

PUBLIC DISCLOSURE

February 12, 2024

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

First Trust Bank of Illinois
Certificate Number: 34778

275 E Court St
Kankakee, Illinois 60901

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

300 South Riverside Plaza, Suite 1700
Chicago, Illinois 60606

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

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INSTITUTION RATING

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

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

The Lending Test is rated Satisfactory.

- The loan-to-deposit (LTD) ratio is reasonable given the institution's size, financial condition, and AAs credit needs.
- A majority of loans are in the institution's AAs.
- The geographic distribution of loans reflects reasonable dispersion throughout the AAs.
- The distribution of borrowers reflects, given the demographics of the AAs, reasonable penetration among individuals of different income levels.
- The institution did not receive any CRA-related complaints since the previous evaluation; therefore, this factor did not affect the Lending Test.

DESCRIPTION OF INSTITUTION

First Trust Bank of Illinois (FTB) is a community bank that operates in the northeastern portion of Illinois, in Kankakee and Iroquois counties. The bank's main office is located in Kankakee, Illinois. The bank continues to be wholly owned by First Trust Financial Corp., a one-bank holding company based in Kankakee, Illinois. The institution received a Satisfactory rating at the previous CRA evaluation dated June 1, 2021, conducted by the FDIC using the Interagency Small Institution Examination Procedures.

FTB operates five full-service offices and one limited service office (a drive-through facility). Five of the bank's offices are located in Kankakee County. The main office is located in a moderate-income census tract, one branch is located in a middle-income census tract, and three branches are located in upper-income census tracts. One of the bank's branches is located in a middle-income census tract in Iroquois County. FTB has not opened or closed any branches or participated in any merger or acquisition activities since the prior evaluation.

The bank offers a variety of loan products including real estate loans for home purchase, refinance, home improvement, agricultural, and commercial purposes; agricultural and commercial operating loans; construction loans; and consumer loans for automobile and personal purposes. Residential mortgage products include long-term, fixed-rate loans that are sold to the secondary market. In addition to traditional mortgage products, the bank also has a referral program to a third-party for government-related mortgages, including the Federal Housing Administration, the United States Department of Agriculture Rural Development, and the Veterans Administration.

FTB provides a variety of deposit services for individuals and businesses including checking, savings, money market deposit accounts, certificates of deposit, and remote deposit capture. The bank maintains a website giving customers internet access to their accounts, including bill pay and on-line mortgage loan applications. The bank also provides access to accounts through an Automated Teller Machine (ATM) network, mobile banking, and debit cards. In addition to bank owned cash dispensing ATMs at five of its branch locations, FTB also operates three bank-owned cash dispensing ATMs in Kankakee. Two of the ATMs are located in moderate-income census tracts and one is located in a middle-income census tract.

According to the December 31, 2023, Consolidated Reports of Condition and Income (Call Report), the bank reported approximately \$369.9 million in total assets, \$152.8 million in total loans, and \$305.9 million in total deposits. Since the prior CRA evaluation, total loans increased 6.1 percent 9.0 percent, while assets decreased approximately 1.6 percent. Loan portfolio concentrations remained consistent throughout the review period. Commercial lending remains the largest portfolio concentration, followed by residential real estate lending and agricultural/farm lending. The following table details loan portfolio concentrations.

Loan Portfolio Distribution as of 12/31/2023		
Loan Category	\$(000s)	%
Construction, Land Development, and Other Land Loans	3,679	2.4
Secured by Farmland	16,837	11.0
Secured by 1-4 Family Residential Properties	30,645	20.1
Secured by Multifamily (5 or more) Residential Properties	12,124	7.9
Secured by Nonfarm Nonresidential Properties	49,681	32.5
Total Real Estate Loans	112,966	73.9
Commercial and Industrial Loans	30,617	20.0
Agricultural Production and Other Loans to Farmers	7,476	4.9
Consumer Loans	1,651	1.1
Other Loans	125	>1
Total Loans	152,835	100.0
<i>Source: Reports of Condition and Income</i>		

Examiners did not identify any financial, legal, or other impediments that affect FTB’s ability to meet AAs credit needs.

DESCRIPTION OF ASSESSMENT AREAS

The CRA requires a financial institution to define one or more AAs within which its CRA performance will be evaluated. FTB designated two AAs in the state of Illinois, which will be referred to as the Kankakee AA and Iroquois AA. Kankakee County makes up the Kankakee, Illinois Metropolitan Statistical Area (MSA) and Iroquois County is part of the nonmetropolitan area of Illinois. The AAs includes contiguous census tracts, conforms to CRA regulatory requirements, and do not arbitrarily exclude any LMI geographies. A more detailed discussion of each AA, including economic and demographic data and competition, can be found in the corresponding sections of this evaluation.

SCOPE OF EVALUATION

General Information

This evaluation covers the period from the previous evaluation dated June 1, 2021, to the current evaluation date of February 12, 2024. Examiners used the Interagency Small Institution Examination Procedures to evaluate the bank's CRA performance. In the Kankakee AA, FTB has the largest percentage of branches, originated the largest percentage of loans, and holds the largest percentage of deposits (by dollar volume), as detailed in the following table. To assess overall performance, examiners gave more weight to the Kankakee AA.

