GETTING DOWN TO BUSINESS

ASSESSING CHICAGO BANKS' SMALL BUSINESS LENDING
IN LOWER-INCOME NEIGHBORHOODS

by
Daniel Immergluck
and
Erin Mullen

June 1998

Woodstock Institute
407 S. Dearborn, Chicago, IL 60605
(312) 427-8070
e-mail: woodstck@wwa.com
web page: http://www.nonprofit.net/woodstock/

©1998 by Woodstock Institute

Acknowledgements

Special funding for this report was provided by the Richard H. Driehaus Foundation. The Woodstock Institute receives general operating support from the John D. and Catherine T. MacArthur Foundation, the Sylvia and Aaron Scheinfeld Foundation, and the Wieboldt Foundation.

We would like to thank Woodstock Institute staff for their advice and assistance in preparing this report, especially Malcolm Bush, Beverly Berryhill, and Patricia Woods.

About the Authors

Daniel Immergluck is vice president of the Woodstock Institute has more than 10 years experience in community and economic development planning and research. He has conducted research and written widely on the Community Reinvestment Act, economic development finance, urban labor markets, empowerment zones, small business lending programs, and other topics. In addition to authoring more than a dozen Institute publications, Dan has published in a diverse array of practitioner and research journals, including *Economic Development Commentary, Economic Development Quarterly, Urban Studies, Economic Geography,* and *Inc. Magazine.* He holds a Masters in Public Policy from the University of Michigan and a PhD in Public Policy Analysis from the University of Illinois - Chicago.

Erin Mullen is a research associate at Woodstock Institute. She has conducted research and written on topics including mortgage lending, FHA programs, and check cashing outlets.

Table of Contents

	Page
Introduction	1
The Problem of Low Business Lending Activity in Lower-Income Neighborhoods	1
The Lending Patterns of the 50 Largest Lenders	5
Lending to Low- and Moderate-Income Areas	7
Lending to Very Small Businesses in LMI Areas	10
Combined Affiliate Lending of the Largest Bank Holding Companies	10
Additional Lending Characteristics	13
Conclusions and Implications for CRA Policy and Action	13
Appendix A	17
Appendix B	23

Figures and Tables

		Page
Figure 1:	Median Income and Business Loan Originations for Chicago 6-county Area, 1996	3
Figure 2:	Business Originations per 100 Businesses for Chicago 6-county Area, 1996	4
Table I:	Small Business Lending by Income of Census Tract in 6-County Chicago Area	5
Table II:	Top 50 Small Business Lenders in 9-County Chicago MSA, 1996	6
Table IIIa:	Small Business Lending in Low- and Moderate-Income Areas in MSA, 1996	8
Table IIIb:	Small Business Lending in Low- and Moderate-Income Areas in Cook County, 1996	9
Table IVa:	Lending to Very Small Businesses (VSBs) in LMI Areas in MSA, 1996	11
Table IVb:	Lending to Very Small Businesses (VSBs) in LMI Areas in Cook County, 1996	12
Table V:	Small Business Lending of the Five Largest Bank Holding Companies, 1996	13
Table VI:	Top Five Lenders in Chicago MSA by Percent of Loans in LMI Areas	14
Table A1a:	Small Business Lending Under $100,000 in MSA, 1996	18
Table A1b:	Small Business Lending under $100,000 in Cook County, 1996	19
Table A2a:	Lending to Very Small Businesses (VSBs: < $1 million in sales) in MSA, 1996	20
Table A2b:	Lending to Very Small Businesses (VSBs: < $1 million in sales) in Cook County, 1996	21

Introduction

In late 1997, federal banking regulators released new data reported to them by banks and thrifts on the distribution of small business loans by census tract, by size of loan, and by size of firm. Revisions to Community Reinvestment Act (CRA) regulations adopted in 1995 enabled regulators to collect, for the first time, data on the locations of small business loans. The 1975 Home Mortgage Disclosure Act has required banks to report home mortgage data for years, but no such requirements existed for small business loans until recently.

Following an earlier Institute analysis (*Reinvestment Alert No. 11*, November, 1997) of the aggregate patterns of small business loans in the region, this report describes the individual lending patterns of the 50 largest bank and thrift lenders to small businesses in the Chicago metropolitan area for 1996. In particular, we focus on the extent to which banks make loans to firms in low- and moderate-income areas. Banks are ranked according to their business lending in lower- versus higher-income income areas and to very small firms in such areas. (Appendix A also provides rankings of banks according to the proportion of loans made for amounts of less than $100,000 and according to the proportion made to very small firms.) While the new CRA data do not describe how active particular banks are in particular neighborhoods, they do provide substantial information on the overall lending patterns of individual banks, including the extent to which they lend to lower-income parts of the metro area.

The Problem of Low Business Lending Activity in Lower-Income Neighborhoods

Credit and capital are key determinants of business viability for small firms. The available evidence indicates that minority-owned firms and businesses in lower-income neighborhoods have greater difficulty accessing credit than white-owned firms and those located in more affluent areas. This lack of access creates a barrier to community economic development and job creation.[1]

The new CRA regulations require the annual disclosure of selected data on small business lending by banks and thrifts. For all banks as a group, lending volumes are provided by census tract, with some break-out by loan size and size of business. For individual banks, however, geographic data are limited to information describing the distribution of lending across different *types* of census tracts. Unfortunately, the data are much less detailed than the Home Mortgage Disclosure Act (HMDA) data, which provide information on residential mortgage applications, including race and income of applicant. The small business data provide summary information only, lacking details on business ownership characteristics, such as race or income. Many CRA advocates argued for more detailed business loan disclosure during the comment period on the new regulations, but regulatory agencies decided on more limited disclosure.

---

[1]Timothy Bates, *Banking on Black Business*, Joint Center for Political and Economic Studies, 1993; T. Bates, "Unequal Access: Financial Institution Lending to Black- and White-Owned Small Business Start-Ups," *Journal of Urban Affairs* 19: 487-495, 1997; Faith Ando, *An Analysis of Access to Bank Credit*, Center for Afro-American Studies, UCLA, Los Angeles, CA, 1988; Frank Ford, et. al., *Survey of Small Business Lending in Denver*, Colorado Center for Community Development, University of Colorado, Denver, 1996.

While the data are limited, they provide much more information than has been available in the past on the geographic patterns of business lending. Figure 1 shows the general pattern of small business loan originations across the Chicago metropolitan area, as well as income levels across the region.[2] Many of the clusters of lending activity occur where there are many businesses, which is expected. While poor access to credit in lower-income areas is a deterrent to business development, it is not the only factor in business location and growth. Zoning, land costs, transportation access, and other factors are also important in determining the number of businesses in a neighborhood. Because of these other factors and because most business loans are made to existing businesses rather than for relocation or start-up purposes, we cannot expect to see very many loans in areas with very few businesses. We should, in fact, expect the distribution of lending to resemble closely the distribution of businesses across different types of neighborhoods.[3]

Table I breaks out 1996 business loan originations for the 6-county Chicago area into four neighborhood income levels: low, moderate, middle, and upper. Dun and Bradstreet data on business locations for the same year and coded by census tract are also presented in Table I.[4] As shown in the table, the number of loans per 100 businesses is only 16.6 in low-income areas and 18.4 in low- and moderate-income areas, combined, but is 21.8 in middle-income tracts and 23.1 in upper-income tracts.[5] Upper-income tracts receive 39 percent (23.1 vs. 16.6) more loans per business than low-income tracts. The table also shows that lending rate differentials are even greater when considering only loans to firms with annual revenues of $1 million or less, with upper-income tracts receiving 50 percent (16.2 vs. 10.8) more loans per business than low-income tracts. Figure 2 maps loan-per-business rates by census tract across the Chicago area. Lending rates are generally lower in the city than the suburbs, with the lowest rates concentrated on the city's South and West sides.

Subsequent analysis of the 1996 small business data for the entire country by the Federal Reserve Board show similar differentials for the entire nation. The loan-per-business rate in upper-income tracts exceeds that for low-income tracts by 37 percent.[6]

---

[2]Small business loans, as reported to regulators, include any loan of $1,000,000 or less at origination and classified as nonresidential/nonfarm real estate or commercial/industrial loans on balance sheet reports to regulators, regardless of the size of business receiving the loan. Thus, it is more accurate to call the set of loans here "small loans to businesses." However, the great majority of loans in these data are made to businesses with fewer than 200 employees, since such firms far outnumber larger firms. The new data also include, separately, loans made to very small firms (those with sales of less than $1 million).

[3]At the same time, poor access to capital may partially explain the small number of businesses in low-income neighborhoods. The approach used here suffers from selection bias in that no data are available on firms who are not currently in the area (because they failed, located elsewhere, or were unable to start up) due to poor local access to financing.

[4]Dun and Bradstreet data were obtained from *CRA Wiz*, the software used by many federal bank examiners in their analysis of lending patterns.

[5]Middle-income tracts are those with median family income from 80 to less than 120 percent of the metropolitan statistical area median (which is equal to $42,758 in 1989); upper-income includes those tracts with median incomes of 120 percent or more than the MSA median. The MSA includes the Chicago 6-county area (Cook, DuPage, Kane, Lake, McHenry, and Will counties) plus Grundy, DeKalb, and Kendall counties.

