



PUBLIC DISCLOSURE

June 09, 2015

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

Albany Bank and Trust Company, National Association
Charter Number 14688

3400 West Lawrence Avenue Chicago, IL 60625

Office of the Comptroller of the Currency

1700 East Golf Road Suite 800 Schaumburg, IL 60173

NOTE: This document is an evaluation of this institution's record of meeting the credit needs of its entire community, including low- and moderate-income neighborhoods consistent with safe and sound operation of the institution. This evaluation is not, nor should it be construed as, an assessment of the financial condition of this institution. The rating assigned to this institution does not represent an analysis, conclusion, or opinion of the federal financial supervisory agency concerning the safety and soundness of this financial institution.

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

The Lending Test is rated: Satisfactory.

The Community Development Test is rated: Satisfactory.

The major factors supporting the institution's rating include:

- Albany Bank and Trust's (ABT) distribution of loans to low- and moderate-income borrowers and small businesses is reasonable.
- Geographic distribution of loans originated inside the assessment area (AA) is excellent.
- A majority of loans originated or purchased during the evaluation period were inside the AA. Additionally, ABT's loan-to-deposit ratio is reasonable compared to the peer group.
- ABT shows adequate responsiveness in meeting the community development (CD) needs of the assessment area.

Scope of Examination

ABT was evaluated under the Intermediate Small Bank examination procedures, which include a lending test and a CD test, to assess compliance with the Community Reinvestment Act (CRA). The lending test evaluates ABT's recent performance of meeting the credit needs of its assessment area through its lending activity. The CD test evaluates the responsiveness to CD needs in the assessment area through qualified lending, investments, and CD services.

ABT has one AA located within the Chicago-Joliet-Naperville Metropolitan Division. Examiners performed full-scope examination procedures for this AA. The evaluation period for the lending test, excluding community development loans, was January 1, 2013 through December 31, 2014. We analyzed residential real estate loans from the Home Mortgage Disclosure Act (HMDA) LAR and a sample of 41 business loans originated inside the AA during 2013 and 2014. Examiners validated the loan data in the reports during an onsite examination in March 2015. Examiners verified all data used in this evaluation as being accurate and qualified per CRA requirements. The evaluation period for CD activities was from August 1, 2012 through June 9 2015. We used annual deposit market share reports from the FDIC dated June 30, 2014 to determine ABT's deposit market presence within its AA.

Description of Institution

ABT is an intrastate financial institution headquartered in the Albany Park neighborhood of Chicago, Illinois. The bank also has branches located in the North Mayfair area, Ravenswood area, and the near north suburb of Skokie, Illinois. ABT is 100% owned by Albank Corporation, which is also located in the Albany Park neighborhood of Chicago. Albank Corporation does not hold any other significant assets. As of March 31, 2015, ABT's total assets equaled \$588 million; of which, net loans comprised 40 percent or \$325 million. ABT is primarily a commercial lender; focusing on small and medium sized owner-operated businesses and owner-occupied real estate. Of ABT's loan portfolio, 54 percent are non-farm non-residential loans, 22 percent multifamily, 11 percent commercial and industrial, 8 percent one-to-four family, and 5 percent other loans. Competition within ABT's AA is strong due to the high number of large bank competitors located throughout Cook County. There has not been any merger or acquisition activity since the prior CRA exam in 2012.

The bank does not have any legal impediments that hinder their ability to meet the needs of its AA. The bank received a "Satisfactory" rating at its last CRA evaluation dated July 12, 2012.

Description of Assessment Area

ABT has one designated AA, which is located within the Chicago Metropolitan Division (MD), which is a part of the Chicago Metropolitan Statistical Area (MSA). The boundaries of the AA include only a portion of the Chicago MSA, which ABT reasonably expects to serve. The AA is reasonable and does not reflect any illegal discrimination. The AA consists of contiguous census tracts and contains all four bank branches and deposit taking ATMs. The AA does not arbitrarily exclude any low- or moderate- income census tracts.

