

# **PUBLIC DISCLOSURE**

July 17, 2023

## **COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION**

**Amalgamated Bank of Chicago  
Certificate Number: 903**

**30 N LaSalle Street  
Chicago, Illinois 60602**

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

**300 South Riverside Plaza, Suite 1700  
Chicago, Illinois 60606**

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.

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## INSTITUTION RATING

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

An institution in this group has a satisfactory record of helping to meet the credit needs of its assessment area (AA), including low- and moderate-income neighborhoods, in a manner consistent with its resources and capabilities.

Amalgamated Bank of Chicago's (ABOC) satisfactory Community Reinvestment Act (CRA) performance under the Lending Test and outstanding performance under the Community Development Test support the overall rating. The following points summarize the bank's Lending Test and Community Development Test performance.

**The Lending Test is rated Satisfactory.**

- The Loan-to-deposit ratio (LTD) is reasonable given the institution's size, financial condition, and AA credit needs.
- A substantial majority of loans are inside the institution's AA.
- The geographic distribution of loans reflects reasonable dispersion throughout the AA.
- The distribution of loans to borrowers reflects, given the demographics of the AA, reasonable penetration among individuals of different income levels and businesses of different sizes.
- The institution did not receive any CRA-related complaints about its performance in meeting the credit needs of the AA; therefore, this factor did not affect the Lending Test rating.

**The Community Development Test is rated Outstanding.**

The institution's community development performance demonstrates excellent responsiveness to community development needs in its AA through community development loans, qualified investments, and community development services. Examiners considered the institution's capacity and the need and availability of such opportunities for community development in the AA.

## DESCRIPTION OF INSTITUTION

ABOC is a full-service commercial bank founded in 1922 by the Amalgamated Clothing Workers Union. The bank is headquartered at 30 N. LaSalle Street in Chicago, Illinois. In 2007, ABOC established a branch office at 28600 Bella Vista Parkway in Warrenville, Illinois, to service a growing union and corporate presence in DuPage County in the western suburbs of Chicago. The bank has a drive-in facility at 400 South Dearborn Street in Chicago. ABOC is wholly-owned by Amalgamated Investments, a one-bank holding company also located in Chicago. The bank received a "Satisfactory" rating at its previous FDIC CRA Performance Evaluation dated May 26, 2020, based on Interagency Large Institution Examination Procedures.

Although its primary focus remains servicing the needs of labor unions, union members, and various public entities within and around the City of Chicago, the bank offers a variety of traditional deposit, credit, and other financial products to meet the needs of its AA. Deposit products include savings, checking, certificate of deposit, and money market deposit accounts. ABOC's primary lending focus is commercial and residential real estate lending, construction loans, and home equity lines of credit. The majority of residential lending consists of multi-family residential buildings and 1-4 family non-owner occupied housing units. The bank offers various alternative banking services, including a full array of 24/7 on-line services such as bill pay and Zelle.

As of March 31, 2023, ABOC's assets totaled \$887.8 million, including total loans of \$589.6 million and securities of \$166.7. As of that same date, deposits totaled \$753.3 million. Although the bank's portfolio distribution varied somewhat among loan products, only multi-family loans showed an increase of more than 10.0 percent since the last evaluation, now 39.4 percent of the portfolio as of March 31, 2023 compared to 21.8 percent as of March 31, 2020. The following table shows the distribution of the loan portfolio as of the most recent Call Report.

<b>Loan Portfolio Distribution as of 3/31/2023</b>		
<b>Loan Category</b>	<b>\$(000s)</b>	<b>%</b>
Construction, Land Development, and Other Land Loans	33,387	5.7
Secured by Farmland	1,044	0.2
Secured by 1-4 Family Residential Properties	52,950	9.0
Secured by Multifamily (5 or more) Residential Properties	232,037	39.4
Secured by Nonfarm Nonresidential Properties	253,539	43.0
<b>Total Real Estate Loans</b>	<b>572,957</b>	<b>97.3</b>
Commercial and Industrial Loans	16,212	2.7
Consumer Loans	20	<0.1
Other Loans	1,356	0.2
Less: Unearned Income	(904)	(0.2)
<b>Total Loans</b>	<b>589,641</b>	<b>100.0</b>
<i>Source: Reports of Condition and Income (Call Report)</i>		

Examiners did not identify any financial, legal, or other impediments that would limit the bank's ability to meet the credit or community development needs of its AA.

