PUBLIC DISCLOSURE

April 11, 2011

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

Park Federal Savings Bank
5400 South Pulaski Road
Chicago, IL 60632
Docket #: 00805

Office of Thrift Supervision
Central Region
1 South Wacker Drive, Suite 2000
Chicago, IL 60606

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.**

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June 29, 2011

Board of Directors
Park Federal Savings Bank
5400 South Pulaski Road
Chicago, IL 60632

OTS No. 00805

Members of the Board:

Enclosed is your institution's written Community Reinvestment Act (CRA) Performance Evaluation. The Office of Thrift Supervision (OTS) prepared the evaluation as of April 11, 2011.

In accordance with 12 C.F.R. 563e, your institution must make this written CRA Performance Evaluation available to the public within 30 business days of receiving it. You must place the evaluation in your CRA public file at your home office and at each branch within this time frame. You may not alter or abridge the evaluation in any manner. At your discretion, you may retain previous written CRA Performance Evaluation(s) with the most recent evaluation in your CRA public file.

Your institution may prepare a response to the evaluation. You may place the response in each CRA public file along with the evaluation. In the event your institution elects to prepare such a response, please forward a copy of it to this office.

All appropriate personnel, particularly customer contact personnel, need to be aware of the responsibilities that the institution has to make this evaluation available to the public. Consequently, we suggest that your institution review internal procedures for handling CRA inquiries, including those pertaining to the evaluation and other contents of the CRA public file.

We strongly encourage the Board of Directors, senior management, and other appropriate personnel to review this document and to take an active interest and role in the CRA activities of your institution.

Sincerely,

Georgia Chisolm

Georgia A. Chisolm
Assistant Director - Compliance

Enclosure

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General Information

The Community Reinvestment Act (CRA) requires each federal financial supervisory agency to use its authority when examining financial institutions, to assess the institution's record of meeting the credit needs of its entire community, including low- and moderate-income neighborhoods, consistent with safe and sound operation of the institution. Upon conclusion of such examination, the agency must prepare a written evaluation of the institution's record of meeting the credit needs of its community.

This document is an evaluation of the CRA performance of Park Federal Savings Bank. The Office of Thrift Supervision (OTS) prepared the evaluation as of April 11, 2011. OTS evaluates performance in assessment area(s) delineated by the institution rather than individual branches. This assessment area evaluation may include visits to some, but not necessarily all, of the institution's branches. OTS rates the CRA performance of an institution consistent with the provisions set forth in Appendix A to 12 C.F.R. Part 563e.

Institution

Overall Rating

INSTITUTION'S CRA RATING: SATISFACTORY

Park Federal Savings Bank (Park Federal, thrift, or institution) has an excellent record of meeting the credit needs of its local community, including low- and moderate-income (LMI) neighborhoods and families.

Park Federal's loan-to-deposit (LTD) ratio is very good. In addition, the institution originated a substantial majority of its loans inside its three-county assessment area (AA).

The overall geographic distribution of Park Federal's loans is excellent with just under 50 percent of mortgage loans originated in LMI census tracts (CTs or geographies). The thrift's record of lending to borrowers of different income levels reflects an excellent penetration of LMI borrowers.

In addition, the institution opened a new branch office in a low-income geography in Chicago. Additionally, the thrift has programs to assist borrowers maintain their mortgage loans and homes, during the recent economic downturn.

Park Federal would have received an overall "Outstanding" rating based on its performance during the review period. However, evidence of tier-based mortgage loan pricing and restrictions on the amounts of residential mortgage loans or refinances that disproportionately impacted protected groups as defined under the Equal Credit Opportunity Act, Fair Housing Act and OTS Nondiscrimination regulations were identified. These factors adversely impacted the institution's CRA performance and resulted in lowering the overall rating from "Outstanding" to "Satisfactory."

Scope of Examination

The data review period for this examination was the 36 month period from January 1, 2008 through December 31, 2010. This CRA Performance Evaluation (PE) used the small savings association CRA procedures contained in the OTS Examination Manual.

During the data review period, Park Federal originated 346 residential mortgage loans subject to the Home Mortgage Disclosure Act (HMDA). The institution supplied the data for these loans, including census tract location and borrower income. There were no small business or consumer loans.