Assessment Area Breakdown of Loans, Deposits, and Branches						
Assessment Area	Loans		Deposits		Branches	
	\$(000s)	%	\$(000s)	%	#	%
Kankakee AA	39,767	83.7	260,127	86.5	5	83.3
Iroquois AA	7,758	16.3	40,426	13.5	1	16.7
Total	47,525	100.0	300,553	100.0	6	100.0

Source: 2021, 2022 HMDA, 2023 Bank Data; FDIC Summary of Deposits (6/30/2023)

Activities Reviewed

Through a review of FTB's business strategy, loan portfolio composition, and number and dollar volume of loan originations during the evaluation period, examiners determined the bank's major product lines to be home mortgage, small business, and small farm loans. Consumer loans do not represent significant portions of the loan portfolio, therefore, was not reviewed, as it provides no material support for the conclusions.

Bank records indicate that the lending focus and product mix remained generally consistent throughout the evaluation period. Examiners reviewed all residential mortgage loans extended from January 1, 2021, through December 31, 2022 as reported on the bank's Home Mortgage Disclosure Act (HMDA) Loan Application Registers. FTB originated 163 home mortgage loans totaling \$23.4 million in 2021, and 114 home mortgage loans totaling \$17.2 million in 2022. Aggregate HMDA data for 2021 and 2022 along with 2015 ACS and 2020 U.S. Census data provided a standard of comparison for HMDA reportable loans. Examiners focused more on the comparison to aggregate HMDA data as it provides a better assessment of demand and represents all loans extended by all lenders in the AA subject to HMDA data reporting requirements.

Review of bank data revealed that FTB originated and renewed 127 small business loans totaling \$27.3 million in 2023. To assess FTB's small business lending performance, examiners reviewed a sample of 47 small business loans totaling \$11.5 million in 2023. D&B data for 2023 provided a standard of comparison for the bank's small business lending performance.

Examiners also reviewed the universe of small farm loans to assess the bank's small farm lending performance in 2023. FTB originated and renewed 40 small farm loans totaling \$8.1 million in 2023. To assess FTB's small farm lending performance, examiners reviewed a sample of 30 small

farm loans totaling \$6.8 million in 2023. D&B data for 2023 provided a standard of comparison for the bank’s small farm lending performance.

While examiners considered both number and dollar volume of loans, discussion of performance is limited to loans by number, as performance by dollar volume led to similar conclusions. Furthermore, the performance by number of loans is a better indicator of the number of individuals, businesses, and farms served. Given the volume of originations, examiners placed more weight on home mortgage loans when drawing conclusions.

CONCLUSIONS ON PERFORMANCE CRITERIA

LENDING TEST

FTB demonstrated reasonable performance under the Lending Test. Performance under the LTD Ratio, AAs Concentration, Geographic Distribution, and Borrower Profile support this conclusion.

Loan-to-Deposit Ratio

The LTD ratio is reasonable given the bank’s size, financial condition and AAs credit needs. The bank LTD, calculated from Call Report data, averaged 46.9 percent over the last 11 calendar quarters from June 30, 2021 to December 31, 2023. The ratio ranged from a low of 43.4 percent as of March 31, 2022 to a high of 49.4 percent as of December 31, 2023. The bank’s average LTD ratio is consistent with two similarly situated institutions, as shown in the following table. While the LTD ratio declined from 57.9 at the prior evaluation due primarily to increases in deposit levels during the COVID-19 pandemic, it has experienced an increasing trend over the last several quarters to the current level of 49.4 percent. Examiners selected comparable institutions based on their asset size, geographic location, and loan portfolio distribution.

Loan-to-Deposit (LTD) Ratio Comparison		
Bank	Total Assets as of 12/31/2023 (\$000s)	Average Net LTD Ratio (%)
First Trust Bank of Illinois	369,918	46.9
Similarly-Situated Institution #1	170,427	45.8
Similarly-Situated Institution #2	135,590	82.7
Similarly-Situated Institution #3	332,450	50.0
Similarly-Situated Institution #4	350,360	78.1
<i>Source: Reports of Condition and Income 6/30/2021 – 12/31/2023</i>		

Assessment Area Concentration

Overall, a majority of home mortgage, small business, and small farm loans are inside FTB’s AAs. The table below details the percentages by number and dollar volume within and outside the AAs for each loan product reviewed.

Lending Inside and Outside of the Assessment Area										
Loan Category	Number of Loans					Dollar Amount of Loans \$(000s)				
	Inside		Outside		Total	Inside		Outside		Total
	#	%	#	%	#	\$	%	\$	%	\$(000s)
Home Mortgage										
2021	152	93.3	11	6.7	163	20,578	87.9	2,840	12.1	23,418
2022	103	90.4	11	9.6	114	13,274	77.2	3,913	22.8	17,187
Subtotal	255	92.1	22	7.9	277	33,852	83.4	6,753	16.6	40,605
Small Business										
2023	30	63.8	17	36.2	47	6,976	60.9	4,486	39.1	11,462
Small Farm										
2023	28	93.3	2	6.7	30	6,697	98.1	130	1.9	6,827

Source: Bank Data. Due to rounding, totals may not equal 100.0%

Geographic Distribution

The geographic distribution of home mortgage, small business, and small farm loans reflects reasonable dispersion throughout the AAs. The bank’s lending performance was consistent in both AAs. Examiners focused on the percentage of loans in LMI census tracts. Only loans originated in the AAs were considered in the analyses. Examiners presented conclusions and supporting data for performance in each AA later in this evaluation.

Borrower Profile

The distribution of home mortgage, small business, and small farm loans reflects reasonable penetration among borrowers of different income levels, as well as businesses and farms of different sizes within the AAs. The bank’s lending performance was consistent in both AAs. Examiners focused on the percentage of home mortgage loans to LMI borrowers, and the percentage of small business and small farm loans to operations with gross annual revenues (GARs) of \$1 million or less. Only loans originated in the AAs were considered in the analyses. Examiners presented conclusions and supporting data for performance in each AA later in this evaluation.

