share of 0.5% and ranked 39<sup>th</sup> of 276 lenders making small loans to businesses. The top three lenders making small loans to businesses were non-bank credit card lenders that captured 36% of the market.

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

There were no low-income and one moderate-income census tract in the bank's AA. The moderate-income census tract is a closed naval air station. Therefore, an analysis of the geographic distribution of loans would not be meaningful. Geographic distribution of loans was not taken into consideration in evaluating the bank's lending performance.

### ***Lending Gap Analysis***

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

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

Overall, a majority (52%) of the home mortgage loans, small loans to businesses and consumer loans originated/purchased by HB Glencoe over the evaluation period were within its AA. Thirty-eight percent of the bank's home mortgage loans, 37% of the small loans to businesses and 63% of the consumer loans were within the bank's AA. This information included bank originations and purchases only and does not include extensions of credit by affiliates that are being considered under the other performance criteria. After analyzing its lending data, the bank subsequently expanded its AA in January 2000 to include the census tracts where its loans were made and thereby increase the percentage of the bank's mortgage loans, small loans to businesses and consumer loans inside its AA. This performance was positively factored into the overall analysis of the bank's lending performance.

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

The borrower distribution of HB Glencoe's home mortgage loans, small loans to businesses and consumer loans reflected an adequate dispersion among borrowers of different income levels throughout the bank's AA.

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

Refer to Tables 7, 8 and 9 in Appendix C for the facts and data used to evaluate the borrower distribution of the bank's home mortgage loan originations and purchases.

The overall borrower distribution of home purchase loans was good. The portion of home purchase loans made to both low- and moderate-income borrowers was below the percentage of low-income and moderate-income families living in the AA. Considering that approximately 3% of the families living in the bank's AA were below

the poverty level, the very high median home value in the bank's AA was a barrier to home ownership for low-income borrowers. Other factors that contributed to the limited opportunities for affordable housing were the limited availability of land, lack of incentive for developers and the trend to tear down existing housing and replace it with new construction. The bank had no market share for either low- or moderate-income borrowers.

Borrower distribution for home improvement loans was not weighted as heavily as the other loan types in evaluating the bank's CRA performance under the Lending Test. Only twelve home improvement loans were made during the evaluation period, none of which were to low- or moderate-income borrowers in the AA. The bank had no market share for either low- or moderate-income borrowers.

Refinance loan borrower distribution was adequate. No loans were made to low-income borrowers and the portion of refinance loans made to moderate-income borrowers was below the percentage of moderate-income families living in the AA. However, because of the very high cost of housing, only a small percentage of low- and moderate-income families own their own homes and would have the opportunity to refinance them. The bank had no market share for low- or moderate-income borrowers.

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

Refer to Table 10 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 portion of HB Glencoe's small loans to businesses with revenues of \$1 million or less was below the portion of businesses that are defined as such. The portion of loans of \$100,000 or less was slightly below the portion of businesses that are defined as small. In addition, the market share of small loans made to small businesses nearly equaled HB Glencoe's overall market share for small loans to all businesses in its AA.

### ***Small Loans to Farms***

Refer to Table 11 in the Appendix C for the facts and data used to evaluate the borrower distribution of the bank's origination/purchase of small loans to businesses. Agricultural lending was not a primary business line of HB Glencoe and no small loans to farms were made during the evaluation period.

### ***Consumer Loans***

Refer to Table 14 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 adequate. The portion of consumer loans to both low- and moderate-income borrowers was below the portion of low- and moderate-income households in HB Glencoe's AA. However, almost half of the total consumer loans were home equity loans. Because of the very high cost of housing, only a small percentage of low- and moderate-income families own their own homes and would have the opportunity to obtain home equity loans.

## **Community Development Lending**

Refer to Table 1 in Appendix C for the facts and data used to evaluate the bank's level of community development lending.

