

# **PUBLIC DISCLOSURE**

May 6, 2019

## **COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION**

First Community Bank and Trust  
RSSD# 371232

1111 Dixie Highway  
Beecher, Illinois 60401

Federal Reserve Bank of Chicago

230 South LaSalle Street  
Chicago, Illinois 60604-1413

NOTE: This document is an evaluation of this bank'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 bank. This evaluation is not, nor should it be construed as, an assessment of the financial condition of this bank. The rating assigned to this bank does not represent an analysis, conclusion or opinion of the federal financial supervisory agency concerning the safety and soundness of this financial bank.

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## BANK'S CRA RATING

First Community Bank and Trust is rated **Satisfactory**.

First Community Bank and Trust provides credit consistent with its asset size, location, and the local economic conditions of its assessment area. The institution's loan-to-deposit (LTD) ratio is reasonable considering the characteristics of the bank, its competitors, and the credit needs within the assessment area. A majority of the loans were originated inside the assessment area. Geographic distribution of loans reflects reasonable dispersion throughout the assessment area, and reasonable penetration of loans among borrowers of different income levels and businesses of varying sizes. Neither First Community Bank and Trust nor this Reserve Bank received any Community Reinvestment Act (CRA)-related complaints since the previous CRA evaluation.

## SCOPE OF EXAMINATION

First Community Bank and Trust's CRA performance was evaluated using the Federal Financial Institutions Examinations Council's (FFIEC) Small Institution Examination Procedures. Information about the institution and its assessment area, such as the institution's financial condition, asset size, economic and demographic characteristics, and competition were used to evaluate the bank's performance. Lending performance was assessed within the bank's single assessment area, which consists of Will County, Illinois in its entirety, as well as portions of southern Cook County and northern Kankakee County, Illinois. The loan samples used for this evaluation included the bank's major product lines, which consisted of Home Mortgage Disclosure Act (HMDA)-reportable loans and small business loans.

Performance within the assessment area was evaluated using small bank examination procedures based on the following performance criteria:

- ***Loan-to-Deposit Ratio*** – A 16-quarter average loan-to-deposit ratio was calculated for the bank and compared to a sample of local competitors from June 30, 2015 through March 31, 2019.
- ***Lending in the Assessment Area*** – The bank's HMDA-reportable loans from January 1, 2016 through December 31, 2017 and small business loans from January 1, 2015 through December 31, 2017, were reviewed to determine the percentage of loans originated in the assessment area.
- ***Geographic Distribution of Lending in the Assessment Area*** – The bank's HMDA-reportable loans from January 1, 2016 through December 31, 2017 and small business loans from January 1, 2015 through December 31, 2017 originated within the assessment area were analyzed to determine the extent to which the bank is making loans in geographies of different income levels, particularly those designated as low- and moderate-income.
- ***Lending to Borrowers of Different Income and to Businesses of Different Sizes*** – The bank's HMDA-reportable loans from January 1, 2016 through December 31, 2017 and small business

loans from January 1, 2015 through December 31, 2017 originated within the assessment area were analyzed to determine the distribution among borrowers of different income levels, particularly those considered low- or moderate-income, and to businesses with different revenue sizes.

- **Response to Substantiated Complaints** – Neither First Community Bank and Trust nor this Reserve Bank received any CRA-related complaints since the previous evaluation.

In addition to the preceding criteria, three community representatives were contacted in connection with this examination to provide information regarding community credit needs and local economic conditions in the assessment area. The following types of organizations were contacted: affordable housing and economic development.

## DESCRIPTION OF INSTITUTION

First Community Bank and Trust, a subsidiary of First Community Bancorp, Inc., is a community bank headquartered in Beecher, Illinois, with total assets of approximately \$145.0 million as of December 31, 2018, according to the Uniform Bank Performance Report (UBPR). The bank operates out of its main office in Beecher, Illinois and one branch office in Peotone, Illinois. Each location maintains a full-service automated teller machine (ATM).

The bank offers a standard variety of deposit and loan products at both offices to meet the banking needs of its assessment area. Loan products include residential real estate, consumer, commercial, and agricultural loans. Deposit products offered include checking, savings, money market, certificates of deposit, and Negotiable Order of Withdrawal (NOW) accounts. First Community Bank and Trust is primarily a commercial lender, accounting for 69.4 percent of its loan portfolio, as of December 31, 2018. Additional details of the allocation of the bank's loan portfolio are provided in the following table:

Composition of Loan Portfolio as of December 31, 2018		
Loan Type	\$ (000s)	%
Residential Real Estate	16,627	22.3
Commercial	51,832	69.4
Agricultural	4,188	5.6
Consumer	1,833	2.5
Other	158	0.2
Total	74,638	100.0
Note: Percentages may not total 100.0 percent due to rounding.		

There are no known legal, financial or other factors impeding the bank's ability to help meet the credit needs in its communities.

The bank was rated Satisfactory under the CRA at its previous evaluation conducted on April 13, 2015.

## DESCRIPTION OF ASSESSMENT AREA<sup>1</sup>

First Community Bank and Trust's assessment area has expanded since the previous CRA evaluation as a result of the bank's strategy and lending patterns. The bank's revised assessment area consists of Will County, Illinois in its entirety (152 census tracts), 36 contiguous census tracts in southern Cook County, Illinois, and eight contiguous census tracts in northern Kankakee County, Illinois. Census tracts in Will and Cook counties are part of the Chicago-Naperville-Arlington Heights IL, Metropolitan Division (MD) #16974 (Chicago IL MD 16974), and census tracts in Kankakee County are part of the Kankakee-Bradley Metropolitan Statistical Area (MSA) #28100. Since the delineated portion of Kankakee County does not substantially extend beyond the MSA boundary, nor does it include a bank branch or deposit-taking ATM, the Kankakee County census tracts are included within the bank's lone assessment area, Chicago IL MD 16974.

Assessment Area	Counties
Chicago IL MD 16974	Will County, Illinois
	Partial Kankakee County, Illinois (8 of 29 census tracts)
	Partial Cook County, Illinois (36 of 1,319 census tracts)

According to the June 30, 2018 Federal Deposit Insurance Corporation (FDIC) Deposit Market Share Report, First Community Bank and Trust ranks 91<sup>st</sup> out of 140 FDIC-insured institutions within Cook, Will, and Kankakee Counties. The bank held \$126.1 million in deposits, representing 0.04 percent of the total deposit market share in the three counties. Comparatively, Chase Bank, BMO Harris Bank, and Bank of America held the top three spots on the report, at 23.4, 13.6, and 10.3 percent of the market share, respectively.

The assessment area's composition has changed since the 2015 performance evaluation, with eight total census tract designations shifting from upper-income; five to middle-income and three to low-income, as described in the table below. The census tract distribution of the bank's assessment area is now comprised of 7.1 percent low-income and 18.4 percent moderate-income census tracts. According to the 2017 FFIEC Census Data and 2017 Dan & Bradstreet, low- and moderate-income families represent 17.6 percent and 15.3 percent of the 221,621 families in the assessment area, respectively. Additionally, businesses with \$1 million or less in total annual revenue represent 89.4 percent of all business within the assessment area for the same time period. This data suggests that credit opportunities are available to borrowers of different income levels and businesses of different revenue levels throughout the assessment area. The one census tract designated as having unknown income is located in western Will County and contains the Abraham Lincoln National Cemetery, a designated tallgrass prairie area, and a large railroad yard.

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<sup>1</sup> Census tract designations are based on American Community Survey income data. For years 2017 and after, the designations are based on 2011-2015 ACS data. For years 2016 and before, the designations are based on 2006-2010 ACS data. For examinations that include performance before and after 2017, both sets of data have been used to perform the analysis of bank activity in the respective timeframes.

Census Tract Designation Changes American Community Survey Data (ACS)			
Tract Income Designation	2016 Designations (#)	2017 Designations (#)	Net Change (#)
Low	11	14	+3
Moderate	36	36	0
Middle	74	79	+5
Upper	74	66	- 8
Unknown	1	1	0
Total	196	196	196
Source: U. S. Census Bureau: Decennial Census: American Community Survey Data: 2006-2010 U.S. Census Bureau: Decennial Census: America Community Survey Data: 2011-2015			

### Sample Tract Designation Change Data

The median family income levels (MFI) for census tracts are calculated using the income data from the United States Census Bureau's American Community Survey and geographic definitions from the Office of Management and Budget (OMB) and are updated approximately every five years (.12(m) Income Level). The income data used to calculate geographic income designations changed between 2016 and 2017. Accordingly, lending activity that took place in calendar years up to and including 2016 are evaluated based on ACS income level definitions from the five-year survey data set 2006-2010. Lending activity performed in 2017 and beyond are evaluated based on ACS income level definitions from the five-year survey data set 2011-2015.