## **DESCRIPTION OF ASSESSMENT AREA**

CRA requires each financial institution to define one or more AAs within which its performance will be evaluated. ABOC maintains one contiguous geographic area composed of the entirety of Cook and DuPage Counties located in the Chicago-Naperville-Arlington Heights, Illinois Metropolitan Division (Chicago MD). The AA conforms to regulatory requirements, does not arbitrarily exclude low- and moderate-income geographies, and does not reflect illegal discrimination. The AA remains unchanged since the prior evaluation.

## **Economic and Demographic Data**

The AA includes all 1,535 census tracts in Cook and DuPage Counties. Examiners used demographic data from the 2015 American Community Survey (ACS), compiled by the U.S. Census Bureau, and 2021 D&B data to analyze the bank's performance. The following table outlines select demographic information about the AA.

Demographic Information of the Assessment Area						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	1,535	16.5	25.5	25.9	31.3	0.8
Population by Geography	6,166,805	12.3	26.1	28.7	32.6	0.3
Housing Units by Geography	2,533,565	12.4	24.6	28.2	34.4	0.4
Owner-Occupied Units by Geography	1,355,993	5.6	20.4	32.4	41.4	0.2
Occupied Rental Units by Geography	925,049	18.8	29.7	23.9	26.9	0.8
Vacant Units by Geography	252,523	25.4	28.6	21.2	24.2	0.6
Businesses by Geography	572,391	7.2	18.6	26.2	47.5	0.6
Farms by Geography	6,003	5.5	19.1	30.8	44.5	0.1
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 - 16984 Chicago-Naperville-Evanston, IL		\$75,024	Median Housing Value			\$252,409
			Median Gross Rent			\$1,048
			Families Below Poverty Level			11.9%
Sources: 2015 ACS and 2021 D&B Data Due to rounding, totals may not equal 100.0%. *The NA category consists of geographies that have not been assigned an income classification.						

The table reflects lower levels of owner-occupied housing units in low- and moderate-income geographies (26.0 percent combined) within the AA and higher concentrations of rental units (48.5 percent combined). This data highlights opportunities for financial institutions to originate non-owner occupied investment property loans; however, some financial institutions might face obstacles in originating home mortgage loans in these geographies, based on branch locations. The AA is largely a densely populated, urban area including the City of Chicago.

The analysis of small business loans under the Borrower Profile criterion compares the distribution of businesses by gross annual revenue (GAR). The GARs of businesses operating in the AA in 2021 are as follows:

- 86.9 percent have \$1 million or less,
- 5.0 percent have more than \$1 million, and
- 8.1 percent have unknown revenues.

Among all farm and non-farm businesses, service industries represent the largest portion of businesses in the AA (37.0 percent), followed by retail trade (10.4 percent). In addition, 89.6 percent of AA businesses have nine or fewer employees and 90.9 percent operate from a single location.

The COVID-19 pandemic considerably affected local and global environments. The stay-at-home orders and temporary closures of non-essential businesses that became effective in March 2020 caused significant hardships for both individuals and businesses. The pandemic triggered dramatic increases in statewide and national unemployment rates. Throughout the majority of the review period, unemployment remained high and began improving in 2021. The following table illustrates the unemployment rates during the review period.

<b>Unemployment Rates</b>			
<b>Area</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>
	<b>%</b>	<b>%</b>	<b>%</b>
Cook County, Illinois	10.4	7.1	5.1
DuPage County, Illinois	7.6	4.6	3.2
State of Illinois	9.2	6.1	4.4
National Average	8.1	5.4	3.6
<i>Source: Bureau of Labor Statistics.</i>			

### **Competition**

ABOC faces high competition in the AA. According to the FDIC Deposit Market Share data as of June 30, 2022, 109 financial institutions operated 1,448 full-service offices throughout Cook and DuPage Counties. Of these institutions, ABOC ranked 34<sup>th</sup> with 0.2 percent of the deposit market share. The four highest-ranked institutions are large national and regional banks that have a combined deposit market share of 58.5 percent.

