



Office of the
Comptroller of the Currency
Washington, DC 20219

INTERMEDIATE SMALL BANK

PUBLIC DISCLOSURE

October 9, 2018

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

American Bank and Trust Company, National Association
Charter Number 24369

4301 East 53rd Street
Davenport, IA 52807

Office of the Comptroller of the Currency

13710 FNB parkway, Suite 110 Omaha, NE 68154-5298

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, and should not be construed as, an assessment of the financial condition of this institution. The rating assigned to this institution does not represent an analysis, conclusion, or opinion of the federal financial supervisory agency concerning the safety and soundness of this financial institution.

Table of Contents

OVERALL CRA RATING	2
DEFINITIONS AND COMMON ABBREVIATIONS	3
DESCRIPTION OF INSTITUTION	7
SCOPE OF THE EVALUATION.....	7
DISCRIMINATORY OR OTHER ILLEGAL CREDIT PRACTICES REVIEW	9
CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA.....	10
MULTISTATE METROPOLITAN AREA RATING	11
STATE RATING.....	17
APPENDIX A: SCOPE OF EXAMINATION.....	A-1
APPENDIX B: SUMMARY OF MULTISTATE METROPOLITAN AREA AND STATE RATINGS.....	B-1
APPENDIX C: COMMUNITY PROFILES FOR FULL-SCOPE AREAS.....	C-1

Overall CRA Rating: This institution is rated Satisfactory.

The Lending Test is rated: Satisfactory

The Community Development Test is rated: Satisfactory

- The loan-to-deposit ratio for American Bank and Trust, National Association is reasonable considering the bank's size, financial condition, and the credit needs of its assessment areas (AAs).
- Management originated and purchased a majority of its loans to customers located in the bank's AAs.
- The income distribution of loans to borrowers of different income levels and businesses of different sizes is satisfactory and reflects reasonable penetration of AA demographics.
- The distribution of loans to census tracts of different income levels reflects reasonable dispersion of AA demographics overall.
- The bank's overall performance under the Community Development (CD) test reflects an adequate responsiveness in meeting the CD lending, investment, and service needs of its AAs and meets the standard for satisfactory performance overall.

Definitions and Common Abbreviations

The following terms and abbreviations are used throughout this performance evaluation, including the CRA tables. The definitions are intended to provide the reader with a general understanding of the terms, not a strict legal definition.

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.

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 MA/assessment area.

Census Tract (CT): A small subdivision of metropolitan and other densely populated counties. Census tract boundaries do not cross county lines; however, they may cross the boundaries of metropolitan areas. Census tracts generally have a population between 1,200 and 8,000 people, with an optimal size of 4,000 people. 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.

Community Development: Affordable housing (including multifamily rental housing) for low- or moderate-income individuals; community services targeted to low- or moderate-income individuals; activities that promote economic development by financing businesses or farms that meet Small Business Administration Development Company or Small Business Investment Company programs size eligibility standards or have gross annual revenues of \$1 million or less; activities that revitalize or stabilize low- or moderate-income geographies, distressed or underserved nonmetropolitan middle-income geographies, or designated disaster areas; or loans, investments, and services that support, enable or facilitate projects or activities under HUD Neighborhood Stabilization Program criteria that benefit low-, moderate-, and middle-income individuals and geographies in the bank's assessment area(s) or outside the assessment area(s) provided the bank has adequately addressed the community development needs of its assessment area(s).

Community Reinvestment Act (CRA): The statute that requires the OCC to evaluate a bank's record of meeting the credit needs of its local community, consistent with the safe and sound operation of the bank, and to take this record into account when evaluating certain corporate applications filed by the bank.

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.

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 householder’ and no wife present) or “female householder” (a family with a female householder and no husband present).

Full Review: Performance under the Lending, Investment, and Service Tests is analyzed considering performance context, quantitative factors (e.g., geographic distribution, borrower distribution, 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 conduct 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, the disposition of the application (e.g., approved, denied, and withdrawn, loan pricing, the lien status of the collateral, any requests for preapproval, and loans for manufactured housing).

Home Mortgage Loans: Such loans include home purchase, home improvement and refinancings, as defined in the HMDA regulation. These include loans for multifamily (five or more families) dwellings, manufactured housing and one-to-four family dwellings other than manufactured housing.

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.

Limited Review: Performance under the Lending, Investment, and Service Tests is analyzed using only quantitative factors (e.g., geographic distribution, borrower distribution, 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 MA/assessment area.

Median Family Income (MFI): The median income determined by the U.S. Census Bureau every five years and used to determine the income level category of geographies. Also, the median income determined by the Federal Financial Institutions Examination Council (FFIEC) 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 (MA): Any metropolitan statistical area or metropolitan division, as defined by the Office of Management and Budget, and any other area designated as such by the appropriate federal financial supervisory agency.

Metropolitan Division: As defined by Office of Management and Budget, a county or group of counties within a Core Based Statistical Area that contains an urbanized population of at least 2.5 million. A Metropolitan Division consists of one or more main/secondary counties that represent an employment center or centers, plus adjacent counties associated with the main/secondary county or counties through commuting ties.

Metropolitan Statistical Area: An area, defined by the Office of Management and Budget, as a core based statistical area associated with at least one urbanized area that has a population of at least 50,000. The Metropolitan Statistical Area comprises the central county or counties 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 percent 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 percent and less than 80 percent, in the case of a geography.

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

Other Products: Includes any unreported optional category of loans for which the institution collects and maintains data for consideration during a CRA examination. Examples of such activity include consumer loans and other loan data an institution may provide concerning its lending performance.

