



PUBLIC DISCLOSURE

July 14, 1998

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

**Great Bank, a National Association
Charter Number 23339**

**603 East Main Street
Evanston, Illinois 60202**

**Office of the Comptroller of the Currency
Chicago South Field Office
7600 County Line Road, Suite 3
Burr Ridge, Illinois 60521**

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 **Great Bank, a National Association (GBNA)** prepared by the Office of the Comptroller of the Currency (OCC), the institution's supervisory agency, as of July 14, 1998. The agency rates the CRA performance of an institution consistent with the provisions set forth in Appendix A to 12 C.F.R. Part 25.*

INSTITUTION'S CRA RATING: This institution is rated “**Satisfactory record of meeting credit needs**”.

GBNA originates a significant number of loans to businesses of various sizes and a reasonable number of loans to individuals of various income levels. GBNA's geographic distribution of home mortgage loans and small business loans, within the assessment area, is reasonable. The bank's loan-to-deposit ratio is reasonable and a majority of loans are made to borrowers within the assessment area.

DESCRIPTION OF INSTITUTION

Great Bank, a National Association (GBNA) is a wholly owned subsidiary of Greatbanc, Incorporated. Greatbanc, Inc., located in Aurora, Illinois, is a multi-bank holding company which owns all of the outstanding stock of the First National Bank of Chicago Heights and Aurora National Bank. The holding company also has majority ownership in Great Bank, Algonquin, Illinois. Great Bank is the only state chartered institution. In addition, the holding company also owns Greatbanc Trust Company and Greatbanc Operations.

GBNA is based in Evanston, Illinois, a city directly along the north shore of Chicago. Its head office has been located in Evanston, Illinois since it was first chartered in 1914. Until its conversion to a national bank on July 2, 1997, GBNA operated as Evanston Bank, a state chartered financial institution. Two branches have been opened within the last 2 years. The branch office located in Chicago's Lincoln Square community was opened in June 1996. A branch office was opened in Skokie, Illinois, in February 1998.

On March 31, 1998, GBNA had total assets of \$111 million, net income of \$145 thousand, and a loan-to-deposit ratio of 68%. Loans represent 63% of total assets. Commercial and commercial real estate lending represents 52%, residential real estate lending represents 33%, and consumer lending represents 15% of gross loans.

GBNA provides a full range of retail and commercial bank products. However, the bank's business focus changed in 1995, to primarily commercial lending upon the appointment of a new CEO and the subsequent addition of a senior lender, both with significant commercial lending backgrounds. Consequently, the bank's strategic focus is to develop long term relationships with commercial customers. Customers are middle market businesses with revenues less than \$2.5 million. Other services are provided as an accommodation to these commercial relationships. GBNA does not advertise home mortgage or consumer loans.

Home mortgage loan applications may be taken at GBNA. However, they are processed through Aurora National Bank's real estate loan division and subsequently sold on the secondary market. Loans that are not saleable however, are closed at Aurora National Bank and subsequently sold to the individual bank which originated the application. Home equity and home improvement loans are processed through First National Bank of Chicago Heights. However, loans are closed by each respective bank.

There are no financial or legal impediments which would impact GBNA's ability to meet the credit needs of its community. This evaluation considered the bank's performance since the last examination, dated August 15, 1994, at which time the bank received a Satisfactory rating.

DESCRIPTION OF ASSESSMENT AREA

The assessment area is comprised of a portion of Cook County which is part of the Chicago Metropolitan Statistical Area (MSA 1600). The assessment area represents 162 geographies, 4% of which are low-income, 27% are moderate-income, 32% are middle-income and 37% are upper-income. The assessment area includes geographies where the bank has a branch. It includes all of the city of Evanston. The assessment area includes all of the townships and/or villages of Skokie and Northfield, and portions of Glencoe, Winnetka, Wilmette, Glenview, Northbrook, Morton Grove, Lincolnwood, and Niles. Within the City of Chicago, the assessment area includes all of the communities of Rogers Park, West Ridge, Uptown, and Lincoln Square, and portions of North Center, Lakeview, Northpark, Albany Park, and Irving Park.

There are 182,261 families within the bank's assessment area. Twenty-one percent of the families are low-income, 17% are moderate-income, 20% are middle-income, and 42% are upper-income. The median family income for the assessment area is \$55,800.

The overall local economy is stable and prosperous. The employment base is diversified with numerous employment opportunities. Due to the assessment area's close proximity to Metro Chicago and other parts of Cook County, numerous employment opportunities exist. Twenty-one Fortune 500 companies have headquarters within Cook County. Twenty companies within Cook County

employ 4,000 or more people at one location.

