



## **INTERMEDIATE SMALL BANK**

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Comptroller of the Currency  
Administrator of National Banks  
Washington, DC 20219

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### **PUBLIC DISCLOSURE**

**December 18, 2006**

### **COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION**

**The First National Bank and Trust Company  
Charter Number 2725**

**345 East Grand Avenue  
Beloit, WI 53511**

**Comptroller of the Currency  
Chicago North  
85 West Algonquin Road Arlington Place, Suite 340  
Arlington Heights, IL 60005**

**NOTE: This document is an evaluation of this 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. 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.**

**INSTITUTION'S Community Reinvestment Act (CRA) RATING:  
This institution is rated Satisfactory.**

**The Lending Test is rated: Outstanding**

**The Community Development Test is rated: Satisfactory**

The major factors supporting the bank's rating include:

- The bank's loan-to-deposit ratio is good given its size, financial condition, and assessment area (AA) credit needs.
- The bank's record of lending within its AA is satisfactory. Approximately 76% by total number and 57% by total dollar volume of loans were made to borrowers located within the bank's AA.
- The distribution of loans to borrowers of different income levels and businesses of different sizes is excellent. FNBT does a good job extending home mortgages to low and moderate-income individuals. The distribution of loans to small businesses is excellent far exceeding demographics.
- Geographic distribution is excellent. The geographic distribution of loans reflects an excellent dispersion throughout the bank's AA.
- There have been no CRA Consumer Complaints against the bank.
- Community development loan and qualified investment volumes combined for the Wisconsin and Illinois AAs is reasonable at approximately 4% of Tier 1 Capital. Community development loans and investments respond to the AA needs.
- Retail services are accessible to individuals of various income levels within the bank's AA. One branch is located in a moderate-income tract.
- Community development services volume are reasonable. The bank provides a satisfactory level of services to communities within both states.

## **SCOPE OF EXAMINATION**

The scope of the CRA examination included an assessment of the bank's primary loan types, home mortgages and small business loans that originated or were purchased during the evaluation period, the years of 2004 and 2005. We also considered community development loans, investments, and services from October 7, 2002 through December 18, 2006. There was no affiliate or subsidiary activity considered in this review.

The bank has a multi-state AA with a portion in the State of Wisconsin and the other segment in the State of Illinois. We assessed the Illinois and Wisconsin AAs separately and then determined an overall rating for the bank.

## **DESCRIPTION OF INSTITUTION**

First National Bank and Trust Company (FNBT) is a \$580 million multi-state nationally chartered institution and a wholly owned subsidiary of Centre I Bancorp, Incorporation. Centre I Bancorp, Incorporation is a one-bank holding company headquartered in Beloit, Wisconsin with total assets of \$594 million as of December 31, 2005. FNBT has a subsidiary, Centre I Investment Corporation, located in Las Vegas, Nevada, which was not considered in this CRA evaluation.

FNBT operates ten full service branches with seven branches in the State of Wisconsin and three in the State of Illinois. The main office is located in Beloit, Wisconsin. The main office is approximately 3 blocks from the Illinois border and serves both the Illinois and Wisconsin markets. Other Wisconsin bank locations include three additional branches in Beloit, two in Clinton, and one in Darien. Bank locations in Illinois include one in each of the cities of Rockton, Roscoe, and Winnebago. Corporate changes since the last public evaluation dated October 7, 2002 include the purchase of three additional branch buildings in the year 2003. One of the branches was in Darien, Wisconsin and the other two were in Clinton, Wisconsin. With these acquisitions, the bank actually gained only one additional location in Clinton, Wisconsin since FNBT closed their existing Darien and Clinton branches and moved into the newly acquired branch buildings. The new branch locations were within a few blocks of the old branch locations. The bank has twenty Automated Teller Machines (ATMs): one at each of the ten office locations and ten in Woodman's Food Markets. Three of the ATMs are located in the Woodman's Food Markets within the bank's AA and seven of the ATMs are located outside of the bank's AA. All of the bank's offices are located within its AA.

