

PUBLIC DISCLOSURE

October 21, 2024

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

First American Bank
Certificate Number: 3657

700 Busse Road
Elk Grove Village, Illinois 60007

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

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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.

TABLE OF CONTENTS

INSTITUTION RATING	1
DESCRIPTION OF INSTITUTION	2
DESCRIPTION OF ASSESSMENT AREAS.....	4
SCOPE OF EVALUATION.....	4
CONCLUSIONS ON PERFORMANCE CRITERIA.....	6
DISCRIMINATORY OR OTHER ILLEGAL CREDIT PRACTICES REVIEW	14
CHICAGO-NAPERVILLE-ELGIN, IL-IN-WI MSA	15
DESCRIPTION OF INSTITUTION’S OPERATIONS IN CHICAGO-NAPERVILLE- ELGIN, IL-IN-WI MSA.....	15
SCOPE OF EVALUATION – CHICAGO-NAPERVILLE-ELGIN, IL-IN-WI MSA.....	19
CONCLUSIONS ON PERFORMANCE CRITERIA IN CHICAGO-NAPERVILLE-ELGIN, IL-IN-WI MSA.....	20
FLORIDA	34
DESCRIPTION OF INSTITUTION’S OPERATIONS IN FLORIDA	34
SCOPE OF EVALUATION – FLORIDA	38
CONCLUSIONS ON PERFORMANCE CRITERIA IN FLORIDA	38
ILLINOIS	50
DESCRIPTION OF INSTITUTION’S OPERATIONS IN ILLINOIS.....	50
SCOPE OF EVALUATION – ILLINOIS.....	53
CONCLUSIONS ON PERFORMANCE CRITERIA IN ILLINOIS	53
APPENDICES	61
LARGE BANK PERFORMANCE CRITERIA.....	61
SCOPE OF EVALUATION.....	63
SUMMARY OF RATINGS FOR RATED AREAS	64
GLOSSARY	65

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, including low- and moderate-income neighborhoods, in a manner consistent with its resources and capabilities.

PERFORMANCE LEVELS	PERFORMANCE TESTS		
	Lending Test*	Investment Test	Service Test
Outstanding	-	-	-
High Satisfactory	X	-	-
Low Satisfactory	-	X	X
Needs to Improve	-	-	-
Substantial Noncompliance	-	-	-
<i>*The Lending Test is weighted more heavily than the Investment and Service Tests when arriving at an overall rating.</i>			

The Lending Test is rated High Satisfactory.

- Lending levels reflect good responsiveness to credit needs in the assessment areas (AAs).
- A high percentage of loans were originated in the bank’s AAs.
- The geographic distribution of loans reflects good penetration throughout the AAs.
- The distribution of borrowers reflects, given the product lines offered by the bank, adequate penetration among business customers of different sizes and retail customers of different income levels.
- The bank has made a relatively high level of community development loans.
- The bank uses innovative and/or flexible lending practices in order to serve credit needs in the AAs.

The Investment Test is rated Low Satisfactory.

- The bank has an adequate level of qualified community development investments and grants.
- The bank exhibits good responsiveness to credit and community development needs.
- The bank occasionally uses innovative and/or complex investments to support community development initiatives.

The Service Test is rated Low Satisfactory.

- Delivery systems are reasonably accessible to essentially all portions of the bank's AAs.
- To the extent changes have been made, the institution's opening and closing of branches has generally not adversely affected the accessibility of its delivery systems, particularly in low- and moderate-income geographies and/or to low- and moderate-income individuals.
- Services, including business hours, do not vary in a way that inconveniences portions of the AAs.
- The institution provides an adequate level of community development services.

DESCRIPTION OF INSTITUTION

First American Bank (FAB) is a state-chartered financial institution headquartered in Elk Grove Village, Illinois, a northwest suburb of Chicago. FAB is wholly owned by First American Bank Corporation and has no affiliates that provide loans or deposit services.

The bank's Hialeah branch, located at 611 West 49th Street, Hialeah, Florida was closed on October 11, 2024, and reopened on October 15, 2024, at 1427 West 49th Street due to the need to expand physical space beyond what the previous facility allowed. Both locations are in moderate-income census tracts and located approximately one mile from each other. No other branches have been opened or closed. FAB bank operates 58 branches (50 in the Multi-State AA, 2 in the Illinois AA, and six in the Florida AA). FAB received a Satisfactory rating based on Large Institution CRA Examination Procedures at its previous FDIC Performance Evaluation dated March 7, 2022.

FAB offers a full range of loan and deposit products for commercial and retail customers. Commercial products include business deposits accounts, working capital lines of credit, equipment loans, real estate loans, construction loans, treasury management services, and merchant services. FAB is active in extending commercial loans through the Small Business Administration (SBA) programs. The bank's retail products consist of checking, savings, money market, certificates of deposit, overdraft protection, health savings accounts, and individual retirement accounts. The bank also offers mobile banking, online banking, and access to automated teller machines (ATMs). Consumer loan products include fixed- and adjustable-rate mortgage loans, as well as home equity loans and both direct and indirect automobile loans. The bank primarily facilitates longer-term home mortgage loans through secondary market investors. In addition, FAB offers financial planning, trust and estate services, investment management services, private banking, and tax and estate planning through its Wealth Management Group.

According to the June 30, 2024, Consolidated Reports of Condition and Income (Call Report), FAB reported total assets of \$7.1 billion, total loans of \$2.9 billion, and total deposits of \$4.9 billion. As of June 30, 2024, the bank had a net loan-to-deposit ratio of 59.2 percent and a net loan-to-asset ratio of 40.8 percent. Additionally, FAB's investment portfolio totaled \$3.7 billion, representing 52.1 percent of total assets. FAB experienced growth in both assets and loans since the previous CRA evaluation. Total assets increased from \$6.1 billion to \$7.1 billion, or 16.4 percent. Total loans increased from \$2.1 billion to \$2.9 billion, or 38.1 percent.

The bank’s loan portfolio as of June 30, 2024, is diversified between commercial and residential lending, with the majority of the portfolio composed of loans secured by real estate and commercial and industrial loans. Commercial lending, including real estate loans, represents 43.3 percent of the loan portfolio and residential real estate loans account for 19.1 percent of the loan portfolio. The loan portfolio is illustrated in the following table.

Loan Portfolio Distribution as of 06/30/2024		
Loan Category	\$(000s)	%
Construction, Land Development, and Other Land Loans	196,807	6.7
Secured by Farmland	3,914	0.1
Secured by 1-4 Family Residential Properties	561,848	19.1
Secured by Multifamily (5 or more) Residential Properties	210,829	7.2
Secured by Nonfarm Nonresidential Properties	656,633	22.4
Total Real Estate Loans	1,630,031	55.5
Commercial and Industrial Loans	613,797	20.9
Agricultural Production and Other Loans to Farmers	0	0.0
Consumer Loans	597,700	20.4
Obligations of State and Political Subdivisions in the U.S.	55,999	1.9
Other Loans	38,267	1.3
Lease Financing Receivable (net of unearned income)	0	0.0
Less: Unearned Income	0	0.0
Total Loans	2,935,794	100.0
<i>Source: Call Report</i>		

FAB originated the largest percentage of its loans, attracted the largest percentage of dollar volume of deposits (as of June 30, 2023), and possessed the largest percentage of branches in the Chicago-Naperville-Elgin, IL-IN-WI MSA (Multistate) AA. As such, the Multi-state AA received substantially more weight when drawing conclusions.

State and Assessment Area Weighting			
Assessment Area	% of # Loans in AA*	% of \$ Deposits[^]	% of # Branches
Multi-State	90.3	84.4	86.2
Florida	8.0	12.1	10.3
Illinois	1.7	3.5	3.4
<i>*Percentage of loans by number does not include loans outside the three AAs. Source: FDIC Summary of Deposits (6/30/23)</i>			

A more detailed description of the bank’s AAs is included in the subsequent section. Examiners did not identify any financial, legal, or other impediments that affect the bank’s ability to meet AA credit needs.

DESCRIPTION OF ASSESSMENT AREAS

The CRA requires each financial institution to define one or more AAs within which its CRA performance will be evaluated. FAB has three designated AAs located throughout the states in which it operates, as summarized in the following table.

First American Bank’s Assessment Areas			
States	Metropolitan Statistical Area (MSA)/ Metropolitan Division (MD)	Counties	Assessment Area
Illinois and Wisconsin	Chicago MD; Elgin, IL MD and Lake County-Kenosha County, IL-WI MD	Cook, DeKalb DuPage, Grundy, Kane, Kendall, McHenry, Will, Lake, and Kenosha	Multistate MSA AA
Florida	Miami-Miami Beach-Kendall, FL MD	Miami-Dade	Florida AA
Illinois	Kankakee, IL MSA	Kankakee	Illinois AA

The AAs are consistent with the requirements of the CRA, as they are comprised of whole geographies, do not arbitrarily exclude any low- or moderate-income (LMI) geography, and include the census tracts in which the bank operates its main office, branches, and deposit-taking ATMs. A more detailed discussion of each AA, including economic and demographic data, competition, and community development can be found in the corresponding state section of this evaluation.

SCOPE OF EVALUATION

General Information

This evaluation covers the period from the previous evaluation dated March 7, 2022, to the current evaluation dated October 21, 2024. Examiners used the Large Institution CRA Examination Procedures to evaluate FAB’s performance. These procedures include the Lending Test, Investment Test, and Service Test as outlined in the Large Bank Performance Criteria Appendix.

The bank’s overall rating is determined using a points system as defined in the CRA regulation. Banks must achieve at least a Low Satisfactory rating under the Lending Test to obtain an overall Satisfactory rating. This evaluation does not include any activity performed by affiliates.

Examiners evaluated the bank’s performance in all AAs using full-scope procedures. FAB’s performance in the Chicago Multistate Metropolitan Statistical Area (Multistate) AA carried the most weight when drawing conclusions, as it contains the significant majority of the bank’s loans, deposits, branches, and ATMs. The bank’s performance in the Florida AA received limited weight in the overall rating. The bank’s performance in the Illinois AA received the least weight in this evaluation due to FAB’s limited presence in this market.

Activities Reviewed

Examiners determined that the bank's major product lines are home mortgage and small business loans. This conclusion considered the bank's business strategy, and the number and dollar volume of loans originated during the evaluation period. Examiners analyzed the universe of home mortgage and small business loans originated or purchased from January 1, 2022, through December 31, 2023. No other loan types, such as small farm or consumer loans, represent a major product line. Therefore, they provided no material support for conclusions or ratings and are not presented.

According to FAB's 2022-2023 Home Mortgage Disclosure Act (HMDA) Loan Application Registers, FAB originated and reported 2,702 home mortgage loans totaling \$421.1 million in 2022, and 2,378 home mortgage loans totaling \$381.6 million in 2023. The decline in HMDA loan volume is largely attributable to increased interest rates suppressing demand for loans during the evaluation period. Additionally, a larger portion of HMDA loans were home equity lines of credit (HELOCs). Examiners compared the bank's home mortgage lending performance against 2022 and 2023 HMDA aggregate lending data. Additionally, for both years, examiners measured the bank's performance against demographic data obtained from the 2020 Census conducted by the U.S. Census Bureau. Examiners placed more weight on comparisons to aggregate lending data as it reflects the performance of all lenders and provides a more accurate assessment of lending opportunities within the AAs.

FAB collected and reported its small business loan data pursuant to the CRA data collection reporting requirements during the evaluation period. The bank originated 372 small business loans totaling \$150.7 million in 2022 and 348 small business loans totaling \$143.0 million in 2023.

Examiners compared the bank's small business lending performance against 2022 and 2023 aggregate small business loan data. In addition, examiners also considered business demographic data from D&B for all years when drawing conclusions. As with home mortgage lending, examiners placed greater weight on the aggregate lending data because it provides better insight into lending opportunities within the bank's AAs.

Considering the number and dollar volume of home mortgage loans, more weight was given to home mortgage lending when drawing conclusions under the Lending Test in each AA. Further, while both number and dollar volume of loans were considered, discussion of performance is limited to loans by number, as it is a better indicator of persons or businesses served. Performance by dollar volume led to similar conclusions.

Examiners also reviewed community development loans, investments, and services initiated or maintained by FAB since the prior CRA evaluation. As discussed in greater detail under each assessment area, the bank's community development lending and investment activities were assessed relative to various similarly situated banks (SSBs) using several quantitative performance measures. These measures include community development loans-to-net loans and qualified investments-to-capital. FAB's and the SSB's ratios were calculated based on averages of these figures during the evaluation period to account for the varied growth that the institutions experienced. The Service Test included a review of delivery systems for providing retail banking

services, the impact of branch openings and closings during the evaluation period, and retail banking products and services targeted to LMI individuals and small businesses.

CONCLUSIONS ON PERFORMANCE CRITERIA

LENDING TEST

The institution's lending performance is good given the AAs' credit needs, the bank's financial capacity, business focus, and innovative lending practices. FAB's good performance under the Lending Activities, Assessment Area Concentration, Geographic Distribution, Innovative and Flexible Lending, and Community Development lending criterion and adequate performance under the Borrower Distribution support this conclusion.

Examiners placed more weight on the geographic distribution of loans, borrower profile, and community development lending criteria, as well as performance in the Multistate AA when drawing conclusions. These criteria measure the bank's effectiveness in meeting the credit needs in LMI neighborhoods and of LMI individuals and small businesses, which is the primary focus of CRA. The Multistate AA accounts for a significant majority of FAB's operations. A discussion of the overall conclusions for each of the performance criteria under which the bank was evaluated is below. Please refer to the separate analyses within each AA for more detail of the bank's performance.

Lending Activity

The bank's lending levels reflect good responsiveness the credit needs of the AAs. During the evaluation period, FAB originated 4,334 home mortgage loans totaling \$627.9 million and 598 small business loans totaling \$229.2 million within its AAs. Furthermore, FAB originated 64 community development loans totaling \$178 million during the evaluation period. The bank's lending activity was good in the Multistate and Florida AAs and adequate in the Illinois AA. A complete discussion of the performance for this criterion is in corresponding state sections of this evaluation.

Assessment Area Concentration

FAB made a high percentage of its home mortgage and small business loans, by number and dollar volume, within its AAs. As noted in the following table, 85.3 percent of home mortgage loans and 83.1 percent of small business loans by number were originated within the AAs during the review period.

Lending Inside and Outside of the Assessment Area											
Loan Category	Number of Loans				Total	Dollar Amount of Loans \$(000s)				Total	
	Inside		Outside			Inside		Outside			
	#	%	#	%		\$	%	\$	%		
Home Mortgage											
2022	2,329	86.2	373	13.8	2,702	341,656	81.1	79,398	18.9	421,054	
2023	2,005	84.3	373	15.7	2,378	286,230	75.0	95,391	25.0	381,621	
Subtotal	4,334	85.3	746	14.7	5,080	627,886	78.2	174,789	21.8	802,675	
Small Business											
2022	319	85.8	53	14.2	372	121,350	80.5	29,323	19.5	150,673	
2023	279	80.2	69	19.8	348	107,829	75.4	35,141	24.6	142,970	
Subtotal	598	83.1	122	16.9	720	229,179	78.0	64,464	22.0	293,643	
Total	4,932	85.0	868	15.0	5,800	857,065	78.2	239,253	21.8	1,096,318	
<i>Source: Bank Data. Due to rounding, totals may not equal 100.0%</i>											

Geographic Distribution

FAB’s geographic distribution of home mortgage loans and small business loans reflects good penetration throughout the AAs, particularly in LMI geographies. The bank’s good performance in all three AAs supports this conclusion.