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

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

- The bank originated three loans, totaling \$6,506,911 to an organization that serves youth including developmentally-challenged children/adults and children with health issues. The agency's market is the Chicago metropolitan area. Over 50% of the individuals benefiting from this organization are low-and moderate-income. One loan was to construct a day care/family center in Buffalo Grove (Camp Red Leaf). It will also serve the region population of profound physical, emotional and/or developmentally-challenged individuals; the other two loans were to refinance a line-of-credit and a mortgage.
- The bank originated a loan in the amount of \$294,000 to finance the purchase of a building in order to expand living capacity for an organization that provides residential care and housing for persons who by reason of mental or physical handicaps are incapable of independent living. Over 90% of revenues collected to care for residents are from state public aid. While the building is not located within the bank's AA, the organization serves individuals with the broader metropolitan area that includes the bank's AA.
- The bank originated a loan in the amount of \$256,000 to purchase a group home to rehabilitate and house patients. The organization, located in the bank's AA, is an Illinois not-for-profit corporation that provides housing and supportive services to adults who suffer from chronic mental illness. The adults live on fixed incomes subsidized entirely from federal and state programs.

During the evaluation period, HB Glencoe also purchased participations in three CD

loans, totaling \$337,100. These loans were made to the Chicago Equity Fund (CEF) 1998 and 2000 Limited Partnerships and Community Reinvestment Fund (CRF) 1997 Limited Partnership to provide equity for community development eligible projects. CRF and CEF determine which projects they will fund in the Chicagoland area. CEF is a nonprofit real estate investment fund with the purpose of developing and operating affordable multifamily rental housing projects and related commercial facilities in Chicago-area neighborhoods. Most of the investments are to be made in socio-economically disadvantaged neighborhoods of Chicago and, to a lesser extent, suburban Chicago. The CRF is a nonprofit organization that acquires limited partnership interest in various project partnerships engaging in qualified community revitalization and economic development projects within communities in the Chicago area. These loans benefited the broader metropolitan area that includes the bank's AA.

## **INVESTMENT TEST**

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

Refer to Table 12 in Appendix C for the facts and data used to evaluate the bank's level of qualified investments.

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

HB Glencoe provided qualified investments within its AA through cash and in-kind contributions and grants, and purchases of securities. Qualifying investments during this evaluation period totaled \$2,068,023. Specific noteworthy investments included:

- Village of Libertyville, IL, Affordable Housing Revenue Bonds (Liberty Towers Project) - Represents affordable housing revenue bonds issued by the Village of Libertyville, IL. The purpose of the bonds is to finance the acquisition of a 121-unit residential rental housing project located in Libertyville, IL and occupied, in part, by low-income, elderly and handicapped persons who are eligible for Section 8 housing assistance in the form of rent subsidies. Presently, rents on 100% of the units in the Project are subsidized under Section 8 Housing Assistance Payments Program. HB Glencoe purchased two bonds, totaling \$200,000.
- Lake County Partner's Micro-Loan Program - This is a micro-enterprise loan fund serving the needs of very small businesses in the Lake County area. In connection

with this fund, the Lake County Partners also provides technical assistance through the College of Lake County Small Business Development Center and serves as a conduit for the conventional lenders in the area. This fund is aimed at small businesses in need of \$500 - \$50,000 in loans with loan terms up to five years and rates at prime plus 200 - 400 basis points. HB Glencoe invested in two loan pools, totaling \$10,000.

- HTSB, the bank's affiliate, invested in twenty-two mortgage-backed securities, totaling more than \$49 million. The securities were backed by home mortgage loans originated to low-and moderate-income individuals throughout the Chicago MSA. HTSB allocated portions of the securities to its affiliate banks based on the benefit to each affiliate's AA according to the property location of the underlying mortgage loans. Positive consideration was given to portions of 14 securities with underlying mortgage loans totaling \$1,793,702 that were allocated to and directly benefited HB Glencoe's AA.

Additional donations and grants were provided to organizations with a community development focus. HB Glencoe contributed to 14 different community development organizations, totaling \$64,321 during the evaluation period.