The bank's primary loan types are commercial loans and home mortgage loans. FNBT's primary objective is community banking, offering a variety of product and services to commercial and individual consumers. Within its AA, FNBT is focusing on increasing the mortgage loan portfolio. As of September 30, 2006, FNBT reported total outstanding loans of approximately \$418 million and a net loan to average assets ratio of 69.60%. The bank's total deposits equal approximately \$475 million and represent 82.60% of average assets. Approximately 70% of FNBT's deposit base is derived from the Wisconsin AA and 30% from the Illinois AA. Tier 1 capital is reported at \$44 million with \$30 million allocated to Wisconsin and \$14 million allocated for Illinois. The majority of FNBT's loans originate from the

Wisconsin AA (70%) with the balance (30%) from the Illinois AA. The gross loan portfolio consists of the following:

Loan Mix (\$)	Dollar Amt	% of Gross Loans
Commercial Loans (includes commercial real estate and construction, land development, and other land loans)	231,821	54.79%
Residential 1-4 Family	119,260	28.19%
Consumer Loans	44,905	10.61%
AG (including real estate)	23,457	5.54%
Obligations of states and political sub & other loans	3,681	0.87%
<b>Gross Loans &amp; Leases</b>	<b>423,124</b>	<b>100.00%</b>

There are no legal, financial, or other factors that would hinder the bank’s ability to help meet the credit needs in its AA. FNBT received a “Satisfactory” rating at its prior CRA examination performed as of October 7, 2002.

## DESCRIPTION OF ASSESSMENT AREA

FNBT's AA consists of 29 census tracts located in Wisconsin and Illinois. The bank's AA in Wisconsin consists of the southern portion of Rock County in Janesville, Wisconsin and one census tract in the southwestern portion of Walworth County. The bank's AA is also comprised of a small section of Ogle and most of Winnebago County in Illinois. The Ogle County portion includes one census tract in the northern central portion of Ogle County. The Winnebago County portion includes the majority of Winnebago, excluding the southeastern part of Winnebago and a small section in the northwestern part of the county in Rockford, Illinois. The AA meets the requirements of the regulation and does not arbitrarily exclude low- or moderate-income geographies. The following table summarizes each counties income levels by census tracts and percent of families in each income category within the bank’s AA.

County	Census Tracts (# and %)	Percentage of Families in each income category
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	Low		Moderate		Middle		Upper		Low	Moderate	Middle	Upper
<b>Wisconsin</b>												
Rock	0	0%	5	33%	9	60%	1	7%	21%	23%	27%	29%
Walworth	0	0%	0	0%	1	100%	0	0%	12%	17%	26%	45%
<b>Total</b>	<b>0</b>	<b>0%</b>	<b>5</b>	<b>31%</b>	<b>10</b>	<b>63%</b>	<b>1</b>	<b>6%</b>	<b>20%</b>	<b>22%</b>	<b>27%</b>	<b>31%</b>
<b>Illinois</b>												
Winnebago	0	0%	1	8%	6	50%	5	42%	11%	16%	25%	49%
Ogle	0	0%	0	0%	0	0%	1	100%	8%	9%	19%	64%
<b>Total</b>	<b>0</b>	<b>0%</b>	<b>1</b>	<b>8%</b>	<b>6</b>	<b>46%</b>	<b>6</b>	<b>46%</b>	<b>11%</b>	<b>15%</b>	<b>25%</b>	<b>50%</b>
<b>TOTAL AA</b>	<b>0</b>	<b>0%</b>	<b>6</b>	<b>21%</b>	<b>16</b>	<b>55%</b>	<b>7</b>	<b>24%</b>	<b>15%</b>	<b>18%</b>	<b>26%</b>	<b>41%</b>

Source: 2000 US Census Data

The local economy is considered stable. Competition in the bank's AA is strong. Including FNBT, there are 48 banks in the four-county area where the bank's AA is located. In Wisconsin, FNBT ranks 2<sup>nd</sup> out of the 27 banks holding 10.11% of the market shares of deposits. In Illinois, FNBT ranks 11<sup>th</sup> out of the 26 banks with a 2.22% deposit market share. Within the bank's AA, FNBT ranks 5<sup>th</sup> out of 48 banks with a 4.88% deposit market share.