Borrower Profile

FAB’s distribution of borrowers reflects, given the product lines offered by the institution, adequate penetration among retail customers of different income levels and business customers of different size. This conclusion is supported by adequate performance in the Multistate and Florida AAs.

Innovative or Flexible Lending Practices

FAB uses innovative and/or flexible lending practices to serve the credit needs of its AAs. A significant majority of the innovative and/or flexible loans were made in the Multistate AA during the evaluation period. These activities include federal and state loan programs that support affordable housing and small business lending, as well as internally developed loan products to meet the credit needs of its AAs. During the evaluation period, FAB provided approximately \$61.2 million in financing under flexible loan programs in its AAs. Details of these programs are provided below.

Federal Housing Administration (FHA) and the U.S. Department of Veterans Affairs (VA) Government-Insured Mortgage Loans

FAB began offering FHA and VA loans in mid-2016 to qualify borrowers for homeownership by offering low down payment options and flexible credit guidelines. FAB originated 35 FHA/VA loans from March 8, 2022, to December 31, 2022, for \$7.8 million. In 2023, the Bank originated 20 FHA/VA loans for \$5.1 million. Thus far in 2024, FAB has originated 8 FHA/VA loans for \$1.9

million. Of these loans, the bank originated 47 FHA and VA loans for \$11.5 million to borrowers within the AAs.

Federal Home Loan Bank (FHLB) DownPayment Plus Home Buyer Grants

FAB participates in the FHLB DownPayment Plus (DPP) grant program in an effort to increase homeownership affordability. The program offers down payment assistance funds for first-time homebuyers purchasing homes in Illinois. FAB initiated 26 Downpayment Plus grants for \$240,000 in the review period.

Federal National Mortgage Association (FNMA) HomeReady Program

FAB offers the HomeReady Program on home mortgage loans through the secondary market. The HomeReady Program benefits include a \$2,500 downpayment credit for very low-income borrowers. FAB originated 29 of these loans for \$5.2 million in the AAs.

Federal Home Loan Mortgage Corporation Home Possible Program

FAB offers the Home Possible Program on home mortgage loans through the secondary market. The Home Possible Program benefits include 3 percent down payment financing for qualified very low-income borrowers. FAB originated 15 of these loans for \$2.5 million in the AAs.

Illinois Housing Development Authority (IHDA) Finally Home Program

FAB partnered with the IHDA and started offering loans through the Finally Home Program on March 1, 2019. The Finally Home Program is designed to assist homeowners who would otherwise be unable to buy or refinance their homes in receiving a 10 percent guarantee from the State of Illinois Office of the Treasurer. The bank originated two Finally Home Program Loans totaling \$319,300 during the evaluation period.

Small Business Administration (SBA)

FAB continues to be a preferred lending partner with the SBA offering 7(a), 504, and other SBA loan products to support small businesses. The bank originated 18 SBA 7(a) loans totaling \$12.7 million, 22 SBA Express loans totaling \$7.4 million, and twenty (20) 504 loans totaling \$19.7 million during the evaluation period. Of these loans, the bank originated 54 of them for \$29.7 million to borrowers in the AAs.

Business Reserve Line of Credit

FAB developed an unsecured Business Reserve Line of Credit in May 2016 to help small business owners improve cash flow by making funds available for their businesses to use as unexpected expenses arise. This loan product offers flexible underwriting standards and is linked directly to FAB's business checking account. The bank originated 63 loans totaling \$292,000 during the evaluation period.

Revolving Export Working Capital Program Lines

Through this program, FAB provides funding for small businesses exporting goods and services to foreign countries using the receivables to secure the needed funding. The bank financed 8 revolving export working capital loans amounting to \$11.5 million during the evaluation period.

Innovative or Flexible Lending Products		
Product Type	Number of Accounts	Total Loan Amount
FHA/VA Loans	47	\$11,455,071
FHLB Downpayment Plus Grants	26	\$240,000
FNMA Home Ready Program	29	\$5,204,380
FHLB Home Possible Program	15	\$2,469,780
IHDA Finally Home Program	2	\$319,300
SBA Loans	54	\$29,675,000
Business Reserve Line of Credit	63	\$292,000
Revolving Export Working Capital Program	8	\$11,500,000
Totals	244	\$61,155,531

Source: Bank Data

Community Development Loans

FAB made a relatively high level of community development loans in its AAs. A majority of the community development loans are in the Multistate AA, which contains a substantial portion of the bank’s loans, deposits, and branches. The Multistate and Florida AAs provide ample community development opportunities. FAB’s performance was consistent in these AAs.

Examiners only considered loans that have a community development purpose and are not reported as small business or home mortgage loans. The bank originated 64 community development loans totaling \$178.0 million during the evaluation period. This level of performance represents 6.9 percent of average net loans, based on the 10 quarters since the previous evaluation. The bank’s level of community development lending is smaller in number volume, higher in dollar volume, and higher as a percentage of net loans from the previous evaluation where FAB was considered to have a high level of community development lending. FAB originated 11 community development loans totaling \$134.0 million; representing 6.3 percent of average net loans at the previous evaluation.

FAB’s level of qualified community development lending was compared to the performance of SSBs that operate in the bank’s Multistate AA where the bank has its largest presence. FAB had a community development lending to total average net loans ratio of 6.88 percent, which was slightly higher than that of four SSBs. The SSB’s community development loans to total average net loans ratios ranged from 5.21 and 6.36 percent. The two SSBs with higher ratios (6.05 and 6.36 percent) had a high level of community development loans and the two SSBs with the lower ratios (5.21 and 5.35) had adequate levels of community development loans in their recent CRA evaluations. The following tables detail the bank’s community development loans by AA and year provided.

Community Development Lending by Year										
Activity Year	Affordable Housing		Community Services		Economic Development		Revitalize or Stabilize		Totals	
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)
2022	10	11,490	2	1,401	5	25,891	8	25,976	25	64,758
2023	7	14,152	2	2,616	7	10,378	9	46,834	25	73,980
YTD 2024	2	4,087	3	4,550	7	21,587	2	9,087	14	39,311
Total	19	29,729	7	8,567	19	57,856	19	81,897	64	178,049

Source: Bank Data

Community Development Lending by Assessment Area										
Rated Area	Affordable Housing		Community Services		Economic Development		Revitalize or Stabilize		Totals	
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)
Multistate MSA	14	24,229	6	6,767	11	36,976	6	31,774	37	99,746
Florida	5	5,500	1	1,800	8	20,880	13	50,123	27	78,303
Illinois	0	0	0	0	0	0	0	0	0	0
Total	19	29,729	7	8,567	19	57,856	19	81,897	64	178,049

Source: Bank Data

FAB’s community development loans helped finance affordable housing, revitalization and stabilization efforts in LMI areas, community services to LMI individuals, and economic development initiatives. The loans were consistent with the identified needs.

INVESTMENT TEST

FAB demonstrated adequate performance in the Investment Test. Performance compared to SSBs supports this conclusion. In addition, overall adequate performance was noted in all three AAs.

Investment and Grant Activity

FAB has an adequate level of qualified community development investments and grants. The bank has \$45.9 million in qualified investments and \$529,000 in qualified donations, totaling \$46.4 million. This level is a decrease of 12.5 percent from the previous evaluation when FAB reported qualified investments and donations of \$53.0 million over 11 quarters. The level of qualified investments represents 10.11 percent of average equity capital based on 10 quarters since the previous evaluation.

FAB’s qualified community development investments were compared to the performance of the SSBs referenced in the community development lending section. The bank’s qualified community development investments results were higher than three of the four SSBs, which had qualified community development investments to total average equity capital ratios that ranged between 6.82 and 15.21 percent. All the SSBs had adequate levels of community development investments and low satisfactory ratings in their recent CRA evaluations. The following tables provide additional details regarding the bank’s investment and donation activity.

Qualified Investments by Year										
Activity Year	Affordable Housing		Community Services		Economic Development		Revitalize or Stabilize		Totals	
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)
Prior Period	2	4,158	10	16,668	1	494	4	11,999	17	33,319
2022	0	0	1	1,000	0	0	0	0	1	1,000
2023	2	2,421	0	0	0	0	0	0	2	2,421
YTD 2024	6	9,142	0	0	0	0	0	0	6	9,142
Subtotal	10	15,721	11	17,668	1	494	4	11,999	26	45,882
Qualified Grants & Donations	19	51	177	453	7	16	3	9	206	529
Total	29	15,772	188	18,121	8	510	7	12,008	232	46,411

Source: Bank Data

Qualified Investments by Assessment Area										
Rated Area	Affordable Housing		Community Services		Economic Development		Revitalize or Stabilize		Totals	
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)
Multistate MSA	28	15,771	144	11,748	8	510	4	2,389	184	30,418
Florida	1	1	36	2,383	0	0	0	0	37	2,384
Illinois	0	0	8	3,990	0	0	0	0	8	3,990
Regional	0	0	0	0	0	0	3	9,619	3	9,619
Total	29	15,772	188	18,121	8	510	7	12,008	232	46,411

Source: Bank Data

The bank made nine new investments totaling \$12.6 million during the evaluation period. The majority of the total qualified investments within the bank’s AAs consisted of bond investments to support affordable housing and school districts primarily serving LMI students as well as securities secured by multifamily affordable housing.

Prior to the previous evaluation, FAB purchased three securities that supported revitalization efforts in a moderate-income tract in the State of Michigan. As FAB reasonably met the community development needs of its assessment areas, its efforts to address needs in the greater regional area were considered when drawing an overall conclusion of its community development investment performance.

Responsiveness to Credit and Community Development Needs

FAB exhibits good responsiveness to credit and community economic development needs, considering its good performance in the most heavily weighted Multistate AA.. While the investments include various of types of community development, a majority of the bank’s investments in its AAs support affordable housing and the educational needs of LMI students.

Community Development Initiatives

FAB occasionally uses innovative and complex investments to support community development initiatives. The bank's private purchases of 501(c)(3) bonds in the Multistate AA and the broader regional area provide lower cost financing to municipal and non-profit organizations than what is otherwise available. This type of bond financing is moderately complex in nature and requires a higher level of expertise that management provides in support of community development initiatives. Additionally, management's decision to invest in lending pools to finance mortgage loans and economic development activities demonstrates FAB's willingness to use innovative and/or complex investments in support of community development initiatives.

SERVICE TEST

FAB demonstrated adequate performance under the Service Test. The conclusion is supported by low satisfactory performance in all three AAs.

Accessibility of Delivery Systems

FAB's delivery systems are reasonably accessible to essentially all portions of its AAs. FAB operates 58 branches with 50 branches in the Multistate AA, six branches in the Florida AA, and two in the Illinois AA. In addition, the bank operates 66 ATMs, none of which takes deposits. The bank has two branches in low-income census tracts and ten branches in moderate-income census tracts, representing 20.6 percent of all locations. Details are provided below.

Branch Distribution by Tract Income Level								
Tract Income Level	Census Tracts		Deposits (\$000)		All Branches		FAB Branches	
	#	%	#	%	#	%	#	%
Low	285	9.9	10,854,535	1.4	103	3.8	2	3.4
Moderate	681	23.6	56,603,033	7.2	485	17.7	10	17.2
Middle	924	32.0	159,031,760	20.3	936	34.2	24	41.4
Upper	934	32.4	546,563,358	69.8	1,169	42.8	22	37.9
NA	61	2.1	10,383,067	1.3	41	1.5	0	0.0
Total	2,885	100.0	783,435,753	100.0	2,734	100.0	58	100.0

*Sources: 2020 ACS; 2023 FDIC Summary of Deposits; Bank data *due to rounding percentages may not add to 100%*

FAB offers a variety of alternative delivery systems that increase the availability of its loan and deposit products. These delivery systems utilize technology to provide customers with 24-hour access to accounts and product information. Online banking is offered to personal, business, and wealth management account customers. It provides customers the ability to review account balances, transfer funds between accounts, review account histories, view cancelled check images, and pay bills. Lending services available on the bank's website include online applications for automobile, home equity, and residential mortgage products. The bank's mobile banking is a free service customers can access from their mobile phones. Customers using their mobile devices can perform various banking functions such as viewing account history and transferring funds to other FAB accounts. Bank data as of October 2024 shows that 86.0 percent of FAB deposit account customers have used the bank's mobile banking platform in the past year. Most recent data from the FDIC's 2021 Household Survey reports among banked households, use of mobile banking was 43.5 percent.

Changes in Branch Locations

FAB briefly closed its Hialeah, FL branch and four days later moved to a larger facility a mile away. Both branch locations are in a moderate-income census tract. This one branch closure and reopening has generally not adversely affected the accessibility of the bank's delivery systems, particularly in low- and moderate-income geographies or individuals.

Reasonableness of Business Hours and Services

Services (including business hours) do not vary in a way that inconveniences portions of the AAs, particularly LMI geographies or individuals. Business hours are generally comparable to the market, including extended hours at most locations. The bank's operating hours and services do not vary significantly from branch-to-branch, or hours and services offered by other banks operating within the bank's AAs. Home mortgage and commercial loan officers are available at all branches.

FAB offers a wide variety of loan and deposit products. Retail products include checking, savings, money market, individual retirement accounts, certificate of deposit accounts, consumer loans, automobile loans, home equity lines of credit, and home mortgage loans. Commercial products include corporate checking and savings accounts, merchant card processing, cash management services, commercial term loans, commercial lines of credit, commercial letters of credit, specialty banking, asset-based lending, corporate depository and investment accounts, commercial real estate lending, and treasury management services.

Community Development Services

FAB provides an adequate level of community development services. During the evaluation period, bank employees, management, and Board members participated in 98 different qualifying community development services. This performance level represents a decrease from the previous evaluation, at which bank representatives participated in 111 community development services. Bank employees, management, and Board members provided technical assistance to over 50 different qualifying organizations.

FAB's community development services were compared to the performance of the same four SSBs referenced in the community development lending and investment sections. The bank's community development services were in line with the number of services provided by the SSBs (10, 234, 278, and 799). The three SSBs which had more services were assessed a good level of community development services and the one SSB which had less services were assessed an adequate level of community development services.

Community Development Services					
Activity Year	Affordable Housing	Community Services	Economic Development	Revitalize or Stabilize	Totals
	#	#	#	#	#
2022	3	10	4	0	17
2023	1	31	1	0	33
YTD 2024	8	34	6	0	48
Total	12	75	11	0	98
<i>Source: Bank Data</i>					

A significant number of community services were devoted to community development activities related to assisting LMI individuals and families. Bank employees are active in improving financial literacy and preparing younger people with understanding financial services. Some examples of community development services provided during the evaluation period are set out below:

- Bank employees provided retirement planning assistance to employees of several businesses with majority LMI employees.
- Bank employees partnered with many community service organizations to provide several workshops to their clients who are LMI individuals on understanding credit and credit scores, repairing credit, first-time home buying, interviewing for jobs, and resume preparation.
- CRA Officer and bank employees partnered with the Federal Home Loan Bank of Chicago to present financial education workshops to several community service organizations and LMI clients, and to assist in preparing grant applications for several small businesses and community service organizations.

