

PUBLIC DISCLOSURE

May 21, 2018

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

Pan American Bank & Trust
Certificate Number: 34108

1440 West North Avenue
Melrose Park, Illinois 60160

Federal Deposit Insurance Corporation
Division of Depositor and Consumer Protection
Chicago Regional Office

300 South Riverside Plaza, Suite 1700
Chicago, Illinois 60601

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.

TABLE OF CONTENTS

| | |
|---------------------------------------------------------------|----|
| Institution Rating | 1 |
| Scope of Evaluation | 1 |
| Description of Institution | 2 |
| Description of Assessment Area | 3 |
| Conclusions on Performance Criteria | 7 |
| Discriminatory or Other Illegal Credit Practices Review | 17 |
| Glossary | 18 |

INSTITUTION RATING

INSTITUTION'S CRA RATING: This institution is rated **Outstanding**. An institution in this group has an outstanding record of helping to meet the credit needs of its assessment area, including low- and moderate-income neighborhoods, in a manner consistent with its resources and capabilities

Examiners did not identify any evidence of discriminatory or other illegal credit practices. The following points summarize Pan American Bank & Trust's (PABT) Community Reinvestment Act (CRA) performance.

- The loan-to-deposit (LTD) ratio is reasonable given the institution's size, financial condition, and assessment area credit needs.
- A substantial majority of loans are in the institution's assessment area.
- The geographic distribution of loans reflects excellent dispersion throughout the assessment area.
- The distribution of loans to borrowers reflects reasonable penetration of loans among borrowers of different incomes.
- The institution did not receive any CRA-related complaints since the previous evaluation. Therefore, this criterion did not impact the CRA rating.
- The institution's qualified investments record enhances credit availability in the assessment area.
- The institution's record of providing branches and other services and delivery systems enhance credit availability in the assessment area.

SCOPE OF EVALUATION

General Information

This evaluation covers the period from the prior evaluation dated July 2, 2012, to the current evaluation dated May 21, 2018. The Interagency Small Institutions CRA Examination Procedures were used to evaluate PABT's performance.

The institution's performance was evaluated according to the following criteria:

- Loan-to-deposit ratio,
- Assessment area concentration,
- Geographic distribution,
- Borrower profile, and
- Response to CRA-related complaints.

PABT elected to have its qualified investments and services considered. Performance with respect to qualified investments and services may be used to enhance the overall rating.

Loan Products Reviewed

Examiners determined that the bank's major product lines are small business and home mortgage loans. This conclusion considered the bank's business strategy and the number and dollar volume of loans originated during the evaluation period.

Home mortgage loans reported in 2016 and 2017 under the data reporting requirements of the Home Mortgage Disclosure Act (HMDA) were reviewed. The institution originated or purchased 105 HMDA-reportable loans totaling \$35.6 million in 2016, and 95 loans totaling \$21.6 million in 2017.

PABT optionally collected small business loan data pursuant to the CRA data collection requirements. Therefore, the entire universe of small business loans originated in 2016 and 2017 was considered. The institution originated 60 small business loans totaling \$14.7 million in 2016, and 53 loans totaling \$14.2 million in 2017.

The bank's record of originating home mortgage loans contributed more weight to overall conclusions due to the larger loan volume when compared to small business loans during the evaluation period. In addition, no other loan types, such as small farm loans or consumer loans, represent a major product line. Therefore, they provided no material support for conclusions or ratings and are not presented.

DESCRIPTION OF INSTITUTION

Background

PABT is headquartered in Melrose Park, Illinois and operates in the Chicagoland area with branches in Cook and DuPage Counties in Illinois. PABT is wholly owned by American Bancorp of Illinois, Inc., a one-bank holding company. The bank does not have any subsidiaries or affiliates. The bank is a designated Community Development Financial Institution (CDFI). The institution received an Outstanding rating at its previous FDIC Performance Evaluation, dated July 2, 2012, based on Interagency Small Institution Examination Procedures.

Operations

PABT operates from six locations throughout the Chicagoland area. In October 2016, the bank opened one branch in upper-income geography in Bloomingdale, Illinois. One of the six offices is located in a low-income census tract. The other offices, including the main office, are in middle- and upper-income census tracts.

The bank offers a wide range of loan and deposit products for both commercial and retail customers. Consumer loan products include residential mortgage loans, home equity products, automobile loans, savings secured loans, and overdraft protection lines of credit. Primary commercial loan products include working capital loans, equipment loans, real-estate secured loans, including warehouse lines of credit.

Deposit products include checking, savings, money market, certificates of deposit, and individual retirement accounts. Alternative banking services include internet and mobile banking, electronic bill pay, direct deposit, and remote deposit. Banking hours allow reasonable access to bank services and include extended drive-up hours and Saturday hours. Additionally, each of the branches has a 24-hour automated teller machine (ATM).

Ability and Capacity

Assets totaled approximately \$331.2 million as of December 31, 2017, and included total loans of \$259.3 million and securities of \$43.0 million. The loan portfolio is illustrated in the following table. Examiners did not identify any financial, legal, or other impediments that affect the bank’s ability to meet assessment areas credit needs.

| Loan Portfolio Distribution as of 12/31/2017 | | |
|-----------------------------------------------------|-----------------|--------------|
| Loan Category | \$(000s) | % |
| Construction and Land Development | 17,847 | 6.9 |
| Secured by Farmland | 0 | 0.0 |
| 1-4 Family Residential | 105,406 | 40.7 |
| Multi-family (5 or more) Residential | 36,350 | 14.0 |
| Commercial Real Estate | 62,619 | 24.1 |
| Total Real Estate Loans | 222,222 | 85.7 |
| Commercial and Industrial | 28,132 | 10.9 |
| Agricultural | 0 | 0 |
| Consumer | 1,360 | 0.5 |
| Other | 7,580 | 2.9 |
| Less: Unearned Income | 0 | 0.0 |
| Total Loans | 259,294 | 100.0 |
| <i>Source: Reports of Condition and Income</i> | | |

DESCRIPTION OF ASSESSMENT AREA

The CRA requires each financial institution to define one or more assessment areas within which its CRA performance will be evaluated. PABT’s designated assessment area includes all of Cook and DuPage Counties in Illinois. Both counties are located within the Chicago-Naperville-Arlington Heights, Illinois Metropolitan Division (Chicago MD). Cook County encompasses the City of Chicago, as well as several suburbs of Chicago; DuPage County expands to the west of the Chicagoland area. The assessment area is consistent with the requirements of the CRA.