[6]Raphael Bostic and Glenn Canner, Comments on: "New Information on Lending to Small Businesses and Small Farms: The 1996 CRA Data," *Federal Reserve Bulletin*, January, 1998. Also see Daniel Immergluck, "Comments on Bostic and Canner's New Information on Lending to Small Businesses and Small Farms: The 1996 CRA Data," Woodstock Institute, February, 1998.

Figure 1. Median Income and Business Loan Originations for Chicago 6-county Area, 1996

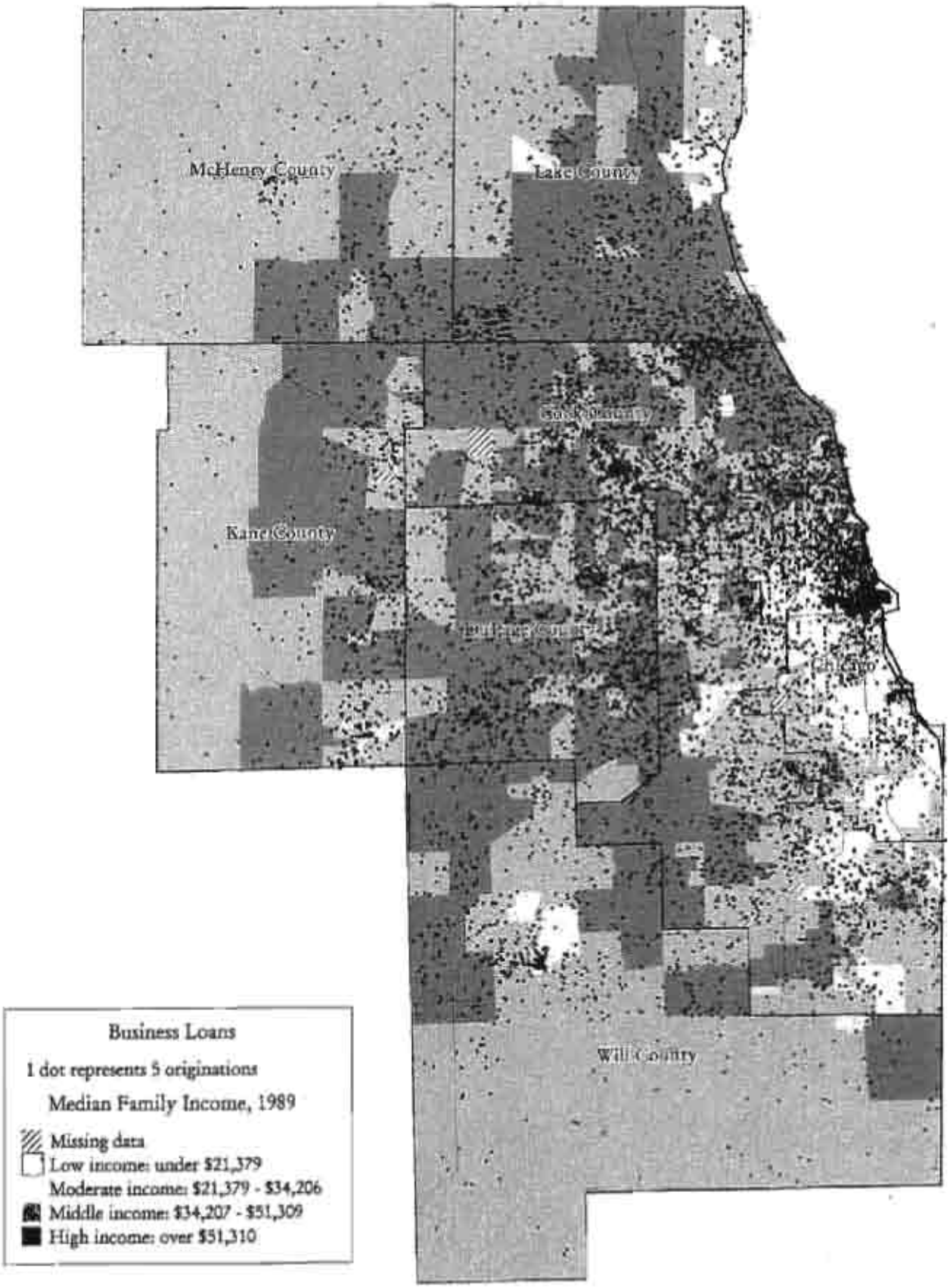

Figure 2. Business Originations per 100 Businesses for Chicago 6-county Area, 1996

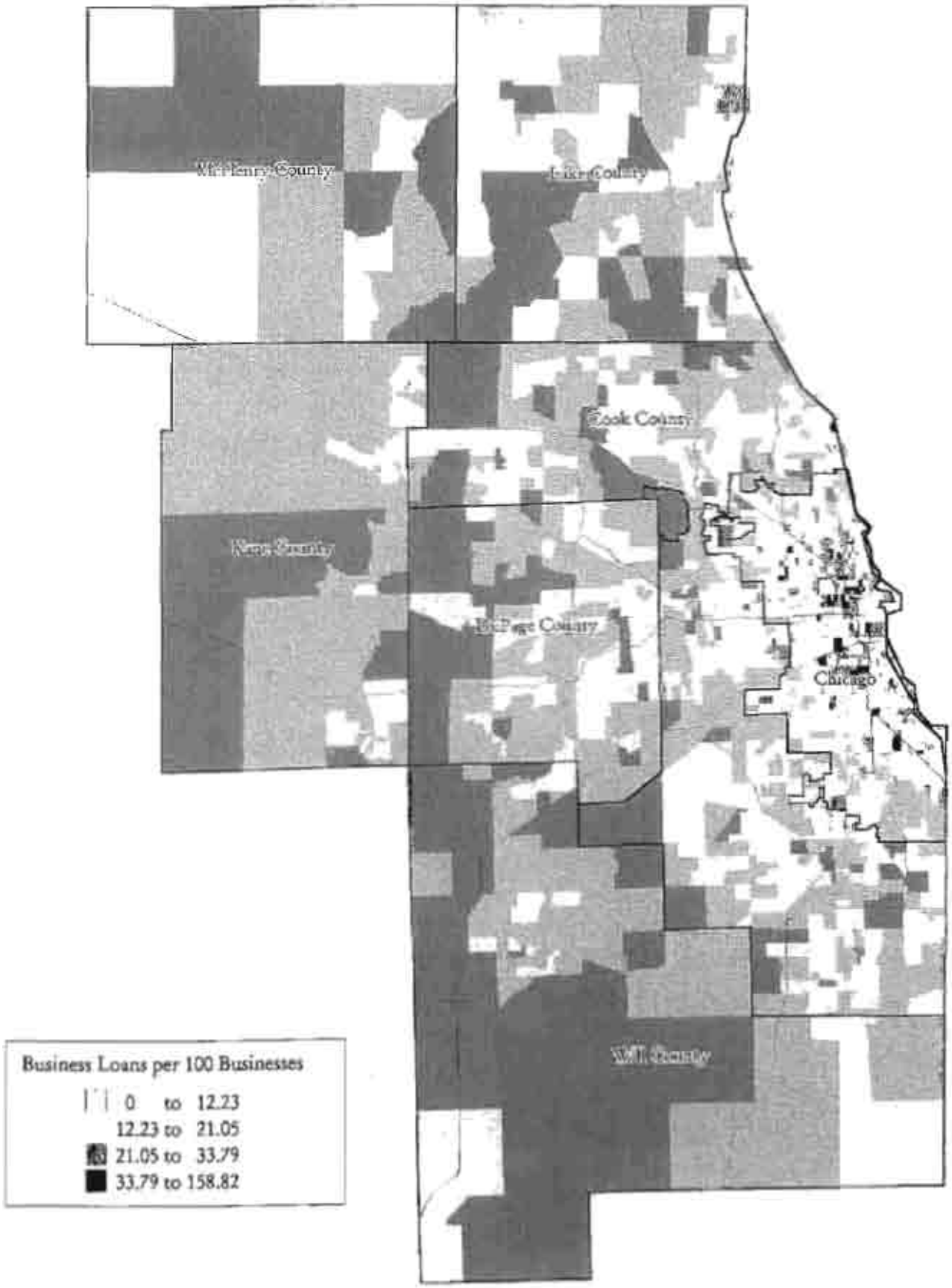

Table I. Small Business Lending by Income of Census Tract in 6-County Chicago Area*
1996 Originations

	Income Level of Census Tract				
	Low	Moderate	Middle	Upper	Total**
Number of Loans to All Businesses	1,931	5,567	20,428	21,895	49,821
Number of Businesses	11,600	29,060	93,771	94,731	229,162
Loans per 100 Businesses	16.6	19.2	21.8	23.1	21.7
No. of Loans to Businesses with <=$1MM in Revenue***	898	2,745	9,878	10,661	24,182
No. of Businesses with <=$1MM in Revenue	8,347	20,645	65,160	65,776	159,928
Loans per 100 Businesses with <=$1MM in Revenue	10.8	13.3	15.2	16.2	15.1

* Includes only loans of $1,000,000 or less.
** Total does not include loans or businesses in tracts of unknown income level.
*** Loan originations and secondary market purchases to businesses with revenues of $1,000,000 or less are not distinguished, although purchases constitute a very small fraction of originations and purchases.