The AA consists of 303 census tracts. There are 18 low- income tracts (6 percent), 87 moderate- income tracts (29 percent), 104 middle- income tracts (34 percent), and 94 upper- income tracts (31 percent). According to 2010 census data, the total population for ABT's assessment area is 1.150 million, which is comprised of 246,561 families. There are 65,114 low- income families (26 percent) and 42,319 moderate- income families (17 percent).

Of the low-income families, 27,932 (11.3 percent) were below the poverty line. U.S. Census estimated that the median family income (MFI) was \$72,196. The updated MFI for 2014 was \$76,300. The unemployment rate for the AA was 5.75 percent.

Businesses within the AA are concentrated in middle- and upper- income census tracts. The majority of businesses report annual revenues of less than \$500 thousand;

however, 23 percent of businesses within the AA did not report annual revenues. Additionally, most businesses in the AA employ between one and four employees. Overall, the local economic conditions have stabilized and are in the process of recovery.

Competition within the assessment area is strong. According to the FDIC deposit market share report dated June 30, 2014, ABT's deposit market share equaled 0.18 percent and ranks 39 out of 137 financial institutions. Deposit market shares ranged from 27.92 percent to 0.00 percent.

Examiners conducted three community contacts during the course of this evaluation to inquire about the credit needs and economic conditions within the AA. These organizations focused on affordable housing for senior citizens and economic development. The community contacts stated that the North River economy has been changing as more new Americans move into the neighborhoods. The influx of new residents has driven up rent and home values in the area, leading to an increased need for affordable housing. Additionally, the number of small businesses and entrepreneurs seeking funding has increased with the general increase in the population of the community. All community contacts identified business loans and affordable housing as the primary credit needs of the area. Additionally, all community contacts stated that CD opportunities are available within the AA.

Conclusions with Respect to Performance Tests

LENDING TEST

ABT's performance under the Lending Test is Satisfactory.

ABT's average loan-to-deposit ratio is reasonable given the bank's size and financial condition. Lending inside of the assessment area for years 2013 and 2014 is reasonable as the majority of loans made were within the assessment area. Overall, the bank's lending to borrowers of different income levels and businesses of different sizes is reasonable. The geographical distribution of residential and commercial loans is excellent.

Loan-to-Deposit Ratio

ABT's average loan-to-deposit ratio is reasonable given the bank's size and financial condition. As of March 31, 2015, ABT's average quarterly deposit ratio from September 2012 through March 31, 2015 was 67.94 percent. ABT ranked sixth out of 10 institutions within Cook County with total assets between \$450 million and \$739 million. The quarterly average for the entire peer group ranged from 66.04 percent to 86.6 percent. The average for the peer group was 71.78 percent.

Lending in Assessment Area

ABT's lending inside the assessment area is reasonable as a majority of loans originated by ABT for years 2013 and 2014 are inside of the AA. The analysis included 47 HMDA loans and 54 commercial loans originated in 2013 and 2014. Out of the 101 loans, the bank originated 74.26 percent by number and 77.67 by total dollar volume within the bank's assessment area. See Table 1 below for details:

Loan Type	Number of Loans					Dollars of Loans				
	Inside		Outside		Total	Inside		Outside		Total
	#	%	#	%		\$(000)	%	\$(000)	%	
Home Purchase	18	78.26%	5	21.74%	23	\$18,946	78.18%	\$5,289	21.82%	\$24,235
Home Refinance	14	63.64%	8	36.36%	22	\$16,213	71.01%	\$6,619	28.99%	\$22,832
HMDA-Home Improvement	2	100.00%	0	0.00%	2	\$3,530	100.00%	\$0	0.00%	\$3,530
Small Business	41	75.93%	13	24.07%	54	\$12,042	81.82%	\$2,676	18.18%	\$14,718
Total	75	74.26%	26	25.74%	101	\$50,731	77.67%	\$14,584	22.33%	\$65,315

Source: HMDA LAR for 2013 and 2014 and Bank Loan Data

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

Overall, the bank's lending to borrowers of different income levels and businesses of different sizes is reasonable.