The evaluation uses 2016 and 2017 loan data; therefore, two demographic data sets are used to evaluate the bank’s performance. Examiners utilized demographic data from the 2010 U.S. Census for comparative purposes for 2016 lending. Comparisons for the 2017 lending use demographic data from the 2015 American Community Survey (ACS). The following sections discuss demographic and economic information for the assessment area.

Economic and Demographic Data

The assessment area includes all 1,534 census tracts in Cook and DuPage Counties. These tracts reflect the following income designations according to the 2010 U.S. Census:

- 233 (15.2 percent) low-income tracts,
- 377 (24.6 percent) moderate-income tracts,
- 467 (30.4 percent) middle-income tracts,
- 453 (29.5 percent) upper-income tracts, and
- 4 (0.3 percent) census tracts with no income designation.

The following table illustrates select demographic characteristics of the assessment area using 2010 U.S. Census data.

| Demographic Information of the Assessment Area | | | | | | |
|------------------------------------------------------------------------------|-----------|---------------|------------------------------|------------------|-----------------|---------------|
| Demographic Characteristics | # | Low % of # | Moderate % of # | Middle % of # | Upper % of # | NA* % of # |
| Geographies (Census Tracts) | 1,534 | 15.2 | 24.6 | 30.4 | 29.5 | 0.3 |
| Population by Geography | 6,111,599 | 11.0 | 25.4 | 33.2 | 30.5 | 0.0 |
| Housing Units by Geography | 2,529,237 | 11.4 | 23.9 | 33.1 | 31.6 | 0.0 |
| Owner-Occupied Units by Geography | 1,425,345 | 4.9 | 19.4 | 37.2 | 38.5 | 0.0 |
| Occupied Rental Units by Geography | 846,589 | 18.7 | 30.0 | 28.8 | 22.5 | 0.0 |
| Vacant Units by Geography | 257,303 | 23.5 | 28.7 | 24.2 | 23.6 | 0.0 |
| Businesses by Geography | 338,241 | 5.2 | 16.5 | 31.3 | 46.8 | 0.2 |
| Farms by Geography | 3,882 | 3.8 | 16.5 | 35.4 | 44.3 | 0.0 |
| Family Distribution by Income Level | 1,441,250 | 24.6 | 17.1 | 18.8 | 39.6 | 0.0 |
| Household Distribution by Income Level | 2,271,934 | 26.4 | 16.1 | 17.7 | 39.8 | 0.0 |
| Median Family Income MSA - 16974 Chicago-Naperville-Arlington Heights, IL MD | | \$72,196 | Median Housing Value | | | \$297,508 |
| | | | Median Gross Rent | | | \$945 |
| | | | Families Below Poverty Level | | | 10.6% |

Source: 2010 U.S. Census and 2016 D&B Data. () The NA category consists of geographies that have not been assigned an income classification.*

According to the 2015 ACS, the assessment area's 1,534 census tracts reflect the following income designations:

- 255 (16.6 percent) low-income tracts,
- 391 (25.5 percent) moderate-income tracts,
- 398 (25.9 percent) middle-income tracts,
- 478 (31.1 percent) upper-income tracts, and
- 12 (0.8 percent) census tracts with no income designation.

The following table illustrates select demographic characteristics of the assessment area using 2015 ACS data.

| Demographic Information of the Assessment Area | | | | | | |
|------------------------------------------------------------------------------|-----------|---------------|------------------------------|------------------|-----------------|---------------|
| Demographic Characteristics | # | Low % of # | Moderate % of # | Middle % of # | Upper % of # | NA* % of # |
| Geographies (Census Tracts) | 1,535 | 16.6 | 25.5 | 25.9 | 31.1 | 0.8 |
| Population by Geography | 6,166,805 | 12.4 | 26.1 | 28.8 | 32.4 | 0.3 |
| Housing Units by Geography | 2,533,565 | 12.5 | 24.6 | 28.3 | 34.1 | 0.4 |
| Owner-Occupied Units by Geography | 1,355,993 | 5.7 | 20.4 | 32.6 | 41.1 | 0.2 |
| Occupied Rental Units by Geography | 925,049 | 18.9 | 29.7 | 23.9 | 26.6 | 0.8 |
| Vacant Units by Geography | 252,523 | 25.7 | 28.5 | 21.3 | 24.0 | 0.6 |
| Businesses by Geography | 348,924 | 5.6 | 17.1 | 28.1 | 48.4 | 0.6 |
| Farms by Geography | 4,077 | 4.3 | 17.9 | 32.6 | 45.1 | 0.0 |
| Family Distribution by Income Level | 1,424,403 | 25.6 | 16.5 | 17.9 | 40.0 | 0.0 |
| Household Distribution by Income Level | 2,281,042 | 27.3 | 15.5 | 16.7 | 40.5 | 0.0 |
| Median Family Income MSA - 16974 Chicago-Naperville-Arlington Heights, IL MD | | \$75,350 | Median Housing Value | | | \$252,409 |
| | | | Median Gross Rent | | | \$1,048 |
| | | | Families Below Poverty Level | | | 11.9% |

Source: 2015 ACS and 2017 D&B Data. () The NA category consists of geographies that have not been assigned an income classification.*

Changes reflected in the 2015 ACS data include an increase in low-income families of 1.0 percent, and a decrease in moderate-income families of 0.6 percent. The median housing value in the assessment area decreased 15.2 percent to \$252,409, and the median gross rent increased 10.9 percent to \$1,048.

Both the 2010 US Census and the 2015 ACS data reflect lower levels of owner-occupied housing units in low- and moderate-income geographies and higher concentrations of rental units in moderate-income geographies. This data highlights some obstacles financial institutions might face in originating home mortgage loans in these geographies.

According to the 2017 D&B data, 348,924 businesses operated in the assessment area. Only 5.6 percent of the businesses are located in low-income census tracts and 17.1 percent are in moderate-income census tracts. The analysis under the geographic distribution criterion compares the distribution of small business loans by geography to the percent of businesses located in each geography. This data highlights some of the challenges financial institutions might face in originating small business loans in these geographies.

The analysis of small business loans under the borrower profile criterion compares the distribution of loans by gross annual revenues (GARs) of the business to the distribution of businesses by GARs. The GARs of businesses operating in the assessment area in 2017 are as follows:

- 80.3 percent report \$1 million or less,
- 8.7 percent report greater than \$1 million, and
- 11.0 percent did not report revenues to D&B.