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

Qualified Investment: A qualified investment is defined as any lawful investment, deposit, membership share, or grant that has as its primary purpose community development.

Rated Area: A rated area is a state or multi-state 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 multi-state metropolitan area, the institution will receive a rating for the multi-state metropolitan area.

Small Loan(s) to Business(es): A loan included in "loans to small businesses" as defined in the Consolidated Report of Condition and Income (Call Report) instructions. These loans have

original amounts of \$1 million or less and typically are either secured by nonfarm or nonresidential real estate or are classified as commercial and industrial loans.

Small Loan(s) to Farm(s): 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, or are classified as loans to finance agricultural production and other loans to farmers.

Tier One Capital: The total of common shareholders’ equity, perpetual preferred shareholders’ equity with non-cumulative dividends, retained earnings and minority interests in the equity accounts of consolidated subsidiaries.

Upper-Income: 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 geography.

Description of Institution

American Bank and Trust Company, National Association (ABT) is a \$338 million multistate institution headquartered in Davenport, Iowa. ABT operates with seven bank branches and had one additional trust service branch during the evaluation period. Branches are located in both Iowa and Illinois. ABT also has seven bank-owned automated teller machines (ATMs), which are located in both Iowa and Illinois. ABT is a wholly owned subsidiary of the single-bank holding company, Ambank Holdings, Inc., headquartered in Davenport, Iowa.

ABT has two assessment areas (AAs), which are referred to as the Quad Cities AA and the Kane County AA. The Quad Cities AA is a multistate AA in the Davenport-Moline-Rock Island metropolitan statistical area (MSA) encompassing one whole county in Iowa, one whole county in Illinois, and two partial counties in Illinois. The Kane County AA is a single-county AA located in the state of Illinois.

Competition is considerable and based on the June 30, 2017, FDIC, Deposit Market Share Report, there were 34 financial institutions operating in the Quad Cities AA and 34 financial institutions operating in the Kane County AA. ABT holds three percent of deposits in the Quad Cities AA and less than one percent of deposits in the Kane County AA. The December 31, 2017, call report identifies \$255 million in loans, which consist of \$152 million in business loans, \$87 million in residential real estate loans, \$13 million in construction loans, and \$3 million in consumer loans. Tier 1 capital was \$37 million as of December 31, 2017.

ABT received a satisfactory rating at its last CRA examination, dated January 25, 2016. We considered all legal, financial, or other barriers present during the evaluation period that would inhibit ABT's ability to meet the needs of its AAs.

Scope of the Evaluation

Evaluation Period/Products Evaluated

We evaluated ABT using the Intermediate Small Bank examination procedures, which include both a Lending Test and a CD test. The Lending Test evaluated ABT's record of meeting the credit needs of its AAs through its lending activities. The CD Test evaluated ABT's record of responding to the CD needs of its AAs through CD lending and providing qualified investments, donations, and services.

The Lending Test covers ABT's performance from January 1, 2016, to December 31, 2017. The Lending Test evaluated home loans and business loans, which represent the primary loan products in both AAs. To evaluate lending performance, we selected a random sample of business loans originated and purchased during the evaluation period. We initially selected 20 business loans initially to examine lending performance within the AAs. We then expanded the business lending sample to 20 loans inside each AA to complete an analysis for borrower distribution and geographic distribution of business loans within the AAs. For residential real estate lending analysis and borrower and geographic distribution, we relied on information from ABT's Home Mortgage Disclosure Act (HMDA) loan application register (LAR) in both

AAs. For both primary products, the 2016 loan data was compared to the 2010 US Census data, and the 2017 loan data was compared to the 2015 ACS US Census data.

The CD Test covered ABT's performance from January 1, 2016, through December 31, 2017. We reviewed all CD loans, investments, donations, and services submitted by ABT management to ensure they met the regulatory definition of CD. We included only items that meet the definition or purpose of CD.

Data Integrity

We conducted a data integrity examination on ABT's 2016 and 2017 HMDA LARs. Based on our transaction testing sample, the data was determined to be accurate and reliable for CRA purposes.

Selection of Areas for Full-Scope Review

We completed a full scope review for both the Quad Cities AA and the Kane County AA. The Quad Cities AA includes a total of 93 CTs in Scott County (Iowa) and Rock Island, Henry, and Mercer Counties (Illinois). The Kane County AA includes 82 CTs in Kane County, Illinois. All CTs identified are whole and complete tracts. Please refer to the tables in Appendix A for more information.

Ratings

ABT's overall rating considers both the Davenport-Moline-Rock Island Multistate MSA (Quad Cities AA) rating and the state of Illinois (Kane County AA) rating. The Quad Cities AA was given more weight because it accounts for the majority of ABT's branches, deposit activity, and loan volume. Six of ABT's eight branches are located in the Quad Cities AA. The vast majority of loan originations and the majority of deposits are in the Quad Cities AA.

The CRA rating takes into account the ratings in the Quad Cities AA and the Kane County AA by considering:

- The significance of activities in each AA compared with overall activities;
- The lending opportunities in each AA;
- The importance of the bank providing loans to each AA, particularly in light of the number of other institutions and the extent of their activities in each AA;
- The demographic and economic conditions in each AA; and
- The overall need for lending in low- and moderate- income (LMI) CTs within the AAs.

Refer to the *Scope of Evaluation* section for each AA rating conclusion for details on how each area was weighted in arriving at the overall rating.

