



**LARGE BANK**

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Comptroller of the Currency  
Administrator of National Banks

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Washington, DC 20219

## **Public Disclosure**

**January 13, 2003**

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

**Castle Bank, National Association  
Charter Number: 14008**

**141 West Lincoln Highway  
DeKalb, IL 60115**

**Office of the Comptroller of the Currency**

**Central District  
One Financial Place, 440 South LaSalle Street, Suite 2700  
Chicago, IL 60605-1073**

***NOTE: This document is an evaluation of this institution's record of meeting the credit needs of its entire community, including low- and moderate-income neighborhoods, consistent with safe and sound operation of the institution. This evaluation is not, and should not be construed as, an assessment of the financial condition of this institution. The rating assigned to this institution does not represent an analysis, conclusion, or opinion of the federal financial supervisory agency concerning the safety and soundness of this financial institution.***

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## Overall CRA Rating

**Institution's CRA Rating:** This institution is rated **Outstanding**.

The following table indicates the performance level of **Castle Bank, National Association** with respect to the Lending, Investment, and Service Tests:

Performance Levels	Castle Bank, National Association Performance Tests		
	Lending Test*	Investment Test	Service Test
Outstanding	X		X
High Satisfactory			
Low Satisfactory		X	
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:

- Lending activity reflects excellent responsiveness to credit needs in the bank's assessment area.
- Geographic loan distributions are excellent for home mortgage loans, excellent for farm loans and good for business loans.
- Borrower income distributions are excellent for home mortgage loans, excellent for farm loans, and good for business loans.
- The volume of qualified investments is adequate, given the bank's capacity and the level of investment opportunities in the assessment area.
- The bank's retail delivery systems are readily accessible to geographies and individuals of different income levels.
- The bank provides a good level of community development services.

## Definitions and Common Abbreviations

The following terms and abbreviations are used throughout this performance evaluation, including the CRA tables. The definitions are intended to provide the reader with a general understanding of the terms, not a strict legal definition.

**Affiliate:** Any company that controls, is controlled by, or is under common control with another company. A company is under common control with another company if the same company directly or indirectly controls both companies. A bank subsidiary is controlled by the bank and is, therefore, an affiliate.

**Aggregate Lending:** The number of loans originated and purchased by all reporting lenders in specified income categories as a percentage of the aggregate number of loans originated and purchased by all reporting lenders in the MA/assessment area.

**Block Numbering Area (BNA):** A statistical subdivision of a county for grouping and numbering blocks in non-metropolitan counties where local census statistical area committees have not established census tracts. A BNA does not cross county lines.

**Census Tract (CT):** A small subdivision of metropolitan and other densely populated counties. Census tract boundaries do not cross county lines; however, they may cross the boundaries of metropolitan areas. Census tracts usually have between 2,500 and 8,000 persons, and their physical size varies widely depending upon population density. Census tracts are designed to be homogeneous with respect to population characteristics, economic status, and living conditions to allow for statistical comparisons.

**Community Development:** Affordable housing (including multifamily rental housing) for low- or moderate-income individuals; community services targeted to low- or moderate-income individuals; activities that promote economic development by financing businesses or farms that meet the size eligibility standards of the Small Business Administration's Development Company or Small Business Investment Company programs (13 CFR 121.301) or have gross annual revenues of \$1 million or less; or, activities that revitalize or stabilize low- or moderate-income geographies.

**Community Reinvestment Act (CRA):** the statute that requires the OCC to evaluate a bank's record of meeting the credit needs of its local community, consistent with the safe and sound operation of the bank, and to take this record into account when evaluating certain corporate applications filed by the bank.

**Consumer Loan(s):** A loan(s) to one or more individuals for household, family, or other personal expenditures. A consumer loan does not include a home mortgage, small business, or small farm loan. This definition includes the following categories: motor vehicle loans, credit card loans, home equity loans, other secured consumer loans, and other unsecured consumer loans.

**Family:** Includes a householder and one or more other persons living in the same household who are related to the householder by birth, marriage, or adoption. The number of family households always equals the number of families; however, a family household may also include non-relatives living with the family. Families are classified by type as either a married-couple family or other family, which is further classified into 'male householder' (a family with a male householder and no wife present) or 'female householder' (a family with a female householder and no husband present).

**Full Review:** Performance under the Lending, Investment, and Service Tests is analyzed considering performance context, quantitative factors (e.g., geographic distribution, borrower distribution, and total number and dollar amount of investments), and qualitative factors (e.g., innovativeness, complexity, and responsiveness).

**Geography:** A census tract or a block numbering area delineated by the United States Bureau of the Census in the most recent decennial census.

**Home Mortgage Disclosure Act (HMDA):** The statute that requires certain mortgage lenders that do business or have banking offices in a metropolitan area to file annual summary reports of their mortgage lending activity. The reports include such data as the race, gender, and the income of applications, the amount of loan requested, and the disposition of the application (e.g., approved, denied, and withdrawn).

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

**Household:** Includes all persons occupying a housing unit. Persons not living in households are classified as living in group quarters. In 100 percent tabulations, the count of households always equals the count of occupied housing units.

**Limited Review:** Performance under the Lending, Investment, and Service Tests is analyzed using only quantitative factors (e.g., geographic distribution, borrower distribution, total number and dollar amount of investments, and branch distribution).

**Low-Income:** Individual income that is less than 50 percent of the area median income, or a median family income that is less than 50 percent, in the case of a geography.

**Market Share:** The number of loans originated and purchased by the institution as a percentage of the aggregate number of loans originated and purchased by all reporting lenders in the MA/assessment area.

**Median Family Income (MFI):** The median income determined by the U.S. Census Bureau every ten years and used to determine the income level category of geographies. Also, the median income determined by the Department of Housing and Urban Development annually that is used to determine the income level category of individuals. For any given area, the median is the point at which half of the families have income above it and half below it.

**Metropolitan Area (MA):** Any primary metropolitan area (PMA), metropolitan area (MA), or consolidated metropolitan area (CMA), as defined by the Office of Management and Budget, with a population of 250,000 or more, and any other area designated as such by the appropriate federal financial supervisory agency.

**Middle-Income:** Individual income that is at least 80 percent and less than 120 percent of the area median income, or a median family income that is at least 80 percent and less than 120 percent, in the case of a geography

**Moderate-Income:** Individual income that is at least 50 percent and less than 80 percent of the area median income, or a median family income that is at least 50 percent and less than 80 percent, in the case of a geography.

**Multifamily:** Refers to a residential structure that contains five or more units.

**Other Products:** Includes any unreported optional category of loans for which the institution collects and maintains data for consideration during a CRA examination. Examples of such activity include consumer loans and other loan data an institution may provide concerning its lending performance.

**Owner-Occupied Units:** Includes units occupied by the owner or co-owner, even if the unit has not been fully paid for or is mortgaged.

**Qualified Investment:** A qualified investment is defined as any lawful investment, deposit, membership share, or grant that has as its primary purpose community development.

**Rated Area:** A rated area is a state or multi-state metropolitan area. For an institution with domestic branches in only one state, the institution's CRA rating would be the state rating. If an institution maintains domestic branches in more than one state, the institution will receive a rating for each state in which those branches are located. If an institution maintains domestic branches in two or more states within a multi-state metropolitan area, the institution will receive a rating for the multi-state metropolitan area.

**Small Loan(s) to Business(es):** A loan included in 'loans to small businesses' as defined in the Consolidated Report of Condition and Income (Call Report) and the Thrift Financial Reporting (TFR) instructions. These loans have original amounts of \$1 million or less and typically are either secured by nonfarm or nonresidential real estate or are classified as commercial and industrial loans. However, thrift institutions may also exercise the option to report loans secured by nonfarm residential real estate as "small business loans" if the loans are reported on the TFR as nonmortgage, commercial loans.

