



SMALL BANK

Comptroller of the Currency
Administrator of National Banks

PUBLIC DISCLOSURE

December 23, 2002

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

**The First National Bank Of Grand Ridge
Charter Number 6684**

**105 West Main Street
Grand Ridge, IL 61325**

**Comptroller of the Currency
ADC-North Central Illinois & East Iowa
111 West Washington Street Suite 300
East Peoria, IL 61611**

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.

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INSTITUTION'S CRA RATING

This institution is rated “Satisfactory”.

- The bank’s record of lending to borrowers of different income levels, including low- and moderate-income individuals, is reasonable.
- The number and dollar volume of loans originated to small farms and small business within the Assessment Area satisfactorily demonstrate the bank’s commitment to the community.

DESCRIPTION OF INSTITUTION

- The First National Bank of Grand Ridge (FNB) is located in the Village of Grand Ridge, Illinois. Grand Ridge is located approximately 15 miles south of Interstate 80 between Ottawa and Streator, Illinois. The population is approximately 550. Surrounding real estate is principally farmland.
- The bank’s asset size is \$24 million.
- FNB has one facility in the Grand Ridge business district. It has no branches or ATMs.
- The bank is a subsidiary of G R Bancorp., a one-bank holding company. It has no affiliates.
- There has been no merger or acquisition activity that affected the scope of the bank's operations during the evaluation period.
- Other:
 - Loans represent 67% of total assets.
 - The bank has no foreign deposits.
 - The loan portfolio consists of the following types of loans, consistent with the bank’s strategy:

Residential Real Estate	32%
Commercial Credit	15%
Consumer Credit	10%
Commercial Real Estate	12%
Agricultural Production	15%
Farmland	16%
	100%

Source: Bank Call Report Data

- FNB offers a full range of services, including; commercial, agricultural and consumer loans, and deposit products, including all traditional products of a full-service bank. FNB also offers a Home Beautification Program during summer months for outside improvements at reduced interest rates. In the past 10 years, they have made \$192M in such loans, improving the village’s aging housing stock.
- There are no legal, financial or other factors impeding the bank's ability to help meet the credit needs in its Assessment Area (AA).
- The date of the last CRA examination was June 15, 1998 and its rating was “Satisfactory”.

DESCRIPTION OF GRAND RIDGE ASSESSMENT AREA

- The bank’s AA includes the following Block Numbering Areas (BNAs) in LaSalle County, Illinois

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

There are no low- or moderate-income BNAs in the AA.

- According to 1990 Census data, the population of the bank’s AA is 59,228. The 2001 non-Metropolitan Statistical Area (MSA) statewide median family income for Illinois is \$44,900. Potential borrowers earning less than 50 percent of the non-MSA statewide median family income are designated as low-income; those earning 51-80 percent are moderate-income; those earning 81-120 percent are middle-income and those earning more than 120 percent are upper-income. Within the AA, 17 percent of families are low-income; 16 percent are moderate income; 23 percent are middle-income, and 44 percent are upper-income.
- There are 23,872 housing units in the AA, of which 68 percent are owner-occupied, 26 percent are rentals and five percent 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 is low at four percent. Due to Grand Ridge’s proximity to Ottawa and Streator, there is significant competition from other financial institutions.
- The AA meets the requirements of the regulation.
- A community contact was made with a local business person during the examination. The contact indicated no unmet credit needs in the community.

CONCLUSIONS ABOUT PERFORMANCE CRITERIA

Loan-to-Deposit Ratio

- The loan-to-deposit ratio is reasonable, and meets the standard for satisfactory performance.
- FNB's loan-to-deposit ratio is 76 percent, which compares favorably to similarly situated banks in LaSalle County. The peer group's ratio ranges from 53 percent to 77 percent.
- Over the past six years, the bank's quarterly average loan-to-deposit ratio has ranged from 64 percent to 81 percent. The average from December 1996 to September 2002 is 73%.