Response to Complaints

FTB has not received any CRA-related complaints since the previous evaluation; therefore, this criterion did not affect the Lending Test rating.

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 Fair Housing Act and the Equal Credit Opportunity Act. Examiners did not identify any discriminatory or other illegal credit practices.

KANKAKEE AA – Full-Scope Review

DESCRIPTION OF INSTITUTION’S OPERATIONS IN KANKAKEE AA

FTB maintains five of its six branches in the Kankakee AA. Additionally, the majority of the bank’s home mortgage, small business, and farm loans by dollar volume were within this AA during the review period.

Economic and Demographic Data

Examiners used demographic data from the 2015 ACS, compiled by the U.S. Census Bureau, and 2020 U.S. Census data to analyze the bank's CRA performance during the review period. According to 2015 ACS data, the Kankakee AA's 29 census tracts reflect the following income designations: six low-income tracts (20.7 percent), five moderate-income tracts (17.2 percent), 11 middle-income tracts (37.9 percent), and seven upper-income tracts (24.1 percent). Based on the 2020 U.S. Census data, the census tracts reflect the following income designations: one low-income tract (3.3 percent), nine moderate-income tracts (30.0 percent), 12 middle-income tracts (40.0 percent), and eight upper-income tracts (26.7 percent).

The changes from the 2015 ACS to the U.S. Census data include a decrease of five low-income tracts in the total number of census tracts, an increase of four moderate-income tracts, an increase of one middle-income census tract, and an increase in one upper-income tract.

The following tables outline select demographic information about the Kankakee AA. Examiners analyzed the bank’s 2022 lending data using the 2020 U.S. Census data, and the 2021 lending data using the 2015 ACS data.

Demographic Information of the Assessment Area (2015 ACS Data)						
Kankakee Assessment Area						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	29	20.7	17.2	37.9	24.1	0.0
Population by Geography	112,221	14.4	16.2	42.0	27.4	0.0
Housing Units by Geography	45,184	15.6	14.5	43.7	26.2	0.0
Owner-Occupied Units by Geography	28,306	8.2	13.1	48.1	30.6	0.0
Occupied Rental Units by Geography	12,574	26.4	18.1	36.1	19.4	0.0
Vacant Units by Geography	4,304	32.3	13.7	37.2	16.7	0.0
Businesses by Geography	6,420	16.6	15.4	42.2	25.8	0.0
Farms by Geography	404	6.7	10.1	47.3	35.9	0.0
Family Distribution by Income Level	27,599	22.2	17.4	20.3	40.2	0.0
Household Distribution by Income Level	40,880	23.8	15.6	18.6	41.9	0.0
Median Family Income MSA - 28100 Kankakee, IL MSA		\$63,716	Median Housing Value			\$136,442
			Median Gross Rent			\$824
			Families Below Poverty Level			12.4%
<i>Source: 2015 ACS and 2021 D&B Data</i> <i>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>						

Demographic Information of the Assessment Area (2020 U.S. Census Data)						
Kankakee 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%
<i>Source: 2020 U.S. Census and 2023 D&B Data</i> <i>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 Geographic Distribution criterion compares the bank’s home mortgage lending to the distribution of owner-occupied housing units in the Kankakee AA by census tract level. According to the 2015 ACS data and 2020 U.S. Census data, the Kankakee AA contains 45,184 and 45,626 housing units, respectively, of which 62.6 and 59.2 percent are owner-occupied, 27.8 and 29.1 percent are rental units, and 9.5 and 11.7 percent are vacant.

Based on 2023 D&B data, only 2.2 percent of businesses are located in low-income geographies, and 29.0 percent are located in moderate-income geographies. Further, only 0.4 percent of farms are located in low-income geographies, and 14.8 percent are located in moderate-income geographies. The analysis under the Geographic Distribution criterion compares small business and small farm loans by geography to the percentage of businesses and farms located in each geography. This data highlights some of the challenges financial institutions may face in originating small business and small farm loans in these geographies.

The 2021 and 2022 Federal Financial Institutions Examination Council (FFIEC)-updated median family income levels are used to analyze lending performance under the Borrower Profile criterion. The following table contains information on the median family incomes 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)				
2021 (\$74,500)	<\$37,250	\$37,250 to <\$59,600	\$59,600 to <\$89,400	≥\$89,400
2022 (\$85,200)	<\$42,600	\$42,600 to <\$68,160	\$68,160 to <\$102,240	≥\$102,240
<i>Source: FFIEC</i>				

The analysis of small business and farm loans under the Borrower Profile criterion compares the loans to the distribution by GAR level. According to the 2023 D&B data, 7,968 non-farm businesses and 501 farms operate in the Kankakee AA, of which 85.0 percent of non-farm businesses and 97.6 percent of farms reported GARs of \$1 million or less. The percentage of non-farm and farm businesses with GARs of \$1 million or less in the Kankakee AA indicates that opportunities exist to extend loans to small businesses and small farms. D&B data from 2023 provides a standard of comparison when measuring small business lending performance. Service industries represent the largest portion of businesses at 35.2 percent, followed by non-classifiable establishments (18.6 percent), retail trade (12.7 percent), and finance (8.5 percent).

Consistent with national and state trends, unemployment rates within the Kankakee AA declined between 2021 and 2022 and since have slightly increased in 2023.

