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Comptroller of the Currency  
Administrator of National Banks

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## PUBLIC DISCLOSURE

June 24, 1996

### COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

First National Bank of Chicago Heights  
Charter Number 13373

101 Dixie Highway  
Chicago Heights, Illinois 60411

Office of the Comptroller of the Currency  
Chicago Southwest Duty Station  
7600 County Line Road, Suite 3  
Burr Ridge, Illinois 60517

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 Chicago Heights prepared by Office of the Comptroller of the Currency, the institution's supervisory agency, as of June 24, 1996. The evaluation covers the period from August 1994 through June 1996. However, primary emphasis is on activities occurring during calendar year 1995 through 1996. The agency rates the CRA performance of an institution consistent with the provisions set forth in Appendix A to 12 CFR Part 25. The institution's prior CRA rating was "Satisfactory" as detailed in the Performance Evaluation dated August 24, 1994.

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

The bank's average loan-to-deposit ratio over the past seven quarters (70%) is considered satisfactory. The majority of all loans originated by the bank are within its assessment area. The bank also makes loans to consumers and small businesses of all income levels.

The following table indicates the performance level of First National Bank of Chicago Heights with respect to each of the five performance criteria.

SMALL INSTITUTION ASSESSMENT CRITERIA	<u>FIRST NATIONAL BANK OF CHICAGO HEIGHTS</u> PERFORMANCE LEVELS		
	Exceeds Standards for Satisfactory Performance	Meets Standards for Satisfactory Performance	Does not meet Standards for Satisfactory Performance
Loan to Deposit Ratio		X	
Lending in Assessment Area		X	
Lending to Borrowers of Different Incomes and to Businesses of Different Sizes		X	
Geographic Distribution of Loans		X	
Response to Complaint	No complaints were received since the prior examination.		

## DESCRIPTION OF INSTITUTION

First National Bank of Chicago Heights (FNB) is located in Chicago Heights, Illinois, approximately 25 miles south of Chicago. The bank is a wholly-owned subsidiary of GreatBanc, Inc. a multi-bank holding company. FNB has 4 full service locations and 6 automated teller machines.

FNB's assets on March 31, 1996 totaled \$198 million. The bank's loan portfolio of \$121 million represents 62% of total assets. The loan portfolio composition is 21% residential mortgage, 51% commercial and 26% consumer. There are no financial or legal impediments that would impact the bank's ability to help meet the local credit needs of its assessment area.

The bank offers a wide range of lending products, including residential real estate, home improvement, home equity, consumer, and commercial loans. Commercial lending serves primarily the small business market. Furthermore, the bank offers products that target low-to-moderate income borrowers. The bank is an SBA lender and, in 1996, started offering FHA loans. Also, the bank offers a product called the "Great Start" loan, that helps those individuals with no credit history establish a record of credit performance. Additionally, the bank sold loans in the secondary market, totaling \$550,000 and \$925,000 for 1994 and 1995, respectively.

## DESCRIPTION OF ASSESSMENT AREA

The bank's assessment area includes 26 census tracts that comprise neighborhoods within Chicago Heights, South Chicago Heights, Ford Heights, Homewood, Olympia Fields, Park Forest, Steger, Sauk Village, and Glenwood Village. Of the 26 census tracts, 6 or 19% are in low-to-moderate income areas. The assessment area is located in Cook County which is part of the Chicago Metropolitan Statistical Area (MSA). The total population of the assessment area is approximately 113,000 and the median family income is \$54,100. The average age of the housing stock in the area is 36 years with a median housing value of \$63,850. FNB identified home purchase, home improvement, and small business loans as the primary community credit needs. The community contacts we interviewed confirmed these needs.

The overall trend in the local economy is down. The wages of 9% of the households are below the poverty level. Unemployment in the area is 4.5%. The area's industrial base includes such large employers as Chicago Heights Steel, Ford Motor, NIPON Steel, Calumet Steel, and ABC Rail. However, business development is limited. The potential development of an airport in Peotone may provide for long-term business growth in the future.

There are many financial institutions serving this market. According to the Home Mortgage Disclosure Act (HMDA) information as of year-end 1994 (the latest year for which information is available), there were a total of 281 financial institutions that originated loans in the bank's assessment area. Many of these institutions are mortgage companies, savings and loans, and finance companies.

## CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA :

- The bank's loan-to-deposit ratio is satisfactory.

The average loan-to-deposit ratio for the past seven quarters since the last examination is 70%. The March 31, 1996 loan-to-deposit ratio was 66% which exceeded the 52% to 64% ratios of two local similarly situated institutions.

- The bank conducts the majority of its lending within its assessment area.

We analyzed the bank's lending performance using a sample of 107 loans selected from the residential mortgage, consumer, and commercial loan portfolios. The residential mortgage sample consisted of all originations on the 1995 and 1996 HMDA-LAR (Loan Application Register). The consumer and commercial sample was taken from a new loan report obtained from the bank for the period from October 1995 through April 1996. The commercial sample focused on small business loans.