Institution (continued)

The data for HMDA comparisons (comparative lending aggregate or "peer group") is origination activity within the AA during 2008 and 2009 (2010 not yet available) and includes lending activity of financial institutions with deposits insured by the Federal Deposit Insurance Corporation (FDIC).

The U.S. Department of Housing and Urban Development (HUD) median family income (MFI) estimates for the Chicago-Naperville-Joliet, Illinois Metropolitan Statistical Area (MSA), of which Park Federal's AA is a part, determined census tract and borrower income categories. According to CRA definitions, income is considered low if it is less than 50 percent of MFI, moderate if it is 50 percent to less than 80 percent, middle if it is 80 percent to less than 120 percent, and upper if it is 120 percent or more.

Description of Institution

Park Federal is a federally chartered stock savings bank, wholly-owned by Park Bancorp, Inc., and headquartered on the southwest side of Chicago, in Cook County, Illinois. The institution has total assets of $213 million as of December 31, 2010 and three branch offices in addition to the main office.

The main office and one of the Chicago branches are located in moderate-income geographies. Additionally, Park Federal opened its new West 47th Street Chicago branch during 2008. The 47th Street branch, located in a low-income geography, provides separate office space at favorable lease rates to Neighborhood Housing Services (NHS) of Chicago. NHS has located a bi-lingual homeownership center in the branch. Another branch office is in Westmont, Illinois, in DuPage County, west of Cook County, in an upper-income geography.

Because of adverse financial considerations, the thrift closed a limited service branch office it operated inside a local high school near its main office. The limited service facility had operated as an education and service opportunity for the high school's students. The limited service branch office was located in a moderate-income geography in the City of Chicago.

All of the four offices have drive-up facilities and automated teller machines. All offices have staff available who can take loan applications. In addition, loan officers fluent in Spanish are available to accept loan applications from Spanish speaking applicants.

Park Federal's primary business is to provide a range of retail banking services focusing on residential real estate lending and customary savings, deposit, and checking account products.

At year end 2010, Park Federal had 64.1 percent of its assets in mortgage loans, about the same as most thrifts of comparable size. Generally, Park Federal has much more of its assets in loans secured

Institution (continued)

by multi-family buildings than most thrifts its size, and has somewhat less of its assets in loans secured by commercial (nonresidential) real estate than most comparable thrifts. Specifically, Park Federal had 7.1 percent of its assets in loans secured by multi-family dwellings compared to a peer group median of 1.5 percent. The thrift had 8.6 percent of its assets in loans secured by nonresidential buildings, compared to a peer group of 11.0 percent.

Park Federal has loan programs targeting LMI borrowers. Through a partnership with the Federal Home Loan Bank of Chicago and the Illinois League of Financial Institutions, the thrift offers the Downpayment Plus program, an up to $6,000 forgivable grant to LMI homebuyers with the funds available for down payment and closing cost assistance. The forgivable grants permit additional financial assistance to homebuyers that otherwise may not be able to purchase a home. The institution assisted eight LMI borrowers with $32,000 in Downpayment Plus grants during the review period.

The thrift has a hardship mitigation program intended to assist borrowers experiencing financial difficulty to maintain their home. During the review period, Park Federal’s efforts assisted approximately 13 borrowers in 2010, 20 borrowers in 2009, and six borrowers in 2008. Park Federal also has a mortgage foreclosure forbearance program intended to help homeowners become current with payments. These programs can be particularly helpful to LMI borrowers, especially during difficult economic times.

Park Federal, a small community-based thrift, operates in a highly competitive market with many large depository institutions and lenders. During 2010, Park Federal ranked as 160th in deposit size among the 274 FDIC-insured financial institutions with offices or branches inside the Chicagoland MSA. During 2009 (the most recent year for which aggregate lending information is available), there were 588 FDIC-insured lenders or affiliates that originated at least one loan in Park Federal’s AA. The competing lending and depository institutions included some of the largest financial operations in the county.

It is also noteworthy that as an investor in the NHS of Chicago Loan Program, Park Federal participated in 40 residential mortgage loans to either LMI borrowers or borrowers purchasing homes located in LMI geographies totaling more than $4.6 million.

In spite of the competition, Park Federal, with only four locations, ranked as the 50th largest originator of loans inside LMI geographies in its AA, with a 0.2 percent market share, among all FDIC-insured financial institutions. Additionally, the institution ranked as the 54th largest originator of loans to LMI persons in its AA, with a 0.2 percent market share, among all FDIC-insured financial institutions.

