



**SMALL BANK**

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Comptroller of the Currency  
Administrator of National Banks  
Washington, DC 20219

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## **PUBLIC DISCLOSURE**

**July 20, 2010**

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

**First National Bank of Grant Park  
Charter Number 11952**

**119 Main Street  
Grant Park, Illinois 60942**

**Office of the Comptroller of the Currency  
Chicago South Field Office  
2001 Butterfield Road, Suite 400  
Downers Grove, Illinois 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 First National Bank of Grant Park (FNBGP) demonstrates a willingness to assess the credit needs of the community and is committed to meeting those needs. Following are the major factors supporting this rating:

- The bank's loan-to-deposit ratio is reasonable.
- A majority of the bank's lending activity is inside its assessment areas.
- The overall distribution of home loans reflects a reasonable penetration among individuals of different income levels.
- The bank did not receive any CRA related consumer complaints since our last evaluation.

## **SCOPE OF EXAMINATION**

FNBGP was evaluated under the Community Reinvestment Act small bank examination procedures, which include the lending test. The lending test evaluates the bank's record of meeting the credit needs of its assessment areas through its lending activities. The lending test for FNBGP covers its performance from January 1, 2008, through December 31, 2009, as this is representative of its lending strategy since the last CRA examination. FNBGP's primary loan product is residential real estate loans. The bank reports data under the requirements of the Home Mortgage Disclosure Act (HMDA). The HMDA data for 2008 and 2009 was tested and found to be reliable. Therefore, the bank's HMDA data was used to evaluate the bank's lending performance.

As part of our assessment, we also conducted interviews with local community contacts from each assessment area to learn about credit opportunities within the community and whether financial institutions are meeting the credit and service needs of the community.

## **DESCRIPTION OF INSTITUTION**

FNBGP is located in the Village of Grant Park, Illinois. Grant Park is a rural area approximately twenty miles northeast of the city of Kankakee, and fifty miles south of Chicago, Illinois. FNBGP is 100% owned by Grant Park Bancshares, Inc. FNBGP operates in four locations. The main office is located in Grant Park, Illinois. The branches are located in Beecher, Illinois, Momence, Illinois, and Bourbonnais, Illinois. The bank's main office and three branches are full-service facilities that offer a full range of traditional banking products.

As mentioned above, the bank's primary loan product is residential real estate loans. This loan type accounts for a majority of all loan originations during the evaluation period by number of loans originated and by the dollar volume of loan originations. This product was used in the analysis for this evaluation and is a reflection of the bank's business strategy.

The bank has total assets of \$123 million as of March 31, 2010. The loan portfolio represents 51 percent of total assets and consists of commercial, residential, agricultural, and consumer loans. Management does not anticipate any significant changes in the composition of the loan portfolio in the near future.

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. FNBGP was rated “Satisfactory” using small bank examination procedures at its last CRA examination dated January 26, 2004.

## DESCRIPTION OF ASSESSMENT AREAS

FNBGP has two assessment areas. Assessment Area 1 covers the service area of the main office in Grant Park, Illinois, and the branches in Bourbonnais, Illinois, and Momence, Illinois. Assessment Area 2 covers the service area of the branch in Beecher, Illinois.

### Assessment Area 1 – Kankakee County, Illinois

Assessment Area 1 (AA1) consists of all census tracts in Kankakee County, Illinois. This county makes up the entirety of the Kankakee-Bradley Metropolitan Statistical Area. This assessment area meets the requirements of the regulation and does not arbitrarily exclude low- or moderate-income geographies. The table below shows the demographic information for AA1.

<b>Demographic Information for AA1</b>					
	#	% Low	% Moderate	% Middle	% Upper
Geographies (Census Tracts)	26	3.85	19.23	65.38	11.54
Population by Geography	103,833	2.31	15.38	69.99	12.32
Owner-Occupied Housing by Geography	26,502	1.40	9.84	74.97	13.79
Businesses by Geography	6,725	1.77	17.13	72.13	8.97
Farms by Geography	518	0	0.63	84.17	11.20
Family Distribution by Income Level	26,983	19.07	18.85	23.04	39.04
Household Distribution by Income Level	38,209	22.73	16.80	19.55	40.93
Census Median Family Income (MFI)	\$49,231	Median Housing Value 2009			\$99,754
HUD-Adjusted MFI: 2010	\$61,100	Families Below the Poverty Level			2,338
HUD-Adjusted MFI: 2009	\$61,700	2009 Unemployment Rate			11.70%
HUD-Adjusted MFI: 2008	\$60,800				

Source: 2000 U.S. Census Data

Economic activity in AA1 is relatively diverse, with services and retail trade companies being the primary businesses. Since the last evaluation, there has been little growth throughout AA1. The 2009 unemployment rate for AA1 is 11.70 percent. Competition from other financial institutions is average. The bank’s competitors include several local community banks, branches of large regional institutions, and a few mortgage/finance companies.