**Small Loan(s) to Farm(s):** A loan included in 'loans to small farms' as defined in the instructions for preparation of the Consolidated Report of Condition and Income (Call Report). These loans have original amounts of \$500,000 or less, and are either secured by farmland, or are classified as loans to finance agricultural production and other loans to farmers.

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

**Upper-Income:** Individual income that is more than 120 percent of the area median income, or a median family income that is more than 120 percent, in the case of a geography.

## Description of Institution

Castle Bank, National Association (CBNA or Castle Bank) is an intrastate bank headquartered in DeKalb, Illinois. As of December 31, 2002, the bank had assets of \$640 million and Tier 1 Capital of \$41 million. In addition to its main office, CBNA operates nine branches in DeKalb, Kane, Kendall, and McHenry counties in the western fringe of the Chicago primary metropolitan area.

First National of Nebraska, Inc. (FNNI) has owned Castle Bank since January 2002. FNNI is a multi-bank holding company headquartered in Omaha, Nebraska. FNNI owns a total of ten national banks and two state-chartered banks and has consolidated assets of \$10 billion. The banks are primarily located in Nebraska and adjacent Midwestern states. Non-bank subsidiaries of FNNI include mortgage, insurance, and finance companies.

CBNA was formerly known as First National Bank in DeKalb. In June 2000, the bank's parent company at that time merged First National Bank in DeKalb with affiliated Castle Bank Harvard and Castle Bank Sandwich. The Sandwich affiliate resulted from an earlier 1999 merger between The Sandwich State Bank and The Bank of Yorkville. With the 2000 merger, CBNA increased its assets and expanded its operations into Kane, Kendall and McHenry Counties. The FNNI affiliation was established in January 2002 when FNNI purchased Castle BancGroup, Inc., the parent company of CBNA. Concurrent with the purchase, Castle BancGroup, Inc. adopted the articles and by-laws of First National of Illinois, Inc. and presently operates under this name.

Castle Bank is a full-service financial institution, offering a wide variety of retail and commercial bank products and services. The bank has no subsidiaries. Its lending focus is home mortgage, commercial and agricultural loans. As of December 31, 2002, net loans totaled \$452 million, representing 71 percent of total assets and 83 percent of total deposits. The loan portfolio is comprised of 49 percent commercial, 30 percent residential real estate, 8 percent agricultural, 7 percent bank, 3 percent municipal, and 3 percent consumer loans. These numbers do not reflect the significant volume of residential real estate loans the bank has sold in the secondary market. CBNA sold approximately 3,050 residential loans, totaling \$416 million, over the evaluation period.

There are no financial, legal or other factors that impede the bank's ability to help meet credit needs in its assessment area. The bank's predecessor, First National Bank in DeKalb, received an Outstanding rating at its January 24, 2000, CRA examination. Prior to the 2000 merger, the Howard and Yorkville banks had received Satisfactory ratings. The most recent CRA exam for the premerger bank in Sandwich predates the revised CRA regulation.

## Scope of the Evaluation

### Evaluation Period/Products Evaluated

Products reviewed in the lending test include home mortgage loans, small loans to businesses and small loans to farms. The current evaluation period for these products is January 1, 2000 through December 31, 2002. Market comparisons are based on 2001 peer data, which was the most recently available data at the time of this evaluation.

We also considered other loan data in the Lending Test assessment. CBNA provided information regarding the bank's originations of small business loans secured by residential real estate. This information is itemized in Table 1A of Appendix C, but is not reflected in the other appendix tables.

The bank did not submit any community development loans for consideration during this evaluation period. In addition, we did not consider multifamily loans in the lending test as they are not a primary bank product and there are insufficient loans for meaningful analysis.

The current evaluation period for the investment and service tests is January 25, 2000 through January 13, 2003. At the bank's request, we considered the qualified donations of Castle BancGroup, Inc. under the Investment Test. We also considered any qualified donations of FNNI since its January 2002 acquisition of the Castle organization.

## **Data Integrity**

To assess the accuracy of the bank's publicly reported home mortgage, business and farm loan data, we compared reported information to credit file documentation for independent samples of loans. While we found a variety of reporting errors, the level and type of errors did not preclude accurate analysis of the bank's CRA performance. CBNA corrected the errors prior to filing the 2002 home mortgage, business and farm loan data.

We reviewed information on all investments and community development services. Only those activities that qualified are presented and considered in this evaluation.

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

CBNA has two assessment areas; however, we analyzed them as one because both are in the Chicago primary metropolitan area (PMA #1600). We performed a full-scope review of these areas, which are collectively referred to as the "Castle Bank assessment area" throughout this report.

## **Ratings**

The bank's overall rating is based exclusively on our full-scope review of the Castle Bank assessment area.

In the lending test assessment, we gave the most weight to home mortgage loans, followed by business loans and then farm loans. By number, home mortgage lending accounts for 50 percent of bank loans over the evaluation period. Business lending accounts for 34 percent and farm lending accounts for 16 percent of bank loans.

## **Other**

Refer to Appendix B for performance context information and a description of the community contacts used in this evaluation.

## **Fair Lending Review**

An analysis of recent public comments, consumer complaint information, HMDA, small business and small farm lending data was performed according to the OCC's risk based fair lending approach. Based on an analysis of this information, the OCC decided that a comprehensive fair lending examination was not needed in conjunction with the CRA evaluation this year.



## Conclusions with Respect to Performance Tests

### LENDING TEST

#### Conclusions for Areas Receiving Full-Scope Reviews

CBNA's lending test performance is rated "Outstanding" based on a full-scope review of the Castle Bank assessment area. Performance is excellent as evidenced by a very high level of lending activity, excellent overall geographic distributions, and excellent overall borrower income distributions.

#### Lending Activity

*(Refer to Table 1 Lending Volume and Table 1 Other in Appendix C for the facts and data used to evaluate the bank's lending activity.)*

Lending levels reflect excellent responsiveness in relation to area credit needs and the bank's deposit market share. The primary credit needs of this area are residential real estate, business, and agricultural loans. At \$361 million or 20 percent of total deposits, CBNA has the largest share of deposits among the 28 financial institutions with a branch in its assessment area.

Over the three-year evaluation period, CBNA originated 2,078 reportable home mortgage loans totaling \$241 million, 1,414 reportable business loans totaling \$129 million, and 659 reportable farm loans totaling \$66 million. At this level of lending activity, CBNA reinvests its entire deposit base into these loan types every 2.5 years.

Of all HMDA loans reported in the Castle Bank assessment area for the year 2001, CBNA ranked eleventh in home purchase loans with a 3 percent market share, first in home improvement loans with an 8 percent market share, and twenty first in refinance loans with a 1 percent market share. For several reasons explained below, CBNA's home purchase and home refinance lending activity is much stronger than the 2001 market share numbers suggest.

There was a significant volume of loan purchase activity in the Castle Bank assessment area in 2001. Twenty-seven percent of all reported home purchase loans and 28 percent of all reported home refinance loans are loan purchases instead of loan originations. Several lenders in the Castle Bank assessment area receive credit for originating a loan and for any subsequent purchases of the same loan by their affiliates. These subsequent purchases are typically done to facilitate secondary market sales. CBNA has almost no home mortgage loan purchases; therefore, it is more accurate to evaluate the bank's performance using data on loan originations only. Based on 2001 HMDA originations in the Castle Bank assessment area, CBNA ranked seventh in home purchase loans with a 3 percent market share and seventeenth in refinance loans with a 2 percent market share.

Mortgage companies and other lenders that do not have deposit-taking facilities in the assessment area also distort HMDA data. This is a highly competitive market, with 326 lenders reported home mortgage loan originations in the Castle Bank assessment area in 2001. Of the HMDA reporting institutions with offices or affiliates in the assessment area, CBNA ranked fourth in home purchase originations with a 14 percent market share and sixth in refinance originations with a 6 percent market share.