## **SERVICE TEST**

The bank's performance under the Service Test is rated High Satisfactory. This conclusion was based on the following:

- Delivery systems were reasonably accessible to geographies and individuals of different income levels in its AA.
- The bank did not open or close any branch offices during this evaluation period.
- Services did not vary in a way that inconveniences certain portions of the AA.
- The institution provided a good level of community development services.

## **Retail Banking Services**

Refer to Table 13 for the facts and data used to evaluate the distribution of the bank's branch delivery system and branch openings and closings.

HB Glencoe's delivery systems were reasonably accessible to geographies and individuals of different income levels in its AA. The bank has three branch office locations, which are distributed throughout the AA. While there are no low-income census tracts and one moderate-income census tract in the AA, the bank's total lending activity during the evaluation period showed that it served nearly all census

tracts. The bank penetrated 91% of the census tracts with home mortgage loans and 94% with consumer loans. The bank's lending activity also showed that it reasonably served individuals of all income levels. As discussed in the Lending Test section of this evaluation, the bank had an overall adequate dispersion of home mortgage and consumer loans to borrowers of different income levels, including low- and moderate-income borrowers. The bank did not open or close any branch offices during the evaluation period.

The bank's hours are as follows: The main branch is open Monday through Friday from 8:30 a.m. to 5:00 p.m., and Saturday from 8:30 a.m. to 1:00 p.m. The drive-up is open Monday through Friday from 7:30 a.m. to 6:30 p.m., Saturday from 7:30 a.m. to 4:00 p.m. The Northbrook East location has the same hours with the exception of Saturday. On Saturday, the lobby is closed and the drive-up is open from 7:30 a.m. to 1:00 p.m. Northbrook Central has no drive-up. Lobby hours mirror those of the main bank. There were no differences in the services available at the different locations.

HB Glencoe had four ATMs, one at the main office and the remainder at its branch locations. Additionally, Harris customers can also use any of the approximately 210 Harris ATMs in the Chicagoland area for no charge.

The bank provided alternative delivery systems as detailed below. These systems were available to all customers. There were no data available specifically concerning the use of these systems by low- and moderate-income customers. Therefore, we did not place significant weight on these services in the Service Test conclusions.

- Harris Bank has a Client Contact Center. The Contact Center enables a customer to have easy access to banking services. The Center provides general deposit services such as stop payments, account closings, and transfers between accounts. The Center also provides loan services such as consumer loan applications, payoff requests, and rate information. The Center is staffed Monday through Friday from 7:00 a.m. to 10:00 p.m. and Saturday from 8:00 a.m. to 5:00 p.m. The Center has employees who are able to speak eight languages.
- The Client Contact Center's telephone system provides access to the Single Family Mortgage Call Center. The Call Center has approximately 12-14 mortgage originators responding to phone calls. Originators are available on a 24-hour basis, 7 days a week. Additionally, the originators will meet potential applicants in locations convenient to the applicant, including their home.
- Customers can also bank online (Mbanx). Using Mbanx, a customer can apply for deposit accounts and loans, access account information, obtain product information, pay bills, transfer money between accounts, stop payments, order checks and make address changes. It also allows access to customer service representatives.

- Customers can also use Harris' bank-by-phone system that operates 24 hours, seven days a week.

### **Community Development Services**

HB Glencoe's performance in providing services in its AA was good, and had a positive impact on the Service Test conclusions. The bank provided a relatively high level of CD services that were responsive to the credit and community development needs of its AA.

The bank provided financial services that benefit low- and moderate-income individuals. In addition, bank personnel used their financial expertise to aid several organizations that provide services to low- and moderate-income individuals in the bank's AA. The following are representative of the types of CD services provided by the bank:

- Harris Bank participated in the Illinois Link EBT cards introduced by the Department of Public Aid. This system allows recipients to access their benefits through Cash Station ATMs. ATM access allows multiple draws of the monthly benefits. Harris estimated that approximately 6,000 transactions each month occur at Harris Bank ATMs.
- Outreach efforts included a presentation to area real estate agents to provide information about Harris bank's mortgage programs, including those developed especially for low- and moderate-income homebuyers.
- A bank director and one officer were active with the North Shore Senior Center. This organization provides critical social services for seniors and their families. The Center estimated that at least one-half of their clientele are low- or moderate-income people. In addition to serving as board members, the bank officer is the assistant treasurer and chairperson of the capital fund drive.
- One of the bank's directors is Chairman of the Corporate Advisory Board of the Family Service of South Lake County. This organization provides funding for social services directed at low- and moderate-income individuals in Lake County. Bank staff presented a money management seminar to the residents of the North Shore Estates. North Shore Estates is a private apartment complex in Highwood and is the least expensive living option in the area. Most residents earn minimum wage, often working multiple jobs to pay for expenses. This complex is administered by the Family Service of South Lake County. The bank director's activities have been centered on the Estates. Recent accomplishments are the addition of a full-time employee at the Estates. Duties include helping with medical, legal, and educational issues as well as lodging landlord complaints.
- A bank officer is on the board and co-treasurer of Family Services of Glencoe. This

organization provides community services targeted to low- and moderate-income individuals. Approximately 75% of those aided have low- or moderate-incomes.

## 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 nonmetropolitan areas that received comprehensive examination review (designated by the term  $\Delta$ Full-Scope $\Delta$ ) and those that received a less comprehensive review (designated by the term  $\Delta$ Limited-Scope $\Delta$ ).

<b>Time Period Reviewed</b>	Lending Test (excludes CD Loans): 01/01/98 to 12/31/99 Investment and Service Tests and CD Loans: 02/03/97 to 05/22/00	
<b>Financial Institution</b>	<b>Products Reviewed</b>	
Harris Bank Glencoe-Northbrook, N. A. Glencoe, Illinois	Home mortgage loans, small loans to businesses, consumer loans and community development loans	
<b>Affiliate(s)</b>	<b>Affiliate Relationship</b>	<b>Products Reviewed</b>
Harris Trust and Savings Bank Chicago, Illinois	Bank Affiliate	Home mortgage loans and investments
<b>List of AAs and Type of Examination</b>		
<b>AA</b>	<b>Type of Exam</b>	<b>Other Information</b>
Portions of Lake and Cook Counties in Chicago MSA #1600	Full-Scope	

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

### HB Glencoe's AA in Portions of Chicago MSA

Demographic Information for Full-Scope Area:						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts/BNAs)	53	0	1.89	11.32	86.79	0
Population by Geography	240,972	0	0.83	10.51	88.66	0
Owner-Occupied Housing by Geography	71,452	0	0.19	7.62	92.19	0
Businesses by Geography	14,355	0	0.72	7.46	91.82	0
Farms by Geography	247	0	2.02	10.53	87.45	0
Family Distribution by Income Level	68,762	5.34	8.09	14.08	72.49	0
Distribution of Low- and Moderate-Income Families throughout AA Geographies	9,230	0	3.62	24.18	72.20	0
Median Family Income	= \$ 42,758	Median Housing Value		= \$ 108,960		
HUD Adjusted Median Family Income for 1998	= \$ 63,800	Unemployment Rate		= 4.55%		
Households Below the Poverty Level	= 10.45%					

(\*) The NA category consists of geographies that have not been assigned an income classification.

Source: 1990 U.S. Census, and 1999 HUD updated MFI.

The bank's 1999 AA consists of a portion of the Chicago MSA. It includes 53 census tracts located in northern Cook and southeastern Lake Counties in northeastern Illinois. There are no low-income and one moderate-income census tract in the AA. Six (11%) are middle-income census tracts and 46 (87%) are upper-income. The one moderate-income census tract contains a closed naval air station with very few residents. Thirty-eight of HB Glencoe's fifty-three census tracts overlap with portions of the AA of six affiliate Harris Banks. HB Glencoe's AA meets the requirements of the CRA regulation and does not arbitrarily exclude low- or moderate-income areas.

The 1999 HUD adjusted median family income for the MSA is \$63,800, an increase of 49% from the 1990 median family income. Based on 1990 family income, five percent of the families in the bank's AA are low-income and eight percent are moderate-income.

