



LARGE BANK

Comptroller of the Currency
Administrator of National Banks

Washington, DC 20219

PUBLIC DISCLOSURE

August 12, 2013

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

MB Financial Bank, National Association
Charter Number: 13684

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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.

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Overall CRA Rating

The Community Reinvestment Act (CRA) requires each federal financial supervisory agency to use its authority, when examining financial institutions subject to its supervision, to assess the institution's record of meeting the credit needs of its entire community, including the low- and moderate-income (LMI) neighborhoods, consistent with the safe and sound operation of the institution. Upon conclusion of such examination, the agency must prepare a written evaluation of the institution's record of meeting the credit needs of its community.

This document is an evaluation of the CRA performance of MB Financial Bank issued by the OCC, the institution's supervisory agency, for the evaluation period ending 8/12/2013. The agency rates the CRA performance of an institution consistent with the provisions set forth in Appendix A to 12 CFR Part 25.

Institution's CRA Rating: This institution is rated **Outstanding**.

The following table indicates the performance level of **MB Financial Bank** with respect to the Lending, Investment, and Service Tests:

| Performance Levels | MB Financial Bank Performance Tests | | |
|---------------------------|-------------------------------------|-----------------|--------------|
| | Lending Test* | Investment Test | Service Test |
| Outstanding | X | X | |
| High Satisfactory | | | X |
| Low Satisfactory | | | |
| Needs to Improve | | | |
| Substantial Noncompliance | | | |

*The Lending Test is weighted more heavily than the Investment and Service Tests when arriving at an overall rating.

The major factors that support this rating include:

- A majority of loans were originated within MB's delineated Assessment Areas (AAs).
- Lending activity within the IL-IN-WI Multistate Metropolitan Statistical Area (MMSA) was excellent. Lending in the LaSalle County AA and the Philadelphia AA was poor.
- The geographic distribution of home mortgage loans was good and the geographic distribution of small loans to businesses was excellent within the IL-IN-WI MMSA.
- The loan distribution to borrowers reflects adequate performance for small loans to businesses and good performance for home mortgage lending in the IL-IN-WI MMSA.

- Community development (CD) lending had a significantly positive impact on the Lending Test in the IL-IN-WI MMSA. The bank had no CD lending in the LaSalle County, IL or Philadelphia AAs.
- The bank had an excellent level of qualified CD investments and grants, often in a leadership position, and exhibited excellent responsiveness to credit and community economic development needs, especially in light of the highly competitive Chicago market.
- The bank's delivery systems were reasonably accessible to geographies and individuals of different income levels within the IL-IN-WI MMSA; however, accessibility was more limited in its LaSalle County, IL and Philadelphia AAs.
- MB provided a relatively high level of CD services within the IL-IN-WI MMSA that were responsive to community needs.

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 usually have between 2,500 and 8,000 persons, and their physical size varies widely depending upon population density. Census tracts are designed to be homogeneous with respect to population characteristics, economic status, and living conditions to allow for statistical comparisons.

Census Tract (CT) – 2010: Small, relatively permanent statistical subdivisions of a county delineated by local participants as part of the U.S. Census Bureau's Participant Statistical Areas Program. The primary purpose of CTs is to provide a stable set of geographic units for the presentation of decennial census data. CTs generally have between 1,500 and 8,000 people, with an optimum size of 4,000 people.

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 the size eligibility standards of the Small Business Administration's Development Company or Small Business Investment Company programs (13 CFR 121.301) or have gross annual revenues of \$1 million or less; or, activities that revitalize or stabilize low- or moderate-income geographies.

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

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

dispersion if they help to meet essential community needs, including needs of low- and moderate-income individuals.

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 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 applications, the amount of loan requested, and the disposition of the application (e.g., approved, denied, and withdrawn). Beginning in 2004, the reports also include data on 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 ten years and used to determine the income level category of geographies. Also, the median income determined by the Department of Housing and Urban Development 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.

Median Family Income (MFI) – 2010: The median income derived from the United States Census Bureau's American Community Survey data every 5 years and used to determine the income level category geographies. Also, it is the median income determined by the Federal Financial Institutions Examination Council (FFIEC) annually that is used to determine the income level of individuals within a geography. For any given geography, 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 Metropolitan Statistical Area that contains a population of at least 2.5 million. A Metropolitan Division consists of one or more counties that represent an employment center or centers, plus adjacent counties associated with the main county or counties through commuting ties.

Metropolitan Statistical Area: An area, defined by the Office of Management and Budget, as having at least one urbanized area that has a population of at least 50,000. The Metropolitan Statistical Area comprises the central county or counties, plus adjacent outlying counties having a high degree of social and economic integration with the central county 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) and the Thrift Financial Reporting (TFR) 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

MB Financial Bank, National Association (MB) is a full-service commercial bank headquartered in Chicago, Illinois. MB is a wholly owned subsidiary of MB Financial Inc., (MBFI), a \$9.5 billion one bank holding company, also located in Chicago, Illinois. MB wholly owns four subsidiaries: two leasing companies, an investment management firm, and MB Financial Community Development Corporation (CDC). The bank utilizes the CDC, which possesses common management and directors, to facilitate some of its CD lending, investment, and service initiatives within its AAs. All of the CDC's activities are solely attributable to MB and were considered in the bank's CRA performance evaluation.

MB is an interstate bank, currently with 88 full-service banking centers. There are 86 banking centers in Illinois, one in-store branch in Indiana, located approximately two miles from the Illinois/Indiana border, and one full-service banking center in Pennsylvania that is located on the northeast side of the City of Philadelphia.

MB's banking center locations are supplemented by 24-hour access to deposit accounts through its secure Phone Access Line (PAL), internet banking, and automated teller machine (ATM) network. The bank has 106 full-service and 15 cash-dispensing ATM locations in Illinois, Indiana, and Pennsylvania with additional locations available through the STAR Network membership and Maestro/Master Card/Cirrus networks. MB customers may use any MB ATM free of charge.

As of December 31, 2012, MB reported total assets of \$9.5 billion, \$5.8 billion in total loans, \$7.6 billion in total deposits, and \$864 million of Tier One Capital. Total loans represented 61.0 percent of total assets. The composition of the bank's loan portfolio consisted of \$1.1 billion, or 20.0 percent in residential real estate loans, \$3.7 billion or 65.0 percent commercial and industrial loans, and \$891 million or 15.0 percent in consumer and other loans. Total deposits as of June 30, 2011, were \$7.8 billion and as of June 30, 2012, were \$7.5 billion.

MB is a full-service bank, offering a wide array of loan, deposit, treasury management, capital market, and international banking products. MB is primarily a middle market commercial lender and serves the needs of the community through residential and consumer lending. Additionally, MB provides banking services to small- and medium-size leasing companies through debt, equity, and bridge financing. The bank's business strategy is to consistently deliver competitive products and services.

There are no financial or legal impediments that affect the bank's ability to provide lending, investments, and services within its AAs.

MB was last examined under the CRA as of April 27, 2010, at which time it was rated Outstanding.

In 2010, MB entered into two separate agreements with the FDIC to purchase and assume the deposits and some of the loans from Broadway Bank and New Century Bank, both located in Chicago, Illinois. This resulted in acquiring four banking centers located in one moderate-, one middle-, and two upper-income geographies in Cook County, Illinois.

Also in 2010, the bank upgraded their South Holland drive up facility, in Cook County, Illinois, to a full-service banking center, and the bank opened a full-service banking center in an upper-income geography in Cook County, Illinois.

Between 2010 and 2012, the bank closed four banking facilities located in Illinois: three in Cook County and one in Dupage County. Two were consolidated with existing bank branches, and the other two were closed due to unprofitability. The banking centers closed during the evaluation period were located in middle- and upper-income geographies.

Scope of the Evaluation

Evaluation Period/Products Evaluated

This performance evaluation assessed the bank's performance under the Lending, Investment, and Service tests. In evaluating the bank's lending performance, we reviewed MB's residential mortgage loans subject to filing under the Home Mortgage Disclosure Act (HMDA) and small loans to businesses for the period beginning January 1, 2010, through December 31, 2012. Loans to small farms were not evaluated because these loans represent a very small percentage of the bank's total originated and purchased loans. Multifamily mortgage loans were only evaluated in the Chicago AA, as there was no activity in any of the other AA's.

The evaluation of data was completed using two separate analysis periods due to changes in the census data available. Small loans to businesses as well as residential mortgage loans originated in 2010 and 2011 were compared to demographic data based on 2000 census information and to 2011 peer data. Loans originated in 2012 were compared to demographic data based on 2010 census information. Peer data was not yet available for comparison to the bank's 2012 lending performance.

The Investment Test included a review of investments, grants, and donations made in the bank's AAs that meet CD criteria. The Service Test evaluation was based on branch distribution, hours of operation, branch openings and closings, alternative delivery systems, retail and commercial loan and deposit products and services, and CD services provided in the bank's AAs. We evaluated MB's CD lending, investment, CD services and retail services for the period beginning April 28, 2010, through August 12, 2013.

Appendix D contains tables with data used to evaluate the bank's performance.

Data Integrity

As part of this CRA evaluation, we tested a representative sample of MB's publicly filed HMDA and CRA lending data. We reviewed a sample of HMDA- and CRA-reportable transactions to ensure that key fields were accurately completed on MB's Loan Application Registers for the years 2010 and 2011. Because there were no changes to the bank's reporting processes and the prior year's data was accurate, we did not sample 2012 HMDA or CRA data for accuracy. The HMDA and CRA data was found to be reliable for assessment of the bank's CRA performance.

We also reviewed bank-identified CD loans, investments, and services to verify that the activities met the regulatory definition of CD. We determined that a few of the items did not meet the definition of CD and used corrected lists for our evaluation analysis.

Selection of Areas for Full-Scope Review

We selected at least one AA in each state where the bank has an office for a full-scope review. In addition, we reviewed the bank's performance within one MMSA using full-scope procedures as the bank operated branches in at least two states within the MMSA. Full-scope reviews consider performance context, quantitative, and qualitative factors. The AA selected

for the full-scope review within the MMSA was chosen because it represented a significant portion of the bank's deposit base and lending business in the multistate area. The other AAs in the MMSA were analyzed using limited-scope procedures. Limited-scope procedures consider quantitative factors only. Refer to the "Scope" section under each State and Multistate Metropolitan Area Rating section for details regarding how the areas were selected.

Ratings

In this evaluation, we placed more weight on the bank's performance in 2010 through 2011 than to its performance in 2012 to reach our conclusions. The bank's overall rating is a blend of the IL-IN-WI MMSA rating and state ratings. The IL-IN-WI MMSA carried the greatest weight in our conclusions because this area represented the bank's most significant market in terms of deposit concentrations, branch distribution, and CRA-reportable loans. The IL-IN-WI MMSA represented 98.6 percent of total deposits, 97.8 percent of the branch network, and 99.6 percent of the HMDA- and CRA-reportable loans during the evaluation period. In the IL-IN-WI MMSA rating area, the rating is based primarily on that portion of the MMSA that received a full-scope review. Refer to the "Scope" section under each State and Multistate Metropolitan Area Rating section for details regarding how the areas were weighted in arriving at the respective ratings.

Additionally, when evaluating the bank's performance under the Lending Test, we placed more emphasis on the bank's distribution of small business loans than the distribution of home mortgage loans. Within the home mortgage loan category, greater weight was placed on home refinance lending, with home purchase and home improvement loans receiving substantially less weight.

Inside/Outside Ratio

This ratio is a bank-wide calculation and not calculated by individual rating area or AA. During the evaluation period, a majority (70.8 percent) of the bank's loan originations or purchases were inside its combined AAs. Based on number of loans, 62.7 percent of the small loans to businesses and 91.6 of the home mortgage loans were within the AAs. Of the home mortgage loans, 90.8 percent of the home purchase loans, 91.7 percent of the home refinance loans, and 96.8 percent of the home improvement loans were originated within the combined AAs. This analysis included bank originations and purchases only.

Fair Lending or Other Illegal Credit Practices Review

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

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

Multistate Metropolitan Statistical Area Rating

Chicago-Naperville-Joliet IL-IN-WI MMSA

CRA rating for the rating area¹: **Outstanding**
 The Lending Test is rated: **Outstanding**
 The Investment Test is rated: **Outstanding**
 The Service Test is rated: **High Satisfactory**

The major factors that support this rating include:

- Lending activity within the IL-IN-WI MMSA is excellent.
- Overall good geographic distribution was demonstrated by excellent small business loan distribution, which was offset by adequate mortgage loan distribution.
- Overall adequate borrower income distribution was evidenced by adequate distribution to businesses of different sizes and good distribution to borrowers of different income levels.
- CD lending performance was excellent and had a significantly positive effect on the Lending Test rating.
- The bank had excellent CD investment performance that addressed the needs for affordable housing community services to low- or moderate-income individuals, and stabilization/revitalization of low- or moderate-income areas. Investment responsiveness was excellent in light of the highly competitive nature in the Chicago AA.
- Product and service delivery systems were reasonably accessible to low- and moderate-income individuals and geographies.
- The bank is a leader in providing CD services. Excellent CD service performance had a significantly positive impact on the Service Test rating.

