



SMALL BANK

Comptroller of the Currency
Administrator of National Banks

PUBLIC DISCLOSURE

May 06, 2002

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

**Forest Park National Bank And Trust Company
Charter Number 14566**

**7348 West Madison Street
Forest Park, IL 60130**

**Comptroller of the Currency
Assistant Deputy Comptroller - Chicago South
7600 County Line Road Unit 3
Burr Ridge, IL 60527**

NOTE: This document is an evaluation of this institution's record of meeting the credit needs of its entire community, including low- and moderate-income neighborhoods consistent with safe and sound operation of the institution. This evaluation is not, nor should it be construed as, an assessment of the financial condition of this institution. The rating assigned to this institution does not represent an analysis, conclusion, or opinion of the federal financial supervisory agency concerning the safety and soundness of this financial institution.

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INSTITUTION'S CRA RATING

This institution is rated Satisfactory.

Listed below are the major factors that support Forest Park National Bank's rating:

- The distribution of loans reflects reasonable penetration among individuals of different income levels.
- The geographic distribution of loans reflects reasonable dispersion throughout the assessment area.
- A majority of loans are within the assessment area.

DESCRIPTION OF INSTITUTION

Forest Park National Bank & Trust Company (FPNB) is a \$123.9 million intrastate financial institution. FPNB is headquartered in Forest Park, Illinois, a near west suburb of the City of Chicago.

FPNB is a wholly owned subsidiary of First Forest Park Corporation (FFPC), which is headquartered in Forest Park, Illinois. As of December 31, 2001, FFPC was a one-bank holding company with approximately \$125 million in total assets.

FPNB has two offices with an ATM at each office. The main office is located in Forest Park, Illinois. The branch is also located in Forest Park, Illinois. FPNB's previous CRA rating, as of June 27, 1997, was Satisfactory. There have been no changes in the bank's corporate structure since the last CRA exam.

As of December 31, 2001, the bank reported approximately \$68.6 million in outstanding loans and had a net loans and leases to assets ratio of 59 percent. Tier 1 capital was reported at \$7.3 million. The bank is primarily a residential real estate lender. The loan portfolio consists of the following:

Loan Category	\$(000)	Percent
Residential Loans	\$57,979	84.84%
Commercial Loans	\$ 6,003	8.75%
Individual Loans	\$ 3,786	5.52%
Agricultural Loans	\$ 0	0.00%
Other	\$ 862	1.26%
Total	\$68,630	100.00%

There are no financial conditions, legal constraints or other factors that would hinder the bank's ability to meet the credit needs of its community.

DESCRIPTION OF FPNB'S ASSESSMENT AREA

FPNB's assessment area (AA) is located in Cook County, Illinois, which is part of the Chicago Metropolitan Statistical Area (1600). Cook County is located in northeastern Illinois, directly east of DuPage County and west of Lake Michigan. FPNB's AA consists of 22 geographies. Two geographies (9.09%) are considered moderate-income. Fourteen geographies (63.64%) are considered middle-income. Six geographies (27.27%) are considered upper-income. This AA meets the requirements of the regulation and does not arbitrarily exclude low- and moderate-income geographies.

FPNB's AA includes the cities of Forest Park, Oak Park, and River Forest, as well as the eastern portion of Maywood and the northern portion of Berwyn. The total population in the AA is 101,924 based on 1990 census data. The 1990 Chicagoland MSA median family income was \$42,758. The 2001 adjusted Chicagoland MSA median family income is \$70,500. There are 25,159 families in the AA, of which 12.8 percent are low-income, 17.3 percent are moderate-

income, 25.3 percent are middle-income and 44.6 percent are upper-income.

The local housing demand is strong. The 1990 US Census data shows that there are 43,349 housing units within the AA. Of these, 53.20 percent are owner-occupied units, 42.49 percent are rental-occupied units, and 4.31 percent are vacant housing units.

Based on 2001 business demographic data, there were a total of 4,018 businesses in the AA. Of these, 3,535 (87.98%) had revenues of less than \$1 million, 293 (7.29%) had revenues of more than \$1 million and 190 (4.73%) did not report revenue information. Geographically, 7.14 percent of all the businesses were in the moderate-income geographies. The remaining businesses were in middle- or upper-income geographies.

The local economy is considered good with a 2001 unadjusted seasonal unemployment rate of approximately 2.48 percent. Major employers in the community include Ferrara Pan Candies and Loyola Medical Center. However, many residents in the AA commute to the city of Chicago for employment. The majority of businesses in the AA are small businesses. Approximately 92 percent of the businesses have less than 50 employees and 2,630 (65.46%) of the businesses have only one to four employees.