The Lending Patterns of the 50 Largest Lenders

The new CRA loan data provide important new information on small business lending patterns of individual banks. Unlike HMDA data, however, the small business data do not indicate precisely which tracts a particular bank's loans are originated in, but only the types, by income level, of tracts where loans are made, and some information on the distribution of loan and business size. Despite these limitations, we can measure the extent to which a bank makes loans in lower- versus higher-income areas.

We begin by identifying the largest small business lenders in the metropolitan area. Table II lists the 50 banks and thrifts reporting the largest number of small business loans in the 9-county Chicago metropolitan statistical area (MSA) for 1996.[7] (Appendix B provides definitions for the headings used in the most of the Tables in this report.) Table II also provides each bank's lending activity in Cook County and its average loan size. Except for Table V, all subsequent analyses in this report are conducted *only* on these 50 lenders. These lenders account for 89 percent of the number of loans reported in the MSA, and 90 percent of those reported in Cook County. A total of 302 banks and thrifts reported loans in the MSA, and a total of 259 reported loans in Cook County during 1996.

It is possible that some very small banks, that are not included in the new data, may have made more than the 194 loans made by the 50th bank on this list.[8] Moreover, nonbank finance companies, such as the Money Store, ATT Finance, and others, are also not included in the data, and may be as active as some of the banks on this list. Finally, it is important to point out that business credit cards are reported as business loans. (They are lines of credit.) Some lenders (American Express, Mountain West

[7] The nine-county area contains the six counties for which data are described in Table I plus three very low-density counties. The six counties account for 98 percent of the loans in the nine county area. Note that, given the continuing trend of mergers and acquisitions, the institutions in this report may have undergone substantial changes since 1996, including mergers with other institutions.

[8] Banks do not report geographic business lending data if they have assets of less than $250 million and are not owned by a holding company with assets of $1 billion or more.

Table II. Top 50 Small Business Lenders in 9-County Chicago MSA, 1996

	Lender	# Originations	% Market Share	Avg. Size ($1,000)	# Originations, Cook
1	AMERICAN EXPRESS	11,233	21.76%	$7	7,079
2	MOUNTAINWEST FINANCIAL CORP	6,956	13.48%	$3	4,312
3	FIRST NATIONAL BANK OF CHICAGO	2,605	5.05%	$140	1,473
4	AMERICAN NATIONAL BANK & TRUST	2,349	4.55%	$251	1,505
5	ADVANTA FINANCIAL CORPORATION	2,062	3.99%	$11	1,311
6	FIRST MIDWEST BANK, N.A.	1,675	3.25%	$106	296
7	WELLS FARGO BANK, N.A.	1,247	2.42%	$26	801
8	OLD KENT BANK - ILLINOIS	1,046	2.03%	$161	435
9	FIRSTAR BANK ILLINOIS	1,001	1.94%	$125	577
10	CITIBANK F.S.B.	905	1.75%	$134	609
11	COLE TAYLOR BANK	795	1.54%	$153	641
12	FIRST OF AMERICA BANK-ILLINOIS	604	1.17%	$156	233
13	HARRIS BANK ST. CHARLES	592	1.15%	$84	11
14	OLD SECOND NATIONAL BANK	553	1.07%	$80	24
15	LASALLE NATIONAL BANK	548	1.06%	$326	456
16	SO. HOLLAND TR. & SVGS. BANK	539	1.04%	$78	470
17	MIDWEST BANK AND TRUST CO.	525	1.02%	$105	409
18	BANCO POPULAR	522	1.01%	$51	505
19	FIRST AMERICAN BANK	515	1.00%	$181	250
20	LASALLE BANK, NI	515	1.00%	$182	449
21	FIRST NAT'L BANK OF EVERGREEN	503	0.97%	$104	446
22	HARRIS BANK GLENCOE, N.A.	449	0.87%	$102	355
23	BANK ONE, CHICAGO, NA	435	0.84%	$142	323
24	BANK ONE, DAYTON, NA	422	0.82%	$10	261
25	HERITAGE BANK	397	0.77%	$88	308
26	THE NORTHERN TRUST COMPANY	382	0.74%	$229	237
27	HARRIS BANK BARRINGTON, N.A.	375	0.73%	$165	136
28	PINNACLE BANK	369	0.71%	$110	311
29	FIRST NATIONAL BANK OF JOLIET	366	0.71%	$128	19
30	HARRIS TRUST AND SAVINGS BANK	357	0.69%	$139	292
31	MARQUETTE NATIONAL BANK	309	0.60%	$133	239
32	MANUFACTURERS BANK	306	0.59%	$192	265
33	HARRIS BANK ROSELLE	298	0.58%	$147	136
34	THE NATIONAL BANK & TRUST COMP	298	0.58%	$53	2
35	ASSOCIATED BANK CHICAGO	289	0.56%	$108	207
36	MID CITY NATIONAL BANK	285	0.55%	$124	250
37	MERCHANTS NATIONAL BANK	281	0.54%	$76	6
38	ALBANY BANK & TRUST CO. N.A.	278	0.54%	$69	272
39	STANDARD BANK & TRUST COMPANY	275	0.53%	$139	254
40	LASALLE BANK	261	0.51%	$131	152
41	SOUTH SHORE BANK OF CHICAGO	261	0.51%	$112	251
42	FIRST BANK NATIONAL ASSOCIATION	255	0.49%	$146	204
43	HARRIS BANK HINSDALE, N.A.	255	0.49%	$130	87
44	COLUMBIA NATIONAL BANK	243	0.47%	$138	196
45	PARK NATIONAL BANK AND TRUST	243	0.47%	$146	210
46	LASALLE NORTHWEST NATIONAL BANK	211	0.41%	$148	165
47	BANK OF WAUKEGAN	200	0.39%	$100	7
48	PARKWAY BANK & TRUST COMPANY	200	0.39%	$136	163
49	HARRIS BANK NAPERVILLE	195	0.38%	$101	6
50	FIRST BANK SOUTH DAKOTA NA	194	0.38%	$16	134
	All Lenders in Market	51,616	100.00%	$83	30,674

Financial Corp, Advanta Financial Corporation, Bank One Dayton, NA, and First Bank South Dakota, NA) make primarily credit card loans, as indicated by their small average loan size.[9] While some business credit cards are not used for conventional asset or working capital financing, and are used more for expense management, the advent of credit scoring in business lending has caused some firms to shift from relationship to credit card-type borrowing. Wells Fargo, for example, is a California-based full-service bank that issues pre-approved lines of credit to firms all over the country via the mail. It now ranks as the seventh largest small business lender in the Chicago MSA. The line between credit card financing and traditional business loans is blurring due to technological changes in the banking industry.

A word of caution is warranted in interpreting bank-specific data. Many banks are affiliated with other financial institutions through bank holding companies. If one is interested in analyzing the lending patterns of an entire holding company (e.g., ABN Amro North America, Inc. (LaSalle banks), Harris Bankcorp.), it is necessary to look at the lending data for all of the affiliates. (On the other hand, federal regulators give CRA ratings to individual banks, not to holding companies.) Examining the lending of a particular bank may not capture significant lending done by its affiliate banks. A bank that makes a high proportion of its loans to firms in lower-income areas may have affiliates that do not. (Some affiliates may not make a sufficient number of loans to be included in this report.) Conversely, some bank holding companies are organized in such a way as to combine all business lending operations in a single bank, so that the bank represents all of the relevant activity of the parent corporation. Table V (described below on page 10) analyzes the combined affiliate lending for each of the five bank holding companies with more than $10 billion in assets in Illinois in 1996.

It may be more appropriate to evaluate a particular bank against its peers in either the entire MSA or just in Cook County. This depends primarily on whether the bank has significant lending volume outside Cook County.[10] For banks making a bulk of their loans in Cook County, such as LaSalle Bank NI or Banco Popular, the Cook County figures are more appropriate. For those making many loans outside of Cook County, such as the First National Bank of Chicago or Old Kent Bank - Illinois, the MSA figure is more appropriate. To evaluate an entire holding company of banks that, as a group, are active in several counties, a reasonable approach is to sum the activity of the banks' activity across the MSA.

Column headings for Tables II-IV and A1 and A2 are explained in detail in Appendix B.

Lending to Low- and Moderate-Income Areas

Table IIIa ranks the 50 lenders by the proportion of each lender's loans made in low- and moderate-income (LMI) census tracts in the MSA. Overall, 14.7 percent of loans in the MSA were made to LMI tracts. However, the proportion of lending going to such areas varies widely, from Banco Popular's 52.3 percent to Harris Bank St. Charles' 0.5 percent. Of these 50 large lenders, 27 make a greater proportion of their loans to LMI tracts than does the market overall. Banks with branches located more in the central city and closer to LMI areas tend to make a higher proportion of loans to LMI firms, although significant variation occurs among banks with similar branch location patterns.

[9] According to the Federal Reserve Board, credit card loans are reported when the credit card is issued and for the amount of the line of credit.

[10] Bank examiners evaluate banks based on bank-specific delineated assessment areas, which banks are allowed to specify with limited examiner oversight. Larger banks tend to choose an area at least as large as one county, and often several counties, for their assessment area.