Description of Institution's Operations in the Chicago-Naperville-Joliet IL-IN-WI MMSA

The Chicago-Naperville-Joliet MMSA (IL-IN-WI MMSA) rating area consists of the three AAs within the MMSA where the bank has branches and conducts operations. The Chicago AA consists of all of Cook, Dupage, and Will counties and several communities along the eastern border of Kane County in Illinois in the Chicago-Naperville-Joliet MD. The Indiana AA consists of those communities located along the most northwestern border of Indiana in the Gary MD,

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.

and the Lake County, IL AA consists of all of Lake County, IL in the Lake County-Kenosha County MD.

Within the IL-IN-WI MMSA, the bank currently operates 86 branches, representing 97.7 percent of the bank's total branch network.

As of June 30, 2012, bank deposits in the IL-IN-WI MMSA totaled \$7 million, ranking the bank ninth among other financial institutions operating within this area, with a 2.5 percent market share. Bank competitors with the largest deposit market shares include JP Morgan Chase, with a 23.1 percent market share, and BMO Harris, with an 11.6 percent market share. These financial institutions, in addition to the next two financial institutions with the largest market share, hold 50.1 percent of the market share.

MB's deposits in the IL-IN-WI MMSA comprise 99.2 percent of the bank's total deposits.

Refer to the market profile for the IL-IN-WI MMSA in appendix C for detailed demographics and other performance context information for the Chicago AA, which received a full-scope review.

Scope of Evaluation in IL-IN-WI MMSA

Within the IL-IN-WI MMSA, the Chicago AA was subject to a full-scope review because it was the AA where the vast majority of the bank's deposit and lending activity occurred. Eighty-three of the 86 branches in the MMSA (96.5 percent) and 98.7 percent of the MMSA deposits as of June 30, 2012, were in the Chicago AA. This analysis was performed primarily based on loan activity in 2010 and 2011, which makes up the majority of lending activity, and was analyzed using 2000 census data. A comment regarding 2012 lending, which was analyzed using 2010 census data, will be included in the narrative as well. Performance in the Lake County, IL AA and the Indiana AA received limited scope reviews.

LENDING TEST

Conclusions for Areas Receiving Full-Scope Reviews

The bank's performance under the Lending Test in the Chicago AA is rated Outstanding. Based on a full-scope review, the bank's performance in the Chicago AA is excellent.

Lending Activity

Refer to Tables 1 Lending Volume and 1 Other Products in the IL-IN-WI MMSA section of appendix D for the facts and data used to evaluate the bank's lending activity.

Other products include small business loans secured by residential real estate that were originated by the bank during the review period. Although these loans were considered during this CRA examination, the volume of activity was minimal and had minimal impact on the bank's overall performance.

Overall lending activity in the Chicago AA is excellent. Lending activity in the Chicago AA in 2010 through 2011 was excellent. As of June 30, 2011, in the Chicago AA, MB had a deposit market share of 3.0 percent and was ranked eighth among 197 financial institutions. For small loans to businesses, MB ranked 17th among 194 lenders with a 0.9 percent market share. Affecting the bank's market share is the fact that the six banks with the top market shares are all credit card lenders with a combined market share, based on number of loans, of 71.7 percent. However, when dollar amounts are considered, MB's ranking advances to fifth place, with a market share of 5.0 percent.

MB's 2011 market share for mortgage lending was 0.2 percent based on number of loans and 0.2 percent based on dollar amounts. By number of loans, the bank ranked 60th of 799 lenders.

During 2011, the bank achieved a 0.2 percent market share based on the number of originations or purchases for residential refinancing loans and a 0.2 percent market share based on dollar amount. The bank ranked 53rd out of 710 lenders. The top five lenders had a combined market share of 45.7 percent. The bank's market share for home purchase loans based on number of loans was 0.1 percent and was 0.1 percent based on dollar amount. The bank ranked 92nd out of 571 lenders. The top five lenders had a combined market share of 41.6 percent. The bank ranked 41st out of 246 home improvement lenders with a market share of 0.4 percent based on number of loans and 0.3 percent based on dollar amount. The top five lenders had a combined market share of 41.1 percent. MB ranked 16th out of 151 multifamily lenders in the Chicago AA, with a market share of 0.9 percent based on number of loans and 0.8 percent based on dollar amount. The top five lenders had a combined market share of 54.7 percent.

Distribution of Loans by Income Level of the Geography

Overall, the geographic distribution of the bank's lending is good. The volume of small farm loans is insignificant; therefore, an analysis of their distribution is not meaningful.

Home Mortgage Loans

Refer to Tables 2, 3, 4, and 5 in the IL-IN-WI MMSA section of appendix D for the facts and data used to evaluate the geographic distribution of the bank's home mortgage loan originations/ purchases.

Overall, the geographic distribution of MB's home mortgage lending was adequate.

One of the primary factors considered in evaluating the bank's mortgage lending performance in its various AAs was the percentage of owner-occupied housing units (OOHUs) located in each AA. According to the 2000 census, 2.8 percent of the OOHUs within the Chicago AA were in low-income geographies, and as of the 2010 census, this percentage increased to 4.4 percent. In 2000, 16.2 percent of the OOHUs were within moderate-income geographies. This number increased to 19.6 percent as of the 2010 census.

For our analysis, home refinance loans carried the most weight as the majority of home mortgage lending was for this purpose.

Home Purchase Loans

The geographic distribution of home purchase loans in the Chicago AA reflected adequate penetration throughout the AA. The geographic distribution of home purchase loans in 2010 through 2011 reflected adequate penetration throughout the AA. The percentage of home purchase loans originated or purchased by the bank in 2010 and 2011 in low-income geographies was lower than the percentage of OOHUs. Bank lending was also lower than the percentage of OOHUs in moderate-income geographies. With an overall market share of less than one percent, an analysis of market share performance is not meaningful.

The bank's home purchase lending in 2012 was not inconsistent with its 2010 through 2011 performance.

Home Improvement Loans

The geographic distribution of home improvement loans in the Chicago AA was good. The geographic distribution of home improvement loans in the Chicago AA in 2010 through 2011 reflected good penetration. The percentage of bank lending in low-income geographies in 2010 and 2011 was adequate as it was lower than the percentage of OOHUs, while the percentage of bank lending in moderate-income geographies was excellent as it exceeded the percentage of OOHUs. With an overall market share of less than one percent, an analysis of market share performance is not meaningful.

The bank originated only five home improvement loans in 2012. Due to the small volume of lending, we were unable to perform a meaningful analysis of the data.

Home Refinance Loans

Overall, the geographic distribution of home refinance loans was adequate in the Chicago AA. The geographic distribution of home refinance loans in 2010 through 2011 reflected adequate penetration throughout the Chicago AA. The geographic distribution of 2010 and 2011 home refinance lending in low-income geographies was near to the percentage of OOHUs; however, the percentage of bank lending in moderate-income geographies was well below the percentage of OOHUs. With an overall market share of less than one percent, an analysis of market share performance is not meaningful.

In 2012, the bank's performance was not inconsistent with its 2010 through 2011 performance.

Multifamily Loans

The geographic distribution of multifamily loans was excellent in the Chicago AA. The geographic distribution of multifamily loans in 2010 through 2011 was excellent. The geographic distribution of multifamily lending by the bank exceeded the percentage of multifamily units in both low- and moderate-income geographies. With an overall market share of less than one percent, an analysis of market share performance is not meaningful.

2012 performance was not inconsistent with 2010 through 2011 performance. The percentage of bank multifamily lending continued to exceed the percentage of multifamily units in both low- and moderate-income geographies.

Small Loans to Businesses

Refer to Table 6 in the IL-IN-WI MMSA section of appendix D for the facts and data used to evaluate the geographic distribution of the bank's origination/purchase of small loans to businesses.

The geographic distribution of small loans to businesses within the Chicago AA was excellent. The geographic distribution of small loans to businesses in 2010 through 2011 reflected excellent penetration throughout the Chicago AA. Bank lending to small businesses located in low- and moderate-income geographies within the Chicago AA exceeded the percentage of small businesses at both demographic income levels. The bank's market share for small loans to businesses in both low- and moderate-income geographies exceeded its overall market share as well.

The bank's performance in 2012 was weaker than in 2010 through 2011. The percentage of lending in low-income geographies was near to the percentage of small businesses, while the percentage of lending in moderate-income geographies continued to exceed the percentage of small businesses. Overall bank performance was not impacted by the bank's performance in 2012.

Lending Gap Analysis

The bank's small business and mortgage lending activity for 2010 and 2011 was mapped in order to determine if there were any gaps in the bank's mortgage and small business lending within the Chicago AA. No conspicuous gaps were identified.

Distribution of Loans by Income Level of the Borrower

Given the product lines offered by the institution, the overall borrower distribution is adequate.

Home Mortgage Loans

Refer to Tables 8, 9, and 10 in the IL-IN-WI MMSA section of appendix D for the facts and data used to evaluate the borrower distribution of the bank's home mortgage loan originations and purchases.

Overall, the borrower distribution of MB's home mortgage lending was good.

Our analysis focused on the bank's lending to low- and moderate-income borrowers as compared to the level of low- and moderate-income families within the AA. In the Chicago AA, at the time of the 2000 census, 21.6 percent of the families were low-income and 17.8 percent were moderate-income. At the 2010 census, the percentage of low-income families decreased to 19.2 percent, while the percentage of moderate-income families remained at 17.8 percent. Another factor considered in the evaluation of the borrower distribution of home mortgage

loans was the number of households that live below the poverty level. This percentage increased from 10.3 percent of the AA population during the 2000 census to 12.0 percent at the 2010 census. Also considered was the availability of affordable homes for low- and moderate-income families. During the evaluation period, according to realtor.org, the median housing price in the Chicago-Naperville-Joliet MSA was \$191 thousand in 2010, \$176 thousand in 2011, and \$175 thousand in 2012, making home affordability extremely difficult for this segment of the population.

Home Purchase Loans

Overall, the borrower income distribution of home purchase loans was good for the Chicago AA. The borrower income distribution of home purchase loans in 2010 and 2011 was good. The percentage of home purchase loans to low-income borrowers was well below the percentage of low-income families in the AA. Even considering the level of households that live below the poverty level, the bank's performance was poor. The percentage of home purchase loans to moderate-income borrowers, however, was near to the percentage of moderate-income families. With an overall market share of less than one percent, an analysis of market share performance is not meaningful.

In 2012, the bank's performance in lending to low- and moderate-income individuals was stronger than its performance in 2010 through 2011. Bank lending to low-income borrowers improved, but continued to be below the percentage of low-income families in the AA. The percentage of lending to moderate-income borrowers exceeded the percentage of moderate-income borrowers. Bank performance in 2012 was not inconsistent with the good 2010 through 2011 performance.

Home Improvement Loans

The borrower income distribution of home improvement loans was excellent for the Chicago AA. The borrower income distribution of home improvement loans was excellent in 2010 through 2011. The percentage of home improvement loans to low-income borrowers originated in 2010 and 2011 was near to the percentage of low-income families; and the percentage of home improvement loans to moderate-income borrowers exceeded the percentage of moderate-income families. With an overall market share of less than one percent, an analysis of market share performance is not meaningful.

In 2012, the bank originated only five home improvement loans in the Chicago AA. Due to the small volume of lending, we were unable to perform meaningful analysis of the data.

Home Refinance Loans

The borrower distribution of home refinance loans was good in the Chicago AA. The borrower distribution of home refinance loans in 2010 through 2011 was good. The percentage of bank lending to low-income borrowers was below the percentage of low-income families; however, considering households below the poverty level, the bank's performance was good. The percentage of home refinance loans to moderate-income borrowers was below the percentage of moderate-income families. With an overall market share of less than one percent, an analysis of market share performance is not meaningful.

The bank's performance in 2012 was stronger than its 2010 through 2011 performance. 2012 refinance lending by the bank was similar to its 2010 and 2011 performance in lending to low-income borrowers, but for moderate-income borrowers, the bank's level of lending exceeded the percentage of moderate-income families in the AA. Performance in 2012 did not have an impact on the overall conclusion.

Small Loans to Businesses

Refer to Table 11 in the IL-IN-WI MMSA section of appendix D for the facts and data used to evaluate the borrower distribution of the bank's origination/purchase of small loans to businesses.

MB's distribution of small loans to businesses with revenues of \$1 million or less was adequate based on economic conditions and the competitive market in which the bank operates. MB's distribution of small loans to businesses with revenues of \$1 million or less was adequate in 2010 through 2011. The bank's origination of small loans to businesses with less than \$1 million in gross annual revenues was well below the percentage of small businesses within the AA; however, the bank is competing with nearly 200 other lenders in the Chicago AA in lending to small businesses, including several of the largest credit card and national lenders in the U.S. With an overall market share of less than one percent, an analysis of market share performance is not meaningful.