Discriminatory or Other Illegal Credit Practices Review

Pursuant to 12 CFR 25.28(c) or 195.28(c), respectively, in determining a national bank's or federal savings association's (collectively, bank) CRA rating, the OCC considers evidence of discriminatory or other illegal credit practices in any geography by the bank, or in any assessment area by an affiliate whose loans have been considered as part of the bank's lending performance. As part of this evaluation process, the OCC consults with other federal agencies with responsibility for compliance with the relevant laws and regulations, including the U.S. Department of Justice, the U.S. Department of Housing and Urban Development, and the Consumer Financial Protection Bureau, as applicable.

The OCC has not identified that this institution has engaged in discriminatory or other illegal credit practices that require consideration in this evaluation.

The OCC will consider any information that this institution engaged in discriminatory or other illegal credit practices, identified by or provided to the OCC before the end of the institution's next performance evaluation in that subsequent evaluation, even if the information concerns activities that occurred during the evaluation period addressed in this performance evaluation.

Conclusions with Respect to Performance Criteria

The overall CRA rating for ABT is satisfactory. The lending test is rated satisfactory and the CD test meets the standard for satisfactory performance. Although some areas of each test were rated poor or needs to improve, the satisfactory performance in other areas outweighed the poor and needs to improve ratings. Refer to each AA conclusion contained within this report for additional details and explanations of weight given to each rating area.

Loan-to-Deposit Ratio

ABT's average loan-to-deposit ratio is reasonable at 83 percent during the evaluation period. The ratio increased during the evaluation period and ranks favorably to the average of 78 percent at seven similarly situated banks in the geographic area.

Lending in Assessment Area

A majority of ABT's loans were originated to borrowers located inside the designated AAs during the evaluation period. We reviewed a sample of 20 business loans originated during the evaluation period and relied on the HMDA LAR for information on all home loans during 2016 and 2017. Seventy percent of business loans and 69 percent of home loans (by number) benefitted borrowers located inside the AAs. We placed more emphasis on the percent of loans made by number, as this represents the number of lending decisions made within the evaluation period.

Table 1 - Lending in Quad Cities AA and Kane County AA										
Loan Type	Number of Loans					Dollars of Loans				
	Inside		Outside		Total	Inside		Outside		Total
	#	%	#	%		\$	%	\$	%	
Home	892	69%	392	31%	1,284	\$101,786	46%	\$119,554	54%	\$221,340
Business	14	70%	6	39%	20	\$4,870	62%	\$3,033	38%	\$7,903
Totals	906	69%	398	31%	1,304	\$106,656	47%	\$122,587	53%	\$229,243

Source: 2016 HMDA data, 2017 HMDA data, Loan sample.

Multistate Metropolitan Area Rating – Davenport-Moline-Rock Island IA-IL Multistate MSA

ABT has branches in both Iowa and Illinois in the Quad Cities AA. This AA is part of the Davenport-Moline-Rock Island IA-IL Multistate MSA. The Quad Cities AA includes Rock Island and Scott Counties, along with five CTs in Henry County and one CT in Mercer County.

Davenport-Moline-Rock Island Multistate MSA

CRA rating for the Davenport-Moline-Rock Island Multistate MSA¹: Satisfactory

The lending test is rated: Satisfactory

The community development test is rated: Satisfactory

The major factors supporting this rating include:

- The borrower distribution of loans reflects reasonable penetration throughout the AA;
- The geographic distribution of loans reflects reasonable distribution throughout the AA; and
- CD activity reflects adequate responsiveness to CD needs throughout the AA.

Description of Institution's Operations in Davenport-Moline-Rock Island Multistate MSA

ABT has six full-service branch locations and seven ATMs located within the AA. The AA consists of 93 census tracts consisting of eight low-income, 19 moderate-income, 46 middle-income, and 20 upper-income tracts. The AA consists of whole CTs and does not reflect illegal discrimination or arbitrarily exclude any LMI areas. ABT operates in the Quad Cities AA that is located within the Davenport-Moline-Rock Island MSA. ABT offers a variety of products within the AA and conducts both lending and deposit-taking transactions.

Competition in the AA is significant. Thirty-four deposit-taking FDIC-insured financial institutions serve the Quad Cities AA per the June 30, 2017, FDIC Deposit Market Share Report. ABT ranks ninth for deposit market share with \$239 million in deposits, which represented 2.82 percent of the Quad Cities market. Demographic data for 2017 shows a population of 347 thousand, with a median family income of \$66,600. The economy of the Quad Cities AA is concentrated in manufacturing, healthcare, and agricultural industries.

As part of the performance evaluation, we reviewed two recent community contacts from within the AA. See the *Scope of Evaluation* section for more details.

¹ This rating reflects performance within the multistate metropolitan area. The statewide evaluations do not reflect performance in the parts of those states contained within the multistate metropolitan area.

Scope of Evaluation in the Davenport-Moline-Rock Island IA-IL Multistate MSA

We conducted a full scope review of the intermediate small bank examination procedures for this AA, which included a lending test and a CD test. Based on an analysis of all lending that occurred at ABT during the evaluation period, we determined that the primary products are residential real estate (home loans) and business loans. We completed the Lending Test for each primary product, and each product carried equal weight on the final rating.

We reviewed two recent community contacts from within the AA. The first was from the Quad Cities Chamber of Commerce, which works to strengthen and enhance the local business environment and foster growth in the Quad Cities region. The contact noted that the area is composed of both large and small business operations and that current economic conditions are fairly strong. The contact stated that many businesses are taking their credit needs to larger regional banks in both Iowa and Illinois and that local banks could work harder to establish relationships and be approachable for local businesses. The contact noted local banks are good at sponsoring and attending community events and many banks also participate in the annual SBA Leaders Forum.