Unemployment Rates			
Area	2021	2022	2023
	%	%	%
Kankakee County	6.6	5.3	5.9
State of Illinois	6.1	4.5	4.4
National Average	5.4	3.6	3.6
<i>Source: Bureau of Labor Statistics</i>			

Competition

FTB operates in a relatively competitive environment and faces competition from other financial institutions operating within its Kankakee AA. According to the Deposit Market Share data as of June 30, 2023, 13 financial institutions operated 35 offices in the Kankakee AA. FTB ranked fifth, maintaining a 10.4 percent deposit market share.

Additionally, a high level of competition in the Kankakee AA exists for home mortgage loans among banks, credit unions, and non-depositor mortgage lenders. According to the 2022 aggregate data (the latest aggregate data available), 221 lenders reported 2,821 conventional home mortgage originations and purchases. The market share of the top five lenders was 31.1 percent by number of loans. FTB ranked seventh, capturing 3.3 percent of the market share.

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 regarding the opportunities available and assists in determining whether institutions are responsive to the credit needs of the Kankakee AA.

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

Credit Needs

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 Kankakee AA provides numerous opportunities for involvement in community development activities.

CONCLUSIONS ON PERFORMANCE CRITERIA IN KANKAKEE AA

LENDING TEST

The bank demonstrated reasonable performance in the Kankakee AA. The Geographic Distribution and Borrower Profile performance supports this conclusion. The bank's record of originating home mortgage loans contributed greater weight than small business and small farm loans to overall conclusion in the Kankakee AA due to the volume of originations.

Geographic Distribution

The geographic distribution of loans reflects reasonable dispersion throughout the Kankakee AA. Although the bank's small farm performance was poor, the bank's excellent home mortgage and reasonable small business lending performance supports this conclusion.

Home Mortgage Loans

The geographic distribution of home mortgage loans reflects excellent dispersion throughout the Kankakee AA. Examiners measured the bank's performance against aggregate lending and the percentage of owner-occupied housing units (demographic data) within each census tract level. The following table reflects the distribution of home mortgage loans by census tract income level.

Geographic Distribution of Home Mortgage Loans Kankakee Assessment Area							
Tract Income Level		% of Owner-Occupied Housing Units	Aggregate Performance % of #	#	%	\$(000s)	%
Low							
	2021	8.2	3.7	13	9.6	781	4.2
	2022	1.0	1.1	3	3.2	298	2.4
Moderate							
	2021	13.1	11.6	32	23.5	4,759	25.7
	2022	18.6	19.5	21	22.3	1,945	15.6
Middle							
	2021	48.1	46.3	46	33.8	5,323	28.7
	2022	45.2	40.6	46	48.9	5,525	44.3
Upper							
	2021	30.6	38.5	45	33.1	7,675	41.4
	2022	35.1	38.8	24	25.5	4,706	37.7
Totals							
	2021	100.0	100.0	136	100.0	18,538	100.0
	2022	100.0	100.0	94	100.0	12,474	100.0
<i>Source: 2015 ACS & 2020 U.S. Census; 2021 & 2022 HMDA Aggregate Data. Due to rounding, totals may not equal 100.0%</i>							

FTB's performance in originating home mortgage loans in both LMI tracts exceeded demographic and aggregate figures in 2021 and 2022. In 2021, the bank originated 9.6 percent of its loans in low-income census tracts, significantly exceeding the aggregate of 3.7 percent. The bank's lending decreased in 2022 to 3.2 percent; however, the amount of low-income tracts decreased from six low-income tracts in 2021 to one low-income census tract in 2022. Notably, the bank was able to exceed demographic and aggregate figures despite there being only one low-income census tract in 2022.

The bank's home mortgage lending in moderate-income census tracts significantly exceeded demographic and aggregate in 2021. While lending decreased slightly in moderate-income census tracts in 2022, lending still exceeded demographic and aggregate data. Overall, the bank's performance shows a strong commitment to lending in LMI census tracts.

Small Business Loans

The geographic distribution of small business loans reflects reasonable dispersion throughout the Kankakee AA. Examiners measured the bank's performance against the location of businesses by census tract income level (demographic data). The following table reflects the distribution of small business loans and the distribution of businesses within each census tract.

Geographic Distribution of Small Business Loans Kankakee Assessment Area					
Tract Income Level	% of Businesses	#	%	\$(000s)	%
Low					
2023	2.2	0	0.0	0	0.0
Moderate					
2023	29.0	9	32.1	2,139	31.5
Middle					
2023	38.0	12	42.9	3,606	53.1
Upper					
2023	30.8	7	25.0	1,045	15.4
Totals					
2023	100.0	28	100.0	6,790	100.0
<i>Source: 2023 D&B Data; Bank Data. Due to rounding, totals may not equal 100.0%</i>					

While the bank did not originate any small business loans in low-income census tracts during the review period, lending opportunities in those tracts are very limited. Specifically, the table reflects only 2.2 percent of small businesses are located in low-income census tracts based on 2023 D&B data. The bank’s performance in moderate-income census tracts was strong and the bank exceeded the demographic figures. Overall, the bank’s performance is reasonable.

Small Farm Loans

The geographic distribution of small farm loans reflects poor dispersion throughout the Kankakee AA. Examiners measured the bank’s performance against the location of farms by census tract income level (demographic data). The following table reflects the distribution of small farm loans and the distribution of farms within each census tract.