Table IIIa. Small Business Lending in Low- and Moderate-Income Areas in MSA, 1996

	Lender	% Loans in LMI	# Loans in LMI	% Market Share in LMI
1	BANCO POPULAR	52.30%	273	3.60%
2	MANUFACTURERS BANK	42.16%	129	1.70%
3	MID CITY NATIONAL BANK	34.04%	97	1.28%
4	PINNACLE BANK	32.79%	121	1.60%
5	FIRST BANK NATIONAL ASSOCIATION	32.16%	82	1.08%
6	LASALLE BANK, NI	27.77%	143	1.89%
7	MARQUETTE NATIONAL BANK	27.18%	84	1.11%
8	COLE TAYLOR BANK	25.53%	203	2.68%
9	HARRIS TRUST AND SAVINGS BANK	24.65%	88	1.16%
10	PARK NATIONAL BANK AND TRUST	22.22%	54	0.71%
11	SO. HOLLAND TR. & SVGS. BANK	21.52%	116	1.53%
12	COLUMBIA NATIONAL BANK	21.40%	52	0.69%
13	ADVANTA FINANCIAL CORPORATION	19.59%	404	5.33%
14	LASALLE NORTHWEST NATIONAL BANK	18.96%	40	0.53%
15	BANK OF WAUKEGAN	18.50%	37	0.49%
16	PARKWAY BANK & TRUST COMPANY	18.00%	36	0.48%
17	ALBANY BANK & TRUST CO. N.A.	17.27%	48	0.63%
18	MERCHANTS NATIONAL BANK	17.08%	48	0.63%
19	SOUTH SHORE BANK OF CHICAGO	16.86%	44	0.58%
20	STANDARD BANK & TRUST COMPANY	16.73%	46	0.61%
21	LASALLE NATIONAL BANK	16.61%	91	1.20%
22	FIRST BANK SOUTH DAKOTA NA	15.98%	31	0.41%
23	HERITAGE BANK	15.87%	63	0.83%
24	WELLS FARGO BANK, N.A.	15.48%	193	2.55%
25	AMERICAN NATIONAL BANK & TRUST	14.94%	351	4.63%
26	FIRST NAT'L BANK OF EVERGREEN	14.91%	75	0.99%
27	AMERICAN EXPRESS	14.78%	1,660	21.91%
28	MIDWEST BANK AND TRUST CO.	14.67%	77	1.02%
29	OLD SECOND NATIONAL BANK	14.65%	81	1.07%
30	MOUNTAINWEST FINANCIAL CORP	14.48%	1,007	13.29%
31	CITIBANK F.S.B.	13.48%	122	1.61%
32	BANK ONE, DAYTON, NA	13.03%	55	0.73%
33	BANK ONE, CHICAGO, NA	12.87%	56	0.74%
34	FIRSTAR BANK ILLINOIS	12.09%	121	1.60%
35	LASALLE BANK	11.88%	31	0.41%
36	FIRST NATIONAL BANK OF JOLIET	11.20%	41	0.54%
37	THE NORTHERN TRUST COMPANY	10.73%	41	0.54%
38	ASSOCIATED BANK CHICAGO	10.73%	31	0.41%
39	HARRIS BANK HINSDALE, N.A.	10.59%	27	0.36%
40	FIRST OF AMERICA BANK-ILLINOIS	10.26%	62	0.82%
41	OLD KENT BANK - ILLINOIS	10.23%	107	1.41%
42	FIRST MIDWEST BANK, N.A.	9.67%	162	2.14%
43	FIRST NATIONAL BANK OF CHICAGO	9.52%	248	3.27%
44	FIRST AMERICAN BANK	7.38%	38	0.50%
45	HARRIS BANK GLENCOE, N.A.	6.68%	30	0.40%
46	THE NATIONAL BANK & TRUST COMP	6.04%	18	0.24%
47	HARRIS BANK ROSELLE	3.36%	10	0.13%
48	HARRIS BANK NAPERVILLE	2.05%	4	0.05%
49	HARRIS BANK BARRINGTON, N.A.	1.33%	5	0.07%
50	HARRIS BANK ST. CHARLES	0.51%	3	0.04%
	All Lenders in Market	14.68%	7,575	100.00%

Table IIIb. Small Business Lending in Low- and Moderate-Income Areas in Cook County, 1996

(lenders with * made fewer than 20 loans in LMI tracts)

	Lender	% Loans in LMI	# Loans in LMI	% Market Share in LMI
1	BANCO POPULAR	54.06%	273	4.05%
2	HARRIS BANK NAPERVILLE*	50.00%	3	0.04%
3	THE NATIONAL BANK & TRUST COMP*	50.00%	1	0.01%
4	MANUFACTURERS BANK	48.68%	129	1.92%
5	FIRST BANK NATIONAL ASSOCIATION	40.20%	82	1.22%
6	MID CITY NATIONAL BANK	38.80%	97	1.44%
7	PINNACLE BANK	38.26%	119	1.77%
8	MARQUETTE NATIONAL BANK	35.15%	84	1.25%
9	MERCHANTS NATIONAL BANK*	33.33%	2	0.03%
10	LASALLE BANK, NI	31.85%	143	2.12%
11	COLE TAYLOR BANK	31.20%	200	2.97%
12	HARRIS BANK HINSDALE, N.A.	31.03%	27	0.40%
13	HARRIS TRUST AND SAVINGS BANK	30.14%	88	1.31%
14	ADVANTA FINANCIAL CORPORATION	28.45%	373	5.54%
15	COLUMBIA NATIONAL BANK	26.53%	52	0.77%
16	PARK NATIONAL BANK AND TRUST	25.24%	53	0.79%
17	LASALLE NORTHWEST NATIONAL BANK	24.24%	40	0.59%
18	SO. HOLLAND TR. & SVGS. BANK	23.19%	109	1.62%
19	FIRST BANK SOUTH DAKOTA NA	23.13%	31	0.46%
20	OLD KENT BANK - ILLINOIS	22.99%	100	1.48%
21	AMERICAN NATIONAL BANK & TRUST	22.33%	336	4.99%
22	WELLS FARGO BANK, N.A.	22.10%	177	2.63%
23	AMERICAN EXPRESS	21.50%	1,522	22.60%
24	PARKWAY BANK & TRUST COMPANY	21.47%	35	0.52%
25	FIRST NATIONAL BANK OF JOLIET*	21.05%	4	0.06%
26	OLD SECOND NATIONAL BANK*	20.83%	5	0.07%
27	FIRSTAR BANK ILLINOIS	20.80%	120	1.78%
28	HERITAGE BANK	20.45%	63	0.94%
29	LASALLE BANK	20.39%	31	0.46%
30	MOUNTAINWEST FINANCIAL CORP	20.08%	866	12.86%
31	CITIBANK F.S.B.	20.03%	122	1.81%
32	LASALLE NATIONAL BANK	19.74%	90	1.34%
33	MIDWEST BANK AND TRUST CO.	18.83%	77	1.14%
34	HARRIS BANK ST. CHARLES*	18.18%	2	0.03%
35	STANDARD BANK & TRUST COMPANY	18.11%	46	0.68%
36	BANK ONE, DAYTON, NA	18.01%	47	0.70%
37	ALBANY BANK & TRUST CO. N.A.	17.65%	48	0.71%
38	SOUTH SHORE BANK OF CHICAGO	17.53%	44	0.65%
39	FIRST NAT'L BANK OF EVERGREEN	16.59%	74	1.10%
40	BANK ONE, CHICAGO, NA	15.48%	50	0.74%
41	FIRST NATIONAL BANK OF CHICAGO	15.27%	225	3.34%
42	THE NORTHERN TRUST COMPANY	15.19%	36	0.53%
43	FIRST AMERICAN BANK	14.80%	37	0.55%
44	ASSOCIATED BANK CHICAGO	14.49%	30	0.45%
45	FIRST MIDWEST BANK, N.A.	11.49%	34	0.50%
46	FIRST OF AMERICA BANK-ILLINOIS	10.30%	24	0.36%
47	HARRIS BANK GLENCOE, N.A.	8.17%	29	0.43%
48	HARRIS BANK ROSELLE*	5.88%	8	0.12%
49	HARRIS BANK BARRINGTON, N.A.*	2.94%	4	0.06%
50	BANK OF WAUKEGAN*	0.00%	0	0.00%
	All Lenders in Market	21.96%	6,735	100.00%

Table IIIb provides a ranking of the same lenders by the proportion of loans made in Cook County to LMI tracts. In this case, 22 of the 50 lenders make a greater proportion of their Cook County loans in LMI tracts than does the market overall. Some banks, however, make relatively few loans in Cook County so that the number of LMI loans in the county is very small (e.g., Harris Bank Naperville, The National Bank and Trust Comp., and Merchants National Bank). For many smaller banks whose market area is largely contained in Cook County, this ranking may be more appropriate than Table IIa. Again, the proportion of loans made in LMI tracts varies widely.

Lending to Very Small Businesses in LMI Areas

While lending to firms in LMI areas is a key concern, it might be expected that banks will compete more heavily for the business of relatively larger firms even if they are located in LMI areas. Although credit scoring has resulted in an increase in the number of smaller loans, especially among larger banks, the large profits associated with larger firms and larger loans may leave very small businesses with fewer banks looking to serve them. Moreover, the focus of credit scoring on personal wealth and credit may create additional barriers for less affluent and minority owners of very small firms.

