



INTERMEDIATE SMALL BANK

Comptroller of the Currency
Administrator of National Banks

Washington, DC 20219

PUBLIC DISCLOSURE

November 6, 2007

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

Great Lakes Bank, N.A.
Charter Number 12779

13057 S. Western Ave.
Blue Island, IL 60406

Office of the Comptroller of the Currency

Chicago South Field Office
7600 S. County Line Rd, #3
Burr Ridge, IL 60527

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, 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.

INSTITUTION'S CRA RATING: This institution is rated Satisfactory.

The Lending Test is rated:

Satisfactory.

The Community Development Test is rated:

Outstanding.

- The bank's loan to deposit ratio is more than reasonable.
- Lending in the bank's assessment area (AA) exceeds the standard for satisfactory performance.
- The geographic distribution of loans reflects reasonable dispersion throughout the AA.
- Given the demographics of the AA, borrower distribution reflects reasonable penetration among individuals of different income levels and businesses of different sizes.
- There are no complaints on file relating to the bank's Community Reinvestment Act performance

SCOPE OF EXAMINATION

The evaluation period for the Lending Test was January 1, 2004 through December 31, 2006. Under the Lending Test, home mortgage loans and small loans to businesses were evaluated. The Community Development Test evaluation period was August 12, 2003 to November 6, 2007. Under the Community Development Test, CD Loans, Investments and Services were evaluated.

The bank's activity for this period in the State of Indiana was not evaluated. The bank's only presence in that state was a convenience branch, which was opened in a small grocery store in 2005. However, bank management has decided to close that branch in February 2008. The bank's assessment area in Indiana does not include any low- or moderate-income geographies. For these reasons the evaluation of those activities would not be meaningful and the bank's performance in the State of Indiana was not rated.

DESCRIPTION OF INSTITUTION

Great Lakes Bank, N.A. (GLB), with total assets of \$731 million as of June 30, 2007, is a full service commercial bank headquartered in Blue Island, Illinois. GLB is a wholly owned subsidiary of Great Lakes Financial Resources, a one bank holding company located in Matteson, Illinois. GLB was rated "Satisfactory" at the previous CRA Examination dated August 11, 2003.

GLB is an intrastate bank with sixteen full service banking center locations and two drive-up locations. Seventeen of the eighteen banking offices are located in Cook, Will, or Kankakee Counties. The counties are located in the Chicago-Naperville-Joliet Metropolitan District 16974. One of the bank's banking offices is located in Dyer, Indiana. The bank's activity for this period in the State of Indiana was not evaluated. The bank's only presence in that state was a convenience branch, which was opened in a small grocery store in 2005. However, bank management has decided to close that branch in February 2008. The bank's assessment area in Indiana does not include any low- or moderate-income geographies. For these reasons the evaluation of those activities would not be meaningful and the bank's performance in the State of Indiana was not rated.

Two of the 18 branches are located in moderate-income geographies, 11 in middle-income, and 5 in upper-income geographies. Since the last evaluations, the bank has closed 4 convenience in-store branch facilities. The branches were located at 13001 S. Ashland Avenue, Calumet Park, Illinois 60827 (middle-income), 20005 S. Wolf Road, Mokena, Illinois 60448 (upper-income), 100 Market Place, Manhattan, Illinois 60442 (upper-income), and 451 N. Locust Street, Manteno, Illinois 60950 (moderate-income). Three branches were opened since the last evaluations; 1218 Sheffield Avenue (Dyer, IN – to be closed 2/08), 685 N. LaGrange Road (Frankfort, IL), and 451 N. Locust Street (Manteno, IL – now closed). GLB does not have any branches in the 16 low-income geographies within the bank's assessment area. The bank's branch distribution among moderate-income geographies is adequate. The following table details the bank's branch and ATM distribution by census tract income.