Aggregate small business lending data provides insight into the level of demand for small business loans within the AA. Aggregate lending data for 2021 indicates 319 lenders reported originating 228,149 small business loans, indicating a high degree of competition for this loan product. ABOC ranked 80<sup>th</sup> capturing 0.3 percent of the market share.

### **Community Contact**

Examiners conduct community contact interviews to assist in identifying and understanding the credit and community development needs of the AA. The information helps examiners determine whether local financial institutions are responsive to these needs. For this evaluation, examiners reviewed a recent contact with a representative from a credit counseling organization. The contact identified needs for affordable housing, financial education, and small dollar consumer loans.

### **Credit and Community Development Needs and Opportunities**

Examiners determined that loans supporting affordable housing and small dollar consumer loans represent significant credit needs in the AA based on information from the community contact and demographic data. Numerous opportunities exist within the bank's AA to provide housing-related

credit as demonstrated by the demographic data. According to the community contact, affordable housing and financial education remain significant needs in the area.

## **SCOPE OF EVALUATION**

### **General Information**

This evaluation covers the period from the prior evaluation dated May 26, 2020, to the current evaluation dated July 17, 2023. Examiners used the Interagency Intermediate Small Institution Examination Procedures to evaluate the bank's performance. These procedures include the Lending and Community Development Tests. The first appendix describes the criteria for each test. Financial institutions must achieve a satisfactory rating under each test to obtain an overall satisfactory rating.

### **Activities Reviewed**

Examiners determined that the bank's major product lines are small business and home mortgage loans, based on the loan portfolio composition, the number and dollar volume of loans originated during the evaluation period, and the bank's business strategy. No other loan types, such as small farm or consumer loans, represent a major product line or provide material support for the conclusions or rating.

Home mortgage and small business loans are weighted equally in this evaluation. The bank's product mix remained relatively constant throughout the evaluation period with the exception of multi-family loans, which increased by 17.7 percent since the last evaluation.

ABOC's home mortgage loans are comprised of non-owner occupied and multi-family real estate loans. Bank records indicate that ABOC originated or renewed 177 home mortgage loans totaling \$308.2 million from 2020 through 2022.

ABOC optionally collected and reported small business loan data pursuant to the CRA data collection requirements. From 2020 through 2022, this data shows that the bank granted 181 small business loans totaling \$57.4 million.

Examiners did not identify any trends between 2020 and 2022 that materially affect conclusions. Therefore, this evaluation presents information for 2021, the most recent year for which aggregate data is available. The 2015 ACS, 2021 D&B data, and 2021 aggregate data provided standards of comparison for the bank's small business and home mortgage lending performance.

For the Community Development Test, examiners considered community development loans, qualified investments, and community development services since the prior CRA evaluation.

## CONCLUSIONS ON PERFORMANCE CRITERIA

### LENDING TEST

ABOC demonstrated reasonable performance under the Lending Test. Geographic Distribution and Borrower Profile performance primarily support this conclusion.

#### Loan-to-Deposit Ratio

The LTD ratio is reasonable given the institution's size, financial condition, and AA credit needs. The net LTD ratio, calculated from Call Report data, averaged 60.0 percent over the past 12 calendar quarters from June 30, 2020 to March 31, 2023. The ratio ranged from a low of 34.0 percent as of December 31, 2021, to a high of 77.2 percent as of March 31, 2023. The ratio fluctuated periodically throughout the evaluation period, with lows at the end of every calendar year. Examiners evaluated ABOC's LTD ratio by comparing it to four similarly situated institutions (SSIs). Examiners selected these institutions based on asset size, geographic location, and lending focus. As shown in the following table, the average LTD ratios of these institutions during the same 12-quarter period ranged from 68.5 percent to 86.9 percent.

Loan-to-Deposit (LTD) Ratio Comparison		
Bank	Total Assets as of 3/31/2023 (\$000s)	Average Net LTD Ratio (%)
Amalgamated Bank of Chicago	887,833	60.0
Similarly-Situated Institution #1	542,386	68.5
Similarly-Situated Institution #2	721,512	70.0
Similarly-Situated Institution #3	502,114	86.9
Similarly-Situated Institution #4	475,459	83.8
Source: Reports of Condition and Income 6/30/2020 – 3/31/2023		

ABOC is a leading provider of financial services to labor unions, and corporate trust and agency services to corporations and tax-exempt entities, resulting in a unique deposit base for a community financial institution. More than half of ABOC's total deposits are union deposits, which regularly make deposits near the end of each quarter to disburse union pensions in the first week of the following quarter. As stated earlier, deposits grow significantly at the end of each calendar year due to bond payments in the Corporate Trust Department for the following year. Finally, a significant portion of the institution's deposits consist of public fund deposits, which require greater than 100.0 percent collateralization by securities and often fluctuate as well. Considering ABOC's unique deposit base and competition within the assessment area, the bank's LTD ratio as a measure of overall lending capacity is reasonable.