Institution (continued)

Significant competitive pressures and challenging economic circumstances present impediments that limit Park Federal's ability to meet the credit needs of its local community, including LMI borrowers.

At the prior CRA Performance Evaluation, dated August 1, 2005, Park Federal received a rating of "Outstanding."

Description of Park Federal's Assessment Area

Park Federal's AA consists of three contiguous counties located within the Chicago-Naperville-Joliet, IL Metropolitan Division (Chicago MD), specifically Cook, DuPage and Will Counties[a]. These three counties contain 1,556 CTs, excluding 16 geographies (herein described as "NA") with virtually no population[b]. According to the 2000 U. S. Census data, the population of the AA is 6,782,978, with 1,646,671 families, and 2,467,893 households. The AA contains 2,607,194 housing units, of which 1,530,898, 58.7 percent, are Owner Occupied Housing Units (OOHUs). OOHUs represent potential opportunities for lenders seeking to originate loans to borrowers hoping to purchase a residence.

Cook County is the most populous county in Illinois, with 5,376,741 persons or 79.3 percent of the total AA population. Cook County comprises 1,327 CTs, contains all of the City of Chicago, and encompasses 98.0 percent of the LMI CTs in the AA. The AA does not arbitrarily exclude any LMI CTs or LMI persons and conforms to the regulatory requirements for AAs.

The following table illustrates, by income category, the distribution of CTs, families, and OOHUs in the assessment area.

[a] The Chicago MD is composed of Cook, DeKalb, DuPage, Grundy, Kane, Kendall, McHenry, and Will counties, and is located within the Chicago-Naperville-Joliet, IL-IN-WI Metropolitan Statistical Area (MSA).
[b] The 16 NA geographies contain a combined population of 190 persons and 72 housing units. The review will not consider NA geographies in the analysis, as these geographies contain minimal population and very limited housing opportunities.

Institution (continued)

Selected Demographic Data - Assessment Area - 2000 Census									
Demographics by Census Tract Income Category									
Income Category	Census Tracts	Percent of Census Tracts	Pop. Inside Census Tract	Percent Pop.	No. of OOHUs	Percent OOHUs Within AA	Median Housing Value	Median Age of Housing	Percent Families by Income Category
Low	233	15.0	598,760	8.8	45,205	3.0	$97,828	52	21.9
Mod.	411	26.4	1,707,470	25.2	251,386	16.4	112,282	50	17.8
Middle	526	33.8	2,564,911	37.8	676,496	44.2	147,334	37	21.6
Upper	386	24.8	1,911,837	28.2	557,811	36.4	249,411	29	38.7
Total	**1,556**	**100.0**	**6,782,978**	**100.0**	**1,530,898**	**100.0**			**100.0**

The 2000 census reported that 10.5 percent of the AA population was below the poverty level and 22.8 percent received Social Security Administration (SSA) benefits.

During December 2010, the Chicagoland unemployment rate was 8.6 percent, compared to the State of Illinois at 9.2 percent, and the U.S. at 9.4 percent. During the review period, the unemployment rate in the Chicagoland area ranged from 5.3 percent to 11.6 percent and averaged 10.1 percent for calendar 2010, 10.0 percent for 2009, and 6.2 percent for 2008.

Available data indicates that for 2010, Illinois had the ninth highest level of foreclosures of any state in the nation. Other data suggests that foreclosure threats may have reached as many as one in every 27 homes in the Chicagoland area.

The statistics illustrate a significant increase in unemployment in the AA during the review period. High levels of unemployment have had a negative impact on the AA's economy and the demand for home finance. High levels of unemployment also exacerbate the economic challenges concerning residential financing for LMI persons.

According to the Bureau of Labor Statistics, the Chicagoland area occupations, in order of most employment, were: trade, transportation and utilities; professional and business services; education and health services; government; and, manufacturing. Some of the larger, high profile corporations headquartered in the AA include Boeing, CME Group, Kraft Foods, McDonald's, and United Continental Holdings, among an extensive list.

As noted previously, for CRA purposes, CTs and borrowers are categorized by income, based on the MFI of the Chicago MD. CT data is based on the MFI at the 2000 census, while borrower income characteristics are based on annual HUD estimates of MFI. HUD estimated the MFI for the Chicago MD to be $71,100 for 2008, $74,600 for 2009, and $74,700 for 2010.