In addition, the bank originated a significant volume of home mortgage loans over the evaluation period via a third party arrangement. CBNA performed most of the administrative work to originate these loans, but the loans were not reported in the bank's HMDA data because the third party made the credit decision. Under this relationship, CBNA facilitated 1,569 home mortgage loan originations totaling \$214 million.

Of all CRA data reported in the Castle Bank assessment area for the year 2001, CBNA ranked twelfth in reported business loans with a 3 percent market share and second in reported farm loans with a 23 percent market share. This market share information, however, has limited meaning. Only 11 of the 28 local banks (representing 51 percent of the area's deposits) report CRA data. In addition, peer data is not available by census tract and includes a significant amount of lending outside the bank's assessment area. The portions of Kane, McHenry, and LaSalle Counties that Castle Bank has excluded from its assessment area account for 93 percent of the businesses and 76 percent of the farms in these counties.

Market information for reported business and farm loans in just DeKalb and Kendall Counties is somewhat more reliable and reflective of the bank's lending activity. Ten of the eighteen local banks (representing 60 percent of the deposits in the DeKalb and Kendall Counties portions of the assessment area) report CRA data. This area contains 68 percent of all Castle Bank assessment area businesses and 59 percent of its farms. Of all CRA data reported in DeKalb and Kendall Counties for the year 2001, CBNA originated the most business loans at 13 percent of market share and the most farm loans at 40 percent of market share.

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

The overall geographic distribution of loans is excellent.

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

*(Refer to Tables 2, 3, 4 and 5 in Appendix C for the facts and data used to evaluate the geographic distribution of the bank's home mortgage loan originations and purchases.)*

The geographic distribution of home mortgage loans is excellent. CBNA originated a very high level of mortgage loans in low- and moderate-income areas over the evaluation period. With few exceptions, bank performance exceeds the demographic comparator in both low- and moderate-income geographies. And the bank's low- and moderate-income market shares generally exceed its overall market share for each product.

CBNA reported no home improvement loans in low-income areas, but this does not detract from its performance given the limited opportunities for this type of lending. Low-income areas contain less than 0.2 percent of the assessment area's owner-occupied housing stock. In the year 2001, just three home improvement loans were reported in the assessment area's sole low-income tract.

CBNA reported no home refinance loans in low-income areas in the year 2001, but this does not detract from its performance. As previously mentioned, there are limited opportunities for home mortgage loans in low-income areas. And, over the evaluation period, the bank did originate home refinance loans in the assessment area's low-income tract.

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

*(Refer to Table 6 in Appendix C for the facts and data used to evaluate the geographic distribution of the bank's origination and purchase of small loans to businesses.)*

The overall geographic distribution of small loans to businesses is good. Over the evaluation period, CBNA originated a high level of business loans in moderate-income areas and an adequate level in low-income areas.

As previously mentioned, market share information for business loans has limited meaning in this market. Many local lenders are not subject to CRA data reporting requirements. And because peer data is compiled at the county level, market share ratios consider loans in low- and moderate-income geographies in Kane and LaSalle Counties that are outside the bank's assessment area.

Market share analysis for the geographic distribution of business loans is more meaningful based solely on the DeKalb County portion of the Castle Bank assessment area. Seven of the fifteen local banks (representing 62 percent of the county's deposits) report CRA data. And DeKalb County contains all of the low- and moderate-income geographies in the bank's assessment area.

The geographic distribution of business loans in moderate-income areas is excellent. At 11 percent, the bank's percentage of business loans in moderate-income areas meets the demographic comparator. Of all banks that reported 2001 CRA data in DeKalb County, CBNA originated the most business loans in moderate-income areas. In that year, it reported 50 business loans in moderate-income tracts. This represents 85 percent more loans than the 27 loans reported by the second-ranked lender. CBNA's 21 percent market share in moderate-income tracts exceeds its 15 percent market share for all business loans in DeKalb County.

The fact that the percentage of business loans in low-income areas is less than the demographic comparator does not detract from the bank's performance given the limited opportunities for this type of lending. In the year 2001, just 34 business loans were reported in DeKalb County's sole low-income tract. This volume represented only 1 percent of all reported business loans. CBNA ranked third in such reported loans. Neither top-ranked lender is a local financial institution. GE Capital Financial Inc. dominated the market with 16 of the 34 reported loans. All other lenders reported three loans or less.

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

*(Refer to Table 7 in Appendix C for the facts and data used to evaluate the geographic distribution of the bank's origination and purchase of small loans to farms.)*

The geographic distribution of small loans to farms is excellent. CBNA originated a very high level of loans in low- and moderate-income areas over the evaluation period. Bank performance exceeds the demographic comparator in both low- and moderate-income geographies.

As previously mentioned, market share analysis is more meaningful based solely on the DeKalb County portion of the assessment area. Of all banks that reported 2001 CRA data in DeKalb County, CBNA originated the most farm loans in both low- and moderate-income areas. In that year, it reported at least three times more farm loans than any other lender in both low- and moderate-income tracts. CBNA's 80 percent market share in low-income tracts, and 71 percent market share in moderate-income tracts, exceeds its overall 54 percent farm loan market share in DeKalb County.

### **Lending Gap Analysis**

Our geographic distribution analysis included a review for lending gaps, particularly in low- and moderate-income areas. We did not identify any unexplained conspicuous gaps or under-served geographies in the Castle Bank assessment area.

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

Seventy-eight percent of CBNA's loans by number are inside its assessment area. By product type, 79 percent of home purchase, 85 percent of home improvement, 81 percent of home refinance, 75 percent of reported business loans, and 80 percent of reported farm loans are inside the Castle Bank assessment area. We viewed this as a positive characteristic in our assessment of lending performance.

## Distribution of Loans by Income Level of the Borrower

The overall distribution of loans by borrower income level is excellent.

### **Home Mortgage Loans**

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

The overall distribution of home mortgage loans to borrowers of different income levels is excellent. CBNA originated a very high level of mortgage loans to low- and moderate-income borrowers over the evaluation period. With few exceptions, bank performance exceeds the low- and moderate-income demographic comparator for each product. Also, the bank's low- and moderate-income market shares generally exceed its overall market share for each product.

Bank performance is not weakened by the fact that at 11 percent, the refinance of loans to low-income families is less than the 15 percent of the demographic comparator. Many costs associated with refinancing a home mortgage loan do not vary based on loan amount. Consequently, it generally takes longer to recoup refinance costs on smaller dollar loans. Also, the low-income sector likely has a higher proportion of small dollar mortgages given the direct correlation between income and debt service ability. It is also likely that the 5 percent of families living below poverty level cannot afford the costs of refinancing.

Bank performance is not weakened by the fact the bank's 6 percent market share of home improvement loans to moderate-income families is less than its 9 percent overall home improvement loan market share. As previously mentioned, this is a highly competitive market. In the year 2001, CBNA needed just two more loans to moderate-income borrowers to make the market shares comparable. Over the entire evaluation period – CBNA's 29 percent of home improvement loans to moderate-income borrowers substantially exceeded the 19 percent demographic comparator.

### **Small Loans to Businesses**

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

The distribution of loans to businesses of different sizes is good. The bank originates a high level of loans to small businesses. This has been defined by regulation as businesses with gross annual revenues of \$1 million or less. For reasons previously mentioned in the *Lending Activity* section of this report, we used market share information for just DeKalb and Kendall Counties in our assessment.

The borrower distribution of reported business loans is good. The bank's 79 percent of loans to small businesses matches the demographic comparator. In the DeKalb and Kendall Counties, 15 percent of the businesses do not report revenue information. Of all banks that reported 2001 CRA data in DeKalb and Kendall Counties, CBNA originated the most loans to small businesses. In that year, CBNA reported 303 loans to small businesses. This is 71 percent more small business loans than the 177 loans reported by the second-ranked lender. CBNA's 21 percent market share to small businesses exceeds its 13 percent overall business loan market share.