Bank performance in 2012 was not inconsistent with performance than in 2010 through 2011.

Community Development Lending

Refer to Table 1 Lending Volume in the IL-IN-WI MMSA section of appendix D for the facts and data used to evaluate the bank's level of CD lending. This table includes all CD loans, including multifamily loans that also qualify as CD loans. In addition, Table 5 includes geographic lending data on all multifamily loans, including those that also qualify as CD loans. Table 5 does not separately list CD loans, however.

The bank's CD lending activity in the Chicago AA had a significantly positive impact on the Lending Test rating. MB originated an excellent level of CD loans during the evaluation period. MB originated and renewed loans totaling \$411 million during the review period, which is an increase since the last examination in a shorter amount of time. The \$411 million consisted of 59 new originations totaling \$154 million and 160 renewals totaling \$257 million. The \$411 million in CD loans represents 48.2 percent of the Tier One Capital allocated to the Chicago AA. These CD loans help to provide affordable housing, community services to low- or moderate-income individuals, stabilization/revitalization of low- or moderate-income areas, or provide economic development through job creation.

Some specific examples of the CD loans originated during this evaluation period follow:

- The bank provided \$47 million to private investors to purchase or refinance affordable multifamily properties in LMI geographies within the City of Chicago.

- The bank originated new loans during the review period to a health center that operates in the low- and moderate-income neighborhoods of South Chicago, Roseland, Pullman, Chicago Lawn and East Side in Chicago. This borrower is a Federally Qualified Health Center (FQHC), which operates under the supervision of the Health Resources and Services Administration (HRSA), part of the US Department of Health and Human Services. The borrower's primary funding comes from a grant awarded by the US Department of Health and Human Services PHS, Section 330. FQHCs are community-based organizations that provide comprehensive primary care and preventative care, including health, oral, and mental health/substance abuse services to persons of all ages, regardless of their ability to pay or health insurance status. Approximately 50 percent of the borrower's patients are Medicaid recipients, 37 percent are uninsured, 8 percent are HMO/Private insurance, and 5 percent are Medicare recipients. In 2012, MB helped fund construction of a new \$10 million facility to serve the Pullman and Roseland areas. MB provided funds totaling \$8 million as a bridge loan, which enabled the borrower to raise the additional capital needed through New Market Tax Credits (NMTCs).
- MB originated a \$25 million revolving line of credit to a multifamily property investment and management company, which provides affordable housing options to low- and moderate-income individuals. In addition to offering rental units, they give back to the community through a variety of programs. Ninety-one percent of their property locations are in low- or moderate-income neighborhoods. The company has acquired many distressed properties that are then renovated and repaired so they can be rented to residents that are low- or moderate-income. Chicago Association of Realtors has awarded this company the Good Neighbor Award. These awards are given to new construction and renovation projects that are revitalizing Chicago communities.
- A loan to an organization in Dupage County helped fund predevelopment expenses for a 24-unit townhome project. This organization provides and advocates for quality affordable housing for low- and moderate-income individuals and families throughout the county. This organization provides housing for more than 1,100 people each year. It purchases, builds, rents, and manages quality housing that is priced below market rates to serve the needs of low- and moderate-income individuals.
- MB has also provided \$6 million in funding to a charter school network that is one of the premier charter schools in Chicago. This organization currently has four charter school locations in Chicago, all of which are located in low- and moderate-income geographies. The purpose of current bank financing is to support the organization's purchase and renovation of a fifth location, as well as refinancing an existing bond debt on one of their properties. MB coordinated the refinancing of the school's construction loan through a combination of Series 2011 bond issuances, a bridge loan, and a New Markets Tax Credit (NMTC) financing structure.
- Another bank customer is a charter school network that manages 13 charter schools in Chicago. All of the charter schools are located in and surrounded by low- and moderate-income geographies. The proceeds from two loans totaling \$21 million were used to construct three new charter schools located in the Archer Heights neighborhood in Chicago.

Product Innovation and Flexibility

MB is a participant in a number of governmental and privately sponsored programs that are designed to provide more flexible loan terms to low- and moderate-income individuals and to small businesses.

In addition, MB has partnered with and invested in several CDFIs that are involved in extending innovative or flexible loans.

MB implemented the Employer-Assisted Forgivable Housing Loan benefit to help employees achieve home ownership. The program offers interest-free, deferred, and forgivable loans to bank employees to help them purchase a single family home or condominium to be used as their primary residence. During the evaluation period, 31 loans were originated under this program.

Conclusions for Areas Receiving Limited-Scope Reviews

Based on limited-scope reviews, the bank's performance under the Lending Test in the Lake County, IL AA and the Indiana AA was weaker than the bank's overall Outstanding performance under the Lending Test in the IL-IN-WI MMSA and was considered adequate and good, respectively. The weaker performance was due to borrower distribution. The performance in the limited-scope areas did not have an impact on the overall Lending Test rating in the MMSA. Refer to the Tables 1 through 13 in the IL-IN-WI MMSA section of appendix D for the facts and data that support these conclusions.

INVESTMENT TEST

Conclusions for Areas Receiving Full-Scope Reviews

The bank's performance under the Investment Test in the Chicago AA is rated Outstanding. Based on a full-scope review, the bank's performance in the Chicago AA is excellent.

Refer to Table 14 in the IL-IN-WI MMSA section of appendix D for the facts and data used to evaluate the bank's level of qualified investments.

The bank's responsiveness to the CD needs in the Chicago AA was excellent. This responsiveness is in light of the highly competitive investment market in the Chicago AA, including several large nationwide financial institutions. The bank has exhibited excellent responsiveness through the types of investments made, the identified needs these investments address, and the high level of unfunded future commitments. For our review, we focused on the volume and types of investments and grants made by the bank relative to the CD opportunities in the AA. Information gathered from bank management, performance evaluations of similarly situated local financial institutions, and community contacts indicated that there are significant investment opportunities in the AA. Specifically mentioned were affordable housing initiatives, opportunities to invest in loan pools developed by Community Development Financial Institutions (CDFIs), and the provision of general operating and program support of nonprofit organizations with CD purposes. Although investment

opportunities in the Chicago AA are abundant, the bank must compete with many larger regional and national financial institutions for these opportunities.

Total bank investments and grants made in the Chicago AA totaled \$42 million, which is 4.9 percent of the Tier 1 capital allocated to the AA. In total, MB supported over 150 different community organizations with 379 contributions totaling \$1.4 million. Total investments include 12 funded investments during the evaluation period totaling \$22 million and the book value of 16 funded investments made in prior periods that are still on the bank's books totaling \$19 million. Seventy-six percent of the bank's qualified investments were to organizations that focus on affordable housing, a critical need in the AA; 15 percent was made to organizations that support CD financing by financing small businesses; and 9 percent went to organizations that support the revitalization of low- and moderate-income geographies.

The bank also has \$35 million in unfunded legally binding commitments to invest in organizations within the AA that meet CD criteria. These commitments demonstrate the bank's future commitment to CD needs in the AA.

The level of qualified investments and grants made by the bank reflects the bank's willingness to work with a variety of organizations in the AA to help meet various CD needs. Some of the more significant qualifying investments and grants made during this evaluation period are as follows:

- MB has an equity investment in a SBIC fund. This SBIC Fund was formed to provide equity and/or debt capital specifically to U.S. small businesses. During the current evaluation period, MB funded an investment for \$2.8 million. MB also has a binding unfunded commitment to this fund for an additional \$23 million.
- MB funded \$2.1 million in the current period of various commitments to Community Investment Corporation (CIC), a Community Developmental Financial Institution (CDFI) that specializes in equity investments of real estate rehabilitation projects in low- and moderate-income neighborhoods. The bank's investment is expressed in the purchase of notes issued by CIC, backed by individual notes and mortgages on qualifying residential properties. This entity provides financing for acquisition and rehabilitation or new construction of multifamily housing in low- and moderate-income neighborhoods in a six-county metropolitan Chicago area. After adding the current period with prior period investments, the bank has a remaining commitment of \$6.1 million.
- As part of their 13.6 percent participation in a \$110 million warehouse line of credit to the Neighborhood Housing Services, the bank funded \$6 million during the current period. The proceeds of this investment were used to purchase new and existing residential loans originated by Neighborhood Lending Services secured by first and second mortgages up to 30 years to low- and moderate-income families.
- MB's investment of \$1 million represents their current period pro-rata share of an investment in a mutual fund. The fund's principal investment strategy is to invest in debt securities that are deemed qualified as CRA investments. The fund designates specific securities in the bank's AA to each investing institution. MB also has \$7.7 million in prior

period investments in this fund allocated to the Chicago AA. The current dollar amount consists of all dividends earned and reinvested during the current period.

- MB gave approximately \$67 thousand in grants to a community service organization that targets low- and moderate-income persons.
- \$150 thousand was given to an organization that revitalizes low- and moderate-income neighborhoods by offering homeownership, lending, and rehabilitation services to help individuals buy, fix, and keep their homes.
- MB granted \$75 thousand to an educational institution to support the school's scholarship fund. MB is also working in partnership with the school in a fellowship program. MB provides scholarship support and career preparation to low- and moderate-income undergraduates in financial need.
- MB donated \$99 thousand to another educational institution with primarily a low- and moderate-income student population. Funds were used for the school's work-study program.

Conclusions for Areas Receiving Limited-Scope Reviews

Based on limited-scope reviews, the bank's performance under the Investment Test in the Indiana AA is not inconsistent with the bank's performance in the IL-IN-WI MMSA. Performance in the Indiana AA is excellent, with investments and grants in the Indiana AA representing 94 percent of the allocated Tier One capital. Performance in the Lake County, IL AA is weaker than the Outstanding performance in the IL-IN-WI MMSA and is considered very poor. Performance in the limited-scope AAs did not have an impact on the overall conclusion for the IL-IN-WI MMSA. Refer to the Table 14 in the IL-IN-WI MMSA section of appendix D for the facts and data that support these conclusions.

SERVICE TEST

Conclusions for Areas Receiving Full-Scope Reviews

The bank's performance under the Service Test in the Chicago AA is High Satisfactory. Based on a full-scope review, the bank's performance in the Chicago AA is good. Adequate retail banking services was significantly positively impacted by excellent CD services.

Retail Banking Services

Refer to Table 15 in the IL-IN-WI MMSA section of appendix D for the facts and data used to evaluate the distribution of the bank's branch delivery system and branch openings and closings.

MB's branch distribution in the Chicago AA is adequate.

In 2010 and 2011, MB's branch distribution was adequate. Bank branches were reasonably accessible to geographies and individuals of different income levels in the AA. MB operated

83 branches in the Chicago AA during 2010 and 2011. Using 2000 census data, three or 3.6 percent were located in low-income geographies and six or 7.2 percent were located in moderate-income geographies, which was less than the percentage of the population that resides in low- and moderate-income geographies. Considering the fact that the Chicago market in which the bank primarily operates is extremely competitive, the bank's performance is reasonable. Mapping of all banks with branch locations within the Chicago AA shows that the area is saturated with banking locations accessible to a vast majority of low- and moderate-income geographies. The bank's branch distribution in 2012 was not inconsistent with the distribution in 2010 through 2011 and was considered adequate.

The bank's record of opening and closing branches has not adversely affected the accessibility of its delivery systems, particularly in low- and moderate-income geographies or to low- and moderate-income individuals. During the evaluation period, the bank opened one new branch in an upper-income area. Two branches were closed due to reductions in business activity, and one branch was closed to consolidate with another branch. These closures were in moderate and upper-income areas.

MB's banking services and business hours do not vary in a way that inconveniences portions of the AA, particularly low- and moderate-income individuals; extended banking hours are available at all locations. Branches are open into the evening on weekdays and into the afternoon on Saturdays and Sundays. MB offers a comprehensive line of retail banking services and specifically targets low- and moderate-income individuals with services such as free checking, holiday cash accounts, credit products, and passbook savings accounts. Multilingual services are available.

The distribution of ATMs is good. MB operates 116 ATMs in the Chicago AA: 101 full-service, deposit-taking ATMs and 15 that dispense cash only.

ATM freedom is a program that allows MB debit cardholders to use any ATM in the world free of service charges. The program also allows unlimited free MB ATM and PIN-based point-of-sale transactions and reimbursement to the customer for up to five ATM surcharge fees charged by other banks for using their ATMs per calendar month. The bank offers the Directo a Mexico program, which allows customers to send funds via ACH to friends and family in Mexico, bank to bank. The program, which is affordable, safe, and convenient, uses the Federal Reserve and Banco de Mexico, the Mexican Central Bank, for the money transmission. Other MB alternative delivery systems include telephone banking, an automated telephone system, Internet banking, and on-line bill pay. Most recently, MB introduced a mobile banking application. MB does not monitor the usage of these alternative delivery services by low- or moderate-income individuals; therefore, we did not place significant weight on these alternative services when drawing Service Test conclusions.