DISCRIMINATORY OR OTHER ILLEGAL CREDIT PRACTICES REVIEW

The bank’s compliance with the laws relating to discrimination and other illegal credit practices was reviewed, including the Equal Credit Opportunity and Fair Housing Acts. Examiners did not identify any discriminatory or other illegal credit practices.

CHICAGO-NAPERVILLE-ELGIN, IL-IN-WI MSA

CRA RATING FOR CHICAGO-NAPERVILLE-ELGIN, IL-IN-WI MSA: SATISFACTORY

The Lending Test is rated: High Satisfactory

The Investment Test is rated: Low Satisfactory

The Service Test is rated: Low Satisfactory

DESCRIPTION OF INSTITUTION'S OPERATIONS IN CHICAGO-NAPERVILLE-ELGIN, IL-IN-WI MSA

FAB maintains 50 of its 58 branches in the Multistate AA, and a significant portion of its deposits (84.4 percent) and reported loan activity (90.3 percent) within this AA during the review period. Additionally, the bank conducted a majority of its community development lending, investments, and services within this AA; thus, it received the most weight in the overall CRA performance evaluation conclusions.

The Multistate AA consists of 10 counties located within the Chicago MD; Elgin, IL MD; and Lake County-Kenosha County, IL-WI MD. Cook, DuPage, Grundy, McHenry, and Will counties are located within the Chicago MD. Kane, Kendall, and DeKalb counties comprise the Elgin, IL MD; and Lake County (Illinois) and Kenosha County (Wisconsin) make up the Lake County-Kenosha County, IL-WI MD. The AA meets the requirements of the regulation, as it does not arbitrarily exclude any LMI census tracts or reflect illegal discrimination.

Economic and Demographic Data

According to the 2020 U.S. Census demographic data, the AA's 2,148 census tracts reflect the following income designations:

- 250 low-income tracts,
- 496 moderate-income tracts,
- 691 middle-income tracts,
- 683 upper -income tracts, and
- 28 census tracts have no income designation due to nominal population.

Compared to the previous evaluation that used 2015 American Community Survey (ACS) data, there are 96 more census tracts due to changes with the 2020 U.S. Census, 37 fewer low-income census tracts, and 3 additional moderate-income census tracts. Overall, this indicates a potential decrease in opportunities for lending in low-income census tracts with a slight increase in opportunities in moderate-income census tracts.

The following table illustrates select demographic characteristics of the AA using 2020 U.S. Census data. Notable changes from the last evaluation include an increase in the median housing value of 15.1 percent and in the median gross rent of 14.8 percent. Additionally, the population in the AA increased by 0.8 percent and the poverty rate declined by 2.4 percent.

Demographic Information of the Chicago Multistate Assessment Area						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	2,148	11.6	23.1	32.2	31.8	1.3
Population by Geography	8,899,839	8.9	22.7	34.4	33.3	0.6
Housing Units by Geography	3,553,329	9.3	22.2	34.3	33.7	0.6
Owner-Occupied Units by Geography	2,104,127	4.5	18.5	37.6	39.1	0.3
Occupied Rental Units by Geography	1,172,534	15.4	28.1	30.0	25.5	1.0
Vacant Units by Geography	276,668	19.3	25.2	27.5	27.0	1.0
Businesses by Geography	1,097,580	5.9	17.0	31.7	44.8	0.6
Farms by Geography	16,084	4.3	18.1	40.0	37.3	0.3
Family Distribution by Income Level	2,108,444	23.0	16.8	19.3	40.9	0.0
Household Distribution by Income Level	3,276,661	25.4	15.4	17.0	42.3	0.0
Median Family Income MSA - 16984 Chicago-Naperville-Evanston, IL		\$92,622	Median Housing Value			\$281,506
Median Family Income MSA - 20994 Elgin, IL		\$97,326	Median Gross Rent			\$1,233
Median Family Income MSA - 29404 Lake County-Kenosha County, IL-WI		\$105,876	Families Below Poverty Level			8.0%
<i>Source: 2020 U.S. Census and 2023 D&B Data. Due to rounding, totals may not equal 100.0%</i>						
<i>*The NA category consists of geographies that have not been assigned an income classification.</i>						

The bank’s performance under the geographic distribution criterion was compared to the percentage of owner-occupied units located within geographies by income level and to HMDA aggregate lending data. These comparative factors provide some insight into the overall affordable housing credit needs and demand in LMI geographies, which are primarily considered when evaluating FAB’s geographic lending patterns.

The median housing value of \$281,506 presents challenges to LMI individuals in qualifying for mortgage credit. More specifically, low-income families account for 23.0 percent of all families in the AA. Further, the percentage of families with incomes below the poverty level is 8.0 percent. Families living below the poverty line are unlikely to qualify for home mortgage financing. The bank’s home mortgage performance under the borrower distribution criterion was compared to the percentage of families within geographies by income level and to HMDA aggregate lending data.

The owner-occupancy demographic coupled with the contrast between median family income levels and high median housing values highlights difficulties that home mortgage lenders may face in providing traditional financing options to low-income families. Furthermore, the gap between median family income and high median housing values reveals the challenges LMI families may face in purchasing homes within the AA. All these aforementioned factors present challenges to

financial institutions in making home mortgage loans in LMI geographies and to LMI individuals, as well as supports the growing need for affordable housing.

The 2022-2023 Federal Financial Institutions Examination Council (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 income by category.

Median Family Income Ranges				
Median Family Incomes	Low <50%	Moderate 50% to <80%	Middle 80% to <120%	Upper ≥120%
Chicago-Naperville-Evanston, IL Median Family Income (16984)				
2022: \$105,700	<\$52,850	\$52,850 to <\$84,560	\$84,560 to <\$126,840	≥\$126,840
2023: \$109,800)	<\$54,900	\$54,900 to <\$87,840	\$87,840 to <\$131,760	≥\$131,760
Elgin, IL Median Family Income (20994)				
2022: \$111,900	<\$55,950	\$55,950 to <\$89,520	\$89,520 to <\$134,280	≥\$134,280
2023: \$113,500	<\$56,750	\$56,750 to <\$90,800	\$90,800 to <\$136,200	≥\$136,200
Lake County-Kenosha County, IL-WI Median Family Income (29404)				
2022: \$118,200	<\$59,100	\$59,100 to <\$94,560	\$94,560 to <\$141,840	≥\$141,840
2023: \$124,600	<\$62,300	\$62,300 to <\$99,680	\$99,680 to <\$149,520	≥\$149,520
<i>Source: FFIEC</i>				

Unemployment rates in each county in the AA decreased from highs during the prior evaluation period caused by the impact of the COVID-19 pandemic. Unemployment rates declined significantly in 2022 with some slight increases since then. The following table illustrates the unemployment rates by county, state, and nationwide.

Unemployment Rates – Chicago Multistate MSA		
	2022	2023
Area	%	%
Cook County, IL	4.9	4.4
DeKalb County, IL	4.5	4.7
DuPage County, IL	3.6	3.4
Grundy County, IL	4.8	4.5
Kane County, IL	4.7	5.1
Kendall County, IL	3.9	3.8
Lake County, IL	4.4	5.0
McHenry County, IL	3.9	3.7
Will County, IL	4.5	4.2
Kenosha County, WI	3.3	3.4
State of Illinois	4.6	4.5
State of Wisconsin	2.9	3.0
National Average	3.7	3.6
<i>Source: U.S. Bureau of Labor Statistics</i>		

The Chicago metropolitan area maintains a strong commercial base with a concentration of small businesses. According to 2023 D&B data, the AA contains 1,097,580 non-farm businesses with the following revenue characteristics:

- 90.4 percent have \$1.0 million or less,
- 3.5 percent have more than \$1.0 million, and
- 6.1 percent have unknown revenues.

Service industries represent the largest portion of businesses in the AA at 33.5 percent; followed by non-classifiable establishments (27.7 percent); finance, insurance, and real estate (10.6 percent); and retail trade (9.2 percent). In addition, 58.6 percent of businesses in the AA have four or fewer employees, and 93.3 percent operate from a single location.

Competition

The AA reflects a highly competitive market for financial services. According to 2023 deposit market share information derived from FDIC and National Credit Union Administration (NCUA) deposit data, there were 270 financial institutions operating 2,103 offices within the AA. FAB ranked 19th, maintaining 0.7 percent of the deposit market share. Large national financial institutions operating offices within the AA hold the majority of the market share.

The bank's AA is a highly competitive market for home mortgage and small business loans among banks, credit unions, and non-bank lenders. The 2023 HMDA aggregate lending data (the latest market share data available) reflects 257,900 home mortgage originations and purchases by 975 lenders. Further, aggregate small business lending data for 2022 (the latest available data) reflects 266 reporting lenders originating 259,725 small business loans in the AA. These performance context factors indicate a highly competitive banking market for deposits, home mortgage loans, and small business loans within the AA.

Community Contacts

As part of the evaluation process, examiners contact third parties active within the AA to assist in identifying credit needs and opportunities therein. This information helps assess whether local financial institutions are responsive to those needs.

For this evaluation, examiners reviewed recent community contacts with four non-profit organizations within the bank's assessment area. The first contact stated that there are needs in the AA for small business lending, capital to fund new and ongoing projects, and financial literacy.

The second contact opined that people are moving out of the Chicago metro area for better overall affordability and less crime. The contact stated that the local economy is growing steadily, but it is not keeping up with the increase in the cost of living. The representative further stated that there have been some new housing starts recently; however, affordability is getting worse. The contact stated there seems to be an increase in homelessness, more people struggling to make payments, and more people moving in with other family members.

The second contact stated that the primary credit needs of the community are to help with meeting living expenses and financial literacy. The contact stated there are community needs for mortgage assistance, credit building loans, micro-loans, down payment assistance programs, and more financial literacy classes. Further, balancing a checkbook and helping people understand the effects of gambling are also needs in the community. The contact also explained there is a fair amount of unbanked people that their organization works with because they are hesitant to go to a bank. The representative opined that working on building trust between these people and banks could be beneficial as well.

The third contact identified needs for affordable housing and programs to help businesses understand financing options. The representative noted that the need for home mortgages is slowing down given the higher rates and increasing housing costs, but individuals are still purchasing. Workforce housing is also needed. The contact stated that it is hard for businesses to navigate what lending options are available, believing that business lending should be more accessible. The contact stated that farmers access credit through both farm credit agencies and local financial institutions. The contact stated that the financial environment is very competitive, and banks actively compete for loans in the area. The contact was not aware of any unmet credit needs.

The fourth contact stated that there is sufficient access to economic development, but the limited construction and rehabilitation efforts are hurting small business owners. The contact noted that the Kenosha downtown district has been seeing growth in recent years, but with the economic conditions as of late, financial institutions have become more cautious and stricter with lending. The contact stated that there is a great demand for small businesses. The representative also noted that affordable housing in the area is a major concern. The contact estimated that costs for new houses are approximately \$400,000 in the county, which is not sustainable for LMI people under their current wages. The representative opined that overall, the housing market has been hard for all individuals, but especially for the LMI population given the lack of affordable housing inventory.

Credit and Community Development Needs and Opportunities

Considering the demographic data and information from community contacts, examiners determined there are community development needs in the AA for small business lending to support existing and new start-up businesses, as well as needs for affordable housing and financial literacy.

The AA provides numerous opportunities for involvement in community development activities. The Chicago metropolitan area contains empowerment zones and tax increment financing districts that are designated by local or state government entities for revitalization, stabilization, or economic development. These areas were established to stimulate economic activities that include job preservation and creation, and business and residential development. Additionally, the State of Illinois and local community organizations sponsor various programs to support affordable housing and small business lending initiatives.

SCOPE OF EVALUATION – CHICAGO-NAPERVILLE-ELGIN, IL-IN-WI MSA

The bank's Multistate MSA AA, referred to as the Multistate AA, consists of all portions of the Chicago MD; Elgin, IL MD; and Lake County-Kenosha County, IL-WI MD. Examiners conducted a full-scope review of the Multistate AA. Given the higher volume of home mortgage compared to small business loan originations, home mortgage loans received greater weight when drawing conclusions.

CONCLUSIONS ON PERFORMANCE CRITERIA IN CHICAGO-NAPERVILLE-ELGIN, IL-IN-WI MSA

LENDING TEST

FAB's lending performance in the Multistate AA is good given the AA credit needs, the bank's financial capacity and business focus, and lending practices. FAB's lending activities, geographic distribution, innovative and flexible lending, and community development lending are good while performance under the borrower distribution criterion is adequate.

Lending Activity

Lending levels reflect good responsiveness to the Multistate AA's credit needs. FAB originated 3,944 home mortgage loans totaling \$504.0 million, and 508 small business loans totaling \$191.2 million. By number volume, this accounts for 90.3 percent of all loans originated in the bank's markets, which is consistent with FAB's branch and deposit presence in the AA.

Comparing the bank's market share in both home mortgage and small business lending to its deposit market share allows for a comparison of the bank's lending relative to its capacity. FAB's home mortgage lending by number of loans ranked 19th among 975 lenders (or in the 98th percentile of lenders) based on 2023 home mortgage market share loan data, while small business lending by number of loans ranked 46th among 266 lenders (or in the 83rd percentile of lenders) based on 2022 small business market share data. In addition, FAB's deposit market share ranked 19th among 270 institutions (93rd percentile). This level of lending is good compared to the level of deposit activity in the AA.

FAB originated 37 community development loans totaling \$99.9 million (57.8 percent of total community development loans) in this AA during the evaluation period. The bank's lending activity is good considering the level of home mortgage loans, level of small business lending, and the dollar volume of community development loans in this AA.

Geographic Distribution

The geographic distribution of loans reflects good penetration among retail customers of different income levels and business customers of different sizes. This conclusion is supported by good performance in home mortgage lending and small business lending. Examiners focused on lending penetrations in LMI census tracts and emphasized performance by number of loans given that it is a better indicator of the borrowers served. Only loans originated in the AA were considered in the analyses.

Home Mortgage Lending

The geographic distribution of home mortgage loans reflects good penetration throughout the AA. During the evaluation period, 2,873 of the 3,944 home mortgage loans originated in this AA were HELOCs (72.8 percent). Therefore, more weight was given to HELOC performance. Performance is measured against aggregate lending and the percentage of owner-occupied housing units (demographic) within each census tract level.

HELOCs

The geographic distribution of HELOCs reflects good dispersion throughout the AA. During the evaluation period, FAB's distribution of HELOCs in low-income census tracts trailed the demographic and slightly trailed the aggregate performance. As previously mentioned, more weight is placed on comparisons to aggregate lending data as it reflects the performance of all lenders and provides a more accurate assessment of lending opportunities within the AAs. With such a low level of low-income geographies in this AA and an even smaller market for this product in low-income geographies, the bank's performance being in line with aggregate performance is considered good.