The bank's willingness to make loans to small businesses is further evidenced by its loan size distribution and other loan data. Approximately 78 percent of CBNA's reported business loans originated in amounts of \$100,000 or less. In addition, the bank originated 40 small business loans totaling \$5 million secured by residential real estate over the evaluation period.

### **Small Loans to Farms**

*(Refer to Table 12 in the Appendix C for the facts and data used to evaluate the borrower distribution of the bank's origination and purchase of small loans to businesses.)*

The distribution of loans to farms of different sizes is excellent. The bank originates a very high level of loans to small farms. This has been defined by regulation as farms with gross annual revenues of \$1 million or less. For reasons previously mentioned in the *Lending Activity* section of this report, we used market share information for just DeKalb and Kendall Counties in our assessment.

The borrower distribution of reported farm loans is excellent. The bank's 95 percent of loans to small farms matches the demographic comparator. Essentially all of the farms in DeKalb and Kendall Counties report revenue information. Of all banks that reported 2001 CRA data in DeKalb and Kendall Counties, CBNA originated the most loans to small farms. In that year, it reported 187 loans to small farms. This is 75 percent greater than the 107 loans reported by the second-ranked lender. CBNA's 41 percent market share to small farms exceeds its 40 percent overall farm loan market share.

The bank's willingness to make loans to small farms is further evidenced by its loan size distribution. Approximately 70 percent of CBNA's reported business loans originated in amounts of \$100,000 or less.

### **Community Development Lending**

*(Refer to Table 1 Lending Volume in Appendix C for the facts and data used to evaluate the bank's level of community development lending. This table includes all CD loans, including multifamily loans that also qualify as CD loans. In addition, Table 5 includes geographic lending data on all multifamily loans, including those that also qualify as CD loans. Table 5 does not separately list CD loans, however.)*

CBNA did not submit any community development loans for our consideration in this evaluation period. The absence of community development lending had a neutral impact on Lending Test conclusions.

### **Product Innovation and Flexibility**

CBNA did not submit any innovative or flexible products for our consideration in this evaluation period. The absence of this information had a neutral impact on Lending Test conclusions.

## **INVESTMENT TEST**

### **Conclusions for Areas Receiving Full-Scope Reviews**

*(Refer to Table 14 in Appendix C for the facts and data used to evaluate the bank's level of qualified investments.)*

CBNA's Investment Test performance is rated "Low Satisfactory" based on a full-scope review of the Castle Bank assessment area.

Qualified investments consist entirely of current period contributions to organizations that provide community development services. The largest investment is a \$145,000 in-kind donation to a local housing authority. The donation facilitated a supportive housing project for disabled, homeless individuals. In addition, CBNA provided 25 charitable contributions to 15 different organizations totaling \$123,676 over the evaluation period. The contributions primarily benefit organizations that facilitate economic development and those that provide social services to low- and moderate-income individuals.

The bank's level of performance is adequate given the limited opportunities for local equity investment. Refer to the Market Profile Information in *Appendix B* for more detail regarding community development opportunities in the area. We also gave consideration to the bank's investment strategy, which precludes housing tax credits and mortgage-backed securities.

## SERVICE TEST

### Conclusions for Areas Receiving Full-Scope Reviews

CBNA's Service Test performance is rated "Outstanding" based on a full-scope review of the Castle Bank assessment area. Performance is excellent as evidenced by a strong retail delivery system and a good level of community development service activities.

#### Retail Banking Services

*(Refer to Table 15 in Appendix C for the facts and data used to evaluate the distribution of the bank's branch delivery system and branch openings and closings.)*

CBNA's retail delivery systems provide excellent accessibility to geographies and individuals of different income levels. This accessibility is evidenced, in part, by the excellent geographic and borrower distributions under the lending test. The bank has 10 offices, 11 automated teller machines (ATMs) that accept deposits, and 10 ATMs that dispense cash.

CBNA has the most office facilities and the largest share of deposits (20 percent) of 28 financial institutions with a branch in the Castle Bank assessment area. The two banks with the next highest share of area deposits have three offices each. With the exception of one drive-up facility, all CBNA offices are full-service branches. The bank's record of opening and closing offices over the evaluation period had a neutral impact on the accessibility of its delivery system.

The geographic distribution of CBNA offices exceeds the demographic comparator. Two, or 20 percent of its offices are in moderate-income tracts, compared to 8 percent of the area's population. In addition, the bank operates two of its deposit-taking ATMs, and two of its cash-dispensing ATMs in moderate-income census tracts.

The absence of an office in the assessment area's one low-income geography does not detract from bank performance. The low-income tract is part of the Northern Illinois University campus, containing just 5 percent of the area's population and low-and moderate-income families. CBNA operates two of its cash dispensing ATMs in this geography. In addition, one of the bank's deposit-taking ATMs and two of its cash-dispensing ATMs are located in geographies adjacent to the low-income tract.

The accessibility of branch offices to individuals of different income levels is also strong. CBNA's offices are located in census tracts where the percentages of the area's low-income and moderate-income families are greater than the percentages of the area's middle-income and upper-income families. Distribution of deposit-taking and cash-dispensing ATMs are similarly favorable.

CBNA has a mobile branch that provides teller services, deposit products, and bank information to residents of a local nursing home. Occasionally, the mobile branch will also serve students on the Northern Illinois University campus.

Business hours at CBNA offices vary slightly based on customers' needs, but not in ways that specifically inconvenience low- or moderate-income areas or individuals. Offices are open at least seven hours per day Monday through Thursday, nine hours on Friday, and three hours on Saturday.

Drive-up facilities available at all full-service offices and the bank's drive-up branch provide expanded hours of service on weekdays and Saturday.

CBNA's complete line of products and services is available at each of its full-service branches. Some offices do not have onsite representatives for trust services or retail non-deposit investment products; however, differences do not specifically inconvenience low- or moderate-income areas or individuals.

### **Community Development Services**

CBNA provides a high level of community development services in the Castle Bank assessment area. During the evaluation period, CBNA employees performed 19 qualifying service activities involving 14 different organizations. Most service work involved serving on boards or committees of organizations that provide social services to low- and moderate-income individuals or organizations that facilitate economic development.

CBNA also offers Individual Savings Accounts in conjunction with the DeKalb County Community Development Services Department. These accounts help low- and moderate- income individuals increase their self-sufficiency. The bank opened six of these accounts over the evaluation period.

The number and responsiveness of the bank's service activities is good in relation to available community development opportunities and the performance of competing financial institutions in the assessment area. Refer to the Market Profile Information in *Appendix B* for more detail regarding community development opportunities in the area.

## Appendix A: Scope of Examination

The following table identifies the time period covered in this evaluation, affiliate activities that were reviewed, and loan products considered. The table also reflects the metropolitan and non-metropolitan areas that received comprehensive examination review (designated by the term “full-scope”) and those that received a less comprehensive review (designated by the term “limited-scope”).

