



SMALL BANK

Comptroller of the Currency
Administrator of National Banks

Washington, DC 20219

PUBLIC DISCLOSURE

August 15, 2007

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

**Beverly Bank and Trust Company, N.A.
Charter Number 24466**

**10258 S. Western Avenue
Chicago, Illinois 60643**

**Comptroller of the Currency
Chicago North Field Office
85 West Algonquin Road, Suite 340
Arlington Heights, IL 60005**

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 COMMUNITY REINVESTMENT ACT (CRA) RATING

This institution is rated: Satisfactory

The major factors that support Beverly Bank and Trust Company's (BBTC) overall rating include:

- The bank's loan to deposit ratio is good given the bank's size, financial condition and assessment area credit needs.
- A majority of loans extended are in the bank's assessment area.
- The borrower distribution of loans reflects adequate penetration among individuals of different income levels and businesses of different sizes.
- The geographic distribution of loans reflects poor dispersion throughout the assessment area.

SCOPE OF THE EXAMINATION

The evaluation period for the loan to deposit ratio was April 1, 2004 through June 30, 2007. The evaluation period for loans was January 1, 2005 through June 30, 2007. Based on the percentage of the number and dollar amount of loans originated during the evaluation period, we determined the bank's primary loan types to be small loans to businesses, home equity line of credit (HELOC) and home mortgage loans. Small business loans and HELOC loans originated by the bank and home mortgage loans originated by the bank and its affiliates that were located in the bank's designated assessment area (AA) were included in our analysis.

DESCRIPTION OF INSTITUTION

BBTC is a community bank with approximately \$160 million in assets as of June 30, 2007. BBTC is headquartered in Beverly, Illinois, a neighborhood of Chicago. Wintrust Financial Corporation, a \$9.6 billion, 15 bank holding company located in Lake Forest, Illinois, owns 100% of BBTC. BBTC was chartered April 1, 2004 and has two full service facilities. Customers are able to use the bank's Automated Teller Machines or those of its affiliate community banks surcharge free.

On June 30, 2007, BBTC had approximately \$117 million in outstanding loans with a net loan to average assets of 66 percent. The bank's total deposits equal approximately \$139 million and represent 89% of average assets. Tier 1 capital was reported at \$14 million. Commercial and industrial lending represents 40%, real estate lending represents 50%, and consumer loans represent 10% of gross loans.

The bank offers numerous loan products including: consumer, real estate secured, commercial/industrial, local government, and non-profit organizations loans. However, the bank's lending efforts are largely concentrated in small business and HELOC lending. The majority of the bank's home mortgage loans are referred to its affiliate, West America Mortgage Company. These 240 loans West America Mortgage Company loans plus two loans in the bank's AA that were originated by three affiliate banks are included in the borrower and geographic distribution analysis as detailed below.

There are no financial conditions, legal constraints or other factors that would hinder the bank's ability in helping to meet the credit needs of its community. This is the bank's first CRA examination.

DESCRIPTION OF ASSESSMENT AREA

BBTC has one AA in the state of Illinois. The AA is a small portion of the Chicago/Naperville/Joliet Metropolitan Statistical Area (MSA) 16974. It consists of 94 geographies in the southeast portion of Cook County, Illinois. The 94 geographies consist of 2 low-income geographies (2%), 31 moderate-income geographies (33%), 50 middle-income geographies (53%), 10 upper-income geographies (11%), and 1 geography that had not been assigned an income classification (1%). The AA meets the requirements of the CRA regulation

and does not arbitrarily exclude any low- or moderate-income geographies.

Based on 2000 Census data, the total population of the AA is 421,225 and the adjusted median family income for 2007 is \$72,100. There are 106,369 families that live in the AA. Of these, 22% are considered low-income, 21% are considered moderate-income, 24% are considered middle-income, and 33% are considered upper-income.

Based on the 2006 business demographic data, there were a total of 15,930 businesses in the AA. Of these, 70% had revenues less than \$1 million, 5% had revenues greater than \$1 million, and 25% did not report revenue information.

Beverly is one of the largest urban historic districts in the nation. It is a stable residential community that is only a 25 minute train commute to downtown Chicago. It has many small retail shops and no large national chain retail stores. The largest employers are the board of education, government, hospitals and St Xavier University.