Service industries represent the largest portion of businesses in the assessment area at 46.4 percent; followed by retail trade (13.3 percent); finance, insurance, and real estate (9.8 percent); construction (6.2 percent); and transportation and communication (5.2 percent). In addition, 65 percent of businesses have four or fewer employees, and 86.6 percent operate from a single location.

The 2016 and 2017 FFIEC-updated median family income level is used to analyze home mortgage loans under the borrower profile criterion. The following table contains information on the median family incomes by category.

| Median Family Income Ranges | | | | |
|---------------------------------------------------------------------------------|-------------|-------------------------|------------------------|----------------|
| Median Family Incomes | Low <50% | Moderate 50% to <80% | Middle 80% to <120% | Upper ≥120% |
| Chicago-Naperville-Arlington Heights, IL MD Median Family Income (16974) | | | | |
| 2016 (\$74,700) | <\$37,350 | \$37,350 to <\$59,760 | \$59,760 to <\$89,640 | ≥\$89,640 |
| 2017 (\$77,500) | <\$38,750 | \$38,750 to <\$62,000 | \$62,000 to <\$93,000 | ≥\$93,000 |
| <i>Source: FFIEC.</i> | | | | |

Data obtained from the Bureau of Labor Statistics shows unemployment rates continue to decrease during the review period suggesting the economy slowly continues to improve. The 2017 year-end unemployment rate was 5.0 percent for the state of Illinois, 5.2 percent for Cook County, and 4.1 percent for DuPage County.

Competition

The assessment area contains a highly competitive market for financial services. Data from the FDIC Deposit Market Share Report as of June 30, 2017, indicates 1,747 offices of 129 financial institutions operating within the assessment area. PABT maintains a 0.1 percent deposit market share in the assessment area, ranking 62nd among all institutions. Large national and regional financial institutions operating offices within the assessment area hold the majority of the market share.

Aggregate small business lending data provides insight into the level of demand for small business loans within the assessment area. The 2016 aggregate data reflects 197 reporting lenders originating 160,274 small business loans in the assessment area, indicating a competitive market for this type of loans.

Additionally, a high level of competition in the assessment area exists for home mortgage loans among banks, credit unions, and non-depositor mortgage lenders. According to the 2016 aggregate mortgage data, 905 lenders reported 287,927 home mortgage loan originations and purchases. PABT ranked 205th capturing 0.04 percent of the market.

Community Contact

Examiners reviewed recent community contact interviews with representatives from organizations in the assessment area to identify the credit and community development needs. This information provides examiners insight regarding the opportunities available and assists in determining whether institutions are responsive to the credit and community development needs of the assessment area. Community contacts identified a need for affordable housing and financial education. One contact stated that the lack of financial education is a significant disadvantage to low- and moderate-income areas and has resulted in unmet banking outreach and service needs.

CONCLUSIONS ON PERFORMANCE CRITERIA

PABT demonstrates outstanding CRA performance. The geographic distribution and borrower profile performance, including community development lending, primarily supports this conclusion. Additionally, the bank's community development investment and service activities enhance the bank's performance, raising the overall rating to Outstanding.

Loan-to-Deposit Ratio

The LTD ratio is reasonable given the institution's size, capacity to lend, and assessment area credit needs. PABT maintained an average net LTD ratio of 78.3 percent over the previous 22 quarters, from September 30, 2012, through December 31, 2017. During this period, the net LTD ratio demonstrates an increasing trend that ranged from 67.2 percent to 91.4 percent as of December 31, 2017.

Examiners compared PABT's LTD ratio to four similarly situated institutions (SSBs) in the FDIC's Chicago Region, which were selected based on similar asset size, loan concentrations and composition, and complexity of operations. The average of the four SSBs net LTD ratios during the same 22-quarter period is 78.4 percent; with individual ratio's ranging from 65.6 percent to 87 percent. PABT's current and average net LTD ratios are in line with the SSBs as shown below.

| Loan-to-Deposit Ratio Comparison | | |
|-----------------------------------------|-------------------------------------------------------|------------------------------------------|
| Bank | Total Assets as of 12/31/2017 \$(000s) | Average Net LTD Ratio (%) |
| Pan American Bank and Trust | 331,206 | 78.3 |
| Similarly-Situated Institution #1 | 343,105 | 87.0 |
| Similarly-Situated Institution #2 | 239,717 | 84.7 |
| Similarly-Situated Institution #3 | 310,430 | 65.6 |
| Similarly-Situated Institution #4 | 325,652 | 76.1 |

Source: Reports of Condition and Income 09/30/12 through 12/31/17

Assessment Area Concentration

A substantial majority of loans, by number and dollar volume, were originated within the assessment area. The table below shows the distribution of the bank's loans inside and outside the assessment area by year and loan type.

| Lending Inside and Outside of the Assessment Area | | | | | | | | | | |
|---------------------------------------------------|-----------------|-------------|-----------|-------------|------------|---------------------------------|-------------|--------------|-------------|-------------------|
| Loan Category | Number of Loans | | | | Total # | Dollar Amount of Loans \$(000s) | | | | Total \$(000s) |
| | Inside | | Outside | | | Inside | | Outside | | |
| | # | % | # | % | | \$ | % | \$ | % | |
| Home Mortgage | | | | | | | | | | |
| 2016 | 101 | 96.2 | 4 | 3.8 | 105 | 32,720 | 91.8 | 2,916 | 8.2 | 35,636 |
| 2017 | 93 | 97.9 | 2 | 2.1 | 95 | 20,855 | 96.4 | 783 | 3.6 | 21,638 |
| Subtotal | 194 | 97.0 | 6 | 3.0 | 200 | 53,575 | 93.5 | 3,699 | 6.5 | 57,274 |
| Small Business | | | | | | | | | | |
| 2016 | 50 | 83.3 | 10 | 16.7 | 60 | 12,638 | 86.0 | 2,053 | 14.0 | 14,691 |
| 2017 | 51 | 96.2 | 2 | 3.8 | 53 | 13,228 | 93.3 | 957 | 6.7 | 14,185 |
| Subtotal | 101 | 89.4 | 12 | 10.6 | 113 | 25,866 | 89.6 | 3,010 | 10.4 | 28,876 |
| Total | 295 | 94.2 | 18 | 5.8 | 313 | 79,441 | 92.2 | 6,709 | 7.8 | 86,150 |

Source: 1/1/2016 - 12/31/2017 Bank Data. Due to rounding, totals may not equal 100.0

Geographic Distribution

The geographic distribution of loans reflects excellent dispersion throughout the assessment area. The excellent performance in small business and home mortgage loans supports this conclusion. Examiners focused on the percentage by number of loans in low- and moderate-income geographies. Performance by number is a better indicator of the number of borrowers served. Only loans originated in the assessment area are considered in the analyses.