Demographic Distribution of Small Farm Loans Kankakee Assessment Area					
Tract Income Level	% of Farms	#	%	\$(000s)	%
Low					
2023	0.4	0	0.0	0	0.0
Moderate					
2023	14.8	0	0.0	0	0.0
Middle					
2023	44.7	3	33.3	583	29.7
Upper					
2023	40.1	6	66.7	1,382	70.3
Totals					
2023	100.0	9	100.0	1,965	100.0
<i>Source: 2023 D&B Data; Bank Data. Due to rounding, totals may not equal 100.0%</i>					

The bank did not originate any small farm loans in LMI census tracts. Poor performance is somewhat mitigated by very limited lending opportunities in low-income census tracts. Specifically, the table reflects only 0.4 percent of small farms are located in low-income census tracts based on 2023 D&B data. Demographic data in moderate-income census tracts show 14.8 percent of small farms are located in moderate-income census tracts, which demonstrates there are opportunities to lend in those tracts. Further, the bank is in close proximity to moderate-income census tracts as the main office is located in a moderate-income census tract and all of the branches in the Kankakee AA are located one mile or less to a cluster of moderate-income census tracts. Given the lack of lending in both LMI census tracts, the opportunities available in moderate-income census tracts, and close proximity to moderate-income census tracts, overall performance is poor.

Borrower Profile

The distribution of borrowers reflects, given the demographics of the Kankakee AA, reasonable penetration among individuals of different income levels, and businesses and farms of different sizes. The bank's excellent home mortgage and reasonable small business and small farm lending performances support this conclusion.

Home Mortgage Loans

The distribution of borrowers reflects excellent penetration among individuals of different income levels, including LMI borrowers. Examiners measured the bank's performance against the percentage of families (demographic data) within each census tract level. The following table reflects the distribution of home mortgage loans by borrower income level.

Distribution of Home Mortgage Loans by Borrower Income Level Kankakee Assessment Area						
Borrower Income Level	% of Families	Aggregate Performance % of #	#	%	\$(000s)	%
Low						
2021	22.2	7.5	16	11.8	1,262	6.8
2022	20.1	11.3	15	16.0	1,016	8.1
Moderate						
2021	17.4	17.6	28	20.6	2,653	14.3
2022	17.5	20.8	21	22.3	2,175	17.4
Middle						
2021	20.3	23.1	25	18.4	2,488	13.4
2022	21.2	23.8	18	19.1	2,316	18.6
Upper						
2021	40.2	32.2	61	44.9	9,866	53.2
2022	41.2	26.0	31	33.0	5,749	46.1
Not Available						
2021	0.0	19.7	6	4.4	2,269	12.2
2022	0.0	18.1	9	9.6	1,219	9.8
Totals						
2021	100.0	100.0	136	100.0	18,538	100.0
2022	100.0	100.0	94	100.0	12,474	100.0
<i>Source: 2015 ACS & 2020 U.S. Census; 2021 & 2022 HMDA Aggregate Data. Due to rounding, totals may not equal 100.0%</i>						

In 2021 and 2022, the bank's performances to low-income borrowers exceeded aggregate data, but trailed the demographic. The aggregate lending data presents a better comparable as it reflects the demand of borrowers seeking home mortgage financing. According to the 2015 ACS and 2020 US Census data, 12.4 and 9.3 percent, respectively, of families within the Kankakee AA live below the poverty level. Many families below the poverty level may not be able to reasonably afford a mortgage payment and are not considered potential borrowers. The bank is meeting the needs of low-income individuals, as its performance is exceeding aggregate.

The bank's lending to moderate-income borrowers exceeded both demographic and aggregate in 2021 and 2022. Overall, the bank's lending demonstrates excellent performance. The bank is also helping to meet the affordable housing needs of the Kankakee AA.

Small Business Loans

The distribution of small business loans reflects reasonable penetration to businesses with GARs of \$1 million or less in the Kankakee AA. The following table reflects the distribution of small business loans by revenue level.

Distribution of Small Business Loans by Gross Annual Revenue Category Kankakee Assessment Area					
Gross Revenue Level	% of Businesses	#	%	\$(000s)	%
<=\$1,000,000					
2023	85.0	13	46.4	1,742	25.7
>\$1,000,000					
2023	4.1	15	53.6	5,048	74.3
Revenue Not Available					
2023	10.9	0	0.0	0	0.0
Totals					
2023	100.0	28	100.0	6,790	100.0
<i>Source: 2023 D&B Data; Bank Data. Due to rounding, totals may not equal 100.0%</i>					

FTB’s lending performance to businesses with GARs of \$1 million or less trailed demographic data in 2023. However, it is important to note that demographic data represents all businesses in the Kankakee AA, not only those seeking traditional bank financing. Additionally, smaller businesses tend to seek alternative forms of credit, including credit cards or home equity lines of credit, to finance their operations. Within the Kankakee AA, 61.8 percent of businesses have four employees or less, indicating they may be seeking credit through other means.

It should be noted, that out of the 13 of the loans originated to businesses with revenues of \$1 million or less, 11 contained loan amounts of \$250 thousand or less. These small dollar loan originations demonstrate the bank’s lending commitment to smaller business. There were no SSIs to use as a level of comparison during this review. Overall, FTB’s loan distribution reflects reasonable performance and a willingness to lend to businesses of different sizes.

Small Farm Loans

The distribution of small farm loans reflects reasonable penetration to operations with GARs of \$1 million or less in the Kankakee AA. The following table reflects the distribution of small farm loans by farm revenue level.

Distribution of Small Farm Loans by Gross Annual Revenue Category Kankakee Assessment Area					
Gross Revenue Level	% of Farms	#	%	\$(000s)	%
<=\$1,000,000					
2023	97.6	8	88.9	1,615	82.2
>\$1,000,000					
2023	2.0	1	11.1	350	17.8
Revenue Not Available					
2023	0.4	0	0.0	0	0.0
Totals					
2023	100.0	9	100.0	1,965	100.0
<i>Source: 2023 D&B Data; Bank Data. Due to rounding, totals may not equal 100.0%</i>					

While the bank’s lending to farms with revenues of \$1 million or less trailed demographic, performance did not trail significantly. It is important to note, the demographic data represents all farms in the Kankakee AA, not just those seeking traditional bank financing. Overall, performance is reasonable.