FNBT has ten bank locations. The main office in Beloit, Wisconsin is located in Rock County in a moderate-income tract. The bank has 8 branches located in middle-income tract areas and 1 branch in an upper-income tract area. All of the bank locations are situated within the bank's AA. The following table summarizes demographics for the bank's AA.

County	Wisconsin		Illinois		Total
	Rock	Walworth	Winnebago	Ogle	
Total Individuals	51,315	5,381	54,381	4,418	115,495
Total Families	13,465	1,463	15,570	1,270	31,768
Total Households	19,304	1,901	19,772	1,497	42,474
Median Family Income	61,150	53,600	60,550	49,550	60,241
Total Housing Units	20,442	2,005	20,498	1,553	44,498
Owner Occupied Units	13,262	1,446	16,748	1,327	32,783
Median Housing Price	81,875	111,500	116,739	144,500	101,456

Source: 2000 US Census Data

Per the 2005 Business Geodemographics data, the leading industries in the AA are services (32%) followed by retail trade (14%), and construction (10%). The AA counties unemployment rates as of November 2006 are presented below along with their corresponding state's rate and

the nation's rate.

County & State	Unemployment Rate	State Unemployment Rate	Nation Unemployment Rate
Ogle, IL	3.8	3.7	4.1
Winnebago, IL	4.4	3.7	4.1
Rock, WI	4.7	4.3	4.1
Walworth, WI	4.1	4.3	4.1

We conducted two community contacts from the AA to assess credit needs and economic conditions within the area. One contact was from the Illinois AA and the other was in the Wisconsin AA. Both contacts indicated that local financial institutions are doing well in providing funding for the community and stated that opportunities for bank involvement are definitely available. The primary credit needs for the community include housing and small business loans. In the Illinois AA, the community is seeing increased new housing construction and mortgage financing is needed. For the Wisconsin AA, lending opportunities include small business loans focusing on attracting new businesses to downtown Beloit.

## **CONCLUSIONS ABOUT PERFORMANCE CRITERIA**

### **Lending Test**

FNBT meets the lending needs of its AA. We gave more weight to performance in the Wisconsin AA than in the Illinois AA as 70% of the bank's branches are located in Wisconsin. The majority of the bank's loans and deposits come from the Wisconsin AA. In the years 2004 and 2005, FNBT originated 66% by number and 56% by dollar volume of its loans from the Wisconsin AA compared to 32% by number and 39% by dollar volume from the Illinois AA. Approximately 70% of the bank's deposits come from Wisconsin and 30% from Illinois.

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

FNBT has a good loan-to-deposit ratio given the bank's size, financial condition and AA credit needs. The bank's quarterly loan-to-deposit ratio averaged 80% over 17 quarters from September 30, 2002 to September 30, 2006. The bank is ranked 5<sup>th</sup> out of 48 institutions in its AA holding 4.88% of the deposit market share. When compared to peer banks in the Illinois and Wisconsin AAs respectively, FNBT's loan-to-deposit ratio ranks eleventh and second.

### **Lending in Assessment Area**

The majority of the bank's loans to borrowers are originated within its AA. Our analysis was performed by evaluating a total of 895 loans including 20 small business loans that originated in the Wisconsin; 20 small business loans that originated in Illinois; and 855 reported home mortgage disclosure act loans. Home mortgage loans consist of home purchase, home improvement, and home refinance loans. The evaluation period for the analysis was the years 2004 and 2005.

The bank's record of lending within its AA is satisfactory. Approximately 76% by total number and 57% by total dollar volume of loans were made to borrowers located within the bank's AA.

