



PUBLIC DISCLOSURE

October 01, 2018

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

GN Bank
Charter Number 703395

4619 S King Dr
Chicago, IL 60653-4107

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.

Table of Contents

OVERALL CRA RATING 3

DEFINITIONS AND COMMON ABBREVIATIONS 4

DESCRIPTION OF INSTITUTION 8

SCOPE OF THE EVALUATION.....9

DISCRIMINATORY OR OTHER ILLEGAL CREDIT PRACTICES REVIEW 9

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS..... 10

 LENDING TEST 10

APPENDIX A: SCOPE OF EXAMINATION..... 1

APPENDIX B: COMMUNITY PROFILES FOR FULL-SCOPE AREAS..... 2

Overall CRA Rating: Satisfactory

The Lending Test is rated: Satisfactory.

The major factors supporting this rating include:

- The bank originates a majority of the loans inside its assessment area;
- The bank's borrower distribution demonstrated reasonable penetration to small businesses in the assessment area; and
- The bank's geographic distribution of consumer and small business lending in low- and moderate-income census tracts is reasonable.

Definitions and Common Abbreviations

The following terms and abbreviations are used throughout this performance evaluation, including the CRA tables. The definitions are intended to provide the reader with a general understanding of the terms, not a strict legal definition.

Affiliate: Any company that controls, is controlled by, or is under common control with another company. A company is under common control with another company if the same company directly or indirectly controls both companies. A bank subsidiary is controlled by the bank and is, therefore, an affiliate.

Aggregate Lending: The number of loans originated and purchased by all reporting lenders in specified income categories as a percentage of the aggregate number of loans originated and purchased by all reporting lenders in the metropolitan area/assessment area.

Census Tract (CT): A small subdivision of metropolitan and other densely populated counties. Census tract boundaries do not cross county lines; however, they may cross the boundaries of metropolitan areas. Census tracts generally have a population between 1,200 and 8,000 people, with an optimal size of 4,000 people. Their physical size varies widely depending upon population density. Census tracts are designed to be homogeneous with respect to population characteristics, economic status, and living conditions to allow for statistical comparisons.

Community Development: Affordable housing (including multifamily rental housing) for low- or moderate-income individuals; community services targeted to low- or moderate-income individuals; activities that promote economic development by financing businesses or farms that meet Small Business Administration Development Company or Small Business Investment Company programs size eligibility standards or have gross annual revenues of \$1 million or less; activities that revitalize or stabilize low- or moderate-income geographies, distressed or underserved nonmetropolitan middle-income geographies, or designated disaster areas; or loans, investments, and services that support, enable, or facilitate projects or activities under the U.S. Department of Housing and Urban Development (HUD) Neighborhood Stabilization Program criteria that benefit low-, moderate-, and middle-income individuals and geographies in the bank's assessment area(s) or outside the assessment area(s) provided the bank has adequately addressed the community development needs of its assessment area(s).

Community Reinvestment Act (CRA): The statute that requires the Office of the Comptroller of the Currency (OCC) to evaluate a bank's record of meeting the credit needs of its local community, consistent with the safe and sound operation of the bank, and to take this record into account when evaluating certain corporate applications filed by the bank.

Consumer Loan(s): A loan(s) to one or more individuals for household, family, or other personal expenditures. A consumer loan does not include a home mortgage, small

business, or small farm loan. This definition includes the following categories: motor vehicle loans, credit card loans, home equity loans, other secured consumer loans, and other unsecured consumer loans.

Family: Includes a householder and one or more other persons living in the same household who are related to the householder by birth, marriage, or adoption. The number of family households always equals the number of families; however, a family household may also include non-relatives living with the family. Families are classified by type as either a married-couple family or other family, which is further classified into 'male householder' (a family with a male householder and no wife present) or 'female householder' (a family with a female householder and no husband present).

Full Review: Performance under the Lending, Investment, and Service Tests is analyzed considering performance context, quantitative factors (e.g., geographic distribution, borrower distribution, and total number and dollar amount of investments), and qualitative factors (e.g., innovativeness, complexity, and responsiveness).

