



# INTERMEDIATE SMALL BANK

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Comptroller of the Currency  
Administrator of National Banks

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Washington, DC 20219

## PUBLIC DISCLOSURE

July 12, 2012

### COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

Albany Bank and Trust Company, National Association  
Charter Number 14688

3400 West Lawrence Avenue  
Chicago, IL 60625

Office of the Comptroller of the Currency

Chicago North Field Office  
1700 East Golf Road Suite 800  
Schaumburg, IL 60515

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

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

**The Lending Test is rated: Satisfactory.**

**The Community Development Test is rated: Satisfactory.**

Summarize the major factors supporting the institution's rating.

- The bank's geographic distribution of the bank's HMDA and small business loans is excellent and borrower distribution is reasonable.
- A majority of loans are in the bank's assessment area (AA).
- The bank's loan-to-deposit ratio is excellent given the bank's size, financial condition, and AA credit needs.
- The level of community development lending demonstrates excellent responsiveness to the community development needs of the AA.
- Retail services are readily accessible to individuals of various income levels within the bank's AA.

## **Scope of Examination**

This Community Reinvestment Act (CRA) examination covers the bank's lending performance from January 2009 through December 2011. In addition the bank's community development activities from January 2009 through March 2012 were analyzed.

While Albany is primarily a commercial lender, for the scope of this CRA examination an assessment of the bank's Home Mortgage Disclosure Act (HMDA) loan types, commercial small business loan types, and community development loans was performed. The loan data was captured on bank reports that were validated during our examination. All data used within this public evaluation was verified as being accurate and qualified per CRA parameters.

The bank does not have any affiliate other than its one bank holding company, Albank Corporation. Our analysis included 100% of the HMDA, small business, and community development loans originated or purchased by Albany during the performance periods noted above.

We used deposit information, reported to the Federal Deposit Insurance Corporation (FDIC), to determine the bank's deposit market share and market presence within its AA. The deposit information used was as of June 30, 2011.

## **Description of Institution**

Albany Bank, owned wholly by Albank Corporation, is a community bank established in the Albany Park neighborhood of Chicago, Illinois. The bank is an intrastate bank with total assets of \$535 million as of March 31, 2012. In addition to the main office, the bank

has two other offices in the City of Chicago and one office in the close north suburb of Skokie, Illinois. The holding company does not have any significant assets other than the bank. The bank does not have any other affiliated organizations.

Albany Bank is a full service bank offering a variety of loan and deposit products. Tier 1 capital as of March 31, 2012 equaled \$75.3 million or 14% of total assets. The bank's primary lending focus is commercial lending with a special lending niche of multi-family real estate loans. As of March 31, 2012, the bank reported net loans of \$349.7 million which equals 65.4% of total assets and 76.9% of total deposits. The bank's loan portfolio is comprised of approximately 52% commercial real estate, 22% multi-family mortgages, 10% commercial or industrial loans, 3% real estate construction and development, 11% 1-4 family residential, and 1% loans to individuals.

Albany Bank has a strong financial capacity to assist in meeting the credit needs of its AA. There are no legal, financial, or other factors that impede the bank's ability to help meet the credit needs of its AA.

The last performance evaluation under the Community Reinvestment Act was dated October 27, 2009. The bank was evaluated under the Intermediate Small Bank performance standards. Albany Bank's overall performance was rated "Satisfactory". This performance evaluation is being conducted under the Intermediate Small Bank performance standards.

## **Description of Assessment Area(S)**

Albany Bank has delineated their AA as a portion of Cook County, Illinois. Cook County is part of a Metropolitan Division (MD) of the Chicago Metropolitan Statistical Area (MSA). The area designated by the bank is reasonable based on the size, office locations and financial capacity of Albany Bank. The AA is consistent with the requirements of the CRA regulation, does not arbitrarily exclude any low-or-moderate income geographies and does not reflect illegal discrimination

The AA consists of 282 census tracts. There are 17 (6.03%) low-income census tracts and 97 (34.40%) moderate-income census tracts. In addition, there are 94 (33.33%) middle-income census tracts and 74 (26.24%) upper-income census tracts. There are 26.07% low-income families and 20.10% moderate-income families. There are 61.28% businesses with revenues reported of \$500 thousand or less and 3.20% businesses with revenues reported of \$500 thousand to \$1 million. About 11.7% of the AA's households are below the poverty line. Local economic climate continues to remain stable.