TOTAL LOANS REVIEWED (\$000s)										
Loan Type	In Assessment Areas				Out of Assessment Areas				Totals	
	# of loans	% of Loans	\$(000's) of Loans	% of \$\$	# of loans	% of Loans	\$(000's) of loans	% of \$\$	# of loans	\$(000's)
Small Business Loans in Wisconsin	13	65%	2,520	54%	7	35%	2,159	46%	20	4,679
Small Business Loans in Illinois	15	75%	1,950	64%	5	25%	1,090	36%	20	3,040
<b>Small Business Total</b>	<b>28</b>	<b>70%</b>	<b>4,470</b>	<b>58%</b>	<b>12</b>	<b>30%</b>	<b>3,249</b>	<b>42%</b>	<b>40</b>	<b>7,719</b>
Home Purchases	201	66%	15,091	46%	102	34%	17,899	54%	303	32,990
Home Improvement	189	81%	5,465	78%	45	19%	1,553	22%	234	7,018
Home Refinancing	259	81%	17,187	66%	59	19%	8,789	34%	318	25,976
<b>Home Mortgage Total</b>	<b>649</b>	<b>76%</b>	<b>37,743</b>	<b>79%</b>	<b>206</b>	<b>24%</b>	<b>28,241</b>	<b>59%</b>	<b>855</b>	<b>47,727</b>
<b>GRAND TOTAL</b>	<b>677</b>	<b>76%</b>	<b>42,213</b>	<b>57%</b>	<b>218</b>	<b>24%</b>	<b>31,490</b>	<b>43%</b>	<b>895</b>	<b>73,703</b>

Source: Bank records (verified by examiners) and 2004 – 2005 reported Home Mortgage Disclosure Act loans.

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

Lending to borrowers with different incomes and businesses of different sizes is excellent. This is based on the following:

- Distribution of home mortgages to borrowers of various income levels is excellent as the bank does an outstanding job of extending home mortgages to low- and moderate-income borrowers in both the Illinois and Wisconsin AA.
- The bank does an excellent job extending loans to small businesses in both Illinois and Wisconsin, exceeding demographics in both AAs.

## Geographic Distribution of Loans

Geographic distribution is excellent. Of the 29 census tracts in the bank's AA, there are no low-income, 6 moderate-income, 16 middle-income and 7 upper-income level tracts. Conclusions are based on:

- Geographic distribution of commercial loans, the bank's highest volume loan product, is good. In Illinois, FNBT does an excellent job extending small business loans in moderate-income level geographies. In Wisconsin, by dollar volume FNBT does an excellent job extending money to small businesses, exceeding demographics. However, the number of loans extended to small businesses in the moderate-income census tracts falls far short of business demographics.
- Distribution of home mortgages in various income level tracts is good. In both Wisconsin and Illinois, the number of loans granted exceeds community demographics of owner occupied units in the moderate-income census tracts.

## **Responses to Complaints**

The First National Bank and Trust Company has not received any written complaints about its performance in helping to meet the credit needs within its AA during this evaluation period.

## **Community Development Test**

Community development lending in both Wisconsin and Illinois had a positive effect on the overall CRA performance. Together, qualified investments and loans total \$1.7 million or 3.8% of Tier 1 capital for both states.

## **Number and amount of community development loans**

During the evaluation period, FNBT extended six community development loans in both Wisconsin and Illinois totaling \$1.6 million or 3.6% of Tier 1 Capital.

## **Number and amount of qualified investments**

Qualified investments were comprised of donations to five organizations which totaled \$110 thousand or .25% of Tier 1 Capital. FNBT made an adequate level of community development donations for both Wisconsin and Illinois. FNBT donated a total of \$59 thousand to two organizations that serve low to moderate-income individuals in both states and are detailed below.

- A \$4 thousand donation was made to an organization which serves youth in the Beloit, Clinton, and Orfordville in Wisconsin and South Beloit, Rockton, and Roscoe in Illinois. Seventy percent of the members are low-income individuals.
- The bank has donated \$55 thousand to a non-for-profit organization that has programs to assist low-income individuals and families, such as senior companions, feeding programs and food pantry offered by the Salvation Army, home delivered meals and energy services. Member agencies provide sliding fee scales to assist low to moderate-income persons.

## **Extent to which the bank provides community development services**

Retail services are reasonably accessible to individuals of different income levels. There are branches in both Illinois and Wisconsin and distributed throughout the bi-state area. Several branches are adjacent to moderate-income census tracts. The branches offer low cost banking such as Totally Free Checking with Interest and First Savers Accounts for children. The bank offers internet banking and tele-banking to all customers.

FNBT provides a modest level of services to its communities, hosting first time home buyers workshops and participating in affordable housing programs. One employee participates in



meetings regarding local economic development projects for the Wisconsin Housing and Economic Development Authority, while another employee is a loan committee member for an organization that promotes improvement within the City of Beloit.