To examine how lenders serve relatively small firms in lower- versus higher-income areas, we present an alternative to Tables IIIa and IIIb. The CRA data allow us to measure the geographic distribution of a bank's loans to those firms with sales of $1,000,000 or less – i.e., very small businesses – separately from the distribution of loans to larger firms. This will help to compare the geographic lending patterns of banks while controlling for differences in the size of firms to which the banks lend.

Tables IVa and IVb rank lenders by an important measure: the proportion of a bank's loans to very small businesses that are made in LMI tracts. This is done for the MSA and Cook County, respectively. Most banks that rank high on Table III also rank high on Table IV. However, there are some significant changes in rankings between the two tables. Some banks rank high in Table III because they make significant numbers of loans to relatively larger firms in LMI areas, but rank much lower in Table IV because they make few LMI loans to very small businesses. (E.g., Park National Bank: rank on Table IIIa = 10 and rank on Table IVa = 50; Columbia National Bank: rank on Table IIIa = 12 and rank on Table IVb = 32.) Conversely, for some banks, like South Shore Bank or Albany Bank, LMI percentages increase significantly when considering only very small businesses.

Combined Affiliate Lending of the Largest Bank Holding Companies

As indicated above, Tables III and IV do not aggregate lending of banks that are owned by the same bank holding company. For CRA purposes, regulators examine individual banks separately. However, if one is interested how well an entire holding company serves firms in LMI areas, it is appropriate to aggregate the lending of the affiliates. Table V does this for the five bank holding companies with more than $10 billion in assets in Illinois. The table shows that, when comparing the five holding companies, the Harris Banks (Harris Bankcorp Inc. and Harris Bankmont Inc.) makes the smallest proportion of their overall metropolitan lending in LMI tracts, with LaSalle (ABN Amro North America Inc.) making a relatively high percentage in LMI areas. (Bank America makes very few small business loans anywhere in the metro area.)

Table IVa. Lending to Very Small Businesses (VSBs) in LMI Areas in MSA, 1996

(lenders with * made fewer than 10 VSB loans in LMI tracts)

	Lender	% VSB Loans to LMI	# VSB Loans in LMI	% Market Share VSB in LMI
1	BANCO POPULAR	53.68%	248	6.78%
2	SOUTH SHORE BANK OF CHICAGO	44.12%	30	0.82%
3	MANUFACTURERS BANK	43.88%	43	1.18%
4	FIRST BANK NATIONAL ASSOCIATION	36.59%	15	0.41%
5	PINNACLE BANK	36.20%	101	2.76%
6	MID CITY NATIONAL BANK	35.54%	43	1.18%
7	LASALLE BANK, NI	33.33%	68	1.86%
8	ALBANY BANK & TRUST CO. N.A.	30.00%	27	0.74%
9	MARQUETTE NATIONAL BANK	26.58%	42	1.15%
10	HARRIS TRUST AND SAVINGS BANK	26.00%	26	0.71%
11	COLE TAYLOR BANK	23.72%	93	2.54%
12	LASALLE NATIONAL BANK*	23.33%	7	0.19%
13	BANK OF WAUKEGAN	20.00%	26	0.71%
14	PARKWAY BANK & TRUST COMPANY	19.05%	28	0.77%
15	MERCHANTS NATIONAL BANK	18.31%	39	1.07%
16	OLD SECOND NATIONAL BANK	18.11%	48	1.31%
17	FIRST NATIONAL BANK OF JOLIET	17.01%	25	0.68%
18	MOUNTAINWEST FINANCIAL CORP	16.50%	101	2.76%
19	LASALLE NORTHWEST NATIONAL BANK	15.84%	16	0.44%
20	WELLS FARGO BANK, N.A.	15.62%	122	3.34%
21	AMERICAN EXPRESS	15.07%	1,412	38.60%
22	MIDWEST BANK AND TRUST CO.	14.78%	77	2.10%
23	ASSOCIATED BANK CHICAGO	13.77%	23	0.63%
24	SO. HOLLAND TR. & SVGS. BANK	13.33%	40	1.09%
25	HERITAGE BANK	12.76%	31	0.85%
26	LASALLE BANK	12.27%	20	0.55%
27	CITIBANK F.S.B.	11.91%	43	1.18%
28	FIRSTAR BANK ILLINOIS	11.90%	45	1.23%
29	THE NORTHERN TRUST COMPANY	11.72%	15	0.41%
30	FIRST OF AMERICA BANK-ILLINOIS	11.60%	45	1.23%
31	AMERICAN NATIONAL BANK & TRUST	11.57%	70	1.91%
32	COLUMBIA NATIONAL BANK	10.89%	11	0.30%
33	FIRST NAT'L BANK OF EVERGREEN	10.19%	33	0.90%
34	STANDARD BANK & TRUST COMPANY	9.64%	16	0.44%
35	FIRST NATIONAL BANK OF CHICAGO	9.53%	106	2.90%
36	OLD KENT BANK - ILLINOIS	9.48%	58	1.59%
37	BANK ONE, CHICAGO, NA*	8.99%	8	0.22%
38	HARRIS BANK GLENCOE, N.A.	8.89%	12	0.33%
39	FIRST MIDWEST BANK, N.A.	8.18%	97	2.65%
40	HARRIS BANK HINSDALE, N.A.*	6.60%	7	0.19%
41	THE NATIONAL BANK & TRUST COMP	5.64%	15	0.41%
42	HARRIS BANK NAPERVILLE*	3.33%	3	0.08%
43	HARRIS BANK ROSELLE*	3.19%	6	0.16%
44	HARRIS BANK BARRINGTON, N.A.*	2.19%	4	0.11%
45	FIRST AMERICAN BANK*	2.13%	3	0.08%
46	HARRIS BANK ST. CHARLES*	1.30%	1	0.03%
47	ADVANTA FINANCIAL CORPORATION*	0.00%	0	0.00%
48	BANK ONE, DAYTON, NA*	0.00%	0	0.00%
49	FIRST BANK SOUTH DAKOTA NA*	0.00%	0	0.00%
50	PARK NATIONAL BANK AND TRUST*	0.00%	0	0.00%
	All Lenders in Market	14.48%	3,658	100.00%

Table IVb. Lending to Very Small Businesses (VSBs) in LMI Areas in Cook County, 1996

(lenders with * made fewer than 10 VSB loans in LMI tracts)

	Lender	% VSB Loans to LMI	# VSB Loans in LMI	% Market Share VSB in LMI
1	BANCO POPULAR	55.61%	248	7.78%
2	HARRIS BANK NAPERVILLE*	50.00%	2	0.06%
3	HARRIS BANK ST. CHARLES*	50.00%	1	0.03%
4	THE NATIONAL BANK & TRUST COMP*	50.00%	1	0.03%
5	MANUFACTURERS BANK	47.25%	43	1.35%
6	FIRST BANK NATIONAL ASSOCIATION	46.88%	15	0.47%
7	SOUTH SHORE BANK OF CHICAGO	44.78%	30	0.94%
8	PINNACLE BANK	41.08%	99	3.10%
9	FIRST NATIONAL BANK OF JOLIET*	40.00%	2	0.06%
10	MID CITY NATIONAL BANK	38.39%	43	1.35%
11	LASALLE BANK, NI	36.17%	68	2.13%
12	MARQUETTE NATIONAL BANK	34.43%	42	1.32%
13	MERCHANTS NATIONAL BANK*	33.33%	2	0.06%
14	HARRIS TRUST AND SAVINGS BANK	32.50%	26	0.82%
15	ALBANY BANK & TRUST CO. N.A.	31.40%	27	0.85%
16	COLE TAYLOR BANK	27.44%	90	2.82%
17	LASALLE NATIONAL BANK*	24.14%	7	0.22%
18	WELLS FARGO BANK, N.A.	22.70%	111	3.48%
19	PARKWAY BANK & TRUST COMPANY	22.31%	27	0.85%
20	MOUNTAINWEST FINANCIAL CORP	22.22%	90	2.82%
21	AMERICAN EXPRESS	22.08%	1,291	40.48%
22	OLD KENT BANK - ILLINOIS	21.03%	53	1.66%
23	LASALLE NORTHWEST NATIONAL BANK	19.75%	16	0.50%
24	FIRSTAR BANK ILLINOIS	19.56%	44	1.38%
25	LASALLE BANK	19.23%	20	0.63%
26	MIDWEST BANK AND TRUST CO.	18.97%	77	2.41%
27	AMERICAN NATIONAL BANK & TRUST	17.49%	67	2.10%
28	CITIBANK F.S.B.	17.41%	43	1.35%
29	HERITAGE BANK	17.13%	31	0.97%
30	HARRIS BANK HINSDALE, N.A.*	17.07%	7	0.22%
31	ASSOCIATED BANK CHICAGO	17.04%	23	0.72%
32	OLD SECOND NATIONAL BANK*	16.67%	1	0.03%
33	THE NORTHERN TRUST COMPANY	14.94%	13	0.41%
34	FIRST NATIONAL BANK OF CHICAGO	14.65%	97	3.04%
35	SO. HOLLAND TR. & SVGS. BANK	14.57%	37	1.16%
36	COLUMBIA NATIONAL BANK	14.29%	11	0.34%
37	FIRST OF AMERICA BANK-ILLINOIS	12.69%	17	0.53%
38	HARRIS BANK GLENCOE, N.A.	11.54%	12	0.38%
39	FIRST NAT'L BANK OF EVERGREEN	11.19%	33	1.03%
40	STANDARD BANK & TRUST COMPANY	10.60%	16	0.50%
41	BANK ONE, CHICAGO, NA*	7.46%	5	0.16%
42	HARRIS BANK ROSELLE*	6.90%	6	0.19%
43	FIRST MIDWEST BANK, N.A.	5.81%	10	0.31%
44	FIRST AMERICAN BANK*	4.84%	3	0.09%
45	HARRIS BANK BARRINGTON, N.A.*	4.55%	3	0.09%
46	ADVANTA FINANCIAL CORPORATION*	0.00%	0	0.00%
47	BANK OF WAUKEGAN*	0.00%	0	0.00%
48	BANK ONE, DAYTON, NA*	0.00%	0	0.00%
49	FIRST BANK SOUTH DAKOTA NA*	0.00%	0	0.00%
50	PARK NATIONAL BANK AND TRUST*	0.00%	0	0.00%
	All Lenders in Market	21.83%	3,189	100.00%

