

PUBLIC DISCLOSURE

October 15, 2007

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

**Founders Bank
Certificate #18390**

**6825 West 111th Street
Worth, Illinois 60482**

**Federal Deposit Insurance Corporation
Division of Supervision and Consumer Protection
Chicago Regional Office
500 West Monroe, Suite 3500
Chicago, Illinois 60661**

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 RATING

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

The Lending Test is rated: Satisfactory.

The Community Development Test is rated: Satisfactory.

The institution's CRA performance is reasonable. The following summarizes the major factors supporting the overall rating.

- The bank has demonstrated a reasonable volume of lending and a majority of the bank's loans are extended within the combined assessment area.
- The overall distribution of loans among borrowers of different incomes and among businesses and farms of different sizes is reasonable.
- The geographic distribution of loans reflects reasonable dispersion throughout the assessment area.
- The bank's innovative or flexible lending practices are considered reasonable.
- The institution has not received any complaints about its performance in meeting assessment area credit needs.
- The bank has demonstrated an adequate mix of community development loans, investments, and services throughout the assessment area.

Table F – Qualified Community Development Lending Activity						
LOAN DESCRIPTION	2005		2006		YTD 2007	
	#	(\$000's)	#	(\$000's)	#	(\$000's)
Community Development Lending for Multi-Family Affordable Housing Loans	18	\$8,325	12	\$7,900	3	\$1,894
Community Service Organizations Targeting LMI Individuals	4	\$3,824	2	\$848	1	\$1,400
Economic Development	0	\$0	3	\$743	3	\$730
Revitalization of LMI Geographies	2	\$2,449	5	\$2,446	0	\$0
Grand Total	24	\$14,598	22	\$11,937	7	\$4,024

Source of Information: Bank Records.

Community Development Investments

The bank has made 8 qualified investments for \$15.8 million and 124 grants totaling \$176,666 for a total of \$16 million during the current evaluation period. As of June 30, 2007, these investment and grants represent 1.7 percent of total assets, 6.5 percent of total investments and 24 percent of equity capital. Table 14 of Appendix E illustrates the bank's qualified activities since November 2004. The bank's overall level of qualified investments and grants compares favorably to other intermediate-sized financial institutions that are similarly situated when analyzing the investments quantitatively. In addition, even when the qualitative value of the \$11.9 million investment is considered, the bank's community development investment performance is still considered adequate. Lastly, even if this \$11.9 million investment was given no consideration the bank's remaining investments and grants as of June 30, 2007, would still represent 0.4 percent of total assets, 1.7 percent of total investments and 6 percent of equity capital.

The following are notable qualified investments held by Founders Bank during the review period.

- In May 2007, the Founders Bank renewed an \$11.9 million investment in redeemable preferred stock in the Senior Housing Crime Prevention Foundation, Inc. (SHCPF). This investment was originally purchased by the bank in September 2002 and has been annually renewed since then. SHCPF is committed to supporting crime prevention in nursing homes which primarily serve low- and moderate-income residents. The bank directs SHCPF on which securities to buy and the bank and SHCPF share in the income earned on the securities. Currently, none of the securities purchased at the direction of

the bank by SHCPF are Community Development related. SHCPF receives 2.5 percent yield on the gross investment to support its crime prevention program. While this is a very large community development investment for the bank at \$11.9 million, only 2.5 percent of the earnings, approximately \$298,000 annually, from the securities purchased are available to benefit low- and moderate-income senior citizens. While this entire investment is given full weight quantitatively, it is given less weight qualitatively, as a relatively modest percentage of the earnings from the securities purchased are available to benefit seniors.

- During the evaluation period, the bank has made seven individual investments that now total \$3.9 million in Community Investment Corporation (CIC). CIC is a pooled-risk lender specializing in multi-family rehabilitation in lower-income neighborhoods. During this evaluation timeframe, the 7 investments made by the bank in CIC by number and dollar volume per year were as follows: 1 investment for \$533,670 in December 2004; 2 investments for \$1,265,133 in 2005; and 4 investments for \$2,099,820 in 2006.
- The 124 grants for \$176,666 are detailed below in Table G.

Table G – Qualified Community Development Investment Grants						
Grant Description	2005		2006		YTD 2007	
	#	\$	#	\$	#	\$
Community Development Lending for Multi-Family Affordable Housing Loans	0	\$0	1	\$50	2	\$332
Community Service Organizations Targeting LMI Individuals	37	\$42,799	31	\$51,544	37	\$45,501
Economic Development	5	\$5,400	5	\$5,450	6	\$25,590
Revitalization of LMI Geographies	0	\$0	0	\$0	0	\$0
Grand Total	42	\$48,199	37	\$57,044	45	\$71,423

Source of Information: Bank Records.

Community Development Services

Founders Bank’s level of community development services offer adequate responsiveness to the community development needs of its assessment area considering the institution’s capacity and the need and availability of such opportunities for community development services in the institution’s assessment area. In aggregate, the institution has offered the technical expertise of its officers to 3 local community development organizations in the form of memberships on