Assessment Area: 2017 Chicago-Naperville-Arlington Hts, IL MD 16974								
Income Categories	Tract Distribution		Families by Tract Income		Families < Poverty Level as % of Families by Tract		Families by Family Income	
	#	%	#	%	#	%	#	%
Low-income	14	7.1	9,550	4.3	2,829	29.6	39,016	17.6
Moderate-income	36	18.4	31,164	14.1	5,367	17.2	33,989	15.3
Middle-income	79	40.3	86,021	38.8	6,043	7.0	46,573	21.0
Upper-income	66	33.7	94,886	42.8	2,956	3.1	102,043	46.0
Unknown-income	1	0.5	0	0.0	0	0.0	0	0.0
Total Assessment Area	196	100.0	221,621	100.0	17,195	7.8	221,621	100.0
	Housing Units by Tract	Housing Types by Tract						
		Owner-Occupied			Rental		Vacant	
		#	%	%	#	%	#	%
Low-income	17,162	5,712	2.4	33.3	9,014	52.5	2,436	14.2
Moderate-income	54,372	27,952	11.8	51.4	19,736	36.3	6,684	12.3
Middle-income	131,569	98,548	41.6	74.9	22,458	17.1	10,563	8.0
Upper-income	120,320	104,540	44.2	86.9	11,089	9.2	4,691	3.9
Unknown-income	0	0	0.0	0.0	0	0.0	0	0.0
Total Assessment Area	323,423	236,752	100.0	73.2	62,297	19.3	24,374	7.5
	Total Businesses by Tract		Businesses by Tract & Revenue Size					
			Less Than or = \$1 Million		Over \$1 Million		Revenue Not Reported	
	#	%	#	%	#	%	#	%
Low-income	1,169	4.5	985	4.2	168	6.6	16	7.3
Moderate-income	2,982	11.4	2,560	10.9	391	15.3	31	14.1
Middle-income	9,736	37.1	8,707	37.1	932	36.5	97	44.1
Upper-income	12,350	47.1	11,210	47.8	1,064	41.6	76	34.5
Unknown-income	1	0.0	1	0.0	0	0.0	0	0.0
Total Assessment Area	26,238	100.0	23,463	100.0	2,555	100.0	220	100.0
	Percentage of Total Businesses:			89.4		9.7		0.8
	Total Farms by Tract		Farms by Tract & Revenue Size					
			Less Than or = \$1 Million		Over \$1 Million		Revenue Not Reported	
	#	%	#	%	#	%	#	%
Low-income	3	0.7	3	0.8	0	0.0	0	0.0
Moderate-income	29	7.2	29	7.4	0	0.0	0	0.0
Middle-income	213	53.1	206	52.8	7	63.6	0	0.0
Upper-income	155	38.7	151	38.7	4	36.4	0	0.0
Unknown-income	1	0.2	1	0.3	0	0.0	0	0.0
Total Assessment Area	401	100.0	390	100.0	11	100.0	0	0.0
	Percentage of Total Farms:			97.3		2.7		0.0
2017 FFIEC Census Data & 2017 Dun & Bradstreet information according to 2015 ACS								
Note: Percentages may not add to 100.0 percent due to rounding								

*For the purpose of this CRA performance evaluation, the preceding table of assessment area demographic information is reflective of the bank's assessment area in its entirety, including the eight census tracts in Kankakee County, which are part of the Kankakee-Bradley MSA #28100. The following presentation of key demographics used to help inform the evaluation of bank activity in its assessment area is based on a comparison of two sets of ACS data, 2006-2010 and 2011-2015.*

### Population Characteristics

The table below shows the population trends for the assessment area, counties comprising the assessment area, as well as the greater metropolitan area and state of Illinois. The bank's assessment area exhibited minimal population growth from 2010 to 2015 and mirrored the population trend of the Chicago IL MD 16974. Of note, only Kankakee County experienced a population decline over the same time period when compared to other counties comprising the assessment area and the state of Illinois. Although there was a decline in Kankakee County's population, community representatives indicated the area population is stabilizing as a result of better employment opportunities, proximity to the metropolitan area, and a low cost of living when compared to surrounding counties.

Population Change			
Area	2006-2010 Population	2011-2015 Population	Percentage Change
Assessment Area	885,446	893,419	0.9
Cook County	5,194,675	5,236,393	0.8
Kankakee County	113,449	112,221	-1.1
Will County	677,560	683,995	1.0
Chicago IL MD 16974	7,262,718	7,328,470	0.9
State of Illinois	12,830,632	12,873,761	0.3
Source: 2010 — U.S. Census Bureau: Decennial Census 2011-2015 — U.S. Census Bureau: American Community Survey			

### Income Characteristics

The following table presents median family incomes (MFI) for families living in the assessment area, the counties comprising the assessment area, as well as the greater metropolitan area and state of Illinois. From 2010 to 2015, the assessment area experienced a 2.6 percent increase in MFI, which is below the rate experienced by the Chicago IL MD 16974, at 4.4 percent, and just over half of the rate exhibited by the state of Illinois, at 4.9 percent. Although the rate of MFI increase is below the surrounding areas, the assessment area maintains a higher overall MFI by dollar amount, at \$82,002, when compared to the Chicago IL MD 16974 and state of Illinois at \$75,350 and \$71,546, respectively. Of note, Kankakee County experienced the largest increase in MFI at 6.2 percent, but still remains the lowest MFI by dollar amount at \$63,716.

Will County, which accounts for 77.6 percent of the bank's assessment area census tracts, continues to have the highest MFI of all counties in the assessment area at \$87,950 for 2015. According to community representatives the increase in MFI within the assessment area is attributed to a shortage in



qualified workers, which has resulted in companies offering higher wages to attract and retain its workforce, as well as recent economic growth and subsequent job opportunities in the area.

<b>Median Family Income Change 2006-2010 and 2011-2015</b>			
<b>Area</b>	<b>2006-2010 Median Family Income (\$)</b>	<b>2011-2015 Median Family Income (\$)</b>	<b>Percentage Change (%)</b>
Assessment Area	79,897	82,002	2.6
Cook County	65,039	67,324	3.5
Kankakee County	59,998	63,716	6.2
Will County	85,488	87,950	2.9
Chicago IL MD 16974	72,196	75,350	4.4
State of Illinois	68,236	71,546	4.9
<i>Source: U.S. Census Bureau: American Community Survey Data: 2006-2010</i>			

### Bankruptcy Rates

According to the Administrative Office of The U.S. Courts, personal bankruptcy filing rates have declined for all counties in the assessment area, Chicago IL MD 16974, and the state of Illinois from 2013 to 2016. Over that time period, Cook County exhibited the highest personal bankruptcy filing rate while Kankakee County experienced the lowest rate during each year. The following table provides additional bankruptcy filing rate information.

<b>Personal Bankruptcy Filing Rate (per 1,000 population)</b>				
<b>Area</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>
Cook County	6.8	6.5	6.4	6.0
Kankakee County	3.7	3.2	2.9	2.6
Will County	5.6	5.2	4.4	4.1
Chicago IL MD 16974	6.2	5.9	5.5	5.2
State of Illinois	5.1	4.7	4.4	4.1
<i>Source: Administrative Office of The U.S. Courts</i>				

### Housing Characteristics

There are 323,423 housing units in the assessment area; 73.2 percent of these units are owner-occupied, while 7.5 percent are vacant. Will County exhibited the highest owner-occupancy rate of the counties within the assessment area at 76.2 percent, which is substantially higher than the rate in Chicago IL MD 16974 and state of Illinois at 56.7 and 59.9 percent, respectively. According to the U.S. Census Bureau, the assessment area, the counties comprising the assessment area, as well as the greater metropolitan area and state of Illinois all experienced a decline in median housing value from 2010 to 2015. Cook County exhibited the largest decline, at 17.7 percent, while Kankakee County declined the least, at 6.5 percent. According to community representatives, housing values were heavily impacted during the recession; as a result, the number of housing inventory listed for sale is down. In turn, community representatives expressed that housing values have been increasing and believe they will continue rising as long as the local economy continues at its current pace.

A common method to compare relative affordability of housing across geographic areas is the affordability ratio, which is defined in Appendix D. A higher ratio supports more affordable housing opportunities. Based on the 2011-2015 American Community Survey data, the affordability ratios reflect that Kankakee County is the most affordable county within the assessment area at 0.38, followed closely by Will County at 0.36. These two counties, which comprise the majority of the bank's assessment area, remain more affordable than the Chicago IL MD 16974 and state of Illinois at 0.27 and 0.33, respectively.

Trends in Housing Costs							
Area	Median Housing Value (\$)		Percent Change	Median Gross Rent (\$)		Percent Change	Affordability Ratio
	2006-2010	2011-2015		2006-2010	2011-2015		
Assessment Area	222,984	190,708	-14.5	892	1,012	13.5	NA
Cook County	265,800	218,700	-17.7	900	980	8.9	0.25
Kankakee County	148,400	138,700	-6.5	721	820	13.7	0.38
Will County	240,500	209,800	-12.8	890	1,039	16.7	0.36
Chicago IL MD 16974	267,990	224,861	-16.1	914	996	9.0	0.27
State of Illinois	202,500	173,800	-14.2	834	907	8.8	0.33
<i>Source: 2006-2010 U.S. Census Bureau: American Community Survey 2011-2015 U.S. Census Bureau: American Community Survey</i>							

## Employment Conditions

According to the Bureau of Labor Statistics, unemployment rates declined in all counties comprising the assessment area, as well as the Chicago IL MD 16974 and state of Illinois from 2013 through 2016. All counties exhibited a consistent trend closely mirroring the state of Illinois and Chicago IL MD 16974; however, Kankakee County experienced the most significant decline from 11.3 percent to 6.4 percent. Representatives of the community stated that although Will County's unemployment rate has declined in recent years, there continues to be a shortage of qualified workers in social services and healthcare related fields. Additionally, the transportation industry has seen the largest growth in Will County, but there is a large skill gap within the industry and a need for additional skill training with few entry level positions. However, one community representative noted that within Will County, the distribution industry has been hiring new workers with minimal skills. Representatives stated that Kankakee County has numerous entry level job openings as well as jobs for established professionals. Community representatives attributed Kankakee County's high unemployment rate to the skill gap with the available workforce; however, there are more companies providing entry level jobs in addition to the openings for established professionals.