Home Mortgage Loans

The geographic distribution of home mortgage loans reflects excellent performance. The bank's home mortgage lending focus is commercial purpose non-owner occupied 1-4 family and multi-family home mortgage loans. Therefore, the bank's performance is discussed separately by loan type and compared to respective demographic and aggregate lending data which provide a better picture of the bank's performance. The excellent performance in all loan types supports the conclusion. For comparative purposes, more weight was applied to the aggregate lending data than the demographic data, as aggregate data provides a better indicator of the lending opportunities and demand in the market.

Non-Owner Occupied Home Mortgage Loans

The geographic distribution of non-owner occupied 1-4 family home mortgage loans reflects excellent performance. Performance is measured against aggregate lending data of non-owner occupied 1-4 family home mortgage loans secured by properties located in low-, moderate-, middle-, and upper-income geographies. The table below details the distribution of non-owner

occupied 1-4 family home mortgage loans, and the percent of rental units (demographic) by geography in the assessment area.

| Geographic Distribution of Non-Owner Occupied 1-4 Family Home Mortgage Loans | | | | | | |
|-------------------------------------------------------------------------------------|-----------------------------------|-------------------------------------|----------|----------|-----------------|----------|
| Tract Income Level | % of Occupied Rental Units | Aggregate Performance % of # | # | % | \$(000s) | % |
| Low | | | | | | |
| 2016 | 18.7 | 7.6 | 36 | 49.3 | 3,198 | 21.0 |
| 2017 | 18.9 | -- | 39 | 58.2 | 4,439 | 47.2 |
| Moderate | | | | | | |
| 2016 | 30.0 | 18.9 | 18 | 24.7 | 4,805 | 31.5 |
| 2017 | 29.7 | -- | 14 | 20.9 | 1,846 | 19.6 |
| Middle | | | | | | |
| 2016 | 28.8 | 29.6 | 7 | 9.6 | 904 | 5.9 |
| 2017 | 23.9 | -- | 8 | 11.9 | 1,256 | 13.4 |
| Upper | | | | | | |
| 2016 | 22.5 | 43.9 | 12 | 16.4 | 6,328 | 41.5 |
| 2017 | 26.6 | -- | 6 | 9.0 | 1,857 | 19.8 |
| Not Available | | | | | | |
| 2016 | 0.0 | 0.0 | 0 | 0.0 | 0 | 0.0 |
| 2017 | 0.8 | -- | 0 | 0.0 | 0 | 0.0 |
| Totals | | | | | | |
| 2016 | 100.0 | 100.0 | 73 | 100.0 | 15,235 | 100.0 |
| 2017 | 100.0 | -- | 67 | 100.0 | 9,398 | 100.0 |

Source: 2010 U.S. Census & 2015 ACS; 1/1/2016 - 12/31/2017 Bank Data, 2016 HMDA Aggregate Data, "--" data not available. Due to rounding, totals may not equal 100.0

PABT’s performance in low-income census tracts significantly exceeds aggregate lenders performance in 2016 and the demographic in both years. The performance in moderate-income census tracts also exceeds the aggregate performance in 2016, but trails the demographic in both years. Considering the strong performance compared to aggregate, the bank’s performance is excellent.

Multi-family Loans

The geographic distribution of multi-family loans reflects excellent dispersion. Performance is measured against aggregate lending data of multi-family home mortgage loans secured by properties located in low-, moderate-, middle-, and upper-income geographies. The table below details the distribution of multi-family loans and multifamily units (demographic) in the assessment area by geography.

PABT’s performance in low-income census tracts significantly exceeds aggregate lenders performance in 2016 and the demographic in both years. The performance in moderate-income

census tracts slightly trails the aggregate in 2016, but exceeds the demographic in both years. Considering the strong performance in low-income geographies compared to aggregate and to the demographic overall, the bank's performance is excellent.

| Geographic Distribution of Multifamily Home Mortgage Loans | | | | | | |
|------------------------------------------------------------|------------------------|------------------------------|----|-------|----------|-------|
| Tract Income Level | % of Multifamily Units | Aggregate Performance % of # | # | % | \$(000s) | % |
| Low | | | | | | |
| 2016 | 12.4 | 14.2 | 4 | 26.7 | 2,532 | 24.2 |
| 2017 | 11.8 | -- | 2 | 25.0 | 1,559 | 35.2 |
| Moderate | | | | | | |
| 2016 | 21.9 | 31.1 | 4 | 26.7 | 2,459 | 23.5 |
| 2017 | 23.3 | -- | 4 | 50.0 | 1,392 | 31.4 |
| Middle | | | | | | |
| 2016 | 32.0 | 33.0 | 6 | 40.0 | 4,948 | 47.3 |
| 2017 | 26.3 | -- | 0 | 0.0 | 0 | 0.0 |
| Upper | | | | | | |
| 2016 | 33.7 | 21.7 | 1 | 6.7 | 520 | 5.0 |
| 2017 | 37.5 | -- | 2 | 25.0 | 1,476 | 33.3 |
| Not Available | | | | | | |
| 2016 | 0.0 | 0.0 | 0 | 0.0 | 0 | 0.0 |
| 2017 | 1.1 | -- | 0 | 0.0 | 0 | 0.0 |
| Totals | | | | | | |
| 2016 | 100.0 | 100.0 | 15 | 100.0 | 10,459 | 100.0 |
| 2017 | 100.0 | -- | 8 | 100.0 | 4,427 | 100.0 |

Source: 2010 U.S. Census & 2015 ACS; 1/1/2016 - 12/31/2017 Bank Data, 2016 HMDA Aggregate Data, "--" data not available. Due to rounding, totals may not equal 100.0

Owner-Occupied Home Mortgage Loans

The geographic distribution of owner-occupied 1-4 family home mortgage loans reflects excellent dispersion. Performance is measured against aggregate lending data of owner occupied 1-4 family home mortgage loans secured by properties located in low-, moderate-, middle-, and upper-income geographies. The table below details the geographic distribution of owner-occupied 1-4 family home mortgage loans and the distribution of owner-occupied housing units by geography in the assessment area.