In moderate-income census tracts, the bank's performance trailed the demographic and slightly trailed the aggregate performance in both years. Given that the bank's performance was in line with aggregate performance, the bank's moderate-income tract performance is good. When considering the bank's lending levels in LMI geographies, overall, the distribution of HELOCs is good.

Geographic Distribution of HELOCs						
Tract Income Level	% of Owner-Occupied Housing Units	Aggregate Performance % of #	#	%	\$(000s)	%
Low						
2022	4.5	1.7	20	1.4	1,484	0.9
2023	4.5	1.8	19	1.3	1,902	1.1
Moderate						
2022	18.5	11.1	148	10.1	12,839	7.7
2023	18.5	12.3	160	11.3	14,017	8.3
Middle						
2022	37.6	35.6	522	35.8	48,015	28.9
2023	37.6	37.3	514	36.4	48,978	29.1
Upper						
2022	39.1	51.4	767	52.6	103,730	62.4
2023	39.1	48.5	718	50.8	103,432	61.4
Not Available						
2022	0.3	0.1	2	0.1	118	0.1
2023	0.3	0.1	3	0.2	232	0.1
Totals						
2022	100.0	100.0	1,459	100.0	166,185	100.0
2023	100.0	100.0	1,414	100.0	168,561	100.0
<i>Source: 2020 U.S. Census; Bank Data, 2022 & 2023 HMDA Aggregate Data. Due to rounding, totals may not equal 100.0%</i>						

Non-HELOCs

The geographic distribution of non-HELOCs reflects adequate dispersion throughout the AA. In 2022, FAB’s distribution of non-HELOCs in low-income census tracts slightly trailed both the demographic and aggregate performance. As previously mentioned, more weight is placed on comparisons to aggregate lending data as it reflects the performance of all lenders and provides a more accurate assessment of lending opportunities within the AAs. However, in 2023, the bank’s performance severely declined while the aggregate performance increased. Given that the bank’s performance was slightly below aggregate performance in 2022 and far below aggregate performance in 2023, the bank’s performance in low-income geographies is poor.

In moderate-income census tracts, the bank’s performance slightly trailed the demographic in 2022 and exceeded the demographic in 2023. Also, the bank’s performance exceeded aggregate performance in both years. Exceeding aggregate in both years is consistent, good performance and an improvement from the previous examination. Given that the bank’s performance exceeded aggregate performance in both years, the bank’s moderate-income tract performance is good. When considering the bank’s lending levels in LMI geographies, overall, the distribution of non-HELOCs is adequate.

Geographic Distribution of Non-HELOCs						
Tract Income Level	% of Owner-Occupied Housing Units	Aggregate Performance % of #	#	%	\$(000s)	%
Low						
2022	4.5	4.6	27	4.1	4,119	3.9
2023	4.5	5.4	7	1.7	1,034	1.6
Moderate						
2022	18.5	17.7	117	17.9	16,316	15.5
2023	18.5	18.7	79	18.9	10,889	17.0
Middle						
2022	37.6	37.2	272	41.6	37,714	35.8
2023	37.6	37.4	191	45.8	22,549	35.2
Upper						
2022	39.1	40.2	237	36.2	46,406	44.1
2023	39.1	38.1	140	33.6	29,517	46.1
Not Available						
2022	0.3	0.3	1	0.2	750	0.7
2023	0.3	0.4	0	0.0	0	0.0
Totals						
2022	100.0	100.0	654	100.0	105,306	100.0
2023	100.0	100.0	417	100.0	63,989	100.0
<i>Source: 2020 U.S. Census; Bank Data, 2022 & 2023 HMDA Aggregate Data. Due to rounding, totals may not equal 100.0%.</i>						

Small Business Lending

The geographic distribution of small business loans reflects good penetration throughout the AA. The bank's performance is measured against aggregate lending data and the percentage of businesses by census tract income (demographic) in the AA. As indicated under the home mortgage lending section, aggregate lending provides a better assessment of demand in the AA, as it represents all small business loans extended within the AA by all lenders subject to CRA data collection requirements. The following table reflects the distribution of small business loans by census tract income level.

For low-income census tracts, the bank's level of lending is good. In 2022, the bank's performance exceeded both demographics and aggregate. Aggregate data is not available in 2023. Although the bank's performance declined from 2022, its performance was slightly above demographics. Additionally, this level of small business lending in low-income tracts has increased from the previous examination where the bank's performance was declining in this AA. Overall, the bank's low-income performance is good.

For moderate-income census tracts, the bank's level of lending is adequate. In 2022, the bank's performance exceeded both demographics and aggregate. Aggregate data is not available in 2023. The bank's performance declined in 2023 and is slightly below demographic performance. Overall, the bank's moderate-income performance is adequate. When considering the bank's lending levels in LMI geographies and being above the aggregate, overall, the distribution of small business lending is good.

Geographic Distribution of Small Business Loans						
Tract Income Level	% of Businesses	Aggregate Performance % of #	#	%	\$(000s)	%
Low						
2022	5.9	4.6	23	8.5	7,173	7.0
2023	5.9	--	15	6.3	3,244	3.6
Moderate						
2022	17.1	16.4	50	18.4	18,165	17.8
2023	17.0	--	37	15.6	13,905	15.6
Middle						
2022	31.8	34.7	134	49.4	53,865	52.7
2023	31.7	--	127	53.6	49,304	55.4
Upper						
2022	44.6	43.9	58	21.4	21,654	21.2
2023	44.8	--	55	23.2	21,984	24.7
Not Available						
2022	0.6	0.4	6	2.2	1,339	1.3
2023	0.6	--	3	1.3	544	0.6
Totals						
2022	100.0	100.0	271	100.0	102,196	100.0
2023	100.0	--	237	100.0	88,981	100.0

Source: 2022 & 2023 D&B Data; Bank Data; 2022 CRA Aggregate Data, "--" data not available. Due to rounding, totals may not equal 100.0%

Borrower Profile

The distribution of borrowers reflects, given the product lines offered by the institution, adequate penetration among retail customers of different income levels and business customers of different sizes. The bank's adequate performance in home mortgage lending supports this conclusion. Examiners focused on performance by number of loans, as this is a better indicator of the borrowers served.

Home Mortgage Lending

The distribution of home mortgage loans to individuals of different income levels, including LMI borrowers, reflects adequate penetration throughout the AA. During the evaluation period, 2,873 of the 3,944 home mortgage loans originated in this AA were HELOCs (72.8 percent). Therefore, more weight was given to HELOC performance. Performance is measured against aggregate lending and the percentage of families (demographic) within each income designation. As previously mentioned, aggregate lending data provides a better assessment of demand in the AA, as it represents all home mortgage loans extended within the AA by lenders reporting HMDA data.

HELOCs

Examiners compared FAB’s performance to both aggregate data and the demographic of the percentage of families. While both measures serve as comparisons, examiners placed more reliance on aggregate performance as it is a better indicator of available opportunities as it represents the performance of all lenders in the AA. Further, the percentage of families includes 8.0 percent of the population, who typically face significant barriers to home ownership due to limited incomes and high median home values. As demonstrated by the gap between the percentage of families and aggregate performance, all lenders face challenges in providing home loans to low-income borrowers.

As noted in the table below, FAB’s lending to low-income borrowers in 2022 was slightly below aggregate performance, while in 2023 it was in line with aggregate performance. FAB’s performance reflects adequate responsiveness to low-income borrowers.

FAB’s performance to moderate-income borrowers was in line with aggregate performance and exceeded the percentage of families in both years. Overall, performance to moderate-income borrowers is adequate. Considering the bank’s adequate moderate-income and low-income performance, the distribution of HELOCs to borrowers of different incomes is adequate.

Distribution of HELOCs by Borrower Income Level						
Borrower Income Level	% of Families	Aggregate Performance % of #	#	%	\$(000s)	%
Low						
2022	23.0	9.7	134	9.2	10,928	6.6
2023	23.0	9.2	130	9.2	10,363	6.1
Moderate						
2022	16.8	17.0	250	17.1	18,446	11.1
2023	16.8	17.9	252	17.8	21,163	12.6
Middle						
2022	19.3	23.3	341	23.4	30,160	18.1
2023	19.3	23.6	353	25.0	34,000	20.2
Upper						
2022	40.9	45.6	725	49.7	106,072	63.8
2023	40.9	44.5	672	47.5	102,191	60.6
Not Available						
2022	0.0	4.4	9	0.6	578	0.3
2023	0.0	4.8	7	0.5	845	0.5
Totals						
2022	100.0	100.0	1,459	100.0	166,185	100.0
2023	100.0	100.0	1,414	100.0	168,561	100.0
<i>Source: 2020 U.S. Census; Bank Data, 2022 & 2023 HMDA Aggregate Data. Due to rounding, totals may not equal 100.0%.</i>						

Non-HELOCs

Examiners compared FAB’s performance to both aggregate data and the demographic of the percentage of families. While both measures serve as comparisons, examiners placed more reliance on aggregate performance as it is a better indicator of available opportunities because it represents the performance of all lenders in the AA. Further, the percentage of families includes 8.0 percent of the population, who typically face significant barriers to home ownership due to limited incomes and high median home values. As demonstrated by the gap between the percentage of families and aggregate performance, all lenders face challenges in providing home loans to low-income borrowers.

As noted in the table below, FAB’s lending to low-income borrowers in both years exceeded aggregate performance and reflects good lending performance to this income segment. FAB’s performance to moderate-income borrowers was in line with aggregate performance and exceeded the percentage of families in both years. Overall, performance to moderate-income borrowers is good. Considering the bank’s performance of adequate moderate-income and good low-income performance, the distribution of non-HELOCs to borrowers of different incomes is good.

Distribution of non-HELOCs by Borrower Income Level						
Borrower Income Level	% of Families	Aggregate Performance % of #	#	%	\$(000s)	%
Low						
2022	23.0	10.4	104	15.9	11,187	10.6
2023	23.0	8.8	52	12.5	4,067	6.4
Moderate						
2022	16.8	21.9	158	24.2	20,072	19.1
2023	16.8	23.4	97	23.3	9,633	15.1
Middle						
2022	19.3	20.5	147	22.5	19,964	19.0
2023	19.3	21.6	117	28.1	12,416	19.4
Upper						
2022	40.9	29.3	219	33.5	42,313	40.2
2023	40.9	28.0	140	33.6	28,442	44.4
Not Available						
2022	0.0	18.0	26	4.0	11,770	11.2
2023	0.0	18.2	11	2.6	9,430	14.7
Totals						
2022	100.0	100.0	654	100.0	105,306	100.0
2023	100.0	100.0	417	100.0	63,989	100.0
<i>Source: 2020 U.S. Census; Bank Data, 2022 & 2023 HMDA Aggregate Data. Due to rounding, totals may not equal 100.0%.</i>						

Small Business Lending

The distribution of small business loans reflects poor penetration among businesses of different sizes. FAB’s small business loans were evaluated based on aggregate lending and lending concentration to businesses with revenues of \$1 million or less (demographic) in the AA.

While FAB results significantly trail the demographic, it is important to note that many smaller businesses may not seek traditional financing or may choose to use alternative forms of financing, such as credit cards or home equity lines of credit to fund their businesses. Aggregate performance, which also significantly trails the demographic further supports the challenges all lenders have in providing loans to the smallest of businesses. Aggregate data provides a better indication of the level of demand in an area. Thus, examiners placed more weight on comparisons to aggregate when analyzing performance under this criterion.

However, the bank’s performance in 2022 (the year with aggregate data available) is 21.1 percentage points below aggregate performance. Aggregate performance is not available for 2023, but the bank’s performance declined compared to 2023. Considering these factors, FAB’s distribution of loans to businesses of different sizes is poor. The following table reflects the distribution of small business loans by business revenue level.

Distribution of Small Business Loans by Gross Annual Revenue Category						
Gross Revenue Level	% of Businesses	Aggregate Performance % of #	#	%	\$(000s)	%
≤\$1,000,000						
2022	89.5	53.2	87	32.1	24,543	24.0
2023	90.4	--	71	30.0	13,812	15.5
>\$1,000,000						
2022	3.9	--	177	65.3	75,765	74.1
2023	3.5	--	161	67.9	72,722	81.7
Revenue Not Available						
2022	6.6	--	7	2.6	1,888	1.8
2023	6.1	--	5	2.1	2,447	2.8
Totals						
2022	100.0	100.0	271	100.0	102,196	100.0
2023	100.0	--	237	100.0	88,981	100.0
<i>Source: 2022 & 2023 D&B Data; Bank Data; 2022 CRA Aggregate Data; "--" data not available. Due to rounding, totals may not equal 100.0%</i>						

Innovative or Flexible Lending Practices

FAB uses innovative and/or flexible lending practices to serve its AA’s credit needs. The bank’s flexible loans in the AA include the following:

Innovative or Flexible Lending Products		
Product Type	Number of Accounts	Total Loan Amount
FHA/VA Loans	43	\$10,827,366
FHLB Downpayment Plus Grants	24	\$220,000
FNMA HomeReady Program	29	\$5,204,380
FHLB Home Possible Program	15	\$2,469,780
IHDA Finally Home Program	2	\$319,300
SBA Loans	37	\$21,466,000
Business Reserve Line of Credit	63	\$292,000
Revolving Export Working Capital Program	5	\$5,100,000
Totals	218	\$45,898,826

Source: Bank Data

Community Development Loans

FAB has a relatively high level of community development loans. The bank originated or renewed 37 community development loans totaling \$99.7 million within the Multistate AA during the evaluation period. This activity represents 56.0 percent (by dollar volume) of the bank’s total qualified lending activity. This volume of lending is a slight increase from the previous examination when FAB reported 87 loans totaling \$94.9 million and was evaluated as having a relatively high level of community development loans within the Multistate AA.

The following table provides information regarding the number and volume of community development loans.

Community Development Lending										
Activity Year	Affordable Housing		Community Services		Economic Development		Revitalize or Stabilize		Totals	
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)
2022	9	10,740	2	1,401	5	25,891	4	19,561	20	57,593
2023	4	11,202	2	2,616	3	5,998	2	12,213	11	32,029
YTD 2024	1	2,287	2	2,750	3	5,087	0	0	6	10,124
Total	14	24,229	6	6,767	11	36,976	6	31,774	37	99,746

Source: Bank Data

The bank’s community development lending initiatives have been responsive to the community development needs of the area as a majority support affordable housing and economic development. Examples of FAB’s community development loans in the AA are described below:

- Seven loans totaling \$15.2 million were provided to community organizations, housing developers, and their subsidiaries to develop affordable housing projects for LMI families.
- Four loans totaling \$27.6 million were provided to a developer for the construction of 146 homes in moderate-income areas that attract new residents and thereby revitalize the area.
- The community services loans include \$5.0 million in loans to a non-profit organization that provides care, treatment, and education for emotional and behavioral disturbed youth. The majority of revenues come from state funding. The loans support the organization’s

- operation and bridge gaps in state funding.
- A \$7.5 million SBA 504 construction loan to fund the expansion of a factory in a moderate-income area by almost double, allowing them to double their output and hire additional LMI employees.

INVESTMENT TEST

FAB demonstrated a low satisfactory under the Investment Test in the Multistate AA. FAB provided an adequate level of qualified investments while exhibiting good responsiveness to community development needs.