Unemployment Rates (%)				
Region	2013	2014	2015	2016
Cook County	9.6	7.4	6.2	6.2
Kankakee County	11.3	8.1	6.7	6.4
Will County	9.4	7.4	6.2	6.1

Chicago IL MD 16974	9.2	7.1	6.0	5.9
State of Illinois	9.2	7.1	5.9	5.9

Source: Bureau of Labor Statistics: Local Area Unemployment Statistics

## Industry Characteristics

The table below illustrates the largest employers operating within the bank's assessment area. The assessment area contains a diverse employment base comprised of many industries. According to community representatives, the majority of the workforce is typically in the healthcare or manufacturing related-fields, with many individuals employed directly by hospitals or manufacturing plants. Community representatives further iterated the need for skill training to fill existing job openings.

Largest Employers in the Assessment Area		
Company	Number of Employees	Industry
UIC Office-Public & Government	20,000	Schools
Allstate Insurance Co.	13,000	Insurance
University of Illinois - Chicago	11,515	University-College Dept/Facility/Office
CDW Government LLC	10,000	Electronic Retailing
University-Chicago Board-Trusts	8,534	University -Governing Body/Regent/Trustee
Johnston R. Bowman Health Center	8,000	Clinics
University of Chicago - Medicine	7,998	Hospitals
State Street Global Advisors	7,000	Financial Advisory Services
Loyola University Medical Center	6,500	Hospitals

Source: Business information provided by Infogroup®, Omaha, NE

## Community Representatives

Three community representatives, with a focus on economic development and affordable housing, were contacted to increase understanding of the credit needs and market conditions within the assessment area. As noted above, economic conditions are positive, aided by a diverse job sector throughout the assessment area. Unemployment rates are lower than previous years, but there is a skill gap that has led to a shortage of qualified workers. Housing costs have gone up recently due to a limited inventory and there is an overall need for affordable housing. Overall, the representatives noted that financial institutions in the assessment area are generally supportive; however, there are still opportunities for the financial institutions to become more involved with local community needs, such as affordable housing and economic development needs.

## CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA

Performance standards for small banks consist of the following, as applicable: the bank's loan-to-deposit (LTD) ratio, the percentage of loans and other lending-related activities located in the bank's assessment area, the record of lending to borrowers of different income levels and businesses of different sizes, the geographic distribution of loans, and the record of taking action in response to written complaints. To determine CRA performance, the

*preceding standards are analyzed and evaluated within the assessment area context, which includes, but is not limited to, comparative analyses of the assessment area and the state and the non-metropolitan portions of the state demographic data on median income, nature of housing stock, housing costs, and other relevant data pertaining to the bank's assessment area.*

## **LENDING TEST**

First Community Bank and Trust's performance relative to the lending test is rated Satisfactory. The bank is meeting the credit needs of its assessment area based on an analysis of its lending activities. The institution's LTD ratio is reasonable considering the characteristics of the bank, its competitors, and the credit needs within the assessment area. A majority of the bank's loans and other lending-related activities are located in the assessment area. The geographic distribution of loans reflects reasonable dispersion throughout the assessment area. The bank's lending reflects reasonable penetration of borrowers of different income levels and businesses and of different sizes. Neither First Community Bank and Trust nor this Reserve Bank received any CRA-related complaints since the previous examination.

### **Loan-to-Deposit Ratio**

First Community Bank and Trust's loan-to-deposit (LTD) ratio is reasonable. The bank operates in a competitive market, served by a number of local community banks, credit unions, and local branches of larger financial institutions as evidenced by the 140 FDIC-insured institutions reporting deposits within the bank's assessment area.

As of March 31, 2019, the bank's 16-quarter average of 57.7 percent from June 30, 2015 through March 31, 2019. When comparing this bank's LTD ratio performance against six local bank competitors, First Community Bank and Trust exhibited a similar performance with three of the competitors. Although the bank's performance was lower, the bank's ratio is reasonable given its given its size, financial condition, and the credit needs of the assessment area.

The following table lists the bank's average LTD ratio for the 16 quarters following the previous evaluation, as well as similar ratios for its comparable market competitors.

Comparative Loan-to-Deposit Ratios	
Institution	Loan-to-Deposit Ratio (%)
	16 – Quarter Average
First Community Bank and Trust	57.7 %
<b>Competitors</b>	
Old Plank Trail Community Bank	79.4%
First Trail Bank of Illinois	56.8%
Bank of Bourbonnais	71.6%
Town Center Bank	72.8%
First Bank of Manhattan	59.4%
Peoples Bank of Kankakee	59.8%

### Assessment Area Concentration

During the review period, First Community Bank and Trust originated a majority of its loans within the assessment area. As presented in the following table, overall 60.7 percent of the number of loan originations and 54.9 percent of loans by dollar volume were within the bank's assessment area. Lending patterns were consistent among different loan products, with the exception of small businesses loans, which had the majority originated outside of the bank's assessment area. The loan type with the bank's highest percentage of lending in the assessment area was refinanced loans, as 86.4 percent of these loans were inside the assessment area. Due to low volume, home improvement and multi-family loans were not included within the analysis. The following table summarizes the bank's lending inside and outside the assessment area by product.

Lending Inside and Outside the Assessment Areas (000s)								
Loan Type	Inside				Outside			
	#	%	\$ (000s)	%	#	%	\$ (000s)	%
Home Purchase Loan	33	66.0	\$3,489	58.6	17	34.0	\$2,467	41.4
Refinanced Loans	19	86.4	\$2,416	88.4	3	13.6	\$318	11.6
<b>Total HMDA-Reportable</b>	52	72.2	\$5,905	68.0	20	27.8	\$2,785	32.0
<b>Total Small Business Loans</b>	22	44.0	\$2,223	36.4	28	56.0	\$3,881	63.6
<b>Total Loans</b>	74	60.7	\$8,128	54.9	48	39.3	\$6,666	45.1
<i>Note: Percentages may not total to 100.0 percent due to rounding.</i>								

### Geographic Distribution of Loans

For the purposes of this review, loans made in calendar years up to and including 2016 were analyzed based on income designations from the 2006-2010 American Community Survey data<sup>2</sup>. Loans made in calendar years 2017 and after were analyzed based on income designations from the 2011-2015 American Community Survey data.

<sup>2</sup> The median family income levels (MFI) for census tracts are calculated using income data from the U.S. Census Bureau's American Community Survey and geographic designations from the Office of Management and Budget and are updated approximately every five years. (.12(m) Income Levels)

The geographic distribution of HMDA-reportable and small business loans reflects reasonable dispersion throughout the bank's assessment area. No unexplained or conspicuous gaps in lending activity were identified. Due to low volume, home improvement and multi-family loans were not considered within the analysis of HMDA-reportable lending.

### HMDA-Reportable Lending

Geographic distribution of HMDA-reportable loans reflects reasonable dispersion throughout the assessment area. In 2017, the bank originated 22 HMDA-reportable loans in its assessment area. Of those loans, 4.5 percent were originated in moderate-income census tracts, and no loans were originated in low-income census tracts. Although no loans were originated in low-income census tracts, only 2.4 percent of housing units in these tracts are owner-occupied, limiting the demand for mortgage lending to purchase a home. The bank originated 4.5 percent of its HMDA-reportable loans in moderate-income census tracts in 2017, which is below the rate of aggregate lenders, at 8.3 percent, and the percentage of owner-occupied housing units at 11.8 percent. The bank exhibited a better performance of HMDA-reportable lending in moderate-income census tracts in 2016, where it originated 10.0 percent of such loans, outperforming the 6.8 percent originated by aggregate lenders. The bank's 2016 lending in middle- and upper-income census tracts is consistent with aggregate lenders and the percentage of owner-occupied housing in those tracts. The opportunity for home purchase lending does exist, as the percentage of owner-occupied units throughout the assessment area is 73.2 percent; however, 85.8 percent of all owner-occupied housing are located in middle- and upper-income census tracts.

### *Home Purchase*

In 2017, home purchase lending represented 45.5 percent of the bank's overall HMDA-reportable loan originations across the assessment area. The bank originated no loans in low-income census tracts, which only contain 2.4 percent of owner-occupied units, but is below the performance of aggregate lenders at 1.5 percent. The bank made one loan, accounting for 10.0 percent of home purchase loans, in a moderate-income census tract. This performance is comparable to the 8.9 percent of home purchase loans made by aggregate lenders in moderate-income census tracts and the 11.8 percent of owner-occupied housing units in these tracts. The majority of the bank's home purchase loans were made in middle-income census tracts, at 50.0 percent, which is slightly above aggregate lenders and the rate of owner-occupied units at 41.5 and 41.6 percent, respectively. The remaining 40.0 percent of home purchase loans were made in upper-income census tracts, which contain 44.2 percent of owner-occupied housing units, and where aggregate lenders originated 48.1 percent of loans. Home purchase lending in 2016 was consistent with 2017 lending.

### *Refinance*

In 2017, refinance lending represented 54.5 percent of the bank's overall HMDA-reportable loan originations across the assessment area. The bank did not originate any refinance loans in low- or moderate-income census tracts. Aggregate lenders exhibited a limited distribution of lending within low- and moderate-income census tracts at 1.4 and 7.2 percent, respectively. Similar to home purchase lending, the bank originated the majority of its refinance loans in middle-income census tracts, at 83.3 percent, which is more than double the aggregate rate of 37.5 percent and the percent of owner-occupied housing at 41.6 percent. The bank originated 16.7 percent of refinance loans in upper-income census tracts, below both the 54.0 percent originated by aggregate lenders and the rate of owner-occupied housing at 44.2 percent.

