



**SMALL BANK**

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Comptroller of the Currency  
Administrator of National Banks

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## **PUBLIC DISCLOSURE**

**October 12, 2004**

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

**First Suburban National Bank  
Charter Number  
14470**

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

**Comptroller of the Currency  
ADC – Chicago-South Field Office  
7600 County Line Road, Suite 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.**

# TABLE OF CONTENTS

<b>GENERAL INFORMATION.....</b>	<b>1</b>
<b>INSTITUTION'S CRA RATING.....</b>	<b>1</b>
<b>DESCRIPTION OF INSTITUTION .....</b>	<b>2</b>
<b>DESCRIPTION OF ASSESSMENT AREA .....</b>	<b>2</b>
<b>CONCLUSIONS ABOUT PERFORMANCE CRITERIA.....</b>	<b>3</b>

## **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 CRA performance of First Suburban National Bank (**FSNB**) prepared by **The Office of the Comptroller of the Currency (OCC)**, the institution's supervisory agency, as of October 12, 2004. The agency rates the CRA performance of an institution consistent with the provisions set forth in Appendix A to 12 CFR Part 25.

This evaluation covers the period since January 11, 1999 the date of the last CRA examination when the bank was rated "**Satisfactory Record of Meeting Community Credit Needs.**"

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

The major factors that support FSNB's overall rating include:

- The bank's loan to deposit ratio is more than reasonable.
- The bank's lending activity in the assessment area (AA) is reasonable.
- The bank's record of extending credit to individuals of different income levels and businesses of different sizes in the AA is reasonable.
- The bank did not receive any written complaints about its performance in helping to meet the credit needs within their AA during this evaluation period.

## DESCRIPTION OF INSTITUTION

First Suburban National Bank (FSNB) is headquartered in Maywood, Illinois, approximately 5 miles west of Chicago, Illinois. FSNB is a wholly owned subsidiary of First Suburban Bancorp, Inc., a one-bank holding company. FSNB has 4 full service offices, all with drive up facilities. FSNB's offices are located in Maywood, (main office), Alsip, Broadview and Glendale Heights. FSNB closed 1 branch that was located in Skokie, Illinois on October 11, 2002.

The bank has total assets of \$151 million as of June 30, 2004. The loan portfolio represents 72 percent of total assets. The table below illustrates the composition of the loan portfolio.

<b>Loan Category</b>	<b>\$(000)</b>	<b>Percent</b>
<b>Residential Real Estate Loans</b>	\$23,017	21%
<b>Commercial and Commercial Real Estate Loans</b>	\$82,586	75%
<b>Individual Loans</b>	\$3,344	3%
<b>Other</b>	\$189	1%
<b>Total</b>	<b>\$109,136</b>	<b>100%</b>

There are no legal, financial, or other factors impeding the bank's ability to help meet the credit needs in the bank's assessment areas. There has been no change in the bank's corporate structure since the last CRA examination. The bank's last CRA evaluation was January 11, 1999 at which time the bank received a "Satisfactory" record of meeting the community credit needs.

## DESCRIPTION OF ASSESSMENT AREA

FSNB has one assessment area (AA) encompassing 410 geographies within Cook and DuPage Counties all of which are in MA 1600. Using 1990 census data, among the 410 geographies, there are 4 low-income, 37 moderate-income, 224 middle-income, 142 upper-income and 3 geographies for which no income information is available. This AA meets the requirements of the regulation and does not arbitrarily exclude low- and moderate-income geographies. Competition in the bank's AA is strong. There are 224 banks in the two-county area where the bank's AA is located. FSNB ranks 147 out of the 224 banks with a 0.7 percent deposit market share.

The evaluation period included loans originated from January 1, 1999 through December 31, 2002 and were analyzed using 1990 census data. The total population of the AA is 2,044,981 persons based on 1990 census data. The updated median annual family income in the bank's AA, based on 1990 census data, is just over \$75 thousand. Per the 1990 census 74 percent of the housing in the AA is 1-4 family units with 70 percent owner-occupied. The median home value, based on 1990 census data, is approximately \$129 thousand.

The local economy is stable. The unadjusted seasonal unemployment rate for Cook County as of August 2004 is 6.7 percent and 4.7 percent for DuPage County. The State of Illinois 2003 unemployment rate is 6.1 percent and the 2003 national unemployment rate average is 6.0 percent.

We contacted a local official affiliated with a community development organization. The contact indicated that the performance of local financial institutions is very good. The credit and financial service needs are primarily affordable housing, home improvement and small business credit. The area is economically stable.