Investment and Grant Activity

FAB had an adequate level of qualified community development investments and grants, and rarely in a leadership position, particularly those that are not routinely provided by private investors. Overall, the bank held \$30.4 million in investments in this AA, 86.2 percent of the investments allocated to the bank's three markets. This level is consistent with FAB's presence in the AA. Investments during the review period include \$12.0 million in new funds and 10 prior period community development investments totaling \$18.4 million. The bank also provided 166 qualified donations and grants totaling \$440,000 to organizations with a primary purpose of community development.

Because a large majority of the bank's qualified community development investments are in this AA, these investments were compared to the performance of the SSBs referenced in the community development lending section. The bank's qualified community development investments results were higher than three of the four SSBs, which had qualified community development investments to total average equity capital ratios that ranged between 6.82 and 15.21 percent. All the SSBs had adequate levels of community development investments and low satisfactory ratings in their recent CRA evaluations.

FAB's performance level by dollar volume is adequate considering its performance in comparison to its presence in the AA and the level of opportunities available. The following table provides information regarding the number and volume of community development investments.

Qualified Investments										
Activity Year	Affordable Housing		Community Services		Economic Development		Revitalize or Stabilize		Totals	
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)
Prior Period	2	4,158	6	11,383	1	494	1	2,380	10	18,415
2022	0	0	0	0	0	0	0	0	0	0
2023	2	2,421	0	0	0	0	0	0	2	2,421
YTD 2024	6	9,142	0	0	0	0	0	0	6	9,142
Subtotal	10	15,721	6	11,383	1	494	1	2,380	18	29,978
Qualified Grants & Donations	18	50	138	365	7	16	3	9	166	440
Total	28	15,771	144	11,748	8	510	4	2,389	184	30,418

Source: Bank Data

Below are some qualitatively significant investments held or made during the evaluation period:

- A \$3.0 million investment to an organization that specializes in multifamily housing rehabilitation in LMI Chicagoland neighborhoods. The investment will support the acquisition and construction of affordable housing multifamily properties located primarily in LMI neighborhoods.
- Four municipal bonds totaling \$809,000 for improving apartment buildings owned by a city in a moderate-income neighborhood in the AA.
- A 501(c)(3) bond for \$2.3 million to allow a community service organization that provides care, treatment, and education to emotionally and behaviorally disturbed youths to purchase another facility in a moderate-income area that is used as a group home.
- A 501(c)(3) bond for \$1.7 million to refinance a construction loan for a school in the North Lawndale neighborhood in Chicago that primarily serves low-income families.
- A \$2.4 million bond that provided financing for improvements to an airport that expanded storage facilities used by a local port authority. The airport is in a moderate-income tract and created new jobs for the area.

Responsiveness to Credit and Community Development Needs

FAB exhibits good responsiveness to credit and community development needs. Community contacts noted a need for affordable housing. A majority of the bank’s investments assist in addressing these needs.

Community Development Initiatives

FAB occasionally uses innovative and/or complex investments to support community development initiatives. Specifically, the bank’s 503(c)(3) private purchase bond activity is relatively complex, as it provides low-cost financing to non-profit organizations and requires a higher level of expertise.

SERVICE TEST

FAB demonstrated low satisfactory performance under the Service Test in the Multistate AA. Performance under the Accessibility of Delivery Systems, Reasonableness of Business Hours and Services, and Community Development Services primarily supports this conclusion.

Accessibility of Delivery Systems

FAB's delivery systems are reasonably accessible to essentially all portions of the AA. The bank's main office is in Elk Grove Village, Illinois, and it operates 50 offices in the Multistate AA. The table below provides the distribution of branch locations by census tract income levels:

Branch Distribution by Tract Income Level								
Tract Income Level	Census Tracts		Population		All Area Branches		FAB Branches	
	#	%	#	%	#	%	#	%
Low	250	11.6	794,020	8.9	88	4.2	1	2.0
Moderate	496	23.1	2,020,178	22.7	370	17.6	7	14.0
Middle	691	32.2	3,063,259	34.4	770	36.6	21	42.0
Upper	683	31.8	2,966,239	33.3	864	41.1	21	42.0
NA	28	1.3	56,143	0.6	11	0.5	0	0
Total	2,148	100.0	8,899,839	100.0	2,103	100.0	50	100.0

Sources: 2015 ACS; 2020 FDIC Summary of Deposits; Bank data

By percentage, the distribution of the bank's offices in low-income census tracts (2.0 percent) and moderate-income census tracts (14 percent) significantly trails the population demographics in these geographies (8.9 percent and 22.7 percent). However, the distribution of other bank offices in the market is a better indicator of the opportunities for supporting retail branches within the various tract income segments. Both the bank's low- and moderate-income office distribution slightly trails the concentration of all branches.

As discussed previously, FAB continues to offer a variety of alternative delivery systems that increase the availability of its loan and deposit products. Most of these delivery systems utilize technology to provide customers with 24-hour access to customer accounts and product information. The bank offers internet and mobile banking services to pay bills, transfer funds, and communicate with bank personnel. Bank data shows that customers residing in LMI tracts is generally consistent with the percentage of LMI tracts in the AA.

Based on the number of branches in LMI tracts as well as the increase in number of LMI tracts from five to eight since the previous examination, and the availability of alternative delivery systems, examiners concluded that FAB's delivery systems are reasonably accessible to essentially all portions of the assessment area.

Changes in Branch Locations

FAB has not opened or closed any branches in the Multistate AA since the previous CRA evaluation.

Reasonableness of Business Hours and Services

Services, including business hours, do not vary in a way that inconveniences portions of the AA, particularly LMI geographies and/or individuals. Business hours are generally comparable to the market, including extended hours at most offices. The bank’s operating hours and services do not vary significantly from branch-to-branch or hours and services offered by other banks operating within the bank’s AA. All branches provide access to home mortgage and commercial banking staff. Overall, branch hours are comparable with other local financial institutions operating in the areas in which FAB’s branches are located.

Community Development Services

FAB provides an adequate level of community development services. During the evaluation period, bank employees, management, and Board members participated in 89 different qualifying community development services in the AA. This level of services is consistent with FAB’s presence in the AA and the number of services in this AA at the previous examination (89). Many of the services involve providing technical assistance to a number of different qualifying organizations.

Community Development Services					
Activity Year	Affordable Housing	Community Services	Economic Development	Revitalize or Stabilize	Totals
	#	#	#	#	#
2022	3	10	4	0	17
2023	1	29	1	0	31
YTD 2024	7	30	4	0	41
Total	11	69	9	0	89
<i>Source: Bank Data</i>					

Bank employees are active in improving financial literacy, preparing young people for financial well-being, and assisting individuals operating small businesses with understanding financial services. The following illustrates some prominent community development services provided during the evaluation period:

- Bank representatives provided financial education workshops, including first-time homebuyer seminars to LMI residents.
- Bank employees participate in non-profit organization financial literacy, interviewing skills, and resume writing programs to assist LMI young adults with the skills needed to pursue employment.
- Managers and lenders participate with various community development organizations to provide technical assistance to entrepreneurs and small businesses regarding SBA lending options to finance the growth of their small businesses.

FLORIDA

CRA RATING FOR FLORIDA: SATISFACTORY

The Lending Test is rated: High Satisfactory

The Investment Test is rated: Low Satisfactory

The Service Test is rated: Low Satisfactory

DESCRIPTION OF INSTITUTION'S OPERATIONS IN FLORIDA

FAB operates six branches in Florida (10.3 percent), and a relatively small portion of its deposits (12.1 percent) and loan activity (8.0 percent) was reported within this AA during the review period. As such, the bank's performance within the Florida AA accounts for significantly less weight than the Multistate AA in the overall CRA rating.

The Florida AA consists of Miami-Dade County, located in the Miami-Miami Beach-Kendall, FL MSA. The AA meets the requirements of the regulation, as it does not arbitrarily exclude any LMI census tracts or reflect illegal discrimination.

Economic and Demographic Data

According to the 2020 U.S. Census demographic data, the AA's 707 census tracts reflect the following income designations:

- 34 low-income tracts,
- 176 moderate-income tracts,
- 221 middle-income tracts,
- 243 upper-income tracts, and
- 33 census tracts have no income designation due to nominal population.

Compared to the previous evaluation that used 2015 ACS data, there are 188 more census tracts due to changes with the 2020 U.S. Census with 4 additional low-income census tracts and 32 additional moderate-income census tracts. Overall, this indicates potential an increase in opportunities for lending in LMI census tracts.

The following table illustrates select demographic characteristics of the AA using 2020 U.S. Census data. Notable changes from the last evaluation include an increase in the median housing value of 41.9 percent and in median gross rent of 22.8 percent. Additionally, the population in the AA increased by 2.4 percent and the poverty rate declined by 4.2 percentage points.

Demographic Information of the Assessment Area						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	707	4.8	24.9	31.3	34.4	4.7
Population by Geography	2,701,767	4.8	26.1	32.3	34.7	2.1
Housing Units by Geography	1,032,310	4.7	25.8	31.3	36.3	1.8
Owner-Occupied Units by Geography	465,833	2.0	18.3	33.1	45.3	1.3
Occupied Rental Units by Geography	436,367	8.0	36.6	31.4	21.7	2.2
Vacant Units by Geography	130,110	3.0	16.3	24.8	53.2	2.6
Businesses by Geography	1,096,338	2.5	19.4	29.1	45.3	3.7
Farms by Geography	10,247	4.0	21.9	28.0	43.9	2.1
Family Distribution by Income Level	619,475	23.1	17.3	17.6	42.0	0.0
Household Distribution by Income Level	902,200	25.9	15.1	16.1	42.8	0.0
Median Family Income MSA - 33124 Miami-Miami Beach-Kendall, FL		\$60,666	Median Housing Value			\$346,191
			Median Gross Rent			\$1,418
			Families Below Poverty Level			12.7%
<i>Source: 2020 U.S. Census and 2023 D&B Data. Due to rounding, totals may not equal 100.0%</i>						
<i>*The NA category consists of geographies that have not been assigned an income classification.</i>						

The bank’s performance under the geographic distribution criterion was compared to the percentage of owner-occupied units located within geographies by income level and to HMDA aggregate lending data. These comparative factors provide some insight into the overall affordable housing credit needs and demand in LMI geographies, which are primary considerations when evaluating FAB’s geographic lending patterns.

The median housing value of \$346,191 presents challenges to LMI individuals in qualifying for mortgage credit. More specifically, low-income families account for 23.1 percent of all families in the AA. Further, families generating income below the poverty level is 12.7 percent. Families living below the poverty line are unlikely to qualify for home mortgage financing. The bank’s home mortgage performance under the borrower distribution criterion was compared to the percentage of families within geographies by income level and to HMDA aggregate lending data.

The owner-occupancy demographic coupled with the contrast between median family income levels and high median housing values highlights difficulties that home mortgage lenders may face in providing traditional financing options to low-income families. Furthermore, the gap between median family income and high median housing values reveals the challenges LMI families may face in purchasing homes within the AA. All these aforementioned factors present challenges to financial institutions in making home mortgage loans in LMI geographies and to LMI individuals and supports the growing need for affordable housing.

The 2022-2023 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 income by category.

Median Family Income Ranges				
Median Family Incomes	Low <50%	Moderate 50% to <80%	Middle 80% to <120%	Upper ≥120%
Miami, Miami Beach, Kendall, FL Median Family Income (33124)				
2022: \$68,300	<\$34,150	\$34,150 to <\$54,640	\$54,640 to <\$81,960	≥\$81,960
2023: \$74,700	<\$37,350	\$37,350 to <\$59,760	\$59,760 to <\$89,640	≥\$89,640
<i>Source: FFIEC</i>				

The unemployment rates in Miami-Dade County decreased significantly from the highs during the prior evaluation period caused by the impact of the COVID-19 pandemic and is lower than the State and National averages. Unemployment rates by county, state, and nationwide are set out below.

Unemployment Rates		
	2022	2023
Area	%	%
Miami-Dade County, FL	2.6	1.8
State of Florida	3.0	2.9
National Average	3.7	3.6
<i>Source: U.S. Bureau of Labor Statistics</i>		

The Florida AA has a large concentration of small businesses. Major industries in the AA include health care, social services, retail, hospitality, and financial services. According to 2023 D&B data, the AA contains 1,096,338 non-farm businesses with the following revenue characteristics:

- 94.8 percent have \$1.0 million or less,
- 1.4 percent have more than \$1.0 million, and
- 3.8 percent have unknown revenues.

Non-classifiable establishments represent the largest portion of businesses in the AA at 38.6 percent; followed by services (28.2 percent); finance, insurance, and real estate (11.2 percent); and retail trade (6.9 percent). In addition, 53.8 percent of businesses in the AA have four or fewer employees, and 97.7 percent operate from a single location.

Competition

The AA reflects a highly competitive market for financial services. According to 2023 deposit market share information derived from FDIC and NCUA deposit data, there were 81 financial institutions operating 591 offices within the AA. FAB ranked 37th, maintaining 0.3 percent of the deposit market share. Large national financial institutions operating offices within the AA hold the majority of the market share.

The bank's AA is a highly competitive market for home mortgage and small business loans among banks, credit unions, and non-bank lenders. The 2023 HMDA aggregate lending data (the latest market share data available) reflects 78,864 home mortgage originations and purchases by 740 lenders. Further, aggregate small business lending data for 2022 (the latest available data) reflects 186 reporting lenders originating 174,752 small business loans in the AA. These performance context factors indicate a highly competitive banking market for deposits, home mortgage loans, and small business loans within the AA.

Community Contacts

As part of the evaluation process, examiners contact third parties active within the AA to assist in identifying credit needs and opportunities within the AA. This information helps assess whether local financial institutions are responsive to those needs.

For this evaluation, examiners reviewed recent community contacts with two non-profit organizations within the bank's AA. The first contact noted the Covid-19 pandemic caused a number of small businesses to close that are now looking to resume operations. The individual stated that in addition to a need for financing, there was a need for financial education to assist business owners in understanding the application process and the information needed to apply for a loan. The contact opined that navigating through the application process is one of the primary obstacles for small business owners.

The second contact stated that the increase in population in the Miami-Dade area has caused home prices to rise given the increased housing demand. The representative indicated that with recent rising interest rates and housing prices, there is a severe shortage of affordable houses. The contact noted that new units built are not necessarily affordable for many LMI individuals and families given the high cost of living and wage growth not keeping pace with increased costs. The contact opined that many LMI individuals have moved to other parts of Florida or other states seeking more affordable housing. The representative said that financial institutions have developed affordable financing programs and made strong efforts to reach LMI individuals, but that developers and the market are making housing unaffordable.

Credit and Community Development Needs and Opportunities

Based on demographic information, economic data, and community contact information, examiners identified certain credit and community development needs and opportunities within the AA. A need for loans supporting small businesses is evident based on the community contact's statements coupled with the fact that small businesses comprise a significant majority of the AA's businesses. Specifically, 94.8 percent of businesses have gross annual revenues of \$1.0 million or less. Additionally, the high number of LMI families at 23.1 percent and 17.3 percent, respectively, indicates a continued need for affordable housing. There is also a need for financial education for small business owners and affordable housing initiatives.