PABT's performance in low-income census tracts significantly exceeds aggregate performance in 2016 and the demographic in both years. The performance in moderate-income census tracts trails the aggregate in 2016 and the demographic in both years.

The bank's performance was also compared to six SSBs recent CRA evaluations that operate in the same assessment area. Specifically, PABT's performance in low-income geographies

compares exceedingly favorably to SSBs performance for 2016. The SSBs averaged 4.0 percent by number of loans in low-income census tracts; one SSB had the largest percentage at 10.0 percent. Two of the SSBs did not originate any loans in low-income census tracts. Although the bank's performance in moderate-income census tracts lagged the demographic and aggregate, based on the excellent performance in low-income census tracts, the performance exceeding the SSBs performance, and community contacts cited affordable housing as a need in the assessment area; the geographic distribution performance is excellent.

| Geographic Distribution of Owner-Occupied 1-4 Family Home Mortgage Loans | | | | | | |
|---------------------------------------------------------------------------------|------------------------------------------|-------------------------------------|-----------|--------------|-----------------|--------------|
| Tract Income Level | % of Owner-Occupied Housing Units | Aggregate Performance % of # | # | % | \$(000s) | % |
| Low | | | | | | |
| 2016 | 4.9 | 2.9 | 2 | 15.4 | 334 | 4.8 |
| 2017 | 5.7 | -- | 3 | 16.7 | 949 | 13.5 |
| Moderate | | | | | | |
| 2016 | 19.4 | 13.8 | 1 | 7.7 | 100 | 1.4 |
| 2017 | 20.4 | -- | 0 | 0.0 | 0 | 0.0 |
| Middle | | | | | | |
| 2016 | 37.2 | 35.0 | 3 | 23.1 | 2,183 | 31.1 |
| 2017 | 32.6 | -- | 6 | 33.3 | 1,358 | 19.3 |
| Upper | | | | | | |
| 2016 | 38.5 | 48.2 | 7 | 53.8 | 4,409 | 62.8 |
| 2017 | 41.1 | -- | 9 | 50.0 | 4,723 | 67.2 |
| Not Available | | | | | | |
| 2016 | 0.0 | 0.0 | 0 | 0.0 | 0 | 0.0 |
| 2017 | 0.2 | -- | 0 | 0.0 | 0 | 0.0 |
| Totals | | | | | | |
| 2016 | 100.0 | 100.0 | 13 | 100.0 | 7,026 | 100.0 |
| 2017 | 100.0 | -- | 18 | 100.0 | 7,030 | 100.0 |

Source: 2010 U.S. Census & 2015 ACS; 1/1/2016 - 12/31/2017 Bank Data, 2016 HMDA Aggregate Data, "--" data not available. Due to rounding, totals may not equal 100.0

Small Business Loans

The geographic distribution of small business loans reflects excellent dispersion throughout the assessment area. The table shows the distribution of small business loans by income level of the geography. For comparison, the percentage of businesses operating within low-, moderate-, middle-, and upper-income geographies (demographic) is also shown.

The bank's lending to businesses located in low-income census tracts trails the demographic in 2016. However, the performance is in line with the 2016 aggregate data. The aggregate data for 2016 shows 4.1 percent of the reported small business loans are in low-income geographies, by

number. The aggregate data provides insight into the demand for small business loans within the assessment area. The bank's lending in 2017 is in line with the demographic.

| Geographic Distribution of Small Business Loans | | | | | |
|--------------------------------------------------------|------------------------|----------|----------|-----------------|----------|
| Tract Income Level | % of Businesses | # | % | \$(000s) | % |
| Low | | | | | |
| 2016 | 5.2 | 2 | 4.0 | 422 | 3.3 |
| 2017 | 5.6 | 3 | 5.9 | 590 | 4.5 |
| Moderate | | | | | |
| 2016 | 16.5 | 17 | 34.0 | 4,826 | 38.2 |
| 2017 | 17.1 | 15 | 29.4 | 3,731 | 28.2 |
| Middle | | | | | |
| 2016 | 31.3 | 15 | 30.0 | 3,955 | 31.3 |
| 2017 | 28.1 | 15 | 29.4 | 3,329 | 25.2 |
| Upper | | | | | |
| 2016 | 46.8 | 15 | 30.0 | 3,285 | 26.0 |
| 2017 | 48.4 | 18 | 35.3 | 5,578 | 42.2 |
| Not Available | | | | | |
| 2016 | 0.2 | 1 | 2.0 | 150 | 1.2 |
| 2017 | 0.6 | 0 | 0.0 | 0 | 0.0 |
| Totals | | | | | |
| 2016 | 100.0 | 50 | 100.0 | 12,638 | 100.0 |
| 2017 | 100.0 | 51 | 100.0 | 13,228 | 100.0 |

Source: 2016 & 2017 D&B Data; 1/1/2016 - 12/31/2017 Bank Data; Due to rounding, totals may not equal 100.0

The bank's lending to businesses in moderate-income census tracts significantly exceeds the demographic for both years. PABT's performance also exceeds 2016 aggregate lenders performance at 16.4 percent by number of loans in moderate-income geographies.

The bank's performance was also compared to six SSBs previously mentioned. PABT's performance in low- and moderate-income geographies compares favorably to the performance of the SSBs in 2016. The SSBs averaged 5.0 percent by number in low-income census tracts with a range of 1.6 to 9.8 percent; and they averaged 22.0 percent by number in moderate-income census tracts with a range of 10.6 to 37.8 percent. Based on the bank's performance compared to aggregate and the SSBs, the geographic distribution of small business loans is excellent.

Borrower Profile

The distribution of loans to borrowers reflects reasonable penetration among businesses of different sizes and individuals of different income levels. The reasonable performance in home

mortgage loans and excellent performance in small business loans supports this conclusion. Community development lending adds support to the performance. Examiners emphasize performance by number of loans because the performance by number is a better indicator of the number of borrowers served. Only loans in the assessment area are considered in the analyses.