Institution (continued)

Two of the thrift's three Chicago offices are located in moderate-income geographies and one is located in a low-income geography. The fourth office, located in Westmont, Illinois, is located in an upper-income CT.

The analysis in this report considered information obtained from a community contact. Community contacts can provide insight into AA CRA-related needs and provide opportunities for financial institutions to meet those needs.

The community contact, a housing counselor for a southwest side Chicago neighborhood council, was concerned with the high foreclosure rates in the council's working class community. The counselor cited the need for loan modification programs to assist existing mortgagors. The counselor was also concerned about the area's high unemployment rate and declining real estate market values.

Conclusions with Respect to Performance Tests

Loan-to-Deposit Ratio

The LTD ratio is an indicator of an institution's lending levels relative to its deposits and a measurement of deposits funded into loans. A higher number is indicative of more lending and favorable for CRA purposes. An LTD of 100 percent would represent that as of the calculation date, an institution funded all deposits into loans.

Park Federal's LTD ratio averaged 97.7 percent for the 12 quarterly periods beginning January 1, 2008 and ending December 31, 2010.

This ratio is very reasonable and exceeds the standards for satisfactory performance.

Lending in the Assessment Area

During the 36 month review period, Park Federal originated 346 HMDA-reportable residential mortgage loans. Of these, 339 or 98.0 percent were inside the thrift's AA. These loans were for the purchase and refinance of one-to-four family units, multi-family residences, and home improvements.

Park Federal's percentage of lending inside its AA is superior as almost all of its mortgage loan activity is inside the AA. This activity exceeds the standards for satisfactory performance.

Institution (continued)

Geographic Distribution of Lending

The following table reports Park Federal's distribution of loans by geography income, by year, and compares performance to aggregate/peer group measurements. The table reflects superior performance compared to peer within the LMI lending categories.

Distribution of Park Federal's HMDA-Reportable Loans By Geography/CT Income Level in the Assessment Area *(Dollars in thousands)*										
CT Income Level	**2008**		**2009**		**2010**		**Review Period 1/1/2008 – 12/31/2010**		**Aggregate 2008**	**Aggregate 2009**
By Number:	**#**	**%**	**#**	**%**	**#**	**%**	**#**	**%**	**% by #**	**% by #**
Low	10	7.3	7	7.0	6	5.9	23	6.8	4.4	2.7
Moderate	59	43.1	38	38.0	45	44.1	142	41.9	16.7	11.8
Middle	55	40.1	47	47.0	42	41.2	144	42.5	38.1	36.3
Upper	13	9.5	8	8.0	9	8.8	30	8.8	40.8	49.2
Total	**137**	**100.0**	**100**	**100.0**	**102**	**100.0**	**339**	**100.0**	**100.0**	**100.0**
By $ Amt:	**$**	**%**	**$**	**%**	**$**	**%**	**$**	**%**	**% by $**	**% by $**
Low	1,285	6.7	676	4.7	431	3.1	2,392	5.0	4.2	2.5
Moderate	6,643	34.5	5,461	38.2	3,978	28.2	16,082	33.8	14.7	9.9
Middle	7,371	38.3	5,763	40.3	5,498	39.1	18,632	39.1	31.7	29.6
Upper	3,959	20.5	2,407	16.8	4,174	29.6	10,540	22.1	49.4	58.0
Total	**19,258**	**100.0**	**14,307**	**100.0**	**14,081**	**100.0**	**47,646**	**100.0**	**100.0**	**100.0**

As illustrated in the above table, Park Federal's lending, by number of loans originated to LMI geographies inside its AA during the three year review period accounted for 48.7 percent of all lending, compared to 21.1 percent for the 2008 aggregate and 14.5 percent for the 2009 aggregate. The thrift's lending performance inside its AA's LMI geographies was more than twice the aggregate for both years that aggregate information is available. Additionally, only 19.4 percent of the OOHUs are located inside LMI geographies, underscoring Park Federal's exceptional achievement of lending inside LMI CTs.

This is superior performance and far exceeds the standards for satisfactory performance.

Lending to Borrowers of Different Incomes

The thrift's HMDA lending inside of its AA to persons of different incomes has been superior. Its loan origination performance has consistently far-exceeded peer and aggregate comparisons for the period under review.