Table V. Small Business Lending of the Five Largest Bank Holding Companies, 1996

Bank Holding Company	Loans in MSA	Market Share	LMI Loans	% LMI	# VSB in LMI	% VSB in LMI
Bank America (2)	88	0.17%	19	21.6%	3	30%
First Chicago NBD Corp. (4)	5,025	9.7%	610	12.1%	181	10.3%
Harris Banks (Bank of Montreal) (25)	4,086	7.9%	251	6.1%	107	5.6%
LaSalle Banks (ABN Amro) (6)	1,673	3.24%	340	20.3%	129	22.2%
Northern Trust (2)	384	0.74%	42	10.9%	15	11.7%
All Banks and Thrifts	51,616	100%	7,575	14.7%	3,658	14.5%

Note: Number in parenthesis is number of bank/thrift affiliates reporting loans in Chicago MSA in 1996.

Additional Lending Characteristics

In addition to the key characteristics of lending to firms in LMI areas presented in Tables III and IV, the CRA data allow for the measurement of other characteristics of a bank's lending, including distributions by loan and business size. These are contained in Appendix A.

Conclusions and Implications for CRA Policy and Action

For those concerned with economic development in lower-income neighborhoods, a number of preliminary conclusions can be drawn from analyzing Tables III and IV:

I. *Banks with branch networks concentrated in and near LMI areas tend to make much higher proportions of their loans to firms in LMI communities than do other banks.*

Banks with very high LMI percentages tend to have relatively high proportions of their branches located in and near LMI census tracts. This is the case with active LMI lenders such as Banco Popular, Manufacturers Bank, Mid City National Bank, and Pinnacle Bank. These banks also rank high in Tables IVa and IVb. Banco Popular, which had assets of less than $500 million at the end of 1996, made more loans to firms in LMI tracts than did any other lender besides American National Bank and the three large credit card banks (American Express, Advanta Financial, and Mountain West Financial). When considering only loans to very small businesses, only American Express made more loans in LMI tracts. One part of the explanation for the importance of branches to small business lending is the traditional reliance of business lending on relationships. Due to the greater complexity of business lending *vis-à-vis* mortgage lending, commercial loan officers have traditionally utilized their local presence to market their products and to gather information for making lending decisions. Banks with local branches are likely to have a greater knowledge of local business issues, property values, and other lending criteria than banks whose operations are concentrated in the central business district or in suburban locations. Most importantly, perhaps, their loan officers are more likely to network in the local community.

II. With some exceptions, the banks with the highest proportions of lending in LMI areas tend to be small or medium-sized institutions, with significant branch networks in and near LMI areas.

Table VI shows that the top five banks as ranked by proportion of loans in LMI areas were small-to-medium sized institutions at the end of 1996. (Two of the institutions, Banco Popular and First Bank NA, are owned by large out-of-state bank holding companies with assets of more than $15 billion in 1996. Both were local banks purchased in the last few years by out-of-state holding companies.) Small and medium-sized institutions with local presences are often particularly well suited for serving small firms, especially in LMI areas. While not all small banks are active small business lenders in their local areas, a local presence gives a bank a comparative advantage if it chooses to serve local firms. Smaller banks in LMI areas may develop special expertise in lending in such areas. Traditionally, many neighborhood banks have been involved in the development of local chambers of commerce or neighborhood development groups, providing them with access to important information on prospects and borrowers. The importance of smaller institutions to business credit in LMI areas gives rise for concern over current consolidation and modernization trends in the financial services industry. From 1984 to 1996, the number of banks in the U.S. dropped by 34 percent, and mergers and acquisitions continue.[11]

Table VI. Top Five Lenders in Chicago MSA by Percent of Loans in LMI Areas

Lender	Bank Assets at 12/31/96	% Loans in LMI	# Loans in LMI
BANCO POPULAR	$467 MM	52.30%	273
MANUFACTURERS BANK	$340 MM	42.16%	129
MID CITY NATIONAL BANK	$757 MM	34.04%	97
PINNACLE BANK	$644 MM	32.79%	121
FIRST BANK NATIONAL ASSOCIATION	$928 MM	32.16%	82

III. The region's largest banks vary significantly in the proportion of their lending going to LMI areas, but many make a relatively small portion of their loans in LMI communities.

Many of the area's largest banks, or bank holding companies, with extensive networks of branches concentrated more in affluent than in lower-income areas, tend to make a small proportion of their loans to firms in LMI areas. Again, this suggests that branch locations are important to small business lending patterns.

While larger banks are beginning to make more small loans, including more loans to very small firms, these banks tend to be increasing this part of their business not through relationship lending but through computerized credit scoring technologies.[12] Some large banks are relying on credit scoring not only to approve loans but to identify potential customers from large databases. By being able to select the least risky and most profitable firms and market to them via mail, large institutions

[11] "Banking Consolidation and Small Business Lending," *Economic Trends*, Federal Reserve Bank of Cleveland, March, 1997.

[12] *Report to Congress on the Availability of Credit to Small Businesses*, Federal Reserve Board, 1997.

might be creaming off the best customers of smaller banks, leaving them with less profitable and riskier portfolios.[13]

Those small and medium-sized banks that have served LMI areas at high rates may be threatened by new technologies and changes in credit markets. Many of these banks may also use credit scoring to enhance their lending approval process, but have relied on relationships for marketing and to gain their competitive advantage. If through mergers and technological change these smaller banks lose a substantial share of small business lending markets, it remains to be seen whether larger banks will serve LMI areas as well.

IV. Credit card banks issuing business credit cards are important providers of business credit to small businesses. Regulators should examine the lending of these banks for their impact on LMI communities.

Three of the five largest lenders in the metropolitan area are credit card banks based in Utah (American Express, Mountainwest Financial, and Advanta Financial). Together these banks account for 39 percent of the small business loans reported in 1996. While business credit cards are sometimes used for expense management, business credit cards are an increasing source for financing working capital and small equipment purchases by small firms.[14] Yet, because business credit cards may be issued by banks currently issuing large numbers of consumer credit cards, regulators are granting some business credit card lenders "limited purpose" bank status ordinarily intended only for issuers of consumer credit cards. Such status provides for limited evaluation by regulators of CRA activity; these banks are not evaluated for their lending to LMI areas. The result is, for example, that the largest provider of small business financing in the nation, American Express, is exempt from examination by regulators of its small business lending practices. *Regulators should examine the lending patterns of any regulated institution making a significant proportion of small business loans in any particular market.*

[13] Ron Feldman, "Credit Scoring and Small Business Loans," *Community Dividend*, Federal Reserve Bank of Minneapolis, Spring, 1997.

[14] *Report to Congress on the Availability of Credit to Small Businesses*, Federal Reserve Board, 1997.

Appendix A

One characteristic of bank lending that is of interest to many is the tendency to make relatively small loans. Tables A1a and A1b rank the 50 largest lenders by the proportion of their loans that are for amounts of $100,000 less for the Chicago MSA and Cook County, respectively. A number of credit card (e.g., American Express, Mountain West) or pure credit-scoring lenders (Wells Fargo) make loans only in amounts of $100,000 or less. These lenders are located out-of-state and operate through direct mail service. But many local banks lend primarily in amounts of $100,000 or less.

Table A2a and A2b rank the 50 lenders by the proportion of loans made to very small businesses. Banks' lending to very small businesses varies widely, from Midwest Bank and Trust Co.'s 99 percent to Advanta Financial Corporation's and Bank One Dayton, NA's 0.0 percent. In Cook County, some of the 50 banks make relatively few loans overall, so that the number of loans they make to very small businesses in Cook County is not significant (e.g., The National Bank and Trust Company, Merchant National Bank, and Bank of Waukegan).