In 2016, the bank only originated seven refinance loans, with 14.3 percent of these loans occurring in moderate-income census tracts, exceeding both the aggregate of lenders and the percentage of owner-occupied housing at 5.0 and 12.8 percent, respectively. Refinance lending in middle-income census tracts was consistent with aggregate lenders, while lending in upper-income census tracts was below aggregate lenders.

The following table presents the bank's 2017 HMDA-reportable lending compared to the aggregated and selected demographic data. The bank's 2016 HMDA-reportable lending table is available in Appendix C.

Geographic Distribution of HMDA Reportable Loans									
Assessment Area: 2017 Chicago-Naperville-Arlington Hts, IL MD 16974									
Product Type	Tract Income Levels	Bank & Aggregate Lending Comparison						Owner Occupied % of Units	
		2017							
		Count		Agg %	Dollar		Agg \$ %		
		Bank #	%		Bank \$ (000s)	\$ %			
Home Purchase	Low	0	0.0	1.5	0	0.0	0.8	2.4	
	Moderate	1	10.0	8.9	30	3.0	5.3	11.8	
	Middle	5	50.0	41.5	361	36.5	34.3	41.6	
	Upper	4	40.0	48.1	599	60.5	59.5	44.2	
	Unknown	0	0.0	0.0	0	0.0	0.0	0.0	
	Total	10	100.0	100.0	990	100.0	100.0	100.0	
Refinance	Low	0	0.0	1.4	0	0.0	0.8	2.4	
	Moderate	0	0.0	7.2	0	0.0	4.4	11.8	
	Middle	10	83.3	37.5	1,392	87.9	30.4	41.6	
	Upper	2	16.7	54.0	192	12.1	64.5	44.2	
	Unknown	0	0.0	0.0	0	0.0	0.0	0.0	
	Total	12	100.0	100.0	1,584	100.0	100.0	100.0	
Home Improvement	Low	0	0.0	2.2	0	0.0	1.5	2.4	
	Moderate	0	0.0	7.5	0	0.0	3.6	11.8	
	Middle	0	0.0	39.0	0	0.0	31.7	41.6	
	Upper	0	0.0	51.4	0	0.0	63.2	44.2	
	Unknown	0	0.0	0.0	0	0.0	0.0	0.0	
	Total	0	0.0	100.0	0	0.0	100.0	100.0	
Multi-Family	Low	0	0.0	13.8	0	0.0	5.6	Multi-Family 17.6	
	Moderate	0	0.0	31.0	0	0.0	24.5		30.7
	Middle	0	0.0	31.0	0	0.0	46.3		34.0
	Upper	0	0.0	24.1	0	0.0	23.6		17.7
	Unknown	0	0.0	0.0	0	0.0	0.0		0.0
	Total	0	0.0	100.0	0	0.0	100.0	100.0	
HMDA Totals	Low	0	0.0	1.5	0	0.0	0.9	2.4	
	Moderate	1	4.5	8.3	30	1.2	5.2	11.8	
	Middle	15	68.2	40.0	1,753	68.1	33.1	41.6	
	Upper	6	27.3	50.2	791	30.7	60.8	44.2	
	Unknown	0	0.0	0.0	0	0.0	0.0	0.0	
	Total	22	100.0	100.0	2,574	100.0	100.0	100.0	
Originations & Purchases									
2017 FFIEC Census Data									
Note: Percentages may not add to 100.0 percent due to rounding									



## Small Business Lending

Geographic distribution of small business lending reflects a reasonable dispersion throughout the assessment area. In 2017, the bank originated nine loans to small businesses operating in the assessment area. Of the nine loans, none were originated in low- or moderate-income census tracts, which contain 4.5 and 11.4 percent of all businesses in the assessment area, respectively. The bank originated 77.8 percent of its small businesses loans in middle-income census tracts, exceeding the percent of total businesses in those tracts, at 37.1 percent. The remaining 22.2 percent were originated in upper-income census tracts, which is below the 47.1 percent of total businesses in those tracts. A similar performance was exhibited in 2015 and 2016, where no small businesses loans were originated in low- or moderate-income census tracts. Only seven small businesses loans were originated in 2015 and six small businesses loans in 2016. Due to the bank's overall limited volume of small business loans and the vast majority of businesses residing in middle- and upper-income census tracts, this performance is reasonable.

The following table presents the bank's small business lending from 2017 compared to the selected demographic data. Please refer to Appendix C for 2015 and 2016 small businesses geographic distribution tables.

Geographic Distribution of Small Business Loans						
Assessment Area: 2017 Chicago-Naperville-Arlington Hts, IL MD 16974						
	Tract Income Levels	Bank & Demographic Comparison				
		2017				Total Businesses
		Count Bank		Dollar Bank		
		#	%	\$ 000s	\$ %	
Small Business	Low	0	0.0	0	0.0	4.5
	Moderate	0	0.0	0	0.0	11.4
	Middle	7	77.8	801	78.1	37.1
	Upper	2	22.2	224	21.9	47.1
	Unknown	0	0.0	0	0.0	0.0
	Total	9	100.0	1,025	100.0	100.0
2017 FFIEC Census Data & 2017 Dun & Bradstreet information according to 2015 ACS						
Note: Percentages may not add to 100.0 percent due to rounding						

## **Lending to Borrowers of Different Income Levels and to Businesses of Different Sizes**

*For the purposes of this review, loans made in calendar year 2016 or before were analyzed based on 2006-2010 American Community Survey income designations for individuals<sup>3</sup>. Loans made in calendar year 2017 or after were analyzed based on 2011-2015 American Community Survey income designations for individuals.*

<sup>3</sup> Income levels for individuals are calculated annually by the FFIEC using geographic definitions from the OMB, income data from the ACS and the Consumer Price Index from the Congressional Budget Office (.12(m) Income Levels).

First Community Bank and Trust's distribution of loans reflects reasonable penetration among individuals of different income levels and businesses of different sizes. Due to low volume, home improvement and multi-family loans were not considered within the analysis of HMDA-reportable lending.

### **HMDA-Reportable Loans**

The distribution of HMDA-reportable loans to borrowers of varying incomes reflects reasonable dispersion. In 2017, the bank originated 4.5 percent of its total HMDA-reportable loans to low-income borrowers, which was comparable to aggregate lenders at 5.9 percent, but below the percentage of low-income families in the area at 17.6 percent. The bank originated the majority of its HMDA-reportable loans, 45.5 percent, to moderate-income borrowers, far exceeding the aggregate lenders and the percentage of moderate-income families in the area at 18.1 and 15.3 percent, respectively. Lending to middle-income borrowers accounted for 27.3 percent of total HMDA-reportable loans, which was slightly above aggregate lenders at 22.3 percent and the percentage of middle-income families at 21.0 percent. The bank made 22.7 percent of its total HMDA-reportable loans to upper-income borrowers, below the 34.5 percent made by aggregate lenders and the 46.0 percent of upper-income families. The bank's 2016 lending to middle- and upper-income income borrowers was consistent with aggregate lenders, as well as the percentage of families designated as middle- or upper-income. Also, lending to moderate-income borrowers exceeded the percentage of aggregate lenders, as well as the percentage of families designated as moderate-income. The bank's lending to low-income borrowers was below aggregate lending, as well as the percentage of families designated as low-income.

#### *Home Purchase*

In 2017, the bank made 10 home purchase loans, representing 45.5 percent of the bank's total HMDA-reportable loans. The bank did not originate any home purchase loans to low-income borrowers, which was significantly below aggregate lenders and demographic of low-income families in the assessment area at 6.3 and 17.6 percent, respectively. The bank originated 40.0 percent of home purchase loans to moderate-income borrowers, outperforming aggregate lenders, at 20.6 percent, and the 15.3 percent of moderate-income families within the assessment area. Similarly, 40.0 percent of home purchase loans were made to middle-income borrowers, exceeding aggregate lenders and the demographic of families at 22.9 and 21.0 percent, respectively. The remaining 20.0 percent of home purchase loans were made to upper-income borrowers, which is below the 30.6 percent by aggregate lenders and the 46.0 percent of upper-income families.

Of note, the bank's home purchase lending decreased significantly from 2016, where the bank originated a total of 23 home purchase loans. The bank's home purchase lending to low- and moderate-income borrowers in 2016 was 4.3 and 26.1 percent, respectively. The lending rate to low-income borrowers was slightly lower than aggregate lenders at 6.8 percent, and significantly below the 16.2 percent of low-income families. The bank's lending to moderate-income borrowers outperformed aggregate lenders and the demographic of families in the area at 19.6 and 15.6 percent, respectively.

The bank made 30.4 percent of home purchase loans to middle-income borrowers, which exceeded the 23.0 percent made by aggregate lenders and the 21.6 percent of middle-income families. The majority of home purchase loans were made to upper-income borrowers, at 39.1 percent, which exceeded the 32.1 percent made by aggregate lenders, but remained lower than the 46.7 percent of upper-income families.

### *Refinance*

In 2017, refinance loans represented 54.5 percent of the bank's total HMDA-reportable loans. The bank originated one refinance loan to a low-income borrower, representing 8.3 percent of all refinance loans. This performance exceeds the 5.3 percent made by aggregate lenders, but falls below the 17.6 percent of low-income families. The bank originated 50.0 percent of its refinance loans to moderate-income borrowers, significantly outperforming aggregate lenders, at 13.5 percent, as well as the representation of moderate-income families at 15.3 percent. Lending to middle-income borrowers accounted for 16.7 percent of refinance loans originated by the bank, slightly below both the aggregate lenders and the demographic of middle-income families in the area at 20.9 and 21.0 percent, respectively. The bank originated 25.0 percent of its refinance loans to upper-income borrowers, which is below the 40.6 percent by aggregate lenders and the 46.0 percent of upper-income families.