The total population at the 1990 census was 240,972, with 11% of the population living in middle-income census tracts and 89% in upper-income census tracts.

The bank's AA is considered part of Chicago's affluent North Shore, which borders Lake Michigan. It includes Deerfield, Glencoe, Highland Park, Highwood, Northbrook, Northfield, Bannockburn and the former military base at Fort Sheridan. This area is

considered one of the most exclusive in the Chicagoland area. The 1999 median family income for the bank's AA was \$85,442, higher than the MSA median income of \$63,800. The Spring/Summer 1998 edition of *Living In Greater Chicago Magazine* lists the estimated median income for Glencoe as \$169,600 and for Northbrook as \$115,000. There is very limited undeveloped land and tearing down older homes and replacing them has become the current trend. It has slightly newer housing stock, a lower percentage of rental units, and higher housing costs than the overall MSA. There are 89,940 total housing units in the AA. The large majority of housing is owner occupied (79%). Only 17% are occupied rental units. The weighted average median housing cost is \$279,462, with an average age of housing stock 39 years old. The cost of housing in this area is more than double that of the entire Chicago MSA where median housing cost is \$108,960. There are limited opportunities for first time or entry level homebuyers in the local housing market. The Village of Glenview is working on a ten-year development plan for the former Glenview Naval Air Station that includes 1,500 new residences. According to the *Chicago Tribune*, it will be an upscale community of single-family homes, multi-family units and housing for seniors with home prices expected to be in the \$300,000 to \$1 million range.

The communities within the North Shore are residential/bedroom communities with retail and specialty shopping districts that cater to area residents. Many residents commute into larger metropolitan (Chicago) and other local office complexes (Northbrook) to work. Ninety-eight percent of the businesses in the area have gross revenues of less than \$1 million. The primary industry is services (48%) followed by retail trade (15%) and finance, insurance and real estate (10%). The 1999 unemployment rate in HB Glencoe's AA was 1.2%, less than the Chicago MSA which was 3.5%.

Competition in the AA is strong. There are several mortgage companies and large banks, including branches of multi-billion dollar financial institutions located in the area. HB Glencoe is the largest of four banks headquartered in Glencoe.

## Appendix C: Tables of Performance Data

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### Content of Standardized Tables

References to the  $\Delta$  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; market rank is based on the number of loans originated and purchased by the bank as compared to all other lenders in the MSA/AA; 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 MSA/AA.

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 MSA/AA.

**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 rank and 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 Refinance Loans** See Table 2.

**Table 5. 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 rank and market share information based on the most recent aggregate market data available.

**Table 6. 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 rank and market share information based on the most recent aggregate market data available.

- Table 7. 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 MSA/AA. The table also presents market rank and market share information based on the most recent aggregate market data available.
- Table 8. Borrower Distribution of Home Improvement Loans** See Table 7.
- Table 9. Borrower Distribution of Refinance Loans** See Table 7.
- Table 10. 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 11. Borrower Distribution of Small Loans to Farms** Compares the percentage distribution of the number of small loans (less than or equal to \$500 thousand) 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 12. Qualified Investments** Presents the number and dollar amount of qualified investments made by the bank in each MSA/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.
- Table 13. 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 MSA/AA.

The table also presents data on branch openings and closings in each MSA/AA.

**Table 14. Geographic and Borrower Distribution of Consumer Loans (OPTIONAL)** 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 the population 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 MSA/AA.

**Table 1. Lending Volume**

LENDING VOLUME												
State: Illinois												
Evaluation Period: 1/1/1998 to 12/31/1999												
MSA/AA:	% of Rated Area Deposits in MSA/AA*	Home Mortgage**		Small Loans to Businesses**		Small Loans to Farms**		Community Development***		Total Reported Loans	% of Rated Area Loans(#) in MSA/AA	
		#	\$ (000's)	#	\$ (000's)	#	\$ (000's)	#	\$ (000's)			#
Full-Scope:												
HB Glencoe AA in MSA 1600	100	404	118,175	164	25,803	0	0	8	7,394	576	151,372	100

(\*) Deposit data as of June 30, 1999  
 (\*\*) The evaluation period for Home Mortgage Loans, Small Loans to Businesses and Small Loans to Farms is 1/1/1998 to 12/31/1999  
 (\*\*\*) The evaluation period for Community Development Loans is 2/3/1997 to 5/22/2000.

