



Comptroller of the Currency
Administrator of National Banks

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PUBLIC DISCLOSURE

October 24, 1996

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

DuPage National Bank
Charter #15038

101 Main Street
West Chicago, Illinois 60195

Office of the Comptroller of the Currency

7600 County Line Road, Suite 3
Burr Ridge, IL 60521

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 **DuPage National Bank** prepared by **Office of the Comptroller of the Currency**, the institution's supervisory agency, as of **October 24, 1996**. 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**.

The bank's loan-to-deposit ratio is reasonable. The majority of the loans originated in 1996 (52%) are within the bank's assessment area with 22% of residential loans and 45% of individual loans being made to low- or moderate-income individuals . This income distribution exceeds the number of low- and moderate- income individuals (19%) located in the bank's assessment area (AA).

The following table indicates the performance level of DuPage National Bank with respect to each of the five performance criteria.

SMALL INSTITUTION ASSESSMENT CRITERIA	<u>DuPage National Bank</u> PERFORMANCE LEVELS		
	Exceeds Standards for Satisfactory Performance	Meets Standards for Satisfactory Performance	Does not meet Standards for Satisfactory Performance
Loan to Deposit Ratio		X	
Lending in Assessment Area		X	
Lending to Borrowers of Different Incomes and to businesses of Different sizes	X		
Geographic Distribution of Loans	Not rated since the entire assessment area is in middle and upper income tracts.		
Response to Complaints	No complaints were received since the prior examination.		

DESCRIPTION OF INSTITUTION

DuPage National Bank (DNB) has total assets of \$54,189,953 as of September 30, 1996. Frankford Financial Corporation, a one-bank holding company, owns 91% of the bank. The Bank operates one full service office and one deposit-taking branch in West Chicago, Illinois. The bank's competition is a local state chartered bank as well as branch offices of larger financial institutions. The bank offers traditional banking services and lending products. The outstanding loan portfolio mix is as follows: residential real estate 90%, commercial 8%, and individual 2%. There are no financial conditions, legal constraints, or other factors that hinder the bank's ability to meet the credit needs of its AA. A "Satisfactory" rating was received during the August 25, 1994 CRA examination.

DESCRIPTION OF ASSESSMENT AREA

The bank's AA consists of eighteen census tracts in DuPage and Kane counties. The AA meets the legal requirements of the regulation and does not arbitrarily exclude any low- or moderate-income areas. The AA is comprised of middle- and upper-income census tracts. According to the 1990 census data, the total population of the bank's AA is 38,530 families. The 1990 Census Metropolitan Statistical Area (MSA - 1600) median family income is \$42,758. The income distribution of this population is 7.57% low-, 11.81% moderate-, 26.09% middle-, and 54.54% upper-income families. There are 50,575 housing units in the AA of which 75% are owner-occupied, 21% rental-occupied, and 4% vacant. The median age of the homes in the AA is 22 years while the median housing price is \$129,800. DNB has identified home improvement lending as the primary credit need in this area. This was also one of the major needs identified by community contacts.

The economy of the AA is stable. The majority of residents in the community are blue collar workers. The community has a wide variety of light manufacturing, retail trade, and service oriented businesses. Major employers include General Mills, Wrigley Gum, Campbell Soups, Liquid Container, Jel Sert, Fermilab, and Swift Meat Packaging.

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA :

LOAN-TO-DEPOSIT RATIO

The bank's average loan-to-deposit ratio is reasonable. Their average ratio over the past nine quarters since their last Performance Evaluation is 51.62%. The ratio has steadily increased from 41.13% at September 30, 1994, to 61.44% at September 30, 1996. In 1996, the bank's ratio averaged 60.16%. The bank's ratio has significantly improved since the introduction of their home equity lines of credit program. The national peer group bank's loan-to-deposit ratio ranged from 65.49% at September 30, 1994, to 67.95% at June 30, 1996. The bank's loan-to-deposit ratio still remains slightly below the national peer group averages. There are no similarly situated banks within DNB's AA. Therefore, we used the National Peer Group data in performing our analysis of the reasonableness of the loan-to-deposit ratio.