Home Mortgage Loans

Distribution of loans to low- and moderate-income borrowers is reasonable; however, due to the low volume of HMDA loans originated during the evaluation period, we did not rate this component heavily in the overall CRA performance rating. Borrower distribution for low- income borrowers is poor as there were no loans with reported incomes made to low- income borrowers. Borrower distribution for moderate- income borrowers is excellent as the percentage of loans made to moderate- income borrowers exceeds the percentage of moderate- income families in the AA. During the two-year evaluation period, the bank originated 34 HMDA loans, multifamily properties secure 25 out of the 34 loans originated inside the AA. No income data is reported for multifamily residential loans. Of the remaining nine loans, seven loans had no income reported because the loans were not originated to natural persons. The remaining two loans with income reported were to a moderate- income borrower and an upper- income borrower. See Table 2 below for details.

Table 2 -- Borrower Distribution of Residential Real Estate Loans in AA								
Borrower Income Level	Low		Moderate		Middle		Upper	
Loan Type	% of AA Families	% of Number of Loans	% of AA Families	% of Number of Loans	% of AA Families	% of Number of Loans	% of AA Families	% of Number of Loans
HMDA Combined*	26.41	0.00	17.16	50.00	17.74	0.00	38.68	50.00

Source: Data reported under HMDA; 2010 U.S. Census data

*Combined HMDA purchase and HMDA refinance loans. Out of the five home purchase loans, none reported income. Out of the four home refinance loans, two reported income.

Commercial Loans

Distribution of loans to small businesses is excellent. Out of the 41 small business loans originated within the AA, 30 loans or 73.17% were to businesses with reported annual revenues equal to or less than \$1 million, six loans or 14.63% were to businesses with reported revenues greater than \$1 million, and the remaining 5 loans or 12.20% did not report annual revenues. Business demographic data shows that 72.59% of businesses within the AA report annual revenues equaling \$1 million or less. See Table 3 below for details. Also noted in Table 4 below the majority of business loans within our sample were below \$250 thousand further supporting the bank's excellent lending performance to small businesses.

Table 3 -- Borrower Distribution of Loans to Non-Farm Businesses				
Non-Farm Business Revenues	≤ \$1,000,000	> \$1,000,000	Unavailable / Unknown	Total
% of AA Non-Farm Businesses	72.59%	4.48%	22.93%	100%
% of Bank Loans in AA by #	73.17%	14.63%	12.20%	100%
% of Bank Loans in AA by \$	81.15%	13.48%	5.37%	100%

Source: Bank data; 2010 U.S. Census data

Table 4 – Borrower Distribution of Loans to Businesses by Loan Size in AA				
Loan Size (000's)	Number of Loans	Percent of Number	Dollar Volume Of Loans	Percent of Dollar Volume
\$0 - \$100,000	14	34%	\$837	7%
\$100,001 - \$250,000	13	32%	\$2,604	22%
\$250,001 - \$500,000	7	17%	\$2,385	20%
\$500,001 - \$1,000,000	6	15%	\$3,915	33%
Over \$1,000,000	1	2%	\$2,300	19%

Source: Bank Data

Geographic Distribution of Loans

Geographic distribution of residential and small business loans across low- and moderate-income census tracts is excellent. The geographic distribution of loans to small businesses within the AA is excellent. The combined geographic distribution for home purchase and home refinance loans across low- and moderate-income census tracts is excellent. We did not identify any unexplained lending gaps in the census tracts within the bank's AA.

Home Mortgage Loans

The combined geographic distribution of home mortgage and home refinance loans is excellent across low- and moderate- income census tracts; however, due to the low volume of HMDA loans originated during the evaluation period, we did not rate this component heavily in the overall CRA performance rating. The number of residential lending HMDA loans made in both low- and moderate- income census tracts exceeds the percentage of owner occupied housing within low- and moderate-income census tracts in the AA. See Table 7 below for details.