In 2016, the bank originated only seven refinance loans, with no loans originated to low-income borrowers. The bank originated 28.6 of these loans to moderate-income borrowers, exceeding the 9.2 percent by aggregate lenders. Lending to middle-income borrowers was consistent with the bank's 2017 performance, and 57.1 percent of the bank's refinance loans were made to upper-income borrowers, which exceeds the 47.4 percent by aggregate lenders.

The following table presents the bank's 2017 HMDA-reportable lending compared to the aggregated and selected demographic data. The bank's 2016 HMDA-reportable lending table is available in Appendix C.

Borrower Distribution of HMDA Reportable Loans								
Assessment Area: 2017 Chicago-Naperville-Arlington Hts, IL MD 16974								
Product Type	Borrower Income Levels	Bank & Aggregate Lending Comparison						Families by Family Income %
		2017						
		Count		Dollar				
		Bank	Agg	Bank	Agg			
		#	%	%	\$(000s)	\$ %	\$ %	
Home Purchase	Low	0	0.0	6.3	0	0.0	3.2	17.6
	Moderate	4	40.0	20.6	353	35.7	14.9	15.3
	Middle	4	40.0	22.9	290	29.3	22.2	21.0
	Upper	2	20.0	30.6	347	35.1	41.7	46.0
	Unknown	0	0.0	19.6	0	0.0	17.9	0.0
	Total	10	100.0	100.0	990	100.0	100.0	100.0
Refinance	Low	1	8.3	5.3	86	5.4	2.8	17.6
	Moderate	6	50.0	13.5	618	39.0	9.2	15.3
	Middle	2	16.7	20.9	110	6.9	18.2	21.0
	Upper	3	25.0	40.6	770	48.6	49.6	46.0
	Unknown	0	0.0	19.7	0	0.0	20.2	0.0
	Total	12	100.0	100.0	1,584	100.0	100.0	100.0
Home Improvement	Low	0	0.0	5.5	0	0.0	3.2	17.6
	Moderate	0	0.0	17.1	0	0.0	13.3	15.3
	Middle	0	0.0	26.2	0	0.0	22.7	21.0
	Upper	0	0.0	46.3	0	0.0	55.6	46.0
	Unknown	0	0.0	4.8	0	0.0	5.2	0.0
	Total	0	0.0	100.0	0	0.0	100.0	100.0
Multi-Family	Low	0	0.0	0.0	0	0.0	0.0	17.6
	Moderate	0	0.0	0.0	0	0.0	0.0	15.3
	Middle	0	0.0	0.0	0	0.0	0.0	21.0
	Upper	0	0.0	0.0	0	0.0	0.0	46.0
	Unknown	0	0.0	100.0	0	0.0	100.0	0.0
	Total	0	0.0	100.0	0	0.0	100.0	100.0
HMDA Totals	Low	1	4.5	5.9	86	3.3	3.1	17.6
	Moderate	10	45.5	18.1	971	37.7	12.8	15.3
	Middle	6	27.3	22.3	400	15.5	20.6	21.0
	Upper	5	22.7	34.5	1,117	43.4	44.1	46.0
	Unknown	0	0.0	19.2	0	0.0	19.5	0.0
	Total	22	100.0	100.0	2,574	100.0	100.0	100.0
Originations & Purchases								
2017 FFIEC Census Data								
Note: Percentages may not add to 100.0 percent due to rounding								

### Small Business Lending

The distribution of small business loans by revenue and loan size is reasonable given the overall limited volume of nine small business loans. In 2017, the bank made 55.6 percent of its small business

loans to businesses reporting annual revenues of \$1 million or less, which is below the 89.4 percent of small businesses in the assessment area. In 2015 and 2016, the bank made 42.9 and 50.0 percent, respectively, of its small business loans to businesses with gross revenues of \$1 million or less, indicating a positive trend in lending to businesses of this size. Further, the bank made 80.0 percent of those loans to borrowers in amounts of \$100,000 or less, which are considered most beneficial to small businesses, demonstrating the bank's willingness to meet small business credit needs.

The following table presents the bank's 2017 small business lending compared to selected demographic data. The bank's 2015 and 2016 small business lending tables and demographics are available in Appendix C.

Small Business Lending By Revenue & Loan Size								
Assessment Area: 2017 Chicago-Naperville-Arlington Hts, IL MD 16974								
Product Type		Bank & Demographic Comparison						
		2017						
		Count Bank		Dollar Bank		Total Businesses		
		#	%	\$ 000s	\$ %	%		
Small Business	Revenue	\$1 Million or Less		5	55.6	273	26.6	89.4
		Over \$1 Million or Unknown		4	44.4	752	73.4	10.6
		Total		9	100.0	1,025	100.0	100.0
	Loan Size	\$100,000 or Less		6	66.7	260	25.4	
		\$100,001 - \$250,000		2	22.2	335	32.7	
		\$250,001 - \$1 Million		1	11.1	430	42.0	
		Total		9	100.0	1,025	100.0	
	Loan Size & Rev \$1 Mill or Less	\$100,000 or Less		4	80.0	145	53.1	
		\$100,001 - \$250,000		1	20.0	128	46.9	
		\$250,001 - \$1 Million		0	0.0	0	0.0	
		Total		5	100.0	273	100.0	
Originations & Purchases								
2017 FFIEC Census Data & 2017 Dun & Bradstreet information according to 2015 ACS								
Note: Percentages may not add to 100.0 percent due to rounding								

## Response to Complaints

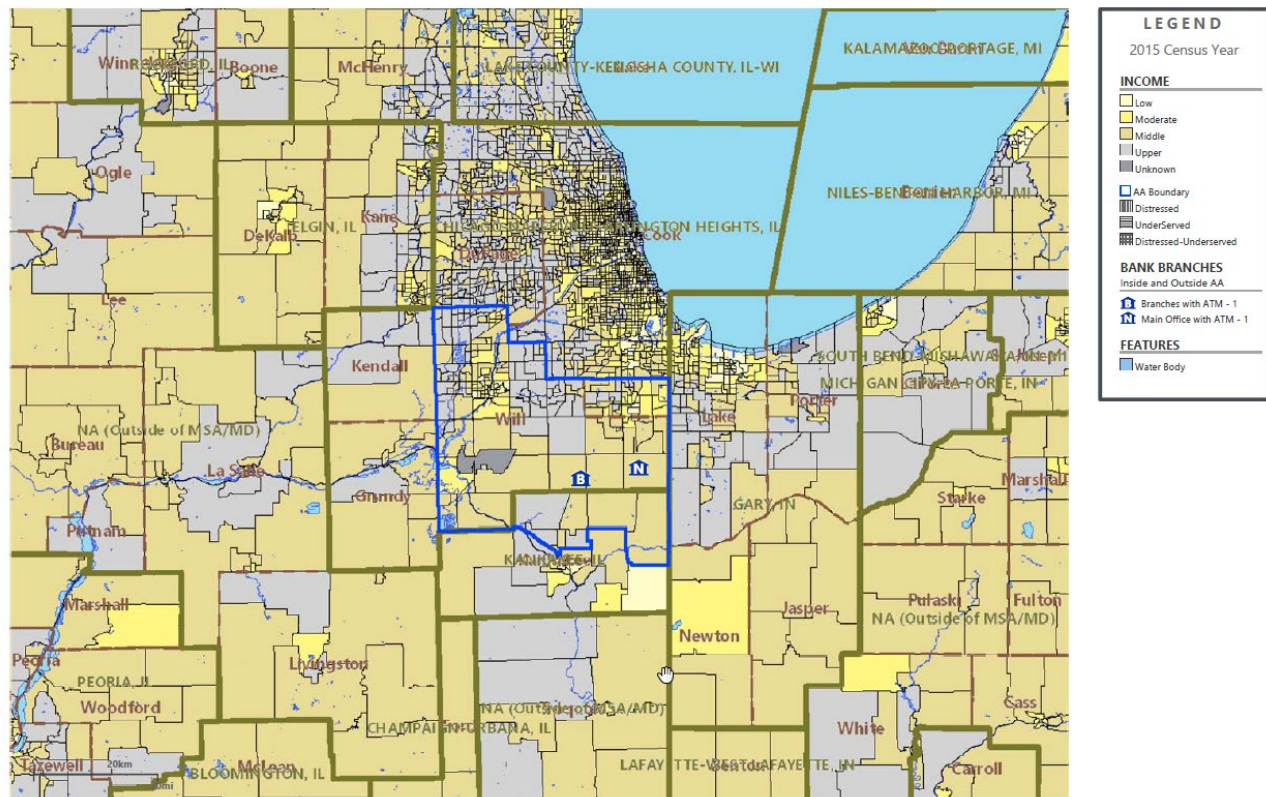
The bank or this Reserve Bank has not received any CRA-related complaints since the previous examination.

## FAIR LENDING OR OTHER ILLEGAL CREDIT PRACTICES REVIEW

No evidence of discriminatory or other illegal credit practices inconsistent with helping to meet community credit needs was identified.