**Fair Lending or Other Illegal Credit Practices Review**

We found no evidence of discriminatory or other illegal credit practices inconsistent with helping to meet community credit needs.

## **CRA Rating for Wisconsin: Satisfactory**

**The lending test is rated: Outstanding**

**The community development test is rated: Satisfactory**

The major factors that support this rating include:

- The distribution of loans to borrowers of different income levels and businesses of different sizes is excellent. The distribution of loans to small businesses is excellent far exceeding demographics. FNBT's does a good job extending home mortgages to low- and moderate-income individuals.
- Geographic distribution is excellent. The dollar volume of loans extended to small businesses is excellent, while the number extended is reasonable. Geographic distribution of home mortgages is excellent.
- Community development lending and investments is acceptable. Community development loan volume is satisfactory at 2.33% of Tier 1 Capital.

## **Description of Bank's Operations in Wisconsin**

In Wisconsin, the bank operates seven full service branches. Four are located in Beloit, two in Clinton, and one in Darien, Wisconsin. There are a total of 16 census tracts in the Wisconsin AA with no low-income tracts, 5 (31%) moderate-income tracts, 10 (63%) middle-income tracts, and 1 (6%) upper-income tract. The main office in Beloit is located in a moderate-income tract while the other branches are in middle-income tracts. Fifteen 24 hour ATMs are available, one at each of the branch locations and eight in Woodman's Food Market.

Further description of FNBT's operations and AA in Illinois is discussed above at the *Description of Institution* and *Description of Assessment* sections.

## **Conclusions About Performance Criteria**

### **Lending Test**

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

FNBT's distribution of loans to businesses and individuals at various income levels is excellent.

#### **Small Business Loans**

The bank does an excellent job extending loans to businesses of different sizes. The bank's lending by number and dollar volume greatly exceeds community demographics of small

business loans.

<b>Borrower Distribution of Small Business Loans</b>					
<b>Gross Annual Revenue</b>	<b>Wisconsin AA</b>				
	<b># of loans</b>	<b>% of Loans</b>	<b>\$ (000s)</b>	<b>% of \$</b>	<b>Business Data</b>
<= \$1 million	20	91%	2,371	70%	62%
> \$ 1 million	2	9%	1,010	30%	5%
Unreported Revenue	0	0%	0	0%	33%
<b>Total</b>	<b>22</b>	<b>100%</b>	<b>3,381</b>	<b>100%</b>	<b>100%</b>

Source: Bank records (verified by examiners) and 2005 geodemographics

### **Home Mortgages (Home Purchases, Home Improvement and Home Refinance)**

Distribution of home mortgages to borrowers of various income levels is excellent. This is Especially true when noting that approximately 10% of the households in the Wisconsin AA live below the poverty level making it difficult for them to qualify for mortgages. The table below breaks out the distribution of home loans by category, and percentage of loans made and dollars extended to borrowers of different income levels.

<b>Borrower Distribution of Home Mortgage Loans</b>									
<b>Borrower Income</b>	<b>Wisconsin AA</b>								
	<b>Total Home Mortgages</b>		<b>Home Purchases</b>		<b>Home Improvement</b>		<b>Home Refinance</b>		<b>% of Families in AA</b>
	<b>% of # of Loans</b>	<b>% of \$</b>	<b>% of # of loans</b>	<b>% of \$</b>	<b>% of # of loans</b>	<b>% of \$</b>	<b>% of # of loans</b>	<b>% of \$</b>	
Low	19%	15%	24%	22%	21%	22%	14%	8%	20%
Moderate	22%	18%	21%	20%	19%	9%	24%	19%	22%
Middle	23%	23%	20%	14%	20%	25%	27%	31%	27%
Upper	22%	31%	21%	31%	19%	24%	25%	33%	31%
Revenue Unavailable	15%	12%	20%	13%	20%	20%	10%	9%	0%
<b>Total</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>

Source: 2004 – 2005 reported Home Mortgage Disclosure Act loans and 2000 US Census

### **Geographic Distribution of Loans**

Geographic distribution is excellent. Of the 16 census tracts in the Wisconsin AA, there are no low- and 5 moderate-income level tracts. Geographic distribution of commercial loans, the bank’s highest volume loan product, is good.

