



## **PUBLIC DISCLOSURE**

March 11, 2014

### **COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION**

Forest Park National Bank and Trust Company  
Charter Number 14566

7348 West Madison Street  
Forest Park, IL 60130

Office of the Comptroller of the Currency

2001 Butterfield Road  
Suite 400  
Downers Grove, IL 60515

**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.

**INSTITUTION'S CRA RATING: This institution is rated Satisfactory**

The major factors supporting the rating for Forest Park National Bank and Trust Company ("FPNBT" or "bank") are as follows:

- The quarterly average loan-to-deposit ratio over the evaluation period is more than reasonable given the bank's size, financial condition, and assessment area (AA) credit needs.
- A substantial majority of the loans originated during the evaluation period were to customers within its AA.
- The distribution of loans reflects reasonable penetration among businesses of different sizes and borrowers of different income levels given the bank's product offerings, AA demographics, and current economic conditions.
- The distribution of small business and home mortgage loans reflects reasonable dispersion in geographies of different income levels.

**SCOPE OF EVALUATION**

This CRA Performance Evaluation is an assessment of FPNBT's ability to help meet the credit needs of its community. We evaluated the bank under the Small Bank examination procedures, which consist of a lending test that evaluates the bank's record of helping to meet the credit needs of its AA through lending activities. At management's request, we also considered the bank's qualified investment activity.

The lending test is based on the bank's primary loan products of small business lending and home mortgage loans. These two lending categories account for 92 percent of the number of all loan originations during the evaluation period and represents 96 percent of the outstanding loan balances as of December 31, 2013.

The evaluation period for this examination is from January 1, 2011 through December 31, 2013. The bank reports home mortgage lending data under the requirements of the Home Mortgage Disclosure Act (HMDA) and they voluntarily report small business lending data (CRA data). We tested the accuracy of home mortgage and small business lending data reported for loans originated or purchased in 2011, 2012 and 2013. The data was deemed reliable and was used in our CRA analysis.

Conclusions regarding the bank's small business lending performance will be derived from comparisons to Peer Small Business data, while home mortgage lending performance will be derived from comparisons to US Census data. More weight will be placed on the bank's small business lending performance over the evaluation period because it addresses one of the AA's primary credit needs and is consistent with the bank's lending strategy. Home improvement lending is not included in the home

mortgage lending analysis. In a strategic decision, the bank discontinued the home improvement loan product at the end of 2011. Because the bank's strategy for home improvement lending changed during the evaluation period, analyzing this loan product would not derive any meaningful evaluation of the bank's lending performance.

## **DESCRIPTION OF INSTITUTION**

FPNBT is a community bank headquartered in Forest Park, Illinois, located approximately 10 miles west of Chicago, Illinois. As of December 31, 2013, FPNBT reported total assets of \$221 million. FPNBT is wholly owned by First Forest Park Corporation, a one-bank holding company located in Forest Park, Illinois. There are two subsidiaries of the bank, First Forest Park Capital Trust II, First Forest Park Capital Trust III, both located in Forest Park Illinois. No affiliate activities were included in this evaluation of the bank's CRA performance.

FPNBT is an intrastate financial institution with offices serving all of Cook County, Illinois. FPNBT has two full service banking offices and three full service automated teller machines (ATM) located in Forest Park, Illinois.

FPNBT business strategy is to provide a full range of traditional banking services to individuals and businesses, including personal, commercial, retail, and internet banking, while providing high quality customer service. Commercial lending accounts for 54 percent of all loan originations and 61 percent of the outstanding loan balances as of December 31, 2013. Home mortgage lending accounts for 38 percent of all loan originations and 35 percent of the outstanding loan balances as of December 31, 2013. Consumer and other lending are not primary loan products. Related lending activities also include the sale of loans to the secondary market, which expands the bank's ability to lend in the community.

There are no legal, financial, or other factors impeding the bank's ability to help meet the credit needs of its AA. There has been no change in the bank's corporate structure since the last CRA evaluation. At the last CRA evaluation, dated April 7, 2008, FPNBT received a "Satisfactory" record of meeting community credit needs.

## **DESCRIPTION OF ASSESSMENT AREA(S)**

FPNBT has one AA comprising all of Cook County, Illinois, which is located in the Chicago-Joliet-Naperville, IL Metropolitan Statistical Area (MSA). The AA is consistent with the requirements of the CRA regulation and does not arbitrarily exclude any low- or moderate-income geographies.

The AA consists of 1,318 geographies designated low-, moderate-, middle-, and upper-income. There are 235 low- and 365 moderate-income geographies in the AA, making up approximately 45 percent of the AA. The Board expanded the AA from the prior evaluation of twenty-two geographies surrounding only the bank's locations to include the entire county.