Competition among financial institutions is strong in Cook County, ranging from banks with assets of less than \$100 million to branches of large multi-national banks. Deposit information is available at the county level only. As of the June 30, 2006 FDIC Deposit Market Share report for Cook County, BBTC had a 0.08% deposit market share and ranked 111th out of 183 financial institutions in Cook County. The top ten financial institutions had a majority of the deposit market share, 67% cumulatively, leaving the other 173 institutions to share the remaining 33 percent.

We conducted one community contact located within the bank's AA during our examination. The contact indicated that the primary credit needs of the community were loans for small business. The contact also stated that local banks have provided adequate funding and services for small businesses as well as for affordable housing.

CONCLUSIONS ABOUT PERFORMANCE CRITERIA

Loan-to-Deposit Ratio

The bank's loan-to-deposit ratio is good given the bank's size, financial condition, and AA credit needs. BBTC's quarterly average loan-to-deposit ratio for the time period of April 1, 2004 to June 30, 2007 was 75 percent. The most recent loan-to-deposit ratio (June 2007) was approximately 84 percent. The loan-to-deposit ratio for other similarly situated financial institutions located within the AA ranges from approximately 57% to 86% with an average of 72 percent.

Lending in Assessment Area

BBTC originated a majority of loans in its AA. Our review included all of the HELOC (197 loans), the small business loans (119 loans), and the home mortgage loans (58 loans) that were originated by the bank during the evaluation period. Affiliate lending is not considered in the calculation of the percentage of loans in the bank's AA.

Overall, the bank’s record of lending within its AA is good. Approximately 69% by total number and 59% by total dollar volume of loans were made to borrowers located within the bank’s AA. As noted in the table below, the volume of Home Mortgage Data Act (HMDA) lending (home purchase, home improvement and refinance) within the bank’s AA was poor and the amount of Small Business lending within the bank’s AA was adequate. However, nearly 88% by number and 85% by dollar amount of HELOC loans were made in the bank’s AA. We placed more weight on the bank’s lending performance with HELOC loans since they comprised 53% of the loans the bank originated during the evaluation period.

Total Loans Reviewed										
Loan Type	In Assessment Area				Out of Assessment Area				Total	
	#	% of #	\$\$ (000s)	% of \$\$	#	% of #	\$\$ (000s)	% of \$\$	#	\$
Home Purchase	14	36.84%	4,556	42.91%	24	63.16%	6,062	57.09%	38	10,618
Home Improvement	3	100.00%	80	100.00%	0	0.00%	0	0.00%	3	80
Refinance	4	23.53%	612	18.65%	13	76.47%	2,669	81.35%	17	3,281
Total HMDA	21	36.21%	5,248	37.54%	37	63.79%	8,731	62.46%	58	13,979
HELOC	173	87.82%	19,146	84.98%	24	12.18%	3,385	15.02%	197	22,531
Small Businesses	63	52.94%	12,614	48.20%	56	47.06%	13,555	51.80%	119	26,169
Grand Total	257	68.72%	37,008	59.04%	117	31.28%	25,671	40.96%	374	62,679

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

The distribution of borrowers reflects, given the demographics of the AA, reasonable penetration among individuals of different income levels and businesses of different sizes. Highlights of the findings for each loan type reviewed are below.

HMDA Loans

Borrower distribution of home mortgage loans is adequate. The bank and affiliate home mortgage loans to low- income borrowers was significantly below the percentage of low- income families. This is mitigated by the fact that 10% of the households live below the poverty level, making it difficult for that portion of the population to qualify for a mortgage loan. Borrower distribution of home purchase and refinance mortgages to moderate-income borrowers is excellent, exceeding the percentage of families in moderate- income areas of the bank’s AA. Home improvement loans are not a significant loan product offered by the bank and are only made as accommodations to commercial loan customers. The bank only made two home improvement loans during the evaluation period, both of them to upper-income borrowers.