Geography: A CT delineated by the U.S. Census Bureau in the most recent decennial census.

Home Mortgage Disclosure Act (HMDA): The statute that requires certain mortgage lenders that conduct business or have banking offices in a metropolitan statistical area to file annual summary reports of their mortgage lending activity. The reports include such data as the race, gender, and the income of applicants; the amount of loan requested; the disposition of the application (e.g., approved, denied, and withdrawn); loan pricing; the lien status of the collateral; any requests for preapproval; and loans for manufactured housing.

Home Mortgage Loans: Such loans include home purchase, home improvement, and refinancings, as defined in the HMDA regulation. These include loans for multifamily (five or more families) dwellings, manufactured housing, and one-to-four family dwellings other than manufactured housing.

Household: Includes all persons occupying a housing unit. Persons not living in households are classified as living in group quarters. In 100 percent tabulations, the count of households always equals the count of occupied housing units.

Limited Review: Performance under the Lending, Investment, and Service Tests is analyzed using only quantitative factors (e.g., geographic distribution, borrower distribution, total number and dollar amount of investments, and branch distribution).

Low-Income: Individual income that is less than 50 percent of the area median income, or a median family income that is less than 50 percent, in the case of a geography.

Market Share: The number of loans originated and purchased by the institution as a percentage of the aggregate number of loans originated and purchased by all reporting lenders in the metropolitan area/assessment area.

Median Family Income (MFI): The median income determined by the U.S. Census Bureau every five years and used to determine the income level category of geographies. Also, the median income determined by the Federal Financial Institutions Examination Council (FFIEC) annually that is used to determine the income level category of individuals. For any given area, the median is the point at which half of the families have income above it and half below it.

Metropolitan Area (MA): Any metropolitan statistical area or metropolitan division, as defined by the Office of Management and Budget, and any other area designated as such by the appropriate federal financial supervisory agency.

Metropolitan Division: As defined by Office of Management and Budget, a county or group of counties within a core based statistical area that contains an urbanized population of at least 2.5 million. A metropolitan division consists of one or more main/secondary counties that represent an employment center or centers, plus adjacent counties associated with the main/secondary county or counties through commuting ties.

Metropolitan Statistical Area (MSA): An area, defined by the Office of Management and Budget, as a core based statistical area associated with at least one urbanized area that has a population of at least 50,000. The MSA comprises the central county or counties containing the core, plus adjacent outlying counties having a high degree of social and economic integration with the central county or counties as measured through commuting.

Middle-Income: Individual income that is at least 80 percent and less than 120 percent of the area median income, or a median family income that is at least 80 percent and less than 120 percent, in the case of a geography

Moderate-Income: Individual income that is at least 50 percent and less than 80 percent of the area median income, or a median family income that is at least 50 percent and less than 80 percent, in the case of a geography.

Multifamily: Refers to a residential structure that contains five or more units.

Other Products: Includes any unreported optional category of loans for which the institution collects and maintains data for consideration during a CRA examination. Examples of such activity include consumer loans and other loan data an institution may provide concerning its lending performance.

Owner-Occupied Units: Includes units occupied by the owner or co-owner, even if the unit has not been fully paid for or is mortgaged.

Qualified Investment: A qualified investment is defined as any lawful investment, deposit, membership share, or grant that has as its primary purpose community development.

Rated Area: A rated area is a state or multi-state metropolitan area. For an institution with domestic branches in only one state, the institution's CRA rating would be the state rating. If an institution maintains domestic branches in more than one state, the institution will receive a rating for each state in which those branches are located. If an institution maintains domestic branches in two or more states within a multi-state metropolitan area, the institution will receive a rating for the multi-state metropolitan area.

Small Loan(s) to Business(es): A loan included in 'loans to small businesses' as defined in the Consolidated Report of Condition and Income (call report) instructions. These loans have original amounts of \$1 million or less and typically are either secured by nonfarm or nonresidential real estate or are classified as commercial and industrial loans.