Home Mortgage Loans

The distribution of home mortgage loans to borrowers reflects reasonable penetration among individuals of different income levels. The majority of the bank's home mortgage loans are investor loans (87 and 80 percent in 2016 and 2017, respectively). Investor loans include non-owner occupied and multi-family loans. Income information is not collected for investor loans, and an analysis of those types of loans would not lead to meaningful results. Therefore, the borrower income analysis focuses solely on owner occupied home mortgage loans. Community development lending further supports the conclusion. The table depicts the distribution of owner occupied home mortgage loans by borrower income level.

| Distribution of Home Mortgage Loans by Borrower Income Level | | | | | | |
|---------------------------------------------------------------------|----------------------|-------------------------------------|----------|----------|-----------------|----------|
| Borrower Income Level | % of Families | Aggregate Performance % of # | # | % | \$(000s) | % |
| Low | | | | | | |
| 2016 | 24.6 | 4.9 | 1 | 7.7 | 139 | 2.0 |
| 2017 | 25.6 | -- | 1 | 5.6 | 51 | 0.7 |
| Moderate | | | | | | |
| 2016 | 17.1 | 13.7 | 1 | 7.7 | 349 | 5.0 |
| 2017 | 16.5 | -- | 0 | 0.0 | 0 | 0.0 |
| Middle | | | | | | |
| 2016 | 18.8 | 20.1 | 1 | 7.7 | 260 | 3.7 |
| 2017 | 17.9 | -- | 1 | 5.6 | 144 | 2.0 |
| Upper | | | | | | |
| 2016 | 39.6 | 48.4 | 10 | 76.9 | 6,278 | 89.4 |
| 2017 | 40.0 | -- | 15 | 83.3 | 6,448 | 91.7 |
| Not Available | | | | | | |
| 2016 | 0.0 | 12.9 | 0 | 0.0 | 0 | 0.0 |
| 2017 | 0.0 | -- | 1 | 5.6 | 387 | 5.5 |
| Totals | | | | | | |
| 2016 | 100.0 | 100.0 | 13 | 100.0 | 7,026 | 100.0 |
| 2017 | 100.0 | -- | 18 | 100.0 | 7,030 | 100.0 |

Source: 2010 U.S. Census & 2015 ACS; 1/1/2016 - 12/31/2017 Bank Data, 2016 HMDA Aggregate Data, "--" data not available. Due to rounding, totals may not equal 100.0

The bank's performance to low-income borrowers exceeds aggregate lenders performance in 2016, although it trails the demographic for both years. More weight is placed on the comparison to aggregate lending. Aggregate data provides a better depiction of demand and

opportunities within the assessment area. The bank's lending to moderate-income borrowers trailed the aggregate and demographic in 2016. The bank did not originate any loans to moderate-income borrowers in 2017. Community development lending offsets this lower performance.

Community Development Loans

As previously mentioned PABT is a CDFI and was eligible for a variety of technical and financial assistance. CDFIs are private intermediaries (either for profit or nonprofit) with community development as their primary mission, and must meet eligibility requirements. A CDFI facilitates the flow of lending and investment capital into distressed communities and to individuals who have been unable to take advantage of the services offered by traditional financial institutions.

Since the previous evaluation, the bank was awarded \$1.2 million for its support of affordable housing lending, and providing small business loans and commercial real estate loans in the Chicagoland area. The bank used the funds, in part, to finance other lending activities within the assessment area. The bank originated or renewed 45 community development loans in the assessment area totaling \$28.6 million since its last evaluation. This volume of lending represents 11.0 percent of net loans as of December 31, 2017. The table below illustrates the bank's community development loans by year and purpose.

| Activity Year | Affordable Housing | | Community Services | | Economic Development | | Revitalize or Stabilize | | Totals | |
|---------------|--------------------|---------------|--------------------|----------|----------------------|----------|-------------------------|------------|-----------|---------------|
| | # | \$(000s) | # | \$(000s) | # | \$(000s) | # | \$(000s) | # | \$(000s) |
| 2012 | 1 | 2,300 | 0 | 0 | 0 | 0 | 0 | 0 | 1 | 2,300 |
| 2013 | 1 | 2,500 | 0 | 0 | 0 | 0 | 0 | 0 | 1 | 2,500 |
| 2014 | 1 | 2,500 | 0 | 0 | 0 | 0 | 1 | 600 | 2 | 3,100 |
| 2015 | 23 | 7,220 | 0 | 0 | 0 | 0 | 0 | 0 | 23 | 7,220 |
| 2016 | 7 | 7,141 | 0 | 0 | 0 | 0 | 0 | 0 | 7 | 7,141 |
| 2017 | 10 | 4,328 | 0 | 0 | 0 | 0 | 0 | 0 | 10 | 4,328 |
| YTD 2018 | 1 | 2,000 | 0 | 0 | 0 | 0 | 0 | 0 | 1 | 2,000 |
| Total | 44 | 27,989 | 0 | 0 | 0 | 0 | 1 | 600 | 45 | 28,589 |

Source: Bank Data

The majority of the bank's community development loans support affordable housing efforts within the assessment area. These loans demonstrate the bank's responsiveness to this community development need cited by a community contact. PABT's community development lending activities further supports the borrower profile performance. This lending enhances the bank's lending to low- and moderate-income borrowers in the assessment area.

Small Business Loans

The distribution of small business loans reflects excellent penetration of loans to businesses with GARs of \$1 million or less. The following table shows the distribution of small business loans by GAR of the business compared to the demographic.

| Distribution of Small Business Loans by Gross Annual Revenue Category | | | | | |
|---------------------------------------------------------------------------------------------------------------------------|-----------------|----|-------|----------|-------|
| Gross Revenue Level | % of Businesses | # | % | \$(000s) | % |
| <=\$1,000,000 | | | | | |
| 2016 | 80.2 | 34 | 68.0 | 8,526 | 67.5 |
| 2017 | 80.3 | 29 | 56.9 | 7,637 | 57.7 |
| >1,000,000 | | | | | |
| 2016 | 8.7 | 11 | 22.0 | 3,778 | 29.9 |
| 2017 | 8.7 | 12 | 23.5 | 4,514 | 34.1 |
| Revenue Not Available | | | | | |
| 2016 | 11.1 | 5 | 10.0 | 334 | 2.6 |
| 2017 | 11.0 | 10 | 19.6 | 1,077 | 8.1 |
| Totals | | | | | |
| 2016 | 100.0 | 50 | 100.0 | 12,638 | 100.0 |
| 2017 | 100.0 | 51 | 100.0 | 13,228 | 100.0 |
| <i>Source: 2016 & 2017 D&B Data; 1/1/2016 - 12/31/2017 Bank Data; Due to rounding, totals may not equal 100.0</i> | | | | | |

In 2016 and 2017, the bank's performance to businesses with GARs of \$1 million or less lags the demographic. However, the demographic consists of all businesses that exist within the assessment area, though not all of these businesses may be seeking traditional financing. To further analyze performance, the lending was compared to the small business loan aggregate lending data. The aggregate data provides insight into the demand for small business loans within the assessment area. The 2016 aggregate lending data shows that only 39.3 percent of the reported small business loans by number were originated to businesses with GARs of \$1 million or less. PABT's performance significantly exceeds aggregate performance.

