



Comptroller of the Currency
Administrator of National Banks

Large Bank

Central District Office
One Financial Place, Suite 2700
440 South LaSalle Street
Chicago, Illinois

Public Disclosure

April 20, 1998

Community Reinvestment Act Performance Evaluation

**FIRST NATIONAL BANK OF JOLIET
Charter No. 13705**

**78 North Chicago Street
Joliet, Illinois 60431**

**Office of the Comptroller of the Currency
One Financial Place, Suite 2700
440 S. LaSalle Street
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.

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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 CRA performance of **First National Bank of Joliet (FNB)** prepared by **The Office of the Comptroller of the Currency**, the institution's supervisory agency, as of **April 20, 1998**. The agency evaluates performance in assessment area(s), as they are delineated by the institution, rather than individual branches. This assessment area evaluation may include the visits to some, but not necessarily all of the institution's branches. 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 record of meeting community credit needs**".

The following chart indicates the performance level of **First National Bank of Joliet** with respect to the lending, investment, and service tests.

Performance Levels	First National Bank of Joliet Performance Tests		
	Lending Test*	Investment Test	Service Test
Outstanding			
High satisfactory	X		X
Low satisfactory		X	
Needs to improve			
Substantial noncompliance			

* Note: The lending test is weighted more heavily than the investment and service tests when arriving at an overall rating.

Description of Institution

FNB is a wholly owned subsidiary of First National Bancorp, Incorporated (FNBI), an \$861 million multi-bank holding company, at December 31, 1997. FNBI was the parent corporation of three additional banks. They included: Bank of Lockport, Lockport, Illinois; Community Bank of Plano, Plano, Illinois; and Southwest Suburban Bank, Bolingbrook, Illinois. However, on March 16, 1998 FNBI merged the three affiliate banks into FNB.

FNBI was originated on September 30, 1986 with the merger of FNB. While the principal location of FNBI and FNB is Joliet, Illinois, expansion has occurred through the acquisition of the three locations discussed above from 1989 thru 1994. Four new branch offices have been opened in the past three years. These acquisitions and branch openings are reflective of management's strategic plan to expand in areas where the Company either already has market penetration or where the new market borders the present customer area.

FNB's head office has been located on the east side of Joliet since it was first chartered in 1857. FNB also has four additional offices located in Joliet and five located in the towns of Minooka, Shorewood, Channahon and Romeoville. Two of these branches were opened since our last examination in 1996.

Branch locations are supplemented by 23 automatic teller machines (ATMs). Seventeen ATMs are detached with a Spanish language option. Other alternative delivery systems include automated telephone banking in which customers can access loan and deposit information 24 hours a day.

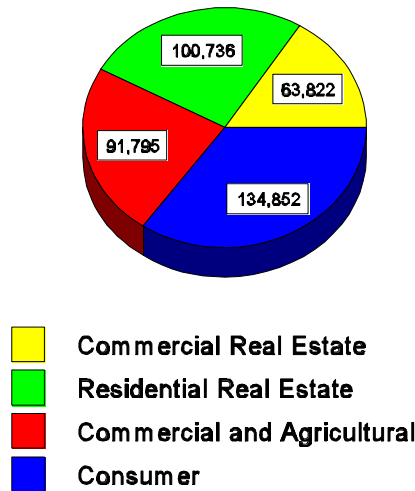
FNB provides a full range of retail and commercial bank products as well as trust services. However, the bank's lending efforts are fairly diverse between consumer, commercial and residential real estate lending. All products are uniformly offered at each branch location

This evaluation considered the bank's performance since the last examination, dated May 16, 1994, at which the bank received an Outstanding rating. For comparative purposes, the current evaluation reflects lending performance from January 1, 1996 thru December 31, 1997. The three recently merged institutions mentioned above were not subject to the data collection requirements for large banks prior to the merger. Therefore, the activities for these banks are not considered in our analyses.