Community Development Services

MB provided an excellent level of CD services, which had a significantly positive impact on the Service Test rating. MB is a leader in providing CD services, which are highly responsive to community needs. Bank representatives are involved with a large number of CD activities within the Chicago AA, often in a leadership capacity. During the review period, 69 employees provided over 1,700 hours in CD services to the communities that MB serves. MB provided

qualified CD services to at least 11 organizations that provide affordable housing, 66 organizations that provide community services to low- and moderate-income individuals and eight organizations that provide economic development services. The types of services provided include serving as board members, acting as organization treasurers, and participating as committee members, advisors, and mentors for these CD organizations. The bank continues to seek new opportunities to participate in organizations whose primary purpose is affordable housing, community services targeted to low- and moderate-income persons, economic development through the financing of small businesses, and the revitalization of low- and moderate-income areas.

MB's CDC has been in place since 1995. The mission of the CDC is to act as a contact and catalyst between bank divisions, neighborhood groups, financial institutions, developers, and local government entities concerned with community planning and development and to help strengthen the communities served by the bank as a corporate partner.

MB has established itself in Illinois as a facilitator of Affordable Housing Program (AHP) subsidies through the Federal Home Loan Bank (FHLB) of Chicago. As a lead bank, MB plays a critical role in the success of securing these subsidies through the provision of technical assistance, completion of the extensive application, and project monitoring. In addition, the bank enters into a "recapture" agreement with the project developer and other sponsors, which makes MB liable for funds that are not used consistent with the strict affordable housing criteria. During the 2011 and 2012 round of application submissions, the CDC submitted sixteen ADP grants applications totaling \$6.9 million with 958 units of affordable housing to the FHLB on behalf of various organizations. The CDC was approved for six AHP grants for a total of \$2.1 million for 333 units of affordable housing. In August 2012, the US Treasury CDFI fund certified the CDC as a Community Development Entity (CDE). The CDFI Fund determined the CDC's accountability to be to low-income communities in the following service areas: Local - Cook County, DuPage County, Kane County, LaSalle County, Lake County and Will County in Illinois. After certification as a CDE, the bank submitted an application for \$80 million in NMTCs; however, none were granted. The bank engaged an outside consultant to help them to prepare their 2013 application for another \$75 million in NMTCs.

In addition to the work performed by the CDC, bank employees provided technical assistance on financial and banking related matters to numerous community groups, low- and moderate-income persons and families, and small businesses. Examples of such services:

- A Senior Vice President of Commercial Banking has provided financial expertise for over 15 years as a Board Member, and over 10 years as Treasurer, and Chairman of the Audit and Finance Committee to an organization, that through more than 70 programs and services serves approximately 8,000 low-income individuals each year. Assistance is provided in several key areas: assistance for the immediate short-term crisis; knowledge, opportunities and support to break out of poverty over the long-term; and access to a network of additional programs and services.
- A Vice President has provided her expertise to a center that promotes health, works to prevent disease, and provides treatment through the delivery of quality, accessible primary healthcare to low- and moderate-income persons that is culturally sensitive, affordable, and responsive to community and individual needs. Her expertise consisted of being a Board

Member as well as a member of the Personnel Development and Audit Committees. She has also assisted in the budgeting and statement processes.

- A President of a division of MB provides his financial expertise to a nonprofit that provides affordable housing to those in need primarily on the South Side of Chicago. The nonprofit has built 90 homes in various Chicago neighborhoods, providing families with safe, decent, and affordable housing. The financial expertise provided consisted of being a Board Member, Treasurer, and the Head of the Finance Committee.
- A Commercial Banking Representative serves as an active mentor, Director of Mentees, and Director of Finance for an organization that helps accomplished high school students from low-income families broaden their aspirations and prepare them for college success.
- A Vice President provides his financial expertise to educate low-income children in the area of financial literacy through a school organization that partners with middle schools to expand the learning day for children in low-income communities across the country, including a school in Chicago where 100 percent of the students are low-income.

Conclusions for Areas Receiving Limited-Scope Reviews

Based on limited-scope reviews, the bank's performance under the Service Test in both the Lake County, IL AA and the Indiana AA is weaker than the bank's overall High Satisfactory performance under the service test in the IL-IN-WI MMSA and is considered poor. This performance is due to branch distribution. Bank performance in the two limited-scope AAs had no impact on the IL-IN-WI MMSA rating. Refer to table 15 in the IN-IN-WI MMSA section of appendix D for the facts and data that support these conclusions.

State Rating

State of Illinois

| | |
|--------------------------------------|----------------------------------|
| State CRA Rating:² | Needs to Improve |
| The Lending Test is rated: | Needs to Improve |
| The Investment Test is rated: | Substantial Noncompliance |
| The Service Test is rated: | Needs to Improve |

The major factors that support this rating include:

- The bank's lending activity was poor. Only two loans were originated during the evaluation period.
- No CD loans were originated within this AA during the evaluation period.
- The bank made no qualified investments in the AA during the evaluation period.
- The bank performed no CD services in the AA during the evaluation period.
- Branch distribution is considered adequate.

Description of Institution's Operations in Illinois

MB has one AA outside of the IL-IN-WI MMSA in the state of Illinois. This AA consists of one middle-income census tract, which is within LaSalle County, a non-MSA area. MB operates one branch and ATM location in this AA, in the village of Seneca, with deposits that represent less than one quarter of one percent of the bank's deposits. The June 30, 2011, FDIC deposit market share report shows that MB ranked 2nd out of two financial institutions taking deposits in Seneca, with a market share of 24.7 percent.

Refer to the market profiles for the state of Illinois in appendix C for detailed demographics and other performance context information for this AA that received a full-scope review.

Scope of Evaluation in State of Illinois

We performed a full-scope review of the bank's performance in the LaSalle County AA, as it is the bank's only AA in Illinois that is not a part of the IL-IN-WI MMSA.

² For institutions with branches in two or more states in a multistate metropolitan area, this statewide evaluation does not reflect performance in the parts of this state contained within the multistate metropolitan area. Refer to the multistate metropolitan area rating and discussion for the rating and evaluation of the institution's performance in that area.

LENDING TEST

Conclusions for Areas Receiving Full-Scope Reviews

The bank's performance under the Lending Test in the LaSalle County AA is rated Needs to Improve. Based on a full-scope review, the bank's performance in the LaSalle County AA is poor.

Lending Activity

Refer to Table 1 Lending Volume in the state of Illinois section of appendix D for the facts and data used to evaluate the bank's lending activity.

The bank's lending activity within the LaSalle County AA was poor. Performance during 2010 through 2011 was poor. During the two-year evaluation period, MB originated or purchased only two home refinance loans in the AA.

In 2012, bank performance improved but was not inconsistent with the poor performance in 2010 through 2011, as only four home refinance loans and two small business loans were originated.

Distribution of Loans by Income Level of the Geography

Due to the bank's limited volume of home mortgage loans and small loans to businesses originated or purchased during the evaluation period, an analysis of the geographic distribution of loans is not meaningful.

Distribution of Loans by Income Level of the Borrower

Due to the bank's limited volume of home mortgage loans and small loans to businesses originated or purchased during the evaluation period, an analysis of the distribution of loans by borrower income level is not meaningful.

Community Development Lending

Refer to Table 1 Lending Volume in the state of Illinois section of appendix D for the facts and data used to evaluate the bank's level of CD lending. This table includes all CD loans, including multifamily loans that also qualify as CD loans.

The bank originated no CD loans during the evaluation period.

Product Innovation and Flexibility

MB's offering of flexible loan products had a neutral impact on Lending Test performance. Although MB offered various loans under a range of flexible conventional and government loan programs, none were originated within this AA.

INVESTMENT TEST

Conclusions for Area Receiving Full-Scope Review

The bank's performance under the Investment Test in the LaSalle County AA is rated Substantial Noncompliance. Based on a full-scope review, the bank's performance in the LaSalle County AA was very poor.

The bank made no qualified investments during the evaluation period. This is mitigated somewhat by the limited opportunities that exist in this rural area; however, it is still considered very poor performance.

Refer to Table 14 in the Illinois AA section of appendix D for the facts and data used to evaluate the bank's level of qualified investments.

SERVICE TEST

Conclusions for Areas Receiving Full-Scope Reviews

The bank's performance under the Service Test in the state of Illinois is rated Needs to Improve. Based on a full-scope review, the bank's performance in the LaSalle County AA is poor. Adequate retail banking services were impacted by very poor CD service performance.

Retail Banking Services

Refer to Table 15 in the state of Illinois section of appendix D for the facts and data used to evaluate the distribution of the bank's branch delivery system and branch openings and closings.

Bank services are reasonably accessible to geographies and individuals of different income levels in the AA. The bank's services were reasonably accessible to geographies and individuals of different income levels in the AA in 2010 and 2011. The bank's one branch is located in the village of Seneca, which is in a middle-income geography in rural LaSalle County. The hours and services offered in this AA do not vary from those offered at other MB locations. No branches were opened or closed during the evaluation period.

Bank products offered at this location include free checking, online bill pay, and ACH services, none of which are unique to MB. Other alternative banking systems are available to bank customers; however, MB does not monitor the usage of these alternative delivery services by low- or moderate-income individuals; therefore, we did not place significant weight on these alternative services when drawing Service Test conclusions.

Branch distribution performance in 2012 was not inconsistent with performance noted in 2010 through 2011. Retail banking hours and services offered in 2012 were not inconsistent with those offered in 2010 and 2011.

Community Development Services

Despite the fact that there are only five staff members at this branch location, the bank exhibited very poor performance during the evaluation period as no CD services were performed. This performance has had a negative impact on the bank's Service Test performance rating in the LaSalle County AA.

State Rating

State of Pennsylvania

CRA Rating for Pennsylvania: Needs to Improve
The Lending Test is rated: Needs to Improve
The Investment Test is rated: Outstanding
The Service Test is rated: Needs to Improve

The major factors that support this rating include:

- Mortgage lending activity within the AA is poor. The bank originated only two small business loans in the AA in 2010 and 2011 and none in 2012.
- MB has made an excellent level of qualified investments in the Philadelphia AA.
- The bank's branch distribution and CD services reflect poor performance.

Description of Institution's Operations in Pennsylvania

MB has one AA in the state of Pennsylvania, in the city of Philadelphia (Philadelphia AA). The bank has designated as its AA all of Philadelphia County, which is part of the Philadelphia MD. The AA consisted of 381 geographies at the time of the 2000 census and 384 geographies based on the 2010 census. Of the total geographies, 29 percent were low-income, 37 percent moderate-income, 23 percent middle-income, and 8 percent upper-income geographies based on 2000 census information. Using 2010 census information, 36 percent are low-income, 29 percent are moderate-income, 20 percent are middle-income, and 3 percent are upper-income geographies. The Philadelphia office is a full-service branch with one ATM and nine employees.

According to the FDIC deposit market share report as of June 30, 2011, MB ranked 29th of 47 financial institutions taking deposits in Philadelphia County. MB had a deposit market share of 0.1 percent. There is significant financial competition in the area with very large financial institutions having a large presence. In 2011, the top five financial institutions and their deposit market shares were Wells Fargo (31.4 percent), Citizen's Bank of PA (17.1 percent), PNC Bank (14.2 percent), and Bank of America (11.2 percent). These four banks held 73.9 percent of the county's deposit market share.

The Philadelphia office generates a very small percentage of the bank's loans and deposits. It comprised less than 1 percent of both total home mortgage loans and small loans to businesses in 2010 and 2011 and produced less than 1 percent of the bank's total deposits.

Refer to the market profiles for the state of Pennsylvania in appendix C for detailed demographics and other performance context information for this AA that received a full-scope review.

Scope of Evaluation in Pennsylvania

The Philadelphia AA received a full-scope review as it is the bank's only AA in the state of Pennsylvania.

LENDING TEST

Conclusions for Area Receiving Full-Scope Review

The bank's performance under the Lending Test in the state of Pennsylvania is rated Needs to Improve. Based on a full-scope review, the bank's performance in the Philadelphia AA is poor.

Lending Activity

Refer to Table 1 Lending Volume in the state of Pennsylvania section of appendix D for the facts and data used to evaluate the bank's lending activity.

In the Philadelphia AA, MB's lending activity is poor. In years 2010 through 2011, MB's lending activity was poor and 2012 lending activity was not inconsistent with the prior two years. MB originated only 16 mortgage loans (one home purchase, one home improvement, and fourteen home refinances) and two small business loans during the evaluation period. The limited lending is attributed to the fact that the bank has only one branch location in this AA, and the bank focuses primarily on that area of the city of Philadelphia where the branch is located. MB ranked 409th out of 422 lenders for mortgage loan originations/purchases in 2011.

Distribution of Loans by Income Level of the Geography

Due to the bank's limited volume of home mortgage loans and small loans to businesses originated or purchased during the evaluation period, an analysis of the geographic distribution of loans was not meaningful.

Distribution of Loans by Income Level of the Borrower

Due to the bank's limited volume of home mortgage loans and small loans to businesses originated or purchased during the evaluation period, an analysis of the geographic distribution of loans was not meaningful.