SCOPE OF EVALUATION – FLORIDA

The bank operates one AA in the State of Florida. Examiners conducted a full-scope review of the Florida AA. Given the larger volume of home mortgage lending compared to small business lending, this credit segment carried greater weight when drawing conclusions in the Florida AA.

CONCLUSIONS ON PERFORMANCE CRITERIA IN FLORIDA

LENDING TEST

FAB's lending performance evidenced good responsiveness to the credit needs in the Florida AA. The following performance supports this conclusion: outstanding community development lending; good performance in lending activity, geographic distribution of loans, and innovative or flexible lending practices; and adequate borrower distribution.

Lending Activity

Lending levels reflect good responsiveness to the Florida AA's credit needs. During the evaluation period, FAB originated 310 home mortgage loans totaling \$118.7 million and 90 small business loans totaling \$35.8 million in the AA. This accounts for 8.0 percent of total home mortgage and small business lending in its markets, which is generally consistent with its deposit (12.1 percent) and branch presence (10.3 percent) in the area. In addition, FAB originated 27 community development loans totaling \$78.3 million (44.0 percent of total community development loans) in this AA during the current evaluation period. The bank's level of community development lending is good considering its presence and deposit base in the AA.

Examiners reviewed FAB's market share in home mortgage and small business lending to its deposit market share to compare the bank's lending relative to its capacity. FAB's home mortgage lending by number of loans ranked 63rd among 740 lenders (92nd percentile), representing 0.4 percent of the market share, based on 2023 home mortgage market share loan data. The bank's small business lending by number of loans ranked 66th among 186 lenders (65th percentile), representing 0.03 percent of the market share based on 2022 small business market share data. FAB's deposit market share ranked 37th among 81 financial institutions (54th percentile) comprising 0.3 percent of the deposit market share. The bank's level of lending exceeds its deposit market share in the AA.

Overall, the bank's lending activity is good considering the dollar volume of community development loans and the level of home mortgage and small business lending in this AA.

Geographic Distribution

The geographic distribution of loans reflects good penetration throughout the AA. The bank's good performance in home mortgage lending and excellent performance in small business lending supports this conclusion. Examiners focused on lending penetrations in LMI census tracts and emphasized performance by number of loans, as the number of loans is a better indicator of the number of borrowers served. Only loans originated in the AA were considered in the analyses.

Home Mortgage Lending

The distribution of home mortgage loans reflects good penetration throughout the AA. Good performance for non-HELOC lending in LMI geographies and improving performance in HELOC lending in these geographies support this conclusion. During the evaluation period, 228 of the 310 home mortgage loans originated in this AA were HELOCs (73.5 percent). Therefore, more weight was given to HELOC performance. Performance is measured against aggregate lending and the percentage of owner-occupied housing units (demographic) within each census tract level. Aggregate lending provides a better assessment of demand in the AA, as it represents all home mortgage loans extended within the AA by all lenders reporting HMDA data.

HELOCs

Banks have limited opportunities to originate HELOCs in low-income tracts in this AA. As evidenced by the percentage of owner-occupied housing units and aggregate performance, there is an extremely low volume of owner-occupied housing and a low overall volume of HELOC lending occurring in low-income tracts. While the bank originated few loans in low-income tracts, its performance is only slightly below demographics and in line with aggregate for both years. FAB's low-income performance is adequate given these factors.

The bank's lending performance in moderate-income census tracts significantly trails demographics in both years. However, the bank's performance was more in line with but still trailing aggregate in 2022 and was higher than aggregate in 2023. Although 2022 lending performance did not, 2023 lending performance improved and exceeded aggregate performance. Overall performance in moderate-income tracts is adequate.

The following table reflects the distribution of HELOCs by census tract income level.

Geographic Distribution of HELOCs						
Tract Income Level	% of Owner-Occupied Housing Units	Aggregate Performance % of #	#	%	\$(000s)	%
Low						
2022	2.0	1.0	1	0.8	75	0.3
2023	2.0	1.0	1	1.0	300	1.2
Moderate						
2022	18.3	9.7	9	7.3	924	3.9
2023	18.3	9.8	11	10.6	1,329	5.3
Middle						
2022	33.1	27.5	30	24.2	5,251	21.9
2023	33.1	27.8	30	28.8	4,643	18.6
Upper						
2022	45.3	60.3	83	66.9	17,402	72.6
2023	45.3	60.3	61	58.7	18,461	74.1
Not Available						
2022	1.3	1.5	1	0.8	309	1.3
2023	1.3	1.2	1	1.0	195	0.8
Totals						
2022	100.0	100.0	124	100.0	23,961	100.0
2023	100.0	100.0	104	100.0	24,928	100.0
<i>Source: 2020 U.S. Census; Bank Data, 2022 & 2023 HMDA Aggregate Data. Due to rounding, totals may not equal 100.0%.</i>						

Non-HELOCs

Banks have limited opportunities to originate non-HELOCs in low-income tracts in this AA. As evidenced by the percentage of owner-occupied housing units and aggregate performance, there is an extremely low volume of owner-occupied housing and a low overall volume of non-HELOC lending occurring in low-income tracts. While FAB originated few loans in low-income tracts the bank's performance was above both the demographic and aggregate in both years. Additionally, their performance is an increase from the previous examination where the bank only made three loans over a four-year period in low-income areas while consistently making two each year this review period. FAB's low-income performance is good given these factors.

The bank's lending performance in moderate-income census tracts trailed the demographic and slightly trailed the aggregate in 2022. However, the bank's performance far exceeded both the demographic and aggregate in 2023. Additionally, while the demographic went down from the previous examination (21.4 percent in 2021) their performance remained steady and even increased in 2023. Given the adequate performance in 2022, excellent performance in 2023, and improvement from the previous examination; overall performance in moderate-income tracts is good. The table below reflects the distribution of non-HELOCs by census tract income level.

Geographic Distribution of Non-HELOCs						
Tract Income Level	% of Owner-Occupied Housing Units	Aggregate Performance % of #	#	%	\$(000s)	%
Low						
2022	2.0	2.7	2	3.8	8,715	19.9
2023	2.0	3.3	2	6.7	1,178	4.5
Moderate						
2022	18.3	15.8	7	13.5	9,513	21.8
2023	18.3	17.0	8	26.7	13,321	51.0
Middle						
2022	33.1	33.4	16	30.8	8,445	19.3
2023	33.1	35.2	5	16.7	861	3.3
Upper						
2022	45.3	46.4	26	50.0	16,884	38.6
2023	45.3	43.1	15	50.0	10,781	41.2
Not Available						
2022	1.3	1.8	1	1.9	147	0.3
2023	1.3	1.5	0	0.0	0	0.0
Totals						
2022	100.0	100.0	52	100.0	43,704	100.0
2023	100.0	100.0	30	100.0	26,142	100.0
<i>Source: 2020 U.S. Census; Bank Data, 2022 & 2023 HMDA Aggregate Data. Due to rounding, totals may not equal 100.0%.</i>						

Small Business Lending

The geographic dispersion of small business loans reflects excellent penetration throughout the AA. FAB's excellent performance in low-income tracts and good performance in moderate-income tracts supports this conclusion. Performance is measured against aggregate lending and the percentage of businesses by census tract income (demographic) in the AA.

For low-income census tracts, the bank's performance in 2022 significantly exceeds demographics and aggregate performance. Aggregate data is not available in 2023, but the bank's performance improved from 2022 and continues to significantly exceed demographics. As a result, the bank's low-income performance is excellent.

For moderate-income tracts, the bank's performance in 2022 exceeded aggregate performance and demographics. In 2023, the bank's performance declined and is slightly below demographics. Taken together, the bank's performance in lending to moderate-income census tracts is good.

Geographic Distribution of Small Business Loans						
Tract Income Level	% of Businesses	Aggregate Performance % of #	#	%	\$(000s)	%
Low						
2022	2.5	2.4	6	13.3	2,022	11.2
2023	2.5	--	6	15.0	1,832	10.3
Moderate						
2022	19.0	18.6	10	22.2	4,030	22.3
2023	19.4	--	7	17.5	2,776	15.6
Middle						
2022	29.2	30.0	8	17.8	2,285	12.7
2023	29.1	--	9	22.5	5,224	29.4
Upper						
2022	45.7	45.5	17	37.8	9,150	50.7
2023	45.3	--	17	42.5	7,693	43.3
Not Available						
2022	3.7	3.5	4	8.9	566	3.1
2023	3.7	--	1	2.5	223	1.3
Totals						
2022	100.0	100.0	45	100.0	18,053	100.0
2023	100.0	--	40	100.0	17,748	100.0
Source: 2022 & 2023 D&B Data; Bank Data; 2022 CRA Aggregate Data, "--" data not available. Due to rounding, totals may not equal 100.0%						

Borrower Profile

The distribution of borrowers reflects, given the product lines offered by the institution, adequate penetration among retail customers of different income levels and business customers of varying sizes. The bank's adequate performance in home mortgage lending supports this conclusion. Examiners focused on performance by number of loans as this is a better indicator of the number of borrowers served. Only loans originated in the AA were considered in the analysis.

Home Mortgage Lending

The distribution of home mortgage loans to individuals of different income levels, including LMI borrowers, reflects adequate penetration throughout the AA. During the evaluation period, 228 of the 310 home mortgage loans originated in this AA were HELOCs (73.5 percent). Therefore, more weight was given to HELOC performance. Performance is measured against aggregate lending and the percentage of families (demographic) within each income designation. As previously mentioned, aggregate lending data provides a better assessment of demand in the AA, as it represents all home mortgage loans extended within the AA by lenders reporting HMDA data.

HELOCs

In both years, FAB’s performance, as well as aggregate lending significantly trails the demographic of low-income families. However, nearly 12.7 percent of low-income families have incomes below the poverty level. These families face significant challenges in qualifying for traditional home mortgage loans. As discussed in the Demographic and Economic section, the median home value of the AA is \$346,191, which is likely out of reach for lower income borrowers. Aggregate performance indicates that all lenders face significant challenges in originating loans to low-income borrowers. Given this, aggregate data is a better indicator of actual opportunities to lend.

As noted in the table below. FAB’s lending to low-income borrowers in both years was below aggregate performance. However, the bank’s performance slightly improved in 2023 while aggregate performance declined. FAB’s performance reflects adequate lending performance to low-income borrowers.

FAB’s performance to moderate-income borrowers was below aggregate performance in both years and significantly below the percentage of families in both years. Overall, performance to moderate-income borrowers is adequate. Considering the bank’s adequate performance to both moderate-income and low-income borrowers, the distribution of HELOCs to borrowers of different incomes is adequate. The distribution of HELOCs by borrower income level is set out below.

Distribution of HELOCs by Borrower Income Level						
Borrower Income Level	% of Families	Aggregate Performance % of #	#	%	\$(000s)	%
Low						
2022	23.1	3.6	2	1.6	137	0.6
2023	23.1	2.8	2	1.9	377	1.5
Moderate						
2022	17.3	4.0	3	2.4	108	0.5
2023	17.3	3.4	2	1.9	113	0.5
Middle						
2022	17.7	10.0	10	8.1	794	3.3
2023	17.7	10.9	11	10.6	850	3.4
Upper						
2022	42.0	73.5	104	83.9	22,549	94.1
2023	42.0	72.1	87	83.7	23,156	92.9
Not Available						
2022	0.0	8.9	5	4.0	372	1.6
2023	0.0	10.8	2	1.9	434	1.7
Totals						
2022	100.0	100.0	124	100.0	23,961	100.0
2023	100.0	100.0	104	100.0	24,928	100.0

Source: 2020 U.S. Census; Bank Data, 2022 & 2023 HMDA Aggregate Data. Due to rounding, totals may not equal 100.0%.

Non-HELOCs

In both years, FAB's performance, as well as aggregate lending significantly trails the demographic of low-income families. However, nearly 12.7 percent of low-income families generate income below the poverty level, and these families face significant challenges in qualifying for traditional home mortgage loans. As discussed in the Demographic and Economic section, the median home value of the AA is \$346,191, which is likely out of reach for lower income borrowers. Aggregate performance indicates that all lenders face significant challenges in originating loans to low-income borrowers. Given this, aggregate data is a better indicator of actual opportunities to lend.

In 2022, the bank did not originate any non-HELOCs to low-income borrowers while aggregate originated 1.0 percent of their loans to these borrowers. However, while aggregate performance decreased in 2023 to 0.6 percent, the bank made two loans to low-income borrowers and their performance increased to 6.7 percent. Given the increased lending, the bank's performance is adequate.

In 2022, the bank did not originate any non-HELOCs to moderate-income borrowers while aggregate originated 4.6 percent of their loans to these borrowers. However, while aggregate performance decreased in 2023 to 2.9 percent, the bank made two loans to moderate-income borrowers and their performance increased to 6.7 percent. Given the trend of improvement, the bank's performance in lending to moderate-income borrowers was adequate.

Considering FAB's adequate performance to low-income and to moderate-income borrowers, the overall distribution of non-HELOCs is adequate. The following table reflects the distribution of non-HELOCs by borrower income level.

Distribution of Non-HELOCs Loans by Borrower Income Level						
Borrower Income Level	% of Families	Aggregate Performance % of #	#	%	\$(000s)	%
Low						
2022	23.1	1.0	0	0.0	0	0.0
2023	23.1	0.6	2	6.7	170	0.7
Moderate						
2022	17.3	4.6	0	0.0	0	0.0
2023	17.3	2.9	2	6.7	311	1.2
Middle						
2022	17.7	13.5	5	9.6	729	1.7
2023	17.7	9.7	1	3.3	80	0.3
Upper						
2022	42.0	58.1	30	57.7	13,205	30.2
2023	42.0	57.4	16	53.3	8,903	34.1
Not Available						
2022	0.0	22.7	17	32.7	29,770	68.1
2023	0.0	29.5	9	30.0	16,678	63.8
Totals						
2022	100.0	100.0	52	100.0	43,704	100.0
2023	100.0	100.0	30	100.0	26,142	100.0
<i>Source: 2020 U.S. Census; Bank Data, 2022 & 2023 HMDA Aggregate Data. Due to rounding, totals may not equal 100.0%.</i>						

Small Business Lending

The distribution of small business loans reflects poor penetration among businesses of different sizes. FAB's small business loans were evaluated based on aggregate lending and lending concentration to businesses with revenues of \$1 million or less (demographic) in the AA.

While FAB results significantly trail the demographic, it is important to note that many smaller businesses may not seek traditional financing or may choose to use alternative forms of financing, such as credit cards or home equity lines of credit to fund their businesses. Aggregate performance, which also significantly trails the demographic further supports the challenges all lenders have in providing loans to the smallest of businesses. Aggregate data provides a better indication of the level of demand in an area. Thus, examiners placed more weight on comparisons to aggregate when analyzing performance under this criterion.

However, the bank's performance in the year with aggregate data available (2022) is 21.1 percent below aggregate performance. Aggregate performance is not available for 2023, but the bank's performance declined compared to 2023. Considering these factors, FAB's distribution of loans to businesses of different sizes is poor. The following table reflects the distribution of small business loans by business revenue level.