The assessment area that excludes the City of Chicago is most prosperous. Significant differences exist for that portion of the assessment area that relates to the City of Chicago in terms of its demographic make-up of the population and income levels. Chicago has a significant percentage of low-and-moderate-income census tracts when compared to the remainder of Cook County. All but 2 of the low- or moderate-income census tracts within the bank's assessment area are within the City of Chicago. In June, the unemployment rate for the City of Chicago was 5.9% which was higher than the national average of 4.7%. The unemployment rate for the remainder of Cook County, excluding Chicago, was 3.9%. The unemployment rate for Evanston was even lower at 3.7%.

Many financial institutions serve the assessment area. According to 1996 Home Mortgage Disclosure Act (HMDA) information, 524 financial institutions originated home mortgages in the bank's assessment area. Many of the banks located in the assessment area are branches of larger regional and money center banks. In addition, numerous other financial institutions are in the area, including credit unions, brokerage companies, home mortgage and insurance companies.

Similarly situated banks for the assessment area include Success National Bank, Cole Taylor Bank, Brickyard Bank, The Foster Bank, and First Bank and Trust of Evanston. These banks all serve similar markets and have significant commercial and commercial real estate loan portfolios.

Based on the size and location of the bank's assessment area, credit needs are numerous and varied. Significant credit needs include affordable housing, consumer, and small business loans. Working capital, purchase order and accounts receivable financing are specific small business financing needs. These needs were identified through several community contacts with housing, economic and government representatives contacted by banking regulatory agencies in the past 24 months. We performed one independent contact during this examination which confirmed these credit needs.

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA:

Lending to Borrowers of Different Incomes and to Businesses of Different Sizes

We evaluated loans by borrower characteristics to determine the extent to which GBNA provides loans to small businesses and low-and moderate-income borrowers. This analysis revealed that a significant level of small loans are provided to businesses with revenues less than \$1 million. The bank also makes a considerable number of loans to businesses of varying sizes within the assessment area. The analyses also revealed that the distribution of GBNA's home mortgages to low-and moderate-income borrowers is reasonable when compared to the income distribution of the assessment area's families.

Small Business Lending

A review of demographic data revealed that 77% of the 27,830 small businesses in the assessment area have revenues less than \$1 million. A sample of GBNA's lending to small businesses revealed that ninety-two percent of the small business loans within the assessment area were made to businesses having less than \$1 million in annual revenues.

Based on our sample of the bank's small business lending, GBNA originates a large portion of small loans to businesses. As presented in **Table 1**, 40% of the loans originated within the assessment area were made to small businesses with a loan size of less than \$100,000.

Table 1 Distribution of Small Business Loan Originations Within the Assessment Area By Loan Size and Business Revenues								
Loan Size					Annual Revenues < \$1 Million			
1996	#	%	\$ (000's)	%	#	%*	\$ (000's)	%*
less than \$100,000	10	40%	\$496	8%	10	44%	\$496	9%
\$100,000 to \$250,000	7	28%	\$1,118	18%	6	26%	\$918	16%
\$250,000 to \$1,000,000	8	32%	\$4,729	74%	7	30%	\$4,166	75%
Totals	25	100%	\$6,343	100%	23	100%	\$5,580	100%
Distribution of Businesses and Farms in the Assessment Area by Annual Revenues of the Business or Farm:					< 1 Million 77% > 1 Million 11% Unknown 12% *As a percentage of loans of the size category			

Source: Sample of bank's 1997 and 1998 Small Business loans.

Home Mortgages

Although the volume of lending is low, the distribution of home loans among borrowers of various income levels is good when compared to the income distribution of the assessment area's families. **Table 2** below reflects that within the assessment area, the bank originated 23% to low- and moderate-income borrowers, in 1996. The percentage of originations to low- and moderate-income borrowers improved to 42% in 1997. Thirty-eight percent of the area's families are low- and moderate-income. Considering that 11% of the households within the assessment area are below the poverty level, the opportunity to extend home mortgage credit may be reduced. Those households may have a limited ability to assume debt obligations.

Table 2 Home Mortgage Loans By Borrower Income									
Borrower Income Distribution	1996				1997				Assessment Area Characteristics
	#	%	\$(000's)	%	#	%	\$(000's)	%	% of Families
Low	3	9%	156	3%	3	21%	75	5%	21%
Moderate	5	14%	346	6%	3	21%	205	13%	17%
Middle	9	26%	1,133	18%	4	29%	246	15%	20%
Upper	18	51%	4,504	73%	4	29%	1,090	67%	42%
Income Not Available									
Total	35	100%	6,139	100%	14	100%	1,616	100%	100%

Source: 1996 and Year-to-date 1997 HMDA - LAR . Includes only owner-occupied units.

