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Comptroller of the Currency  
Administrator of National Banks

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## **PUBLIC DISCLOSURE**

**February 27, 1997**

# **COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION**

**First National Bank of Blue Island  
Charter #12779**

**13057 S. Western Avenue  
Blue Island, Illinois 60406**

**Office of the Comptroller of the Currency  
Chicago - South Duty Station  
7600 County Line Road, Suite 3  
Burr Ridge, Illinois 60521**

**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 **The First National Bank of Blue Island** prepared by **The Office of the Comptroller of the Currency**, the institution's supervisory agency, as of **February 27, 1997**. The agency rates the CRA performance of an institution consistent with the provisions set forth in Appendix A to 12 CFR Part 25. This evaluation covers the period from March 16, 1995 through February 27, 1997.*

**INSTITUTION'S CRA RATING:** This institution is rated **Outstanding**.

The bank's geographic distribution of loans shows good penetration in the moderate-income census tracts (53% of total residential loans made in 1995 & 1996) in their community. Lending to borrowers of different income levels is strong with the bank making 48% of its residential loans for 1995 and 1996 to low- or moderate-income individuals. Additionally, lending to businesses and farms shows a large number (24 for \$1,500,000) of these loans are to businesses with gross revenues less than \$1 million.

The following table indicates the performance level of *The First National Bank of Blue Island* with respect to each of the five performance criteria.

SMALL INSTITUTION ASSESSMENT CRITERIA	FIRST NATIONAL BANK OF BLUE ISLAND 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 Complaints	No complaints were received since the prior examination.		

## **DESCRIPTION OF INSTITUTION**

The First National Bank of Blue Island (FNB-BI) is a \$229 million financial institution in Blue Island, Illinois. FNB-BI operates 3 offices. The main office and a motor bank are in downtown Blue Island. The third location borders Alsip and Oak Lawn. Each of these locations has an ATM. FNB-BI also operates a subsidiary mortgage company, G.L. Mortgage Corp., in Alsip, Illinois. FNB-BI's loan mix as of December 31, 1996 is as follows: Commercial and Industrial 32%, Commercial Real Estate 30%, Residential Real Estate 18%, Consumer 11%, Construction 5%, and the remainder in other loan types.

The bank is 100% owned by Great Lakes Financial Resources, Inc. (GLFR). The holding company has total assets of \$542 million on December 31, 1996. GLFR is located in Matteson, Illinois and also owns 2 state-chartered financial institutions.

There are no legal or financial impediments to the bank meeting the credit needs of its community. At our March 16, 1995 review, we rated FNB-BI's performance "Outstanding record of meeting community credit needs."

## **DESCRIPTION OF ASSESSMENT AREA**

FNB-BI's assessment area is comprised of 80 census tracts within Cook County in the Chicago Metropolitan Statistical Area (MSA #1600). Generally, the area is bordered by 159th Street to the South, LaGrange Road to the West, 79th Street to the North, and the Illinois Central Gulf Railroad to the East. The area includes 11 tracts in the City of Chicago with the remaining tracts bordering the city to the South and Southwest. Communities included in this area include Alsip, Blue Island, Bridgeview, Burbank, Calumet Park, Chicago Ridge, Crestwood, Dixmoor, Harvey, Hickory Hills, Markham, Midlothian, Oak Forest, Oak Lawn, Orland Park, Palos Heights, Palos Hills, Palos Park, Posen, Riverdale, Robbins, and Worth. Based on the 1990 census median family income of \$42,758, there are 2 (2%) low-income, 11 (14%) moderate-income, 54 (68%) middle-income, and 13 (16%) upper-income census tracts in this assessment area.

The population of the assessment area is 396,832 persons. Sixteen percent (16%) of the families are low-income, 18% are moderate-income, 28% are middle-income, and 38% are upper-income. The 1996 HUD adjusted median family income for MSA #1600 was \$54,100.

Major employers include A & R Security, Parco Foods, Clark Oil, St. Francis Hospital, Modern Drop Forge, and American Licorice. Unemployment for Cook County for

December 1996 was 5.0%. This compares to the State of Illinois rate of 4.9% for the same time period. The local economy is considered stable. No major businesses have moved into or out of the area. Existing businesses have expanded to contribute to the stable economy.

Competition in the financial services industry in this assessment area is very intense. There are approximately 80 financial institutions represented in the bank's geographic assessment area.

We did not make any community contacts during this examination. Major credit needs identified by the bank include new residential and small business construction, business expansion, and home improvement.

## **CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA :**

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

FNB-BI's loan-to-deposit ratio is considered acceptable. The average ratio for the past eight quarters is 59%. This ratio is in line with similarly sized institutions in the local area. For banks with total assets between \$100,000 and \$500,000 located in the bank's assessment area, loan-to-deposit ratios range from 39% to 93%. However, of the 17 banks in this group, 7 have ratios below 55%, 5 are between 55% and 65%, and 5 are above 65%.

