



Comptroller of the Currency
Administrator of National Banks

SMALL BANK

PUBLIC DISCLOSURE

January 4, 1999

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

**Downers Grove National Bank
Charter Number 14748**

**5140 Main Street
Downers Grove, Illinois 60515**

**Office of the Comptroller of the Currency
Chicago-South Field Office
7600 County Line Road, Unit 3
Burr Ridge, Illinois 60521-6962**

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 **Downers Grove National Bank** prepared by the **Office of the Comptroller of the Currency**, the institution's supervisory agency, as of **January 4, 1999**. The agency rates the CRA performance of an institution consistent with the provisions set forth in Appendix A of 12 CFR Part 25.*

INSTITUTION'S CRA RATING: This institution is rated “**Satisfactory Record of Meeting Community Credit Needs**” based on the following:

- < A majority of the bank's loans are originated inside the assessment area.
- < The distribution of loans reflects reasonable penetration among individuals of different incomes and businesses of various sizes.
- < A majority of the bank's commercial loans are to businesses with revenues of less than \$1 million.
- < The bank's average loan-to-deposit ratio at 73% is reasonable.

DESCRIPTION OF INSTITUTION

Downers Grove National Bank (DGNB) is a wholly-owned subsidiary of DG Bancorp, Inc., a one bank holding company. DGNB is located approximately 25 miles west of the city of Chicago in the village of Downers Grove. The bank has three offices with drive-up facilities. The offices on Main Street, Downers Grove and on Fairview Avenue, Westmont provide full banking services. The branch on Forest Avenue in Downers Grove is limited to a deposit taking facility. The bank also operates five automated teller machines (ATM).

DGNB at September 30, 1998 had total assets of \$167 million. Gross loans are approximately 64% of the bank's total assets. The loan portfolio is comprised of real estate (71%), commercial (19%), consumer (9%), and other loans (1%).

The bank offers a wide variety of loan products including conventional fixed rate and adjustable rate real estate mortgages, home improvement, home equity, consumer and commercial loans. There are no financial or legal impediments to prevent DGNB from helping to meet the credit needs in its assessment area. The last public evaluation was as of August 22, 1996. DGNB received a **“Satisfactory”** rating.

DESCRIPTION OF ASSESSMENT AREA

The bank's assessment area (AA) consists of the entire county of DuPage which is part of the Chicago Metropolitan Statistical area (MSA 1600). There are 114 census tracts in the AA. All are middle and upper-income tracts; however, low and moderate-income families comprise 7% and 13% of the families in the AA, respectively. There are 207,497 families in the AA (based on 1990 US Census data), with a median family income of \$55,800. Total population of the AA is 771,117.

The local economy is good. Employment is divided among manufacturing (25%) and non-manufacturing (75%), which includes businesses of all varieties- retail, office, hospitality and leisure entertainment. The unemployment rate is 2.1% versus the national rate of 4.4%. Some of the major employers in the area are Good Samaritan Hospital, Spiegel, Inc., Pepperidge Farm, Service Master, and Swift-Eckrich, Inc.

Competition within the AA is strong. According to 1997 Home Mortgage Disclosure Act (HMDA) information, 607 financial institutions originated real estate mortgages in the bank's AA. Many of these institutions are larger regional and money center banks with revenues in excess of \$1 billion. Recent mergers have resulted in even larger banks. Since the last CRA examination, at least two other bank's of similar size to DGNB opened an office in the AA.

We considered comments from the community in assessing the bank's CRA performance. Our contacts included an official from the local Chamber of Commerce and the Downers Grove Economic Development Commission. They identified the community's credit needs as low interest loans for sma business expansion and mortgage financing. They also indicated that DGNB is doing an excellent job meeting those needs.

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA:

Lending Within Your Assessment Area

< A majority of DGNB’s lending is within its assessment area.

We assessed the bank’s lending performance through a review of residential mortgage and commercial loans. Home Mortgage Disclosure Act (HMDA) loan information for 1997 and 1998 was used to analyze residential mortgage activity. Commercial loan activity was analyzed using a sample of 42 loans randomly selected from bank-supplied new commercial loan reports for the period 1997 and 1998.

As the Table 1 indicates, the percentage of mortgage loans originated within the AA was 81% by number and by dollar volume. There were a total of 85 eligible HMDA loans. Also, based on 1997 HMDA information, DGNB ranked 184 (0.07% market share) out of 607 lenders who originated or purchased mortgage loans in the AA. This level of lending is reasonable given DGNB’s size and strong competition in the AA. In addition, 71% of the number of loans and 75% of the dollar volume of commercial loans were originated within the AA.

Of the 127 loans reviewed, 78% of the number and 79% of the dollar volume of loans are within the bank’s AA.

Table 1: Analysis of Lending Within the AA

LOAN TYPE (\$ in 000's)	Loans			
	#	% of loans in AA	\$	% of loans in AA
Mortgage	69	81	9,070	81
Commercial	30	71	6,214	75
Total in AA	99	78	15,284	79
Total Loans Reviewed	127	-	19,234	-

Source: HMDA Loan information for the period 1997-1998, bank-supplied commercial loan reports for the period 1997 and 1998.

Lending to Borrowers of Different Incomes and Businesses of Different Sizes

< The bank has a satisfactory record of lending to borrowers of different incomes and businesses of different sizes.

Table two below details DGNB’s distribution of loans to individuals by borrower income level. Ten percent (10%) of mortgage loans were to borrowers with low-income and 17% were to borrowers with moderate-income. This level of lending to borrowers of different incomes is reasonable considering that 7% of the families living within the AA have low-income and 13% have moderate-income. In addition, there are no low or moderate-income census tracts in the bank’s AA.

Table 2: HMDA Loans to Borrowers of Different Income Levels

Income Levels (\$ in 000s)	Loans			
	#	%	\$	%
Low	7	10	227	3
Moderate	12	17	640	7
Middle	18	26	1,216	13
Upper	32	47	6,987	77
Total	69	100	9,070	100

Source: All HMDA reportable loans originated within the AA for the years 1997-1998.

DGNB also has a reasonable record of making loans to businesses of different sizes. Table three below reflects that 26% of the number of loans are to businesses with revenues below \$250,000 and 59% are to businesses with revenues below \$1 million.

Table 3: Loans to Businesses of Different Sizes

Gross Revenue Levels	Loans within the AA			
	#	% of Total	\$(000)	% of Total
Less than \$100,000	4	13	356	6
\$100,000 -\$249,999	4	13	1,608	26
\$250,000 -\$999,999	10	33	1,097	18
\$1,000,000 and over	12	41	3,153	50
Total	30	100	6,214	100

Source: Bank loan trials

Note: Analysis is based on a sample of 42 commercial loans originated for the years 1997-1998.

Loan-to-Deposit Ratio

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

DGNB's average loan-to-deposit ratio is 73%. This ratio was calculated by taking the average of the last ten quarter-end figures. This ratio is reasonable, especially considering there are many competing financial institutions serving the AA. The bank's loan-to-deposit ratio of 73.6% as of September 30, 1998 compares favorably with two other local financial institutions of similar asset size, which have loan-to-deposit ratios of 61.4% and 65.2%, respectively.

Geographic Distribution of Loans

< The geographic distribution of loans is not meaningful since there are no low or moderate-income census tracts in the bank's AA.

Consumer Complaints and Fair Lending Laws

< DGNB has not received any consumer complaints related to CRA since the last examination.

< DGNB is in compliance with the substantive provisions of the fair lending laws.