There are no current impediments which would hamper FNB's ability to meet the credit needs of its communities. On December 31, 1997, FNB had total assets of \$634 million, net income of \$8.3 million and a loan-to-deposit ratio of 74%. Loans represent 62% of total assets. Commercial lending represents 39%, consumer lending represents 35% and residential real estate represents 26% of gross loans. **Figure I** displays the distribution of the loan portfolio at December 31, 1997:

Loan Portfolio Distribution

Figure I (000's)



DESCRIPTION OF ASSESSMENT AREA

The assessment area is comprised of the entire political subdivision of Will County, which is a portion of the Chicago Metropolitan Statistical Area (MSA 1600). It also includes adjacent portions (4 geographies) of Grundy and Kendall counties due to their close proximity to branch locations. The assessment area represents 51 geographies. This assessment area includes geographies where the bank has a branch and where a substantial portion of the bank's loans have been originated.

Per 1990 census data, **Table 1** displays significant demographic information regarding FNB's assessment area:

Table 1 Overall Demographic Information						
Demographic Characteristics	#	% of State	Low % of #	Moderate % of #	Middle % of #	Upper % of #
Population	228,414	2%	4%	13%	69%	14%
Households	77,050	2%	11%	16%	67%	6%
Households Below Poverty Level	5,973	1%	18%	24%	53%	5%
Census Tracts	51	2%	6%	14%	65%	15%
Owner Occupied Housing	57,228	2%	2%	9%	74%	15%
Small Businesses	7,439	2%	7%	6%	69%	18%
Small Farms	215	3%	1%	5%	74%	20%

Note: The demographic information presented in this table is based on census tracts. The number of households below the poverty level for each income level is as a percentage of the total number of households.

The 1990 U.S. Census reflects that the assessment area consists of 81,316 housing units. Seventy percent of these units are owner occupied, 24% are rental and 6% are vacant housing units. The median housing value is \$77,312. The median year built of housing in the assessment area is 1960.

There are 59,406 families within the bank's assessment area. The number of families located in FNB's assessment area represents 2% of the State of Illinois family base. Seventeen percent of the families are low-income, 19% are moderate-income, 29% are middle-income, and 35% are upper-income. The median family income for the assessment area is \$59,500.

The assessment area is primarily suburban. This area is stable and is experiencing significant population growth. Between 1985 - 1996, there has been a fairly significant increase in the number of people working in Will County. The *Regional Economic Information System, Bureau of Economic Analysis, U.S. Department of Commerce* reports that there has been an increase of 51,167 persons (48%) working in this area. The population reflects an increase of 196,644 persons (79%). As of April of 1998, the unemployment rate for the area was in line with the national average, at 4.1%.

Similarly Situated Banks

FNB's principal business activities are highly competitive. The bank competes actively with other financial service providers offering a wide array of financial products and services. Competitors include other national and state banks, savings banks, savings and loans associations, finance companies and insurance companies.

The only similarly situated bank for the assessment area is New Lenox State Bank, Plainfield, Illinois. This similarly situated bank is independently owned, ranges from \$400 million to \$800 million in assets, serves a similar market area, and has a diversified loan portfolio. FNB also considers First Midwest Bank and FNB of Chicago as major competitors, although the competition differs based on the different products and services offered.

Credit Needs

Significant credit needs include affordable housing, consumer and small business loans. Job creation and child care were also identified as needs. These needs were identified through several community contacts with housing, economic and government representatives contacted by banking regulatory agencies in the past 24 months. We performed one independent contact during this examination which confirmed these credit needs.

Conclusions with Respect to Overall Performance Tests

LENDING TEST

The lending test is the most influential consideration in evaluating the bank's CRA performance. Consideration is given to the bank's origination of credit within its assessment area; the extension of credit to low- and moderate-income areas within the assessment area; the level of credit provided to low- and moderate-income borrowers and small businesses and farms, and credit provided for community development. Overall, our review found that FNB's lending activity demonstrates:

- excellent responsiveness to credit needs in its assessment area;
- a good level of loans to low- and moderate-income geographies within the assessment area;
- a substantial majority of loans made within the assessment area;
- a good distribution of loans among borrowers of different income levels;
- good use of innovative and/or flexible credit products; and
- leadership in making community development lending.