Distribution of Bank Offices and ATMs by Census Tract						
Census Tract Income Level	Tracts in AA		Full-Service Offices		Automated Teller Machines*	
	#	%	#	%	#	%
Low	16	6.04%	0	0.00%	0	0.00%
Moderate	70	26.42%	1	6%	2	11%
Middle	134	50.57%	10	63%	11	61%
Upper	44	16.60%	5	31%	5	28%
NA	1	0.38%	0	0.00%	0	0.00%
Total	265	100.00%	16	100.00%	18	100.00%

***Includes all branch locations, convenient banking locations, and drive-up locations.*

The bank's business strategy is to provide its customers with a full range of products and services consistent with the community needs. As of June 30, 2007, GLB had total assets of \$731 million, total loans of \$485 million, and total deposits of \$559 million. The loan to deposit ratio was 87 percent. The loan portfolio consists of residential real estate loans (33.14 percent), commercial and commercial real estate loans (57.39 percent), construction and development loans (8.23 percent), individual loans (0.74 percent), and other loans (0.50 percent).

There are no legal or financial impediments to GLB's ability to help meet the credit,

investment, and service needs of its AA. GLB's Tier 1 Capital level is \$56 million, representing 7.74 percent of average assets. The bank is financially capable of meeting almost any request for credit, subject to sound underwriting criteria and certain legal restrictions applicable to all national banks.

GLB's banking locations are supplemented by 24-hour access to deposit accounts through its automated teller machine (ATM) network. Other services include remote-capture, 24-hour telephone and Internet banking. The bank has a total of 18 ATM locations within the AA.

DESCRIPTION OF ASSESSMENT AREA(S)

Demographic Information for Full Scope Area: Great Lakes Illinois						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts/BNAs)	265	6.04	26.42	50.57	16.60	0.38
Population by Geography	1,250,205	4.14	24.76	50.76	20.34	0.00
Owner-Occupied Housing by Geography	338,835	1.53	19.96	55.29	23.22	0.00
Business by Geography	60,405	2.93	17.30	52.32	27.44	0.01
Farms by Geography	1,209	1.32	9.35	54.92	34.41	0.00
Family Distribution by Income Level	324,350	19.98	18.94	24.15	36.93	0.00
Distribution of Low and Moderate Income Families throughout AA Geographies	126,230	7.53	34.37	47.75	10.34	0.00
Median Family Income HUD Adjusted Median Family Income for 2006 Households Below Poverty Level		60,166 72,100 9%		Median Housing Value Unemployment Rate (March 2007 US Dept. Of Labor – Bureau of Labor Statistics)	127,710 4.4%	

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

Source: 2000 US Census and 2006 HUD updated MFI and the US Dept. Of Labor – Bureau of Labor Statistics

The above table provides basic demographic information based on the income level of geographies and families within the AA.

GLB's AA consists of 265 geographies. The AA is consistent with CRA regulatory requirements and does not arbitrarily exclude low- and moderate-income geographies. The AA includes geographies in which the bank has its branches and where a substantial portion of the bank's loans have been originated. GLB operates 10 bank branches, 6 convenience banking locations (located in Walt's Food centers), and 2 drive-up locations. The bank does not have a presence in low-income geographies, while their presence in moderate-income geographies within the AA is adequate. Of the 18 bank locations, 2 are located in moderate-income geographies, 11 are located in middle-income geographies, and 5 are located in upper-income geographies.

According to the 2000 census, the total population of the AA is 1,250,205. The population is 4.14 percent low-income, 24.76 percent moderate-income, 50.76 percent middle-income, and 20.34 percent upper-income geographies.

According to the 2000 census, the bank's AA has a total of 324,350 families; 6.04 percent low-income, 26.42 percent moderate-income, 50.57 percent middle-income, and 16.60 percent upper-income. Approximately 9 percent of the population within the bank's AA falls below the poverty level. Based on the Department of Housing and Urban Development, the adjusted median family income figure of \$72,100 was used to determine the borrower's income levels for the AA in 2006.

Local banking competition is aggressive and includes affiliates of large national banking companies, regional banks, numerous small community banks, credit unions, and non-bank financial service providers. GLB ranks 42 out of 214 financial institutions and has a deposit market share of 0.28 percent.

The bank’s AA includes a total of 14 villages, cities, or towns. The main branch is located in Blue Island, Illinois. As of the 2000 census, Blue Island has a population of 23,463. Households total 8,247, and 5,467 families reside in the city. The median household income for Blue Island is \$36,520. Industries in Blue Island providing the largest employment opportunities include manufacturing (17.2 percent), retail trade (10.4 percent), and finance and insurance (6.1 percent). The area’s unemployment rate is 7.0 percent with major employers consisting of Parco Foods, St. Francis Hospital, Modern Drop Forge, G & W Electric, and Hysan. The area has a total of 6 elementary schools, 1 junior high school, and 1 high school.