Table A1a. Small Business Lending under $100,000 in MSA, 1996

	Lender	% Loans < $100K	# Loans < $100K	% Market Share Loans < $100K
1	AMERICAN EXPRESS	100.00%	11,233	26.80%
2	WELLS FARGO BANK, N.A.	100.00%	1,247	2.98%
3	MOUNTAINWEST FINANCIAL CORP	100.00%	6,956	16.60%
4	ADVANTA FINANCIAL CORPORATION	100.00%	2,062	4.92%
5	BANK ONE, DAYTON, NA	100.00%	422	1.01%
6	FIRST BANK SOUTH DAKOTA NA	97.42%	189	0.45%
7	BANCO POPULAR	91.95%	480	1.15%
8	THE NATIONAL BANK & TRUST COMP	85.91%	256	0.61%
9	MERCHANTS NATIONAL BANK	83.99%	236	0.56%
10	OLD SECOND NATIONAL BANK	83.54%	462	1.10%
11	ALBANY BANK & TRUST CO. N.A.	83.45%	232	0.55%
12	SO. HOLLAND TR. & SVGS. BANK	81.63%	440	1.05%
13	HERITAGE BANK	79.85%	317	0.76%
14	HARRIS BANK ST. CHARLES	79.56%	471	1.12%
15	BANK OF WAUKEGAN	78.50%	157	0.37%
16	FIRST NAT'L BANK OF EVERGREEN	78.33%	394	0.94%
17	FIRST MIDWEST BANK, N.A.	75.52%	1,265	3.02%
18	MIDWEST BANK AND TRUST CO.	75.24%	395	0.94%
19	ASSOCIATED BANK CHICAGO	73.70%	213	0.51%
20	HARRIS BANK GLENCOE, N.A.	72.83%	327	0.78%
21	PINNACLE BANK	72.36%	267	0.64%
22	HARRIS BANK NAPERVILLE	71.28%	139	0.33%
23	HARRIS BANK ROSELLE	69.80%	208	0.50%
24	SOUTH SHORE BANK OF CHICAGO	69.73%	182	0.43%
25	COLUMBIA NATIONAL BANK	69.55%	169	0.40%
26	MARQUETTE NATIONAL BANK	69.26%	214	0.51%
27	LASALLE BANK	68.97%	180	0.43%
28	PARKWAY BANK & TRUST COMPANY	68.50%	137	0.33%
29	FIRST NATIONAL BANK OF JOLIET	67.49%	247	0.59%
30	FIRST BANK NATIONAL ASSOCIATION	67.45%	172	0.41%
31	CITIBANK F.S.B.	67.07%	607	1.45%
32	HARRIS TRUST AND SAVINGS BANK	66.95%	239	0.57%
33	MID CITY NATIONAL BANK	66.32%	189	0.45%
34	FIRSTAR BANK ILLINOIS	66.23%	663	1.58%
35	FIRST OF AMERICA BANK-ILLINOIS	66.23%	400	0.95%
36	BANK ONE, CHICAGO, NA	65.06%	283	0.68%
37	STANDARD BANK & TRUST COMPANY	64.36%	177	0.42%
38	LASALLE BANK, NI	64.08%	330	0.79%
39	LASALLE NORTHWEST NATIONAL BANK	63.98%	135	0.32%
40	FIRST NATIONAL BANK OF CHICAGO	63.30%	1,649	3.93%
41	HARRIS BANK BARRINGTON, N.A.	62.93%	236	0.56%
42	HARRIS BANK HINSDALE, N.A.	62.35%	159	0.38%
43	PARK NATIONAL BANK AND TRUST	61.32%	149	0.36%
44	COLE TAYLOR BANK	60.25%	479	1.14%
45	OLD KENT BANK - ILLINOIS	59.85%	626	1.49%
46	FIRST AMERICAN BANK	57.48%	296	0.71%
47	THE NORTHERN TRUST COMPANY	52.88%	202	0.48%
48	MANUFACTURERS BANK	52.61%	161	0.38%
49	AMERICAN NATIONAL BANK & TRUST	46.23%	1,086	2.59%
50	LASALLE NATIONAL BANK	36.13%	198	0.47%
	All Lenders in Market	81.19%	41,907	100.00%

Table A1b. Small Business Lending under $100,000 in Cook County, 1996

	Lender	% Loans < $100K	# Loans < $100K	% Market Share Loans < $100K
1	THE NATIONAL BANK & TRUST COMP	100.00%	2	0.01%
2	MERCHANTS NATIONAL BANK	100.00%	6	0.02%
3	AMERICAN EXPRESS	100.00%	7,079	28.38%
4	WELLS FARGO BANK, N.A.	100.00%	801	3.21%
5	OLD SECOND NATIONAL BANK	100.00%	24	0.10%
6	MOUNTAINWEST FINANCIAL CORP	100.00%	4,312	17.28%
7	ADVANTA FINANCIAL CORPORATION	100.00%	1,311	5.25%
8	BANK ONE, DAYTON, NA	100.00%	261	1.05%
9	FIRST BANK SOUTH DAKOTA NA	96.27%	129	0.52%
10	BANCO POPULAR	92.08%	465	1.86%
11	ALBANY BANK & TRUST CO. N.A.	84.19%	229	0.92%
12	SO. HOLLAND TR. & SVGS. BANK	83.62%	393	1.58%
13	HERITAGE BANK	79.87%	246	0.99%
14	FIRST NAT'L BANK OF EVERGREEN	78.03%	348	1.39%
15	MIDWEST BANK AND TRUST CO.	76.28%	312	1.25%
16	HARRIS BANK GLENCOE, N.A.	75.49%	268	1.07%
17	LASALLE BANK	73.03%	111	0.44%
18	HARRIS BANK ROSELLE	72.06%	98	0.39%
19	PINNACLE BANK	72.03%	224	0.90%
20	MARQUETTE NATIONAL BANK	71.97%	172	0.69%
21	FIRST OF AMERICA BANK-ILLINOIS	71.67%	167	0.67%
22	BANK OF WAUKEGAN	71.43%	5	0.02%
23	ASSOCIATED BANK CHICAGO	71.01%	147	0.59%
24	SOUTH SHORE BANK OF CHICAGO	70.92%	178	0.71%
25	FIRST BANK NATIONAL ASSOCIATION	70.59%	144	0.58%
26	CITIBANK F.S.B.	70.28%	428	1.72%
27	COLUMBIA NATIONAL BANK	69.90%	137	0.55%
28	MID CITY NATIONAL BANK	68.00%	170	0.68%
29	PARKWAY BANK & TRUST COMPANY	67.48%	110	0.44%
30	FIRSTAR BANK ILLINOIS	67.24%	388	1.56%
31	HARRIS BANK NAPERVILLE	66.67%	4	0.02%
32	BANK ONE, CHICAGO, NA	66.56%	215	0.86%
33	FIRST MIDWEST BANK, N.A.	66.22%	196	0.79%
34	HARRIS BANK BARRINGTON, N.A.	66.18%	90	0.36%
35	LASALLE BANK, NI	66.15%	297	1.19%
36	HARRIS TRUST AND SAVINGS BANK	66.10%	193	0.77%
37	FIRST NATIONAL BANK OF CHICAGO	65.38%	963	3.86%
38	STANDARD BANK & TRUST COMPANY	64.57%	164	0.66%
39	LASALLE NORTHWEST NATIONAL BANK	63.03%	104	0.42%
40	FIRST AMERICAN BANK	62.80%	157	0.63%
41	COLE TAYLOR BANK	61.93%	397	1.59%
42	PARK NATIONAL BANK AND TRUST	60.95%	128	0.51%
43	HARRIS BANK HINSDALE, N.A.	58.62%	51	0.20%
44	OLD KENT BANK - ILLINOIS	58.16%	253	1.01%
45	MANUFACTURERS BANK	56.60%	150	0.60%
46	THE NORTHERN TRUST COMPANY	51.48%	122	0.49%
47	FIRST NATIONAL BANK OF JOLIET	47.37%	9	0.04%
48	AMERICAN NATIONAL BANK & TRUST	43.72%	658	2.64%
49	LASALLE NATIONAL BANK	37.94%	173	0.69%
50	HARRIS BANK ST. CHARLES	36.36%	4	0.02%
	All Lenders in Market	81.33%	24,948	100.00%

Table A2a. Lending to Very Small Businesses (VSBs: <$1 million in sales) in MSA, 1996