Performance Criteria:

Lending Activity

FNB's lending volume is good. As of December 31, 1997, the loan-to-deposit ratio was higher than peer banks, at 74%. Peer banks averaged 69% and include all banks within Will County with total assets between \$300 million to \$1 billion. Only three banks fit into this custom peer group.

FNB originates a wide variety of loans. As reflected in **Figure 1**, the loan portfolio is fairly evenly distributed between commercial, residential and consumer. Significant loan growth of 10% was achieved within these lending categories in 1997. The most significant growth was experienced within the commercial loan portfolio. Contributing to the growth is active business development within the commercial and consumer departments. Further, significant growth within Will County has generated construction, land development and residential lending opportunities.

As shown in **Table 2**, the bank is a very active home mortgage lender, providing many products that are competitive with many larger multinational banks, regional banks and mortgage companies. The bank also maintains servicing rights for those loans sold on the secondary market.

Aggregate market data for 1996 HMDA activity revealed very good performance. Of the 15,365 HMDA loans originated in the bank's assessment area, FNB originated 569 loans. Their overall market share was 3.67% placing FNB in third place. The market share data indicates that leaders are multinational and regional banks. The two banks with the highest market share within the assessment area are; NBD Mortgage Company with 5% market share and First Midwest Bank, N.A and Mortgage Company, with 5% market share.

As shown in **Table 2**, the level of loans originated within the assessment areas is substantial.

Table 2				
Loan Originated Inside the Assessment Area				
	Home Mortgage	Small Business	Small Farm	Total
Number				
Loans Inside the Assessment Area	569	233	57	859
Total # of Loans	643	265	110	1,018
% Inside the Assessment Area	88%	88%	52%	84%
Dollars (000's)				
Loans Inside the Assessment Area	26,920	25,903	3,556	56,379
Total \$ Amount of Loans	32,310	31,923	6,736	70,969
% Inside the Assessment Area	83%	81%	53%	79%

Source: 1997 HMDA-LAR; 1997 Small Business/Farm Data Collection Register. Includes all HMDA reportable transactions.

Geographic Distribution

Overall, FNB's geographic distribution of home mortgage loans and small business loans and small farm loans, within the assessment area, is good. Also, the dispersion of lending within the assessment area is excellent. The analysis is based on the location of home loans and small business and small farm loans originated by the bank.

Home Mortgage Loans

Table 3 shows that FNB originated only 7% in 1996 and 8% in 1997, to low- and moderate-income tracts. This distribution of credit to low- and moderate-income tracts does not compare favorably to the assessment area characteristics of 20%, within low- and moderate-income geographies. The distribution does not compare favorably owner-occupied units characteristics for low- and moderate-income census tracts within the assessment area. However, the owner occupancy is particularly low in low-income census tracts, at 2%. This fact supports limited lending opportunities.

Table 3 Home Mortgage Loans By Income Level of Geography										
Income Level of Geography	1996				1997				Assessment Area Characteristics	
	#	%	\$ (000's)	%	#	%	\$ (000's)	%	% of Owner-Occupied Units	% of Geography
Low	8	2%	110	1%	9	2%	242	1%	2%	6%
Moderate	28	5%	757	3%	30	6%	759	4%	9%	14%
Middle	391	73%	15,041	72%	385	72%	14,912	68%	74%	65%
Upper	109	20%	5,003	24%	107	20%	5,865	27%	15%	15%
Total	536	100%	20,911	100%	531	100%	21,778	100%	100%	100%

Source: 1996 and 1997 HMDA-LAR. Only owner-occupied lending is reflected in this table.

The bank's market share for home mortgage lending is good in low- and moderate-income census tracts within the assessment area. Within low-income census tracts, FNB ranked 4th out of 89 lenders, with a 4% market share. Within the moderate-income census tracts, FNB ranked 4th out of 162 lenders, with a 4% market share. The lenders with higher market share were very large mortgage companies. FNB's market share is better than the similarly situated bank for originations within low-and moderate-income census tracts. Please refer to the *Lending Activity* section of this Disclosure for further explanation of the bank's home mortgage market share. **Table 4** further details FNB's home mortgage activity.