<b>Time Period Reviewed</b>	Lending Test (excludes CD Loans): 1/01/2000 to 12/31/2002 Investment and Service Tests and CD Loans: 1/25/2000 to 1/13/2003	
<b>Financial Institution</b>		<b>Products Reviewed</b>
Castle Bank, National Association (CBNA) DeKalb, IL		Home mortgage loans, small loans to businesses, small loans to farms
<b>Affiliate(s)</b>	<b>Affiliate Relationship</b>	<b>Products Reviewed</b>
First National of Illinois, Inc. (d/b/a Castle BancGroup, Inc. prior to January 31, 2002)	Parent Company	Qualified Investments (1/25/2000 to 12/31/2002)
First National of Nebraska, Inc.	Holding Company	Qualified Investments (2/01/2002 to 1/13/2003)
<b>List of Assessment Areas and Type of Examination</b>		
<b>Assessment Area</b>	<b>Type of Exam</b>	<b>Other Information</b>
DeKalb Assessment Area*	Full-Scope	DeKalb County, Kane County (tracts #8524.03, #8545.01, #8545.02), and Kendall County (tracts #8904, #8905, #8906, #8907), - all in Illinois and part of the Chicago PMA #1600. And LaSalle County, IL (tracts #9617, #9618, #9623) – a non-metropolitan area.
Harvey Assessment Area*	Full-Scope	McHenry County (tracts #8702 & #8703) - in Illinois and part of the Chicago PMA #1600
*Collectively referred to as the “Castle Bank Assessment Area”		



# Appendix B: Market Profiles for Full-Scope Areas

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### Market Profiles for Areas Receiving Full-Scope Reviews

Castle Bank Assessment Area .....	B-2
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**Castle Bank Assessment Area**

Demographic Information for Full Scope Area: Castle Bank Assessment Area						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	33	3.03	9.09	69.70	15.15	3.03
Population by Geography	141,818	5.06	8.17	63.45	19.38	3.95
Owner-Occupied Housing by Geography	31,642	0.16	4.48	72.52	22.84	0.00
Businesses by Geography	7,948	1.40	10.83	69.22	18.55	0.00
Farms by Geography	1,228	0.16	1.06	82.41	16.37	0.00
Family Distribution by Income Level	34,821	14.64	19.24	28.20	37.92	0.00
Distribution of Low- and Moderate-Income Families throughout AA Geographies	11,798	4.72	9.55	74.89	10.84	0.00
Median Family Income Chicago MA #1600 Non-metropolitan	\$42,758 \$29,693	Median Housing Value		\$92,924		
HUD Adjusted Median Family Income for 2002 Chicago MA #1600 Non-metropolitan	\$75,400 \$46,700	Unemployment Rates (as of 12/02): DeKalb County (5.7%) Kane County (7.4%) Kendall County (6.4%) McHenry County (6.0%) Consolidated (6.7%)				
Households Below the Poverty Level	9.28%					

(\*) The NA category consists of geographies that have not been assigned an income classification.  
Source: 1990 U.S. Census, 2002 HUD updated MFI, and Illinois Department of Employment Security

CBNA technically has two Assessment Areas, but they can be analyzed as one because both are in the Chicago primary metropolitan area (PMA #1600). The “DeKalb Assessment Area” is comprised of DeKalb County as well as contiguous portions of Kane and Kendall Counties. These counties are on the western edge of the Chicago PMA. The DeKalb Assessment Area also includes a portion of LaSalle County, a non-metropolitan area adjacent to DeKalb County (on the south) and Kendall County (on the west). The “Harvey Assessment Area” includes two tracts in McHenry County. These tracts are located in the northwest corner of the Chicago PMA, but they are not contiguous to the “DeKalb Assessment Area.”

CBNA operates in a small portion of the Chicago PMA, namely the more affluent suburban areas to the west and northwest of the City of Chicago. The Chicago PMA is the third largest metropolitan area in the United States. The City of Chicago is a transportation hub and a major economic, business, entertainment and cultural center for the upper Midwest.

Middle- or upper-income census tracts represent 28 of 33, or 85 percent of CBNA’s consolidated Assessment Area. The other income geographies comprise a contiguous group of census tracts in the City of DeKalb. This group includes a tract with no income designation and one low-income tract (both part of the Northern Illinois University campus), as well as two moderate-income geographies that include the City of DeKalb’s downtown area. The assessment area contains one other moderate-income geography located in the City of Sandwich in the southeast corner of DeKalb County.

The Assessment Area meets regulatory requirements. All of the bank's deposits as well as a substantial majority of its loan originations (81 percent of home mortgage, 75 percent of small business, and 80 percent of small farm loans) are in this Assessment Area. The Assessment Area does not arbitrarily exclude low- or moderate-income areas. Also, the non-metropolitan geographies in the area do not represent a substantial expansion across metropolitan area boundaries.

CBNA's main office is in the City of DeKalb. In addition, it has branches in the communities of Sandwich, Yorkville, Harvard, Sycamore, Plano and Sugar Grove. The bank also serves the area with 21 automated teller machines (ATMs). Eleven of the ATM's, primarily located in bank offices accept deposits. Ten ATM's, located at retail businesses and the university campus, dispense cash. CBNA provides a full range of financial products and services in this market, and it is an active home mortgage, small business and farm lender.

The bank operates in a competitive market that includes large regional banks, national mortgage companies and many local financial institutions. Of the 28 financial institutions that have branches in the Assessment Area, CBNA has the most office facilities with 10 and the largest share of deposits at 20 percent.

Portions of the Assessment Area are rural and agricultural-based. The area overall, however, is experiencing population growth and a conversion of rural land into industrial and residential development. The 2000 estimated population of DeKalb, Kane, Kendall and McHenry Counties is 807,789. This is an increase of 31 percent over 1990 census data. According to the 1997 Agricultural Census, the total number of farms in these counties decreased 20 percent since 1987; and the acres of land in farms decreased 11 percent.

The local economy is diversified and has grown despite a recent slowdown. According to 2000 data from the Bureau of Economic Analysis, the service industry provides 30 percent of the combined jobs in DeKalb, Kane, Kendall and McHenry Counties. The manufacturing sector (primarily small to medium-sized companies) provides 18 percent of the area's jobs. Retail trade and government are also important sectors, representing 16 percent and 12 percent of the job base respectively. Between 1995 and 2000, almost 69,000 jobs were added to the local economy. This represents a 19 percent increase in non-farm wage and salary employment. Unemployment rates have increased in the area. As of December 2002, unemployment rates were comparable to the 6.5 percent rate for the Chicago MA and 6.3 percent rate for the State of Illinois.

There is a moderate level of investment opportunity in the Castle Bank assessment area. We base this determination on our performance context research, recent community contacts, and review of the CRA performance evaluations for competing financial institutions in the area.

There are several opportunities to provide loans, contributions, and service work to community development (CD) organizations. We identified more than 30 such organizations at the local level alone. These include community housing development organizations, Habitat for Humanity affiliates, community action agencies, community foundations, consumer credit counseling agencies, qualified economic development corporations and Main Street programs.

Equity investments are limited to opportunities at the regional, statewide and national level. Some financial institutions in the area have made equity investments in the Upper Illinois River Valley Community Development Corporation, the Community Reinvestment Act Qualified Investment Fund, or the Illinois Equity Fund. Some institutions have also utilized low-income housing tax credits or qualified mortgage-backed securities to meet performance goals under the large bank investment test.

Recent contacts with community representatives included three government officials, three non-profit economic development corporations, and a chamber of commerce representative. Contacts reaffirmed the area's need for residential mortgage, small business, and agricultural loans. They also identified a need for affordable housing stock in McHenry County. Contacts were complimentary of local banks' responsiveness to area credit needs and participation with community development initiatives.

## Appendix C: Tables of Performance Data

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### Content of Standardized Tables

References to the “bank” include activities of any affiliates that the bank provided for consideration (refer to appendix A: Scope of the Examination). For purposes of reviewing the lending test tables, the following are applicable: purchased loans are treated as originations/purchases and market share is the number of loans originated and purchased by the bank as a percentage of the aggregate number of reportable loans originated and purchased by all lenders in the MA/assessment area. Tables without data are not included in this PE.

