

## CDCI ANNUAL USE OF CAPITAL SURVEY - 2012



## NAME OF INSTITUTION

(Include Holding Company Where Applicable)

American Bancorp of Illinois, Inc. / Pan American Bank

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UST Sequence Number:	1454	Holding Company Docket Number: (For Thrift Holding Companies)	N/A
CPP/CDCI Funds Received:	5,457,000	FDIC Certificate Number: (For Depository Institutions)	34108
CPP/CDCI Funds Repaid to Date:	0	Credit Union Charter Number: (For Credit Unions)	N/A
Date Funded (first funding):	09/17/2010	City:	Melrose Park
Date Repaid <sup>1</sup> :	N/A	State:	Illinois

<sup>1</sup>If repayment was incremental, please enter the most recent repayment date.

American taxpayers are quite interested in knowing how banks have used the money that Treasury has invested under the Capital Purchase Program (CPP) and Community Development Capital Initiative (CDCI). To answer that question, Treasury is seeking responses that describe generally how the CPP/CDCI investment has affected the operation of your business. We understand that once received, the cash associated with TARP funding is indistinguishable from other cash sources, unless the funds were segregated, and therefore it may not be feasible to identify precisely how the CPP/CDCI investment was deployed or how many CPP/CDCI dollars were allocated to each use. Nevertheless, we ask you to provide as much information as you can about how you have used the capital Treasury has provided, and how your uses of that capital have changed over time. Treasury will be pairing this survey with a summary of certain balance sheet and other financial data from your institution's regulatory filings, so to the extent you find it helpful to do so, please feel free to refer to your institution's quarterly call reports to illustrate your answers. This is your opportunity to speak to the taxpayers in your own words, which will be posted on our website.

What specific ways did your institution utilize CPP/CDCI capital? Check all that apply and elaborate as appropriate, especially if the uses have shifted over time. Your responses should reflect actions taken over the past year (or for the portion of the year in which CPP/CDCI funds were outstanding).

<input checked="" type="checkbox"/>	Increase lending or reduce lending less than otherwise would have occurred.	The CDCI funds infused as capital in 2010 allowed the Bank to grow in 2010 and 2011. During 2012, the Bank stabilized/reduced total assets to maintain adequate capital levels. Having the CDCI funds as non-leverage capital allowed the Bank to reduce lending less than otherwise necessary.
<input type="checkbox"/>	To the extent the funds supported increased lending, please describe the major type of loans, if possible (residential mortgage loans, commercial mortgage loans, small business loans, etc.).	
<input checked="" type="checkbox"/>	Increase securities purchased (ABS, MBS, etc.).	During 2012, the Bank did not increase the securities portfolio, however did re-allocate the investments toward Municipal securities. The Bank increased the municipals as a % of the total portfolio from 15.7% in 2011 to 39.9% in 2012, striving to invest in municipalities in qualified CRA areas.

<input checked="" type="checkbox"/>	Make other investments	The Bank invested approximately \$175k renovating and improving its facilities in Melrose Park and Bellwood to better serve our communities. The Bank has also made investments to improve its IT infrastructure, in order to provide additional products and services to its customers.
<input checked="" type="checkbox"/>	Increase reserves for non-performing assets	Due to strong earnings in 2012, Pan American Bank was able to increase the net balance in reserves for non-performing assets by approximately \$380k, strengthening the ALLL to 1.43% of our total loan portfolio.
<input type="checkbox"/>	Reduce borrowings	
<input checked="" type="checkbox"/>	Increase charge-offs	By pro-actively recognizing problems in the loan portfolio, Pan American Bank recognized approximately \$1,364k in losses in its loan portfolio during 2012.
<input type="checkbox"/>	Purchase another financial institution or purchase assets from another financial institution	
<input checked="" type="checkbox"/>	Held as non-leveraged increase to total capital	Prior year growth made possible by the CDCI funds allowed the bank to operate with stable, high yielding assets in 2012. As a result, Pan American Bank was able to generate a Net Income of \$1,256k in 2012, which directly increased capital through Retained Earnings.

What actions were you able to avoid because of the capital infusion of CPP/CDCI funds?

Had Pan American Bank not received the CPP/CDCI funds in 2010, it would have not had the necessary capital to grow the bank and lend to the surrounding communities. The funds helped PAB avoid actively attempting to shrink the loan portfolio and maintain the lending activity in low to moderate income communities. This would have hindered the surrounding communities we serve by restricting them the funding needed to grow or maintain their small businesses, or improve the surrounding areas.

What actions were you able to take that you may not have taken without the capital infusion of CPP/CDCI funds?

Pan American Bank's ability to remain an active participant in lending since receiving the CDCI funds has been of great benefit to the Bank's customers and surrounding communities, and has had a positive and beneficial impact on the Bank's growth. By increased interaction with members of the surrounding communities through our lending activities, Pan American Bank has subsequently become more involved in various community events, even beyond banking activities.

The IT infrastructure improvements made during 2012 and continuing in 2013 will allow the Bank to provide additional products and services to its customers, giving them the tools they need to be more efficient and profitable in their businesses.

Please describe any other actions that you were able to undertake with the capital infusion of CPP/CDCI funds.

As a result of the capital infusion of the CPP/CDCI funds in 2010, Pan American Bank was able to continue its loan growth during 2011 and stabilize in 2012 while maintaining asset quality. PAB increased its reserves for non-performing assets by a net \$383,245 during 2012. Pan American was also able to reinvest in its own branches, with improvements made to better serve customers living in the surrounding communities. In particular, our office at 1440 W North Avenue in Melrose Park has been improved with a new loan department to provide our employees the amenities they need to better serve our customers. A renovation was also made to the Bank's Bellwood office to better serve our customers.

According to the Paperwork Reduction Act of 1995, no persons are required to respond to a collection of information unless it displays a valid OMB control number. The valid OMB control number for this information collection is 1505-0222. The time required to complete this information collection is estimated to average 80 hours per response.