## APPENDIX A – Map of Assessment Area

Chicago-Naperville-Arlington Hts, IL MD 16974



## APPENDIX B – Scope of Examination

SCOPE OF EXAMINATION			
<b>TIME PERIOD REVIEWED</b>		HMDA Reportable Loans: January 1, 2016 through December 31, 2017 Small Business Loans: January 1, 2015 through December 31, 2017	
<b>FINANCIAL INSTITUTION</b> First Community Bank & Trust			<b>PRODUCTS REVIEWED</b> HMDA-Reportable Loans Small Business Loans
<b>AFFILIATE(S)</b> None		<b>AFFILIATE RELATIONSHIP</b> NA	<b>PRODUCTS REVIEWED</b> NA
LIST OF ASSESSMENT AREAS AND TYPE OF EXAMINATION			
<b>ASSESSMENT AREA</b>	<b>TYPE OF EXAMINATION</b>	<b>BRANCHES VISITED</b>	<b>OTHER INFORMATION</b>
Chicago-Naperville-Arlington Heights IL, Metropolitan Division (# 16974)	Full Scope	None	None

### APPENDIX C – Additional Tables and Exhibits

Assessment Area: 2016 Chicago-Naperville-Arlington Hts, IL MD 16974								
Income Categories	Tract Distribution		Families by Tract Income		Families < Poverty Level as % of Families by Tract		Families by Family Income	
	#	%	#	%	#	%	#	%
Low-income	11	5.6	7,000	3.2	2,318	33.1	35,898	16.2
Moderate-income	36	18.4	31,306	14.1	4,450	14.2	34,547	15.6
Middle-income	74	37.8	82,724	37.3	4,346	5.3	47,861	21.6
Upper-income	74	37.8	100,945	45.5	2,536	2.5	103,669	46.7
Unknown-income	1	0.5	0	0.0	0	0.0	0	0.0
Total Assessment Area	196	100.0	221,975	100.0	13,650	6.1	221,975	100.0
	Housing Units by Tract	Housing Types by Tract						
		Owner-Occupied			Rental		Vacant	
		#	%	%	#	%	#	%
Low-income	12,422	3,708	1.5	29.9	6,688	53.8	2,026	16.3
Moderate-income	53,055	31,237	12.8	58.9	16,973	32.0	4,845	9.1
Middle-income	122,362	96,301	39.4	78.7	17,848	14.6	8,213	6.7
Upper-income	127,297	113,293	46.3	89.0	7,980	6.3	6,024	4.7
Unknown-income	0	0	0.0	0.0	0	0.0	0	0.0
Total Assessment Area	315,136	244,539	100.0	77.6	49,489	15.7	21,108	6.7
	Total Businesses by Tract		Businesses by Tract & Revenue Size					
			Less Than or = \$1 Million		Over \$1 Million		Revenue Not Reported	
	#	%	#	%	#	%	#	%
Low-income	671	2.3	590	2.2	72	2.8	9	3.8
Moderate-income	3,584	12.2	3,093	11.6	453	17.6	38	16.0
Middle-income	9,885	33.6	8,908	33.5	892	34.6	85	35.7
Upper-income	15,249	51.9	13,981	52.6	1,162	45.1	106	44.5
Unknown-income	1	0.0	1	0.0	0	0.0	0	0.0
Total Assessment Area	29,390	100.0	26,573	100.0	2,579	100.0	238	100.0
	Percentage of Total Businesses:			90.4		8.8		0.8
	Total Farms by Tract		Farms by Tract & Revenue Size					
			Less Than or = \$1 Million		Over \$1 Million		Revenue Not Reported	
	#	%	#	%	#	%	#	%
Low-income	5	1.1	5	1.1	0	0.0	0	0.0
Moderate-income	20	4.3	19	4.2	1	9.1	0	0.0
Middle-income	168	36.5	166	37.0	2	18.2	0	0.0
Upper-income	266	57.8	258	57.5	8	72.7	0	0.0
Unknown-income	1	0.2	1	0.2	0	0.0	0	0.0
Total Assessment Area	460	100.0	449	100.0	11	100.0	0	0.0
	Percentage of Total Farms:			97.6		2.4		0.0
2016 FFIEC Census Data & 2016 Dun & Bradstreet information according to 2010 ACS								
Note: Percentages may not add to 100.0 percent due to rounding								



Geographic Distribution of HMDA Reportable Loans								
Assessment Area: 2016 Chicago-Naperville-Arlington Hts, IL MD 16974								
Product Type	Tract Income Levels	Bank & Aggregate Lending Comparison						Owner Occupied % of Units
		2016						
		Count		Agg %	Dollar		Agg \$ %	
		Bank #	%		Bank \$ (000s)	\$ %		
Home Purchase	Low	0	0.0	0.6	0	0.0	0.3	1.5
	Moderate	2	8.7	8.3	75	3.0	4.6	12.8
	Middle	10	43.5	38.5	938	37.5	30.2	39.4
	Upper	11	47.8	52.5	1,486	59.5	64.9	46.3
	Unknown	0	0.0	0.0	0	0.0	0.0	0.0
	Total	23	100.0	100.0	2,499	100.0	100.0	100.0
Refinance	Low	0	0.0	0.6	0	0.0	0.3	1.5
	Moderate	1	14.3	5.0	95	11.4	2.8	12.8
	Middle	2	28.6	29.2	172	20.7	22.0	39.4
	Upper	4	57.1	65.2	565	67.9	74.9	46.3
	Unknown	0	0.0	0.0	0	0.0	0.0	0.0
	Total	7	100.0	100.0	832	100.0	100.0	100.0
Home Improvement	Low	0	0.0	1.6	0	0.0	0.5	1.5
	Moderate	0	0.0	8.9	0	0.0	3.2	12.8
	Middle	0	0.0	34.4	0	0.0	22.4	39.4
	Upper	0	0.0	55.1	0	0.0	74.0	46.3
	Unknown	0	0.0	0.0	0	0.0	0.0	0.0
	Total	0	0.0	100.0	0	0.0	100.0	100.0
Multi-Family	Low	0	0.0	15.4	0	0.0	3.3	Multi-Family 11.6 33.1 36.0 19.3 0.0
	Moderate	0	0.0	17.9	0	0.0	54.0	
	Middle	0	0.0	48.7	0	0.0	14.4	
	Upper	0	0.0	17.9	0	0.0	28.3	
	Unknown	0	0.0	0.0	0	0.0	0.0	
	Total	0	0.0	100.0	0	0.0	100.0	100.0
HMDA Totals	Low	0	0.0	0.6	0	0.0	0.3	1.5
	Moderate	3	10.0	6.8	170	5.1	4.4	12.8
	Middle	12	40.0	34.1	1,110	33.3	25.9	39.4
	Upper	15	50.0	58.4	2,051	61.6	69.3	46.3
	Unknown	0	0.0	0.0	0	0.0	0.0	0.0
	Total	30	100.0	100.0	3,331	100.0	100.0	100.0
Originations & Purchases								
2016 FFIEC Census Data								
Note: Percentages may not add to 100.0 percent due to rounding								

Geographic Distribution of Small Business Loans						
Assessment Area: 2016 Chicago-Naperville-Arlington Hts, IL MD 16974						
	Tract Income Levels	Bank & Demographic Comparison				
		Count		Dollar		Total
		Bank		Bank		Businesses
		#	%	\$ 000s	\$ %	%
Small Business	Low	0	0.0	0	0.0	2.3
	Moderate	0	0.0	0	0.0	12.2
	Middle	5	83.3	412	50.7	33.6
	Upper	1	16.7	400	49.3	51.9
	Unknown	0	0.0	0	0.0	0.0
	Total	6	100.0	812	100.0	100.0
2016 FFIEC Census Data & 2016 Dun & Bradstreet information according to 2010 ACS						
Note: Percentages may not add to 100.0 percent due to rounding						

Borrower Distribution of HMDA Reportable Loans								
Assessment Area: 2016 Chicago-Naperville-Arlington Hts, IL MD 16974								
Product Type	Borrower Income Levels	Bank & Aggregate Lending Comparison						Families by Family Income %
		2016						
		Count		Agg %	Dollar		Agg \$ %	
Bank #	%	Bank \$(000s)	\$ %					
Home Purchase	Low	1	4.3	6.8	60	2.4	3.5	16.2
	Moderate	6	26.1	19.6	490	19.6	13.8	15.6
	Middle	7	30.4	23.0	660	26.4	21.8	21.6
	Upper	9	39.1	32.1	1,289	51.6	44.5	46.7
	Unknown	0	0.0	18.5	0	0.0	16.4	0.0
	Total	23	100.0	100.0	2,499	100.0	100.0	100.0
Refinance	Low	0	0.0	3.5	0	0.0	1.7	16.2
	Moderate	2	28.6	9.2	222	26.7	5.8	15.6
	Middle	1	14.3	18.3	140	16.8	14.9	21.6
	Upper	4	57.1	47.4	470	56.5	56.3	46.7
	Unknown	0	0.0	21.5	0	0.0	21.2	0.0
	Total	7	100.0	100.0	832	100.0	100.0	100.0
Home Improvement	Low	0	0.0	6.7	0	0.0	3.6	16.2
	Moderate	0	0.0	14.1	0	0.0	8.3	15.6
	Middle	0	0.0	20.1	0	0.0	16.8	21.6
	Upper	0	0.0	54.4	0	0.0	67.1	46.7
	Unknown	0	0.0	4.6	0	0.0	4.2	0.0
	Total	0	0.0	100.0	0	0.0	100.0	100.0
Multi-Family	Low	0	0.0	0.0	0	0.0	0.0	16.2
	Moderate	0	0.0	0.0	0	0.0	0.0	15.6
	Middle	0	0.0	0.0	0	0.0	0.0	21.6
	Upper	0	0.0	0.0	0	0.0	0.0	46.7
	Unknown	0	0.0	100.0	0	0.0	100.0	0.0
	Total	0	0.0	100.0	0	0.0	100.0	100.0
HMDA Totals	Low	1	3.3	5.3	60	1.8	2.6	16.2
	Moderate	8	26.7	14.6	712	21.4	9.7	15.6
	Middle	8	26.7	20.7	800	24.0	18.1	21.6
	Upper	13	43.3	39.8	1,759	52.8	49.9	46.7
	Unknown	0	0.0	19.6	0	0.0	19.7	0.0
	Total	30	100.0	100.0	3,331	100.0	100.0	100.0
Originations & Purchases								
2016 FFIEC Census Data								
Note: Percentages may not add to 100.0 percent due to rounding								