The following is a listing and brief description of the tables:

- Table 1. Lending Volume** - Presents the number and dollar amount of reportable loans originated and purchased by the bank over the evaluation period by MA/assessment area. Community development loans to statewide or regional entities or made outside the bank’s assessment area may receive positive CRA consideration. Refer to Interagency Q&As \_\_.12(i) - 5 and - 6 for guidance on when a bank may receive positive CRA consideration for such loans. When such loans exist, insert a line item with the appropriate caption, such as “Statewide/Regional” or “Out of Assessment Area,” in the MA/Assessment Area column and record the corresponding numbers and amounts in the “Community Development Loans” column.
- Table 1A. Other Products** - Presents the number and dollar amount of any unreported category of loans originated and purchased by the bank over the evaluation period by MA/assessment area. Examples include consumer loans or other data that a bank may provide, at its option, concerning its lending performance. This is a two-page table that lists specific categories.
- Table 2. Geographic Distribution of Home Purchase Loans** - Compares the percentage distribution of the number of loans originated and purchased by the bank in low-, moderate-, middle-, and upper-income geographies to the percentage distribution of owner-occupied housing units throughout those geographies. The table also presents market share information based on the most recent aggregate market data available.
- Table 3. Geographic Distribution of Home Improvement Loans** - See Table 2.
- Table 4. Geographic Distribution of Home Mortgage Refinance Loans** - See Table 2.
- Table 5. Geographic Distribution of Multifamily Loans** - Compares the percentage distribution of the number of multifamily loans originated and purchased by the bank in low-, moderate-, middle-, and upper-income geographies to the percentage distribution of multifamily housing units throughout those geographies. The table also presents market share information based on the most recent aggregate market data available.

- Table 6. Geographic Distribution of Small Loans to Businesses** - The percentage distribution of the number of small loans (less than or equal to \$1 million) to businesses originated and purchased by the bank in low-, moderate-, middle-, and upper-income geographies compared to the percentage distribution of businesses (regardless of revenue size) throughout those geographies. The table also presents market share information based on the most recent aggregate market data available. Because small business data are not available for geographic areas smaller than counties, it may be necessary to use geographic areas larger than the bank's assessment area.
- Table 7. Geographic Distribution of Small Loans to Farms** - The percentage distribution of the number of small loans (less than or equal to \$500,000) to farms originated and purchased by the bank in low-, moderate-, middle-, and upper-income geographies compared to the percentage distribution of farms (regardless of revenue size) throughout those geographies. The table also presents market share information based on the most recent aggregate market data available. Because small farm data are not available for geographic areas smaller than counties, it may be necessary to use geographic areas larger than the bank's assessment area.
- Table 8. Borrower Distribution of Home Purchase Loans** - Compares the percentage distribution of the number of loans originated and purchased by the bank to low-, moderate-, middle-, and upper-income borrowers to the percentage distribution of families by income level in each MA/assessment area. The table also presents market share information based on the most recent aggregate market data available.
- Table 9. Borrower Distribution of Home Improvement Loans** - See Table 8.
- Table 10. Borrower Distribution of Refinance Loans** - See Table 8.
- Table 11. Borrower Distribution of Small Loans to Businesses** - Compares the percentage distribution of the number of small loans (less than or equal to \$1 million) originated and purchased by the bank to businesses with revenues of \$1 million or less to the percentage distribution of businesses with revenues of \$1 million or less. In addition, the table presents the percentage distribution of the number of loans originated and purchased by the bank by loan size, regardless of the revenue size of the business. Market share information is presented based on the most recent aggregate market data available.
- Table 12. Borrower Distribution of Small Loans to Farms** - Compares the percentage distribution of the number of small loans (less than or equal to \$500,000) originated and purchased by the bank to farms with revenues of \$1 million or less to the percentage distribution of farms with revenues of \$1 million or less. In addition, the table presents the percentage distribution of the number of loans originated and purchased by the bank by loan size, regardless of the revenue size of the farm. Market share information is presented based on the most recent aggregate market data available.
- Table 13. Geographic and Borrower Distribution of Consumer Loans (OPTIONAL)** - For geographic distribution, the table compares the percentage distribution of the number of loans originated and purchased by the bank in low-, moderate-, middle-, and upper-income geographies to the percentage distribution of households within each geography. For borrower distribution, the table compares the percentage distribution of the number of loans originated and purchased by the bank to low-, moderate-, middle-, and upper-income borrowers to the percentage of households by income level in each MA/assessment area.

**Table 14. Qualified Investments** - Presents the number and dollar amount of qualified investments made by the bank in each MA/assessment area. The table separately presents investments made during prior evaluation periods that are still outstanding and investments made during the current evaluation period. Prior-period investments are reflected at their book value as of the end of the evaluation period. Current period investments are reflected at their original investment amount even if that amount is greater than the current book value of the investment. The table also presents the number and dollar amount of unfunded qualified investment commitments. In order to be included, an unfunded commitment must be legally binding and tracked and recorded by the bank's financial reporting system.

A bank may receive positive consideration for qualified investments in statewide/regional entities or made outside of the bank's assessment area. See Interagency Q&As \_\_.12(i) - 5 and - 6 for guidance on when a bank may receive positive CRA consideration for such investments. When such investments exist, insert a line item with the appropriate caption, such as "Statewide/Regional" or "Out of Assessment Area," in the MA/assessment area column and record the corresponding numbers and amounts in the "Qualified Investments" column.

**Table 15. Distribution of Branch Delivery System and Branch Openings/Closings** - Compares the percentage distribution of the number of the bank's branches in low-, moderate-, middle-, and upper-income geographies to the percentage of the population within each geography in each MA/assessment area. The table also presents data on branch openings and closings in each MA/assessment area.

**Table 1. Lending Volume**

LENDING VOLUME												
Geography: CHICAGO PMA (#1600)												
Evaluation Period: JANUARY 1, 2000 TO DECEMBER 31, 2002												
MA/Assessment Area (2002):	% of Rated Area Loans (#) in MA/AA <sup>*</sup>	Home Mortgage		Small Loans to Businesses		Small Loans to Farms		Community Development Loans <sup>**</sup>		Total Reported Loans		% of Rated Area Deposits in MA/AA <sup>***</sup>
		#	\$ (000's)	#	\$ (000's)	#	\$ (000's)	#	\$ (000's)	#	\$ (000's)	
<b>Full Review:</b>												
Castle Bank AA	100.00	2,078	241,370	1,414	129,355	659	65,694	0	0	4,151	436,419	100.00

<sup>\*</sup> Loan Data as of December 31, 2002. Rated area refers to either the state or multi-state MA rating area.

<sup>\*\*</sup> The evaluation period for Community Development Loans is From January 24, 2000 to December 31, 2002.

<sup>\*\*\*</sup> Deposit Data as of June 30, 2002. Rated Area refers to either the state, multi-state MA, or institution, as appropriate.



**Table 1A. Other Products**

LENDING VOLUME		Geography: CHICAGO PMA (#1600)				Evaluation Period: JANUARY 1, 2000 TO DECEMBER 31, 2002						% of Rated Area Deposits in AA***		
MA/Assessment Area (2002):	% of Rated Area Loans (#) in MA/AA*	Total Optional Loans**		Small Business Real Estate Secured**		Home Equity**		Motor Vehicle**		Credit Card**			Other Secured Consumer**	
		#	\$ (000's)	#	\$ (000's)	#	\$ (000's)	#	\$ (000's)	#	\$ (000's)		#	\$ (000's)
<b>Full Review:</b>														
Castle Bank AA	100.00	40	5,474	40	5,474	0	0	0	0	0	0	0	0	100.00

\* Loan Data as of December 31, 2002. Rated area refers to either the state or multi-state MA rating area.

\*\* The evaluation period for Optional Product Line(s) is From January 01, 2000 to December 31, 2002.

\*\*\* Deposit Data as of June 30, 2002. Rated Area refers to either the state, multi-state MA, or institution, as appropriate.