LENDING IN THE ASSESSMENT AREA

The bank's record of lending within their AA is reasonable. The bank originated 52.10% and 58.05% of their loans and 25.74% and 38.22% of the dollar volume within their AA for 1996 and 1995, respectively. The following table details the bank's lending within and outside of the AA by number of loans and dollar volume based on originations between January 1, 1995 to December 31, 1995 and January 1, 1996 to September 24, 1996, respectively. Our analysis includes all residential real estate, business, and individual loans reported on the bank's loan trials.

1996	NUMBER OF LOANS		DOLLAR VOLUME		TOTAL LOANS	
LOAN TYPE	WITHIN AA	OUTSIDE AA	WITHIN AA	OUTSIDE AA	#	\$
RESIDENTIAL REAL ESTATE	49	52	\$3,459	\$5,157	101	\$8,616
	48.51%	51.49%	40.21%	59.79%	42.44%	36.35%
BUSINESS	9	26	\$1,537	\$10,465	35	\$12,002
	25.71%	74.29%	12.81%	87.19%	14.70%	50.63%
INDIVIDUAL	66	36	\$1,105	\$1,981	102	\$3,086
	64.71%	35.29%	35.81%	64.19%	42.86%	13.02%
TOTAL	124	114	\$6,101	\$17,603	238	\$23,704
	52.10%	47.90%	25.74%	74.26%	100%	100%

Source: Bank internal data accumulated utilizing Sheshunoff Software.

1995	NUMBER OF LOANS		DOLLAR VOLUME		TOTAL LOANS	
LOAN TYPE	WITHIN AA	OUTSIDE AA	WITHIN AA	OUTSIDE AA	#	\$
RESIDENTIAL REAL ESTATE	63	52	\$3,324	\$4,373	115	\$7,697
	54.78%	45.22%	43.19%	56.81%	43.07%	47.05%
BUSINESS	16	23	\$1,838	\$4,671	39	\$6,509
	41.03%	58.97%	28.24%	71.76%	14.61%	39.79%
INDIVIDUAL	76	36	\$1,090	\$1,064	113	\$2,154
	67.26%	32.74%	50.60%	49.40%	42.32%	13.16%
TOTAL	155	112	\$6,252	\$10,108	267	\$16,360
	58.05%	41.95%	38.22%	61.78%	100%	100%

Source: Bank internal data accumulated utilizing Sheshunoff Software.

LENDING TO BORROWERS OF DIFFERENT INCOME AND TO BUSINESSES OF DIFFERENT SIZES

The bank's record of lending to borrowers of different incomes and businesses of different sizes is good. Overall, the bank's distribution of originations of residential real estate loans exceeded the number of low- and moderate-income families within the AA. In 1996, the bank's lending performance (18.37%) exceeds the number of moderate-income families (11.81%) within the AA. However, the bank's lending to low-income individuals of 4.08% was slightly below the number of low-income families (7.57%) within the AA. In 1995, the bank's lending performance exceeded both of the numbers of low- and moderate-income families within the AA with rates of 9.52% and 19.05%, respectively. Detailed tables are provided by year (1996 and 1995) of home purchases, home improvements, and refinanced loans originated by borrower's family income.

1996	HOME PURCHASES		HOME IMPROVEMENTS		HOME REFINANCES		TOTALS	
	#	\$	#	\$	#	\$	#	\$
INCOME LEVEL OF BORROWERS								
LOW INCOME	0	\$0	1	\$9	1	\$84	2	\$93
	0%	0%	50%	9.68%	50%	90.32%	4.08%	2.71%
MODERATE INCOME	2	\$135	1	\$20	6	\$458	9	\$613
	22.22%	22.02%	11.11%	3.26%	66.67%	74.72%	18.37%	17.88%
MIDDLE INCOME	0	\$0	7	\$142	4	\$218	11	\$360
	0%	0%	63.64%	39.45%	36.36%	60.55%	22.45%	10.50%
UPPER INCOME	5	\$925	10	\$323	12	\$1,145	27	\$2,393
	19.23%	38.65%	38.46%	13.50%	42.31%	47.85%	55.10%	68.94%
TOTAL	7	\$1,060	19	\$494	23	\$1,905	49	\$3,459
	14.29%	30.64%	38.78%	14.28%	46.93%	55.08%	100%	100%

Source: Loan application Register accumulated utilizing Sheshunoff Software.