#### Assessment Area Concentration

ABOC originated a substantial majority of home mortgage and small business loans by number and dollar volume within its AA during the evaluation period, as shown in the following table.



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										
2020	36	97.3	1	2.7	37	45,406	99.4	260	0.6	45,666
2021	74	91.4	7	8.6	81	133,652	94.8	7,320	5.2	140,972
2022	53	89.8	6	10.2	59	89,233	73.4	32,349	26.6	121,582
Subtotal	163	92.1	14	7.9	177	268,291	87.0	39,929	13.0	308,220
Small Business										
2020	56	88.9	7	11.1	63	14,216	84.9	2,538	15.1	16,754
2021	72	87.8	10	12.2	82	23,716	84.2	4,451	15.8	28,167
2022	32	88.9	4	11.1	36	10,520	84.4	1,939	15.6	12,459
Subtotal	160	88.4	21	11.6	181	48,452	84.4	8,928	15.6	57,380
Source: Bank Data. Due to rounding, totals may not equal 100.0%.										

### **Geographic Distribution**

The geographic distribution of loans reflects reasonable penetration throughout the AA. The bank's small business and home mortgage lending performance supports this conclusion. Examiners focused on the percentage by number of loans in low- and moderate-income census tracts, and only loans originated in ABOC's AA were considered in this analysis.

#### ***Small Business Loans***

The geographic distribution of small business loans reflects reasonable penetration throughout the AA. Performance is compared against the location of businesses by census tract income level (demographic) and aggregate data. Examiners weighed the comparison to aggregate data more heavily as it provides a better assessment of lending opportunities and demand in the AA. The following table details the distribution of small business loans by census tract income level.

Geographic Distribution of Small Business Loans						
Tract Income Level	% of Businesses	Aggregate Performance % of #	#	%	\$(000s)	%
Low						
2021	7.2	8.3	3	4.2	1,044	4.4
Moderate						
2021	18.6	21.4	13	18.1	4,850	20.4
Middle						
2021	26.2	28.6	20	27.8	7,481	31.5
Upper						
2021	47.5	41.3	36	50.0	10,341	43.6
Not Available						
2021	0.6	0.4	0	0.0	0	0.0
Totals						
2021	100.0	100.0	72	100.0	23,716	100.0

*Source: 2021 D&B Data; Bank Data; 2021 CRA Aggregate Data. Due to rounding, totals may not equal 100.0%*

ABOC's performance in low- and moderate-income census tracts trailed aggregate and demographic data in 2021. Although the bank's performance fell short of the aggregate data, the results are reasonable in light of the bank's locations, which make penetration of low- and moderate-income geographies challenging. Specifically, the main office is in Chicago's downtown business district that consists largely of a cluster of upper-income tracts that are not particularly convenient to locales outside the immediate area. The branch is located in a western suburb in a county that has no low-income tracts and limited moderate-income tracts (the closest cluster is approximately four miles from the branch). As a result, the loan distribution reflects reasonable performance and a willingness to make loans in low- and moderate-income geographies.

### ***Home Mortgage Loans***

The geographic distribution of home mortgage loans reflects reasonable penetration throughout the AA. As stated previously, performance is measured against the percentage of multi-family housing units (demographic) within each census tract level. As also mentioned previously, a significant majority of the bank's home mortgage loans is secured by multi-family residential housing and non-owner occupied 1-4 family residential housing. The following table illustrates the geographic distribution of home mortgage loans in the AA by census tract income level.

