

PUBLIC DISCLOSURE

January 11, 1999

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

**First Suburban National Bank
14470**

**150 S. Fifth Avenue
Maywood, IL 60153**

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

NOTE: 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.

GENERAL INFORMATION

The Community Reinvestment Act (CRA) requires each federal financial supervisory agency to use its authority when examining financial institutions subject to its supervision, 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 Community Reinvestment Act (CRA) performance of **First Suburban National Bank** prepared by **Office of the Comptroller of the Currency**, the institution's supervisory agency, as of January 11, 1999. The agency rates the CRA performance of an institution consistent with the provisions set forth in Appendix A to 12 CFR Part 25.*

INSTITUTION'S CRA RATING: This institution is rated “**Satisfactory Record of Meeting Community Credit Needs.**” This rating is based on the following conclusions:

- C Lending to borrowers of different income levels meets the standards in relation to the demographics of the assessment area.
- C Lending in geographies of different income levels meets the standards when compared with the level of opportunities within the geographies.
- C Lending inside the assessment area meets the standards given the bank's size and scope of operations.

DESCRIPTION OF INSTITUTION

First Suburban National Bank (FSNB) is a \$140 million bank with its main office in Maywood, Illinois. The bank operates an additional three full-service branches serving Maywood, Broadview, Alsip and Glendale Heights. The bank is wholly-owned by a one-bank holding company, First Suburban Bancorp, Inc.

Net loans and leases total 55% of assets as of September 30, 1998. The loan-to-deposit ratio is 63%. The loan portfolio is comprised of 49% residential real estate, commercial and commercial real estate 31%, with consumer credit comprising the remaining 20%. The bank offers several loan products which include: home purchase loans, refinance, home improvement loans, home equity loans, commercial loans and automobile loans. Home purchase loan products include a five-year balloon loan and a ten- and fifteen -year conventional mortgages.

No financial or legal impediments exist that would impact FSNB’s ability to help meet the credit needs of the community. The previous rating, dated October 2, 1997, was “Needs to Improve”. Since the last Performance Evaluation, management has concentrated its efforts on originating home mortgage loans reported under the Home Mortgage Disclosure Act (HMDA). This includes advertising for home improvement, refinancing and home purchase mortgage loans. Also, management has initiated, attended and supported meetings with local community representatives.

DESCRIPTION OF THE BANK’S ASSESSMENT AREA

The assessment area (AA) consists of 410 geographies located in Cook and DuPage counties. The AA is located in the Chicago MSA. Larger cities within the AA include: Alsip, Arlington Heights, Broadview, Cicero, Elk Grove Village, Glendale Heights, Maywood, Northbrook, Oak Lawn, Oak Park, Orland Park and Schaumburg. The 1998 HUD adjusted median family income of the AA is \$50,000, while the updated median family income for the Chicago MSA is \$59,500. There are approximately 557,000 families in the AA with the unemployment rate approximately 3%. The median age of the housing stock is 36 years and the median housing value \$129,000. Table 1 summarizes the demographic characteristics of the AA.

Table 1 AA Demographic Data					
	# Tracts	% Total Tracts	# Housing Units (000)	% Owner-Occupied Units	% Families
Low-Income	4	1	4	40	12
Moderate-Income	36	9	61	53	16
Middle-Income	222	54	452	64	26
Upper-Income	145	35	280	81	46
NA	3	1	0	0	0
Totals	410	100	797	69	100

Source: 1990 Census Data

The local economy is stable. The predominant businesses consist of retail trade with some light industry. Major employers within the AA include United Parcel Service, Motorola, numerous hospitals and other service industries. There are approximately 53,000 businesses with annual revenues less than \$1,000,000 in the AA. Of this total, only 200 are located in low-income tracts and 3,500 are located in moderate-income tracts.

Competition is strong. Numerous branches of multinational and regional banks, credit unions, and other financial services companies are located in the AA.

Bank officers have been active in meeting with community leaders and organizations to determine community needs. The needs identified include: housing rehabilitation loans; affordable mortgage products; and, small business lending (low dollar amounts). Community contacts disclosed similar needs and acknowledged FSNB’s active involvement over the last year.

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA

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

FSNB is meeting the standards in lending to borrowers of different income levels. Table 2 below discloses the fact that FSNB made 15% of its HMDA reportable loans to low-income applicants and another 24% of its HMDA reportable loans to moderate-income applicants. This compares favorably with the demographics of the AA which indicate that 12% of the families are low-income and 16% of the families are moderate-income.