Table 4 Geographic Distribution of Mortgage Loans By Product Type							
Income Level of Geography	1996 and 1997 Combined						Assessment Area Characteristics
	Home Purchase		Refinance		Home Improvement		
	#	%	#	%	#	%	% of Owner Occupied Units
Low	1	1%	2	1%	14	2%	2%
Moderate	10	5%	21	6%	27	5%	9%
Middle	128	67%	248	76%	400	73%	74%
Upper	51	27%	57	17%	108	20%	15%
TOTAL	190	100%	328	100%	549	100%	100%

Source: 1996 and 1997 HMDA - LAR. Only includes owner-occupied loans.

Table 4 reveals that lending for each product type does not compare favorably to owner-occupied units in low- and moderate-income tracts.

The dispersion of home loans is excellent. In 1996 and 1997, our analyses revealed that the bank originated home mortgage loans in 98% of the census tracts within its assessment area. The state prison represents a large portion of the one census tract without lending activity.

Small Business Loans

FNB originates a significant portion of small business and small farm loans in low- and moderate-income areas. **Table 5** below reflects that the percentage of loans originated in low- and moderate-income tracts is comparable to the small business and small farm assessment area characteristics for these census tracts.

FNB’s small business lending and small farm market share is very good considering its size and resources. When comparing the bank’s 1996 small business and small farm market share to other lenders within Will County, FNB ranks 4th out of 98 lenders, at 11%. Further, the bank’s 1996 small business and small farm market share is very good in low- and moderate-income census tracts. FNB ranks 3rd, with a market share of 14% in the number of small business and small farm loans originated in low- and moderate-income census tracts within the assessment area. The bank’s small business and small farm lending performance is even better in low-income census tracts, as the bank’s market share is 16%, ranking 3rd in the total number of small business loans originated. Lenders with a higher market share include larger regional banks. Further, the bank’s market share is significantly better than the similarly situated bank.

Table 5 Small Loans to Businesses and Small Farms By Income Level of Geography									
Income Level of Geography	1996				1997				Distribution of Small Businesses/Farms
	#	%	\$ (000's)	%	#	%	\$ (000's)	%	% of Geographies
Low	25	7%	901	2%	20	7%	1,193	4%	7%
Moderate	14	4%	1,240	3%	15	5%	1,052	4%	6%
Middle	262	68%	32,353	73%	214	74%	20,963	71%	69%
Upper	83	21%	9,531	22%	41	14%	6,251	21%	18%
Total	384	100%	44,025	100%	290	100%	29,459	100%	100%

Source: 1996 and 1997 Small Business Data Collection Register.

Borrower Characteristics

We evaluated loans by borrower characteristics to determine the extent that FNB provides loans to low- and moderate-income borrowers and small businesses and small farms. This analysis revealed that the distribution of FNB’s home mortgages to low-and moderate-income borrowers is reasonable

when compared to the income distribution of the assessment area's families. The analyses also revealed that a significant level of small loans are provided to businesses with revenues less than \$1 million. The bank also lends a considerable number of small business and farm loans of varying sizes within the assessment area.

Home Mortgages

The distribution of home loans among borrowers of various income levels is satisfactory as lending to low-and moderate-income borrowers is comparable to the population's income distribution characteristics. **Table 6** reflects that within the assessment area, the bank originated 32% to low- and moderate-income borrowers, in 1996 and 1997. Thirty-six percent of the area's families are low-and moderate-income.

Table 6 Home Mortgage Loans By Borrower Income									
Borrower Income Distribution	1996				1997				Assessment Area Characteristics
	#	%	\$(000's)	%	#	%	\$(000's)	%	% of Families
Low	55	10%	1,115	5%	46	9%	1,047	5%	17%
Moderate	118	22%	3,515	17%	123	23%	3,565	16%	19%
Middle	185	35%	6,265	30%	178	34%	6,997	32%	29%
Upper	173	32%	9,573	46%	177	33%	9,522	44%	35%
Income Not Available	5	1%	443	2%	7	1%	647	3%	0%
Total	536	100%	20,911	100%	531	100%	21,778	100%	100%

Source: 1996 and Year-to-date 1997 HMDA - LAR . Includes only owner-occupied units.