FPNBT's AA is located in a very competitive environment. According to the Federal Deposit Insurance Corporation's June 30, 2013 Deposit Market Share Report, FPNBT ranks 73 out of 142 financial institutions in Cook County with a deposit market share of 0.08 percent. Despite the competition, FPNBT remains committed to working with low- and moderate-income borrowers, whose borrowing needs may not fit into any special lending programs, as well as businesses that provide housing for low- and moderate-income households.

We conducted one community contact interview with a local government official in the Forest Park area during this evaluation. Our contact stated the economic conditions in the area are stabilizing, and in some instances are starting to improve. Credit needs in the community are still focused on small business needs and home mortgage lending.

**CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA**

FPNBT performance under the lending test is rated Satisfactory.

**Loan-to-Deposit Ratio**

FPNBT quarterly average loan-to-deposit ratio (LTD) is more than reasonable and meets the standard for satisfactory performance. The average quarterly LTD ratio from January 1, 2011 through December 31, 2013 is 82 percent. The LTD ratio has been relatively stable during the evaluation period, with a high of 86 percent to the current ratio 84 percent. The average quarterly LTD ratio during the review period for 14 similarly situated financial institutions was 73 percent. FPNBT ranks in the top six of these similarly situated banks. These financial institutions are also community banks located in Cook County with total assets ranging from \$150 million to \$250 million.

**Lending in Assessment Area**

A substantial majority of the bank's lending-related activities serves the AA. FPNBT's lending to customers within the AA is satisfactory with 82 percent by number and 87 percent by dollar amount. The following table details the bank's lending within the AA by loan type, based on the number and dollar volume of loan originations and purchases during the evaluation period.

<b>2011, 2012, and 2013 Loans Originated within the AA</b>										
Loan Type	Number of Loans					Dollars of Loans				
	Inside		Outside		Total	Inside		Outside		Total \$(000)
	#	%	#	%		\$(000)	%	\$(000)	%	
Home Mortgage Loans	271	84	53	16	324	42,197	79	10,993	21	53,190
Small Business Loans	371	81	87	12	458	110,259	90	11,867	10	122,126
Totals	642	82	140	18	782	152,456	87	22,860	13	175,316

*Source: Bank reports for loans originated in 2011, 2012, and 2013.*

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

The distribution of loans reflects reasonable penetration among businesses of different sizes and borrowers of different income levels in the AA.

2011 Small Loans to Businesses

The distribution of small loans to businesses reflects reasonable penetration among businesses of different sizes. Of the small loans to businesses originated within the AA, 65 percent of the number and 67 percent of the dollars of small loans to businesses originated within the AA were to businesses with revenues of less than \$1 million. This compares favorably to the 2011 demographic data, which shows that 64 percent of the businesses in the AA have annual gross revenues equal to or less than \$1 million. The following table shows the distribution of small loans among businesses of different sizes within the AA.

<b>Borrower Distribution of Loans to Businesses in AA</b>				
Business Revenues (or Sales)	≤\$1,000,000	>\$1,000,000	Unavailable/ Unknown	Total
% of AA Businesses	64	4	32	100%
% of Bank Loans in AA by #	65	29	6	100%
% of Bank Loans in AA by \$	67	28	0	100%

*Source: Small Loans to Businesses originated and purchased in the AA is based on the bank's 2011 CRA data. The percentage of businesses in the AA is based on 2011 Peer Small Business Data—US and PR*

2012 - 2013 Small Loans to Businesses

The distribution of small loans to businesses reflects reasonable penetration among businesses of different sizes. Of the small loans to businesses originated within the AA, 68 percent of the number, and 72 percent of the dollars were to businesses with revenues of less than \$1 million. This is comparable to the 2012 business demographic data, which shows that 70 percent of the businesses in the AA have annual gross revenues equal to or less than \$1 million. The following tables show the distribution of loans among businesses of different sizes within the AA.

<b>Borrower Distribution of Loans to Businesses in AA</b>				
Business Revenues (or Sales)	≤\$1,000,000	>\$1,000,000	Unavailable/ Unknown	Total
% of AA Businesses	69	6	25	100%
% of Bank Loans in AA by #	68	32	0	100%
% of Bank Loans in AA by \$	76	24	0	100%

*Source: Small Loans to Businesses originated and purchased in the AA is based on the bank's 2012 and 2013 CRA data. The percentage of businesses in the AA is based on 2012 Peer Small Business Data—US and PR*

2011 Home Mortgage Loans

The distribution of home mortgage loans to low- and moderate-income borrowers in 2011 reflects reasonable penetration. Performance was stronger among moderate-income borrowers, as compared to low-income borrowers. This is reasonable given there are limited opportunities to make loans to low-income borrowers in the AA because of the high unemployment rate and level of households that were below the poverty level.