Small Loan(s) to Farm(s): A loan included in 'loans to small farms' as defined in the instructions for preparation of the call report. These loans have original amounts of \$500,000 or less and are either secured by farmland, or are classified as loans to finance agricultural production and other loans to farmers.

Tier 1 Capital: The total of common shareholders' equity, perpetual preferred shareholders' equity with non-cumulative dividends, retained earnings, and minority interests in the equity accounts of consolidated subsidiaries.

Upper-Income: Individual income that is at least 120 percent of the area median income, or a median family income that is at least 120 percent, in the case of a geography.

Description of Institution

GN Bank (bank), formerly known as Illinois-Service Federal Savings and Loan Association, was acquired by Group Nduom in April 2016, with a name change effective July 2018. GN Bank is a federally-chartered institution serving the southside of Chicago, IL.

The bank has one assessment area (AA) consisting of 184 CTs located in Cook County within the Chicago-Naperville-Arlington Heights, IL Metropolitan Division of the Chicago MSA. The AA is comprised of 90 low-income tracts, 67 moderate-income tracts, 15 middle-income tracts, 7 upper-income tracts, and 5 with unknown income information. GN Bank operates in a single state with two locations; the main office located in Chicago's Grand Boulevard community, and a full-service branch located in the Chatham community. Both branches are located in middle-income geographies. The main office is open six days a week and offers extended hours for drive-up customers. Customers also have access to 24-hour automated teller machines (ATM) at each location.

As of June 30, 2018, GN Bank reported total assets of \$132.8 million, total deposits of \$121.4 million, and total loans of \$56.2 million. Total loans represented 42 percent of total assets. The bank's loan portfolio mix was comprised of 33 percent commercial loans and 67 percent retail loans.

GN Bank's business strategy is to offer traditional products and services through an array of deposit and loan products. The bank has continued its tradition of serving local residents. The bank has a long-standing designation as a Community Development Financial Institution (CDFI). The goal for CDFI institutions is to provide financial services to distressed communities, such as the southside of Chicago, IL. Historically, GN Bank's primary lending has been retail focused including residential real estate lending. Residential real estate lending encompasses home purchase, home improvement, and refinance loans. However, the revised business strategy includes growing commercial business lending going forward.

Competition among financial institutions in the bank's AA is strong. GN Bank competes with several large, regional, and community banks that are well established throughout the community. According to the Federal Deposit Insurance Corporation's (FDIC) June 30, 2018 Deposit Market Share Report, GN Bank has a deposit market share of 0.04 percent and ranks 83rd out of 113 financial institutions within Cook County.

GN Bank received a "Satisfactory" rating on its last CRA evaluation dated July 19, 2012. The bank has been operating under a formal enforcement action due to the financial condition of the bank. This action's capital constraints impeded the bank's lending capacity causing difficulties in lending and meeting the credit needs in the bank's AA.

Scope of the Evaluation

We evaluated GN Bank's record of meeting the credit needs of the community using Small Bank evaluation procedures consistent with the CRA provisions. To determine the bank's lending performance, we selected primary products based on loans originated or purchased from January 1, 2015 to December 31, 2017. For this evaluation period, we determined the primary products to be consumer lending by volume and commercial lending by dollar amount.

We used call report information to determine the bank's quarterly loan-to-deposit ratio, and annual deposit information reported to the FDIC to determine the bank's deposit market share and market presence within its AA. The most recent deposit information is as of June 30, 2018.

Data Integrity

During this performance evaluation, we reviewed 100 percent of GN Bank's consumer and small business loan files, verifying that all data was accurate.

Selection of Areas for Full Scope Review

For the purpose of evaluating performance, the CRA requires a bank to define its AA according to the location of its deposit taking branches. The bank has only one AA, which was used for a full scope review. The bank's AA does not arbitrarily exclude any low-or moderate-income geographies and meets the requirements of the regulation.