Geographic Distribution of Home Mortgage Loans					
Tract Income Level	% of Multi-Family Housing Units	#	%	\$(000s)	%
Low					
2021	11.8	6	8.1	5,901	4.4
Moderate					
2021	23.1	19	25.7	18,683	14.0
Middle					
2021	26.3	10	13.5	7,701	5.8
Upper					
2021	37.8	36	48.6	97,610	73.0
Not Available					
2021	1.1	3	4.1	3,758	2.8
Totals					
2021	100.0	74	100.0	133,652	100.0

*Source: 2015 ACS; Bank Data. Due to rounding, totals may not equal 100.0%*

ABOC's home mortgage lending in low-income census tracts trailed the demographic slightly in 2021. The bank's lending in moderate-income census tracts exceeded the demographic data in 2021. The bank's performance is reasonable in light of the bank's locations, as previously mentioned, which make access to low- and moderate-income geographies challenging.

### **Borrower Profile**

The distribution of loans to borrowers of different income levels and businesses of different sizes is reasonable. This conclusion is supported by reasonable performance in the small business lending category. Only loans located inside the AA are included in the analysis. Examiners drew no conclusions regarding home mortgage lending. As noted earlier, these loans were granted to borrowers who own the properties for investment purposes; therefore, the bank does not utilize borrower income information in a manner like traditional owner-occupied 1 to 4 family residential mortgage loans to non-commercial borrowers.

### **Small Business Loans**

The distribution of loans reflects reasonable penetration among businesses of different sizes. Examiners focused on the bank's lending to businesses with GARs of \$1 million or less, and considered the percentages of businesses by GAR level and aggregate lending data. Examiners applied more weight to the comparison of lending to aggregate data, as it is a better indicator of lending opportunities and demand in the AA. The following table details the distribution of small business loans by borrower GAR levels.

Distribution of Small Business Loans by Gross Annual Revenue Category						
Gross Revenue Level	% of Businesses	Aggregate Performance % of #	#	%	\$(000s)	%
<=\$1,000,000						
2021	86.9	42.3	39	54.2	10,732	45.3
>\$1,000,000						
2021	5.0	--	31	43.1	12,303	51.9
Revenue Not Available						
2021	8.1	--	2	2.8	681	2.9
<b>Totals</b>						
<b>2021</b>	<b>100.0</b>	<b>100.0</b>	<b>72</b>	<b>100.0</b>	<b>23,716</b>	<b>100.0</b>
Source: 2021 D&B Data; Bank Data; 2021 CRA Aggregate Data; "--" data not available. Due to rounding, totals may not equal 100.0%						

During the review period, ABOC's performance in originating small business loans to businesses with GARs of \$1 million or less trailed demographic data. However, the demographic represents all businesses in the AA, not just those seeking traditional bank financing. It is important to note that demographic data does not necessarily represent an accurate picture of demand. Many smaller businesses seek credit through other means such as credit cards, home equity loans, or financing through non-bank sources to fund their businesses. ABOC exceeded aggregated performance, indicating its willingness to lend to small businesses.

During the evaluation period, the bank originated 23 Paycheck Protection Program (PPP) loans to businesses with GARs of \$1 million or less. PPP loans were a temporary program guaranteed through the SBA during the COVID-19 pandemic, designed to help businesses continue funding operations and retain employees. The numerous PPP loans helped borrowers address challenges during the pandemic. Additionally, in 2021, the government expanded access to the PPP, including allowing unions to apply. These activities demonstrate the bank's commitment to serve the credit needs of the AA. Overall, the loan distribution reflects reasonable performance and a willingness to lend to businesses of different sizes.

### ***Home Mortgage Loans***

Given the limited number of home mortgage loans originated with income information, examiners could draw no meaningful conclusions for a borrower profile analysis of this loan product.

### **Response to Complaints**

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

## COMMUNITY DEVELOPMENT TEST

ABOC's community development performance demonstrates excellent responsiveness to the community development needs in its AA through community development loans, qualified investments, and community development services. Examiners considered the institution's capacity and the need and availability of such opportunities for community development in the AA by reviewing community contacts and the activity of four SSIs that operate in the same regional area.

### Community Development Loans

During the evaluation period, the bank originated 61 community development loans totaling \$115.1 million within its AA. This level of activity represents 11.0 percent of average assets and 21.6 percent of average net loans. The level of community development loans in the AA is consistent with the bank's performance at the previous CRA evaluation.