1995	HOME PURCHASES		HOME IMPROVEMENTS		HOME REFINANCES		TOTALS	
INCOME LEVEL OF BORROWERS	#	\$	#	\$	#	\$	#	\$
LOW INCOME	1	\$47	4	\$17	1	\$15	6	\$79
	16.66%	59.49%	66.68%	21.52%	16.66%	18.99%	9.52%	2.38%
MODERATE INCOME	1	\$79	6	\$106	5	\$330	12	\$515
	8.34%	15.34%	50%	20.59%	41.66%	64.07%	19.05%	15.49%
MIDDLE INCOME	2	\$226	9	\$185	10	\$720	21	\$1,131
	9.52%	19.98%	42.86%	16.36%	47.62%	63.66%	33.33%	34.02%
UPPER INCOME	0	\$0	12	\$439	12	\$1,160	24	\$1,599
	0%	0%	50%	27.46%	50%	72.54%	38.10%	48.11%
TOTAL	4	\$352	31	\$747	28	\$2,225	63	\$3,324
	6.35%	10.58%	49.21%	22.47%	44.44%	66.95%	100%	100%

Source: Home Mortgage Disclosure Act Statement

A sample of 20 individual loans were selected to determine the income distribution of these originations. Of this sample, 45% were to low-, 10% to moderate-, 15% to middle-, and 15% to upper-income individuals. The remaining 15% did not have income information. A detailed table follows of the sampled loans by number of loans originated and income level.

INDIVIDUAL LOANS	# OF LOANS	PERCENTAGE
LOW INCOME	9	45%
MODERATE INCOME	2	10%
MIDDLE INCOME	3	15%
UPPER INCOME	3	15%
NOT AVAILABLE	3	15%
TOTAL	20	100%

Source: Sample selected from the Bank trial and files were reviewed for income data.

Business loans originated in 1996 and 1995 within the AA were 25.72% and 41.03%, respectively. In 1996, all nine business loans originated in the AA were made to businesses with annual revenues of less than \$1,000,000 and thirteen (81.25%) were originated in 1995. Tables are provided for 1996 and 1995 for business loans based on loan amount and revenue levels above and below \$1,000,000.

1996	INSIDE AA				OUTSIDE AA					
AMOUNT OF BUSINESS LOAN	REVENUE < 1 MILLION		REVENUE > 1 MILLION		REVENUE < 1 MILLION		REVENUE > 1 MILLION		TOTAL LOANS	
	#	\$	#	\$	#	\$	#	\$	#	\$
\$0 - \$100,000	3	\$155	0	\$0	3	\$220	2	\$175	8	\$550
\$100,000 - \$250,000	5	\$832	0	\$0	1	\$250	5	\$1,200	11	\$2,282
OVER \$250,000	1	\$550	0	\$0	2	\$560	13	\$8,060	16	\$9,170
TOTAL	9	\$1,537	0	\$0	6	\$1,030	20	\$9,435	35	\$12,002

Source: Bank internal data accumulated utilizing Sheshunoff Software.

1995	INSIDE AA				OUTSIDE AA					
AMOUNT OF BUSINESS LOAN	REVENUE < 1 MILLION		REVENUE > 1 MILLION		REVENUE < 1 MILLION		REVENUE > 1 MILLION		TOTAL LOANS	
	#	\$	#	\$	#	\$	#	\$	#	\$
\$0 - \$100,000	10	\$211	1	\$10	2	\$113	7	\$331	20	\$665
\$100,000 - \$250,000	2	\$208	1	\$150	5	\$827	1	\$150	9	\$1,335
OVER \$250,000	1	\$259	1	\$1,000	3	\$1,000	5	\$2,250	10	\$4,509
TOTAL	13	\$678	3	\$1,160	10	\$1,940	13	\$2,731	39	\$6,509

Source: Bank internal data accumulated utilizing Sheshunoff Software.

GEOGRAPHIC DISTRIBUTION OF LOANS

Since all eighteen census tracts of the assessment area are either middle or upper income tracts, we did not perform a detailed analysis on this performance criteria.

COMPLIANCE WITH ANTI-DISCRIMINATION LAWS

No violations of the substantive provisions of the anti-discrimination laws and regulations were identified during this examination.