In conducting the assessment of the bank’s performance for AA1, we spoke to a local community contact. This contact indicated that the local steel industry is not doing well. Unemployment is high and access to capital for small businesses would assist in the community’s improvement. Our contact also mentioned that the community is well-served by local financial institutions, which are highly involved.

### Assessment Area 2 – Will County, Illinois

Assessment Area 2 (AA2) includes a portion of Will County, Illinois. Will County, Illinois is

part of the Chicago-Naperville-Joliet Metropolitan Statistical Area. This assessment area meets the requirements of the regulation and does not arbitrarily exclude low- or moderate-income geographies. The table below shows the demographic information for AA2.

<b>Demographic Information for AA2</b>					
	#	% Low	% Moderate	% Middle	% Upper
Geographies (Census Tracts)	28	0	0	50	50
Population by Geography	159,515	0	0	42.94	57.06
Owner-Occupied Housing by Geography	47,040	0	0	42.56	57.44
Businesses by Geography	13,832	0	0	36.72	63.28
Farms by Geography	708	0	0	50.14	49.86
Family Distribution by Income Level	43,903	9.17	13.28	25.11	52.44
Household Distribution by Income Level	53,648	11.72	12.19	19.81	56.28
Census Median Family Income (MFI)	\$74,622	Median Housing Value 2009			\$174,423
HUD-Adjusted MFI: 2010	\$74,700	Families Below the Poverty Level			923
HUD-Adjusted MFI: 2009	\$74,600	2009 Unemployment Rate			3.35%
HUD-Adjusted MFI: 2008	\$71,100				

Source: 2000 U.S. Census Data

The local economy relies on the service, construction, and retail trade industries. Since the last evaluation, there has been moderate growth in AA2. The 2009 unemployment rate for AA2 is 3.35 percent. Competition from other financial institutions is above average. The bank's competitors include several local community banks, branches of large regional institutions, and several mortgage/finance companies.

We spoke to a community contact in AA2, who indicated that the local economy has stabilized and the industrial sector is expanding. Small business lending was also mentioned as the greatest need of the community. Although credit is available, there are more restrictions in obtaining financing. Our contact stated that banks are involved in the community through loans and community projects.

## **CONCLUSIONS ABOUT PERFORMANCE CRITERIA**

### **Loan-to-Deposit Ratio**

The bank's loan-to-deposit (LTD) ratio is reasonable given the bank's capacity to lend and economic factors. The bank has a quarterly average LTD ratio of 65.38 percent since our last evaluation. This ratio ranged from a quarterly low of 58.56 percent to a quarterly high of 73.61 percent during the time period. FNBGP's LTD ratio is below similarly situated institutions. Other banks of various sizes in the assessment area have a quarterly average LTD of 73.13 percent.

### **Lending in Assessment Area**

A majority of residential real estate loans originated or purchased by FNBGP over the evaluation

period are inside the bank’s defined assessment areas. Our analysis determined that 83.25 percent of the number and 82.63 percent of the dollar amount of loans were made within the assessment areas. The following table details our findings from the HMDA Data.

<b>Loans Within Bank’s AA</b>										
Loan Type	Number of Loans					Dollars of Loans (000) thousands				
	Inside		Outside		Total	Inside		Outside		Total
	#	%	#	%		\$	%	\$	%	
Residential	174	83.25	35	16.75	209	23,533	82.63	4,946	17.37	\$28,479

Source: 2008-2009 HMDA Data

### **Lending to Borrowers of Different Income Levels**

Overall, the distribution of home loans reflects a reasonable penetration among individuals of different income levels. The borrower distribution for residential loans in AA1 and AA2 is adequate.

#### Assessment Area 1- Kankakee County, Illinois

The number and type of home loans to low- and moderate-income borrowers compares reasonably to the percentages of low- and moderate-income families in the assessment area.

The borrower distribution of home purchase loans is reasonable. Home purchase loans made to low- and moderate-income borrowers is less than the percentage of low- and moderate-income families. However, the poverty level of 8.66 percent in AA1 has had a negative affect on home ownership.

The borrower distribution of home refinance loans is adequate. Home refinance loans made to low-income borrowers is below the percentage of low-income families, while home refinance loans to moderate-income borrowers exceeds the percentage of moderate-income families.