Lending in Assessment Area

- A majority of the loans, by dollar volume and number, are to borrowers within the bank's AA. This meets the standard for satisfactory performance.

Table 1 - Lending in Grand Ridge Assessment Area										
Loan Type	Number of Loans					Dollars of Loans				
	Inside		Outside		Total	Inside		Outside		Total
	#	%	#	%		\$	%	\$	%	
Commercial	153	20%	17	10%	170	5,165,011	29%	1,148,583	17%	6,313,594
Ag Production	168	22%	76	43%	244	4,417,917	25%	2,559,261	38%	6,977,178
1-4 Family R/E	71	9%	11	6%	82	3,151,964	18%	1,045,460	15%	4,197,424
Consumer	337	44%	60	34%	397	2,252,974	13%	574,619	8%	2,827,593
Farm/Comm'l R/E	30	5%	15	7%	45	2,743,159	15%	1,490,222	22%	4,233,381
Totals	759	100%	179	100%	938	17,731,025	100%	6,818,145	100%	24,549,170

Source: Bank MIS.

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

- The bank's performance under this criterion meets the standard for satisfactory performance. In addition to providing real estate financing for low- and moderate-income individuals, the bank originates small dollar personal loans.
- Of 82 real estate-secured loans originated from 2000-2001, 37 percent were for less than \$25,000; 23 percent were between \$25-50,000; 29 percent were between \$50-100,000, and 11 percent were greater than \$100,000.

- To determine how the bank's lending relates to the income levels of families within the AA, we sampled 25 loans made in 2002.

Table 2 - Distribution of Residential Real Estate Loans in Grand Ridge Assessment Area								
Borrower Income Level	Low		Moderate		Middle		Upper	
Loan Type	% of Number	% of AA Families	% of Number	% of AA Families	% of Number	% of AA Families	% of Number	% of AA Families
First Mortgage	20%	17%	8%	16%	24%	23%	48%	44%

Source: Bank MIS, U.S. Census data.

We used loan size as a proxy to demonstrate the bank's effectiveness in meeting the credit needs of small businesses and small farms. FNB originates commercial and agricultural loans for working capital, equipment and inventory; FSA and other government guaranteed loans for agricultural production, and loans on commercial and farm real estate.

Table 2C - Distribution of Loans to Businesses by Loan Size in Grand Ridge Assessment Area				
Loan Size (000's)	Number of Loans	Percent of Number	Dollar Volume of Loans	Percent of Dollar Volume
\$0 - \$50,000	149	80%	2,436,016	30%
\$50,001 - \$100,000	18	10%	1,414,397	17%
\$100,001 - \$250,000	13	7%	2,167,000	27%
Over \$250,000	7	3%	2,119,197	26%
Total	187	100%	8,136,610	100%

Source: Bank MIS.

Table 2D - Distribution of Loans to Farms by Loan Size in Grand Ridge Assessment Area				
Loan Size (000's)	Number of Loans	Percent of Number	Dollar Volume of Loans	Percent of Dollar Volume
\$0 - \$50,000	212	79%	233,200	4%
\$50,001 - \$100,000	40	15%	2,894,013	50%
\$100,001 - \$250,000	16	6%	2,690,000	46%
Over \$250,000	0	0%	0	0%
Total	268	100%	5,817,313	100%

Source: Bank MIS

Geographic Distribution of Loans

- As the AA does not contain any low- or moderate-income BNAs, geographic distribution is not meaningful.

Responses to Complaints

- FNB has not received any complaints about its performance in helping to meet assessment area credit needs.

Fair Lending Review

Based on an analysis of available information was performed according to the OCC's risk based fair lending approach, the OCC decided that a comprehensive fair lending examination would not need to be conducted in connection with the CRA evaluation this year. The latest comprehensive fair lending exam was performed in 1998.

No violations of the substantive provisions of the anti-discrimination laws and regulations were identified.