Competition among financial institutions in the AA is strong. Albany Bank competes with several large national and regional banks and other community based financial institutions that are well established in the delineated community. According to the Federal Deposit Insurance Corporation's June 30, 2011 deposit market share report,

Albany Bank ranks 47<sup>th</sup> out of 154 financial institutions in Cook County with a deposit share of 0.22%.

During this evaluation, we conducted two community contacts and reviewed two previously recorded community contacts to assess credit needs and economic conditions within the bank’s delineated area. The following credit programs were identified as being needed within the local area: affordable housing and small business lending. The community contacts stated the financial institutions are heavily involved in supporting local community service organizations and community development opportunities do exist within the bank’s designated AA. In addition to funding credit referrals, Albany Bank’s overall willingness to contribute time and expertise to local community organizations was noted by the community contacts.

## Conclusions with Respect to Performance Tests

### LENDING TEST

The lending test is rated: Satisfactory.

### Loan-to-Deposit Ratio

Albany Bank’s quarterly average loan-to-deposit ratio is more than reasonable given the bank’s size, financial condition, and AA credit needs. Albany Bank’s quarterly average loan-to-deposit ratio for the evaluation period from January 2009 through December 2011 was 87.34%. The loan-to-deposit ratio as of December 2011 was 80%. The quarterly loan-to-deposit ratio for the national peer group averaged 80.35% and December 2011 was 75.10%.

### Lending in Assessment Area

Albany Bank’s lending record within its AA is good as a majority of the bank’s loans assessed during our examination were originated inside the delineated AA. See the breakdown by loan type, number, and amounts of loans in Table 1.

<b>Table 1 - Lending in Assessment Area</b>										
Loan Type	Number of Loans					Dollars of Loans (000)				
	Inside		Outside		Total	Inside		Outside		Total
	#	%	#	%		\$	%	\$	%	
HMDA	25	46.30	29	53.70	54	19,446	68.90	8,776	31.20	28,222
Small Business	71	52.59	64	47.41	135	17,021	51.94	15,747	48.06	32,768
Totals	96	50.79	93	49.21	189	36,467	59.78	24,523	40.20	61,990

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

Overall, the bank’s borrower distribution of loan for HMDA and small businesses is reasonable.

Analysis of the bank’s distribution to low-and-moderate income borrowers was performed. During the three year review period of HMDA reported loans, 21 out of the 25 loans originated inside the bank’s assessment area were secured by multi-family residential loans. No income data is reported for multi-family residential loans. Of the remaining four loans, two loans had no income reported as those loans were not made to a natural person; the loans were originated to commercial entities or land trusts. Of the two loans with income reported, one loan was made to a low income borrower and one loan was made to a middle income borrower.

Analysis for the bank’s lending performance to small businesses was performed using loan size as a proxy for revenue information. Out of the 71 small business loans originated in the assessment area, only four loans or 5.63% were over \$500,000, 28 loans or 39.44% were under \$100,000, and 39 loans or 54.93% were between \$100,000 and \$500,000. Current demographic data shows that 64.48% of the businesses in the bank’s assessment area have revenue equal to or less than \$1 million.

## Geographic Distribution of Loans

The bank’s distribution of loans reflects excellent dispersion throughout the AA. The percentage of loans extended for HMDA purposes exceed the ratio of owner occupied housing units in both low and moderate income areas. The percentage of loans originated to small businesses exceeds the ratio of AA businesses in both low and moderate census tract areas. See tables 2 and 3 below for specific geographic data. There were no significant lending gaps identified in the bank’s geographic distribution lending pattern.

