



Comptroller of the Currency
Administrator of National Banks

SMALL BANK

PUBLIC DISCLOSURE

June 15, 1998

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

**First National Bank of Grand Ridge
Charter Number 6684
P.O. Box 97
Grand Ridge, IL 61325**

**Office of the Comptroller of the Currency
440 South LaSalle Street, Suite 2700
Chicago, Illinois 60605**

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 National Bank of Grand Ridge (FNB)** prepared by the **Office of the Comptroller of the Currency**, the institution's supervisory agency, as of **June 15, 1998**. This evaluation is based on information from the last CRA examination dated May 17, 1995 to the current examination dated June 15, 1998. 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."

A majority of FNB's loan originations are located within the bank's assessment area. The bank's record of lending to borrowers of different income levels, including low- and moderate-income individuals, is reasonable. FNB's record of lending to small farms and small businesses within its assessment area is good.

DESCRIPTION OF INSTITUTION

FNB of Grand Ridge is a \$19 million bank in Grand Ridge, Illinois, located in the center of LaSalle County situated between Ottawa and Streator in Northern Illinois. FNB has one office in downtown Grand Ridge, an upper-income area. The bank does not own any automated teller machines (ATM's).

FNB is 83% owned by G R Bancorp, Ltd., a one bank holding company. The bank offers traditional banking services and lending products. The loan portfolio mix is as follows: residential real estate 39%, commercial 25%, agricultural 21%, and instalment 15%.

There are no financial conditions, legal constraints, or other factors that hinder the bank's ability to help meet the credit needs of its assessment area (AA). A "Satisfactory" rating was received during the May 17, 1995, CRA examination.

DESCRIPTION OF ASSESSMENT AREA:

The bank's AA is comprised of the 15 block numbering areas (BNAs) in LaSalle County, Illinois. The AA is comprised of 11 middle-income and four upper-income BNAs. There are no low- or moderate-income BNAs in the AA. The location of the BNAs by income level is as follows:

- Middle-income: 9622, 9624, 9625, 9626, 9627, 9628, 9637, 9638, 9639, 9642, 9643
- Upper-income: 9623, 9635, 9636, 9640

According to 1990 census data, the total population of the bank's AA is 59,228. The 1997 non-Metropolitan Statistical Area (MSA) statewide median family income for Illinois is \$39,500. Potential borrowers earning less than 50% of the non-MSA statewide median family income are designated as low-income, while those earning 50% - 80%, 80% - 120%, and more than 120% are designated as moderate-, middle-, and upper-income, respectively. Within the AA, 17% of families are low-income, 16% are moderate-income, 23% are middle-income, and 44% are upper-income.

There are 23,872 housing units in the AA, of which 68% are owner-occupied, 26% are rental-occupied, and 5% are vacant. The median age of homes in the AA is 47 years, while the median housing price is \$50,822.

Economic conditions in the AA are stable. The local economy includes manufacturing and agricultural industries. Major employers include Commonwealth Edison, Quantum Chemical Corp, Ottawa Community Hospital, and G.E. Plastics.

The unemployment rate for the AA is moderate at 4%. The large number of banks, thrift institutions, and credit unions provides a high level of competition in the financial services market. Two similarly situated institutions within the AA were identified based on asset size and/or business focus.

A community contact was made with one local insurance agent during the examination. The contact indicated local financial institutions are responsive to community credit needs and there are no significant unmet credit needs in the community.

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA:

LOAN-TO-DEPOSIT RATIO

The bank's loan-to-deposit ratio meets the standards for satisfactory performance. The average loan-to-deposit ratio for the twelve quarters ending March 31, 1998 equals 64.33% compared to 60.55% for local similarly situated banks. During these twelve quarters, FNB's loan-to-deposit ratio has increased from 55.64% on June 30, 1995 to 72.9% on March 31, 1998.

LENDING IN ASSESSMENT AREA

The bank's record of lending within the AA is reasonable and meets the standards for satisfactory performance. The following table details the bank's lending within and outside of the AA by dollar volume and number of loan originations between January 1, 1996 and June 14, 1998 (evaluation period).

LOAN TYPE	DOLLAR VOLUME		NUMBER OF LOANS	
	WITHIN AA	OUTSIDE AA	WITHIN AA	OUTSIDE AA
Residential Real Estate	\$2,501,833	\$845,226	58	10
	75%	25%	85%	15%
Business	\$4,439,131	\$1,243,654	113	25
	78%	22%	82%	18%
Agricultural	\$4,350,329	\$1,177,353	188	65
	79%	21%	74%	26%
Consumer Instalment	\$2,437,370	\$812,115	370	92
	75%	25%	80%	20%
TOTAL SAMPLE	\$13,728,663	\$4,078,348	729	192
	77%	23%	79%	21%

Source: Bank Records (1/1/96 to 6/14/98)

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

The distribution of residential real estate lending reflects adequate penetration among individuals of different income levels including low- and moderate-income individuals. Based on a sample of 95% of the residential real estate loans originated within the AA during the evaluation period, 24% were originated to low- and moderate-income borrowers.

FNB accommodates low- and moderate-income individuals by granting small dollar personal and real estate loans. Thirty-six percent of the real estate loans originated for less than \$25,000, 33% originated for \$25,000 to \$49,999, 21% originated for \$50,000 to \$99,999, and 10% originated for \$100,000 or more.

The following table summarizes the bank’s distribution of loan originations among borrowers of different income levels:

**RESIDENTIAL REAL ESTATE LENDING
TO BORROWERS OF DIFFERENT INCOME LEVELS**

INCOME LEVEL OF BORROWER	\$ VOLUME ORIGINATED	;% Volume ORIGINATED	# Volume ORIGINATED	% # Volume ORIGINATED
Low-income	\$131,461	6%	6	11%
Moderate-income	\$233,526	10%	7	13%
Middle-income	\$792,016	33%	19	34%
Upper-income	\$1,192,030	51%	23	42%
TOTAL SAMPLE	\$2,349,033	100%	55	100%

Source: Bank Records (1/1/96 to 6/14/98)

Using loan size as a proxy for business and farm revenues, the bank’s record of lending to small businesses and farms is good. As detailed in the following table, a substantial portion of the loans originated during the evaluation period to small businesses and farms originated for less than \$50,000.

**DISTRIBUTION OF SMALL BUSINESS AND AG LOAN SAMPLE
BY LOAN SIZE**

LOAN SIZE (\$)	BUSINESS LOANS		FARM LOANS	
	#	%	#	%
<\$50,000	78	69%	159	85%
\$50,000 - \$99,999	26	23%	22	12%
\$100,000 - \$249,999	8	7%	7	3%
\$250,000 - \$999,999	1	1%	0	0%
>\$1,000,000	0	0%	0	0%
TOTAL SAMPLE	113	100%	188	100%

Source: Bank Records.

GEOGRAPHIC DISTRIBUTION OF LOANS

We did not analyze the geographic distribution of loans since none of the BNAs making up the bank’s assessment area are designated as low- or moderate-income areas.

RESPONSE TO COMPLAINTS

The bank has not received any complaints since the prior examination relative to its performance under the CRA.

COMPLIANCE WITH ANTIDISCRIMINATION LAWS

We did not identify violations of any substantive provisions of the antidiscrimination laws and regulations during our examination.