The bank's performance was also compared to the six SSBs previously discussed. PABT's performance significantly exceeded the average performance of the six SSBs. Their lending performance to businesses with GARs of \$1 million or less in 2016 averaged 57.0 percent, ranging between 39.4 to 67.6 percent. Based on the bank's strong performance compared to aggregate lenders and SSBs, the bank's lending to businesses with GARs of \$1 million or less demonstrates excellent performance.

Response to Complaints

PABT did not receive any CRA-related complaints since the previous evaluation; therefore, this criterion did not affect the rating.

Community Development Investments and Services

At the bank's option, its community development investment and service activities were considered. The performance in these activities enhances credit availability in the assessment area.

Community Development Investments

The level of PABT’s qualified community development investments enhances credit availability in the assessment area. Since the previous evaluation, the bank made nine qualified community development investments totaling approximately \$2.0 million. In addition, the bank made 50 donations totaling \$69,000. In total, these investments and donations equate to 4.8 percent of total securities, and 4.0 percent of total equity capital. The table below illustrates the community development investments by year and purpose.

| Activity Year | Affordable Housing | | Community Services | | Economic Development | | Revitalize or Stabilize | | Totals | |
|------------------------------|--------------------|-----------|--------------------|-----------|----------------------|-----------|-------------------------|--------------|-----------|--------------|
| | # | \$(000s) | # | \$(000s) | # | \$(000s) | # | \$(000s) | # | \$(000s) |
| Prior Period | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 2014 | 0 | 0 | 0 | 0 | 0 | 0 | 4 | 996 | 4 | 996 |
| 2015 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 2016 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 2017 | 0 | 0 | 0 | 0 | 1 | 75 | 4 | 996 | 5 | 1,071 |
| YTD 2018 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Subtotal | 0 | 0 | 0 | 0 | 1 | 75 | 8 | 1,992 | 9 | 2,067 |
| Qualified Grants & Donations | 6 | 16 | 42 | 38 | 2 | 15 | 0 | 0 | 50 | 69 |
| Total | 6 | 16 | 42 | 38 | 3 | 90 | 8 | 1,992 | 59 | 2,136 |

Source: Bank Data

Below are notable examples of the qualified investment activities.

- In 2017, the bank made a \$75,000 investment in a loan pool of a CDFI that provides financing for small businesses. The CDFI promotes economic development within the assessment area.
- Four investments at a CDFI totaling \$1.9 million.

Services

The bank’s record of providing services and community development services, including branches, ATMs, and other delivery systems enhance credit availability in its assessment area. The bank operates one office in a low-income census tract. The office also maintains a 24-hour ATM. The location of this office enhances credit availability in the assessment area.

Additionally, employees participated in 23 qualified community development services during the evaluation period. All of these services meet the definition of “community development” and relate to the provision of financial services. The community development services include hosting 16 financial education seminars for low- and moderate-income individuals and small businesses, as well as employees’ ongoing participation in community development organizations serving the assessment area. The bank’s community development services enhance credit availability in the assessment area. The table below shows the community development services by year and type during the evaluation period.

| Activity Year | Affordable Housing | Community Services | Economic Development | Revitalize or Stabilize | Totals |
|--------------------------|--------------------|--------------------|----------------------|-------------------------|-----------|
| | # | # | # | # | # |
| 2014 | 0 | 4 | 0 | 0 | 4 |
| 2015 | 0 | 1 | 0 | 0 | 1 |
| 2016 | 0 | 0 | 0 | 0 | 0 |
| 2017 | 1 | 5 | 7 | 1 | 14 |
| YTD 2018 | 0 | 0 | 4 | 0 | 4 |
| Total | 1 | 10 | 11 | 1 | 23 |
| <i>Source: Bank Data</i> | | | | | |

Below are some notable examples of the community development services.

- An officer provides ongoing participation in a financial career-training program offered through a community development organization. This training program is offered to low- and moderate-income individuals within the assessment area interested in a career in banking. The employee assisted with curriculum development, and provides ongoing training and mentoring to participants.
- Employees were facilitators for a business technical assistance series presented to a Hispanic small business community within the assessment area. Employees provided three bilingual Spanish-English presentations on how to build and grow a small business.
- An employee was a facilitator for a home buyer education workshop presented in conjunction with an affordable housing organization that primarily serves low- and moderate-income individuals within the assessment area.

DISCRIMINATORY OR OTHER ILLEGAL CREDIT PRACTICES REVIEW

Examiners did not identify any evidence of discriminatory or other illegal credit practices; therefore, this consideration did not affect the institution's CRA rating.

GLOSSARY

Aggregate Lending: The number of loans originated and purchased by all reporting lenders in specified income categories as a percentage of the aggregate number of loans originated and purchased by all reporting lenders in the metropolitan area/assessment area.

Area Median Income: The median family income for the MSA, if a person or geography is located in an MSA; or the statewide nonmetropolitan median family income, if a person or geography is located outside an MSA.

Assessment Area: A geographic area delineated by the bank under the requirements of the Community Reinvestment Act.

Census Tract: A small, relatively permanent statistical subdivision of a county or equivalent entity. The primary purpose of census tracts is to provide a stable set of geographic units for the presentation of statistical data. Census tracts generally have a population size between 1,200 and 8,000 people, with an optimum size of 4,000 people. Census tract boundaries generally follow visible and identifiable features, but they may follow nonvisible legal boundaries in some instances. State and county boundaries always are census tract boundaries.

Combined Statistical Area (CSA): A combination of several adjacent metropolitan statistical areas or micropolitan statistical areas or a mix of the two, which are linked by economic ties.