FPNB has 21 competitors with 41 offices in the communities of Forest Park, Oak Park, River Forest, Maywood and Berwyn. Bank One is one of FPNB's major competitors with four offices representing 11.43 percent of the deposit market share in those communities. Corus Bank has one office and represents 10.84 percent of the deposit market share in that area. Also, Harris Trust and Savings Bank, Charter One, LaSalle Bank, First Bank of Oak Park, and Citizens Bank each represent over 5 percent of the deposit market share in those communities. FPNB has 3.37 percent of the deposit market share in those communities.

We conducted one community contact interview during our examination relating to this AA. We contacted the executive director of a local not-for-profit housing organization. The contact indicated the major credit needs were financing for housing and small businesses. The contact indicated that the performance of local financial institutions has been strong.

CONCLUSIONS ABOUT PERFORMANCE CRITERIA

Loan-to-Deposit Ratio

The bank's average loan-to-deposit ratio is reasonable given the bank's size, financial condition, and AA credit needs. FPNB's quarterly average loan-to-deposit ratio for the period from March 31, 1997 to December 31, 2001 was 56.74 percent. The quarterly average loan-to-deposit ratios for five other similarly situated financial institutions located within the AA range from 62.59 percent to 84.21 percent. FPNB ranked fifth of the five institutions with assets in the range of \$109-216 million and locations in Cook County, Illinois, serving parts, if not all, of the area within FPNB's AA. FPNB's quarterly average loan-to-deposit ratio has been steadily trending upward over the past few years; the average for the most recent nine quarters ending 12/31/01 was 64.10%.

Lending in Assessment Area

A majority of the bank's loans are inside the bank's assessment areas. Our review included all HMDA reportable loans for the years 1999, 2000, and 2001. For small business lending, the sample consisted of 34 loans, totaling \$5.72 million, originated during the evaluation period. The dollar total of these 34 loans represented more than 95 percent of FPNB's total commercial loan balance as of December 31, 2001. Using this sample of HMDA and business loans, 58.57 percent of total loans and 54.59 percent of total dollar volume was within FPNB's AA.

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

The bank's lending to borrowers of different income levels is reasonable. The bank's record of extending credit to individuals of different income levels reflects satisfactory lending to low- and moderate-income people within the AA. The bank's record of lending to businesses reflects a poor level of lending to businesses of different sizes.

FPNB's primary loan types are residential and commercial loans. FPNB's strategy is focused on meeting the commercial and residential loan demand within its AA. At 84.48 percent, residential loans make up the largest part of FPNB's loan portfolio and have historically been FPNB's primary loan product. The commercial loan portfolio makes up the next largest portion of the bank's loans, representing 8.75 percent of FPNB's loan portfolio.

FPNB's residential HMDA reportable loans consist of home purchase, home refinance, and home improvement loans. Performance in home mortgage products were weighted more heavily than that in small business loans, as mortgage lending represents a larger portion of FPNB's loan portfolio and is a significantly stronger focus of its business strategy.

- HMDA Loan Originations:

The overall rating for mortgage lending is satisfactory. The bank's home improvement lending indicated FPNB's volume for that loan type exceeded the volume of home purchase loans and home refinance loans originated during the evaluation period. However, the total dollars for home purchase loans (39%) exceeded the total dollars for either home improvement (26%) or home refinance loans (35%). Consequently, the bank's performance in home purchase lending was given the most weight, followed by the performance in home refinance loans and then the performance in home improvement loans.

The distribution of home purchase loans among borrowers of different income levels is good. Home purchase loans made to low-income borrowers (12.5%) was similar to the percentage of low-income families (12.8%) in the AA. Home purchase loans made to moderate-income borrowers (20.8%) exceeded the percentage of moderate-income families (17.3%) in the AA. The bank made 48 home purchase loans within the AA during 1999 through 2001. Six of those loans, totaling \$416 thousand, were made to low-income borrowers. Ten loans, totaling \$528 thousand, were made to moderate-income borrowers.

The distribution of home refinance loans among borrowers of different income levels is good. Home refinance loans made to low-income borrowers (14.3%) exceeded the percentage of low-income families (12.8%) within the AA. Home refinance loans made to moderate-income borrowers (11.9%) trailed the percentage of moderate-income families (17.3%) in the AA. However, because of the low volume of home refinance loans (22% of the AA HMDA loans), two additional refinance loans is the difference between the bank’s performance and the percentage of moderate-income families in the AA. Six loans totaling \$305 thousand were made to low-income borrowers. Five loans totaling \$271 thousand were made to moderate-income borrowers.