Community Development Lending

CD lending had no impact on the bank's performance in the Philadelphia AA as there were no CD loans made during the evaluation period.

Product Innovation and Flexibility

MB's offering of flexible loan products also had no impact on Lending Test performance. Although MB offers various loans under a range of flexible conventional and government loan programs, none were originated within this AA.

INVESTMENT TEST

Conclusions for Area Receiving Full-Scope Review

The bank's performance under the Investment Test in the Philadelphia AA is rated Outstanding. Based on a full-scope review, the bank's performance in the Philadelphia AA is excellent.

Refer to Table 14 in the state of Pennsylvania section of appendix D for the facts and data used to evaluate the bank's level of qualified investments.

Total bank investments of just over \$1 million represents 17.0 percent of the Tier One capital allocated to this AA. The bank's qualified investments in this AA consist primarily of prior period investments. Although the dollar amount represents an excellent level of investments, the responsiveness of these investments is considered adequate. Prior period investments include an investment in a CRA qualified investment fund that invests in debt securities that qualify as CRA investments. The fund specifically designates to the bank a specific security (or securities) in the bank's CRA AAs. One million dollars of a prior period GNMA pool secured by mortgages made to low- and moderate-income families in the Philadelphia AA was allocated to the Philadelphia AA and remains on the bank's books.

During the current evaluation period, MB contributed \$10 thousand to a local educational institution where the majority of the full time students attending are low- and moderate-income persons who receive Title IV need-based financial aid. Additionally, MB donated \$3 thousand to an organization that provides English as a second language classes to new immigrants to aid them in seeking employment.

SERVICE TEST

Conclusions for Area Receiving Full-Scope Review

The bank's performance under the Service Test in the Philadelphia AA is rated Needs to Improve. Based on a full-scope review, the bank's performance in the Philadelphia AA is poor.

Retail Banking Services

Refer to Table 15 in the state of Pennsylvania section of appendix D for the facts and data used to evaluate the distribution of the bank's branch delivery system and branch openings and closings.

MB's branch distribution in the Philadelphia AA is poor. MB's branch distribution in the Philadelphia AA in 2010 through 2011 was poor. In 2010 through 2011, bank services were unreasonably inaccessible to geographies and individuals of different income levels within the bank's AA. The one branch location was in a middle-income geography according to the 2000 census, but as of the 2010 census, it is now in a moderate-income geography. The location also includes an ATM. Bank products offered at this location include free checking, online bill pay, and ACH services, none of which are unique to MB.

The bank has not opened, closed, or acquired any branches in this AA during the review period. The branch distribution performance in 2012 was stronger than the performance noted in 2010 through 2011 due to the moderate-income geography change as of the 2010 census. Hours and services offered at the Philadelphia branch do not differ from those offered at other MB branch locations.

MB's alternative delivery systems include telephone banking, an automated telephone system, Internet banking, and on-line bill pay. Most recently, MB introduced a mobile banking application. MB does not monitor the usage of these alternative delivery services by low- or moderate-income individuals; therefore, we did not place significant weight on these alternative services when drawing service test conclusions.

The ATM Freedom program offered at other MB branch locations is also offered at the Philadelphia AA branch; however, the minimum \$5,000 average calendar month account balance requirement is waived for customers of the bank's Philadelphia Banking Center to help expand the accessibility of delivery systems for this community. All retail checking accounts opened at the Philadelphia Banking Center are eligible for ATM Freedom.

Community Development Services

MB's provision of CD services is poor as the bank provides a limited level of CD services in the Philadelphia AA. Although community service opportunities are abundant, based on information from community contacts and review of a variety of housing, economic development, and employment reports, CD services are limited by the small number (nine) of MB employees at the branch. The branch has a Vice President that provides her financial expertise to a nonprofit organization that works with business and community leaders to provide economic development, education, and workforce development for low- and moderate-income neighborhoods in the metropolitan Philadelphia area. The Vice President provides her expertise through technical assistance in credit counseling.

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): 1/01/2010 – 12/31/2012 Investment and Service Tests and CD Loans: 4/28/2010 – 8/12/2013 | |
| Financial Institution | Products Reviewed | |
| MB Financial | Residential home purchase, home improvement, home refinance, multifamily loans, and loans to small businesses Community Development Loans, Investments, and Services | |
| Affiliate(s) | Affiliate Relationship | Products Reviewed |
| MB Financial CDC | Subsidiary | CD loans, investments |
| List of Assessment Areas and Type of Examination | | |
| Assessment Area | Type of Exam | Other Information |
| Chicago-Naperville-Joliet MMSA | | |
| Chicago AA | Full-Scope | All of Cook, Dupage, Will Counties and eastern portion of Kane County |
| Lake County IL AA | Limited-Scope | All of Lake County, IL |
| Indiana AA | Limited-Scope | Northwestern portion of Gary MD |
| State of Illinois | | |
| LaSalle County AA | Full-Scope | One census tract in eastern portion of LaSalle County |
| State of Pennsylvania | | |
| Philadelphia AA | Full-Scope | All of Philadelphia County |

Appendix B: Summary of Multistate Metropolitan Statistical Area and State Ratings

| RATINGS MB Financial Bank | | | | |
|--|----------------------|---------------------------|---------------------|--------------------------------------|
| Overall Bank: | Lending Test Rating* | Investment Test Rating | Service Test Rating | Overall Bank/State/Multistate Rating |
| MB Financial, N.A. | Outstanding | Outstanding | High Satisfactory | Outstanding |
| Multistate Metropolitan Area or State: | | | | |
| Chicago-Naperville-Joliet, IL-IN-WI MMSA | Outstanding | Outstanding | High Satisfactory | Outstanding |
| State of Illinois | Needs to Improve | Substantial Noncompliance | Needs to Improve | Needs to Improve |
| State of Pennsylvania | Needs to Improve | Outstanding | Needs to Improve | Need to Improve |
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(*) The Lending Test is weighted more heavily than the Investment and Service Tests in the overall rating.

Appendix C: Market Profiles for Full-Scope Areas

IL-IN-WI MULTISTATE MSA

Chicago AA

| Demographic Information for Full-Scope Area: Chicago AA 2000 Census Data | | | | | | |
|--|-------------------------------|---|-----------------|---------------|-------------------|------------|
| Demographic Characteristics | # | Low % of # | Moderate % of # | Middle % of # | Upper % of # | NA* % of # |
| Geographies (Census Tracts/BNAs) | 1,631 | 14.29 | 26.12 | 34.09 | 24.46 | 1.04 |
| Population by Geography | 7,137,775 | 8.39 | 24.87 | 38.27 | 28.46 | 0.01 |
| Owner-Occupied Housing by Geography | 1,617,597 | 2.79 | 16.22 | 44.29 | 36.69 | 0.01 |
| Businesses by Geography | 605,481 | 3.69 | 14.63 | 36.84 | 44.60 | 0.24 |
| Farms by Geography | 6,899 | 1.68 | 11.99 | 42.77 | 43.56 | 0.00 |
| Family Distribution by Income Level | 1,734,510 | 21.57 | 17.76 | 21.79 | 38.88 | 0.00 |
| Distribution of Low- and Moderate-Income Families throughout AA Geographies | 682,188 | 15.01 | 34.98 | 36.61 | 13.39 | 0.00 |
| Median Family Income HUD Adjusted Median Family Income for 2011 Households Below the Poverty Level | \$60,166 \$76,200 10.33 | Median Housing Value Unemployment Rate (2000 US Census) | | | \$175,118 4.5% | |

(*) The NA category consists of geographies that have not been assigned an income classification.
Source: 2000 U.S. Census, and 2011 HUD updated MFI.

| Demographic Information for Full-Scope Area: Chicago AA 2010 Census Data | | | | | | |
|--|-------------------------------|---|-----------------|---------------|--------------------|------------|
| Demographic Characteristics | # | Low % of # | Moderate % of # | Middle % of # | Upper % of # | NA* % of # |
| Geographies (Census Tracts/BNAs) | 1,759 | 13.93 | 24.73 | 30.93 | 30.13 | 0.28 |
| Population by Geography | 7,213,025 | 9.80 | 25.40 | 33.04 | 31.76 | 0.00 |
| Owner-Occupied Housing by Geography | 1,716,721 | 4.35 | 19.57 | 36.99 | 39.09 | 0.00 |
| Businesses by Geography | 581,642 | 5.32 | 16.97 | 32.16 | 45.44 | 0.11 |
| Farms by Geography | 7,020 | 3.38 | 16.03 | 35.75 | 44.80 | 0.04 |
| Family Distribution by Income Level | 1,715,222 | 19.22 | 17.81 | 24.08 | 38.89 | 0.00 |
| Distribution of Low- and Moderate-Income Families throughout AA Geographies | 635,122 | 9.19 | 24.47 | 34.02 | 32.32 | 0.00 |
| Median Family Income FFIEC Adjusted Median Family Income for 2012 Households Below the Poverty Level | \$72,747 \$77,300 11.95 | Median Housing Value Unemployment Rate (2010 US Census) | | | \$290,640 10.4% | |

(*) The NA category consists of geographies that have not been assigned an income classification.
Source: 2010 U.S. Census, and 2012 FFIEC updated MFI.

The bank's AA within the Chicago AA includes all of Cook, DuPage, and Will counties and those communities along the eastern border of Kane County. All counties are contiguous. As of June 30, 2011, the bank had \$7.7 billion in deposits in the Chicago AA. This represents 98.7 percent of the bank's total deposits. As of June 30, 2012, the bank had \$7.4 billion in deposits in the AA. There were 197 financial institutions taking deposits within the AA in 2011 and 188 in 2012. MB's main competitors for both years include JPMorgan Chase, N.A., BMO Harris, N.A., Bank of America, N.A., and The Northern Trust Company. MB operates 83 branches, 104 deposit-taking ATMs and 15 cash dispensing only ATMs in the AA.

Based on the 2000 census, the population of the AA was 7,137,775, and per the 2010 census, the population of the AA is now 7,213,025. Since 2000, the AA has seen a slight population growth of approximately 1 percent. The 2012 FFIEC estimated median family income for the AA was \$77,300. According to 2000 census data, approximately 22.0 percent of the families in the AA were low-income, earning a median annual income of \$38,100. The 2010 census data evidenced a decline in the percentage to approximately 19.0 percent, earning a median annual income of \$38,650. The percentage of moderate-income families remained largely unchanged during the same period at approximately 18 percent according to both the 2000 and 2010 censuses.

The percentage of households living below the poverty level increased for the same period from 10.3 percent according to the 2000 census to 11.9 percent according to the 2010 census. Within low- and moderate-income geographies, the percentage of households below the poverty level increased significantly from a combined 63.7 percent according to the 2000 census to 83.5 percent according to the 2010 census. The percentage of households receiving public assistance increased during the same period by nearly 50 percent from 3.9 percent to 7.6 percent from the 2000 to the 2010 census.

Employment and Economic Factors

According to the Bureau of Labor Statistics, as of December 2012, the unemployment rate in the AA matched the State of Illinois unemployment rate of 8.9 percent, a decline from the 2010 AA and statewide unemployment rates of 10.4 percent.

The Chicago-Naperville-Joliet IL-IN-WI MD's economy has strengthened, but challenges remain. More than half of the MD's private industries are now stable or expanding. Broad gains in private services have bolstered job growth, yet the MD continues to fare worse than average in manufacturing and housing.

Top employers include Local, State, and Federal Governments, Wal-Mart Stores, Inc., Advocate Health Care System, JP Morgan Chase Bank, Walgreen Company, Abbott Laboratories, United Continental Holdings Inc., AT&T, and Motorola Inc. Leading industries in terms of employment include State and Local Government, restaurants and other eating establishments, hospitals, employment services, colleges, universities, and professional schools and company and enterprise management positions.

Housing

Though the number of owner-occupied housing units in the AA increased by 6.0 percent from the 2000 to the 2010 census, the percentage of housing units that are owner-occupied

remained unchanged at 59.0 percent. The percentage of the AA's owner-occupied housing units located within low- and moderate-income CT's grew slightly from the 2000 to the 2010 census, as did the number of vacant housing units. The median housing price in the Chicago-Naperville-Joliet MSA during the evaluation period decreased from \$191 thousand in 2010 to \$175 thousand in 2012 per realtor.org, but was still unaffordable for much of the low- and moderate-income population.

Community Credit Needs and Opportunities

We determined the community's needs by contacting representatives from a number of organizations focused on community reinvestment, affordable housing, small business lending, and economic development: organizations addressing neighborhood, municipal, and regional credit and non-credit needs from both urban and suburban areas of the AA. We also consulted information gathered from more than two dozen private meetings and public forums concerning credit and CD needs in the Chicago AA featuring the views of consumer advocates, affordable housing organizations, economic development organizations, local government agencies, CDFIs and others. As a result, we identified the following credit and non-credit related needs in this AA.