Borrower Distribution of HMDA Loans				
	Home Purchase	Home Refinance	Home Improvement	% of Families

Borrower Income level	% of # of Loans	% of # of Loans	% of # of Loans	
Low	7.50%	3.68%	0.00%	22.45%
Moderate	24.17%	27.21%	0.00%	20.76%
Middle	33.14%	31.62%	0.00%	24.17%
Upper	35.19%	37.49%	100.00%	32.62%

Small Business Loans

The bank's record of lending to small businesses reflects an adequate level of lending to businesses of different sizes. The bank's lending by both number and dollar amount is below the business demographics of the bank's AA. Of the 63 small business loans originated in the bank's AA, 34 loans or 53.97%, totaling \$6.0 million were made to businesses with annual gross revenues of less than \$1 million.

Borrower Distribution of Loans to Small Businesses			
Gross Annual Revenue	% of # of Loans	% of \$ Amount of Loans	% Businesses in AA
<=\$1 MM	53.97%	47.69%	70.18%
>\$ 1 MM	19.05%	19.29%	4.95%
Revenue Unavailable	26.98%	33.02%	24.87%

HELOC

The bank's record of extending HELOC loans reflects poor penetration among individuals of different income levels. The bank's lending by both number of loans and dollar amount is significantly below the borrower demographics. Of the 173 HELOC loans originated in the bank's AA, only 17 were made to low- and moderate-income borrowers. This is partially mitigated by the fact that 10 percent of the households in the bank's AA live below the poverty level, making it difficult to qualify for homeownership.

Borrower Distribution of HELOC Loans			
Borrower Income Levels	% of # of Loans	% of Amount of Loans	% Families in AA
Low	3.47%	1.12%	22.45%
Moderate	6.36%	3.99%	20.76%
Middle	22.54%	18.68%	24.17%
Upper	67.05%	76.07%	32.62%

* % of number and amount do not total 100% as one loan did not have borrower income information available.

Geographic Distribution of Loans

The geographic distribution of loans reflects poor dispersion throughout the AA.

HMDA Loans

The overall geographic distribution for HMDA loans is adequate. The bank's HMDA lending in

low- income areas is good even though lending opportunities are minimal with owner occupied housing equaling less than 1% of the housing units. The bank and affiliate lending in moderate-income geographies was below the percentage of owner occupied housing units and considered adequate. In addition to the loan types listed in the table below, the bank made 50% of its multi-family mortgage loans in moderate-income geographies, significantly exceeding the percentage of multi-family units (30%) in moderate-income geographies.

Geographic Distribution of Home Mortgages				
	Home Purchases	Home Refinance	Home Improvements	% of Owner Occupied Housing Units
Census Tract Income Level	% of # of Loans	% of # of Loans	% of # of Loans	
Low	0.83%	0%	0%	0.57%
Moderate	20.00%	11.76%	0%	27.77%
Middle	61.67%	55.15%	100%	62.42%
Upper	17.50%	33.09%	0%	9.24%

Small Business Loans

Geographic distribution for loans to small businesses reflects poor dispersion throughout the AA. The bank did not lend in its two low-income geographies. This can be mitigated by the fact that only 1.13% of the total number of businesses in the AA are located in low-income geographies. The bank’s lending is significantly below the business demographics for moderate-income geographies.

Geographic Distribution of Loans to Small Businesses			
Census Tract Income Level	% of # of Loans	% of \$ of Loans	% of Businesses
Low	0%	0%	1.13%
Moderate	3.17%	7.93%	26.38%
Middle	36.51%	38.34%	59.84%
Upper	60.32%	53.73%	12.59%

HELOC

Geographic distribution of HELOC loans reflects very poor dispersion throughout the AA. The bank did not make any HELOC loans in low- or moderate-income geographies. The percentage of HELOC loans is compared to the percentage of owner occupied units in each geographic income category since the borrower must be a homeowner in order to qualify for a home equity loan. The bank’s lack of HELOC lending in the low-income geographies is mitigated by the fact that there are very few owner occupied housing units and therefore limited lending opportunities.

Geographic Distribution of HELOC

Census Tract Income Level	% of # of Loans	% of \$ of Loans	% Owner Occupied Units
Low	0%	0%	0.57%
Moderate	0%	0%	27.77%
Middle	26.59%	21.73%	62.42%
Upper	73.41%	78.27%	9.24%

Responses to Complaints

BBTC has not received any written complaints about its performance in helping to meet the credit needs within its AA during this evaluation period.

Fair Lending Review

We found no evidence of illegal discrimination or other illegal credit practices inconsistent with helping to meet community credit needs.