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

Geographic Distribution: HOME PURCHASE		Geography: CHICAGO PMA (#1600)					Evaluation Period: JANUARY 1, 2000 TO DECEMBER 31, 2002									
MA/Assessment Area:	Total Home Purchase Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Market Share (%) by Geography <sup>*</sup>					
	#	% of Total <sup>**</sup>	% Owner Occ Units <sup>***</sup>	% BANK Loans	% Owner Occ Units <sup>***</sup>	% BANK Loans	% Owner Occ Units <sup>***</sup>	% BANK Loans	% Owner Occ Units <sup>***</sup>	% BANK Loans	Overall	Low	Mod	Mid	Upp	
<b>Full Review:</b>																
Castle Bank AA	601	100.00	0.16	1.50	4.48	12.98	72.52	58.24	22.84	27.29	2.51	3.57	8.51	2.25	2.25	

<sup>\*</sup> Based on 2001 Peer Mortgage Data: Central Region.

<sup>\*\*</sup> Home purchase loans originated and purchased in the MA/AA as a percentage of all home purchase loans originated and purchased in the rated area.

<sup>\*\*\*</sup> Percentage of Owner Occupied Units is the number of owner occupied housing units in a particular geography divided by the number of owner occupied housing units in the area based on 1990 Census information.

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

Geographic Distribution: HOME IMPROVEMENT		Geography: CHICAGO PMA (#1600)				Evaluation Period: JANUARY 1, 2000 TO DECEMBER 31, 2002					Market Share (%) by Geography <sup>*</sup>				
MA/Assessment Area:	Total Home Improvement Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Overall	Low	Mod	Mid	Upp
	#	% of Total <sup>**</sup>	% Owner Occ Units <sup>***</sup>	% BANK Loans	% Owner Occ Units <sup>***</sup>	% BANK Loans	% Owner Occ Units <sup>***</sup>	% BANK Loans	% Owner Occ Units <sup>***</sup>	% BANK Loans					
<b>Full Review:</b>															
Castle Bank AA	168	100.00	0.16	0.00	4.48	10.71	72.52	64.88	22.84	24.40	8.21	0.00	30.77	7.74	6.93

<sup>\*</sup> Based on 2001 Peer Mortgage Data: Central Region.

<sup>\*\*</sup> Home improvement loans originated and purchased in the MA/AA as a percentage of all home improvement loans originated and purchased in the rated area.

<sup>\*\*\*</sup> Percentage of Owner Occupied Units is the number of owner occupied housing units in a particular geography divided by number of owner occupied housing units in the area based on 1990 Census information.

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

Geographic Distribution: HOME MORTGAGE REFINANCE															Geography: CHICAGO PMA (#1600)					Evaluation Period: JANUARY 1, 2000 TO DECEMBER 31, 2002				
MA/Assessment Area:	Total Home Mortgage Refinance Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Market Share (%) by Geography <sup>*</sup>													
	#	% of Total <sup>**</sup>	% Owner Occ Units <sup>***</sup>	% BANK Loans	% Owner Occ Units <sup>***</sup>	% BANK Loans	% Owner Occ Units <sup>***</sup>	% BANK Loans	% Owner Occ Units <sup>***</sup>	% BANK Loans	Overall	Low	Mod	Mid	Upp									
<b>Full Review:</b>																								
Castle Bank AA	1,284	100.00	0.16	0.86	4.48	8.41	72.52	57.63	22.84	33.10	1.24	0.00	2.91	1.05	1.54									

<sup>\*</sup> Based on 2001 Peer Mortgage Data: Central Region.

<sup>\*\*</sup> Home mortgage refinance loans originated and purchased in the MA/AA as a percentage of all home mortgage refinance loans originated and purchased in the rated area.

<sup>\*\*\*</sup> Percentage of Owner Occupied Units is the number of owner occupied housing units in a particular geography divided by number of owner occupied housing units in the area based on 1990 Census information.

**Table 5. Geographic Distribution of Multifamily Loans**

Geographic Distribution: MULTIFAMILY															Geography: CHICAGO PMA (#1600)		Evaluation Period: JANUARY 1, 2000 TO DECEMBER 31, 2002				
MA/Assessment Area:	Total Multifamily Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Market Share (%) by Geography <sup>*</sup>										
	#	% of Total <sup>**</sup>	% of MF Units <sup>***</sup>	% BANK Loans	% MF Units <sup>***</sup>	% BANK Loans	% MF Units <sup>***</sup>	% BANK Loans	% MF Units <sup>***</sup>	% BANK Loans	Overall	Low	Mod	Mid	Upp						
<b>Full Review:</b>																					
Castle Bank AA	25	100.00	40.25	24.00	21.62	8.00	27.06	44.00	11.06	24.00	25.00	30.00	28.57	0.00	60.00						

<sup>\*</sup> Based on 2001 Peer Mortgage Data: Central Region.

<sup>\*\*</sup> Multifamily loans originated and purchased in the MA/AA as a percentage of all multifamily loans originated and purchased in the rated area.

<sup>\*\*\*</sup> Percentage of multifamily units is the number of multifamily housing units in a particular geography divided by number of multifamily housing units in the area based on 1990 Census information.

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

Geographic Distribution: SMALL LOANS TO BUSINESSES		Geography: CHICAGO PMA (#1600)					Evaluation Period: JANUARY 1, 2000 TO DECEMBER 31, 2002									
MA/Assessment Area:	Total Small Business Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Market Share (%) by Geography <sup>*</sup>					
	#	% of Total <sup>**</sup>	% of Businesses <sup>***</sup>	% BANK Loans	% of Businesses <sup>***</sup>	% BANK Loans	% of Businesses <sup>***</sup>	% BANK Loans	% of Businesses <sup>***</sup>	% BANK Loans	Overall	Low	Mod	Mid	Upp	
<b>Full Review:</b>																
Castle Bank AA	1,414	100.00	1.40	0.35	10.83	10.89	69.22	67.11	18.55	21.64	2.67	1.35	6.77	3.31	1.56	

<sup>\*</sup> Based on 2001 Peer Small Business Data: US&PR.

<sup>\*\*</sup> Small loans to businesses originated and purchased in the MA/AA as a percentage of all small loans to businesses originated and purchased in the rated area.

<sup>\*\*\*</sup> Source Data - Dun and Bradstreet (2002).

**Table 7. Geographic Distribution of Small Loans to Farms**

Geographic Distribution: SMALL LOANS TO FARMS		Geography: CHICAGO PMA (#1600)					Evaluation Period: JANUARY 1, 2000 TO DECEMBER 31, 2002					Market Share (%) by Geography <sup>*</sup>				
MA/Assessment Area:	Total Small Farm Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Overall	Low	Mod	Mid	Upp	
	#	% of Total <sup>**</sup>	% of Farms <sup>***</sup>	% BANK Loans	% of Farms <sup>**</sup>	% BANK Loans	% of Farms <sup>**</sup>	% BANK Loans	% of Farms <sup>**</sup>	% BANK Loans						
<b>Full Review:</b>																
Castle Bank AA	659	100.00	0.16	0.91	1.06	4.70	82.41	80.73	16.37	13.66	22.93	80.00	66.67	23.39	16.24	

<sup>\*</sup> Based on 2001 Peer Small Business Data: US&PR.

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

<sup>\*\*\*</sup> Source Data - Dun and Bradstreet (2002).

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

Borrower Distribution: HOME PURCHASE		Geography: CHICAGO PMA (#1600)					Evaluation Period: JANUARY 1, 2000 TO DECEMBER 31, 2002									
MA/Assessment Area:	Total Home Purchase Loans		Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers		Market Share <sup>*</sup>					
	#	% of Total <sup>**</sup>	% Families <sup>***</sup>	% BANK Loans <sup>****</sup>	% Families <sup>***</sup>	% BANK Loans <sup>****</sup>	% Families <sup>***</sup>	% BANK Loans <sup>****</sup>	% Families <sup>***</sup>	% BANK Loans <sup>****</sup>	Overall	Low	Mod	Mid	Upp	
<b>Full Review:</b>																
Castle Bank AA	601	100.00	14.64	15.31	19.24	31.95	28.20	27.12	37.92	25.62	2.92	5.93	3.67	2.13	2.27	

<sup>\*</sup> Based on 2001 Peer Mortgage Data: Central Region.