Based on our analysis, 60% of the total number of these loans and 57% of the total dollar volume of loans were made within the assessment area. Furthermore, 69% of the number of consumer loans and 70% of the number of small business loans were made within the assessment area. Management performed an analysis on all loans originated from 6/30/94 through 3/31/96, except for commercial leases and certain indirect loans, that generally are made outside of the assessment area. The analysis concluded that 61% of the number of the bank's loans were made within the assessment area, which is consistent with the results of our sample analysis.

- The bank originates loans to individual borrowers and businesses of all income levels within its assessment area.

58% of the number of mortgage and consumer loans in the assessment area are to individuals with incomes defined as low-to-moderate. This includes 30% for low income and 28% for moderate income. The number of loans to middle and upper income groups were 30% and 12%, respectively. Also, 86% of the small business loans within the assessment area were made to businesses with revenues less than \$1 million (See Exhibit A in the attached Appendix for details).

- The bank's geographic distribution of loans is satisfactory.

31% of the number of loans originated within the assessment area were to low-to-moderate income census tracts. This includes 6% for the low income geographies and 25% for the moderate income geographies (See Exhibit B in the attached Appendix for details). This level of lending in the low-to-moderate income areas is reasonable considering only 6 or 19% of the bank's census tracts are designated as low-to-moderate per the 1990 census. Management performed an analysis of the geography of its outstanding loans as of 3/31/96, excluding the commercial lease and indirect loan portfolios. Per their analysis, the distribution by census tract is 19% low-to-moderate, 35% middle and 46% high.

- The bank is in compliance with antidiscrimination laws and regulations.

No violations of the substantive provisions of the antidiscrimination laws and regulations were identified during this examination. We tested a sample of home improvement loans for discrimination during the underwriting process on the basis of race. No discrimination or disparate treatment was noted. The bank has adequate policies and procedures to ensure compliance with antidiscrimination laws.

## APPENDIX

## Exhibit A

### Analysis of Lending to Borrowers of Different Income Levels - Mortgage and Consumer Loans

Gross Income Levels:	# of Loans	% of Loans	\$ of Loans	% of Loans
Low	15	30%	\$ 118,357	11%
Moderate	14	28%	\$ 219,700	20%
Middle	15	30%	\$ 475,100	43%
Upper	6	12%	\$ 285,000	26%
Total	50	100%	\$ 1,098,157	100%

### Analysis of Lending to Small Businesses

	Gross Rev. Less than \$100M	Gross Rev. \$100-250M	Gross Rev. \$250M-1MM	Gross Rev. Over \$1MM	Total
# of Loans to Small Business	5	4	3	2	14
% of Total	36.0%	29.0%	21.0%	14.0%	100.0%
\$ Vol. of Loans to Small Business	\$113,628	\$124,000	\$177,610	\$64,000	\$479,238
% of Total	24.0%	26.0%	37.0%	13.0%	100.0%

Source: Mortgage Loans - 1995 and 1996 HMDA-LAR  
 Consumer and small business Loans - Sample from new loan report obtained from FNB for the period October 1995 through April 1996.  
 Analysis performed by the Comptroller of the Currency (OCC)

## Exhibit B

## Analysis of The Geographic Distribution of Loans

### NUMBER (#)

TYPE OF LOAN	# OF LOANS IN LOW- INC. GEO	# OF LOANS IN MOD-INC. GEO	# OF LOANS IN MID-INC. GEO	# OF LOANS IN UPPER-INC GEO	TOTAL
Mortgage Loans	2	10	21	8	41
Consumer Loans	0	1	5	3	9
Small Business Loans	2	5	5	2	14
Total # of Loans by Income Geography	4	16	31	13	64
As a % of total # of Loans	6.25%	25.00%	48.44%	20.31%	100.00%

### DOLLAR VOLUME (\$)

TYPE OF LOAN	\$ OF LOANS IN LOW-INC. GEO	\$ OF LOANS IN MOD-INC. GEO	\$ OF LOANS IN MID-INC. GEO	\$ OF LOANS IN UPPER-INC. GEO	TOTAL
Mortgage Loans	\$ 7,000	\$117,000	\$550,000	\$370,000	\$1,044,000
Consumer Loans	\$ 0	\$ 7,100	\$ 29,357	\$ 17,700	\$ 54,157
Small Business Loans	\$ 32,610	\$236,500	\$147,128	\$ 63,000	\$ 479,238
Total \$ Volume of Loans by Inc. Geo.	\$ 39,610	\$360,600	\$726,485	\$450,700	\$1,577,395
As a % of Total \$ Volume	2.51%	22.86%	46.06%	28.57%	100.0%

Source: Mortgage Loans - 1995 and 1996 HMDA-LAR

Consumer and small business Loans - Sample from new loan report obtained from FNB for the period October 1995 through April 1996.

Analysis performed by the Comptroller of the Currency (OCC)