Income constraints made it difficult for low-income borrowers in the AA to purchase or refinance home loans. In 2011, the Housing and Urban Development (HUD) adjusted median family income was \$76 thousand, but area unemployment was 10.3 percent (*Bureau of Labor Statistics*). According to the 2000 Census data, the median home value was \$174 thousand and 43 percent of the housing units were rental units substantiating the difficulty to obtain home mortgage loans in the AA.

The percentage of home purchase loans made to low- income borrowers is well below the percentage of low-income families in the AA, while the percentage of home purchase loans to moderate-income borrowers greatly exceeds the comparator. The percentage of home refinance loans to low-income borrowers is well below the percentage of low-income families, while the percentage of home refinance loans to moderate-income borrowers is comparable to the comparator. The following table shows the distribution of home mortgage loans among borrowers of different income levels in the AA.

2011 Borrower Distribution of Home Mortgage Loans in the AA				
Borrower Income Level	Low	Moderate	Middle	Upper
% of AA Families	25.18	18.97	21.29	34.56
Loan Type	Percentage of the Number of Bank Loans			
Home Purchase	10.81	40.54	32.43	16.22
Home Refinance	7.84	19.61	35.29	37.25

*Source: Percentage of the number of loans based on the bank's 2011 HMDA data. Percentage of AA families based on 2000 U.S. Census data (as a percentage of loans with borrower income information available).*

2012 – 2013 Home Mortgage Loans

The distribution of home mortgage loans to low- and moderate-income borrowers in 2012 and 2013 reflects reasonable penetration. Performance deteriorated in these years due to higher median housing values, continued income constraints, and increased competition.

Local economic conditions continued to hamper the bank's home mortgage lending performance in 2012 and 2013. In 2013, the HUD-adjusted median family income declined to \$73 thousand, and area unemployment remained high at 9.6 percent (*Bureau of Labor Statistics*). According to the 2010 Census data, the median home value increased to \$292 thousand and 39 percent of housing units remained rental units. Furthermore, competition in the AA is strong. Per the 2012 Peer Data Loan

Market Share report, FPNBT ranks 186th of 465 financial institutions in the AA that originated loans during the evaluation period. Despite the limited opportunities in the AA, the bank was able to identify and provide home purchase and refinance lending to low- and moderate-income individuals.

As noted above, income constraints in the AA made it difficult for low-income borrowers to purchase or refinance home loans. The percentage of home purchase loans to low-income borrowers is well below the percentage of low-income families in the AA, while the percentage of home purchase loans to moderate-income borrowers is comparable to the comparator. The percentage of home refinance loans to low-income borrowers is below the percentage of low-income families in the AA, while the percentage of home refinance loans to moderate-income borrowers is comparable to the comparator. The following table shows the distribution of home mortgage loans among borrowers of different income levels in the AA.

<b>2012 – 2013 Borrower Distribution of Home Mortgage Loans in the AA</b>				
<b>Borrower Income Level</b>	<b>Low</b>	<b>Moderate</b>	<b>Middle</b>	<b>Upper</b>
<i>% of AA Families</i>	27.06	17.90	18.69	36.35
<b>Loan Type</b>	<i>Percentage of the Number of Bank Loans</i>			
Home Purchase	3.70	14.81	14.81	66.67
Home Refinance	13.58	14.81	17.28	54.32

*Source: Percentage of the number of loans based on the bank's 2012 and 2013 HMDA data. Percentage of the AA families based on 2010 U.S. Census data (as a percentage of loans with borrower income information available).*

### **Geographic Distribution of Loans**

FPNBT's geographic distribution of small business and home mortgage loans reflects reasonable dispersion in geographies of different income levels. Geographic distribution reflected excellent dispersion of both product types in 2011, though 2012 and 2013 performance declined. In aggregate, the bank's lending performance has been reasonable throughout the AA and meets the community credit needs.

#### 2011 Small Loans to Businesses

The geographic distribution of small loans to businesses reflects excellent dispersion in low- and moderate-income geographies in the AA. The percentage of small business loans originated or purchased in low- and moderate-income census tracts in 2011, exceeds the percentage of businesses in those tracts.

<b>2011 Geographic Distribution of Loans to Businesses in the AA</b>				
<b>Census Tract Income Level</b>	<b>Low</b>	<b>Moderate</b>	<b>Middle</b>	<b>Upper</b>
<i>% of AA Businesses</i>	5.19	18.83	37.58	38.08
<b>Loan Type</b>	<i>Percentage of the Number of Loans</i>			
Small Business	11.27	24.51	26.96	25.49

*Source: Percentage of the number of small business loans originated in 2011 based on the bank's 2011 CRA data. Percentage of businesses in the AA is based on the 2011 Business Demographic Data.*

2012 - 2013 Small Loans to Businesses

The geographic distribution of small loans to businesses reflects reasonable dispersion in low- and moderate-income geographies in the AA. The percentage of small business loans originated or purchased in low-income census tracts is well below the percentage of businesses in those tracts, while performance in moderate-income census tracts exceeds the comparator. In aggregate, the bank’s performance in low- and moderate-income tracts is commensurate with the comparators.