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

Geographic Distribution: HOME PURCHASE															
State: Illinois															
Evaluation Period: 1/1/1998 to 12/31/1999															
MSA/AA:	Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Overall Market Rank*		Market Share by Geography*		Total Home Purchase Loans		
	% 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	#	% of Total**
Full-Scope:															
HB Glencoe AA in MSA 1600	0.00	0.00	0.00	0.00	8.00	7.00	92.00	93.00	204	0.03	0.00	0.00	0.00	134	100.00

(\*) Based on 1998 Aggregate HMIDA Data only. Market rank is for all income categories combined.  
 (\*\*\*) Home purchase loans originated and purchased in the MSA/AA as a percentage of all home purchase loans originated and purchased in the rated area.

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

Geographic Distribution: HOME IMPROVEMENT State: Illinois Evaluation Period: 1/1/1998 to 12/31/1999																
MSA/AA:	Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Overall Market Rank*	Market Share by Geography*				Total Home Improvement Loans		
	% 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	#	% of Total**
Full-Scope:																
HB Glencoe AA in MSA 1600	0.00	0.00	0.00	0.00	8.00	0.00	92.00	100.00	21	1.00	0.00	0.00	0.00	1.10	12	100.00

(\*) Based on 1998 Aggregate HMDA Data only. Market rank is for all income categories combined.

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

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

Geographic Distribution: HOME MORTGAGE REFINANCE State: Illinois Evaluation Period: 1/1/1998 to 12/31/1999																
MSA/AA:	Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Overall Market Rank*	Market Share by Geography*				Total Home Mortgage Refinance Loans		
	% 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	#	% of Total**
Full-Scope:																
HB Glencoe AA in MSA 1600	0.00	0.00	0.00	0.00	8.00	1.00	92.00	99.00	155	0.10	0.00	0.00	0.00	0.10	257	100.00

(\*) Based on 1998 Aggregate HMDA Data only. Market rank is for all income categories combined.

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

**Table 5. Geographic Distribution of Small Loans to Businesses**

Geographic Distribution: SMALL LOANS TO BUSINESSES		State: Illinois		Evaluation Period: 1/1/1998 to 12/31/1999								
MSA/AA:	Low-Income Geographies	Middle-Income Geographies	Upper-Income Geographies	Overall Market Rank*			Market Share by Geography*			Total Small Business Loans		
	% of Businesses	% of Businesses	% of Businesses	% BANK Loans	Overall	Low	Mod	Mid	Upp	#	% of Total**	
HB Glwncoe in MSA 1600	0.00	0.00	8.00	4.00	92.00	92.00	0.00	0.00	0.30	0.60	164	100.00
Full-Scope:												

(\*) Based on 1998 Aggregate Small Business Data only. Market rank is for all income categories combined.  
 (\*\*\*) Small loans to businesses originated and purchased in the MSA/AA as a percentage of all small loans to businesses originated and purchased in the rated area.

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

Geographic Distribution: SMALL LOANS TO FARMS		State: Illinois		Evaluation Period: 1/1/19 98 to 12/31/1999								
MSA/AA:	Low-Income Geographies	Middle-Income Geographies	Upper-Income Geographies	Overall Market Rank*			Market Share by Geography*			Total Small Farm Loans		
	% of Farms	% of Farms	% of Farms	% BANK Loans	Overall	Low	Mod	Mid	Upp	#	% of Total**	
HB Glwncoe AA in MSA 1600	0.00	0.00	11.00	0.00	87.00	0.00	0.00	0.00	0.00	0.00	0	0
Full-Scope:												

(\*) Based on 1998 Aggregate Small Farm Data only. Market rank is for all income categories combined.  
 (\*\*\*) Small loans to farms originated and purchased in the MSA/AA as a percentage of all small loans to farms originated and purchased in the rated area.