Distribution of Small Business Loans by Gross Annual Revenue Category						
Gross Revenue Level	% of Businesses	Aggregate Performance % of #	#	%	\$(000s)	%
≤\$1,000,000						
2022	95.3	52.0	14	31.1	4,845	26.8
2023	94.8	--	11	27.5	5,008	28.2
>\$1,000,000						
2022	1.5	--	28	62.2	11,885	65.8
2023	1.3	--	26	65.0	11,617	65.5
Revenue Not Available						
2022	3.2	--	3	6.7	1,323	7.3
2023	3.8	--	3	7.5	1,123	6.3
Totals						
2022	100.0	100.0	45	100.0	18,053	100.0
2023	100.0	--	40	100.0	17,748	100.0

*Source: 2022 & 2023 D&B Data; Bank Data; 2022 CRA Aggregate Data; "--" data not available.
Due to rounding, totals may not equal 100.0%*

Innovative or Flexible Lending Practices

FAB uses innovative and/or flexible lending practices to serve this AA's credit needs. FAB's flexible loans in the AA include 16 SBA loans totaling \$8.0 million and three Revolving Export Working Capital Program loans totaling \$6.4 million.

Innovative or Flexible Lending Products		
Product Type	Number of Accounts	Total Loan Amount
FHA/VA Loans	0	0
FHLB Downpayment Plus Grants	0	0
FNMA HomeReady Program	0	0
FHLB Home Possible Program	0	0
IHDA Finally Home Program	0	0
SBA Loans	16	\$7,959,000
Business Reserve Line of Credit	0	0
Revolving Export Working Capital Program	3	\$6,400,000
Totals	19	\$14,359,000

Source: Bank Data

Community Development Loans

FAB is a leader in making community development loans in the Florida AA. FAB originated or renewed 27 community development loans totaling \$78.3 million, representing 44.0 percent (by dollar volume) of overall community development lending, within the Florida AA during the evaluation period. This level of lending significantly exceeds FAB's overall lending in the AA as

well as branch and deposit presence in the area. Additionally, this dollar volume of lending is a large increase from the previous examination when FAB reported \$36.4 million in loans. At the previous examination, FAB was a leader in making community development loans in this AA.

Community Development Lending										
Activity Year	Affordable Housing		Community Services		Economic Development		Revitalize or Stabilize		Totals	
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)
2022	1	750	0	0	0	0	4	6,415	5	7,165
2023	3	2,950	0	0	4	4,380	7	34,621	14	41,951
YTD 2024	1	1,800	1	1,800	4	16,500	2	9,087	8	29,187
Total	5	5,500	1	1,800	8	20,880	13	50,123	27	78,303

Source: Bank Data

The bank’s community development lending initiatives consist of affordable housing, economic development, and revitalization and stabilization of LMI areas. Examples of the institution’s community development loans in the AA are described below.

- Ten loans totaling \$37.7 million were provided to several developers for the construction of 587 housing units in LMI areas that will revitalize the areas by attracting new residents.
- Three loans totaling \$15.0 million for a business in a moderate-income census tract that supports the airline industry to expand operations. The new loan facility enabled the business to service domestic airlines looking to outsource their repair work. The growth, accompanied by investments in equipment and inventory has enabled the business to hire an additional 37 workers to service the expanded warehouse facility and there are plans to hire an additional 25 workers this year.
- A \$5.0 million loan for the purchase of a retail strip center that contains numerous small businesses. Providing financing for this property helps to retain anchor businesses and stabilize this moderate-income area.

INVESTMENT TEST

FAB demonstrated low satisfactory performance under the Investment Test in the Florida AA. Adequate investment and grant activity and responsiveness primarily support this conclusion.

Investment and Grant Activity

FAB had an adequate level of qualified community development investments and grants, although rarely in a leadership position, particularly those that are not routinely provided by private investors. The bank has invested \$2.3 million in bonds for improving a school district primarily servicing LMI students and provided 34 qualified donations and grants, totaling \$82,000, to organizations with a primary purpose of community development and affordable housing. This level of community development investments represents 5.1 percent of total community development investments, consistent with the opportunities for qualified investments and the bank’s presence in the AA.

Qualified Investments										
Activity Year	Affordable Housing		Community Services		Economic Development		Revitalize or Stabilize		Totals	
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)
Prior Period	0	0	2	1,302	0	0	0	0	2	1,302
2022	0	0	1	1,000	0	0	0	0	1	1,000
2023	0	0	0	0	0	0	0	0	0	0
YTD 2024	0	0	0	0	0	0	0	0	0	0
Subtotal	0	0	3	2,302	0	0	0	0	3	2,302
Qualified Grants & Donations	1	1	33	81	0	0	0	0	34	82
Total	1	1	36	2,383	0	0	0	0	37	2,384
<i>Source: Bank Data</i>										

The bank’s qualified investments primarily support community services in the area. Examples of the institution’s qualified investments in the AA are described below.

- Three investments totaling \$2.3 million in bond issuances of a school district in Miami-Dade County with 72 percent of the students in the district who are LMI.

Responsiveness to Credit and Community Development Needs

FAB exhibits adequate responsiveness to credit and community development needs, as majority of qualified investments support the educational needs of LMI students in the AA.

Community Development Initiatives

FAB rarely uses innovative and complex investments to support community development initiatives. The investments noted above are useful and help promote community development; however, generally are not innovative or complex by nature.

SERVICE TEST

FAB demonstrated low satisfactory performance under the Service Test in the Florida AA. Performance under Reasonableness of Business Hours and Services and CD Services primarily supports this conclusion.

Accessibility of Delivery Systems

The bank’s delivery systems are accessible to essentially all portions of the AA. FAB operates six full-service branches in the Florida AA: one in a low-income census tract, two in moderate-income census tracts, two in middle-income census tracts, and one in upper-income census tracts. FAB’s branch distribution in LMI tracts exceeds the percentage of all bank branches.

In addition, FAB continues to offer a variety of alternative delivery systems that increase the availability of its loan and deposit products in the market. Most of these delivery systems utilize technology to provide customers with 24-hour access to customer accounts and product

information. The bank offers internet and mobile banking to pay bills, transfer funds, and communicate with the bank. The table below provides details on FAB’s and all bank branches and deposits in the area.

Branch Distribution by Tract Income Level								
Tract Income Level	Census Tracts		Deposits (\$000)		All Branches		FAB Branches	
	#	%	#	%	#	%	#	%
Low	34	4.8	1,813,669	0.9	15	2.5	1	16.7
Moderate	176	24.9	16,791,087	8.5	104	17.6	2	33.3
Middle	221	31.3	29,174,179	14.8	149	25.2	2	33.3
Upper	243	34.4	139,085,943	70.6	293	49.6	1	16.7
NA	33	4.7	10,203,574	5.2	30	5.1	0	0.0
Total	707	100.0	197,068,452	100.00	591	100.0	6	100.0

*Sources: 2020 US Census; 2023 FDIC Summary of Deposits; Bank data *due to rounding percentages may not add to 100%*

Changes in Branch Locations

FAB has not opened or closed any branches in the AA since the previous evaluation. A Hialeah branch was relocated and remains in the same moderate-income census tract.

Reasonableness of Business Hours and Services

Services, including business hours do not vary in a way that inconveniences portions of the AAs, particularly LMI geographies or individuals. Overall, branch hours are generally consistent among FAB branches and comparable with other local financial institutions operating in the areas in which FABs’ branches are located. Three of the six branches in the assessment area offer Saturday drive-up hours including the two branches located in moderate-income census tracts and one in a low-income census tract. All offices maintain both home mortgage and commercial loan officers.

Community Development Services

FAB provides an adequate level of community development services. During the evaluation period, bank employees and management participated in seven different qualifying community development services. This performance level represents 6.3 percent of the bank’s total qualified service activity, which is consistent with FAB’s presence in the area. Many of the services involve reoccurring activities with bank employees and management providing technical assistance and financial literacy to various qualifying organizations. The following table illustrates information on the number of services provided in the AA.

Community Development Services					
Activity Year	Affordable Housing	Community Services	Economic Development	Revitalize or Stabilize	Totals
	#	#	#	#	#
2022	0	0	0	0	0
2023	0	1	0	0	1
YTD 2024	1	3	2	0	6
Total	1	4	2	0	7
<i>Source: Bank Data</i>					

Employees are active in providing financial literacy to LMI individuals, as well as providing technical assistance to individuals operating small businesses. The following illustrates some notable community development services provided during the evaluation period:

- Bank employees participate with non-profit organizations to teach financial education concepts to LMI young adults and families.
- Managers and lenders participate with various organizations to provide technical assistance to small businesses involved in exporting about SBA lending options to finance the growth of their small businesses.

ILLINOIS

CRA RATING FOR ILLINOIS: SATISFACTORY

The Lending Test is rated: High Satisfactory

The Investment Test is rated: Low Satisfactory

The Service Test is rated: Low Satisfactory

DESCRIPTION OF INSTITUTION’S OPERATIONS IN ILLINOIS

FAB operates from two branches (3.4 percent) in Kankakee County, Illinois, and a small portion of its deposits (3.5 percent) and loans (1.7 percent) by number volume were reported within this AA during the evaluation period. As such, the bank’s performance within the Illinois AA will account for significantly less weight than the Multistate and State of Florida AAs.

The Illinois AA consists of Kankakee County, Illinois, which is located within the Kankakee, IL MSA. The AA meets the requirements of the regulation, as it does not arbitrarily exclude any LMI census tracts or reflect illegal discrimination.

Economic and Demographic Data

According to the 2020 U.S. Census demographic data, the AA’s 30 census tracts reflect the following income designations:

- 1 low-income tract,
- 9 moderate-income tracts,

- 12 middle-income tracts, and
- 8 upper -income tracts.

Compared to the previous evaluation that used 2015 ACS data, there is one more census tract due to changes with the 2020 U.S. Census with five fewer low-income census tracts and four additional moderate-income census tracts. Overall, this indicates a potential increase in lending opportunities in moderate-income tracts and a decline in opportunities in low-income tracts.

The following table illustrates select demographic characteristics of the AA using 2020 U.S. Census data. Notable changes from the last evaluation include an increase in the median housing value of 6.6 percent and in median gross rent of 9.2 percent. Additionally, the population in the AA declined by 4.2 percent and the poverty rate declined by 3.1 percentage points.

Demographic Information of the Assessment Area						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	30	3.3	30.0	40.0	26.7	0.0
Population by Geography	107,502	1.8	23.5	41.9	32.8	0.0
Housing Units by Geography	45,626	2.2	25.2	43.1	29.5	0.0
Owner-Occupied Units by Geography	27,022	1.0	18.6	45.2	35.1	0.0
Occupied Rental Units by Geography	13,275	3.7	34.1	40.4	21.9	0.0
Vacant Units by Geography	5,329	4.2	36.5	39.2	20.1	0.0
Businesses by Geography	7,968	2.2	29.0	38.0	30.8	0.0
Farms by Geography	501	0.4	14.8	44.7	40.1	0.0
Family Distribution by Income Level	26,494	20.1	17.5	21.2	41.2	0.0
Household Distribution by Income Level	40,297	24.6	15.8	17.9	41.6	0.0
Median Family Income MSA - 28100 Kankakee, IL MSA		\$73,857	Median Housing Value			\$145,416
			Median Gross Rent			\$900
			Families Below Poverty Level			9.3%

Source: 2020 U.S. Census and 2023 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.*

As reflected in the table above, families generating income below the poverty level was 9.3 percent as of 2020. The owner occupancy demographic coupled with the contrast between median family income levels highlights difficulties that home mortgage lenders may face in providing traditional financing options to low-income families.

The 2022-2023 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 income by category.

Median Family Income Ranges				
Median Family Incomes	Low <50%	Moderate 50% to <80%	Middle 80% to <120%	Upper ≥120%
Kankakee, IL MSA Median Family Income (28100)				
2022: \$85,200	<\$42,600	\$42,600 to <\$68,160	\$68,160 to <\$102,240	≥\$102,240
2023: \$79,700)	<\$39,850	\$39,850 to <\$63,760	\$63,760 to <\$95,640	≥\$95,640
<i>Source: FFIEC</i>				

The unemployment rates in Kankakee County decreased significantly from the highs during the prior evaluation period caused by the impact of the COVID-19 pandemic and is higher than the State and National averages. The following table illustrates the unemployment rates by county, state, and nationwide.

Unemployment Rates		
	2022	2023
Area	%	%
Kankakee County, IL	5.5	5.8
State of Illinois	4.6	4.5
National Average	3.7	3.6
<i>Source: U.S. Bureau of Labor Statistics</i>		

According to 2023 D&B data, the AA contains 7,968 non-farm businesses with the following revenue characteristics:

- 85.0 percent have \$1.0 million or less,
- 4.1 percent have more than \$1.0 million, and
- 10.9 percent have unknown revenues.

Services represent the largest portion of businesses in the AA at 35.2 percent; followed by non-classifiable establishments (18.6 percent); finance, insurance, and real estate (12.7 percent); and finance, insurance, and real estate (8.5 percent). In addition, 61.8 percent of businesses in the AA have four or fewer employees, and 89.1 percent operate from a single location.

Competition

The AA reflects a moderately competitive market for financial services. According to 2023 deposit market share information derived from FDIC and NCUA deposit data, there were 22 financial institutions operating 40 offices within the AA. FAB ranked 6th, maintaining 6.1 percent deposit market share. Large national financial institutions operating offices within the AA hold the majority of the market share.

The bank's AA is a moderately competitive market for home mortgage and small business loans among banks, credit unions, and non-bank lenders. The 2023 HMDA aggregate lending data (the latest market share data available) reflects 3,242 home mortgage originations and purchases by 232 lenders. Further, aggregate small business lending data for 2022 (the latest available data) reflects

61 reporting lenders originating 1,434 small business loans in the AA. These performance context factors indicate a moderately competitive banking market for deposits, home mortgage loans, and small business loans within the AA.

Community Contact

As part of the evaluation process, examiners contact third parties active in the Kankakee AA to assist in identifying the credit and community development needs. This information provides examiners with insight into the opportunities available and assists in determining whether institutions are responsive to the credit needs of the Kankakee AA.

Examiners used information from a local community housing organization representative. The contact identified a need for affordable housing given rising interest rates. The contact stated there is a large population of families living far below the median income levels, including elderly and disabled.

Credit and Community Development Needs and Opportunities

Considering the information from the community contact and demographic data, examiners determined that affordable housing represents a significant credit need in the Kankakee AA. The State of Illinois and local communities sponsor various programs that support small business growth, affordable housing, economic development, and revitalization and stabilization programs. Kankakee County contains two enterprise zones (Kankakee County and Kankakee River Valley), four opportunity zones, and five municipalities maintain active TIF districts. These provide opportunities for financial institutions to fund activities supporting revitalization and economic development.

SCOPE OF EVALUATION – ILLINOIS

The bank operates one AA in the State of Illinois. Examiners conducted a full scope review of the Illinois AA.

CONCLUSIONS ON PERFORMANCE CRITERIA IN ILLINOIS

LENDING TEST

FAB's lending performance in the Illinois AA is good given the AA's credit needs, the bank's financial capacity and business focus, and innovative lending practices. The following performance supports this conclusion: good geographic distribution of home mortgage loans and innovative or flexible lending practices, excellent borrower profile of home mortgage loans, and no community development lending.

