

Public Disclosure

May 29, 1997

Community Reinvestment Act Performance Evaluation

**BANK OF NORTHERN ILLINOIS, N.A.
Charter Number: 945**

**1 South Genesee Street
Waukegan, Illinois 60085**

**Office of the Comptroller of the Currency
Central District Office
One Financial Place, Suite 2700
440 S. LaSalle Street
Chicago, Illinois 60605**

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 **Bank of Northern Illinois, N.A.** prepared by **The Office of the Comptroller of the Currency**, the institution's supervisory agency, as of **May 29, 1997**. The agency evaluates performance in assessment area(s), as they are delineated by the institution, rather than individual branches. This assessment area evaluation may include visits to some, but not necessarily all of the institution's branches. The agency rates the CRA performance of an institution consistent with the provisions set forth in Appendix A to 12 CFR Part 25.

Institution's CRA Rating: This institution is rated Satisfactory.

- The lending levels indicate reasonable responsiveness to assessment area credit needs,
- The distribution of borrowers shows good penetration among retail and commercial customers of different income levels, and
- The geographic distribution of loans reflects good penetration throughout the assessment area.

Description of Institution

Bank of Northern Illinois, N.A. (BONI), is a community bank headquartered in Waukegan, IL. The bank has 5 full service offices, located in Waukegan, Gurnee, Libertyville, and 2 locations in Glenview. As of March 31, 1997 total assets for BONI equaled \$205 million. The bank's loan portfolio equaled \$100 million, with 30% in consumer credit, 31% in residential real estate mortgages, and 39% in commercial loans. There are no known legal or financial impediments that would hamper the bank's performance under the Community Reinvestment Act.

Description of Assessment Area

The bank has defined their assessment area as all of Lake County, IL, and 58 census tracts located in the far northeastern portion of Cook County, IL. The assessment area is part of the Chicago MSA. The area is an economically stable suburban area located north of Chicago. A mix of residential communities, retail centers, industrial and manufacturing parks makes up the community. This assessment area consists of whole geographies, does not arbitrarily exclude any low and-moderate-income areas, contains all of the bank's branch offices and deposit taking ATMs and a substantial portion of the bank's lending activity. The census tracts in Cook County, IL were added in 1995 when the bank merged with an affiliated financial institution located in Glenview, IL.

Demographic data on the bank's assessment area is summarized in Table 1 below and Table 2 on the following page:

TABLE 1		
ASSESSMENT AREA CENSUS TRACTS		
Income Level	Number of Tracts	Percent
Low Income	2	1
Moderate Income	14	9
Middle Income	44	28
Upper Income	95	61

TABLE 2		
ASSESSMENT AREA FAMILIES		
Income Level	Number of Families	Percent
Low Income	20,751	10
Moderate Income	27,777	13
Middle Income	42,172	21
Upper Income	114,109	56

Conclusions with Respect to Performance Criteria

Following is a detailed discussion of each performance criterion:

Loan-to-Deposit Ratio:

The bank's average loan-to-deposit ratio from June, 1995 to March, 1997 is 65.7%. This ratio is comparable to BONI's national peer group average loan-to-deposit ratio of 70.6%. The bank's average loan-to-deposit ratio is favorable when compared to the custom peer group ratio of 63.7% for financial institutions in the Chicago MSA with total assets between \$150 million and \$250 million.

Lending Within the Assessment Area:

An improving trend is noted in the bank's percent of residential lending within the designated assessment area. A summary of the review performed during our examination of the bank's 1995 and 1996 Home Mortgage Disclosure Act (HMDA) data is shown in Table 3 below:

TABLE 3				
LENDING WITHIN ASSESSMENT AREA HMDA SUMMARY				
YEAR	NUMBER OF APPLICATIONS INSIDE	PERCENT INSIDE	NUMBER OF ORIGINATIONS INSIDE	PERCENT INSIDE
1995	244	56	180	59
1996	325	69	265	71

A review was also performed on the bank's commercial lending portfolio for the first

quarter of 1997. During that time frame the bank made 54% of small loans to businesses within their assessment area.

Both the HMDA ratios and small business ratios are reasonable in regards to lending performance within the bank's assessment area.

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

BONI has a satisfactory record of lending to low and-moderate-income individuals and to small businesses. A review of the bank's 1995 and 1996 HMDA data reflected 24% of applications and 20% of originations were from low and-moderate-income borrowers. This is reasonably comparable to the bank's demographic makeup for their assessment area.

A review of internal management reports of small loans to businesses made within the bank's assessment area during the first quarter of 1997 reflected 98% were to small businesses. This ratio shows the bank's strong commitment to helping to meet the identified credit needs of small businesses.

Geographic Distribution of Loans:

Loans are disbursed throughout the bank's entire assessment area and the level of penetration is good. For low and-moderate income geographies, only one moderate income census tract lacked HMDA reportable activity during 1995 and 1996, combined.

Response to Complaints:

The bank has received no complaints relating to their CRA performance.

Compliance with Fair Lending Laws and Regulations:

In conjunction with this CRA evaluation, we performed a review of the bank's compliance with applicable fair lending laws and regulations. No violations or exceptions to these laws and regulations were identified.