Small Business and Small Farm Lending

A review of demographic data revealed that 76% of the 5,841 small businesses and small farms in the assessment area have revenues less than \$1 million. The distribution of FNB's loans to small businesses and small farms revealed an adequate level of lending to businesses having revenues less than one million dollars. In 1996, 57% of the small business loans were made to businesses having less than \$1 million in annual revenues. The amount of small business lending with revenues less than \$1 million in annual revenues remained virtually the same in 1997, at 56%.

Based on our review of the 1996 and 1997 Small Business Data Collection Registers, FNB's distribution of small business and small farm loans to borrowers of varying sizes is significant. As presented in **Table 7**, in 1996 70% of the loans were originated to small businesses and small farms by loan size of less than \$100,000. For 1997 originations improved, with 75% of the small business borrowers granted loans in amounts less than \$100,000.

Table 7
Distribution of Small Business and Small Farm Loan Originations in 1996 and 1997
Within the Assessment Area
By Loan Size and Business Revenues

Loan Size					Annual Revenues < \$1 Million			
1996	#	%	\$ (000's)	%	#	%*	\$ (000's)	%*
less than \$100,000	332	70%	\$10,355	19%	NA	NA	NA	NA
\$100,000 to \$250,000	78	16%	\$12,458	22%	NA	NA	NA	NA
\$250,000 to \$1,000,000	68	14%	\$32,460	59%	NA	NA	NA	NA
Totals	478	100%	\$55,273	100%	237	100%	\$17,845	100%
1997								
less than \$100,000	218	75%	\$7,777	26%	137	85%	\$4,081	41%
\$100,000 to \$250,000	38	13%	\$6,448	22%	15	9%	\$2,533	26%
\$250,000 to \$1,000,000	34	12%	\$15,234	52%	9	6%	\$3,207	33%
Totals	290	100%	\$29,459	100%	161	100%	\$9,821	100%
Distribution of Businesses and Farms in the Assessment Area by Annual Revenues of the Business or Farm:			< 1 Million	76 %	*As a percentage of loans of the size category			
			> 1 Million	8 %				
			Unknown	16%				

Source: 1996 and 1997 Small Business Data Collection Register. For 1996, all small business loans and small farm loans are reflected as it was not possible to break out loans only within the assessment area. Information reflecting loans < \$1 million in annual revenues by the various loan amounts was not available for 1996.

Community Development Lending

FNB has been a leader in making community development loans in response to identified credit needs. This conclusion is based primarily on the bank's participation in a unique project known as Richard Grove. Also, the bank is deeply committed to community development activities as evidenced by the numerous loans originated. A community development loan is a loan that: 1) has as its primary purpose community development; and, 2) except in the case of a wholesale or limited purpose bank, has not been reported or collected by the bank or an affiliate for consideration in the bank's assessment area as a home mortgage, small business, small farm, or consumer loan, unless it is a multifamily dwelling loan; and, benefits the bank's assessment area(s) or a broader statewide or regional area that includes the bank's assessment area(s). During the evaluation period, the bank originated loans for the following community development purposes:

- The bank partnered with the City of Joliet and local businesses for the development of a unique project known as Richard Grove. FNB provided a \$700,000 construction loan to the City of Joliet to pay out contractors in the development of this project. The loan originated in June of 1997, with a below market rate of 4.1%. In May of 1998, the balance totaled \$150,000.

This project is the first of its kind in the United States where a municipality, a financial institution

and local businesses formed a partnership to jointly develop affordable housing for low- and moderate-income, first time home buyers. The project was also developed as a demonstration program to encourage many different builders to combine efforts to create a subdivision that would be affordable for low-and moderate-income persons. The partnership selected a site located in a HUD designated low-income neighborhood in an effort to revitalize the area and instill some pride and confidence in the community. The project has been so well received by HUD, that the City of Joliet received the prestigious Best Practices Community Development Award.