The second community contact we reviewed was a representative of the Rock Island Rotary. The main purpose of this organization is community service, educational programs, and housing for those in need. The contact stated that the community's biggest needs are to promote growth of residential areas and the redevelopment of Rock Island. The contact believes local financial institutions are doing a good job in serving the community and have been cooperative and responsive to the needs in the community.

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS IN THE DAVENPORT-MOLINE-ROCK ISLAND MULTISTATE MSA

The overall Multistate MSA rating is satisfactory. ABT's performance under the Lending Test in the MSA is satisfactory. ABT's performance under the CD Test in the MSA is satisfactory.

LENDING TEST

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

The distribution of home loans to families of different income levels and business loans to businesses of different sizes is satisfactory and reflects reasonable penetration of AA demographics.

The distribution of home loans originated or purchased in the Quad Cities AA in 2016 reflects reasonable penetration among borrowers of different income levels. Twenty percent of AA families were low-income and 18 percent were moderate-income, which compares reasonably to the 17 percent and 20 percent of home loans to LMI borrowers, respectively. Variances from the AA demographics for LMI borrowers are reasonable.

Table 2 - Borrower Distribution of Residential Real Estate Loans in Quad Cities AA 2016									
Borrower Income Level	Low		Moderate		Middle		Upper		N/A*
Loan Type	% of AA Families	% of Number of Loans	% of AA Families	% of Number of Loans	% of AA Families	% of Number of Loans	% of AA Families	% of Number of Loans	% of Number of Loans without Income data
Home	20%	17%	18%	20%	21%	23%	41%	36%	4%

Source: 2016 HMDA Data; 2010 US Census

*Legal entity borrowers are not included in the borrower distribution because personal income data for legal entity borrowers is not reported on the HMDA LAR. Legal entity borrowers are businesses that own the residential real estate and rent the properties to tenants.

The distribution of home loans originated or purchased in the Quad Cities AA in 2017 reflects reasonable penetration among borrowers of different income levels. Nineteen percent of AA families were low-income and 18 percent were moderate-income, which compares reasonably to the 16 and 22 percent of home loans to LMI borrowers, respectively. Variances from the AA demographics for LMI borrowers are reasonable.

Table 2 - Borrower Distribution of Residential Real Estate Loans in Quad Cities AA 2017									
Borrower Income Level	Low		Moderate		Middle		Upper		N/A*
Loan Type	% of AA Families	% of Number of Loans	% of AA Families	% of Number of Loans	% of AA Families	% of Number of Loans	% of AA Families	% of Number of Loans	% of Number of Loans without Income data
Home	19%	16%	18%	22%	22%	24%	41%	35%	3%

Source: 2017 HMDA Data; 2015 ACS US Census

*Legal entity borrowers are not included in the borrower distribution because personal income data for legal entity borrowers is not reported on the HMDA LAR. Legal entity borrowers are businesses that own the residential real estate and rent the properties to tenants.

The distribution of business loans in the Quad Cities AA in 2016 reflects reasonable penetration among businesses of different sizes. Forty-four percent of business loans by number and 74 percent by dollar were made to small businesses (businesses with gross revenue of less than \$1 million). The AA demographics show that 79 percent of businesses had annual revenues less than \$1 million.

Table 2A - Borrower Distribution of Loans to Businesses in Quad Cities AA 2016				
Business Revenues (or Sales)	≤\$1,000,000	>\$1,000,000	Unavailable/Unknown	Total
% of AA Business	79%	7%	14%	100%
% of Bank Loans in AA by #	44%	56%	0%	100%
% of Bank Loans in AA by \$	74%	26%	0%	100%

Source: Loan sample; Dun and Bradstreet as of June 2016; 2010 US Census

The distribution of business loans in the Quad Cities AA in 2017 reflects reasonable penetration among businesses of different sizes. Eighty-two percent of loans by number and 68 percent of loans by dollar were made to small businesses. The result is reasonable when compared to the AA demographics.

Table 2A - Borrower Distribution of Loans to Businesses in Quad Cities AA 2017				
Business Revenues (or Sales)	≤\$1,000,000	>\$1,000,000	Unavailable/ Unknown	Total
% of AA Business	79%	7%	14%	100%
% of Bank Loans in AA by #	82%	18%	0%	100%
% of Bank Loans in AA by \$	68%	32%	0%	100%

Source: Loan sample; Dun and Bradstreet as of June 2017; 2015 ACS US Census

Geographic Distribution of Loans

ABT has demonstrated reasonable dispersion of lending throughout the Quad Cities AA.

The distribution of home and business loans originated or purchased in the Quad Cities AA during the evaluation period reflects reasonable dispersion among geographies of different income levels.

The distribution of home loans originated or purchased in the Quad Cities AA in 2016 reflects reasonable dispersion of residential lending activity throughout the AA. Two percent of home loans were made to borrowers in low-income CTs and nine percent were made to borrowers in moderate-income CTs. These ratios are reasonable when compared to the demographic information.

Table 3 - Geographic Distribution of Residential Real Estate Loans in Quad Cities AA 2016								
Census Tract Income Level	Low		Moderate		Middle		Upper	
Loan type	% of AA Owner Occupied Housing	% of Number of Loans						
Home	3%	2%	14%	9%	56%	48%	27%	41%

Source: 2016 HMDA Data; 2010 US Census

The distribution of home loans originated or purchased in the Quad Cities AA in 2017 reflects reasonable dispersion of residential lending activity throughout the AA. One percent of home loans were made to borrowers in low-income CTs and 16 percent were made to borrowers in moderate-income CTs. These ratios mirror the demographic information in LMI census tracts and represent reasonable distribution.