Foreclosure Mitigation

- Funding to nonprofit housing counseling organizations to provide foreclosure counseling
- Selling OREO at a discount to affordable housing developers
- Financing to affordable housing developers developing OREO for affordable housing
- Investing in pools that are designed to purchase at a discount delinquent but viable mortgages from the original investor pools in order to write down the principal balance and to keep the current occupants in the properties
- Advising organizations on the above activities by serving on boards and committees

Small Business Lending

- Loans to small businesses (\$50 thousand to \$150 thousand) and smaller lines of credit (under \$1 million)
- Referrals to small business development organizations
- Ready acceptance by banks of referrals from business development organizations
- Investments in capital pools that make equity and equity-like investments in small businesses

Home Mortgage Loans

- Conventional purchase mortgages made on a flexible basis in low- and moderate-income neighborhoods
- Conventional mortgage refinance loans in low- and moderate-income neighborhoods
- Participation in employer-assisted housing efforts
- Affordable Rental Housing: nonprofit organizations and government agencies report a growing need for high quality, affordable rental housing, especially as the foreclosure crisis has reduced the number of persons likely to purchase homes by impairing their credit.

Investments

- Investments in loan pools developed by CDFIs of all kinds (regional, local, lenders to small-businesses, lenders to nonprofits, multifamily and single-family lenders)
- General Operating and Program grant support of nonprofit organizations

Consumer Products & Services

- Small-dollar loans and affordable deposit accounts

Opportunities are plentiful in the Chicago AA for banks to work with other organizations to meet these credit and CD needs.

The foreclosure crisis and the resulting economic downturn have reduced opportunities for banks to provide loans, investments, and services to low- and moderate-income communities in the Chicago area. Fewer residents, for example, are fully credit-worthy to purchase a home, and demand for small business loans declined with consumer demand in the initial depths of the recession.

Nevertheless, the opportunities for banks to meet the credit and financial services needs and CD needs in the Chicago area remain abundant. Many for-profit affordable housing developers and nonprofit organizations are ready to develop partnerships with banks to meet local credit and CD needs. In fact, some of these nonprofits – CDFIS in particular – have seen increases in loan demand as banks have stepped away from the market in the course of the recession.

Many areas in the city of Chicago and in older, inner-ring suburbs need increased investment from the public and private sectors. State and local government agencies – such as the Illinois Housing Development Authority, the Illinois Department of Commerce and Economic Opportunity and the Chicago Department of Housing and Economic Development – have extensive plans and resources devoted to stimulating new housing construction and renovation of older housing units. Financing tools available include affordable housing bond financing programs, Low-Income Housing Tax Credits and State Housing Tax Credits. State and local agencies also have a variety of economic development tools such as Industrial Revenue Bonds, Tax Increment Financing Districts, Community Development Block Grant Funds, and Capital Access Programs designed to mitigate risks and decrease the costs to bank participation.

State of Illinois

LaSalle County AA

| Demographic Information for Full-Scope Area: LaSalle County AA 2000 Census | | | | | | |
|--|-------------------------------|--|-----------------|---------------|-------------------|------------|
| Demographic Characteristics | # | Low % of # | Moderate % of # | Middle % of # | Upper % of # | NA* % of # |
| Geographies (Census Tracts/BNAs) | 1 | 0.00 | 0.00 | 100.00 | 0.00 | 0.00 |
| Population by Geography | 5,350 | 0.00 | 0.00 | 100.00 | 0.00 | 0.00 |
| Owner-Occupied Housing by Geography | 1,614 | 0.00 | 0.00 | 100.00 | 0.00 | 0.00 |
| Businesses by Geography | 509 | 0.00 | 0.00 | 100.00 | 0.00 | 0.00 |
| Farms by Geography | 78 | 0.00 | 0.00 | 100.00 | 0.00 | 0.00 |
| Family Distribution by Income Level | 1,502 | 11.98 | 20.71 | 19.71 | 48.14 | 0.00 |
| Distribution of Low- and Moderate-Income Families throughout AA Geographies | 491 | 0.00 | 0.00 | 100.00 | 0.00 | 0.00 |
| Median Family Income HUD Adjusted Median Family Income for 2011 Households Below the Poverty Level | \$43,613 \$56,600 6.21% | Median Housing Value Unemployment Rate (2000 Census) | | | \$87,400 2.60% | |

(*) The NA category consists of geographies that have not been assigned an income classification.
Source: 2000 U.S. Census, and 2011 HUD updated MFI.

| Demographic Information for Full-Scope Area: LaSalle County AA 2010 Census | | | | | | |
|--|-------------------------------|--|-----------------|---------------|--------------------|------------|
| Demographic Characteristics | # | Low % of # | Moderate % of # | Middle % of # | Upper % of # | NA* % of # |
| Geographies (Census Tracts/BNAs) | 1 | 0.00 | 0.00 | 100.00 | 0.00 | 0.00 |
| Population by Geography | 5,694 | 0.00 | 0.00 | 100.00 | 0.00 | 0.00 |
| Owner-Occupied Housing by Geography | 1,810 | 0.00 | 0.00 | 100.00 | 0.00 | 0.00 |
| Businesses by Geography | 499 | 0.00 | 0.00 | 100.00 | 0.00 | 0.00 |
| Farms by Geography | 77 | 0.00 | 0.00 | 100.00 | 0.00 | 0.00 |
| Family Distribution by Income Level | 1,560 | 12.95 | 23.21 | 27.50 | 36.35 | 0.00 |
| Distribution of Low- and Moderate-Income Families throughout AA Geographies | 564 | 0.00 | 0.00 | 100.00 | 0.00 | 0.00 |
| Median Family Income FFIEC Adjusted Median Family Income for 2012 Households Below the Poverty Level | \$54,549 \$57,400 7.61% | Median Housing Value Unemployment Rate (2010 Census) | | | \$142,200 7.94% | |

(*) The NA category consists of geographies that have not been assigned an income classification.
Source: 2010 U.S. Census, and 2012 HUD updated MFI.

The bank's LaSalle County AA consists of one geography in LaSalle County, Illinois. The branch is located in the village of Seneca. The census tract in which the bank is located includes 499 businesses and 77 farms as of the 2010 census. As of June 30, 2011, the bank had \$12.5 million in deposits in the LaSalle County AA, representing 0.16 percent of the bank's total deposits. The LaSalle County AA is in a rural area, with a stable population. At the 2000 census, the population in the AA was 5,350 and at the 2010 census, it was 5,694. The percentage of low- and moderate-income families rose slightly in the 2010 census, as did the unemployment rate and the percentage of households living below the poverty level.

Employment and Economic Factors

According to the Bureau of Labor Statistics, as of December 2010, the unemployment rate in LaSalle County was 13.1 percent. It rose to 13.3 percent in 2011 and as of December 2012, the unemployment rate in LaSalle County was 10.7 percent, which was approximately two percent higher than the unemployment rate for the state of Illinois.

Top employers in LaSalle County include Commonwealth Edison, JC Whitney auto parts distribution center, Illinois Valley Community Hospital, the County of LaSalle, and St Mary's Hospital. Leading industries per Dunn and Bradstreet include Services, Agriculture, and non-classifiable establishments.

Housing

Housing in the AA consists primarily of 1-4 family OOHUs. OOHUs increased from 1,614 at the 2000 census to 1,810 in the 2010 census. Per City-Data.com, home prices in LaSalle County ranged from an average of \$83 thousand in 2010 to \$93 thousand in 2012.

Community Credit Needs and Opportunities

We determined the community's needs by contacting representatives from two organizations operating in LaSalle County. One organization focuses on small business development and the other is involved in providing services to promote economic development in rural areas.

The following needs were identified through these contacts:

- An increase in the number of financial institutions that actively offer SBA lending
- Development of flexible small business underwriting standards to replace the home equity collateral that was frequently used as collateral until home values dropped
- An increase in economic development in the upper Illinois River Valley as the unemployment rate in LaSalle continues to be higher than state unemployment levels
- Continuing participation in local financial institutions in the USDA single family home guarantee program

State of Pennsylvania

Philadelphia County AA

| Demographic Information for Full-Scope Area: Philadelphia AA 2000 Census Data | | | | | | |
|--|--------------------------------|---|-----------------|---------------|--------------|------------------|
| Demographic Characteristics | # | Low % of # | Moderate % of # | Middle % of # | Upper % of # | NA* % of # |
| Geographies (Census Tracts/BNAs) | 381 | 28.61 | 36.75 | 23.10 | 7.61 | 3.94 |
| Population by Geography | 1,517,550 | 28.91 | 41.93 | 24.90 | 4.08 | 0.18 |
| Owner-Occupied Housing by Geography | 349,651 | 23.30 | 43.70 | 28.82 | 4.18 | 0.00 |
| Businesses by Geography | 140,171 | 22.18 | 38.36 | 25.25 | 12.10 | 2.10 |
| Farms by Geography | 576 | 16.32 | 33.51 | 36.98 | 12.33 | 0.87 |
| Family Distribution by Income Level | 355,253 | 38.71 | 21.29 | 18.78 | 21.23 | 0.00 |
| Distribution of Low- and Moderate-Income Families throughout AA Geographies | 213,129 | 37.15 | 44.06 | 17.59 | 1.21 | 0.00 |
| Median Family Income HUD Adjusted Median Family Income for 2011 Households Below the Poverty Level | \$56,993 \$78,100 21.77% | Median Housing Value Unemployment Rate (2000 US Census) | | | | \$70,236 5.6% |

(*) The NA category consists of geographies that have not been assigned an income classification.
Source: 2000 U.S. Census, and 2011 HUD updated MFI.

| Demographic Information for Full-Scope Area: Philadelphia AA 2010 Census Data | | | | | | |
|--|--------------------------------|---|-----------------|---------------|--------------|--------------------|
| Demographic Characteristics | # | Low % of # | Moderate % of # | Middle % of # | Upper % of # | NA* % of # |
| Geographies (Census Tracts/BNAs) | 384 | 36.46 | 29.17 | 20.05 | 11.20 | 3.13 |
| Population by Geography | 1,526,006 | 38.72 | 31.90 | 20.11 | 8.65 | 0.63 |
| Owner-Occupied Housing by Geography | 317,755 | 30.94 | 36.04 | 23.43 | 9.57 | 0.01 |
| Businesses by Geography | 134,179 | 27.30 | 26.06 | 23.80 | 21.08 | 1.76 |
| Farms by Geography | 599 | 20.70 | 24.87 | 33.22 | 20.37 | 0.83 |
| Family Distribution by Income Level | 311,376 | 21.97 | 16.42 | 21.62 | 39.99 | 0.00 |
| Distribution of Low- and Moderate-Income Families throughout AA Geographies | 119,535 | 38.42 | 34.22 | 20.17 | 7.19 | 0.00 |
| Median Family Income FFIEC Adjusted Median Family Income for 2012 Households Below the Poverty Level | \$74,808 \$79,200 23.37% | Median Housing Value Unemployment Rate (2010 US Census) | | | | \$159,504 10.8% |

(*) The NA category consists of geographies that have not been assigned an income classification.
Source: 2010 U.S. Census, and 2012 FFIEC updated MFI.

The bank's AA within the Philadelphia, PA MD (37964) includes Philadelphia County. MB operates one branch and one deposit-taking ATM in the AA. As of June 30, 2011, and June 30, 2012, the bank had \$59.4 and \$51.3 million, respectively, in deposits in the AA. This represents 0.76 and 0.69 percent, respectively, of the bank's total deposits. As of June 30, 2011, there were 47 FDIC insured financial institutions in the AA with 328 offices. MB's main competitors and their market shares include Wells Fargo, NA (31.38 percent), Citizens Bank of Pennsylvania (17.06 percent), PNC Bank NA (14.18 percent), and Bank of America NA (11.24 percent). Collectively, these four banks hold 73.86 percent of the deposit market share.

Based on the 2010 census, the population of the AA was 1,526,006. Since 2000, the AA has seen minimal population growth of only 0.5 percent. The 2011 HUD and 2012 FFIEC estimated median family incomes for the AA are \$78,100 and \$79,200, respectively. According to 2000 census data, approximately 39.0 percent of families were low-income, earning a median annual income of \$39,050. The 2010 census data evidences a 43 percent decline in the number of low-income families living in the AA to approximately 22.0 percent of families. The number of moderate-income families living in the AA declined by approximately 23.0 percent to 16.4 percent in 2010. It is also worth noting that though the population increased in the AA across the two census periods, the number of families living in the AA declined by 12 percent.

The percentage of households living below the poverty level increased for the same period from 21.8 percent according to the 2000 census to 23.4 percent according to the 2010 census.

Employment and Economic Factors

The unemployment rate in Philadelphia County is higher than the unemployment rate for the state of Pennsylvania and the US. In 2010, according to the Bureau of Labor Statistics, the Philadelphia County unemployment rate was 10.3 percent as compared to 8.1 percent for the state and 9.3 percent for the U.S. As of December 2012, the unemployment rate in the AA was 10.8 percent, compared to a statewide and national unemployment rate of 7.9 percent.