IROQUOIS AA – Full-Scope Review

DESCRIPTION OF INSTITUTION’S OPERATIONS IN IROQUOIS AA

Since December 2019, FTB operates one branch office in Danforth, Illinois in a middle-income census tract. Iroquois County is located south of Kankakee County and is largely rural.

Economic and Demographic Data

Examiners used demographic data from the 2015 ACS, compiled by the U.S. Census Bureau, and 2020 U.S. Census data to analyze the bank's CRA performance during the review period. There were little changes between the years. There are nine census tracts in the Iroquois AA. The changes resulting from the U.S. Census include an increase of two middle-income census tracts and a decrease of two upper-income census tracts. The following table illustrates select demographic characteristics of the Iroquois AA based on 2020 U.S. Census data.

Demographic Information of the Assessment Area Iroquois Assessment Area						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	9	0.0	11.1	77.8	11.1	0.0
Population by Geography	27,077	0.0	11.9	77.9	10.2	0.0
Housing Units by Geography	13,514	0.0	15.3	73.4	11.2	0.0
Owner-Occupied Units by Geography	9,041	0.0	11.1	76.9	12.0	0.0
Occupied Rental Units by Geography	2,804	0.0	26.9	68.4	4.7	0.0
Vacant Units by Geography	1,669	0.0	18.6	63.3	18.0	0.0
Businesses by Geography	2,135	0.0	18.7	72.2	9.1	0.0
Farms by Geography	414	0.0	3.9	81.4	14.7	0.0
Family Distribution by Income Level	7,803	18.0	19.3	23.0	39.7	0.0
Household Distribution by Income Level	11,845	23.7	15.8	18.9	41.6	0.0
Median Family Income Non-MSAs – IL		\$68,958	Median Housing Value			\$106,328
			Median Gross Rent			\$703
			Families Below Poverty Level			7.5%
<i>Source: 2020 U.S. Census and 2023 D&B Data</i> <i>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>						

Housing units in the Iroquois AA consist of 66.9 percent owner-occupied, 20.7 percent occupied rental units, and 12.4 percent vacant units. The bank's performance under the Geographic Distribution criterion compares home mortgage loans to the percentage of owner-occupied occupied housing units within geographies by income level. These characteristics provide some insight into the overall housing credit needs and demand in LMI geographies, which were considered when evaluating FTB's geographic lending patterns.

The above table indicates that only 18.7 percent of the businesses and 3.9 percent of farms are located in moderate-income geographies. The analysis under the Geographic Distribution criterion compares small business and small farm loans by geography to the percentage of businesses and farms located in each geography. This data highlights some of the challenges financial institutions may face in originating small business and small farm loans in these geographies.

The analysis of small business and small farm loans under the Borrower Profile criterion compares the loans to the distribution of businesses by GAR level. According to the 2023 D&B data, 2,135 non-farm businesses and 414 farms operate in the Iroquois AA, of which 80.9 percent of non-farm businesses and 98.0 percent of farms reported GARs of \$1 million or less. The percentage of non-farm and farm businesses with GARs of \$1 million or less in the Iroquois AA indicates that opportunities exist to extend loans to small businesses and small farms. D&B data from 2023 provides a standard of comparison when measuring small business lending performance. Service industries represent the largest portion of businesses at 27.0 percent, followed by non-classifiable establishments (16.5 percent), and agricultural, forestry, and fishing (16.2 percent).

Examiners used the FFIEC-updated median family income levels to analyze home mortgage lending activity under the Borrower Profile criterion. The following table illustrates the income categories for the Iroquois AA.

Median Family Income Ranges				
Median Family Incomes	Low <50%	Moderate 50% to <80%	Middle 80% to <120%	Upper ≥120%
IL NA Median Family Income (99999)				
2021 (\$66,700)	<\$33,350	\$33,350 to <\$53,360	\$53,360 to <\$80,040	≥\$80,040
2022 (\$76,100)	<\$38,050	\$38,050 to <\$60,880	\$60,880 to <\$91,320	≥\$91,320
<i>Source: FFIEC</i>				

The following table illustrates the Iroquois AA, state, and national unemployment rates during the review period. According to the Illinois Department of Employment Security data, as of December 2023, Iroquois County has the 35th highest unemployment rate among Illinois’s 102 counties.

Unemployment Rates			
Area	2021	2022	2023
	%	%	%
Iroquois County	4.9	4.5	4.9
State of Illinois	6.1	4.5	4.4
National Average	5.4	3.6	3.6
<i>Source: Bureau of Labor Statistics</i>			

Competition

FTB operates in a relatively competitive environment and faces competition from other financial institutions within the Iroquois AA. According to the FDIC Deposit Market Share report, as of June 30, 2023, 12 financial institutions operated 23 offices within the Iroquois AA. FTB ranked ninth with a 3.6 percent deposit market share. The top five deposit-taking institutions, primarily composed of large regional and local banks, commanded 74.3 percent of the deposit market share.

A high level of competition for home mortgage loans exists among several banks, credit unions, and non-depository mortgage lenders in the Iroquois AA. Aggregate HMDA lending data for 2022 reflects 437 home mortgage originations and purchases by 103 lenders. FTB ranked thirteenth out of this group of lenders with a market share of 2.06 percent. The top five home mortgage lenders in the area hold a combined market share of 26.8 percent.