## CONCLUSIONS ABOUT PERFORMANCE CRITERIA

### Loan-to-Deposit Ratio

The bank's average loan-to-deposit ratio (LTD) is more than reasonable given the bank's size, financial condition, and AA credit needs. FSNB's LTD ratio has been trending upward since our last evaluation. The bank's LTD ratio as of June 30, 2004 is 93 percent. FSNB's quarterly average LTD ratio for the period from December 31, 2000 through June 30, 2004 is 78 percent. This is an increase from the 61 percent quarterly average LTD ratio during the previous evaluation period. Banks of various sizes in the AA range from an average of 64 percent to 86 percent in the LTD ratio. FSNB is similarly situated in relationship to banks of comparable asset size within the AA.

### Lending in Assessment Area

FSNB's primary loan types are home-mortgage and commercial and commercial real estate loans. These loan types constitute a significant volume of the bank's lending mix. Home mortgage loans comprise 21 percent of FSNB's portfolio and commercial and commercial real estate loans comprise 75 percent.

FSNB's lending within the AA is reasonable. Based on a review of loans since the last CRA exam, loans made to borrowers inside FSNB's AA represent 71 percent of the number of loans and 64 percent of the dollar amount (\$17.6 million). The following table details the bank's lending within the AA by the number of loans originated and dollar volume since its last CRA evaluation.

Lending in Assessment Area										
Loan Type	Number of Loans					Dollars of Loans (000 omitted)				
	Inside		Outside		Total	Inside		Outside		Total
	#	%	#	%		\$	%	\$	%	
<b>Home Purchase*</b>	28	56%	22	44%	100%	3,017	44%	3,843	56%	100%
<b>Home Refinance*</b>	37	63%	22	37%	100%	4,986	55%	4,150	45%	100%
<b>Home Improve*</b>	77	82%	17	18%	100%	2,137	77%	627	23%	100%
<b>Multi-family</b>	30	83%	6	17%	100%	7,490	84%	1,384	18%	100%
<b>Total Residential Real Estate*</b>	172	72%	67	28%	100%	17,630	64%	10,004	36%	100%
<b>Small Business **</b>	13	65%	7	35%	100%	1,595	48%	1,698	52%	100%
<b>TOTAL Loans</b>	185	71%	74	29%	100%	17,631	64%	10,005	36%	100%

\* Represents home mortgage loans originated between January 1, 1999 and December 31, 2002 as reported on the bank's HMDA LAR

\*\* FSNB is not a small business reporter, therefore; the analysis performed on the small business portfolio is based solely on the sample size of 20.

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

The bank's record of extending credit to individuals of different income levels and businesses of different sizes in the AA is reasonable.

The bank's home mortgage lending to borrowers of different income levels is more than reasonable. The bank's lending to businesses of different sizes is reasonable. When determining conclusions for the Lending Test, small business lending is weighted more heavily than home mortgage lending. This weighting is reflective of the bank's higher small business lending volume as indicated in the Scope of Evaluation section above.

### **Residential Real Estate Loan Originations (January 1, 1999 – December 31, 2002)**

The borrower distribution of home purchase loans is more than reasonable. Home purchase loans made to low-income borrowers exceed the percentage of low-income families within the AA. Home purchase loans made to moderate-income borrowers significantly exceed the percentage of moderate-income-families within the AA.

The borrower distribution of home improvement loans is more than reasonable. Home improvement loans made to low-income borrowers exceed the percentage of low-income families within the AA. Home improvement loans made to moderate-income borrowers significantly exceed the percentage of moderate-income families within the AA.

The borrower distribution of home refinance loans is more than reasonable. Home refinance loans made to low-income borrowers greatly exceed the percentage of low-income families within the AA. Home refinance loans made to moderate-income borrowers also significantly exceed the percentage of moderate-income families within the AA.

<b>Table 2a – Borrower Distribution of Residential Real Estate Loans (1999 – 2002)</b>								
Borrower Income Level	Low		Moderate		Middle		Upper	
Loan Type	% of AA Families	% of Number of Loans	% of AA Families	% of Number of Loans	% of AA Families	% of Number of Loans	% of AA Families	% of Number of Loans
Home Purchase*	12.39%	14.29%	16.56%	21.43%	26.18%	17.86%	44.87%	46.43%
Home Improvement*	12.39%	19.18%	16.56%	32.88%	26.18%	31.51%	44.87%	16.44%
Home Refinance*	12.39%	22.86%	16.56%	28.57%	26.18%	17.14%	44.87%	31.43%

\*Represents loans originated between January 1, 1999 and December 31, 2002 as reported on the bank's HMDA LAR.