	Lender	% Loans to VSBs	# Loans to VSBs	% Market Share to VSBs
1	MIDWEST BANK AND TRUST CO.	99.24%	521	2.06%
2	THE NATIONAL BANK & TRUST COMP	89.26%	266	1.05%
3	BANCO POPULAR	88.51%	462	1.83%
4	AMERICAN EXPRESS	83.41%	9,370	37.10%
5	MERCHANTS NATIONAL BANK	75.80%	213	0.84%
6	PINNACLE BANK	75.61%	279	1.10%
7	PARKWAY BANK & TRUST COMPANY	73.50%	147	0.58%
8	FIRST MIDWEST BANK, N.A.	70.81%	1,186	4.70%
9	BANK OF WAUKEGAN	65.00%	130	0.51%
10	FIRST NAT'L BANK OF EVERGREEN	64.41%	324	1.28%
11	FIRST OF AMERICA BANK-ILLINOIS	64.24%	388	1.54%
12	HARRIS BANK ROSELLE	63.09%	188	0.74%
13	WELLS FARGO BANK, N.A.	62.63%	781	3.09%
14	LASALLE BANK	62.45%	163	0.65%
15	HERITAGE BANK	61.21%	243	0.96%
16	STANDARD BANK & TRUST COMPANY	60.36%	166	0.66%
17	OLD KENT BANK - ILLINOIS	58.51%	612	2.42%
18	ASSOCIATED BANK CHICAGO	57.79%	167	0.66%
19	SO. HOLLAND TR. & SVGS. BANK	55.66%	300	1.19%
20	MARQUETTE NATIONAL BANK	51.13%	158	0.63%
21	COLE TAYLOR BANK	49.31%	392	1.55%
22	HARRIS BANK BARRINGTON, N.A.	48.80%	183	0.72%
23	OLD SECOND NATIONAL BANK	47.92%	265	1.05%
24	LASALLE NORTHWEST NATIONAL BANK	47.87%	101	0.40%
25	HARRIS BANK NAPERVILLE	46.15%	90	0.36%
26	FIRST NATIONAL BANK OF CHICAGO	42.69%	1,112	4.40%
27	MID CITY NATIONAL BANK	42.46%	121	0.48%
28	HARRIS BANK HINSDALE, N.A.	41.57%	106	0.42%
29	COLUMBIA NATIONAL BANK	41.56%	101	0.40%
30	FIRST NATIONAL BANK OF JOLIET	40.16%	147	0.58%
31	CITIBANK F.S.B.	39.89%	361	1.43%
32	LASALLE BANK, NI	39.61%	204	0.81%
33	FIRSTAR BANK ILLINOIS	37.76%	378	1.50%
34	THE NORTHERN TRUST COMPANY	33.51%	128	0.51%
35	ALBANY BANK & TRUST CO. N.A.	32.37%	90	0.36%
36	MANUFACTURERS BANK	32.03%	98	0.39%
37	HARRIS BANK GLENCOE, N.A.	30.07%	135	0.53%
38	HARRIS TRUST AND SAVINGS BANK	28.01%	100	0.40%
39	FIRST AMERICAN BANK	27.38%	141	0.56%
40	SOUTH SHORE BANK OF CHICAGO	26.05%	68	0.27%
41	AMERICAN NATIONAL BANK & TRUST	25.76%	605	2.40%
42	BANK ONE, CHICAGO, NA	20.46%	89	0.35%
43	FIRST BANK NATIONAL ASSOCIATION	16.08%	41	0.16%
44	HARRIS BANK ST. CHARLES	13.01%	77	0.30%
45	MOUNTAINWEST FINANCIAL CORP	8.80%	612	2.42%
46	LASALLE NATIONAL BANK	5.47%	30	0.12%
47	FIRST BANK SOUTH DAKOTA NA	0.52%	1	0.00%
48	PARK NATIONAL BANK AND TRUST	0.41%	1	0.00%
49	ADVANTA FINANCIAL CORPORATION	0.00%	0	0.00%
50	BANK ONE, DAYTON, NA	0.00%	0	0.00%
	All Lenders in Market	48.93%	25,254	100.00%

Table A2b. Lending to Very Small Businesses (VSBs: <$1 million in sales) in Cook County, 1996

	Lender	% Loans to VSBs	# Loans to VSBs	% Market Share to VSBs
1	THE NATIONAL BANK & TRUST COMP	100.00%	2	0.01%
2	MERCHANTS NATIONAL BANK	100.00%	6	0.04%
3	MIDWEST BANK AND TRUST CO.	99.27%	406	2.78%
4	BANCO POPULAR	88.32%	446	3.05%
5	BANK OF WAUKEGAN	85.71%	6	0.04%
6	AMERICAN EXPRESS	82.61%	5,848	40.03%
7	PINNACLE BANK	77.49%	241	1.65%
8	PARKWAY BANK & TRUST COMPANY	74.23%	121	0.83%
9	LASALLE BANK	68.42%	104	0.71%
10	HARRIS BANK NAPERVILLE	66.67%	4	0.03%
11	FIRST NAT'L BANK OF EVERGREEN	66.14%	295	2.02%
12	ASSOCIATED BANK CHICAGO	65.22%	135	0.92%
13	HARRIS BANK ROSELLE	63.97%	87	0.60%
14	WELLS FARGO BANK, N.A.	61.05%	489	3.35%
15	STANDARD BANK & TRUST COMPANY	59.45%	151	1.03%
16	HERITAGE BANK	58.77%	181	1.24%
17	FIRST MIDWEST BANK, N.A.	58.11%	172	1.18%
18	OLD KENT BANK - ILLINOIS	57.93%	252	1.73%
19	FIRST OF AMERICA BANK-ILLINOIS	57.51%	134	0.92%
20	SO. HOLLAND TR. & SVGS. BANK	54.04%	254	1.74%
21	COLE TAYLOR BANK	51.17%	328	2.25%
22	MARQUETTE NATIONAL BANK	51.05%	122	0.84%
23	LASALLE NORTHWEST NATIONAL BANK	49.09%	81	0.55%
24	HARRIS BANK BARRINGTON, N.A.	48.53%	66	0.45%
25	HARRIS BANK HINSDALE, N.A.	47.13%	41	0.28%
26	FIRST NATIONAL BANK OF CHICAGO	44.94%	662	4.53%
27	MID CITY NATIONAL BANK	44.80%	112	0.77%
28	LASALLE BANK, NI	41.87%	188	1.29%
29	CITIBANK F.S.B.	40.56%	247	1.69%
30	COLUMBIA NATIONAL BANK	39.29%	77	0.53%
31	FIRSTAR BANK ILLINOIS	38.99%	225	1.54%
32	THE NORTHERN TRUST COMPANY	36.71%	87	0.60%
33	MANUFACTURERS BANK	34.34%	91	0.62%
34	ALBANY BANK & TRUST CO. N.A.	31.62%	86	0.59%
35	HARRIS BANK GLENCOE, N.A.	29.30%	104	0.71%
36	HARRIS TRUST AND SAVINGS BANK	27.40%	80	0.55%
37	SOUTH SHORE BANK OF CHICAGO	26.69%	67	0.46%
38	FIRST NATIONAL BANK OF JOLIET	26.32%	5	0.03%
39	AMERICAN NATIONAL BANK & TRUST	25.45%	383	2.62%
40	OLD SECOND NATIONAL BANK	25.00%	6	0.04%
41	FIRST AMERICAN BANK	24.80%	62	0.42%
42	BANK ONE, CHICAGO, NA	20.74%	67	0.46%
43	HARRIS BANK ST. CHARLES	18.18%	2	0.01%
44	FIRST BANK NATIONAL ASSOCIATION	15.69%	32	0.22%
45	MOUNTAINWEST FINANCIAL CORP	9.39%	405	2.77%
46	LASALLE NATIONAL BANK	6.36%	29	0.20%
47	FIRST BANK SOUTH DAKOTA NA	0.75%	1	0.01%
48	ADVANTA FINANCIAL CORPORATION	0.00%	0	0.00%
49	PARK NATIONAL BANK AND TRUST	0.00%	0	0.00%
50	BANK ONE, DAYTON, NA	0.00%	0	0.00%
	All Lenders in Market	47.62%	14,608	100.00%

Appendix B

Definitions of Column Headings

Table II. Top 50 Small Business Lenders in 9-County Chicago MSA, 1996

# Originations	Number of originations
% Market Share	Lenders' share of the market as a percentage
Avg. Size ($1,000)	Average loan size originated (in thousands of dollars)
# Originations, Cook	Number of loan originations in Cook County

Table III. Small Business Lending in Low- and Moderate-Income Areas in MSA and Cook County,

% Loans in LMI	Loan originations in low-and moderate-income census tracts as a percentage of total originations
# Loans in LMI	Number of originations in low- and moderate-income census tracts
% Market Share in LMI	Lenders' market share of originations in low- and moderate-income census tracts

Table IV. Lending to Very Small Businesses (VSB) in LMI Areas in MSA and Cook County, 1996

% VSB Loans to LMI	Originations to businesses with less than $1 million in sales annually and located in low- and moderate-income census tracts as a percent of total loans to very small businesses
# VSB Loans in LMI	Number of originations to businesses with less than $1 million in sales annually and located in low- and moderate-income census tracts
% Market Share VSB in LMI	Lenders' market share of originations to businesses with less than $1 million in sales annually and located in low- and moderate-income census tracts

Table A1. Small Business Lending under $100,000 in MSA and Cook County, 1996

% Loans < $100K	Originations of less than $100,000 as a percentage of total originations
# Loans < $100K	Number of originations of less than $100,000
% Market Share Loans < $100K	Lenders' market share of originations of less than $100,000

Table A2. Lending to Very Small Businesses (VSBs: <$1 million in sales) in MSA and Cook

% Loans to VSBs	Originations to businesses with less than $1 million in sales annually as a percentage of total originations
# Loans to VSBs	Number of originations to businesses with less than $1 million in annual sales
% Market Share to VSBs	Lenders' market share of originations to businesses with less than $1 million in sales annually

Woodstock Institute
407 S. Dearborn
Chicago, IL 60605
(312) 427-8070