



SMALL BANK

Comptroller of the Currency
Administrator of National Banks

Washington, DC 20219

PUBLIC DISCLOSURE

January 26, 2004

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
7600 County Line Road, Suite 3
Burr Ridge, Illinois 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.

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

The First National Bank of Grant Park demonstrates a willingness to assess the credit needs of the community and is committed to meeting those needs.

- The Bank's loan to deposit ratio is satisfactory.
- The Bank's lending activity in the Assessment Areas is satisfactory.
- The overall borrower distribution of home mortgage loans in the Assessment Areas is satisfactory.
- The overall geographic distribution of home mortgage loans in the Assessment Areas is satisfactory.
- The bank did not receive any consumer complaints since our last evaluation.

DESCRIPTION OF INSTITUTION

The First National Bank of Grant Park (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 operates four locations. The main office is in Grant Park, and there is a branch in Beecher, Illinois and a branch in Godfrey, Illinois. The bank also operates a loan production office (LPO) in Momence. The branch in Godfrey is known as the First Community Bank of Godfrey, a branch of The First National Bank of Grant Park, and is located approximately 260 miles southwest of the main office and thirty-two miles north of St. Louis, Missouri. The bank's main office and two branches are full-service facilities and offer a full range of traditional banking products. The loan production office takes loan applications only.

The bank has total assets of \$110 million as of September 30, 2003 and is privately held. The loan portfolio represents 54 percent of total assets. The portfolio of average gross loans outstanding consists of 68 percent real estate, 12 percent installment, 3 percent agriculture and 17 percent commercial loans. Of the 68 percent real estate loans, 49 percent are home mortgage loans. As of year-end 2002, the bank had annual asset growth of 13 percent and loan growth of 7 percent.

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. FNBGB was rated "Satisfactory" using small bank examination procedures at its last CRA evaluation dated February 16, 1999.

DESCRIPTION OF ASSESSMENT AREAS

The First National Bank of Grant Park has two assessment areas. Assessment Area 1 covers the service area of the main office in Grant Park, Illinois and the Beecher branch. Assessment Area 2 covers the branch service area in Godfrey, Illinois.

Assessment Area 1 – Grant Park

Assessment area 1 (AA1) consists of Yellowhead, Sumner, Ganeer, and Momence Townships. All are located in Kankakee County, Illinois. This area is made up of three geographies in Metropolitan Area (MA) 3740 – Kankakee County. These geographies are middle-income geographies with a total population of 10,207 persons according to 1990 census data. The 2002 Housing and Urban Development adjusted median family income for MA 3740 is \$55,400. There are no low or moderate-income geographies in AA1. The local economy relies on agriculture, manufacturing, and service related industries. Since the last evaluation, there has been little growth throughout AA1.

Competition for home mortgage loans in AA1 is moderate. The bank ranks 2nd out of 94 financial institutions originating or purchasing home mortgage loans in AA1.

Assessment Area 2 – Godfrey

Assessment area 2 (AA2) consists of Madison County, Southern Jersey County, and Brighton Township, Illinois. This area is made up of 56 geographies in MA 7040, which covers all of Madison County and 2 geographies in Jersey County. There are 2 low-income, 16 moderate-income, 33 middle-income, 4 upper-income geographies and 1 middle-income Block Numbering Area (BNA). Total population of AA2 is 263,937 persons according to 1990 census data. The 2002 Housing and Urban Development adjusted median family income for MA 7040 is \$61,400. The local economy is stable relying on light to heavy manufacturing and some service related industries. Since the last evaluation, growth in AA2 has been moderate.

Competition for home mortgage loans in AA2 is strong. The bank ranks 76th out of 335 financial institutions originating or purchasing home mortgage loans in AA2.

Community Contacts

Grant Park- We contacted a local area church leader. Our contact spoke very highly of the relationship the bank has established with the community and surrounding areas. Our contact stated that the community of Grant Park is very established and stable. The bank is active with the community high school outreach to students, as well as senior citizen programs.

Godfrey- We contacted the executive director of a local not-for-profit organization whose purpose is to provide housing to mentally challenged individuals. Our contact stated that the major credit needs were financing for housing and small businesses. The contact indicated that the performance of local financial institutions is strong.

CONCLUSIONS ABOUT PERFORMANCE CRITERIA

The evaluation period covers activity from January 2000 through December 2002. Overall, the First National Bank of Grant Park (FNBGP) meets the community credit needs in a manner commensurate with its size, resources, and capabilities. All home purchase loans, home improvement loans, and refinancing of mortgage loans were analyzed using data from the bank's submitted Home Mortgage Disclosure Act (HMDA) statements from 2000, 2001, and 2002. Mortgage loans were chosen for the evaluation because they are a majority of the bank's loan portfolio.