### **Small Business Loans**

Distribution of small businesses in various income level geographies is good, well exceeding

community demographics by dollar volume in moderate-income level tracts, but significantly falling short by number of loans made.

<b>Geographic Distribution of Small Business Loans</b>			
<b>Wisconsin AA</b>			
<b>Tract Income Level</b>	<b>% of # of loans made</b>	<b>% of dollars extended</b>	<b>% of Business in AA</b>
Low	0%	0%	0%
Moderate	14%	43%	32%
Middle	82%	53%	59%
Upper	4%	4%	9%
<b>Total</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>

Source: Bank records (verified by examiners) and 2005 Business Geodemographics.

### Home Mortgages

Geographic distribution of home mortgages in various income level tracts is excellent. There are five moderate-income census tracts in the Wisconsin AA. These tracts contain 29% of owner occupied homes. When looking at the home loans extended by FNBT, it is evident that the bank meets or exceeds the community demographic.

<b>Geographic Distribution of Home Mortgage Loans</b>									
<b>Tract Income Level</b>	<b>Wisconsin AA</b>								
	<b>Total Home Mortgages</b>		<b>Home Purchases</b>		<b>Home Improvement</b>		<b>Home Refinance</b>		<b>% of Owner Occupied Unites in AA</b>
	<b>% of # loans made</b>	<b>% of \$ extended</b>	<b>% of # loans made</b>	<b>% of \$ extended</b>	<b>% of # loans made</b>	<b>% of \$ extended</b>	<b>% of # loans made</b>	<b>% of \$ extended</b>	
Low	0%	0%	0%	0%	0%	0%	0%	0%	0%
Moderate	32%	23%	40%	30%	28%	21%	29%	17%	29%
Middle	61%	69%	57%	62%	60%	67%	64%	76%	64%
Upper	7%	8%	3%	8%	12%	12%	7%	7%	7%
<b>Total</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>

Source: 2004 – 2005 reported Home Mortgage Disclosure Act loans and 2000 US Census

### **Responses to Complaints**

The First National Bank and Trust Company has not received any written complaints about its performance in helping to meet the credit needs within its AA during this evaluation period.

# Community Development Test

## Number and amount of community development loans

The bank made five community development loans which positively contributed to community development lending. The loans totaled \$709 thousand or 2.33% of allocated Tier 1 Capital. They include:

- A loan totaling \$10 thousand was granted to a non-for-profit organization which is a network of interfaith hospitality churches. The funds were utilized as working capital. The program the organization participates in is composed of more than twenty faith communities that provide emergency shelter to homeless families at several different churches in Beloit on a rotating basis. Twelve churches rotate as "host" sites where families are housed and fed each night. Members of the congregations assist with meal preparation, visits with guests, and drive families to the center.
- Two loans totaling \$635 thousand were extended to an area health center. One of the loans helped the center expand the dental practice, while the other funds were used for working capital. The center targets the underinsured and uninsured. Expansion of the center is likely, with six census tracts that the clinic anticipates to serve having an average of 45% below the poverty level.
- An extension of additional funds was made in the amount of \$14 thousand to the Beloit community for improvements of building infrastructure. The building is located in an area targeted by the city for re-development. During the last CRA exam, the bank was given credit for this loan under the community development test. The original funds of the loan were used to acquire the building.
- A \$50 thousand participation in a revolving line of credit (participated among various other banks totaling \$250 thousand) to a community development organization. This money helps support their loan programs which are non- subsidized and repayable by the borrower(s) with the Beloit area.

## Number and amount of qualified investments

FNBT donated an acceptable amount of community development donations during the evaluation period. Donations totaled \$51 thousand and represented .16% of allocated Tier 1 Capital.

- The bank donated \$46 thousand for a project with the Beloit community for economic development. The bank did commit to donate a total of \$50M to the project. The funds from this project are being used to renovate the riverfront and help attract new business and potential students to the area college.
- A \$4 thousand donation was granted to a non-for- profit organization dedicated to reducing housing deterioration and promoting public improvement and services within

target neighborhoods within the Beloit community. The organization offers single room occupancy for low-income and homeless men.