## Small Loans to Businesses Originated (January 1, 1999 – December 31, 2002)

Borrower distribution of small loans to businesses is reasonable based on the sample size of twenty loans. FSNB's small loans to businesses with revenues of \$1 million or less, (50 percent) is below the percentage of small businesses (74.53 percent) in the AA. Competition for small business loans in the bank's AA is strong. There were 318\* lenders who reported originating small business loans in the bank's AA during 2002. The majority of the 318 lenders are large regional institutions and large credit card banks.

\*Source: Submitted small business peer data from 2002

Business Revenues (or Sales)	≤\$1,000,000	>\$1,000,000
% of AA Businesses*	74.53 %	10.51
% of Bank Loans in AA by #	50.00%	50.00%
% of Bank Loans in AA by \$	\$1,294,000	\$2,104,000

\*FSNB is not a small business loan reporter. Loan data is from a sample size of 20 loans.

## Geographic Distribution of Loans

Geographic distribution of home mortgage loans is reasonable.

Geographic distribution of home purchase loans is reasonable. The bank did not make any home mortgage loans in the 4 low-income geographies within their AA. Opportunities to make home mortgage loans in the low-income geographies are limited as there are less than 1 percent owner-occupied units. Geographic distribution of home purchase loans made in moderate-income geographies (17.86 percent) greatly exceeds the percentage of owner-occupied units (6.13 percent) in those geographies.

Geographic distribution of home improvement loans is reasonable. The bank did not make any home improvement loans in the 4 low-income geographies within their AA. Opportunities to make home improvement loans in the low-income geographies are limited as there are less than 1 percent owner-occupied units. Geographic distribution of home improvement loans made in the moderate-income geographies (23.38 percent) greatly exceeds the percentage of owner occupied units (6.13 percent) in those geographies.

Geographic distribution of home refinance loans is reasonable. The bank did not make any home refinance loans in the 4 low-income geographies within their AA. Opportunities to make home refinance loans in the low-income geographies are limited as there are less than 1 percent owner-occupied units. Geographic distribution of home refinance loans made in the moderate-income geographies (32.43 percent) greatly exceeds the percentage of owner occupied units in those geographies.

<b>Table 3 - Geographic Distribution of Home Mortgage Loans in the bank's AA</b>								
Census Tract Income Level	Low		Moderate		Middle		Upper	
Loan type	% of AA Owner Occupied Housing	% of Number of Loans	% of AA Owner Occupied Housing	% of Number of Loans	% of AA Owner Occupied Housing	% of Number of Loans	% of AA Owner Occupied Housing	% of Number of Loans
Home Purchase	0.32%	0.00%	6.13%	17.86%	54.16%	60.71%	39.39%	21.43%
Home Improvement	0.32%	0.00%	6.13%	23.38%	54.16%	61.04%	39.39%	15.58%
Home Refinance	0.32%	0.00%	6.13%	32.43%	54.16%	40.54%	39.39%	27.03%

\*Represents loans originated between January 1, 1999 and December 31, 2002 as reported on the bank's HMDA LAR.

Geographic distribution of small business loans is reasonable.

The bank did not make any small loans to businesses in the 4 low-income geographies within the bank's AA. The percentage of small businesses in the 4 low-income geographies is less than 1 percent therefore greatly limiting the opportunity to make loans there. The percentage of small loans to businesses made in moderate-income geographies (20 percent) significantly exceed the percentage of businesses in those geographies (6.62 percent).

<b>Table 3A - Geographic Distribution of Loans to Businesses in the bank's AA</b>								
Census Tract Income Level	Low		Moderate		Middle		Upper	
Loan Type	% of AA Businesses /Farms	% of Number of Loans	% of AA Businesses/ Farms	% of Number of Loans	% of AA Businesses /Farms	% of Number of Loans	% of AA Businesses /Farms	% of Number of Loans
	0.28%	0	6.62%	20%	52.93	50%	40.17	30%

\*The bank is not a small business reporter therefore; this analysis is based solely on a sample size of 20 loans.

### Responses to Complaints

FSNB has no outstanding complaints about its performance in helping to meet the credit needs within its AA during this evaluation period.

### Fair Lending Review

We found no evidence of illegal discrimination or other illegal credit practices.