ABOC's level of community development lending activity is higher than the four SSIs that operate in the bank's area and have similar loan portfolio concentrations and asset sizes. The community development lending activity of the four SSIs ranged from a low of 3.6 percent to a high of 21.0 percent of average net loans. ABOC's ratio of 21.6 percent exceeded the ratio of all SSIs. The following table illustrates the bank's community development lending within the AA.

Community Development Lending										
Activity Year	Affordable Housing		Community Services		Economic Development		Revitalize or Stabilize		Total	
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)
2020	8	8,699	0	0	1	1,500	3	11,406	12	21,605
2021	7	16,814	1	450	3	5,031	8	19,909	19	42,204
2022	15	31,457	1	244	0	0	2	1,963	18	33,664
YTD 2023	11	17,561	0	0	0	0	1	44	12	17,605
<b>Total</b>	<b>41</b>	<b>74,531</b>	<b>2</b>	<b>694</b>	<b>4</b>	<b>6,531</b>	<b>14</b>	<b>33,322</b>	<b>61</b>	<b>115,078</b>
Source: Bank Data.										

The majority of the bank's community development loans addressed affordable housing. The community contact identified a need for affordable housing, and these loans address the housing needs of low- and moderate-income individuals in the AA. Notable examples of community development lending in the AA include:

- \$12.5 million to rehabilitate a mixed-use apartment building with 162 apartments and 2 offices in a low-income tract.
- \$5.9 million to a project that satisfies Chicago's Affordable Requirements Ordinance by providing nine affordable for-sale residential homes in a low-income tract.
- \$1.0 million to a borrower that converted a vacant meat packaging plant into a multi-tenant facility that leases spaces to 20 small companies that specialize in innovative research techniques for organic food production. The facility created 95 full-time jobs for low- and moderate-income individuals.

## **Qualified Investments**

ABOC had approximately \$15.1 million in qualified investments and \$617,000 in qualified donations during the evaluation period. The dollar amount of qualified investments represented 9.2 percent of the bank's average securities and 17.2 percent of the average capital. The volume and percentage of qualified investments to total investments increased since the prior evaluation.

The bank's level of qualified investment activity is higher than the four SSIs. The SSIs had qualified investments to average securities ranging from a low of 2.4 percent to a high of 6.6 percent, and average capital ratios ranging from a low of 4.2 percent to a high of 12.2 percent. ABOC's average securities and average capital ratio were higher than all of the SSIs. The following table provides additional details regarding the bank's qualified investment and donation activity.

<b>Qualified Investments</b>										
<b>Activity Year</b>	<b>Affordable Housing</b>		<b>Community Services</b>		<b>Economic Development</b>		<b>Revitalize or Stabilize</b>		<b>Totals</b>	
	<b>#</b>	<b>\$(000s)</b>	<b>#</b>	<b>\$(000s)</b>	<b>#</b>	<b>\$(000s)</b>	<b>#</b>	<b>\$(000s)</b>	<b>#</b>	<b>\$(000s)</b>
Prior Period	12	8,553	0	0	0	0	0	0	12	8,553
2020	1	2,000	0	0	0	0	0	0	1	2,000
2021	0	0	0	0	0	0	0	0	0	0
2022	2	2,751	0	0	0	0	0	0	2	2,751
YTD 2023	1	1,500	1	246	0	0	0	0	2	1,746
<b>Subtotal</b>	<b>16</b>	<b>14,804</b>	<b>1</b>	<b>246</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>17</b>	<b>15,050</b>
Qualified Grants & Donations	6	40	41	565	3	12	0	0	50	617
<b>Total</b>	<b>22</b>	<b>14,844</b>	<b>42</b>	<b>811</b>	<b>3</b>	<b>12</b>	<b>0</b>	<b>0</b>	<b>67</b>	<b>15,667</b>
<i>Source: Bank Data</i>										

Nearly all of the investments and a large portion of the bank's qualified grants and donations addressed affordable housing. Notable examples of ABOC's qualified investments include:

- \$1.5 million Low-Income Housing Tax Credit to convert an existing hotel into a 30-unit apartment complex. All units are set aside for individuals who are homeless or at risk of becoming homeless.
- \$2.0 million Guidance Credit Line to a Community Development Financial Institution's multi-family, affordable housing program. Through the program, the organization acquires, rehabilitates, and preserves affordable rental units targeted to low- and moderate-income individuals and neighborhoods. During the evaluation period, the credit line funded 10 projects.
- 11 mortgage-backed securities from the prior review period with a current book value of \$6.1 million comprised of loans to low- and moderate-income borrowers, and two new mortgage-backed securities totaling \$2.8 million purchased during the evaluation period.