- A \$1 thousand donation was made to a non-for-profit organization which helps families and children without adequate housing (homeless families and individuals) and which have a connection within the community.

### **Extent to which the bank provides community development services**

FNBT is located on the border between southern Wisconsin and northern Illinois and provides a modest level of services to many communities within both states. Services that benefit the Wisconsin AA include:

- The bank has hosted free Homebuyer's Workshops where bank mortgage specialists educate consumers on available products and services for first time homebuyers.
- A bank employee participated in roundtable discussions regarding local economic development projects for the Wisconsin Housing and Economic Development Authority. In addition, the bank also participates in other affordable housing programs targeted to low and moderate- income individuals.
- An employee actively participates as a loan committee member for an organization that helps reduce housing deterioration and promotes improvement within Beloit.

### **Bank's responsiveness, through community development activities, to community development lending, investment, and services needs**

The bank provides many retail full services branches. The bank has seven full service branches. The main office is located in Beloit, Wisconsin, which is in a moderate-income census tract. There are three additional branches in Beloit. Two branches are located in Clinton and one in Darien, Wisconsin. The branches are adjacent to moderate-income census tracts. Drive-up windows are available and provide for extended banking hours. In addition, there are fifteen 24 hour ATMs with one in each of the seven branch locations and eight in Woodman's Food Markets. ATM's do not accept deposits however the branches have extended hours and are also open on Saturdays for a period of time.

## **CRA Rating for Illinois: Satisfactory**

**The lending test is rated: Outstanding**

**The community development test is rated: Satisfactory**

The major factors that support this rating include:

- The distribution of loans to borrowers of different income levels and businesses of different sizes is excellent. The distribution of loans to small businesses is excellent, far exceeding demographics. FNBT does a good job extending home mortgages to low- and moderate-income individuals.
- Geographic distribution is excellent. Geographic distribution of commercial loans, the bank's highest volume loan product, is excellent.
- Community development lending and investments have a positive effect on CRA performance. Community development loan volume is satisfactory at 6.51% of Tier 1 Capital.

## **Description of Bank's Operations in Illinois**

In Illinois, the bank operates three full service branches. One is located in Rockton, one in Roscoe and one in Winnebago, Illinois. There are a total of 13 census tracts in the Illinois AA with no low-income tracts, 1 (8%) moderate-income tract, 6 (46%) middle-income tracts, and 6 (46%) upper-income tract. The Rockton and Roscoe branches are located in middle-income tracts and the Winnebago branch is in an upper- income tract. Five 24 hour ATMs are available, one at each of the branch locations and two in Woodman's Food Market.

Further description of FNBT's operations and AA in Illinois is discussed earlier in the *Description of Institution* and *Description of Assessment Area* sections.

## **Conclusions About Performance Criteria**

### **Lending Test**

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

FNBT's distribution of loans to businesses and individuals at various income levels is excellent.

#### **Small Business Loans**

Distribution of loans to businesses of various sizes is excellent. The bank's lending by number and dollar volume largely exceeds community demographics of small business loans.

<b>Borrower Distribution of Small Business Loans</b>					
<b>Gross Annual Revenue</b>	<b>Illinois AA</b>				
	<b># of loans</b>	<b>% of Loans</b>	<b>\$ (000s)</b>	<b>% of \$</b>	<b>Business Data</b>
<= \$1 million	19	95%	1,894	87%	67%
> \$ 1 million	1	5%	282	13%	7%
Unreported Revenue	0	0%	0	0%	26%
<b>Total</b>	<b>20</b>	<b>100%</b>	<b>2,176</b>	<b>100%</b>	<b>100%</b>

Source: Bank records (verified by examiners) and 2005 business geodemographics

### **Home Mortgages (Home Purchases, Home Improvement and Home Refinance)**

Distribution of total home mortgages to borrowers of various income levels is excellent. The bank does a good job of extending home mortgages to low- and moderate-income borrowers. The table below breaks out the distribution of home loans by category and percentage of loans made and dollars extended to borrowers of different income levels.