Small Business Lending By Revenue & Loan Size								
Assessment Area: 2016 Chicago-Naperville-Arlington Hts, IL MD 16974								
Product Type		Bank & Demographic Comparison						
		2016						
		Count Bank		Dollar Bank		Total Businesses		
		#	%	\$ 000s	\$ %	%		
Small Business	Revenue	\$1 Million or Less	3	50.0	313	38.5	90.4	
		Over \$1 Million or Unknown	3	50.0	499	61.5	9.6	
		Total	6	100.0	812	100.0	100.0	
	Loan Size	\$100,000 or Less	4	66.7	249	30.6		
		\$100,001 - \$250,000	1	16.7	164	20.2		
		\$250,001 - \$1 Million	1	16.7	400	49.2		
		Total	6	100.0	813	100.0		
	Loan Size & Rev \$1 Mill or Less	\$100,000 or Less	2	66.7	149	47.6		
		\$100,001 - \$250,000	1	33.3	164	52.4		
		\$250,001 - \$1 Million	0	0.0	0	0.0		
		Total	3	100.0	313	100.0		
Originations & Purchases								
2016 FFIEC Census Data & 2016 Dun & Bradstreet information according to 2010 ACS								
Note: Percentages may not add to 100.0 percent due to rounding								

Assessment Area: 2015 Chicago-Naperville-Arlington Hts, IL MD 16974								
Income Categories	Tract Distribution		Families by Tract Income		Families < Poverty Level as % of Families by Tract		Families by Family Income	
	#	%	#	%	#	%	#	%
Low-income	11	5.6	7,000	3.2	2,318	33.1	35,898	16.2
Moderate-income	36	18.4	31,306	14.1	4,450	14.2	34,547	15.6
Middle-income	74	37.8	82,724	37.3	4,346	5.3	47,861	21.6
Upper-income	74	37.8	100,945	45.5	2,536	2.5	103,669	46.7
Unknown-income	1	0.5	0	0.0	0	0.0	0	0.0
Total Assessment Area	196	100.0	221,975	100.0	13,650	6.1	221,975	100.0
	Housing Units by Tract	Housing Types by Tract						
		Owner-Occupied			Rental		Vacant	
		#	%	%	#	%	#	%
Low-income	12,422	3,708	1.5	29.9	6,688	53.8	2,026	16.3
Moderate-income	53,055	31,237	12.8	58.9	16,973	32.0	4,845	9.1
Middle-income	122,362	96,301	39.4	78.7	17,848	14.6	8,213	6.7
Upper-income	127,297	113,293	46.3	89.0	7,980	6.3	6,024	4.7
Unknown-income	0	0	0.0	0.0	0	0.0	0	0.0
Total Assessment Area	315,136	244,539	100.0	77.6	49,489	15.7	21,108	6.7
	Total Businesses by Tract		Businesses by Tract & Revenue Size					
			Less Than or = \$1 Million		Over \$1 Million		Revenue Not Reported	
	#	%	#	%	#	%	#	%
Low-income	772	2.3	695	2.2	71	3.0	6	3.8
Moderate-income	4,144	12.3	3,691	11.9	421	17.5	32	20.4
Middle-income	11,396	33.9	10,501	33.8	837	34.8	58	36.9
Upper-income	17,322	51.5	16,187	52.1	1,074	44.7	61	38.9
Unknown-income	1	0.0	1	0.0	0	0.0	0	0.0
Total Assessment Area	33,635	100.0	31,075	100.0	2,403	100.0	157	100.0
	Percentage of Total Businesses:			92.4		7.1		0.5
	Total Farms by Tract		Farms by Tract & Revenue Size					
			Less Than or = \$1 Million		Over \$1 Million		Revenue Not Reported	
	#	%	#	%	#	%	#	%
Low-income	6	1.1	6	1.1	0	0.0	0	0.0
Moderate-income	24	4.4	23	4.3	1	10.0	0	0.0
Middle-income	201	36.6	198	36.7	3	30.0	0	0.0
Upper-income	317	57.7	311	57.7	6	60.0	0	0.0
Unknown-income	1	0.2	1	0.2	0	0.0	0	0.0
Total Assessment Area	549	100.0	539	100.0	10	100.0	0	0.0
	Percentage of Total Farms:			98.2		1.8		0.0
2015 FFIEC Census Data & 2015 Dun & Bradstreet information according to 2010 ACS								
Note: Percentages may not add to 100.0 percent due to rounding								

Geographic Distribution of Small Business Loans						
Assessment Area: 2015 Chicago-Naperville-Arlington Hts, IL MD 16974						
	Tract Income Levels	Bank & Demographic Comparison				
		2015				
		Count Bank		Dollar Bank		Total Businesses
		#	%	\$ 000s	\$ %	%
Small Business	Low	0	0.0	0	0.0	2.3
	Moderate	0	0.0	0	0.0	12.3
	Middle	3	42.9	311	80.6	33.9
	Upper	4	57.1	75	19.4	51.5
	Unknown	0	0.0	0	0.0	0.0
	Total	7	100.0	386	100.0	100.0
2015 FFIEC Census Data & 2015 Dun & Bradstreet information according to 2010 ACS						
Note: Percentages may not add to 100.0 percent due to rounding						

Small Business Lending By Revenue & Loan Size							
Assessment Area: 2015 Chicago-Naperville-Arlington Hts, IL MD 16974							
Product Type		Bank & Demographic Comparison					
		2015				Total Businesses %	
		Count Bank		Dollar Bank			
		#	%	\$ 000s	\$ %		
Small Business	Revenue	\$1 Million or Less	3	42.9	22	5.7	92.4
		Over \$1 Million or Unknown	4	57.1	364	94.3	7.6
		Total	7	100.0	386	100.0	100.0
	Loan Size	\$100,000 or Less	5	71.4	75	19.4	
		\$100,001 - \$250,000	2	28.6	311	80.6	
		\$250,001 - \$1 Million	0	0.0	0	0.0	
		Total	7	100.0	386	100.0	
	Loan Size & Rev \$1 Mill or Less	\$100,000 or Less	3	100.0	22	100.0	
		\$100,001 - \$250,000	0	0.0	0	0.0	
		\$250,001 - \$1 Million	0	0.0	0	0.0	
		Total	3	100.0	22	100.0	
Originations & Purchases							
2015 FFIEC Census Data & 2015 Dun & Bradstreet information according to 2010 ACS							
Note: Percentages may not add to 100.0 percent due to rounding							

## APPENDIX D – Glossary

**Affiliate:** Any company that controls, is controlled by, or is under common control with another company. A company is under common control with another company if the same company directly or indirectly controls both companies. A bank subsidiary is controlled by the bank and is, therefore, an affiliate.

**Affordability ratio:** To determine housing affordability, the affordability ratio is calculated by dividing median household income by median housing value. This ratio allows the comparison of housing affordability across assessment areas and/or communities. An area with a high ratio generally has more affordable housing than an area with a low ratio.

**Aggregate lending:** The number of loans originated and purchased by all lenders subject to reporting requirements as a percentage of the aggregate number of loans originated and purchased by all lenders in the MSA/assessment area.

**American Community Survey Data (ACS):** The American Community Survey (ACS) data is based on a nationwide survey designed to provide local communities with reliable and timely demographic, social, economic, and housing data each year. The Census Bureau first released data for geographies of all sizes in 2010. This data is known as the “five-year estimate data.” The five-year estimate data is used by the FFIEC as the base file for data used in conjunction with consumer compliance and CRA examinations.<sup>4</sup>

**Area Median Income (AMI):** AMI means –

1. The median family income for the MSA, if a person or geography is located in an MSA, or for the metropolitan division, if a person or geography is located in an MSA that has been subdivided into metropolitan divisions; or
2. The statewide nonmetropolitan median family income, if a person or geography is located outside an MSA.

**Assessment area:** Assessment area means a geographic area delineated in accordance with section 228.41

**Automated teller machine (ATM):** An automated teller machine means an automated, unstaffed banking facility owned or operated by, or operated exclusively for, the bank at which deposits are received, cash dispersed or money lent.

**Bank:** Bank means a state member as that term is defined in section 3(d)(2) of the Federal Deposit Insurance Act (12 USC 1813(d)(2)), except as provided in section 228.11(c)(3), and includes an uninsured state branch (other than a limited branch) of a foreign bank described in section 228.11(c)(2).

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<sup>4</sup> Source: FFIEC press release dated October 19, 2011.

**Branch:** Branch refers to a staffed banking facility approved as a branch, whether shared or unshared, including, for example, a mini-branch in a grocery store or a branch operated in conjunction with any other local business or nonprofit organization.