Discriminatory or Other Illegal Credit Practices Review

Pursuant to 12 CFR §25.28(c) or §195.28(c), respectively, in determining a national bank's or federal savings association's (collectively, bank) CRA rating, the OCC considers evidence of discriminatory or other illegal credit practices in any geography by the bank, or in any AA by an affiliate whose loans have been considered part of the bank's lending performance. As part of this evaluation process, OCC consults with other federal agencies with responsibility for compliance with the relevant laws and regulations, including the U.S. Department of Justice, the HUD, and the Consumer Financial Protection Bureau, as applicable.

The OCC has not identified that GN Bank engaged in discriminatory or other illegal credit practices that require consideration in this evaluation. The OCC will consider any information GN Bank engaged in discriminatory or other illegal credit practices, identified by or provided to the OCC before the end of the institution's next performance evaluation in that subsequent evaluation, even if the information concerns activities that occurred during the evaluation period addressed in this performance evaluation.

Conclusions with Respect to Performance Tests

LENDING TEST

The bank's performance under the Lending Test is Satisfactory. The Bank's net loan-to-deposit (LTD) ratio is less than reasonable. The Bank's record of lending among borrowers and geographies of different income levels is reasonable. Due to the sample size, we did not place significant weight on small business loans.

Loan-to-Deposit Ratio

GN Bank's net LTD ratio is less than reasonable given the bank's size and AA credit needs. Specifically, the Bank's LTD ratio averaged 47.62 percent over the evaluation period ranging from a quarterly low of 39 percent and a quarterly high of 54 percent. The bank's LTD ratio compares unfavorably with other financial institutions of similar size and location. GN Bank ranks second lowest among a total of 30 other similarly situated banks. The average quarterly LTD ratio for other financial institutions during the evaluation period was 73 percent. These institutions are also community banks located in Cook County with total assets ranging from \$29 million to \$300 million.

Although the bank's LTD ratio is less than reasonable, the bank's low ratio is mitigated by the financial condition of the bank, including capital constraints that impeded operations, including lending. In response to the formal enforcement action, the bank was recapitalized in April 2016 and a new management team put in place. In addition, strong competition in the AA affected lending. Competition for financial services within the AA is significant. Several large, regional banks having a similar business focus serve the same communities of GN Bank.

Lending in Assessment Area

The bank's record for lending within its AA is Satisfactory. GN Bank originated a majority of loans inside its AA during the evaluation period. Based on primary loan products, the bank originated 138 loans (105 consumer loans and 33 small business loans). Of the 138 loans originated, 80 loans (69 consumer loans and 11 small business loans), or 58 percent of the bank's total loans were within the AA. A majority of the dollar amount of loans originated were outside of the AA. This is primarily due to large dollar commercial loans originated during the evaluation period.

The following table details the bank's lending inside and outside its AA by number and dollar amount of loans:

Lending Inside and Outside of the Assessment Area										
Loan Category	Number of Loans				Total #	Dollar Amount of Loans \$(000s)				Total \$(000s)
	Inside		Outside			Inside		Outside		
	#	%	#	%		\$	%	\$	%	
Total	80	57.97	58	42.03	138	1,915	14.72	11,093	85.28	13,008

*Source: Evaluation Period: 1/1/2015 - 12/31/2017 Bank Data
Due to rounding, totals may not equal 100.0*

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

The bank’s borrower distribution demonstrated reasonable penetration to small businesses in the AA. All 11 commercial loans made inside the AA were made to small businesses with revenues less than \$1 million. The percentage of loans originated by the bank to small businesses within the AA significantly exceeds the percentage of aggregate industry lending to small businesses, and falls within a reasonable range above the percentage of small businesses located within the bank’s AA.