### **Community Development Services**

During the evaluation period, bank employees provided 41 instances of community development services, which is more than three times the 12 instances provided at the last evaluation. This level of community development services was higher than two of the four SSIs, which ranged from 1 (one ongoing service) to 118 services. The following table details community development services by year and type.

<b>Community Development Services</b>					
<b>Activity Year</b>	<b>Affordable Housing</b>	<b>Community Services</b>	<b>Economic Development</b>	<b>Revitalize or Stabilize</b>	<b>Totals</b>
	<b>#</b>	<b>#</b>	<b>#</b>	<b>#</b>	<b>#</b>
2020	2	6	0	0	8
2021	2	7	0	0	9
2022	4	11	0	0	15
YTD 2023	2	7	0	0	9
<b>Total</b>	<b>10</b>	<b>31</b>	<b>0</b>	<b>0</b>	<b>41</b>
<i>Source: Bank Data</i>					

Notable examples of the bank's community development services include:

- Two bank employees served on the Board of the Chicago Summer Business Institute, which is a needs-based summer internship program for high school students of low-income families. During the evaluation period, the bank hosted six student interns, and also developed and piloted a financial literacy program for students.
- The bank continues to work with the Roosevelt University Life Skills Reentry Program, which provides financial education to ex-offenders and other disadvantaged adults in the Chicago area. As part of this program, the Bank offers the Fresh Start Checking account along with a step-by-step program where these adults can open a checking account, then add a savings account, progress to a credit card, and improve their credit so they are able to purchase a home.
- A bank employee served as a Board member of a food bank that supports 13 counties in northern Illinois.

### **DISCRIMINATORY OR OTHER ILLEGAL CREDIT PRACTICES REVIEW**

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

## **APPENDICES**

### **INTERMEDIATE SMALL BANK PERFORMANCE CRITERIA**

#### **Lending Test**

The Lending Test evaluates the bank's record of helping to meet the credit needs of its assessment area(s) by considering the following criteria:

- 1) The bank's loan-to-deposit ratio, adjusted for seasonal variation, and, as appropriate, other lending-related activities, such as loan originations for sale to the secondary markets, community development loans, or qualified investments;
- 2) The percentage of loans, and as appropriate, other lending-related activities located in the bank's assessment area(s);
- 3) The geographic distribution of the bank's loans;
- 4) The bank's record of lending to and, as appropriate, engaging in other lending-related activities for borrowers of different income levels and businesses and farms of different sizes; and
- 5) The bank's record of taking action, if warranted, in response to written complaints about its performance in helping to meet credit needs in its assessment area(s).

#### **Community Development Test**

The Community Development Test considers the following criteria:

- 1) The number and amount of community development loans;
- 2) The number and amount of qualified investments;
- 3) The extent to which the bank provides community development services; and
- 4) The bank's responsiveness through such activities to community development lending, investment, and service needs.



## **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.

**American Community Survey (ACS):** A nationwide United States Census survey that produces demographic, social, housing, and economic estimates in the form of five year estimates based on population thresholds.

**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.

**Community Development:** For loans, investments, and services to qualify as community development activities, their primary purpose must:

- (1) Support affordable housing for low- and moderate-income individuals;
- (2) Target community services toward low- and moderate-income individuals;
- (3) Promote economic development by financing small businesses or farms; or
- (4) Provide activities that revitalize or stabilize low- and moderate-income geographies, designated disaster areas, or distressed or underserved nonmetropolitan middle-income geographies.

**Community Development Corporation (CDC):** A CDC allows banks and holding companies to make equity type of investments in community development projects. Institution CDCs can develop innovative debt instruments or provide near-equity investments tailored to the development needs of the community. Institution CDCs are also tailored to their financial and marketing needs. A CDC may purchase, own, rehabilitate, construct, manage, and sell real property. Also, it may make equity or debt investments in development projects and in local businesses. The CDC activities are expected to directly benefit low- and moderate-income groups, and the investment dollars should not represent an undue risk on the banking organization.