Top employers include Local, State, and Federal Governments, Jefferson Health Systems Inc., University of Pennsylvania and its Health System, Acme Markets, Merck & Company Inc., Children's Hospital of Philadelphia, Main Line Health System, and Lockheed Martin. Leading industries in terms of employment include state and local government; restaurants and other eating-places; general medical and surgical hospitals, colleges, universities, and professional schools; and management of companies and enterprises.

Housing

The percentage of housing units that are owner-occupied declined by 10.1 percent from the 2000 to the 2010 census. During the evaluation period, home median home sale amounts per realtor.org ranged from \$214 thousand in 2010, \$210 thousand in 2011, and \$213 thousand in 2012.

The percentage of AA owner-occupied housing units located within low-income geographies increased from the 2000 to 2010 census periods from 23.3 to 31.0 percent. However, the percentage of owner-occupied housing units in moderate-income CT's decreased for the same period from 43.7 to 36.0 percent.

Community Credit Needs and Opportunities

We determined the community's needs by contacting representatives from one association of CD organizations and one CD corporation. We also reviewed a variety of housing, economic development, and employment reports generated by local and national organizations. We ascertained that the following are among the credit, CD, and financial services needs in the AA:

Foreclosure Mitigation

- Funding for nonprofit foreclosure counseling
- Selling of OREO to affordable housing developers

Small Business Lending

- Loans to small businesses (\$50 thousand to \$150 thousand) and smaller lines of credit (under \$1 million)
- Referrals to small business development organizations
- Investments in capital pools that make equity and equity-like investments in small businesses

Home Mortgage Loans

- Conventional purchase and refinance mortgages made on a flexible basis in LMI neighborhoods
- Affordable Rental Housing: nonprofit organizations and government agencies report a growing need for high-quality, affordable rental housing, especially as the foreclosure crisis has reduced the number of persons likely to purchase homes by impairing their credit.

Investments

- Investments in loan pools developed by CDFIs of all kinds (regional, local, lenders to small-businesses, lenders to nonprofits, multifamily and single-family residential lenders)
- General Operating and Program grant support of nonprofit organizations

Consumer Products & Services

- Small-dollar loans and affordable deposit accounts

We determined the opportunities to make CD loans and provide CD services within the AA are abundant. The AA has numerous CD organizations including CDFI's, CDC's Community Housing Development Corporations, and many other nonprofit housing and social service agencies that provide community services to low- and moderate-income individuals. Additionally, numerous agencies are involved in economic and business development. There are many opportunities to make qualified investments in the AA, including low-income housing tax credits, NMTCs, mortgage-backed securities for affordable housing, CRA qualified

investment funds, and donations. Competition for CD loans, qualified investments, and CD services is moderate to high and consists of both local and national financial institutions that have a presence within the AA.

Appendix D: Tables of Performance Data

Content of Standardized Tables

A separate set of tables is provided for each state. All multistate metropolitan areas are presented in one set of tables. References to the “bank” include activities of any affiliates that the bank provided for consideration (refer to appendix A: Scope of the Examination). For purposes of reviewing the Lending Test tables, the following are applicable: (1) purchased loans are treated as originations/purchases and market share is the number of loans originated and purchased by the bank as a percentage of the aggregate number of reportable loans originated and purchased by all lenders in the MA/assessment area; (2) Partially geocoded loans (loans where no census tract is provided) cannot be broken down by income geographies and, therefore, are only reflected in the Total Loans in Core Tables 2 through 7 and part of Table 13; and (3) Partially geocoded loans are included in the Total Loans and % Bank Loans Column in Core Tables 8 through 12 and part of Table 13. Deposit data are compiled by the FDIC and are available as of June 30th of each year. Tables without data are not included in this PE.

The following is a listing and brief description of the tables included in each set:

- Table 1. Lending Volume** - Presents the number and dollar amount of reportable loans originated and purchased by the bank over the evaluation period by MA/assessment area. Community development loans to statewide or regional entities or made outside the bank’s assessment area may receive positive CRA consideration. See Interagency Q&As __.12 (i) - 5 and - 6 for guidance on when a bank may receive positive CRA consideration for such loans. Refer to the CRA section of the Compliance Policy intranet page for guidance on table placement.
- Table 1. Other Products** - Presents the number and dollar amount of any unreported category of loans originated and purchased by the bank, if applicable, over the evaluation period by MA/assessment area. Examples include consumer loans or other data that a bank may provide, at its option, concerning its lending performance. This is a two-page table that lists specific categories.
- Table 2. Geographic Distribution of Home Purchase Loans** - Compares the percentage distribution of the number of loans originated and purchased by the bank in low-, moderate-, middle-, and upper-income geographies to the percentage distribution of owner-occupied housing units throughout those geographies. The table also presents market share information based on the most recent aggregate market data available.
- Table 3. Geographic Distribution of Home Improvement Loans** - See Table 2.
- Table 4. Geographic Distribution of Home Mortgage Refinance Loans** - See Table 2.
- Table 5. Geographic Distribution of Multifamily Loans** - Compares the percentage distribution of the number of multifamily loans originated and purchased by the

bank in low-, moderate-, middle-, and upper-income geographies to the percentage distribution of multifamily housing units throughout those geographies. The table also presents market share information based on the most recent aggregate market data available.

- Table 6. Geographic Distribution of Small Loans to Businesses** - The percentage distribution of the number of small loans (less than or equal to \$1 million) to businesses originated and purchased by the bank in low-, moderate-, middle-, and upper-income geographies compared to the percentage distribution of businesses (regardless of revenue size) throughout those geographies. The table also presents market share information based on the most recent aggregate market data available. Because small business data are not available for geographic areas smaller than counties, it may be necessary to use geographic areas larger than the bank's assessment area.
- Table 7. Geographic Distribution of Small Loans to Farms** - The percentage distribution of the number of small loans (less than or equal to \$500,000) to farms originated and purchased by the bank in low-, moderate-, middle-, and upper-income geographies compared to the percentage distribution of farms (regardless of revenue size) throughout those geographies. The table also presents market share information based on the most recent aggregate market data available. Because small farm data are not available for geographic areas smaller than counties, it may be necessary to use geographic areas larger than the bank's assessment area.
- Table 8. Borrower Distribution of Home Purchase Loans** - Compares the percentage distribution of the number of loans originated and purchased by the bank to low-, moderate-, middle-, and upper-income borrowers to the percentage distribution of families by income level in each MA/assessment area. The table also presents market share information based on the most recent aggregate market data available.
- Table 9. Borrower Distribution of Home Improvement Loans** - See Table 8.
- Table 10. Borrower Distribution of Refinance Loans** - See Table 8.
- Table 11. Borrower Distribution of Small Loans to Businesses** - Compares the percentage distribution of the number of small loans (less than or equal to \$1 million) originated and purchased by the bank to businesses with revenues of \$1 million or less to the percentage distribution of businesses with revenues of \$1 million or less. In addition, the table presents the percentage distribution of the number of loans originated and purchased by the bank by loan size, regardless of the revenue size of the business. Market share information is presented based on the most recent aggregate market data available.
- Table 12. Borrower Distribution of Small Loans to Farms** - Compares the percentage distribution of the number of small loans (less than or equal to \$500,000) originated and purchased by the bank to farms with revenues of \$1 million or less to the percentage distribution of farms with revenues of \$1 million or less. In addition, the

table presents the percentage distribution of the number of loans originated and purchased by the bank by loan size, regardless of the revenue size of the farm. Market share information is presented based on the most recent aggregate market data available.

Table 13. Geographic and Borrower Distribution of Consumer Loans (OPTIONAL) - For geographic distribution, the table compares the percentage distribution of the number of loans originated and purchased by the bank in low-, moderate-, middle-, and upper-income geographies to the percentage distribution of households within each geography. For borrower distribution, the table compares the percentage distribution of the number of loans originated and purchased by the bank to low-, moderate-, middle-, and upper-income borrowers to the percentage of households by income level in each MA/assessment area.

Table 14. Qualified Investments - Presents the number and dollar amount of qualified investments made by the bank in each MA/AA. The table separately presents investments made during prior evaluation periods that are still outstanding and investments made during the current evaluation period. Prior-period investments are reflected at their book value as of the end of the evaluation period. Current period investments are reflected at their original investment amount even if that amount is greater than the current book value of the investment. The table also presents the number and dollar amount of unfunded qualified investment commitments. In order to be included, an unfunded commitment must be legally binding and tracked and recorded by the bank's financial reporting system.

A bank may receive positive consideration for qualified investments in statewide/regional entities or made outside of the bank's assessment area. See Interagency Q&As __.12 (i) - 5 and - 6 for guidance on when a bank may receive positive CRA consideration for such investments. Refer to the CRA section of the Compliance Policy intranet page for guidance on table placement.

Table 15. Distribution of Branch Delivery System and Branch Openings/Closings - Compares the percentage distribution of the number of the bank's branches in low-, moderate-, middle-, and upper-income geographies to the percentage of the population within each geography in each MA/AA. The table also presents data on branch openings and closings in each MA/AA.

Table 3. Geographic Distribution of Home Improvement Loans

| Geographic Distribution: HOME IMPROVEMENT | | | Geography: IL-IN-WI MMSA | | | | | | Evaluation Period: January 1, 2010 TO December 31, 2011 | | | | | | |
|---|------------------------------|-------------|--------------------------|-----------------|-----------------------------|-----------------|---------------------------|-----------------|---|-----------------|--------------------------------|------|------|------|------|
| MA/Assessment Area: | Total Home Improvement Loans | | Low-Income Geographies | | Moderate-Income Geographies | | Middle-Income Geographies | | Upper-Income Geographies | | Market Share (%) by Geography* | | | | |
| | # | % of Total* | % Owner Occ Units*** | % BANK Loans*** | % Owner Occ Units*** | % BANK Loans*** | % Owner Occ Units*** | % BANK Loans*** | % Owner Occ Units*** | % BANK Loans*** | Over all | Low | Mod | Mid | Upp |
| Full Review: | | | | | | | | | | | | | | | |
| Chicago AA | 50 | 100.00 | 2.79 | 2.00 | 16.22 | 18.00 | 44.29 | 52.00 | 36.69 | 28.00 | 0.37 | 0.37 | 0.28 | 0.54 | 0.26 |
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| Limited Review: | | | | | | | | | | | | | | | |
| Lake County IL AA | 0 | 0.00 | 1.19 | 0.00 | 16.35 | 0.00 | 36.62 | 0.00 | 45.84 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| Indiana AA | 0 | 0.00 | 1.34 | 0.00 | 22.68 | 0.00 | 38.71 | 0.00 | 37.27 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
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* Based on 2011 Peer Mortgage Data (USPR)

** Home improvement loans originated and purchased in the MA/AA as a percentage of all home improvement loans originated and purchased in the rated area.

*** Percentage of Owner Occupied Units is the number of owner occupied housing units in a particular geography divided by number of owner occupied housing units in the area based on 2000 Census information.

****Data shown includes only One-to Four-family and manufactured housing (Property type of 1 or 2)

Table 5. Geographic Distribution of Multifamily Loans

| Geographic Distribution: MULTIFAMILY | | | Geography: IL-IN-WI MMSA | | | | | | Evaluation Period: January 1, 2010 TO December 31, 2011 | | | | | | |
|--------------------------------------|-------------------------|--------------|--------------------------|----------------------|-----------------------------|----------------------|---------------------------|----------------------|---|----------------------|--------------------------------|------|------|------|------|
| MA/Assessment Area: | Total Multifamily Loans | | Low-Income Geographies | | Moderate-Income Geographies | | Middle-Income Geographies | | Upper-Income Geographies | | Market Share (%) by Geography* | | | | |
| | # | % of Total** | % of MF Units*** | % BANK Loans*** * | % MF Units*** | % BANK Loans*** * | % MF Units*** | % BANK Loans*** * | % MF Units*** | % BANK Loans*** * | Over all | Low | Mod | Mid | Upp |
| Full Review: | | | | | | | | | | | | | | | |
| Chicago AA | 32 | 100.00 | 11.78 | 12.50 | 24.54 | 43.75 | 35.28 | 21.88 | 28.41 | 21.88 | 0.92 | 0.66 | 1.37 | 0.65 | 0.85 |
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| Limited Review: | | | | | | | | | | | | | | | |
| Lake County IL AA | 0 | 0.00 | 6.09 | 0.00 | 34.70 | 0.00 | 36.12 | 0.00 | 23.10 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| Indiana AA | 0 | 0.00 | 15.51 | 0.00 | 28.93 | 0.00 | 35.51 | 0.00 | 20.05 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
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* Based on 2011 Peer Mortgage Data

** Multifamily loans originated and purchased in the MA/AA as a percentage of all multifamily loans originated and purchased in the rated area.

*** Percentage of multifamily units is the number of multifamily housing units in a particular geography divided by number of multifamily housing units in the area based on 2000 Census information.