<b>Borrower Distribution of Home Mortgage Loans</b>									
<b>Borrower Income</b>	<b>Illinois AA</b>								
	<b>Total Home Mortgages</b>		<b>Home Purchases</b>		<b>Home Improvement</b>		<b>Home Refinance</b>		<b>% of Families in AA</b>
	<b>% of # of loans</b>	<b>% of \$</b>	<b>% of # of loans</b>	<b>% of \$</b>	<b>% of # of loans</b>	<b>% of \$</b>	<b>% of # of loans</b>	<b>% of \$</b>	
Low	12%	8%	17%	7%	8%	7%	12%	9%	11%
Moderate	26%	23%	18%	14%	19%	15%	34%	34%	15%
Middle	21%	19%	23%	21%	21%	15%	21%	19%	25%
Upper	32%	42%	33%	47%	39%	58%	26%	31%	49%
Revenue Unavailable	9%	8%	9%	11%	13%	5%	7%	7%	0%
<b>Total</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>

Source: 2004 – 2005 reported Home Mortgage Disclosure Act loans and 2000 US Census.

### **Geographic Distribution of Loans**

Geographic distribution is excellent. Of the 13 census tract in the Illinois AA, there are no low- and one moderate-income level tract. Geographic distribution of commercial loans, the bank's highest volume loan product, is excellent.

### **Small Businesses**



Geographic distribution for small business loans is excellent. The bank's lending by both number and dollar volume far exceeds community demographics in the moderate-income census tract.

Geographic Distribution of Small Business Loans			
Tract Income Level	Illinois AA		
	% of # of loans made	% of dollars extended	% of Businesses in AA
Low	0%	0%	0%
Moderate	20%	6%	3%
Middle	20%	15%	63%
Upper	60%	79%	34%
<b>Total</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>

Source: Bank records (verified by examiners) and 2005 Business Geodemographics.

## Home Mortgages

Geographic distribution of home mortgages in various income level tracts is excellent. There is only one moderate-income census tract. This moderate-income tract contains 4% of owner occupied homes. When looking at the home loans extended by FNBT, it is evident that the bank meets or exceeds the community demographic in most instances.

Geographic Distribution of Home Mortgage Loans									
Tract Income Level	Illinois AA								
	Total Home Mortgages		Home Purchases		Home Improvement		Home Refinance		% of Owner Occupied Units in AA
	% of # loans made	% of \$ extended	% of # loans made	% of \$ extended	% of # loans made	% of \$ extended	% of # loans made	% of \$ extended	
Low	0%	0%	0%	0%	0%	0%	0%	0%	0%
Moderate	8%	3%	15%	4%	2%	**%	7%	3%	4%
Middle	54%	50%	57%	55%	45%	39%	58%	50%	52%
Upper	38%	48%	28%	41%	53%	61%	35%	47%	44%
<b>Total</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>

Source: 2004 – 2005 reported Home Mortgage Disclosure Act loans and 2000 US Census.

\*\*less than 1%

## Responses to Complaints

The First National Bank and Trust Company has not received any written complaints about its performance in helping to meet the credit needs within its AA during this evaluation period.

## **Community Development Test**

### **Number and amount of community development loans**

The bank extended one community development loan totaling \$850 million, representing 6.51% of Tier 1 Capital. This was a line of credit extended to a non-for-profit organization which serves the developmentally disabled. Over 90% of the clients served come from low or moderate-income families. The organization provides counseling and related services to children and provides supervision, counseling, job training and support for adults living independently within the community.

### **Number and amount of qualified investments**

Due to the bank's proximity to the border of Illinois and Wisconsin several organizations serve both states. Please see the *Community Development Test, Number and Amount of Qualified Investments* on page 7 of this evaluation.

### **Extent to which the bank provides community development services**

The bank has hosted free Homebuyer's Workshops where bank mortgage specialists educate consumers on available products and services for first time homebuyers.

### **Bank's responsiveness, through community development activities, to community development lending, investment, and services needs**

The bank provides three full service branches. One is located in Rockton, one in Roscoe and one in Winnebago, Illinois. The branches have drive-up windows which provide services to their respective communities. Five 24 hour ATMs are available, one at each of the branch location and two in Woodman's Food Market. Although the ATM's do not accept deposits, the bank has extended hours available and branches are open on Saturday. Branches and ATM's are in close proximity to low and moderate-income tracts.