Community Contact

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

Examiners contacted a representative from a local economic development organization. The organization is focused on outreach to local communities and business with the intent of job creation through supporting small businesses in the area. The contact stated there is a need for small business financing to help support job development.

Credit Needs

Considering the information from the community contacts and demographic data, examiners determined that affordable housing and small business financing represent a significant credit need in the Iroquois AA. The Iroquois AA provides numerous opportunities for involvement in community development activities.

CONCLUSIONS ON PERFORMANCE CRITERIA IN IROQUOIS AA

LENDING TEST

FTB demonstrated satisfactory performance under the Lending Test in the Iroquois AA. Geographic Distribution and Borrower Profile performance primarily supports this conclusion.

Geographic Distribution

The geographic distribution of loans reflects reasonable dispersion throughout the Iroquois AA. The bank's reasonable home mortgage, small business and small farm lending performance supports this conclusion. Examiners focused on the bank's lending penetration in the sole moderate-income census tract, as the Iroquois AA does not include any low-income census tracts.

Home Mortgage Loans

The geographic distribution of home mortgage loans reflects reasonable dispersion throughout the Iroquois AA. The following table reflects the distribution of home mortgage loans by census tract income level.

Geographic Distribution of Home Mortgage Loans Iroquois Assessment Area							
Tract Income Level		% of Owner-Occupied Housing Units	Aggregate Performance % of #	#	%	\$(000s)	%
Moderate							
	2021	13.1	8.2	1	6.3	119	5.8
	2022	11.1	8.5	1	11.1	22	2.7
Middle							
	2021	51.7	47.9	3	18.8	177	8.7
	2022	76.9	76.4	8	88.9	778	97.3
Upper							
	2021	35.1	44.0	12	75.0	1,744	85.5
	2022	12.0	15.1	0	0.0	0	0.0
Not Available							
	2021	0.0	0.0	0	0.0	0	0.0
	2022	0.0	0.0	0	0.0	0	0.0
Totals							
	2021	100.0	100.0	16	100.0	2,040	100.0
	2022	100.0	100.0	9	100.0	800	100.0
<i>Source: 2015 ACS & 2020 U.S. Census; 2021 & 2022 HMDA Aggregate Data. Due to rounding, totals may not equal 100.0%</i>							

In 2021, the bank originated one home mortgage loan in the moderate-income census tract and slightly trailed aggregate and demographic figures. As stated previously, there is only one moderate-income census tract, and it is located approximately 13 miles from the bank’s sole branch in the Iroquois AA. Five banks operate five offices in the moderate-income tract, including one bank with assets over \$12 billion. Additionally, there are 23 bank offices operated by 12 banks dispersed throughout Iroquois County, with only one belonging to FTB.

Similarly, in 2022, the bank originated one loan in the moderate-income census tract; however, due to the total low loan volume of lending in 2022, the percentage of lending exceeded aggregate and matched demographic. Considering the distance from the sole moderate-income census tract and high competition in the Iroquois AA, the bank’s performance is reasonable.

Small Business Loans

No conclusion could be drawn from the geographic distribution of small business loans as the bank only originated two small business loans in the Iroquois AA. Both loans were located in middle-income census tracts. The demographic data shows only 2.2 percent of businesses are located in the moderate-income census tract.

Small Farm Loans

The geographic distribution of small farm loans reflects reasonable dispersion throughout the Iroquois AA. In 2023, FTB originated 19 small farm loans; however, the bank did not originate any in the sole moderate-income census tract. Lending opportunities in the moderate-income tract is limited. Specifically, only 3.9 percent of small farms are located in the moderate-income tract. D&B data for 2023 shows there are a total of 16 farms in the moderate-income census tract of which only one reports revenues of \$1 million or less. An additional mitigating factor, as stated previously, the sole moderate-income census tract is located approximately 13 miles from the bank's sole branch in this AA. Given these factors, the bank's overall performance is reasonable.

Borrower Profile

The distribution of borrowers reflects reasonable penetration to individuals of different income levels and businesses and farms of different sizes. The bank's reasonable home mortgage, small business, and small farm lending performance support this conclusion.

Home Mortgage Loans

The distribution of borrowers reflects reasonable penetration among individuals of different income levels, including LMI borrowers. The following table reflects the distribution of home mortgage loans by borrower income level.

Distribution of Home Mortgage Loans by Borrower Income Level Iroquois Assessment Area						
Borrower Income Level	% of Families	Aggregate Performance % of #	#	%	\$(000s)	%
Low						
2021	21.1	8.3	1	6.3	74	3.6
2022	18.0	8.7	0	0.0	0	0.0
Moderate						
2021	18.9	20.8	4	25.0	334	16.4
2022	19.3	25.2	4	44.4	311	38.8
Middle						
2021	20.0	20.2	5	31.3	751	36.8
2022	23.0	26.8	4	44.4	399	49.9
Upper						
2021	40.0	31.7	6	37.5	882	43.2
2022	39.7	23.1	1	11.1	90	11.3
Not Available						
2021	0.0	18.9	0	0.0	0	0.0
2022	0.0	16.2	0	0.0	0	0.0
Totals						
2021	100.0	100.0	16	100.0	2,040	100.0
2022	100.0	100.0	9	100.0	800	100.0
<i>Source: 2015 ACS & 2020 U.S. Census; Bank Data, 2021 & 2022 HMDA Aggregate Data. Due to rounding, totals may not equal 100.0%</i>						