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS

LENDING TEST

The bank’s performance under the Lending Test is rated “**Satisfactory.**”

Loan-to-Deposit Ratio

GLB’s loan to deposit ratio is more than reasonable at 87 percent and exceeds the standard for satisfactory performance. The average quarterly loan-to-deposit ratio from June 30, 2003 through June 30, 2007 was 74.19 percent. The bank’s loan-to-deposit ratio has been steadily increasing since June 2003, going from 63.96 percent to 86.86 percent in June 2007. The bank’s loan-to-deposit ratios were compared with four similarly sized institutions with total assets ranging from \$655 million to \$752 million. Refer to the table below for comparative data:

Loan-To-Deposit Ratios		
Institution	Total Assets (millions) (As of 06/30/07)	Loan –to- Deposit Ratio
The National Republic Bank of Chicago	\$752	97.11%
Liberty Bank for Savings	\$731	54.42%
Great Lakes Bank, N.A	\$731	86.86%
Northbrook Bank & Trust Co.	\$720	82.23%
Amalgamated Bank of Chicago	\$655	67.68%

Source: FFIEC Call Report Data as of June 2007

Lending in Assessment Area

GLB’s lending in its AA exceeds the standard for satisfactory performance. A substantial majority of the number and dollar amount of the home mortgage and small business loans were originated within the bank’s AA. As depicted in the table below, 85 percent of the home mortgage and small business loans are in the bank’s assessment

area, while only 15 percent were outside the AA.

Lending in GLB's AA										
Loan Type	Number of Loans					Dollars of Loans (000's)				
	Inside		Outside		Total	Inside		Outside		Total
	#	%	#	%		#	%	#	%	
Home Mortgage*	1,171	85.23%	203	14.77%	1,374	\$124,564	74.69%	\$42,221	25.31%	\$166,784
Small Business**	16	53.33%	14	46.67%	30	\$4,175,727	61.59%	\$2,604,633	38.41%	\$6,780,360
Totals	1,187	84.54%	217	15.46%	1,404	\$4,300,291	61.90%	\$2,646,854	38.10%	\$6,947,144

* Based on reported HMDA related data 2004 through 2006

** Based on Small Business Sample of 30 loans

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

GLB's lending to borrowers of different incomes and businesses of different sizes in its AA is reasonable given the demographics of the AA.

GLB's overall distribution of home mortgage loans is excellent, particularly when considering that low-income families have a difficult time qualifying for conventional home mortgage products. Poverty level within the AA is 9 percent.

Home purchase loans to low-income borrowers (19.98 percent) exceeds the percentage of low-income families (13.95 percent) in the AA. Home purchase loans to moderate-income borrowers (19.19 percent) meets the percentage of moderate-income families (18.94 percent) in the AA.

Home improvement loans to low-income borrowers (12.37 percent) is somewhat below the percentage of low-income families (19.98 percent) in the AA. The percentage of home improvement loans made to moderate-income borrowers (22.68 percent) exceeds the percentage of moderate-income families (18.94 percent) in the AA.

Refinance loans to low-income families (13.52 percent) is somewhat below the percentage of low-income families (19.98 percent) that reside in the AA. Refinance loans to moderate-income borrowers (18.74 percent) meets the percentage of moderate-income families (18.94 percent) that reside in the AA.

GLB's borrower distribution of small business loans is good. Loans to businesses with revenues of \$1 million or less represents 56.24 percent of the sampled business loans, which is somewhat below the 69.32 percent of the area's businesses reporting revenues of less than \$1 million.

2004 – 2006 Borrower Distribution of Home Mortgage Loans in GLB's AA								
Borrower Income Level	LOW		MODERATE		MIDDLE		UPPER	
% of AA Families	19.98%		18.94%		24.15%		36.93%	
Loan Type(s)	% of Number	% of Amount						
Home Purchase	13.95%	4.90	19.19%	12.33	27.33%	26.56	39.53%	56.22
Home Improvement	12.37%	8.67%	22.68%	14.60	26.46%	21.78	38.49%	54.95
Home Refinance	13.52%	7.17%	18.74%	15.45	25.65%	23.67	42.09%	53.71

Source: Loan sample (Data reported under 2004 through 2006 HMDA); 2000 U.S. Census data.
Total number of families in AA: 324,350.

