



PUBLIC DISCLOSURE

August 18, 1998

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

**Granville National Bank
Charter Number 14035
328 South McCoy Street
Granville, IL 61326**

**Office of the Comptroller of the Currency
440 South LaSalle Street, Suite 2700
Chicago, Illinois 60605**

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 **Granville National Bank (GNB)** prepared by the **Office of the Comptroller of the Currency**, the institution's supervisory agency, as of **August 18, 1998**. This evaluation is based on information from the last CRA examination dated July 13, 1995 to the current examination dated August 18, 1998. The agency rates the CRA performance of an institution consistent with the provisions set forth in Appendix A to 12 CFR Part 25.*

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

A majority of GNB's loan originations are located within the bank's assessment area. The bank's record of lending to borrowers of different income levels, including low- and moderate-income individuals, is reasonable. GNB's record of lending to small farms and small businesses within its assessment area is good.

DESCRIPTION OF INSTITUTION

GNB is a \$35 million bank in Granville located twelve miles southwest of LaSalle-Peru, Illinois, in Putnam County. GNB has one office in downtown Granville, a middle-income area, with a drive-up at this location. The bank's one cash dispensing Automated Teller Machine (ATM) is also located in a middle-income area.

GNB is wholly-owned by Granville Bancshares, Inc., a three bank holding company. The bank offers traditional banking services and lending products. The loan portfolio mix is as follows: residential real estate 35%, commercial 31%, agricultural 18%, and instalment 16%.

There are no financial conditions, legal constraints, or other factors that hinder the bank's ability to help meet the credit needs of its assessment area (AA). A "Satisfactory" rating was received during the July 13, 1995, CRA examination.

DESCRIPTION OF ASSESSMENT AREA:

The bank's AA is comprised of the two block numbering areas (BNAs) 9545 and 9546 in Putnam County, Illinois. Both BNAs are middle-income BNAs. There are no low-, moderate, or upper-income BNAs in the AA.

According to 1990 census data, the total population of the bank's AA is 5,730. The 1997 non-Metropolitan Statistical Area (MSA) statewide median family income for Illinois is \$39,500. Potential borrowers earning less than 50% of the non-MSA statewide median family income are designated as low-income, while those earning 50% - 80%, 80% - 120%, and more than 120% are designated as moderate-, middle-, and upper-income, respectively. Within the AA, 12% of the families are low-income, 17% are moderate-income, 26% are middle-income, and 45% are upper-income.

There are 2,600 housing units in the AA, of which are 65% owner-occupied, 19% are rental-occupied, and 15% are vacant. The median age of homes in the AA is 37 years, while the median housing price is \$49,646.

Economic conditions in the AA are good. The economic climate is primarily dependent upon manufacturing and agriculture. Major employers include LTV Steel, Mennie Machine Company, Anderson Microfilm, and the school district. The unemployment rate for the AA is low at 3%.

The moderate number of banks and thrift institutions provide a high level of competition in the financial services market. Three similarly situated institutions within the AA were identified based on asset size and/or business focus.

A community contact was made with one local Realtor in Granville during the examination. The contact indicated local financial institutions are responsive to community credit needs and there are no significant unmet credit needs in the community.

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA:

LOAN-TO-DEPOSIT RATIO

The bank's loan-to-deposit ratio exceeds the standards for satisfactory performance. The average loan-to-deposit ratio for the eleven quarters ending March 31, 1998 equals 62.95% compared to 57.71% for local similarly situated banks. During these eleven quarters, GNB's loan-to-deposit ratio has increased from 58.85% on September 30, 1995 to 67.91% on March 31, 1998.

LENDING IN ASSESSMENT AREA

The bank's record of lending within the AA is reasonable and meets the standards for satisfactory performance. The following table details the bank's lending within and outside of the AA by dollar volume and number of loan originations between January 1, 1996 and August 5, 1998 (evaluation period).

LOAN TYPE	DOLLAR VOLUME		NUMBER OF LOANS	
	WITHIN AA	OUTSIDE AA	WITHIN AA	OUTSIDE AA
Residential Real Estate	\$4,496,250	\$728,536	76	12
	86%	14%	86%	14%
Business	\$3,774,704	\$1,038,240	115	34
	78%	22%	77%	23%
Agricultural	\$2,126,035	\$671,831	64	27
	76%	24%	70%	30%
Consumer Instalment	\$2,752,240	\$1,042,592	307	107
	73%	27%	74%	26%
TOTAL SAMPLE	\$13,149,229	\$3,481,199	562	180
	79%	21%	76%	24%

Source: Bank Records (1/1/96 to 8/5/98)

LENDING TO BORROWERS OF DIFFERENT INCOMES AND TO BUSINESSES OF DIFFERENT SIZES

The distribution of residential real estate lending reflects adequate penetration among individuals of different income levels including low- and moderate-income individuals. Based on a sample of 96% of the residential real estate loans originated within the AA during the evaluation period, 22% were originated to low- and moderate-income borrowers.

GNB accommodates low- and moderate-income individuals by granting small dollar personal and real estate loans. Eleven percent of the real estate loans originated for less than \$25,000, 34% originated for \$25,000 to \$49,999, 45% originated for \$50,000 to \$99,999, and 10% originated for \$100,000 or more in the AA.

The following table summarizes the bank’s distribution of loan originations among borrowers of different income levels:

**RESIDENTIAL REAL ESTATE LENDING
TO BORROWERS OF DIFFERENT INCOME LEVELS**

INCOME LEVEL OF BORROWER	\$ VOLUME ORIGINATED	% ORIGINATED	# ORIGINATED	% ORIGINATED
Low-income	\$0	0%	0	0%
Moderate-income	\$645,230	15%	15	21%
Middle-income	\$1,419,512	33%	25	34%
Upper-income	\$2,218,508	52%	33	45%
TOTAL SAMPLE	\$4,283,250	100%	73	100%

Source: Bank Records (1/1/96 to 8/5/98)

Using loan size as a proxy for business and farm revenues, the bank’s record of lending to small businesses and farms is good. As detailed in the following table, a substantial portion of the loans originated during the evaluation period to small businesses and farms originated for less than \$50,000.

**DISTRIBUTION OF SMALL BUSINESS AND AG LOAN SAMPLE
BY LOAN SIZE**

LOAN SIZE (\$)	BUSINESS LOANS		FARM LOANS	
	#	%	#	%
<\$50,000	90	78%	50	78%
\$50,000 - \$99,999	18	16%	8	13%
\$100,000 - \$249,999	6	5%	6	9%
\$250,000 - \$999,999	1	1%	0	0%
>\$1,000,000	0	0%	0	0%
TOTAL SAMPLE	115	100%	64	100%

Source: Bank Records.

GEOGRAPHIC DISTRIBUTION OF LOANS

We did not analyze the geographic distribution of loans since none of the BNAs making up the bank’s assessment area are designated as low- or moderate-income areas.

RESPONSE TO COMPLAINTS

The bank has not received any complaints since the prior examination relative to its performance under the CRA.

COMPLIANCE WITH ANTIDISCRIMINATION LAWS

We did not identify violations of any substantive provisions of the antidiscrimination laws and regulations during our examination.

INVESTMENTS AND SERVICES

GNB has committed to invest \$50,000 in the Upper Illinois River Valley Community Development Corporation (CDC). This CDC was formed to support job retention and job creation in Putnam, LaSalle, Grundy, Marshall, and Bureau counties in Illinois. The focus of the CDC is on small to medium size firms who require capital for modernization, physical rehabilitation for their structures, or cash flow to make them more economically viable.