FTB originated one home mortgage loan to low-income borrowers in 2021, trailing demographic figures. The bank was unable to originate any loans to low-income borrowers in 2022. Based on 2020 U.S. Census data, 7.5 percent of families in the Iroquois AA generate income below the poverty level. These families likely face difficulties in qualifying for and servicing debt in amounts necessary to finance home mortgage loans. Additionally, FTB's lending performance to low-income borrowers is reasonable given the highly competitive market in the Iroquois AA and the bank's market share. According to 2021 aggregate data, 30 lenders originated or purchased 57 conventional mortgage loans to low-income borrowers in the Iroquois AA. FTB ranked twentieth with 1.75 percent market share by number of loans. According to 2022 aggregate data, 23 lenders originated or purchased 38 loans to low-income borrowers in the Iroquois AA. This data suggests a low level of demand and high level of competition for home mortgage loans to low-income borrowers. Moreover, the aggregate lending data lagged demographic data for low-income families, which supports the assessment that lenders face certain challenges when serving this market.

The bank's performance exceeded both demographic and aggregate figures in its lending to moderate-income borrowers in 2021 and 2022. Overall, lending is reasonable.

Small Business Loans

The distribution of small business loans reflects reasonable penetration to businesses with GARs of \$1 million or less in the Iroquois AA. In 2023, FTB originated two small business loans in the Iroquois AA. Both loans were originated to businesses with revenues of \$1 million or less.

Small Farm Loans

The distribution of small farm loans reflects reasonable penetration to operations with GARs of \$1 million or less in the Iroquois AA. In 2023, the bank originated 89.5 percent of its small farm loans to farms with revenues of \$1 million or less. This performance fell slightly short of demographic which was at 98.1 percent. It is important to note, the demographic data represents all farms in the Iroquois AA, not just those seeking traditional bank financing. Overall, performance is reasonable.

APPENDICES

SMALL BANK PERFORMANCE CRITERIA

Lending Test

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

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

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 institution 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.

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.

Family: Includes a householder and one or more other persons living in the same household who are related to the householder by birth, marriage, or adoption. The number of family households always equals the number of families; however, a family household may also include non-relatives living with the family. Families are classified by type as either a married-couple family or other family. Other family is further classified into “male householder” (a family with a male householder and no wife present) or “female householder” (a family with a female householder and no husband present).

FFIEC-Estimated Income Data: The Federal Financial Institutions Examination Council (FFIEC) issues annual estimates which update median family income from the metropolitan and nonmetropolitan areas. The FFIEC uses American Community Survey data and factors in information from other sources to arrive at an annual estimate that more closely reflects current economic conditions.

Full-Scope Review: A full-scope review is accomplished when examiners complete all applicable interagency examination procedures for an assessment area. Performance under applicable tests is analyzed considering performance context, quantitative factors (e.g, geographic distribution, borrower profile, and total number and dollar amount of investments), and qualitative factors (e.g, innovativeness, complexity, and responsiveness).

Geography: A census tract delineated by the United States Bureau of the Census in the most recent decennial census.

Home Mortgage Disclosure Act (HMDA): The statute that requires certain mortgage lenders that do business or have banking offices in a metropolitan statistical area to file annual summary reports of their mortgage lending activity. The reports include such data as the race, gender, and the income of applicants; the amount of loan requested; and the disposition of the application (approved, denied, and withdrawn).

Home Mortgage Loans: Includes closed-end mortgage loans or open-end line of credits as defined in the HMDA regulation that are not an excluded transaction per the HMDA regulation.

Housing Unit: Includes a house, an apartment, a mobile home, a group of rooms, or a single room that is occupied as separate living quarters.

Limited-Scope Review: A limited-scope review is accomplished when examiners do not complete all applicable interagency examination procedures for an assessment area. Performance under applicable tests is often analyzed using only quantitative factors (e.g, geographic distribution, borrower profile, total number and dollar amount of investments, and branch distribution).

Low-Income: Individual income that is less than 50 percent of the area median income, or a median family income that is less than 50 percent in the case of a geography.

Market Share: The number of loans originated and purchased by the institution as a percentage of the aggregate number of loans originated and purchased by all reporting lenders in the metropolitan area/assessment area.

Median Income: The median income divides the income distribution into two equal parts, one having incomes above the median and other having incomes below the median.

Metropolitan Division (MD): A county or group of counties within a CBSA that contain(s) an urbanized area with a population of at least 2.5 million. A MD is one or more main/secondary

counties representing an employment center or centers, plus adjacent counties associated with the main/secondary county or counties through commuting ties.

Metropolitan Statistical Area (MSA): CBSA associated with at least one urbanized area having a population of at least 50,000. The MSA comprises the central county or counties or equivalent entities containing the core, plus adjacent outlying counties having a high degree of social and economic integration with the central county or counties as measured through commuting.

Middle-Income: Individual income that is at least 80 percent and less than 120 percent of the area median income, or a median family income that is at least 80 and less than 120 percent in the case of a geography.

Moderate-Income: Individual income that is at least 50 percent and less than 80 percent of the area median income, or a median family income that is at least 50 and less than 80 percent in the case of a geography.

Multi-family: Refers to a residential structure that contains five or more units.

Nonmetropolitan Area (also known as non-MSA): All areas outside of metropolitan areas. The definition of nonmetropolitan area is not consistent with the definition of rural areas. Urban and rural classifications cut across the other hierarchies. For example, there is generally urban and rural territory within metropolitan and nonmetropolitan areas.

Owner-Occupied Units: Includes units occupied by the owner or co-owner, even if the unit has not been fully paid for or is mortgaged.

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 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.

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.