The distribution of home improvement loans among borrowers of different income levels is adequate. Home improvement loans to low-income borrowers (7.1%) trailed the percentage of low-income families (12.8%) within the AA. Home improvement loans to moderate-income borrowers (11.1%) trailed the percentage of moderate-income families (17.3%) within the AA. However, with 4.2 percent of the AA families below the poverty rate and with considerable availability of rental units (43%) in the AA, opportunities for home improvement loans to low- and moderate-borrowers were limited.

Loan type:	LOW			MODERATE			MIDDLE			UPPER		
	#Ins	%Ins	%fam	#Ins	%Ins	%fam	#Ins	%Ins	%fam	#Ins	%Ins	%fam
Home purchase	6	12.5%	12.8%	10	20.8%	17.3%	9	18.8%	25.3%	23	47.9%	44.6%
Home improvements	7	7.1%	12.8%	11	11.1%	17.3%	17	17.2%	25.3%	64	64.6%	44.6%
Home refinance	6	14.3%	12.8%	5	11.9%	17.3%	15	35.7%	25.3%	16	38.1%	44.6%

Abbreviations Used - Ins = loans; fam = families

-Business Loan Originations:

The distribution of business loans reflects poor penetration among businesses of different sizes. As the following table illustrates, 16 of the sampled loans (67%) were made to businesses with revenues under \$1 million. The dollar volume of those loans was approximately \$1.87 million (64%). Businesses with revenues under \$1 million made up 92 percent of the businesses in this AA. The other 33 percent of FPNB’s commercial loans were made to businesses with revenues over \$1 million; the dollar volume of those loans made up approximately 36 percent of FPNB’s total dollar volume of loans in this sample. Businesses with revenues over \$1 million made up approximately 8 percent of the businesses in this AA.

	#	%of Total loan amount in MSA	# of Businesses in the MSA	% of Businesses in the MSA
Number of loans:				
Businesses w/ revenues <\$1MM	16	66.67%	3,535	92.35%
Businesses w/ revenues >\$1MM	8	33.33%	293	7.65%

Geographic Distribution of Loans

The geographic distribution of the bank’s home mortgage and small business loans reflects adequate dispersion throughout the geographies in FPNB’s AA. FPNB’s AA is made up of 22

geographies with two (9.09%) moderate-income geographies, fourteen (63.64%) middle-income geographies, and six (27.27%) upper-income geographies. There are no low-income geographies in FPNB's AA.

-HMDA Loan Originations:

The geographic distribution of home purchase, home improvement, and home refinance loans reflects adequate dispersion throughout the AA. The bank's loan dispersion throughout its AA was adequate. The analysis reflects lending in most of the tracts in FPNB's AA.

Dollars ('000)	PURCHASE		REFINANCE		HOME IMPROVEMENT		Owner occupied units	
	Count	%	Count	%	Count	%	Count	%
Low	0	0.00%	0	0.00%	0	0.00%	0	0.00%
Mod	0	0.00%	0	0.00%	0	0.00%	1264	5.48%
Mid	34	60.71%	33	70.21%	65	61.90%	13451	58.32%
Upper	22	39.29%	14	29.79%	40	38.10%	8348	36.20%
NA	0	0.00%	0	0.00%	0	0.00%	0	0.00%
Total:	56	100.00%	47	100.00%	105	100.00%	23063	100.00%

As shown in the above table, FPNB made no loans in its two moderate-income geographies. However, the percentage of owner occupied housing in those geographies represents a small (5.48%) portion of the owner occupied housing in FPNB's AA. In addition, opportunities for loans in these geographies are limited. Peer mortgage data for 2000 indicates limited home lending opportunities in the two moderate-income tracts. All lenders made a total of 119 home purchase, 136 home refinance, and 31 home improvement loans in the two moderate-income tracts.

Competition within these moderate-income geographies is strong. Seven different banks with nine offices are located in the village of Maywood. Several of the competing institutions in Maywood are large banks with extensive branch networks, including Harris Bank, Continental Community Bank, and Charter One, which make up about 75 percent of the deposit market share for institutions in Maywood.

-Business Loan Originations:

The geographic distribution of small business loans in FPNB's AA is adequate. The sample of business loans did not, however, contain any loans in the two moderate-income tracts. The percentage of businesses in these moderate-income tracts represents 7.14% of the businesses within the AA. As noted above, competition in the Maywood area is strong.

Responses to Complaints

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

Fair Lending Review

An analysis of recent public comments, consumer complaint information, and Home Mortgage Disclosure Act (HMDA) lending data was performed according to the OCC's risk based fair lending approach. Based on its analysis of the information, the OCC decided that a comprehensive fair lending examination would not need to be conducted in connection with the CRA evaluation this year. The latest comprehensive fair lending exam was performed in June of 1997.