**Table 7. Borrower Distribution of Home Purchase Loans**

Borrower Distribution: HOME PURCHASE State: Illinois Evaluation Period: 1/1/1998 to 12/31/1999																
MSA/AA:	Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers		Overall Market Rank**	Market Share by Borrower Income**				Total Home Purchase Loans		
	% of Families	% BANK Loans*	% of Families	% BANK Loans*	% of Families	% BANK Loans*	% of Families	% BANK Loans*		Overall	Low	Mod	Mid		Upp	#
Full Scope:																
HB Glencoe AA in MSA 1600	5.00	3.00	8.00	3.00	14.00	7.00	72.00	84.00	251	0.03	0.00	0.00	0.10	0.04	134	100.00

(\*) As a percentage of loans with borrower income information available. No information was available for 3% of loans originated and purchased by the bank.

(\*\*) Based on 1998 Aggregate HMDA Data only. Market rank is for all income categories combined.

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

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

Borrower Distribution: HOME IMPROVEMENT State: Illinois Evaluation Period: 1/1/1998 to 12/31/1999																
MSA/AA:	Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers		Overall Market Rank**	Market Share by Borrower Income**				Total Home Improvement Loans		
	% of Families	% BANK Loans*	% of Families	% BANK Loans*	% of Families	% BANK Loans*	% of Families	% BANK Loans*		Overall	Low	Mod	Mid		Upp	#
Full Scope:																
HB Glencoe AA in MSA 1600	5.00	0.00	8.00	0.00	14.00	25.00	72.00	75.00	21	1.00	0.00	0.00	1.60	1.10	12	100.00

(\*) As a percentage of loans with borrower income information available. No information was available for 0% of loans originated and purchased by the bank.

(\*\*) Based on 1998 Aggregate HMDA Data only. Market rank is for all income categories combined.

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

**Table 9. Borrower Distribution of Home Mortgage Refinance Loans**

Borrower Distribution: HOME MORTGAGE REFINANCE		State: Illinois		Evaluation Period: 1/1/1998 to 12/31/1999							
MSA/AA:	Low-Income Borrowers	Moderate-Income Borrowers	Middle-Income Borrowers	Upper-Income Borrowers	Overall Market Rank**	Market Share by Borrower Income**			Total Home Mortgage Refinance Loans		
	% of Families	% of Families	% of Families	% of Families	% BANK Loans*	Low	Mod	Mid	Upp	#	% of Total****
HB Glencoe AA in MSA 1600	5.00	8.00	14.00	10.00	81.00	155	0.00	0.00	0.04	257	100.00
Full-Scope:											

(\*) As a percentage of loans with borrower income information available. No information was available for 4% of loans originated and purchased by the bank.  
 (\*\*) Based on 1998 Aggregate HMDA Data only. Market rank is for all income categories combined.  
 (\*\*\*) Home mortgage refinance loans originated and purchased in the MSA/AA as a percentage of all home mortgage refinance loans originated and purchased in the rated area.

**Table 10. Borrower Distribution of Small Loans to Businesses**

Borrower Distribution: SMALL LOANS TO BUSINESSES		State: Illinois		Evaluation Period: 1/1/1998 to 12/31/1999		
MSA/AA:	Businesses with Revenues of \$1 million or less	Loans by Original Amount Regardless of Business Size	Market Share***	Total Small Loans to Businesses		
	% of Businesses*	% BANK Loans**	All	Rev \$1 million or less	#	% of Total****
HB Glencoe Aa in MSA 1600	72.71	54.27	0.45	0.44	164	100.00
Full-Scope:						

(\*) Businesses with revenues of \$1 million or less as a percentage of all businesses.  
 (\*\*) 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 0% of small loans to businesses originated and purchased by the bank.  
 (\*\*\*) Based on 1998 Aggregate Small Business Data only.  
 (\*\*\*\*) Small loans to businesses originated and purchased in the MSA/AA as a percentage of all small loans to businesses originated and purchased in the rated area.