A couple factors which contribute to the somewhat lower loan-to-deposit ratio include:

- o FNB-BI has a large volume of small dollar amount consumer loans. During 1996, FNB-BI made 96 loans for \$3,500 or less.
- o FNB-BI sells its home purchase and refinance loans on the secondary market through its subsidiary mortgage company. During 1995 and 1996, FNB-BI sold \$7,204,000 loans into the secondary market.

### Lending in Assessment Area

The level of lending in the assessment area is satisfactory. During 1996, 45 (75%) of the 61 Home Mortgage Disclosure Act (HMDA) reportable loans made by the bank were within its assessment area. Based on the bank's internal geographic analysis, 63% of the number of loans and 47% of the total dollars of loans were extended within its assessment area. The bank's analysis included all loans outstanding for its entire loan portfolio on June 30, 1996.

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

FNB-BI makes a substantial majority of its loans to borrowers with low incomes and to small businesses. Since FNB-BI refers a significant number of its HMDA loans to its subsidiary mortgage company, total lending in the assessment area by G.L. Mortgage Corp. is included in the bank's performance. Table #1 shows lending levels by type of loan within each income level. Twenty-four percent (24%) of the number and 6% of the dollars are to low-income borrowers, 24% of the number and 22% of the dollars are to moderate-income borrowers, 34% of the number and 40% of the dollars are to middle-income borrowers, and 28% of the number and 32% of the dollars are to upper-income borrowers.

Table #1 FNB-BI and G.L. Mortgage Corp. - Combined  
Distribution of HMDA Loans for 1996 & 1995  
Lending to Borrowers of Different Income Levels

Income Level of Borrower	Home Purchase		Home Improvement		Refinance		Total	
	#	\$	#	\$	#	\$	#	\$
Low-income	17	209	12	106	2	92	31	407
Moderate-income	16	781	8	93	7	550	31	1,424
Middle-income	14	990	13	190	17	1,379	44	2,559
Upper-income	8	538	6	127	10	1,430	24	2,095
<b>Total</b>	<b>55</b>	<b>2,518</b>	<b>39</b>	<b>516</b>	<b>36</b>	<b>3,451</b>	<b>130</b>	<b>6,485</b>

Source: FNB-BI and G.L. Mortgage Corp. HMDA-LAR's for 1996 & 1995

Note: All dollar amounts are in 000's.

FNB-BI is an active lender to small businesses. From February 1995 through December 1996, they made 32 Small Business Administration loans totaling \$3,250,000. Table #2 below shows the breakdown by loan amount for commercial loans made by FNB-BI during 1995 and 1996. The bank extended numerous small dollar business loans during 1995 and 1996. One hundred eighty-two (71%) of the 255 commercial loans were for \$100,000 or less. The table below includes 24 loans totaling \$1,500,000 to companies with annual sales under \$1,000,000.

Table #2 Commercial Lending for FNB-BI for 1996 and 1995

Loan Amount	1996		1995	
	#	%	#	%
\$0 to \$100,000	101	76	81	66
\$100,001 to \$250,000	15	11	19	16
\$250,001 to \$1,000,000	10	8	20	16
<b>Sub-total</b>	126	95	120	98
\$1,000,001 and over	6	5	3	2
<b>Total Commercial Loans</b>	132	100	123	100

Source: Bank's New Loan Reports

Note: All dollar amounts are in 000's.

### **Geographic Distribution of Loans**

The distribution of FNB-BI's loans shows good penetration throughout their assessment area. Again, due to the affiliate relationship, total lending in the assessment area by G.L. Mortgage Corp. is included in the bank's performance. For 1995 and 1996 MDA reportable loans grouped by income level of the census tract, 53% of the number and 36% of the dollars are to moderate-income, 42% of the number and 50% of the dollars are to middle-income, and 5% of the number and 14% of the dollars are to upper-income tracts. There were no loans made in either of the 2 low-income census tracts; however, due to the low number of housing units and the high level of rental units, there is limited opportunity for the bank to make MDA reportable loans in these tracts. Table #3 provides additional details by type of loan.

Table #3 FNB-BI and G.L. Mortgage Corp. - Combined  
 Distribution of MDA loans for 1996 & 1995  
 Geographic Distribution among Census Tracts

Income Level of Census Tract	Home Purchase		Home Improvement		Refinance		Total	
	#	\$	#	\$	#	\$	#	\$
Low-income	0	0	0	0	0	0	0	0
Moderate-income	38	1,098	16	217	15	1,022	69	2,337
Middle-income	16	1,252	19	206	20	1,799	55	3,257
Upper-income	1	168	4	93	1	630	6	891
<b>Total</b>	<b>55</b>	<b>2,518</b>	<b>39</b>	<b>516</b>	<b>36</b>	<b>3,451</b>	<b>130</b>	<b>6,485</b>

Source: FNB-BI and G.L. Mortgage Corp. HMDA-LAR's for 1996 & 1995

Note: All dollar amounts are in 000's.

**Anti-Discrimination**

The bank is in substantial compliance with the provisions of the anti-discrimination laws and regulations. During our review, we analyzed FNB-BI's compliance with these regulations by reviewing the bank's policies and procedures, and testing the loan terms extended to customers of different prohibited bases groups.