<sup>\*\*</sup> As a percentage of loans with borrower income information available. No information was available for 0.00% of loans originated and purchased by BANK.

<sup>\*\*\*</sup> Percentage of Families is based on the 1990 Census information.

<sup>\*\*\*\*</sup> Home purchase loans originated and purchased in the MA/AA as a percentage of all home purchase loans originated and purchased in the rated area.



**Table 9. Borrower Distribution of Home Improvement Loans**

Borrower Distribution: HOME IMPROVEMENT		Geography: CHICAGO PMA (#1600)					Evaluation Period: JANUARY 1, 2000 TO DECEMBER 31, 2002									
MA/Assessment Area:	Total Home Improvement Loans		Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers		Market Share <sup>*</sup>					
	#	% of Total <sup>**</sup>	% Families <sup>***</sup>	% BANK Loans <sup>****</sup>	% Families <sup>***</sup>	% BANK Loans <sup>****</sup>	% Families <sup>***</sup>	% BANK Loans <sup>****</sup>	% Families <sup>***</sup>	% BANK Loans <sup>****</sup>	Overall	Low	Mod	Mid	Upp	
<b>Full Review:</b>																
Castle Bank AA	168	100.00	14.64	16.77	19.24	29.34	28.20	34.13	37.92	19.76	8.59	12.20	6.17	8.33	9.23	

<sup>\*</sup> Based on 2001 Peer Mortgage Data: Central Region.

<sup>\*\*</sup> As a percentage of loans with borrower income information available. No information was available for 0.60% of loans originated and purchased by BANK.

<sup>\*\*\*</sup> Percentage of Families is based on the 1990 Census information.

<sup>\*\*\*\*</sup> Home improvement loans originated and purchased in the MA/AA as a percentage of all home improvement loans originated and purchased in the rated area.

**Table 10. Borrower Distribution of Home Mortgage Refinance Loans**

Borrower Distribution: HOME MORTGAGE REFINANCE		Geography: CHICAGO PMA (#1600)					Evaluation Period: JANUARY 1, 2000 TO DECEMBER 31, 2002									
MA/Assessment Area:	Total Home Mortgage Refinance Loans		Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers		Market Share <sup>*</sup>					
	#	% of Total <sup>**</sup>	% Families <sup>***</sup>	% BANK Loans <sup>****</sup>	% Families <sup>***</sup>	% BANK Loans <sup>****</sup>	% Families <sup>***</sup>	% BANK Loans <sup>****</sup>	% Families <sup>***</sup>	% BANK Loans <sup>****</sup>	Overall	Low	Mod	Mid	Upp	
<b>Full Review:</b>																
Castle Bank AA	1,284	100.00	14.64	10.93	19.24	26.62	28.20	28.34	37.92	34.11	1.55	3.95	1.90	0.88	1.49	

<sup>\*</sup> Based on 2001 Peer Mortgage Data: Central Region.

<sup>\*\*</sup> As a percentage of loans with borrower income information available. No information was available for 0.23% of loans originated and purchased by BANK.

<sup>\*\*\*</sup> Percentage of Families is based on the 1990 Census information.

<sup>\*\*\*\*</sup> Home mortgage refinance loans originated and purchased in the MA/AA as a percentage of all home mortgage refinance loans originated and purchased in the rated area.

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

Borrower Distribution: SMALL LOANS TO BUSINESSES		Geography: CHICAGO PMA (#1600)			Evaluation Period: JANUARY 1, 2000 TO DECEMBER 31, 2002				
MA/Assessment Area:	Total Small Loans to Businesses		Businesses With Revenues of \$1 million or less		Loans by Original Amount Regardless of Business Size			Market Share <sup>*</sup>	
	#	% of Total <sup>**</sup>	% of Businesses <sup>***</sup>	% BANK Loans <sup>****</sup>	\$100,000 or less	> \$100,000 to \$250,000	> \$250,000 to \$1,000,000	All	Rev\$ 1 Million or Less
<b>Full Review:</b>									
Castle Bank AA	1,414	100.00	78.60	78.78	78.43	12.45	9.12	2.67	4.91

<sup>\*</sup> Based on 2001 Peer Small Business Data: US&PR.

<sup>\*\*</sup> Small loans to businesses originated and purchased in the MA/AA as a percentage of all small loans to businesses originated and purchased in the rated area.

<sup>\*\*\*</sup> Businesses with revenues of \$1 million or less as a percentage of all businesses (Source D&B - 2002).

<sup>\*\*\*\*</sup> Small loans to businesses with revenues of \$1 million or less as a percentage of all loans reported as small loans to businesses. No information was available for 3.04% of small loans to businesses originated and purchased by the bank.

**Table 12. Borrower Distribution of Small Loans to Farms**

Borrower Distribution: SMALL LOANS TO FARMS		Geography: CHICAGO PMA (#1600)			Evaluation Period: JANUARY 1, 2000 TO DECEMBER 31, 2002				
MA/Assessment Area:	Total Small Loans to Farms		Farms With Revenues of \$1 million or less		Loans by Original Amount Regardless of Farm Size			Market Share <sup>*</sup>	
	#	% of Total <sup>**</sup>	% of Farms <sup>***</sup>	% BANK Loans <sup>****</sup>	\$100,000 or less	> \$100,000 to \$250,000	> \$250,000 to \$1,000,000	All	Rev\$ 1 Million or Less
<b>Full Review:</b>									
Castle Bank AA	659	100.00	94.95	95.14	70.26	23.52	6.22	22.93	23.37

<sup>\*</sup> Based on 2001 Peer Small Business Data: US&PR.

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

<sup>\*\*\*</sup> Farms with revenues of \$1 million or less as a percentage of all farms (Source D&B - 2002).

<sup>\*\*\*\*</sup> 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 0.61% of small loans to farms originated and purchased by the bank.

**Table 14. Qualified Investments**

QUALIFIED INVESTMENTS									
			Geography: CHICAGO PMA (#1600)		Evaluation Period: JANUARY 25, 2000 TO JANUARY 13, 2003				
MA/Assessment Area:	Prior Period Investments*		Current Period Investments		Total Investments			Unfunded Commitments**	
	#	\$(000's)	#	\$(000's)	#	\$(000's)	% of Total	#	\$(000's)
<b>Full Review:</b>									
Castle Bank AA	0	0	26	269	26	269	100.00	0	0

\* 'Prior Period Investments' means investments made in a previous evaluation period that are outstanding as of the examination date.

\*\* 'Unfunded Commitments' means legally binding investment commitments that are tracked and recorded by the institution's financial reporting system.

**Table 15. Distribution of Branch Delivery System and Branch Openings/Closings**

DISTRIBUTION OF BRANCH DELIVERY SYSTEM AND BRANCH OPENINGS/CLOSINGS				Geography: CHICAGO PMA (#1600)				Evaluation Period: JANUARY 25, 2000 TO JANUARY 13, 2003									
MA/Assessment Area:	Deposits	Branches						Branch Openings/Closings				Population					
	% of Rated Area Deposits in AA	# of BANK Branches	% of Rated Area Branches in AA	Location of Branches by Income of Geographies (%)				# of Branch Openings	# of Branch Closings	Net change in Location of Branches (+ or -)				% of Population within Each Geography			
				Low	Mod	Mid	Upp			Low	Mod	Mid	Upp	Low	Mod	Mid	Upp
<b>Full Review:</b>																	
Castle Bank AA	100.00	10	100	0.00	20.0	50.0	30.0	1	1	0	0	0	0	5.06	8.17	63.45	19.38