Loan-to-Deposit Ratio

The bank's loan to deposit ratio is satisfactory. The bank has a quarterly average loan to deposit ratio of 74 percent since our last evaluation. This is a significant increase since the last CRA evaluation of 38 percent. FNBGP's loan to deposit ratio is somewhat below similarly situated institutions that have loan to deposit ratios ranging from 92 percent to 93 percent. The bank's current loan to deposit ratio of 71 percent has been on an upward trend since our last evaluation.

Lending in Assessment Area

Lending in the AA is reasonable. A majority (70 percent) of home mortgage loans originated or purchased by FNBGP over the evaluation period are within the AAs.

Lending to Borrowers of Different Income Levels

The bank's lending among borrowers of different income levels is satisfactory.

In evaluating the borrower distribution of home mortgage loans, we considered the number of households that live below the poverty level (10 percent in AA1 and 11 percent in AA2). The unemployment rate is high as well (7.9 percent in AA1 and 5.2 percent in AA2). A high poverty level and high unemployment rate are barriers that would have a negative effect on home ownership and were considered in our assessment of the borrower distribution for home purchase loans, home improvement loans, and home mortgage refinance loans.

Assessment Area 1- Grant Park

The borrower distribution for home purchase loans is adequate. Home purchase loans (9.09 percent) made to low-income borrowers is below the percentage of low-income families (19.39

percent) in AA1. Home purchase loans (12.12 percent) made to moderate-income borrowers is below the percentage of moderate-income families (18.85 percent) in AA1.

The borrower distribution for home improvement loans is good. Home improvement loans made to low-income borrowers (7.50 percent) is below the percentage of low-income families (19.39 percent) in AA1. The percentage of home improvement loans made to moderate-income borrowers (30.00 percent) greatly exceeds the percentage of moderate-income families (18.85 percent) in AA1.

The borrower distribution for home mortgage refinance loans is good. Refinance loans (3.57 percent) made to low-income borrowers is below the percentage of low-income families (19.39 percent) in AA1. Refinance loans made to moderate-income borrowers (19.05 percent) exceeds the percentage (18.85 percent) of moderate-income families in AA1.

Assessment Area 2- Godfrey

The borrower distribution for home purchase loans is good. Home purchase loans (14.71 percent) made to low-income borrowers is below the percentage of low-income families (20.90 percent) in AA2. Home purchase loans (32.35 percent) made to moderate-income borrowers significantly exceed the percentage of moderate-income families (19.71 percent) in AA2.

The borrower distribution for home improvement loans is adequate. Home improvement loans made to low-income borrowers (13.79 percent) is below the percentage of low-income families (20.90 percent) in the AA. The percentage of home improvement loans made to moderate-income borrowers (13.79 percent) is below the percentage of moderate-income families (19.71 percent) in AA2.

The borrower distribution for home mortgage refinance loans is good. Refinance loans (17.31 percent) made to low-income borrowers is near the percentage of low-income families (20.90 percent) in AA2. Refinance loans made to moderate-income borrowers (28.85 percent) exceeds the percentage (19.71 percent) of moderate-income families in AA2.

Geographic Distribution of Loans

Assessment Area 1- Grant Park

The bank has no low or moderate-income geographies in AA1; therefore, a geographic analysis for AA1 would not be meaningful.

Assessment Area 2- Godfrey

Geographic distribution of home mortgage loans is satisfactory.

The bank is originating/purchasing home mortgage loans in 47 percent of the 56 geographies that comprise AA2. No unexplained or conspicuous gaps were identified.

Geographic distribution of home purchase loans in AA2 is adequate. FNBGP does not have any home purchase loans in low-income geographies. The percentage of owner occupied units in AA2 low-income geographies is only 1 percent thus limiting opportunities to make home mortgage loans in these geographies. Home purchase loans (17.65 percent) made in moderate-income geographies are near the percentage of owner occupied units in those geographies (20.11 percent) in AA2.

Geographic distribution of home improvement loans in AA2 is adequate. FNBGP does not have any home improvement loans in low-income geographies. The percentage of owner occupied units in AA2 low-income geographies is only 1 percent thus limiting opportunities to make home mortgage loans in these geographies. Home improvement loans (17.24 percent) made in moderate-income geographies are near the percentage of owner occupied units in those geographies (20.11 percent) in AA2.

Geographic distribution of home mortgage refinance loans in AA2 is good. FNBGP does not have any home mortgage refinance loans in low-income geographies. The percentage of owner occupied units in AA2 low-income geographies is only 1 percent thus limiting opportunities to make home mortgage loans in these geographies. Home mortgage refinance loans (30.77 percent) made in moderate-income geographies exceed the percentage of owner occupied units in those geographies (20.11 percent) in AA2.

Responses to Complaints

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

Fair Lending or Other Illegal Credit Practices Review

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