Table 3 - Geographic Distribution of Residential Real Estate Loans in Quad Cities AA 2017								
Census Tract Income Level	Low		Moderate		Middle		Upper	
Loan type	% of AA Owner Occupied Housing	% of Number of Loans						
Home	1%	1%	16%	16%	59%	56%	24%	27%

Source: 2017 HMDA Data; 2015 ACS US Census

The distribution of business loans originated or purchased in the Quad Cities AA in 2016 reflects reasonable dispersion of business lending throughout the AA. Variances from the AA demographics are minimal.

Table 3A - Geographic Distribution of Loans to Businesses in Quad Cities AA 2016								
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
Business Loans	9%	11%	14%	11%	47%	22%	30%	56%

The distribution of business loans originated or purchased in the Quad Cities AA in 2017 reflects excellent dispersion of business lending throughout the AA. ABT exceeded demographic information in low-income CTs and greatly exceeded demographic information in moderate-income CTs.

Table 3A - Geographic Distribution of Loans to Businesses in Quad Cities AA 2017								
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
Business Loans	6%	9%	19%	36%	50%	46%	25%	9%

Responses to Complaints

The bank did not receive any CRA-related complaints during this evaluation period.

COMMUNITY DEVELOPMENT TEST

ABT’s performance under the CD Test in the Quad Cities AA is satisfactory. Aggregate CD activities demonstrated adequate responsiveness to CD needs and opportunities in the AA. CD investments, donations, and CD loans total \$2 million and represent 6.73 percent of the AA’s allocated tier 1 capital as of December 31, 2017. Nine bank employees provided 510 service hours to 12 qualified CD organizations during the evaluation period.

Number and Amount of Community Development Loans

CD loans demonstrated adequate responsiveness to CD needs and opportunities in the Quad Cities AA during the evaluation period. Management originated two CD loans, renewed one loan three times, and converted one existing line of credit to a term loan in the AA during the evaluation period. Two loans provide support for affordable housing for LMI individuals. CD loans total \$1.958 million, which is 6.61 percent of the AA’s allocated tier 1 capital as of December 31, 2017.

Number and Amount of Qualified Investments

CD investments demonstrated poor responsiveness to CD needs and opportunities in the AA during the evaluation period. ABT provided one prior period investment of \$30 thousand in a community development financial institution that offers financial programs and services focused on LMI individuals and CTs.

ABT provided four current period donations totaling \$6 thousand in the AA for consideration. Donations supported organizations who provide community services primarily to LMI individuals.

CD qualified investments totaled \$36 thousand, which is 0.12 percent of the AA's allocated tier 1 capital as of December 31, 2017.

Extent to Which the Bank Provides Community Development Services

ABT's record of providing CD services in the AA is adequate. Nine employees provided 510 hours to 12 qualified CD organizations during the evaluation period. Examples of CD services provided by bank staff include:

- Treasurer and Director for an organization that provides affordable housing primarily serving LMI individuals.
- Serving on the board of an organization focused on providing affordable housing to LMI veterans.
- Bank provided homebuyer education classes in conjunction with Rock Island Growth Corp for first-time homebuyers. The classes primarily serve LMI individuals.

Responsiveness to Community Development Needs

ABT's CD activities in aggregate represent adequate responsiveness to CD needs in the AA.

State Rating

State of Illinois

CRA rating for Illinois: **Satisfactory**

The lending test is rated: **Satisfactory**

The community development test is rated: **Needs Improvement**

The major factors supporting this rating include:

- The borrower distribution of loans reflects reasonable penetration throughout the AA;
- The geographic distribution of loans reflects adequate distribution throughout the AA; and
- CD activity reflects poor responsiveness to CD needs throughout the AA.

Description of Institution's Operations in (Name of State)

ABT operates in the Kane County AA, which is located within the state of Illinois. The Kane County AA consists of the entire county and is comprised of 82 CTs; four low-income, 29 moderate-income, 26 middle income, and 23 upper income. ABT's operations in this AA are minimal, with only two of their eight full service branch locations and zero of their seven bank-owned ATMs located in the AA. ABT does have two leased ATMs located in the AA, one in each branch in Kane County. The AA consists of whole CTs and does not reflect illegal discrimination or arbitrarily exclude any LMI areas. The volume of lending in the Kane County AA is lower than that of the Quad Cities AA, but ABT offers several lending and deposit-taking services in the AA.

Competition in the AA is significant. Thirty-four deposit-taking FDIC-insured financial institutions serve the Kane County AA, per the June 30, 2017, FDIC Deposit Market Share Report. ABT ranks twenty-seventh for deposit market share with \$55 million in deposits or 0.51 percent of the Kane County market. The \$55 million in deposits located in the Kane County AA represent only 19 percent of ABT's overall deposits. Demographic data for 2017 shows a population of 525 thousand with a median family income of \$79,687.

We reviewed two recent community contacts as part of our evaluation of the Kane County AA. See the *Scope of Evaluation* section for more information.

Scope of Evaluation in Illinois

We completed a full scope review of this AA. For the purpose of our review, performance in the Kane County AA supports the overall conclusion for the state of Illinois. As stated previously, the rating does not reflect the performance in parts of the state of Illinois that are included in the Davenport-Moline-Rock Island Multistate MSA. Performance in that area is included in the Quad Cities AA conclusions. Refer to Appendix A for more information.

Our review included a lending test of both primary products, home loans and business loans. Equal weight was given to each product. We also conducted a CD test in this AA.

As part of this examination, we reviewed two community contact interviews that were recently conducted within the AA. The first was a member of the Neighborhood Housing Services (NHS) for Fox Valley, Inc. NHS Fox Valley offers monthly homebuyer education classes in Elgin, IL, and other remote locations throughout the community. The focus of the organization is on sustainable homeownership. The contact stated that there is a big need for homebuyer education, especially in the Elgin area. The contact stated that there is a need for affordable housing as housing values keep increasing.