The following tables detail the bank’s lending within its AA by number and dollar amount of loans to small businesses:

Assessment Area Distribution of Loans to Small Businesses by Gross Annual Revenues											2015-17	
Assessment Area:	Total Loans to Small Businesses				Businesses with Revenues <= 1MM			Businesses with Revenues > 1MM		Businesses with Revenues Not Available		
	#	\$	% of Total	Overall Market	% Businesses	% Bank Loans	Aggregate	% Businesses	% Bank Loans	% Businesses	% Bank Loans	
GN Bank AA	11	1,242	100.0	3,921	84.3	100.0	47.4	3.3	0.0	12.4	0.0	
Total	11	1,242	100.0	3,921	84.3	100.0	47.4	3.3	0.0	12.4	0.0	

*Source: 2017 D&B Data; 01/01/2015 - 12/31/2017 Bank Data; 2016 CRA Aggregate Data, "--" data not available.
Due to rounding, totals may not equal 100.0*

Borrower distribution based on consumer lending was not analyzed, as a majority of these loans were cash secured, and income information was not obtained by the bank. Only four of the consumer loans originated inside the AA had income information available. Three of the four loans were made to either low- or moderate-income borrowers; however, this small sample did not allow us to perform a meaningful analysis. We analyzed borrower distribution by loan size as a proxy for income or revenues of the borrower. The distribution of consumer loans shows 56 out of 69, or 81 percent, of all consumer loans originated within the AA were \$10,000 or less. Loan purposes varied from home improvement, paying bills, helping friends or family, etc. The small dollar amount and short-term nature of these loans supports the known demographics of the bank's AA given the large number of low-and moderate-income

families in the AA. Additionally this distribution reinforces the conclusion that the bank supports the credit needs within its AA.

Geographic Distribution of Loans

The geographic distribution of loans in the AA reflects reasonable dispersion throughout CTs of different income levels. Consumer lending in low-income CTs is reasonable as it falls within a reasonable range below the household percentage. Consumer lending in moderate-income CTs is excellent and significantly exceeds the percentage of households within moderate-income CTs. Small business lending in low-income CTs is reasonable as it falls within a reasonable range near the aggregate percentage of business loans and percentage of business loans within the low-income CTs of the AA. Small business lending in moderate-income CTs is excellent and significantly exceeds both the aggregate percentage of business loans and percentage of business loans within moderate-income CTs of the AA.

The following table details the bank’s geographic distribution of lending within its AA:

Assessment Area Distribution of Consumer Loans by Income Category of the Geography													2015-17	
Assessment Area:	Total Consumer Loans			Low-Income Tracts		Moderate-Income Tracts		Middle-Income Tracts		Upper-Income Tracts		Not Available-Income Tracts		
	#	\$	% of Total	% of Households	% Bank Loans	% of Households	% Bank Loans	% of Households	% Bank Loans	% of Households	% Bank Loans	% of Households	% Bank Loans	
GN Bank AA	69	673	100.0	43.9	26.1	36.4	59.4	14.6	13.0	4.5	0.0	0.6	1.5	

*Source: 2015 ACS Census; 01/01/2015 - 12/31/2017 Bank Data.
Due to rounding, totals may not equal 100.0*

Assessment Area Distribution of Loans to Small Businesses by Income Category of the Geography																			2015-17	
Assessment Area:	Total Loans to Small Businesses				Low-Income Tracts			Moderate-Income Tracts			Middle-Income Tracts			Upper-Income Tracts			Not Available-Income Tracts			
	#	\$	% of Total	Overall Market	% Businesses	% Bank Loans	Aggregate	% Businesses	% Bank Loans	Aggregate	% Businesses	% Bank Loans	Aggregate	% Businesses	% Bank Loans	Aggregate	% Businesses	% Bank Loans	Aggregate	
GN Bank AA	11	1,242	100	3,921	36.0	36.4	36.8	39.4	63.6	46.1	16.6	0.0	10.8	7.3	0.0	4.6	0.7	0.0	1.7	
Total	11	1,242	100	3,921	36.0	36.4	36.8	39.4	63.6	46.1	16.6	0.0	10.8	7.3	0.0	4.6	0.7	0.0	1.7	

*Source: 2017 D&B Data; 01/01/2015 - 12/31/2017 Bank Data; 2016 CRA Aggregate Data, "--" data not available.
Due to rounding, totals may not equal 100.0*

Responses to Complaints

GN Bank's response to complaints is appropriate.