2004 – 2006 Borrower Distribution of Loans to Businesses in GLB's AA		
Business Revenues (or Sales)	≤\$1,000,000	>\$1,000,000
% of AA Businesses	69.32%*	5.46%*
% of Bank Loans in AA by #	56.25%	43.75%

*25.21% of non-farm businesses did not report their revenue

Geographic Distribution of Loans

The geographic distribution of loans reflects reasonable dispersion throughout the AA. GLB's geographic distribution of home mortgage loans is good and GLB's geographic distribution of small business loans is excellent.

The geographic distribution of home purchase loans is good. The bank did not originate any home purchase loans in low-income geographies. The percentage of owner occupied units within the low-income geographies is very small at less than 2 percent, thus limiting the opportunities to make home purchase loans. The percentage of home purchase loans in moderate-income geographies (27.81 percent) greatly exceeds the percentage of owner occupied units (19.96 percent) in moderate-income geographies

The geographic distribution of home improvement loans is good. The geographic distribution of home improvement loans in low-income geographies (1.03 percent) is slightly below the percentage of owner occupied units in those geographies (1.53 percent). The percentage of owner occupied units in the low-income geographies is very small at less than 2 percent, thus limiting the opportunities to make loans in those geographies. The geographic distribution of home improvement loans in moderate-income geographies (13.70 percent) is also somewhat below the percentage of owner

occupied units (19.96 percent) in those geographies.

The geographic distribution of home refinance loans is good. The geographic distribution of home refinance loans in low-income geographies (0.44 percent) is below the percentage of owner occupied units in those geographies (1.53 percent). The percentage of owner occupied units is very small at less than 2 percent in low-income geographies, thus limiting the opportunities to make home refinance loans. The geographic distribution of home refinance loans in moderate-income geographies (12.56 percent) is somewhat below the percentage of owner occupied units (19.96 percent) in those geographies.

The geographic distribution of small business loans is excellent. The bank's distribution of small business loans to businesses with revenues less than \$1 million in low-income tracts is 6.00 percent compared to the percentage of businesses in those geographies (2.79 percent). The bank's distribution of small business loans to businesses with revenues less than \$1 million in moderate-income geographies is excellent at 18.00 percent compared to the percentage of small businesses in those geographies (16.97 percent).

2004 – 2006 Geographic Distribution of Home Mortgage Loans in GLB's AA								
Census Tract Income Level	LOW		MODERATE		MIDDLE		UPPER	
% of Owner Occupied Housing	1.53%		19.96%		55.29%		23.22%	
LOANS	% of Number	% of Amount						
Home Purchase	0.00%	0.00%	27.81%	7.57	41.71	47.40	30.48	45.03
Home Improvement	1.03%	0.50	13.70%	10.52%	45.89	37.03	39.38	51.94
Home Refinance	0.44%	0.42%	12.56	8.11	52.73	47.17	34.27	44.30

Total number of families in AA: 324,350.

2004 – 2006 Geographic Distribution of Loans to Businesses in GLB's AA								
Census Tract Income Level	LOW		MODERATE		MIDDLE		UPPER	
% of AA Businesses	2.79%		16.97%		52.03%		28.20%	
LOANS	% of Number	% of Amount						
Small Business Loans	6.00%	2.00%	18.00%	41.00%	47.00%	16.00%	29.00%	42.00%

Responses to Complaints

There have been no consumer complaints relating to the bank's Community Reinvestment Act performance during the evaluation period.

COMMUNITY DEVELOPMENT TEST

The bank's community development performance demonstrates excellent responsiveness to community development needs in its AA through community development loans, qualified investments and community development services. The bank's community development performance is rated Outstanding.

GLB has demonstrated excellent responsiveness to the community development needs of its assessment area. Examples of GLB's responsiveness to community development needs include:

- \$65 thousand in community development grants. The grants were made to organizations that target low- and moderate-income individuals, families or areas.
- \$3.9 million in new (acquired since the last CRA exam) qualifying investments, bringing total qualifying investments to \$6.6 million.
- Thirteen community development loans totaling approximately \$6.95 million.