- The bank has provided loans to a nationally known non-profit organization. The organization provides diagnostic, therapeutic, educational, training, residential and preventative programs for people with physical, developmental and communicative disabilities. In 1996 and 1997, loans totaled \$252,160 and \$440,000, respectively.
- The bank made two loans, totaling \$127,840, to the local Center for Economic Development. Among the CED's many achievements, it has been instrumental in helping to locate new businesses in abandoned business sites within low-and moderate-income areas of Joliet. The loans were for working capital.
- The bank made sixty-six loans in 1996 and 1997, totaling \$2,204,000 to a real estate developer who purchases and rehabilitates affordable homes within the low-and moderate-income areas of Joliet. Most of the developer's housing developments are Section 8 properties.
- The bank has financed numerous loans for the purchase and rehabilitation of single family homes or two family units for rental by developers. These loans were for properties located in low- and moderate-income census tracts within the City of Joliet and promotes affordable housing. In 1996, 1997 and thru May 1998, FNB has originated 14 of these loans, totaling \$593,572.
- The bank made two loans totaling \$111,995, to a church in Joliet's moderate-income census tract. The loans were for repair for subsequent sale of the church.
- The bank made two loans totaling \$144,108, to two churches in a low-income census tract. The purpose of the loans were to purchase the church and Christmas decorations used for display for an annual church fundraiser.
- The bank has extended nine multi-family loans, totaling \$3,358,000, in 1996 and 1997.

Innovative or Flexible Lending Practices

FNB makes adequate use of flexible loan programs that benefit low- and moderate-income borrowers or geographies. These programs have been instrumental in providing affordable lending for consumer purposes and small business development.

- **Richard Grove Project:** This program provides thirty year financing, below market rates and no closing costs for first mortgage financing to a targeted affordable housing project within the

bank's assessment area. Eleven homes have been constructed. The maximum allowable income for a family of four is \$43,500. The normal risk associated with these loans is reduced by offering \$10,000 in additional down payment from the City of Joliet, \$8,300 in Illinois Housing Development Authority (IHDA) Trust Fund as a second mortgage and an additional \$2,000 down payment from each homeowner. Offering these incentives reduces the average loan-to-value on each property of 69%, thereby requiring no private mortgage insurance. Since the program's inception, eight loans have been originated, totaling \$437,635.

- **Illinois First Time Homebuyers Program:** The bank is an approved lender under the Illinois Housing Development Authority's first time home buyer program. This program provides below market rate financing on long term fixed rate mortgages to first time home buyers throughout Illinois. Seven loans were funded under this program in 1996, totaling \$98,500. In 1997, two loans were originated totaling \$145,800.
- **Joliet City Center Facade Improvement Loan Program:** This loan program was established in 1995. The program was devised as an incentive for current and potential owners of existing commercial buildings in downtown Joliet. Loan funds are limited to exterior improvements on commercial buildings. The targeted areas are within low-and moderate-income census tracts. As an incentive to prospective borrowers, the City of Joliet agreed to subsidize the interest cost up to 2% for the first five years. The banks structure the loan over fifteen years with a five year balloon. Since it's inception the bank has originated 7 loans, totaling \$270,000.
- **FHA Title I:** This Title I Property Improvement Loan Insurance Program was established by Title I of the National Housing Act in 1934. Loans are made for a variety of alteration and improvements to the borrower's primary residence. The loans do not require equity or lien positions. Interest rates are competitive. The maximum amount allowed is \$14,000 for a maximum 5 year term. Since 1995, the bank has originated 382 loans, totaling \$2,169,000.

INVESTMENT TEST

In its investing activities, FNB exhibits satisfactory responsiveness to credit and community development needs. This conclusion is based on the needs and opportunities within the market identified through community contacts and the bank's size and financial capacity. The bank provides investments in its communities through cash and in-kind contributions and grants to numerous organizations serving low- and moderate-income residents in its assessment area. They promote community development, housing development, health care, education, shelter, and food. Total qualifying investments during this evaluation period, total \$1,679,000. Specific noteworthy investments include:

- The bank has \$140,000 in donations to the local Center for Economic Development(CED) since 1996. Amongst the CED's many achievements, it has been instrumental in helping to locate new businesses in abandoned business sites, within low-and moderate-income areas of Joliet. Since the CED's contribution since its inception was \$690,000.
- The bank also contributed \$50,000 to the Richards Grove Fencing Project.
- FNB also has several local school district general obligation bonds totaling \$1,400,000. The purpose of the bonds is to fund outstanding claims against the school district, supplement the working cash fund, and refund current portions of the school district's outstanding bond fund. The school district is within the assessment area and has a significant student population which is low-or moderate-income. Sixty-two percent of the student base is low- or moderate-income.