<b>2012 – 2013 Geographic Distribution of Loans to Businesses in the AA</b>				
<b>Census Tract Income Level</b>	<b>Low</b>	<b>Moderate</b>	<b>Middle</b>	<b>Upper</b>
% of AA Businesses	7.02	19.39	31.85	41.58
<i>Loan Type</i>	<i>Percentage of the Number of Loans</i>			
Small Business	0.48	28.71	33.49	37.32

*Source: Percentage of the number of small business loans originated from January 1, 2012 through December 31, 2013 based on the bank’s 2012 and 2013 CRA data. Percentage of businesses in the AA is based on the 2012 Business Demographic Data.*

2011 Home Mortgage Loans

The geographic distribution of home mortgage loans reflects excellent dispersion in low- and moderate-income geographies of the AA. The distribution of home purchase and home refinance loans originated or purchased in the low- and moderate-income census tracts of the AA exceeds the percentage of owner-occupied units in those tracts.

<b>2011 Geographic Distribution of Home Mortgage Loans in the AA</b>				
<b>Census Tract Income Level</b>	<b>Low</b>	<b>Moderate</b>	<b>Middle</b>	<b>Upper</b>
% of owner-occupied units	3.93	21.20	46.44	28.43
<i>Loan Type</i>	<i>Percentage of the Number of Bank Loans</i>			
Home Purchase	10.81	43.24	32.43	13.51
Home Refinance	7.84	25.49	56.86	9.8

*Source: Percentage of the number of loans based on the bank’s 2011 HMDA data. Percentage of owner-occupied units is based on the 2000 Census Data and 2011 Peer Mortgage Data.*

2012 - 2013 Home Mortgage Loans

The geographic distribution of home mortgage loans reflects adequate dispersion in low- and moderate-income geographies of the AA. There are several factors in the AA that present challenges to the bank’s lending performance; however, the bank was not able to sufficiently overcome the challenges in 2012 and 2013, as they did in 2011.

Opportunities to make home mortgage loans in the low- and moderate-income geographies is limited as the number of owner-occupied units with mortgages is low and competition is strong. Management is working on improving the bank’s lending performance and has solicited guidance and feedback from government community affairs officials to identify lending opportunities.

A substantial majority of home mortgage lending in the AA is originated or purchased by large, regional financial institutions, making the market very competitive. According to the 2012 Peer Mortgage Data Report, the top ten lenders by market share accounted for 58 percent of the home mortgage lending in the AA, leaving more than 700 institutions to compete for the remaining 40 percent of the market. In addition, approximately 30 percent of owner occupied units in the AA do not have a mortgage, further limiting lending opportunities. The bank ranks 161 out of 747 financial institutions originating or purchasing home mortgage loans in the AA.

The geographic distribution of home purchase and home refinance loans is adequate. The distribution of home purchase loans originated or purchased in the low- income census tracts of the AA is near the percentage of owner-occupied units in those tracts. However, performance in moderate-income census tracts was well below the comparator. In addition, the distribution of home refinance loans in the low- and moderate-income census tracts is below the percentage of owner-occupied units in those tracts.

<b>2012 – 2013 Geographic Distribution of Home Mortgage Loans in the AA</b>				
<b>Census Tract Income Level</b>	<b>Low</b>	<b>Moderate</b>	<b>Middle</b>	<b>Upper</b>
<i>% of owner-occupied units</i>	6.11	22.98	38.09	32.82
<i>Loan Type</i>	<i>Percentage of the Number of Bank Loans</i>			
Home Purchase	4.17	6.25	20.83	68.75
Home Refinance	2.27	15.91	32.95	48.86

*Source: Percentage of the number of loans based on the bank's 2012 and 2013 HMDA data. Percentage of owner-occupied units is based on the 2010 Census Data and 2012 Peer Mortgage Data.*

**Responses to Complaints**

FPNBT did not receive any consumer complaints about its record of lending within the community.

**Fair Lending or Other Illegal Credit Practices Review**

Pursuant to 12 C.F.R. 25.28(c) in determining a national bank's CRA rating, respectively, the OCC considers evidence of discriminatory or other illegal credit practices in any geography by the bank, or in any assessment area by an affiliate whose loans have been considered as part of the bank's lending performance.

We found no evidence of discriminatory or other illegal credit practices inconsistent with helping to meet community credit needs.