Number and Amount of Community Development Loans

During the evaluation period, GLB extended a significant amount of community development loans. Examples of the thirteen community development loans totaling approximately \$6.95 million are listed below:

- Eleven multi-family residential loans, totaling \$5.03 million, provided affordable housing to low- and moderate-income individuals or families;
- A \$1.75 million cooperative loan to non-profit organizations providing affordable housing services to low- and moderate-income individuals or families;
- A \$168 thousand construction loan to a for-profit organization providing housing services to low- and moderate-income individuals or families.

Number and Amount of Qualified Investments & Grants

Since the bank's last CRA evaluation in August 2003, Great Lakes Bank, N.A. has purchased \$3.9 million in qualifying investments. These investments are non-complex in nature; however, they do support the credit needs of the community. FNMA Pool mortgages for low- and moderate-income individuals and families represent \$2.7 million of new investments. All of the mortgages in the pools are to low- or moderate-income borrowers from within the bank's assessment area.

The bank has invested in two school bonds for a total of \$1.9 million. Both school districts are low- or moderate-income areas and are comprised of primarily (74% and 96% respectively) students eligible for free or reduced-price lunch programs.

Total qualifying investments, as of February 28, 2007, total \$6.6 million.

As of October 31, 2007, Great Lakes Bank, N.A. provided \$65 thousand in community development grants. The grants were made to organizations that target low- and moderate-income individuals, families or areas. Examples of some of these grants are as follows:

- An organization focused on education of low- and moderate-income individuals was granted \$5,000. This organization addresses the shortage of health care workers in southern Cook County. A majority of participants of the program include low-income individuals, minority males, and bilingual individuals.
- A local foundation was granted \$21,000. This is an organization dedicated to the discovery, pursuit, and achievement of personal growth and dignity for low- or moderate-income individuals of all ages having or at risk for developmental disabilities.
- A local organization focused on main street revitalization was granted \$2,500. This organization is a not-for-profit, volunteer based organization dedicated to strengthening downtown businesses, creating an inviting physical environment and attracting residents and visitors to historic downtown Blue Island. Blue Island is a moderate income area.
- A local family shelter was granted \$3,250. This shelter provides comprehensive, coordinated services to low- and moderate-income families in which domestic violence exists without imposing any one solution. The shelter accepts clients regardless of race, color, religion, national origin, sex, gender identity, sexual orientation, disability, marital status, or age.
- The local crisis center was granted \$30,000. This organization is a non-profit community organization that provides emergency shelter and other essential services for low- and moderate-income individuals and families victimized by domestic violence.
- A local school district was granted \$1,575. This grant was used to provide summer school scholarships and financial training to low- or moderate-income youths. This school district services low- and moderate-income individuals.
- One of the local schools located in District 130 was granted \$1,790. This grant was used to purchase 200 calculators for low- or moderate-income youths attending the school.

Extent to Which the Bank Provides Community Development Services

GLB's performance in providing community development services in the assessment area is good. Several officers and employees of GLB serve on the boards of directors or as officers of various community development service organizations. Those

programs include providing financial expertise in the form of assistance in approving loan requests to qualified small business development corporations and organizations, and providing input in fundraising initiatives. These services are provided to corporations and organizations targeting low- and moderate-income individuals.

GLB partnered with South Suburban Family Shelter in developing an Individual Development Account (IDA) program. Participating residents of the shelter are offered an opportunity to enroll in the IDA program, which consists of a free deposit account and periodic financial training. While the community development services provided are non-complex, they are responsive to the needs of the community.

Responsiveness to Community Development Needs

During our examination, we contacted two community organizations that operate in the assessment area. One contact is the director and CEO of a Chamber of Commerce and the other contact is the Coordinator of The Economic Development Council for the Southwest Suburbs (EDCSS). Our contacts indicated that financial institutions and lenders are very active in the community and committed to affordable housing and small business development.

One contact stated that GLB has been very involved with the community and they are very satisfied working with GLB. Our other contact stated, "Competition for available funding is strong."

The contacts agreed that local financial institutions and lenders are always receptive and willing to assist the community and are committed to the development of these communities. The local financial institutions work with local organizations to provide seminars addressing local housing needs and to inform the community of the financial products that are available to them.

Fair Lending or Other Illegal Credit Practices Review

We found no evidence of illegal discrimination or other illegal credit practices.