



Comptroller of the Currency
Administrator of National Banks

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Public Disclosure

August 8, 1997

Community Reinvestment Act Performance Evaluation

**Plainsbank of Illinois, N.A.
Charter Number: 14280**

**678 Lee Street
Des Plaines, Illinois 60016**

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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 CRA performance of **Plainsbank of Illinois** prepared by **Comptroller of the Currency**, the institution's supervisory agency, as of **August 8, 1997**. 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.

The bank's averaged quarterly loan-to-deposit ratio is reasonable at 66%. A majority of loans are originated inside the assessment area. The geographic distribution of loans reflect a reasonable dispersion throughout the assessment area. The distribution of borrowers indicates reasonable penetration among individuals of all income levels. There have been no CRA complaints since the last evaluation.

Description of Institution

Plainsbank of Illinois, N.A. (Plainsbank) is a wholly owned subsidiary of Plains Financial Corporation, Inc., a one bank holding company. The bank is located in a stable northwest suburb of Chicago. As of June 30, 1997, the bank's asset size was \$228,953,000.

Plainsbank's main lending focus has been on extending commercial credit to local businesses. As of June 30, 1996, the bank's loan portfolio mix reflected commercial credit of 87%, residential mortgages 7%, home equity lines of credit 2% and other .2%. Loan products guaranteed by the SBA are offered. Other loan products offered include residential mortgages, home equity lines of credit and consumer loans (e.g., auto, overdraft lines of credit, personal and student loans).

Bank management is actively involved in several community service organizations. These organizations include:

- Northwest Community Bankers a consortium of banks that share resources to meet community credit needs;
- Des Plaines Economic Development Commission, a commission that is overseeing the redevelopment of Des Plaines downtown area; and,
- Small Business Development Center Microloan Consortium, the consortium lends to start up and existing small businesses.

The Comptroller of the Currency rated the bank's performance "Satisfactory" at the last CRA evaluation.

Description of Assessment Area

Plainsbank defines its assessment area as the following:

all census tracts falling at least 50% within the area bounded by Barrington Road and Hough Road on the west, State Highway 22 (Lake Zurich Road/Half Day Road) on the north, State Highway 43 (Waukegan Road/Harlem Avenue) on the east, and, on the south, Irving Park Road from Barrington Road to York Road, York/Elmhurst Road from Irving Park Road to State Highway 72, State Highway 72 from Elmhurst Road to Devon Avenue, and Devon Avenue from State Highway 72 to Harlem Avenue.

There are 139 census tracts within this assessment area. The area is comprised of 2 moderate-income, 52 middle-income and 85 upper-income census tracts. Using data from the 1990 US Census, there was a population of 759,849 and 206,241 families in Plainsbank’s assessment area. House units numbered 295,848 with a median housing value of \$148,800 and with 71% owner occupied. The median family income was \$55,462 which is 130% of the MSA average of \$42,758.

Conclusions with Respect to Performance Criteria

▶ Loan to Deposit Ratio

Plainsbank averaged quarterly loan-to-deposit ratios since the bank’s last evaluation is reasonable at 66%. Management’s business strategy is to attract business loans. The loan portfolio mix reflects this strategy with over 87 % in business loans. The following table documents the bank’s loan-to-deposit trend since the bank’s last evaluation on December 12, 1994.

Date	Loan-to-deposit ratio (%)
3/31/95	60
6/30/95	63
9/30/95	63
12/31/95	66
3/31/96	66
6/30/96	67
9/30/96	68
12/31/96	67
3/31/97	66
6/30/97	71
Average	66

► Lending to Borrowers of Different Income Levels

The bank is satisfactorily originating loans to borrowers of all income levels. The following information on commercial loans and HMDA reported loans indicates the bank's reasonable efforts to lend to borrowers of different income levels.

The following table uses 1996 and 1997 HMDA information. The HMDA information presented is limited to loans originated within the bank's assessment area. The table reflects the number and percentage of loans to low-, moderate-, middle-, and upper-income borrowers. Types of loans originated included home purchase, home improvement and home refinance.

HMDA Reported Loan Originations

Income Level	1996 Originations	% of Total Originations	YTD 1997*	% of Total Originations
Low	2	20%	0	0%
Moderate	1	10%	0	0%
Middle	0	0%	1	25%
Upper	7	70%	3	75%
Totals	10	100%	4	100%

* June 30, 1997

Percentage of Families within Assessment Area by Income Level

Income Level	Low	Moderate	Middle	Upper	Total
Percentage	7.59%	12.95%	23.40%	56.06%	100%

An analysis of the bank's commercial loan outstandings within the bank's assessment area reflect the bank's efforts to reasonably lend to commercial borrowers of different income levels. A correlation between loan size and the size of the business was used to analyze the bank's small business lending efforts.

Commercial Loans as of December 31, 1996

Loan Balance	\$ Volume	% of Total Loans	# Loans	% of Total Loans
\$100,000 and Under	\$ 7,952,119	8.80%	241	58.35%
\$100,001 to \$250,000	\$11,244,874	12.45%	67	16.22%
\$250,000 to \$1,000,000	\$43,955,947	48.65%	89	21.55%
Greater than \$1,000,000	\$27,196,112	30.10%	16	3.87%
Total Commercial Loan	\$90,349,052	100.00%	413	100.00%

Additionally, Plainsbank participates with other local area banks in the “MicroLoan Lending Program”. The Evanston Small Business Investment Corporation administers the program. The program is intended to assist small businesses meet short-term financial needs. The participants in the program consist entirely of low- and moderate income borrowers.

► Lending in the Assessment Area

A majority of loans have been originated inside Plainsbank’s assessment area. Business loans as of December 31, 1996 comprised 90% of the bank’s loan portfolio. Therefore, a bank prepared analysis of these business loans was used to analyze the level of loans inside and outside of the bank’s assessment area. The following table indicates that by dollar volume and number, the majority of business loans were originated within the bank’s assessment.

Commercial Loans Originated Inside Assessment Area

Year	\$ Volume	% Total Commercial Loans	# Loans	% Total Commercial Loans
1996	\$82,795,637	71.06%	249	61.63%

► Geographic Distribution of Loans

The geographic distribution of loans reflects a reasonable dispersion throughout the assessment area. Plainsbank has loans outstanding in 75% or 104 out of 139 census tracts in 1996. The bank originated 3 commercial loans in low- and moderate-income census tracts. Of the two census tracts, one tract was the former Glenview Naval Air Station. The other tract consists of mainly commercial properties. The bank recognizes the lending opportunities in these tracts and continues to extend marketing efforts.

► Compliance with Antidiscrimination Laws

No violations of the substantive provisions of the antidiscrimination laws and regulations were identified in the course of the evaluation.