The borrower distribution of home improvement loans is adequate. While home improvement loans made to moderate-income borrowers is zero, home improvement loans made to low-income borrowers greatly exceeds the percentage of low-income families. Based on the 2008 and 2009 HMDA Data, the bank originated a total of 142 home loans in AA1, of which 3 were home improvement loans. Home improvement loans represent a very small population of home loans originated in AA1 during the evaluation period at 2.11 percent. The following table shows a detailed comparison.

<b>Borrower Distribution of Residential Real Estate Loans in AA1</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	19.07	16.67	18.85	11.11	23.04	27.78	39.04	44.44
Home Refinance	19.07	4.96	18.85	19.83	23.04	31.40	39.04	42.98
Home Improvement	19.07	33.33	18.85	0.00	23.04	0.00	39.04	66.67

Source: 2008-2009 HMDA Data and HUD updated 2000 U.S. Census Data

### Assessment Area 2- Will County, Illinois

The number and type of home loans to low- and moderate-income borrowers compares reasonably to the percentages of low- and moderate-income families in the assessment area.

The borrower distribution of home purchase loans is adequate. The percentage of home purchase loans to low-income borrowers is below the percentage of low-income families; however, the percentage of home purchase loans to moderate-income borrowers exceeds the percentage of moderate-income families.

The borrower distribution of home refinance loans is reasonable. The percentage of home refinance loans to low-income borrowers is below the percentage of low-income families; however, the percentage of home refinance loans to moderate-income borrowers exceeds the percentage of moderate-income families.

The borrower distribution of home improvement loans is adequate. The bank did not originate any home improvement loans in AA2; therefore this received very little weight when arriving at our conclusion for borrower distribution. The only home improvement loans originated during the evaluation period were in AA1. The following table shows a detailed comparison.

<b>Borrower Distribution of Residential Real Estate Loans in AA2</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	9.17	0.00	13.28	50.00	25.11	25.00	52.44	25.00
Home Refinance	9.17	3.57	13.28	25.00	25.11	35.71	52.44	28.57
Home Improvement	9.17	0.00	13.28	0.00	25.11	0.00	52.44	0.00

Source: 2008-2009 HMDA Data and HUD updated 2000 U.S. Census Data

### **Geographic Distribution of Loans**

Overall, the distribution of home loans reflects a poor dispersion throughout the bank's assessment area. There were no conspicuous gaps identified in AA1. The bank has no low- or moderate-income geographies in AA2; therefore, a geographic analysis for AA2 would not be meaningful.

### Assessment Area 1- Kankakee County, Illinois

The bank's geographic distribution of home loans in AA1 reflects a poor dispersion throughout

census tracts of different income levels. The bank’s poor performance results in part from limited lending opportunities in low-income geographies, the high unemployment rate in AA1, competition in the area, and the downturn in the real estate market. The bank does not have any presence in the low- or moderate-income census tracts and there are 190 banking branches of other institutions, including large and midsize banks, serving the assessment area.

The geographic distribution of home purchase loans is poor. The opportunity to lend in the low-income census tract is limited as owner occupied housing only makes up 1.40 percent of the assessment area. While the opportunities to lend in the moderate-income census tract are greater, the bank originated zero home purchase loans in this census tract due in part to the high unemployment rate, competition in the area, and the downturn in the real estate market which has had a negative effect on home ownership. Additionally, home purchase loans represent a small percentage of the home loans that the bank originated in AA1, at 12.68 percent based on 2008 and 2009 HMDA Data.

The geographic distribution of home refinance loans is reasonable. As noted above, the opportunity to lend in the low-income census tract is limited as owner occupied housing only makes up 1.40 percent of the assessment area. The percentage of home refinance loans to moderate-income census tracts is 5.79 percent compared to the percentage of moderate-income owner occupied housing of 9.84 percent.

Home improvement loans make up 2.11 percent of total home loans originated in AA1 during the evaluation period. In arriving at our conclusion for geographic distribution, very little weight was placed on this loan type. The following table shows a detailed comparison.

<b>Geographic Distribution of Residential Real Estate Loans in AA1</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	1.40	0.00	9.84	0.00	74.97	77.78	13.79	22.22
Home Refinance	1.40	0.00	9.84	5.79	74.97	83.47	13.79	10.74
Home Improvement	1.40	0.00	9.84	0.00	74.97	100.00	13.79	0.00

*Source: 2008-2009 HMDA Data and HUD updated 2000 U.S. Census Data*

## **Responses to Complaints**

The bank did not receive any CRA related complaints since our last evaluation.

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

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