Consumer Loan(s): A loan(s) to one or more individuals for household, family, or other personal expenditures. A consumer loan does not include a home mortgage, small business, or small farm loan. This definition includes the following categories: motor vehicle loans, credit card loans, home equity loans, other secured consumer loans, and other unsecured consumer loans.

Core Based Statistical Area (CBSA): The county or counties or equivalent entities associated with at least one core (urbanized area or urban cluster) of at least 10,000 population, plus adjacent counties having a high degree of social and economic integration with the core as measured through commuting ties with the counties associated with the core. Metropolitan and Micropolitan Statistical Areas are the two categories of CBSAs.

Family: Includes a householder and one or more other persons living in the same household who are related to the householder by birth, marriage, or adoption. The number of family households always equals the number of families; however, a family household may also include non-relatives living with the family. Families are classified by type as either a married-couple family or other family. Other family is further classified into "male householder" (a family with a male householder and no wife present) or "female householder" (a family with a female householder and no husband present).

Family Income: Includes the income of all members of a family that are age 15 and older.

FFIEC-Estimated Income Data: The Federal Financial Institutions Examination Council (FFIEC) issues annual estimates which update median family income from the metropolitan and nonmetropolitan areas. The FFIEC uses American Community Survey data and factors in information from other sources to arrive at an annual estimate that more closely reflects current economic conditions.

Full-Scope Review: A full-scope review is accomplished when examiners complete all applicable interagency examination procedures for an assessment area. Performance under applicable tests is analyzed considering performance context, quantitative factors (for example, geographic distribution, borrower profile, and total number and dollar amount of investments), and qualitative factors (for example, innovativeness, complexity, and responsiveness).

Geography: A census tract delineated by the United States Bureau of the Census in the most recent decennial census.

Home Mortgage Disclosure Act (HMDA): The statute that requires certain mortgage lenders that do business or have banking offices in a metropolitan statistical area to file annual summary reports of their mortgage lending activity. The reports include such data as the race, gender, and the income of applicants; the amount of loan requested; and the disposition of the application (approved, denied, and withdrawn).

Home Mortgage Disclosure Loan Application Register (HMDA LAR): The HMDA LARs record all applications received for residential purchase, refinance, home improvement, and temporary-to-permanent construction loans.

Home Mortgage Loans: Includes home purchase and home improvement loans as defined in the HMDA regulation. This definition also includes multi-family (five or more families) dwelling loans, loans to purchase manufactured homes, and refinancings of home improvement and home purchase loans.

Household: Includes all persons occupying a housing unit. Persons not living in households are classified as living in group quarters. In 100 percent tabulations, the count of households always equals the count of occupied housing units.

Household Income: Includes the income of the householder and all other persons that are age 15 and older in the household, whether related to the householder or not. Because many households are only one person, median household income is usually less than median family income.

Housing Unit: Includes a house, an apartment, a mobile home, a group of rooms, or a single room that is occupied as separate living quarters.

Limited-Scope Review: A limited scope review is accomplished when examiners do not complete all applicable interagency examination procedures for an assessment area. Performance under applicable tests is often analyzed using only quantitative factors (for example, geographic distribution, borrower profile, total number and dollar amount of investments, and branch distribution).

Low-Income: Individual income that is less than 50 percent of the area median income, or a median family income that is less than 50 percent in the case of a geography.

Market Share: The number of loans originated and purchased by the institution as a percentage of the aggregate number of loans originated and purchased by all reporting lenders in the metropolitan area/assessment area.

Median Income: The median income divides the income distribution into two equal parts, one having incomes above the median and other having incomes below the median.

Metropolitan Division (MD): A county or group of counties within a CBSA that contain(s) an urbanized area with a population of at least 2.5 million. A MD is one or more main/secondary counties representing an employment center or centers, plus adjacent counties associated with the main/secondary county or counties through commuting ties.

Metropolitan Statistical Area (MSA): CBSA associated with at least one urbanized area having a population of at least 50,000. The MSA comprises the central county or counties or equivalent entities containing the core, plus adjacent outlying counties having a high degree of social and economic integration with the central county or counties as measured through commuting.

Micropolitan Statistical Area: CBSA associated with at least one urbanized area having a population of at least 10,000, but less than 50,000.

Middle-Income: Individual income that is at least 80 percent and less than 120 percent of the area median income, or a median family income that is at least 80 and less than 120 percent in the case of a geography.

Moderate-Income: Individual income that is at least 50 percent and less than 80 percent of the area median income, or a median family income that is at least 50 and less than 80 percent in the case of a geography.

Multi-family: Refers to a residential structure that contains five or more units.

Nonmetropolitan Area: All areas outside of metropolitan areas. The definition of nonmetropolitan area is not consistent with the definition of rural areas. Urban and rural classifications cut across the other hierarchies. For example, there is generally urban and rural territory within metropolitan and nonmetropolitan areas.

Owner-Occupied Units: Includes units occupied by the owner or co-owner, even if the unit has not been fully paid for or is mortgaged.

Rated Area: A rated area is a state or multistate metropolitan area. For an institution with domestic branches in only one state, the institution's CRA rating would be the state rating. If an institution maintains domestic branches in more than one state, the institution will receive a rating for each state in which those branches are located. If an institution maintains domestic

branches in two or more states within a multistate metropolitan area, the institution will receive a rating for the multistate metropolitan area.

Rural Area: Territories, populations, and housing units that are not classified as urban.

Small Business Loan: A loan included in “loans to small businesses” as defined in the Consolidated Report of Condition and Income (Call Report). These loans have original amounts of \$1 million or less and are either secured by nonfarm nonresidential properties or are classified as commercial and industrial loans.

Small Farm Loan: A loan included in “loans to small farms” as defined in the instructions for preparation of the Consolidated Report of Condition and Income (Call Report). These loans have original amounts of \$500,000 or less and are either secured by farmland, including farm residential and other improvements, or are classified as loans to finance agricultural production and other loans to farmers.

Upper-Income: Individual income that is 120 percent or more of the area median income, or a median family income that is 120 percent or more in the case of a geography.

Urban Area: All territories, populations, and housing units in urbanized areas and in places of 2,500 or more persons outside urbanized areas. More specifically, “urban” consists of territory, persons, and housing units in places of 2,500 or more persons incorporated as cities, villages, boroughs (except in Alaska and New York), and towns (except in the New England states, New York, and Wisconsin).

“Urban” excludes the rural portions of “extended cities”; census designated place of 2,500 or more persons; and other territory, incorporated or unincorporated, including in urbanized areas.