The second community contact was a representative of the Waubensee Community College Small Business Development Center. The purpose of this organization is to provide resources to small businesses. The contact stated that the primary sources of employment in Kane County include manufacturing, healthcare, and small business. The contact stated that the primary credit need of the community is more access to smaller-dollar loan programs and identified this as an opportunity for participation by financial institutions in the area.

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS IN ILLINOIS

ABT's CRA performance in the Kane County AA is satisfactory. Performance under the lending test is satisfactory and performance under the CD test in the AA needs to improve. Although performance under the CD test needs to improve, the overall performance is satisfactory because the lending test performance outweighed weaknesses in the CD Test performance.

LENDING TEST

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

The distribution of home loans to families of different income levels and business loans to businesses of different sizes is satisfactory and reflects reasonable penetration of AA demographics. The distribution of home loans to families of different income levels improved from 2016 to 2017 and is reasonable overall.

The distribution of home loans originated or purchased in the Kane County AA in 2016 reflects reasonable penetration among borrowers of different income levels. Twenty percent of AA families were low-income and 18 percent were moderate-income. Home loans to LMI borrowers in 2016 were 0 percent and 13 percent, respectively. Variances from the AA demographics for LMI borrowers are reasonable. Approximately eight percent of the population in this AA is below the poverty level and would therefore have difficulty meeting the requirements for home purchase loans.

Table 2 - Borrower Distribution of Residential Real Estate Loans in Kane County AA 2016									
Borrower Income Level	Low		Moderate		Middle		Upper		N/A*
Loan Type	% of AA Families	% of Number of Loans	% of AA Families	% of Number of Loans	% of AA Families	% of Number of Loans	% of AA Families	% of Number of Loans	% of Number of Loans without Income data
Home	20%	0%	18%	13%	21%	37%	41%	25%	25%

Source: 2016 HMDA Data; 2010 US Census

*Legal entity borrowers are not included in the borrower distribution because personal income data for legal entity borrowers is not reported on the HMDA LAR. Legal entity borrowers are businesses that own the residential real estate and rent the properties to tenants.

The distribution of home loans originated or purchased in the Kane County AA in 2017 reflects reasonable penetration among borrowers of different income levels. Twenty-one percent of AA families were low-income and 17 percent were moderate-income. This compares reasonably to home loans made to LMI families at 20 percent for both low- and moderate-income levels.

Table 2 - Borrower Distribution of Residential Real Estate Loans in Kane County AA 2017									
Borrower Income Level	Low		Moderate		Middle		Upper		N/A*
Loan Type	% of AA Families	% of Number of Loans	% of AA Families	% of Number of Loans	% of AA Families	% of Number of Loans	% of AA Families	% of Number of Loans	% of Number of Loans without Income data
Home	21%	20%	17%	20%	20%	0%	42%	60%	0%

Source: 2017 HMDA Data; 2015 ACS US Census

*Legal entity borrowers are not included in the borrower distribution because personal income data for legal entity borrowers is not reported on the HMDA LAR. Legal entity borrowers are businesses that own the residential real estate and rent the properties to tenants.

The distribution of business loans in the Kane County AA in 2016 reflects reasonable penetration among businesses of different sizes. Thirty-three percent of loans by number and five percent by dollar were made to small businesses. This compares reasonably to the demographic total of small businesses in the AA at 79 percent. Less emphasis was placed on the volume of loans by dollar, as small businesses tend to originate smaller loans.

Table 2A - Borrower Distribution of Loans to Businesses in Kane County AA 2016				
Business Revenues (or Sales)	≤\$1,000,000	>\$1,000,000	Unavailable/Unknown	Total
% of AA Business	79%	9%	12%	100%
% of Bank Loans in AA by #	33%	67%	0%	100%
% of Bank Loans in AA by \$	5%	95%	0%	100%

Source: Loan sample; Dun and Bradstreet as of June 2016; 2010 US Census

The distribution of business loans in the Kane County AA in 2017 reflects reasonable penetration among businesses of different sizes. Thirty-three percent of loans by number and 14 percent by dollar were made to small business, which compares reasonably to AA demographics of 79 percent. Less emphasis was placed on the volume of loans by dollar.

Table 2A - Borrower Distribution of Loans to Businesses in Kane County AA 2017				
Business Revenues (or Sales)	≤\$1,000,000	>\$1,000,000	Unavailable/ Unknown	Total
% of AA Business	79%	9%	12%	100%
% of Bank Loans in AA by #	33%	60%	7%	100%
% of Bank Loans in AA by \$	14%	34%	53%	100%

Source: Loan sample; Dun and Bradstreet as of June 2017; 2015 ACS US Census

Geographic Distribution of Loans

The distribution of home and business loans originated or purchased in the Kane County AA during the evaluation period reflects reasonable distribution among geographies of different income levels. Although there were weaknesses noted in lending to businesses in LMI geographies, the distribution of lending throughout the AA remains satisfactory overall.

The distribution of home loans originated or purchased in the Kane County AA in 2016 reflects reasonable distribution of residential lending activity throughout the AA. Zero percent of home loans were made to borrowers in low-income CTs, which mirrors the demographic information. Thirteen percent of home loans were made to borrowers in moderate-income CTs. Variance from the demographic information of 29 percent in moderate-income census tracts is reasonable.