**Census tract:** Small subdivisions of metropolitan and other densely populated counties. Census tract boundaries do not cross county lines; however, they may cross the boundaries of metropolitan statistical areas. They usually have between 2,500 and 8,000 persons, and their physical size varies widely depending upon population density. Census tracts are designed to be homogeneous with respect to population characteristics, economic status, and living conditions to allow for statistical comparisons.

**Combined Statistical Area (CSAs):** Adjacent metropolitan statistical areas/metropolitan divisions (MSA/MDs) and micropolitan statistical areas may be combined into larger Combined Statistical Areas based on social and economic ties as well as commuting patterns. The ties used as the basis for CSAs are not as strong as the ties used to support MSA/MD and micropolitan statistical area designations; however, they do bind the larger area together and may be particularly useful for regional planning authorities and the private sector. Under Regulation BB, assessment areas may be presented under a Combined Statistical Area heading; however, all analysis is conducted on the basis of median income figures for MSA/MDs and the applicable state-wide non metropolitan median income figure.

**Community Development:** The financial supervisory agencies have adopted the following definition for community development:

1. Affordable housing, including for multi-family housing, for low- and moderate-income households;
2. Community services tailored to meet the needs of low- and moderate-income individuals;
3. Activities that promote economic development by financing businesses or farms that meet the size eligibility standards of the Small Business Administration's Development Company or Small Business Investment Company programs (13 CFR 121.301) or have gross annual revenues of \$1 million or less; or
4. Activities that revitalize or stabilize low- or moderate-income geographies.

Effective September 1, 2005, the Board of Governors of the Federal Reserve System, Office of the Comptroller of the Currency and the Federal Deposit Insurance Corporation have adopted the following additional language as part of the revitalize or stabilize definitions of community development. Activities that revitalize or stabilize:

- 1) Low- or moderate-income geographies;
- 2) Designated disaster areas; or
- 3) Distressed or underserved nonmetropolitan middle-income geographies designated by the Board, Federal Deposit Insurance Corporation and Office of the Comptroller of the Currency based on:
  - a. Rates of poverty, unemployment or population loss; or
  - b. Population size, density and dispersion. Activities that revitalize and



stabilize geographies designated based on population size, density and dispersion if they help to meet essential community services including the needs of low- and moderate-income individuals.

**Community Development Loan:** A community development loan means a loan that:

- 1) Has as its primary purpose community development; and
- 2) Except in the case of a wholesale or limited purpose bank –
  - a. Has not been reported or collected by the bank or an affiliate for consideration in the bank's assessment as a home mortgage, small business, small farm, or consumer loan, unless it is a multi-family housing loan (as described in the regulation implementing the Home Mortgage Disclosure Act); and
  - b. Benefits the bank's assessment area(s) or a broader statewide or regional area that includes the bank's assessment area(s).

**Community Development Service:** A community development service means a service that:

- 1) Has as its primary purpose community development; and
- 2) Is related to the provision of financial services.

**Consumer loan:** 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 of loans: motor vehicle, credit card, other consumer secured loan, includes loans for home improvement purposes not secured by a dwelling, and other consumer unsecured loan, includes loans for home improvement purposes not secured.

**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, which is further classified into "male householder" (a family with a male household and no wife present) or "female householder" (a family with a female householder and no husband present).

**Fair market rent:** Fair market rents (FMRs) are gross rent estimates. They include the shelter rent plus the cost of all tenant-paid utilities, except telephones, cable or satellite television service, and internet service. HUD sets FMRs to assure that a sufficient supply of rental housing is available to their program participants. To accomplish this objective, FMRs must be both high enough to permit a selection of units and neighborhoods and low enough to serve as many low-income families as possible. The level at which FMRs are set is expressed as a percentile point within the rent distribution of standard-quality rental housing units. The current definition used is the 40th percentile rent, the dollar amount below which 40 percent of the standard-quality rental housing units are rented. The 40th percentile rent is drawn from the distribution of rents of all units occupied by recent movers (renter households who moved to their present residence within the past 15 months). HUD is required

to ensure that FMRs exclude non-market rental housing in their computation. Therefore, HUD excludes all units falling below a specified rent level determined from public housing rents in HUD's program databases as likely to be either assisted housing or otherwise at a below-market rent, and units less than two years old.

**Full review:** Performance under the Lending, Investment and Service Tests is analyzed considering performance context, quantitative factors (for example, geographic distribution, borrower distribution, and amount of qualified investments) and qualitative factors (for example, innovativeness, complexity and responsiveness).

**Geography:** A census tract delineated by the U.S. Bureau of the Census in the most recent decennial census.

**Home Mortgage Disclosure Act:** The statute that requires certain mortgage lenders that do business or have banking offices in metropolitan statistical areas to file annual summary reports of their mortgage lending activity. The reports include data such as the race, gender and income of the applicant(s) and the disposition of the application(s) (for example, approved, denied, and withdrawn).

**Home mortgage loans:** Are defined in conformance with the definitions of home mortgage activity under the Home Mortgage Disclosure Act and include closed end mortgage loans secured by a dwelling and open-end lines of credit secured by a dwelling. This includes loans for home purchase, refinancing and loans for multi-family housing. It does not include loans for home improvement purposes that are not secured by a dwelling.

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

**Income Level:** Income level means:

- 1) Low-income – an 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 census tract;
- 2) Moderate-income – an 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 percent and less than 80 percent in the case of a census tract;
- 3) Middle-income – an 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 percent and less than 120 percent in the case of a census tract; and
- 4) Upper-income – an individual income that is at least 120 percent of the area median income, or a median family income that is at least 120 percent in the case of a census tract.

*Additional Guidance: .12(m) Income Level: The median family income levels (MFI) for census tracts are calculated using the income data from the United States Census Bureau's American Community Survey and*

*geographic definitions from the Office of Management and Budget (OMB) and are updated approximately every five years (.12(m) Income Level).*

**Limited-purpose bank:** This term refers to a bank that offers only a narrow product line such as credit card or motor vehicle loans to a regional or broader market and for which a designation as a limited-purpose bank is in effect, in accordance with section 228.25(b).

**Limited review:** Performance under the Lending, Investment and Services test is analyzed using only quantitative factors (for example, geographic distribution, borrower distribution, amount of investments and branch office distribution).

**Loan location:** Under this definition, a loan is located as follows:

- 1) Consumer loan is located in the census tract where the borrower resides;
- 2) Home mortgage loan is located in the census tract where the property to which the loan relates is located;
- 3) Small business and small farm loan is located in the census tract where the main business facility or farm is located or where the loan proceeds have been applied as indicated by the borrower.

**Loan product office:** This term refers to a staffed facility, other than a branch, that is open to the public and that provides lending-related services, such as loan information and applications.

**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 MA/assessment area.

**Median Family Income (MFI):** The median income determined by the U.S. Census Bureau every ten years and used to determine the income level category of geographies. Also, the median income determined by the Department of Housing and Urban Development (HUD) annually that is used to determine the income level category of individuals. For any given area, the median is the point at which half of the families have income above it and half below it.

**Metropolitan Area:** A metropolitan statistical area (**MSA**) or a metropolitan division (**MD**) as defined by the Office of Management and Budget. A MSA is a core area containing at least one urbanized area of 50,000 or more inhabitants, together with adjacent communities having a high degree of economic and social integration with that core. A MD is a division of a MSA based on specific criteria including commuting patterns. Only a MSA that has a single core population of at least 2.5 million may be divided into MDs. A metropolitan statistical area that crosses into two or more bordering states is called a multistate metropolitan statistical area.

**Multifamily:** Refers to a residential structure that contains five or more units.

**Nonmetropolitan area:** This term refers to any area that is not located in a metropolitan statistical area or metropolitan division. Micropolitan statistical areas are included in the definition of a nonmetropolitan area; a micropolitan statistical area has an urban core population of at least 10,000 but less than 50,000.

**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:** This term refers to any lawful investment, deposit, membership share, or grant that has as its primary purpose community development.

**Rated area:** This term refers to a state or multistate metropolitan area. For institutions with domestic branch offices in one state only, the institution's CRA rating is the state's rating. If the institution maintains domestic branch offices in more than one state, the institution will receive a rating for each state in which those branch offices are located. If the institution maintains domestic branch offices in at least two states in a multistate metropolitan statistical area, the institution will receive a rating for the multistate metropolitan area.

**Small Bank:** This term refers to a bank that as of December 31 of either of the prior two calendar years, had assets of less than \$1.252 billion. Intermediate small bank means a small bank with assets of at least \$313 million as of December 31 of both of the prior two calendar years and less than \$1.252 billion as of December 31 of either of the prior two calendar years.

*Annual Adjustment: The dollar figures in paragraph (u)(1) of this section shall be adjusted annually and published by the Board, based on the year-to-year change in the average of the Consumer Price Index for Urban Wage Earners and Clerical Workers, not seasonally adjusted, for each 12-month period ending in November, with rounding to the nearest million.*

**Small Business Loan:** This term refers to a loan that is included in "loans to small businesses" as defined in the instructions for preparation of the Consolidated Report of Condition and Income. The loans have original amounts of \$1 million or less and are either secured nonfarm, nonresidential properties or are classified as commercial and industrial loans.

**Small Farm:** This term refers to a loan that is included in "loans to small farms" as defined in the instructions for preparation of the Consolidated Report of Condition and Income. These loans have original amounts of \$500 thousand 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.

**Wholesale Bank:** This term refers to a bank that is not in the business of extending home mortgage, small business, small farm or consumer loans to retail customers, and for which a designation as a wholesale bank is in effect, in accordance with section 228.25(b).