Additional donations and grants were provided to organizations with a community development focus. FNB contributed to 7 different community development organizations, totaling \$89,000 during the evaluation period.

SERVICE TEST

FNB Joliet has an adequate record of supporting the community through service-oriented activities. Retail banking services are reasonably accessible to its assessment area, including individuals of all income levels. The bank provides an adequate level of alternative delivery systems for its customers. FNB Joliet has provided a high level of community development services within the assessment area.

Retail Banking Services

FNB Joliet operates 10 full-service branches that are dispersed throughout the assessment area. The bank's main office is located in one of the three low-income census tracts in the assessment area. Although there are no branches in the seven moderate-income tracts, these tracts are adjacent to the low-income census tracts and are easily accessible to the main office. The furthest corner of a low- or -moderate income tract is within approximately four miles of the main office. The following table depicts the geographies and income levels of individuals served by the bank's 10 branches.

Table 8				
Distribution of Branches by Geography Served				
Income Level of Geography	Branches		Assessment Area Characteristics	
	#	%	Distribution of Tracts	Distribution of Families
Low	1	10%	6%	17%
Moderate	0	0%	14%	19%
Middle	8	80%	65%	30%
Upper	1	10%	16%	34%
Total	10	100%	100%	100%

FNB Joliet products and services are available at any location. The bank's hours are generally tailored to the needs of the surrounding area. All of the locations maintain Saturday hours. Four of the branch offices are also open on Sunday.

Since the last CRA examination, the bank opened two branches. Although these branches are located in middle-income census tracts, they have not adversely affected the accessibility of delivery systems to low- and moderate-income census tracts or individuals. These branches are located in census tracts which contain approximately 4% of the low- and moderate-income individuals in the assessment area. The bank has not closed any branches during this period.

Alternative Delivery Systems

FNB Joliet's alternative delivery systems make services more accessible. The bank operates 20 ATMs throughout the assessment area. All branch locations are equipped with a 24 hour ATM which offers a Spanish language option. The bank also offers First Fone, a free 24 hour telephone banking service. Customers are able to obtain deposit account information, transfer funds between existing deposit accounts, and make loan payments.

Community Development Services

FNB Joliet provides a relatively high level of community development services in the assessment area. Several bank employees offer community development services to organizations that have as their primary purpose economic development or revitalization and serve low- and moderate-income individuals. Their involvement includes providing technical assistance and sponsoring a counseling program concerning home ownership. In many cases bank employees serve community development organizations in a leadership capacity. Summarized below are some of the programs and organizations.

- Two members of senior management serve in leadership capacities for two economic development organizations which serve the assessment area. These organizations seek to revitalize the assessment area through housing-related projects as well as attracting new employers to the area, including downtown Joliet which is a designated enterprise zone.
- Three bank officers serve an organization which funds local community development programs. These individuals are members of the allocation committee which reviews and approves programs which apply for funding.
- An officer of the bank is a director and treasurer of a local organization which serves low- and moderate-income children.
- In connection with the Richard's Grove Project which targets low- and moderate-income individuals, two FNB Joliet employees were closely involved with the implementation of the project. Also, these employees spent significant time in developing and administering a home buyer's program for potential home buyers of this project.
- FNB offers Free Checking, a low-cost account targeted towards low-income individuals. The bank also provides free government check cashing at all branch locations for all individuals, regardless of whether they maintain an account with the bank.
- FNB provides mortgage payment services for a national organization that provides affordable housing for low- and moderate-income individuals by allowing them to contribute "sweat equity" to purchase a home.

FAIR LENDING REVIEW

We conducted a fair lending examination to determine if all applicants that applied for home improvement loans were treated similarly. Specifically, we compared files of denied applicants of a prohibited basis group to approved loan applicants to make this determination. We also determined if the rates and terms granted to approved borrowers of the prohibited basis group were similar to other approved loan borrowers. We found no evidence of discrimination.