**Table 11. Borrower Distribution of Small Loans to Farms**

Borrower Distribution: SMALL LOANS TO FARMS		State: Illinois	Evaluation Period: 1/1/1998 to 12/31/1999							
MSA/AA:	Farms with Revenues of \$1 million or less		Loans by Original Amount Regardless of Farm Size		Market Share***	Total Small Farm Loans				
	% of Farms*	% BANK Loans**	\$100,000 or Less	> \$100,000 to \$250,000			All	Rev \$1 million or less	#	% of Total****
HHB Glencoe AA in MSA 1600	89.47	0.00	0.00	0.00	0.00	0.00	0.00		0.00	
Full-Scope:										

(\*) Farms with revenues of \$1 million or less as a percentage of all farms.

(\*\*) Small loans to farms with revenues of \$1 million or less as a percentage of all loans reported as small loans to farms. No information was available for 0% of small loans to farms originated and purchased by the bank.

(\*\*\*) Based on 1998 Aggregate Small Farm Data only.

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

**Table 12. Qualified Investments**

QUALIFIED INVESTMENTS		State: Illinois	Evaluation Period: 2/3/1997 to 5/22/2000					
MSA/AAs:	Prior Period Investments*		Current Period Investments		Total Investments		Unfunded Commitments**	
	#	\$ (000's)	#	\$ (000's)	#	\$ (000's)	#	\$ (000's)
Full-Scope:								
HB Glencoe AA in MSA 1600	0	0	32	2,068	32	2,068	0	0

(\*) A Prior Period InvestmentsΔ means investments made in a previous evaluation period that are outstanding as of the examination date.

(\*\*) A Unfunded CommitmentsΔ means legally binding investment commitments that are tracked and reported by the bank's financial reporting system.

**Table 13. Distribution of Branch Delivery System and Branch Openings/Closings**

DISTRIBUTION OF BRANCH DELIVERY SYSTEM AND BRANCH OPENINGS/CLOSINGS												State: Illinois			Evaluation Period: 1/1/1998 to 12/31/1999						
MSA/AA:	Deposits		Branches				Branch Openings/Closings			Population											
	% of Rated Area Deposits in MSA/AA	# of BANK Branches in MSA/AA	% of Rated Area Branches in MSA/AA	Location of Branches by Income of Geographies			# of Branch Openings	Net Change in Location of Branches (+ or -)			% of the Population within Each Geography										
				Low	Mod	Upp		Low	Mod	Upp	Low	Mod	Upp								
Full-Scope:																					
HB Glencoe AA in MSA 1600	100.00	3	100.00	0	0	100	0	0	0	0	0	0.00	0.83	10.51	88.66						

**Table 14. Geographic and Borrower Distribution of Consumer Loans (Optional)**

Geographic and Borrower Distribution: CONSUMER LOANS												State: Illinois			Evaluation Period: 1/1/1998 to 12/31/1999						
MSA/AA:	Geographic Distribution						Borrower Distribution														
	Low-Income Geographies	Moderate-Income Geographies	Middle-Income Geographies	Upper-Income Geographies	Low-Income Borrowers	Moderate-Income Borrowers	Middle-Income Borrowers	Upper-Income Borrowers	Total Consumer Loans	% of Pop*	% BANK Loans	% of Pop*	% BANK Loans	% of Hshlds	% BANK Loans***	% of Total					
																	% of Pop*	% BANK Loans	% of Hshlds	% BANK Loans***	% of Hshlds
Full-Scope:																					
HB Glencoe AA in MSA 1600	0.00	0.83	10.51	88.66	5.34	1.80	8.09	3.50	6.40	72.49	73.8										

(\*) The percentage of the population in the MSA/AA that resides in these geographies.  
 (\*\*) Consumer loans originated and purchased in the MSA/AA as a percentage of all consumer loans originated and purchased in the rated area  
 (\*\*\*) No borrower income was available for 14.5% of the consumer loans.