Institution (continued)

Distribution of Park Federal's HMDA-Reportable Loans
By Borrower Income Level in the Assessment Area
(Dollars in thousands)

Borrower Income Level	2008		2009		2010		Review Period 1/1/2008 – 12/31/2010		Aggregate 2008	Aggregate 2009
By Number:	**#**	**%**	**#**	**%**	**#**	**%**	**#**	**%**	**% by #**	**% by #**
Low	19	14.8	20	24.4	29	35.8	68	23.4	5.1	6.3
Moderate	33	25.8	37	45.1	23	28.4	93	32.0	18.6	18.3
Middle	40	31.3	12	14.6	8	9.9	60	20.6	27.8	26.2
Upper	36	28.1	13	15.9	21	25.9	70	24.0	48.5	49.2
Total *	**128**	**100.0**	**82**	**100.0**	**81**	**100.0**	**291**	**100.0**	**100.0**	**100.0**
Income N/A	9		18		21		48			
By $ Amt:	**$**	**%**	**$**	**%**	**$**	**%**	**$**	**%**	**% by $**	**% by $**
Low	1,301	7.8	1,888	16.4	2,187	19.1	5,376	13.5	2.3	3.1
Moderate	3,790	22.6	4,191	36.3	2,345	20.6	10,326	26.0	12.0	11.9
Middle	5,062	30.1	1,912	16.6	1,153	10.1	8,127	20.5	23.2	21.9
Upper	6,634	39.5	3,547	30.7	5,725	50.2	15,906	40.0	62.5	63.1
Total	**16,787**	**100.0**	**11,538**	**100.0**	**11,410**	**100.0**	**39,735**	**100.0**	**100.0**	**100.0**
Income N/A	2,471		2,769		2,671		7,911			

As shown in the above table, Park Federal's lending to LMI persons within its AA for the combined review period represented 55.4 percent of all loans reporting income. By comparison, the aggregate of FDIC-insured lenders for 2008 totaled 23.7 percent and for 2009 totaled 24.6 percent. The thrift's results were better than twice the available aggregate HMDA lenders. The Park Federal's lending to LMI borrowers also far exceeded the percentage of low- and moderate-income families living in its assessment area. Of note, the thrift originated its high volume of LMI loans during a time of economic difficulties and high unemployment rates.

Fair Lending or Other Illegal Credit Practices Review

During examinations conducted since the preceding Public Evaluation, tier-based mortgage loan pricing and restrictions on the amounts of residential mortgage loans or refinances contrary to the Equal Credit Opportunity Act, Fair Housing Act and OTS Regulations were identified that disproportionately impacted protected groups. Though management discontinued the mortgage loan minimum policy and reduced the tiered pricing policy, it was unable to provide any evidence of the business necessity for tiered pricing.

CRA Rating Definitions

There are four separate and distinct CRA assessment methods set forth in the CRA: the lending, investment, and service tests for large, retail institutions; the streamlined examination method for small institutions; the community development test for wholesale and limited purpose institutions; and the strategic plan option for all institutions. OTS will assign an institution one of the four assigned ratings required by Section 807 of the CRA:

1. “Outstanding record of meeting community credit needs.”
2. “Satisfactory record of meeting community credit needs.”
3. “Needs to improve record of meeting community credit needs.”
4. “Substantial noncompliance in meeting community credit needs.”

OTS judges an institution’s performance under the test and standards in the rule in the context of information about the institution, its community, its competitors, and its peers. Among the factors to evaluate in an examination are the economic and demographic characteristics of the assessment area(s); the lending, investment, and service opportunities in the assessment area(s); the institution’s product offerings and business strategy; the institution’s capacity and constraints; the prior performance of the institution; in appropriate circumstances, the performance of a similarly situated institution; and other relevant information. An institution’s performance need not fit each aspect of a particular rating profile in order to receive that rating, and exceptionally strong performance with respect to some aspects may compensate for weak performance in others. The institution’s overall performance, however, must be consistent with safe and sound banking practices and generally with the appropriate rating profile. In addition, OTS adjusts the evaluation of an institution’s performance under the applicable assessment method in accordance with §563e.21 and §563e.28, which provide for adjustments on the basis of evidence of discriminatory or other illegal credit practices.