Table 3 - Geographic Distribution of Residential Real Estate Loans in Kane County AA 2016								
Census Tract Income Level	Low		Moderate		Middle		Upper	
Loan type	% of AA Owner Occupied Housing	% of Number of Loans						
Home	0%	0%	29%	13%	35%	37%	36%	50%

Source: 2016 HMDA Data; 2010 US Census

The distribution of home loans originated or purchased in the Kane County AA in 2017 reflects reasonable distribution of residential lending activity throughout the AA. Twenty percent of home loans benefitted borrowers in LMI CTs, which compares reasonably to the demographic information.

Table 3 - Geographic Distribution of Residential Real Estate Loans in Kane County AA 2017								
Census Tract Income Level	Low		Moderate		Middle		Upper	
Loan type	% of AA Owner Occupied Housing	% of Number of Loans						
Home	2%	0%	23%	20%	33%	40%	42%	40%

Source: 2017 HMDA Data; 2015 ACS US Census

The distribution of business loans in the Kane County AA in 2016 reflects poor distribution of business lending. There were no business loans made in low- or moderate-income CTs. ABT originated a very low volume of business loans in the AA in 2016, which skews the results.

Table 3A - Geographic Distribution of Loans to Businesses in Kane County AA 2016								
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
Business Loans	2%	0%	22%	0%	39%	33%	37%	67%

Source: Loan sample; Dun and Bradstreet as of June 2016; 2010 US Census

The distribution of business loans in the Kane County AA in 2017 reflects poor distribution of business lending. There were no business loans made in low- or moderate-income CTs. ABT originated a limited number of loans in the AA in 2017, which somewhat skews the results.

Table 3A - Geographic Distribution of Loans to Businesses in Kane County AA 2017								
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
Business Loans	3%	0%	20%	0%	35%	47%	42%	53%

Source: Loan sample; Dun and Bradstreet as of June 2017; 2015 ACS US Census

Responses to Complaints

The bank did not receive any CRA-related complaints during this evaluation period.

COMMUNITY DEVELOPMENT TEST

ABT’s performance under the CD Test in the AA needs to improve. Aggregate CD activities demonstrated poor responsiveness to CD needs and opportunities in the AA. CD investments, donations, and CD loans totaled \$3 thousand. This represents 0.04 percent of the AA’s allocated tier 1 capital as of December 31, 2017. One employee provided two service hours to one qualified CD organization during the evaluation period.

Number and Amount of Community Development Loans

CD loans demonstrated poor responsiveness to CD needs and opportunities in the AA during the evaluation period. Management did not originate any CD loans during the exam period.

Number and Amount of Qualified Investments

CD investments demonstrated adequate responsiveness to CD needs and opportunities in the AA during the evaluation period. Management made one qualified donation totaling \$3 thousand to one organization in the AA during the evaluation period. The donation supports an organization that provides affordable housing primarily to LMI individuals. ABT presented no prior period investments for consideration.

Extent to Which the Bank Provides Community Development Services

ABT's record of providing CD services in the AA is poor. One employee provided two hours to one qualified CD organization during the evaluation period.

Responsiveness to Community Development Needs

ABT's CD activities in aggregate in the AA represent poor responsiveness to CD needs in the AA. CD activities are consistent with the CD needs identified by community contacts in the AA.

Appendix A: Scope of Examination

The following table identifies the time period covered in this evaluation, affiliate activities that were reviewed, and loan products considered. The table also reflects the metropolitan and nonmetropolitan areas that received comprehensive examination review (designated by the term “full-scope”) and those that received a less comprehensive review (designated by the term “limited-scope”).

Time Period Reviewed	Lending Test (excludes CD loans): 1/1/16-12/31/17 Investment and Service Tests and CD Loans: 1/1/16-12/31/17	
Financial Institution	Products Reviewed	
American Bank and Trust Company, National Association Davenport, Iowa	Home loans and business loans	
List of Assessment Areas and Type of Examination		
Assessment Area	Type of Exam	Other Information
Davenport-Moline-Rock Island MSA - Quad Cities AA	Full Scope	
State of Illinois - Kane County AA	Full Scope	

Appendix B: Summary of Multistate Metropolitan Area and State Ratings

RATINGS – American Bank and Trust, National Association			
Overall Bank:	Lending Test Rating	Community Development Test Rating	Overall Bank/State/Multistate Rating
ABT	Satisfactory	Satisfactory	Satisfactory
Multistate Metropolitan Area or State:			
Davenport-Moline-Rock Island MSA	Satisfactory	Satisfactory	Satisfactory
State of Illinois	Satisfactory	Needs Improvement	Satisfactory

Appendix C: Community Profiles for Full-Scope Areas

Davenport-Moline-Rock Island Multistate MSA

Demographic Information for Full Scope Area: Quad Cities AA - 2016						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts/BNAs)	93	8.60	20.43	49.46	21.51	0.00
Population by Geography	343,218	5.37	16.84	53.15	24.64	0.00
Owner-Occupied Housing by Geography	99,914	2.58	14.08	56.32	27.03	0.00
Business by Geography	19,408	9.48	13.82	46.56	30.14	0.00
Farms by Geography	1,032	1.16	5.43	58.62	34.79	0.00
Family Distribution by Income Level	89,264	19.57	18.26	21.56	40.61	0.00
Distribution of Low and Moderate Income Families throughout AA Geographies	33,763	8.55	23.53	53.17	14.74	0.00
Median Family Income		61,723	Median Housing Value		129,400	
FFIEC Adjusted Median Family Income for 2016		68,800	Unemployment Rate		3.23%	
Households Below Poverty Level		12%	(2010 US Census)			

(*) The NA category consists of geographies that have not been assigned an income classification.
 Source: 2010 US Census and 2016 FFIEC updated MFI