Borrower Income Level	Low		Moderate		Middle		Upper	
	% of AA Families	% of Number of Loans	% of AA Families	% of Number of Loans	% of AA Families	% of Number of Loans	% of AA Families	% of Number of Loans
HMDA	1.65	8.00	29.66	48.00	41.92	20.00	26.77	20.00

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

<b>Table 3 - Geographic Distribution of Loans to Businesses in Chicago MD</b>								
Census Tract Income Level	Low		Moderate		Middle		Upper	
Loan Type	% of AA Businesses	% of Number of Loans	% of AA Businesses	% of Number of Loans	% of AA Businesses	% of Number of Loans	% of AA Businesses	% of Number of Loans
Small Business	3.36	8.45	29.73	40.85	36.89	41.46	30.02	26.76

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

## **COMMUNITY DEVELOPMENT TEST**

The community development test is rated: Satisfactory.

### **Number and Amount of Community Development Loans**

Albany Bank’s community development lending performance demonstrates adequate responsiveness to the community development loan needs of the AA. The bank has extended many multi-family loans that help meet the need of affordable housing in and around the bank’s AA.

The bank reported 33 loans during the review period that qualify as community development loans. The loans total \$21.9 million which include multi-family units and short term rehabilitation or construction loans secured by multi-family affordable housing unit properties. The bank also extended 15 loans totaling \$8.9 million that qualify as community development loans outside of the AA. These qualified loans contributed favorably to the bank’s overall performance during this evaluation as the bank has adequately met community development lending needs within the AA.

### **Number and Amount of Qualified Investments**

The bank’s levels of qualified community development investments are adequate. The bank has made 92 grants or contributions for a total investment of \$110,486. These grants and contributions helped support community service organizations providing assistance to low-and-moderate income individuals through youth programs, food pantries, medical care and wellness assistance, education scholarship programs, and small business with economic and business development programs.

### **Extent to Which the Bank Provides Community Development Services**

Albany Bank’s retail services are reasonably accessible to all individuals within the AA. The bank has a main office and three additional branches. The main office is located in a moderate-income census tract, the bank’s other offices are located in middle-income census tracts, however, are close in proximity to the AA’s low-and-moderate income

areas. There are three ATMs at the main office and an ATM at each branch office. There are two additional bank ATMs located within the AA.

All office locations offer various products and services. The bank offers automatic bill payment, direct deposit, discount brokerage services, low cost checking attached to ATM cards, and no cost checking available to senior citizens. Remote deposit capture is available to commercial clients.

Internet banking services, banking by mail, and telephone banking is available to customers. Hours of operations are reasonable and include extended evening and weekend hours, including 24 hour access to ATMs and night depository at all locations.

### **Responsiveness to Community Development Needs**

Albany Bank's community development activities during the review period demonstrate good responsiveness to the community development needs of the AA.

The bank's community development lending activity addresses the crucial need for affordable housing within the bank's AA. Community development investments and services primarily contribute additional funding and assistance to various community organizations that provide needed community development services to low-and-moderate income individuals within the AA.

### **Responses to Complaints**

The bank has an appropriate process in place to respond to complaints. Albany Bank has not received any written comments or complaints regarding its CRA performance in meeting credit needs of its delineated AA. Neither the bank's regulatory agency nor its supervisory office has received any written comments or complaints concerning the bank's CRA efforts during this evaluation period.

### **Fair Lending or Other Illegal Credit Practices Review**

Pursuant to 12 C.F.R. 25.28(c), or 12 C.F.R. 195.28(c), in determining a national bank's (bank) or Federal savings association's (FSA) CRA rating, respectively, the OCC considers evidence of discriminatory or other illegal credit practices in any geography by the bank or FSA, or in any assessment area by an affiliate whose loans have been considered as part of the bank's or FSA's lending performance.

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