Census Tract Income Level	Low		Moderate		Middle		Upper	
Loan Type	% of AA Owner Occupied Housing	% of Number of Loans	% of AA Owner Occupied Housing	% of Number of Loans	% of AA Owner Occupied Housing	% of Number of Loans	% of AA Owner Occupied Housing	% of Number of Loans
HMDA-Purchase	2.61	0.00	23.66	60.00	42.99	20.00	30.74	20.00
HMDA-Refinance	2.61	25.00	23.66	0.00	42.99	25.00	30.74	50.00
HMDA-Combined*	2.61	11.11	23.66	33.33	42.99	22.22	30.74	33.33

Source: Data reported under HMDA; 2010 U.S. Census data
 *ABT reported nine home purchase and home refinance loans.

Commercial Loans

The geographic distribution of loans made to businesses inside the assessment area is excellent. Of the 30 small business loans made inside the assessment area, half were to businesses located in low- and moderate-income level census tracts. The percentage of loans made inside low- and moderate-income level census tracts exceeds the percentage of businesses located in low- and moderate-income level census tracts. See Table 8 below for details.

Table 8 - Geographic Distribution of Loans to Businesses in AA								
Census Tract Income Level	Low		Moderate		Middle		Upper	
Loan Type	% of AA Businesses	% of Number of Loans	% of AA Businesses	% of Number of Loans	% of AA Businesses	% of Number of Loans	% of AA Businesses	% of Number of Loans
Small Business	2.84%	3.33%	21.18%	46.67%	39.98%	36.67%	36.00%	13.33%

Source: Bank data; 2010 U.S. Census data

Responses to Complaints

ABT's Supervisory Agency has not received any complaints related to the bank's CRA performance during the evaluation period.

COMMUNITY DEVELOPMENT TEST

ABT's performance under the CD test is Satisfactory.

ABT's combined CD loans, investments and CD services reflect an adequate level of responsiveness to the CD needs in the AA.

Number and Amount of Community Development Loans

The volume of ABT's CD loans demonstrates excellent responsiveness to the CD credit needs of the AA. ABT has made a high level of CD loans. During the evaluation period, ABT originated or refinanced 21 qualified CD loans totaling \$18.12 million or 21 percent of capital. ABT made 13 loans totaling \$12.37 million for affordable housing, six loans totaling \$4.85 million for economic development, and two loans totaling \$900 thousand to organizations supporting low- and moderate income CD services.

Number and Amount of Qualified Investments

The level of CD investments represents adequate responsiveness to the CD needs of the AA. ABT did not present any qualified equity investments for CD consideration, however, ABT did donate to charitable organizations that provide services to low- and moderate-income persons. During the evaluation period, ABT made 106 donations totaling \$107 thousand.

Extent to Which the Bank Provides Community Development Services

The community development services provided by the bank are adequate in terms of the size of the financial institution and the credit needs in the AA. ABT's branches are reasonably accessible to all individuals within the AA. Two of the four bank branches are located in moderate- income census tracts and the remaining two branches are in middle- income census tracts. Branches offer uniform products and hours do not vary greatly by location. Bank employees are involved with local organizations promoting economic development, affordable housing, and other services to low- and moderate-income persons in the AA. While serving local organizations, employees perform duties that are similar to their responsibilities at ABT and primarily in leadership positions.

Responsiveness to Community Development Needs

ABT's overall performance reflects an adequate response to the CD needs of the AA. The bank's CD lending, donations, and services within the AA achieve a positive impact on the economic development and affordable housing needs of the community.

Fair Lending or Other Illegal Credit Practices Review

Pursuant to 12 C.F.R. 25.28 (c) in determining a national bank's (bank) CRA rating, the OCC consider evidence of discriminatory or other illegal credit practices in any geography by the bank or in any assessment area by an affiliate whose loans have been considered as part of the bank's lending performance.

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