Table 2 Borrowers of Different Income Levels												
Purpose	Low-Income		Mod-Income		Mid-Income		Up-Income		N/A		Totals	
	#	%	#	%	#	%	#	%	#	%	#	%
Purchase	2	6	6	19	8	26	15	49	0	0	31	100
Home Imp	11	30	8	22	9	24	8	22	1	2	37	100
Refinancing	1	5	9	45	6	30	4	20	0	0	20	100
Multi-family	0	0	0	0	0	0	0	0	7	100	7	100
Totals	14	15	23	24	23	24	27	28	8	9	95	100

Source: Verified 1997-1998 HMDA-LAR

All business lending in the assessment area is small business lending. Small business loans are defined as those loans originated in amounts of \$1,000,000 or less. FSNB originated 40 such loans during this evaluation period. The average loan size approximates \$125,000 for these loans. This indicates that FSNB is making loans to businesses in small dollar amounts which is another identified need.

C Geographic Distribution of Loans

FSNB meets the standards for the geographic distribution of loans. Although Table 3 indicates that no loans were made in low-income tracts, it is important to note that the four low-income tracts only have 1600 owner-occupied units combined. These tracts also are in the lower south-east corner of the AA

and not located near a branch facility. A review of the nearest branch facility disclosed that less than \$5,000 in deposits are attributed to these tracts. FSNB originated 20% of its HMDA reportable loans in moderate-income tracts spread throughout its AA.

Table 3 Geographic Distribution of HMDA Loans												
Purpose	Low-Income		Mod-Income		Mid-Income		Up-Income		N/A		Totals	
	#	%	#	%	#	%	#	%	#	%	#	%
Purchase	0	0	3	10	22	71	6	19	0	0	31	100
Home Imp	0	0	9	24	27	73	1	3	0	0	37	100
Refinancing	0	0	4	20	13	65	3	15	0	0	20	100
Multi-family	0	0	3	43	4	57	0	0	0	0	7	100
Totals	0	0	19	20	66	69	10	11	0	0	95	100

Source: Verified 1997-1998 HMDA-LAR

Table 3 also discloses the fact that FSNB originated seven multi-family loans, three of which were in moderate-income tracts. This is evidence that FSNB is committed to the affordable housing needs of its community. In addition, the vast majority of HMDA loans originated were for home improvement, an identified community need, and further supported by the age of the housing stock.

With respect to business lending, three of the 40 small business loans (8%) were originated in moderate-income tracts. This total is comparable to the percentage of businesses located in moderate-income tracts, six percent. Although the number is small, performance is comparable with the demographics of the AA.

C Lending in the Assessment Area

FSNB meets the standards for lending in the AA with 71% of HMDA reportable loans and small business loans originated within the AA. There were 61 small business loans originated with 66% made within the AA. HMDA originations totaled 130 with 73% made within the AA.

FSNB also provided West Cook Community Development Corporation (CDC) a \$25,000 commitment to participate in funding the CDC's small business lending activity. This activity occurs within FSNB's AA. To date, \$9,000 has been drawn.

FSNB referred 25 applicants within its AA to another financial institution since the applicants requested financing unavailable at FSNB. All of these applicants received credit by the other lender. Per the

requirements of the regulation, the 25 loans are not included in the analysis for this Performance Evaluation.

C Loan to Deposit Ratio

The loan-to-deposit ratio meets the standards. This ratio averaged 61% over the last six quarters. The ratio at year end 1998 was 60%. The ratio has shown a steady increase during the evaluation period. (This ratio was calculated to be 55% at the last Performance Evaluation.) This increase is the result of increased lending and not through a reduction in deposits. The reason for the decline in the last quarter is due to three business customers depositing large sums at year-end. These companies withdrew the money during the first week of January 1999. Peer group banks maintain a ratio slightly higher than FSNB, the quarterly average being 72%. The most recent peer data available is for September 30, 1998 when the peer group ratio was 71% and FSNB's ratio was 63%.

C Responses to Complaints

There were no CRA related complaints during the evaluation period.

Compliance with Anti-Discrimination Laws

FSNB is in compliance with the substantive provisions of the fair lending laws and regulations with respect to home improvement loans. The examination focused on an analysis of denials to African Americans compared to approval of white applicants for home improvement loans during 1998. The review disclosed that all applicants are treated similarly.