**Community Development Financial Institutions (CDFIs):** CDFIs are private intermediaries (either for profit or nonprofit) with community development as their primary mission. 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. Some basic types of CDFIs include community development banks, community development loan funds, community development credit unions, micro enterprise funds, and community development venture capital funds.

A certified CDFI must meet eligibility requirements. These requirements include the following:

- Having a primary mission of promoting community development;
- Serving an investment area or target population;
- Providing development services;
- Maintaining accountability to residents of its investment area or targeted population through representation on its governing board of directors, or by other means;
- Not constituting an agency or instrumentality of the United States, of any state or political subdivision of a state.

**Community Development Loan:** A loan that:

- (1) Has as its primary purpose community development; and
- (2) Except in the case of a wholesale or limited purpose institution:
  - (i) Has not been reported or collected by the institution or an affiliate for consideration in the institution's assessment area as a home mortgage, small business, small farm, or consumer loan, unless it is a multifamily dwelling loan (as described in Appendix A to Part 203 of this title); and
  - (ii) Benefits the institution's assessment area(s) or a broader statewide or regional area including the institution's assessment area(s).

**Community Development Service:** A service that:

- (1) Has as its primary purpose community development;
- (2) Is related to the provision of financial services; and
- (3) Has not been considered in the evaluation of the institution's retail banking services under § 345.24(d).

**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.

**Distressed Middle-Income Nonmetropolitan Geographies:** A nonmetropolitan middle-income geography will be designated as distressed if it is in a county that meets one or more of the following triggers:

- (1) An unemployment rate of at least 1.5 times the national average;
- (2) A poverty rate of 20 percent or more; or
- (3) A population loss of 10 percent or more between the previous and most recent decennial census or a net migration loss of 5 percent or more over the 5-year period preceding the most recent census.

**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).

**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 (e.g, geographic distribution, borrower profile, and total number and dollar amount of investments), and qualitative factors (e.g, 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 Loans:** Includes closed-end mortgage loans or open-end line of credits as defined in the HMDA regulation that are not an excluded transaction per the HMDA regulation.

**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 (e.g, 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.

**Low Income Housing Tax Credit:** The Low-Income Housing Tax Credit Program is a housing program contained within the Internal Revenue Code of 1986, as amended. It is administered by the U.S. Department of the Treasury and the Internal Revenue Service. The U.S. Treasury Department distributes low-income housing tax credits to housing credit agencies through the Internal Revenue Service. The housing agencies allocate tax credits on a competitive basis.

Developers who acquire, rehabilitate, or construct low-income rental housing may keep their tax credits. Or, they may sell them to corporations or investor groups, who, as owners of these properties, will be able to reduce their own federal tax payments. The credit can be claimed annually for ten consecutive years. For a project to be eligible, the developer must set aside a specific percentage of units for occupancy by low-income residents. The set-aside requirement remains throughout the compliance period, usually 30 years.

**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.

**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** (also known as **non-MSA**): 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.

**Qualified Investment:** A lawful investment, deposit, membership share, or grant that has as its primary purpose community development.

**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 Investment Company (SBIC):** SBICs are privately-owned investment companies which are licensed and regulated by the Small Business Administration (SBA). SBICs provide long-term loans and/or venture capital to small firms. Because money for venture or risk investments is difficult for small firms to obtain, SBA provides assistance to SBICs to stimulate and supplement the flow of private equity and long-term loan funds to small companies. Venture capitalists participate in the SBIC program to supplement their own private capital with funds borrowed at favorable rates through SBA's guarantee of SBIC debentures. These SBIC debentures are then sold to private investors. An SBIC's success is linked to the growth and profitability of the companies that it finances. Therefore, some SBICs primarily assist businesses with significant growth potential, such as new firms in innovative industries. SBICs finance small firms by providing straight loans and/or equity-type investments. This kind of financing gives them partial ownership of those businesses and the possibility of sharing in the companies' profits as they grow and prosper.

**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.

**Underserved Middle-Income Nonmetropolitan Geographies:** A nonmetropolitan middle-income geography will be designated as underserved if it meets criteria for population size, density, and dispersion indicating the area's population is sufficiently small, thin, and distant from a population center that the tract is likely to have difficulty financing the fixed costs of meeting essential community needs.

**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.