Demographic Information for Full Scope Area: Quad Cities AA - 2017						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts/BNAs)	93	4.30	27.96	50.54	17.20	0.00
Population by Geography	347,497	2.58	21.06	55.60	20.76	0.00
Owner-Occupied Housing by Geography	98,093	0.75	16.46	59.14	23.64	0.00
Business by Geography	19,484	6.11	18.76	50.03	25.09	0.00
Farms by Geography	1,061	0.38	5.75	64.09	29.78	0.00
Family Distribution by Income Level	88,805	19.35	17.80	21.62	41.23	0.00
Distribution of Low and Moderate Income Families throughout AA Geographies	32,989	3.61	27.15	56.16	13.08	0.00
Median Family Income		66,600	Median Housing Value		136,430	
FFIEC Adjusted Median Family Income for 2017		67,100	Unemployment Rate		3.22%	
Households Below Poverty Level		12%	(2015 ACS US Census)			

(*) The NA category consists of geographies that have not been assigned an income classification.
 Source: 2015 ACS US Census and 2017 FFIEC updated MFI

The Quad Cities AA is located within the Davenport-Moline-Rock Island MSA. The Quad Cities AA includes Rock Island and Scott Counties, along with five CTs in Henry County and one CT in Mercer County. This is a multistate MSA because it includes counties and CTs in both Iowa and Illinois. ABT has six of their eight full-service branch locations and all seven of the bank-owned ATMs within the AA. The AA consists of 93 census tracts, which includes eight low-income, 19 moderate-income, 46 middle-income, and 20 upper-income CTs. The AA consists of whole CTs and does not reflect illegal discrimination or arbitrarily exclude any LMI areas.

Competition in the AA is significant. According to the June 30, 2017, FDIC Deposit Market Share Report, 34 deposit-taking FDIC-insured financial institutions serve the Quad Cities AA. ABT ranks ninth for deposit market share with \$239 million in deposits, which represented 2.82 percent of the Quad Cities market. Demographic data for 2017 shows a population of 347 thousand, with a median family income of \$66,600.

We reviewed two community contact interviews during this evaluation. The contacts noted that local banks are good at sponsoring and attending community events and are generally doing a good job serving the community. The community's biggest needs include growth in residential areas and fostering relationships for local businesses.

State of Illinois

Kane County AA

Demographic Information for Full Scope Area: Kane County AA - 2016						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts/BNAs)	82	2.44	39.02	32.93	25.61	0.00
Population by Geography	515,269	0.97	36.91	30.38	31.74	0.00
Owner-Occupied Housing by Geography	131,189	0.36	28.69	34.53	36.41	0.00
Business by Geography	23,924	2.09	21.91	39.35	36.65	0.00
Farms by Geography	650	0.31	18.92	42.92	37.85	0.00
Family Distribution by Income Level	127,448	19.51	18.20	21.03	41.27	0.00
Distribution of Low and Moderate Income Families throughout AA Geographies	48,054	1.59	53.67	29.17	15.57	0.00
Median Family Income		76,576	Median Housing Value		255,626	
FFIEC Adjusted Median Family Income for 2016		82,500	Unemployment Rate (2010 US Census)		3.97%	
Households Below Poverty Level		8%				

(*) The NA category consists of geographies that have not been assigned an income classification.

Source: 2010 US Census and 2016 FFIEC updated MFI

Demographic Information for Full Scope Area: Kane County AA - 2017						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts/BNAs)	82	4.88	35.37	31.71	28.05	0.00
Population by Geography	524,886	2.85	33.13	29.82	34.21	0.00
Owner-Occupied Housing by Geography	126,903	1.49	23.36	33.24	41.91	0.00
Business by Geography	25,184	2.91	19.89	35.09	42.11	0.00
Farms by Geography	724	1.38	17.40	47.10	34.12	0.00
Family Distribution by Income Level	128,926	20.82	17.12	20.17	41.88	0.00
Distribution of Low and Moderate Income Families throughout AA Geographies	48,925	4.48	49.01	28.27	18.24	0.00
Median Family Income FFIEC Adjusted Median Family Income for 2017 Households Below Poverty Level		79,687 84,400 10%	Median Housing Value Unemployment Rate (2015 ACS US Census)	214,648 4.00%		

(*) The NA category consists of geographies that have not been assigned an income classification.
Source: 2015 ACS US Census and 2017 FFIEC updated MFI

ABT operates in one contiguous AA in the state of Illinois, which is the Kane County AA. Kane County is located in the state of Illinois and includes 82 CTs. Of these tracts, four are low-income, 29 are moderate-income, 26 are middle-income and 23 are upper-income. ABT's operations in the AA are minimal, with only two of their eight full service branch locations located in the AA. There are no bank-owned ATMs in the AA.

Competition in the AA is significant. Thirty-four deposit-taking FDIC-insured financial institutions serve the Kane County AA, per the June 30, 2017, FDIC Deposit Market Share Report. ABT ranks twenty-seventh for deposit market share with \$55 million in deposits or 0.51 percent of the Kane County market. The \$55 million in deposits located in the Kane County AA represent only 19 percent of ABT's overall deposits. Demographic data for 2017 shows a population of 525 thousand with a median family income of \$79,687. Major employers in the AA include Universities Research Association Inc., Illinois Department of Human Services, Bank One National Association, Hollywood Casino, Grand Victoria Casino, Dryer Cancer Center, Provena Health, and Delnor-Community Hospital.

We reviewed two community contact interviews within the AA. They noted a need for affordable housing and more access to small-dollar loan programs in the AA. Overall, the community contacts stated that banks are doing a satisfactory job serving the community.