Appendix A: Scope of Examination

The following table identifies the time period covered in this evaluation, affiliate activities that were reviewed, and loan products considered. The table also reflects the metropolitan and nonmetropolitan areas that received comprehensive examination review (designated by the term “full scope”) and those that received a less comprehensive review (designated by the term “limited scope”).

Time Period Reviewed	Lending Test : 01/01/2015 to 12/31/2017	
Financial Institution		Products Reviewed
GN Bank Chicago, IL		Consumer loans, small business loans
List of Assessment Areas and Type of Examination		
Assessment Area	Type of Exam	Other Information
Chicago-Naperville-Elgin IL-IN-WI MSA – GN Bank AA	Full scope	

Appendix B: Community Profiles for Full Scope Areas

GN Bank AA

Table A – Demographic Information of the Assessment Area						
Assessment Area: GN Bank AA						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	184	48.9	36.4	8.2	3.8	2.7
Population by Geography	469,018	47.4	40.7	7.4	3.1	1.4
Housing Units by Geography	229,175	49.0	38.6	7.9	2.8	1.8
Owner-Occupied Units by Geography	68,215	31.6	52.9	11.1	3.6	0.9
Occupied Rental Units by Geography	115,171	54.7	33.0	7.3	2.4	2.5
Vacant Units by Geography	45,789	60.4	31.4	4.7	2.4	1.1
Businesses by Geography	14,274	38.4	44.5	9.5	5.8	1.8
Farms by Geography	87	29.9	56.3	10.3	3.4	0.0
Family Distribution by Income Level	100,518	48.9	18.3	14.8	18.1	0.0
Household Distribution by Income Level	183,386	49.0	17.1	14.7	19.2	0.0
Median Family Income MSA - 16974 Chicago-Naperville-Arlington Heights, IL MD		\$75,350	Median Housing Value			\$151,503
			Median Gross Rent			\$860
			Families Below Poverty Level			26.8%

Source: 2010 U.S. Census & 2015 ACS Census and 2017 D&B Data
Due to rounding, totals may not equal 100.0
 (*) The NA category consists of geographies that have not been assigned an income classification.

GN Bank’s AA consists of a portion of Cook County located within the Chicago-Naperville-Arlington Heights, IL Metropolitan Division (Chicago MD) of the Chicago MSA. The AA consists of 184 contiguous CTs within Cook County. The area is comprised of 90 low-income tracts, 67 moderate-income tracts, 15 middle-income tracts, 7 upper-income tracts, and 5 with unknown income information. It includes CTs where the bank’s branches are located and the surrounding CTs that the bank can reasonably service. The AA meets the requirements of the regulation and does not arbitrarily exclude any low- or moderate-income CTs.

The unemployment rate in Cook County was 5.2 percent as of December 31, 2017, compared with the Illinois average of 5 percent. Based on 2010 census data, 26.8 percent of households within the AA live below the poverty level.

According to the Bureau of Labor Statistics, the Chicagoland area occupations, in order of most employment, were: office and administrative support; sales; food preparation and serving; transportation and material moving; management; and production occupations. Major employers include local school districts, local hospitals, healthcare facilities, city and county government, and retail and hospitality services. Competition in the AA is strong with several large and regional institutions such as JP Morgan Chase, BMO Harris, Bank of America, and Northern Trust.

Per the 2010 census, the total population of the AA was 469,018; the median family income was \$75,350; and there were 100,518 families. Of these families, 48.9 percent were low-income, 18.3 percent were moderate-income, 14.8 percent were middle-income, and 18.1 percent were upper-income.

The 2010 Census data shows there were 229,175 housing units within this AA. Of these, 30 percent were owner-occupied, 50 percent were rentals, and 20 percent were vacant. The median housing value in the AA was \$151,503.

During the evaluation period, community contacts were made to better understand the credit needs and economic conditions of the bank's AA. In general, it was noted the local economic condition of the bank's AA remains distressed from minimal investment and a need for more financial service branches. Lending needs in the bank's AA include small business and residential housing loans of less than \$100,000.