Lending Activity

Lending levels reflect adequate responsiveness to the Illinois AA's credit needs. FAB funded 80 home mortgage loans totaling \$5.1 million and 5 small business loans totaling \$2.2 million in the

AA. This represents 1.7 percent of the total reported loan originations in the evaluation period, slightly trialing the bank's presence in the AA in terms of branches and deposits. FAB did not originate any community development loans in this AA.

Comparing the bank's market share in both home mortgage and small business lending to its deposit market share allows for a comparison of the bank's lending relative to its capacity. FAB's home mortgage lending by number of loans ranked 8th among 232 lenders (97th percentile) based on 2023 home mortgage market share loan data, comprising 2.9 percent of the AA's market share. The bank's small business lending by number of loans ranked 34th among 61 lenders (44th percentile), comprising 0.2 percent of the AA's market share, based on 2022 small business market share data. FAB's deposit market share ranked 6th among 22 financial institutions (73rd percentile), maintaining 6.1 percent of the AA's deposit market share. In home mortgage lending, FAB's market share of originations significantly exceeds its deposit market share in the area. In small business lending, FAB's market share of originations is significantly below its deposit market share in the area.

Overall, the bank's lending activity is adequate considering the home mortgage, small business, and community development lending in this AA.

Geographic Distribution

The geographic distribution of loans reflects good penetration throughout the AA. The bank's good performance in home mortgage lending supports this conclusion. Examiners focused on lending penetrations in LMI census tracts and emphasized performance by number of loans, as it is a better indicator of the borrowers served.

Home Mortgage Lending

The distribution of home mortgage loans reflects good penetration throughout the AA. Of the 80 home mortgage loans originated in this AA in the review period, 50 were HELOCs. When analyzed separately, HELOCs and non-HELOCs had consistent performance and thus analyzing and presenting separately would not change the conclusions. Therefore, overall home mortgage loans were presented. The table below reflects the distribution of home mortgage loans by census tract income level.

In low-income census tracts, the bank did not make any loans in 2022. In 2023, the bank made one loan which exceeded aggregate performance and demographics. Given the bank’s performance in 2023, the bank’s low-income performance is adequate. In moderate-income census tracts, the bank’s performance exceeds aggregate performance and demographics in both 2022 and 2023, reflecting good performance in lending to moderate-income census tracts. Overall, given the adequate performance in lending to low-income census tracts and good performance in lending to moderate-income census tracts, the bank’s performance is good overall.

Geographic Distribution of Home Mortgage Loans						
Tract Income Level	% of Owner-Occupied Housing Units	Aggregate Performance % of #	#	%	\$(000s)	%
Low						
2022	1.0	1.1	0	0.0	0	0.0
2023	1.0	1.5	1	2.5	48	1.8
Moderate						
2022	18.6	19.5	11	27.5	430	17.2
2023	18.6	21.3	10	25.0	575	22.0
Middle						
2022	45.2	40.6	18	45.0	1,233	49.3
2023	45.2	41.0	13	32.5	818	31.3
Upper						
2022	35.1	38.8	11	27.5	839	33.5
2023	35.1	36.2	16	40.0	1,172	44.9
Not Available						
2022	0.0	0.0	0	0.0	0	0.0
2023	0.0	0.0	0	0.0	0	0.0
Totals						
2022	100.0	100.0	40	100.0	2,501	100.0
2023	100.0	100.0	40	100.0	2,612	100.0
<i>Source: 2020 U.S. Census; Bank Data, 2022 & 2023 HMDA Aggregate Data. Due to rounding, totals may not equal 100.0%</i>						

Small Business Lending

During 2022 and 2023, FAB originated a total of five small business loans, of which four were in moderate-income census tracts. This criterion is considered adequate given the limited volume of small business loans originated in the AA.

Borrower Profile

The distribution of borrowers reflects, given the product lines offered by the institution, excellent penetration among retail customers of different income levels. The bank's excellent performance in home mortgage lending supports this conclusion.

Home Mortgage Lending

The distribution of home mortgage loans to individuals of different income levels, including LMI borrowers, reflects excellent penetration throughout the assessment area. Fifty-two of the 80 home mortgage loans originated in this AA in the review period were HELOCs. When analyzed separately, HELOCs and non-HELOCs had consistent performance and thus analyzing and presenting separately would not change the conclusions. Therefore, overall home mortgage loans were presented.

FAB's lending performance to low-income borrowers in 2022 and 2023 exceeds the aggregate and is consistent with the demographic considering the percentage of families living below the poverty level of 9.3 percent. Overall, performance to low-income borrowers is excellent.

For moderate-income borrowers, the bank's performance significantly exceeds demographics and aggregate performance in both 2022 and 2023. Overall, performance with moderate-income borrowers is excellent. Considering the bank's excellent performance to both low- and moderate-income borrowers, the distribution of loans is excellent overall. The following table reflects the distribution of 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						
2022	20.1	11.3	6	15.0	210	8.4
2023	20.1	7.0	5	12.5	183	7.0
Moderate						
2022	17.5	20.8	15	37.5	915	36.6
2023	17.5	19.8	10	25.0	659	25.2
Middle						
2022	21.2	23.8	9	22.5	651	26.0
2023	21.2	24.9	10	25.0	593	22.7
Upper						
2022	41.2	26.0	10	25.0	724	28.9
2023	41.2	31.1	15	37.5	1,177	45.1
Not Available						
2022	0.0	18.1	0	0.0	0	0.0
2023	0.0	17.2	0	0.0	0	0.0
Totals						
2022	100.0	100.0	40	100.0	2,501	100.0
2023	100.0	100.0	40	100.0	2,612	100.0
<i>Source: 2020 U.S. Census; Bank Data, 2022 & 2023 HMDA Aggregate Data. Due to rounding, totals may not equal 100.0%</i>						

Small Business Lending

During 2022 and 2023, FAB originated a total of five small business loans, of which two were to businesses with gross annual revenues of \$1 million or less. This criterion is considered adequate given the limited volume of small business loans originated in the AA.

Innovative or Flexible Lending Practices

FAB uses innovative and/or flexible lending practices to serve this AA's credit needs. FAB's flexible loans in the AA include four FHA/VA loans totaling \$627,705, two FHLB Downpayment Plus Grants totaling \$20,000, and one SBA loan for \$250,000.

Innovative or Flexible Lending Products		
Product Type	Number of Accounts	Total Loan Amount
FHA/VA Loans	4	\$627,705
<u>FHLB Downpayment Plus Grants</u>	<u>2</u>	<u>\$20,000</u>
FNMA HomeReady Program	0	0
FHLB Home Possible Program	0	0
IHDA Finally Home Program	0	0
SBA Loans	1	\$250,000
Business Reserve Line of Credit	0	0
Revolving Export Working Capital Program	0	0
Totals	7	\$897,705
<i>Source: Bank Data</i>		

Community Development Loans

The bank has made no community development loans in the AA. Examiners noted there are targeted areas for community development initiatives in the AA.

INVESTMENT TEST

FAB demonstrated low satisfactory performance under the Investment Test in the Illinois AA. The institution provided an adequate level of qualified investments and exhibited adequate responsiveness to CD investment needs.

Investment and Grant Activity

FAB had an adequate level of qualified community development investments and grants, though rarely in a leadership position, particularly those that are not routinely provided by private investors. Investments during the review period include two prior period community development investments totaling approximately \$4 million. The two investments support area school districts that consist primarily of LMI students. The bank also provided six qualified donations and grants totaling \$7,000 to organizations with a primary purpose of community development. By dollar volume, this represents 8.7 percent of community development investments, which exceeds FAB's presence in the AA. The following table provides information regarding the number and volume of community development investments.

Qualified Investments										
Activity Year	Affordable Housing		Community Services		Economic Development		Revitalize or Stabilize		Totals	
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)
Prior Period	0	0	2	3,983	0	0	0	0	2	3,983
2022	0	0	0	0	0	0	0	0	0	0
2023	0	0	0	0	0	0	0	0	0	0
YTD 2024	0	0	0	0	0	0	0	0	0	0
Subtotal	0	0	2	3,983	0	0	0	0	2	3,983
Qualified Grants & Donations	0	0	6	7	0	0	0	0	6	7
Total	0	0	8	3,990	0	0	0	0	8	3,990
<i>Source: Bank Data</i>										

Responsiveness to Credit and Community Development Needs

FAB exhibits adequate responsiveness to credit and community development needs, as the majority of investments support educational needs of LMI students in the AA.

Community Development Initiatives

FAB occasionally uses innovative and complex investments to support community development initiatives. The investments noted above are useful and help promote community development; however, generally are not innovative or complex by nature.

SERVICE TEST

FAB demonstrated low satisfactory performance under the Service Test in the Illinois assessment area. Performance under the Reasonableness of Business Hours and Services and CD services primarily supports this conclusion.

Accessibility of Delivery Systems

The bank’s delivery systems are accessible to essentially all portions of the AA. FAB operates two full-service branches in the AA: one in a moderate-income census tract and one in a middle-income census tract. FAB also continues to offer a variety of alternative delivery systems that increase the availability of its loan and deposit products in the market. Most of these delivery systems use technology to provide customers with 24-hour access to customer accounts and product information. The bank offers internet and mobile banking to pay bills, transfer funds, receive notifications, and communicate with the bank.

Changes in Branch Locations

FAB has not closed or opened any branches in the Illinois AA since the previous CRA evaluation.

Reasonableness of Business Hours and Services

Services, including business hours do not vary in a way that inconveniences portions of the AAs, particularly LMI geographies and/or individuals. Both branches offer Saturday hours and have home mortgage and small business loan officers onsite. Services offered in both branches are consistent with those of FAB branches in the other two AAs. Overall, branch hours are comparable with other local financial institutions operating in the area.

Community Development Services

FAB provides an adequate level of community development services. Employees and management participated in two different qualifying community development services, representing 2.0 percent of all services provided by FAB. The services involve providing financial literacy to parents and students at two schools with majority LMI families. The following table illustrates information on the number of services provided in the AA.

Community Development Services					
Activity Year	Affordable Housing	Community Services	Economic Development	Revitalize or Stabilize	Totals
	#	#	#	#	#
2022	0	0	0	0	0
2023	0	1	0	0	1
YTD 2024	0	1	0	0	1
Total	0	2	0	0	2

Source: Bank Data

APPENDICES

LARGE 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) through its lending activities by considering a bank's home mortgage, small business, small farm, and community development lending. If consumer lending constitutes a substantial majority of a bank's business, the FDIC will evaluate the bank's consumer lending in one or more of the following categories: motor vehicle, credit card, other secured, and other unsecured. The bank's lending performance is evaluated pursuant to the following criteria:

- 1) The number and amount of the bank's home mortgage, small business, small farm, and consumer loans, if applicable, in the bank's assessment area;
- 2) The geographic distribution of the bank's home mortgage, small business, small farm, and consumer loans, if applicable, based on the loan location, including:
 - i. The proportion of the bank's lending in the bank's assessment area(s);
 - ii. The dispersion of lending in the bank's assessment areas(s); and
 - iii. The number and amount of loans in low-, moderate-, middle- and upper-income geographies in the bank's assessment area(s);
- 3) The distribution, particularly in the bank's assessment area(s), of the bank's home mortgage, small business, small farm, and consumer loans, if applicable, based on borrower characteristics, including the number and amount of:
 - i. Home mortgage loans low-, moderate-, middle- and upper-income individuals
 - ii. Small business and small farm loans to businesses and farms with gross annual revenues of \$1 million or less;
 - iii. Small business and small farm loans by loan amount at origination; and
 - iv. Consumer loans, if applicable, to low-, moderate-, middle- and upper-income individuals;
- 4) The bank's community development lending, including the number and amount of community development loans, and their complexity and innovativeness; and
- 5) The bank's use of innovative or flexible lending practices in a safe and sound manner to address the credit needs of low- and moderate-income individuals or geographies.

Investment Test

The Investment Test evaluates the institution's record of helping to meet the credit needs of its assessment area(s) through qualified investments that benefit its assessment area(s) or a broader statewide or regional area that includes the bank's assessment area(s). Activities considered under the Lending or Service Test may not be considered under the investment test. The bank's investment performance is evaluated pursuant to the following criteria:

- 1) The dollar amount of qualified investments;
- 2) The innovativeness or complexity of qualified investments;
- 3) The responsiveness of qualified investments to available opportunities; and
- 4) The degree to which qualified investments are not routinely provided by private investors.

Service Test

The Service Test evaluates the bank's record of helping to meet the credit needs of its assessment area(s) by analyzing both the availability and effectiveness of the bank's systems for delivering retail banking services and the extent and innovativeness of its community development services.

The bank's retail banking services are evaluated pursuant to the following criteria:

- 1) The current distribution of the bank's branches among low-, moderate-, middle-, and upper-income geographies;
- 2) In the context of its current distribution of the bank's branches, the bank's record of opening and closing branches, particularly branches located in low- or moderate-income geographies or primarily serving low- or moderate-income individuals;
- 3) The availability and effectiveness of alternative systems for delivering retail banking services (*e.g.*, RSFs, RSFs not owned or operated by or exclusively for the bank, banking by telephone or computer, loan production offices, and bank-at-work or bank-by-mail programs) in low- and moderate-income geographies and to low- and moderate-income individuals; and
- 4) The range of services provided in low-, moderate-, middle-, and upper-income geographies and the degree to which the services are tailored to meet the needs of those geographies.

The bank's community development services are evaluated pursuant to the following criteria:

- 1) The extent to which the bank provides community development services; and
- 2) The innovativeness and responsiveness of community development services.

SCOPE OF EVALUATION

SCOPE OF EVALUATION			
TIME PERIOD REVIEWED	January 1, 2022, through December 31, 2023		
FINANCIAL INSTITUTION			PRODUCTS REVIEWED
First American Bank			Small Business, Home Mortgage, Community Development
AFFILIATE(S)	AFFILIATE RELATIONSHIP		PRODUCTS REVIEWED
None			

LIST OF ASSESSMENT AREAS AND TYPE OF EVALUATION			
ASSESSMENT AREA	TYPE OF EXAMINATION	BRANCHES VISITED	OTHER INFORMATION
Multistate MSA	Full-Scope	None	None
State of Florida	Full-Scope	None	None
State of Illinois	Full-Scope	None	None

SUMMARY OF RATINGS FOR RATED AREAS

Rated Area	Lending Test	Investment Test	Service Test	Rating
CHICAGO-NAPERVILLE-ELGIN, IL-IN-WI MSA	High Satisfactory	Low Satisfactory	Low Satisfactory	Satisfactory
FLORIDA	High Satisfactory	Low Satisfactory	Low Satisfactory	Satisfactory
ILLINOIS	High Satisfactory	Low Satisfactory	Low Satisfactory	Satisfactory

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. Bank CDCs can develop innovative debt instruments or provide near-equity investments tailored to the development needs of the community. Bank 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 bank:
 - (i) Has not been reported or collected by the bank or an affiliate for consideration in the bank'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 bank's assessment area(s) or a broader statewide or regional area including the bank'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 bank'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 (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 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 (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.

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.

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 (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.