Geographic Distribution of Loans

Overall, GBNA's geographic distribution of home mortgage loans and small business loans, within the assessment area, is reasonable. Also, the dispersion of lending within the assessment area is reasonable. The analysis is weighted more towards the distribution of the bank's small business loans rather than home mortgage lending since commercial lending is the bank's business focus.

Small Business Loans

GBNA originates a reasonable portion of small business loans in low- and moderate-income areas, considering its size, resources and the level of competition within its assessment area. **Table 3** reflects that the percentage of loans originated in low- and moderate-income tracts compares favorably when compared to the small business assessment area characteristics for these census tracts. Our sample revealed that the bank originated 4% of the number and 1% of the dollar amount of small business loans to businesses located in low-income census tracts. Within the bank's assessment area, 3% of the small businesses are located in low-income census tracts. GBNA originated 24% of the number and 25% of the dollar amount in moderate- income census tracts. Twenty-one percent of the small businesses are located in moderate-income census tracts. Our sample revealed that most of the business loan originations were in close proximity to the bank's branch locations. Further, most of the originations were dispersed around the Evanston main office, which is reasonable since the other branches have been opened within the last 24 months.

Table 3 Small Loans to Businesses By Income Level of Geography					
Income Level of Geography	1997				Small Business Assessment Area Characteristics
	#	%	\$ (000's)	%	% of Geographies
Low	1	4%	50	1%	3%
Moderate	6	24%	1,566	25%	21%
Middle	9	36%	2,676	42%	31%
Upper	9	36%	2,051	32%	45%
Total	25	100%	6,343	100%	100%

Source: Sample of bank's 1997 and 1998 Small Business loans.

Home Mortgage Loans

The distribution of credit to low- and moderate-income tracts is reasonable when compared to the owner-occupied characteristics of the assessment area. **Table 4** shows that GBNA originated 3% in 1996 and nothing in 1997, in low-income tracts. Overall, this level of lending is reasonable considering that only 1% of the owner-occupied units are within in the low-income census tracts. The bank originated 9% in 1996 and 28% in 1997, in moderate-income census tracts. This distribution compares favorably to the assessment area characteristics for moderate-income tracts and the percentage of owner-occupied units located in moderate-income census tracts.

Table 4 Home Mortgage Loans By Income Level of Geography										
Income Level of Geography	1996				1997				Assessment Area Characteristics	
	#	%	\$ (000's)	%	#	%	\$ (000's)	%	% of Owner-Occupied Units	% of Geography
Low	1	3%	120	2%	0	0%	0	0%	1%	4%
Moderate	3	9%	298	5%	4	28%	107	7%	18%	27%
Middle	11	31%	812	13%	5	36%	269	17%	33%	32%
Upper	20	57%	4,909	80%	5	36%	1,240	76%	48%	37%
Total	35	100%	6,139	100%	14	100%	1,616	100%	100%	100%

Source: 1996 and 1997 HMDA-LAR. Only owner-occupied lending is reflected in this table.

Community Development Lending

During the evaluation period the bank originated loans for the following community development purposes.

- A loan totaling \$30,000 to an organization for working capital needs. The organization is centered around women who are addicted to or recovering from drug and alcohol abuse. The organization is located in a low-income census tract.
- A loan totaling \$5,000, to a small business investment corporation, located within the bank's assessment area. The purpose of this organization is to promote the development, establishment, and expansion of businesses in Evanston, by granting loans on a not-for-profit basis.
- One multi-family loan, totaling \$518,000 in a moderate-income census tract within the assessment area.

Loan to Deposit Ratio

The bank's loan-to-deposit ratio is reasonable when compared to the five competitor banks. The loan-to-deposit ratio averaged 72% since the last CRA examination. The average loan-to-deposit ratio for the five competitor banks, for the same period, is 73% with the average ratios ranging from a low of 58% to a high of 80%.

Lending in Assessment Area

The majority of GBNA's lending is within its assessment area. For 1996 and 1997, 60% of the number and 51% of the dollar amount of home mortgage loans were originated within the bank's assessment area. A random sample of 54 small business loans originated in 1997 and 1998 revealed that 48% of the number and 29% of the dollar amount were within GBNA's assessment area. Small business lending within the assessment area is affected by business relationships established by the current lending staff at previous banks.

Compliance with Antidiscrimination Laws and Regulations

We conducted a fair lending examination to determine if all applicants that applied for home improvement loans were treated similarly. Specifically, we compared files of denied applicants of a prohibited basis group to approved loan applicants to make this determination. We also determined if the rates and terms granted to approved borrowers of the prohibited basis group were similar to other approved loan borrowers. We found no evidence of discrimination.

Response to Complaints

GBNA has not received any complaints since the prior examination.