****Multifamily loan distribution includes Home Purchases, Home Improvement, and Refinances.

Table 6. Geographic Distribution of Small Loans to Businesses

| Geographic Distribution: SMALL LOANS TO BUSINESSES | | | | Geography: IL-IN-WI MMSA | | | | Evaluation Period: January 1, 2010 TO December 31, 2011 | | | | | | | | |
|--|----------------------------|-------------|------------------------|--------------------------|-----------------------------|--------------|---------------------------|---|--------------------------|--------------|--------------------------------|------|------|------|------|--|
| MA/Assessment Area: | Total Small Business Loans | | Low-Income Geographies | | Moderate-Income Geographies | | Middle-Income Geographies | | Upper-Income Geographies | | Market Share (%) by Geography* | | | | | |
| | # | % of Total* | % of Businesses*** | % BANK Loans | % of Businesses*** | % BANK Loans | % of Businesses*** | % BANK Loans | % of Businesses*** | % BANK Loans | Overall | Low | Mod | Mid | Upp | |
| Full Review: | | | | | | | | | | | | | | | | |
| Chicago AA | 2,069 | 94.26 | 3.69 | 5.90 | 14.63 | 17.69 | 36.84 | 32.24 | 44.60 | 44.18 | 0.92 | 2.16 | 1.37 | 0.84 | 0.84 | |
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| Limited Review: | | | | | | | | | | | | | | | | |
| Lake County IL AA | 113 | 5.15 | 0.86 | 0.00 | 12.94 | 13.27 | 32.41 | 11.50 | 53.80 | 75.22 | 0.39 | 0.00 | 0.53 | 0.14 | 0.51 | |
| Indiana AA | 13 | 0.59 | 3.35 | 7.69 | 18.18 | 30.77 | 34.22 | 15.38 | 44.25 | 46.15 | 0.19 | 0.00 | 0.35 | 0.18 | 0.14 | |
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* Based on 2011 Peer Small Business Data: US. And PR

** Small loans to businesses originated and purchased in the MA/AA as a percentage of all small loans to businesses originated and purchased in the rated area.

*** Source Data - Dun and Bradstreet 2011.

Table 7. Geographic Distribution of Small Loans to Farms

| Geographic Distribution: SMALL LOANS TO FARMS | | | Geography: IL-IN-WI MMSA | | | | Evaluation Period: January 1, 2010 TO December 31, 2011 | | | | | | | | |
|---|------------------------|--------------|--------------------------|--------------|-----------------------------|--------------|---|--------------|--------------------------|--------------|--------------------------------|------|------|------|------|
| MA/Assessment Area: | Total Small Farm Loans | | Low-Income Geographies | | Moderate-Income Geographies | | Middle-Income Geographies | | Upper-Income Geographies | | Market Share (%) by Geography* | | | | |
| | # | % of Total** | % of Farms*** | % BANK Loans | % of Farms*** | % BANK Loans | % of Farms*** | % BANK Loans | % of Farms*** | % BANK Loans | Overall | Low | Mod | Mid | Upp |
| Full Review: | | | | | | | | | | | | | | | |
| Chicago AA | 3 | 100.00 | 1.68 | 0.00 | 11.99 | 0.00 | 42.77 | 33.33 | 43.56 | 66.67 | 1.50 | 0.00 | 0.00 | 1.27 | 1.94 |
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| Limited Review: | | | | | | | | | | | | | | | |
| Lake County IL AA | 0 | 0.00 | 1.05 | 0.00 | 19.04 | 0.00 | 39.66 | 0.00 | 40.25 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| Indiana AA | 0 | 0.00 | 0.78 | 0.00 | 11.37 | 0.00 | 41.96 | 0.00 | 45.88 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
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* Based on 2011 Peer Small Business Data: US and PR

** Small loans to farms originated and purchased in the MA/AA as a percentage of all small loans to farms originated and purchased in the rated area.

*** Source Data - Dun and Bradstreet 2011.

Table 8. Borrower Distribution of Home Purchase Loans

| Borrower Distribution: HOME PURCHASE | | | Geography: IL-IN-WI MMSA | | | | | | Evaluation Period: January 1, 2010 TO December 31, 2011 | | | | | | |
|--------------------------------------|---------------------------|--------------|--------------------------|------------------|---------------------------|------------------|-------------------------|------------------|---|------------------|--------------|------|------|------|------|
| MA/Assessment Area: | Total Home Purchase Loans | | Low-Income Borrowers | | Moderate-Income Borrowers | | Middle-Income Borrowers | | Upper-Income Borrowers | | Market Share | | | | |
| | # | % of Total** | % Families*** | % BANK Loans**** | % Families*** | % BANK Loans**** | % Families*** | % BANK Loans**** | % Families*** | % BANK Loans**** | Over all | Low | Mod | Mid | Upp |
| Full Review: | | | | | | | | | | | | | | | |
| Chicago AA | 278 | 94.56 | 21.57 | 5.08 | 17.76 | 17.58 | 21.79 | 24.22 | 38.88 | 53.13 | 0.11 | 0.03 | 0.15 | 0.08 | 0.13 |
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| Limited Review: | | | | | | | | | | | | | | | |
| Lake County IL AA | 13 | 4.42 | 17.00 | 15.38 | 17.25 | 7.69 | 22.01 | 23.08 | 43.75 | 53.85 | 0.13 | 0.20 | 0.07 | 0.00 | 0.19 |
| Indiana AA | 3 | 1.02 | 20.51 | 0.00 | 17.95 | 50.00 | 22.88 | 50.00 | 38.66 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
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* Based on 2011 Peer Mortgage Data

** Home purchase loans originated and purchased in the MA/AA as a percentage of all home purchase loans originated and purchased in the rated area.

*** Percentage of Families is based on the 2000 Census information.

**** As a percentage of loans with borrower income information available. No information was available for 7.8 % of loans originated and purchased by Bank.

Table 9. Borrower Distribution of Home Improvement Loans

| Borrower Distribution: HOME IMPROVEMENT | | | Geography: IL-IN-WI MMSA | | | | Evaluation Period: January 1, 2010 TO December 31, 2011 | | | | | Market Share | | | | |
|---|------------------------------|--------------|--------------------------|-------------------|---------------------------|-------------------|---|-------------------|------------------------|-------------------|----------|--------------|------|------|------|--|
| MA/Assessment Area: | Total Home Improvement Loans | | Low-Income Borrowers | | Moderate-Income Borrowers | | Middle-Income Borrowers | | Upper-Income Borrowers | | Over all | Low | Mod | Mid | Upp | |
| | # | % of Total** | % Families *** | % BANK Loans **** | % Families *** | % BANK Loans **** | % Families *** | % BANK Loans **** | % Families *** | % BANK Loans **** | | | | | | |
| Full Review: | | | | | | | | | | | | | | | | |
| Chicago AA | 50 | 100.00 | 21.57 | 15.56 | 17.76 | 24.44 | 21.79 | 26.67 | 38.88 | 33.33 | 0.38 | 0.00 | 0.47 | 0.46 | 0.39 | |
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| Limited Review: | | | | | | | | | | | | | | | | |
| Lake County IL AA | 0 | 0.00 | 17.00 | 0.00 | 17.25 | 0.00 | 22.01 | 0.00 | 43.75 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | |
| Indiana AA | 0 | 0.00 | 20.51 | 0.00 | 17.95 | 0.00 | 22.88 | 0.00 | 38.66 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | |
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* Based on 2011 Peer Mortgage Data

** Home improvement loans originated and purchased in the MA/AA as a percentage of all home improvement loans originated and purchased in the rated area.

*** Percentage of Families is based on the 2000 Census information.

**** As a percentage of loans with borrower income information available. No information was available for 10% of loans originated and purchased by Bank.

Table 10. Borrower Distribution of Home Mortgage Refinance Loans

| Borrower Distribution: HOME MORTGAGE REFINANCE | | | Geography: IL-IN-WI MMSA | | | | Evaluation Period: January 1, 2010 TO December 31, 2011 | | | | | Market Share | | | | |
|--|-------------------------------------|--------------|--------------------------|------------|---------------------------|------------|---|------------|------------------------|------------|----------|--------------|------|------|------|--|
| MA/Assessment Area: | Total Home Mortgage Refinance Loans | | Low-Income Borrowers | | Moderate-Income Borrowers | | Middle-Income Borrowers | | Upper-Income Borrowers | | | | | | | |
| | # | % of Total** | % Families*** | % BANK**** | % Families*** | % BANK**** | % Families*** | % BANK**** | % Families*** | % BANK**** | Over all | Low | Mod | Mid | Upp | |
| Full Review: | | | | | | | | | | | | | | | | |
| Chicago AA | 644 | 91.87 | 21.57 | 11.91 | 17.76 | 14.71 | 21.79 | 25.57 | 38.88 | 47.81 | 0.22 | 0.37 | 0.27 | 0.22 | 0.19 | |
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| Limited Review: | | | | | | | | | | | | | | | | |
| Lake County IL AA | 41 | 5.85 | 17.00 | 2.78 | 17.25 | 8.33 | 22.01 | 13.89 | 43.75 | 75.00 | 0.10 | 0.10 | 0.00 | 0.05 | 0.14 | |
| Indiana AA | 15 | 2.28 | 20.51 | 7.69 | 17.95 | 15.38 | 22.88 | 23.08 | 38.66 | 53.85 | 0.13 | 0.38 | 0.00 | 0.00 | 0.21 | |
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* Based on 2011 Peer Mortgage Data

** Home mortgage refinance loans originated and purchased in the MA/AA as a percentage of all home mortgage refinance loans originated and purchased in the rated area.

*** Percentage of Families is based on the 2000 Census information.

**** As a percentage of loans with borrower income information available. No information was available for 11.6% of loans originated and purchased by Bank.

Table 11. Borrower Distribution of Small Loans to Businesses

| Borrower Distribution: SMALL LOANS TO BUSINESSES | | | | | Geography: IL-IN-WI MMSA | | | Evaluation Period: January 1, 2010 TO December 31, 2011 | |
|--|---------------------------------|--------------|---|------------------|--|-------------------------|---------------------------|---|-------------------------|
| MA/Assessment Area: | Total Small Loans to Businesses | | Businesses With Revenues of \$1 million or less | | Loans by Original Amount Regardless of Business Size | | | Market Share* | |
| | # | % of Total** | % of Businesses *** | % BANK Loans**** | \$100,000 or less | >\$100,000 to \$250,000 | >\$250,000 to \$1,000,000 | All | Rev \$1 Million or Less |
| Full Review: | | | | | | | | | |
| Chicago AA | 2,074 | 94.27 | 64.78 | 36.79 | 35.92 | 22.42 | 41.66 | 0.92 | 0.92 |
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| Limited Review: | | | | | | | | | |
| Lake County IL AA | 113 | 5.14 | 66.77 | 32.74 | 17.70 | 26.55 | 55.75 | 0.39 | 0.23 |
| Indiana AA | 13 | 0.59 | 68.15 | 46.15 | 30.77 | 46.15 | 23.08 | 0.19 | 0.21 |
| | | | | | | | | | |
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* Based on 2011 Peer Small Business Data: US and PR

** Small loans to businesses originated and purchased in the MA/AA as a percentage of all small loans to businesses originated and purchased in the rated area.

*** Businesses with revenues of \$1 million or less as a percentage of all businesses (Source D&B - 2011).

**** Small loans to businesses with revenues of \$1 million or less as a percentage of all loans reported as small loans to businesses. No information was available for 19.73% of small loans to businesses originated and purchased by the Bank.

Table 12. Borrower Distribution of Small Loans to Farms

| Borrower Distribution: SMALL LOANS TO FARMS | | Geography: IL-IN-WI MMSA | | | Evaluation Period: January 1, 2010 TO December 31, 2010 | | | | |
|---|----------------------------|--------------------------|--|------------------|---|-------------------------|-------------------------|---------------|-------------------------|
| MA/Assessment Area: | Total Small Loans to Farms | | Farms With Revenues of \$1 million or less | | Loans by Original Amount Regardless of Farm Size | | | Market Share* | |
| | # | % of Total** | % of Farms*** | % BANK Loans**** | \$100,000 or less | >\$100,000 to \$250,000 | >\$250,000 to \$500,000 | All | Rev \$1 Million or Less |
| Full Review: | | | | | | | | | |
| Chicago AA | 3 | 100.00 | 94.78 | 33.33 | 33.33 | 66.67 | 0.00 | 1.50 | 0.83 |
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| Limited Review: | | | | | | | | | |
| Lake County IL AA | 0 | 0.00 | 93.93 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| Indiana AA | 0 | 0.00 | 96.08 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
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* Based on 2011 Peer Small Business Data: US and PR

** Small loans to farms originated and purchased in the MA/AA as a percentage of all small loans to farms originated and purchased in the rated area.

*** Farms with revenues of \$1 million or less as a percentage of all farms (Source D&B - 2011).

**** Small loans to farms with revenues of \$1 million or less as a percentage of all loans reported as small loans to farms. No information was available for 66.67% of small loans to farms originated and purchased by Bank.

Table 14. Qualified Investments

| QUALIFIED INVESTMENTS | | Geography: IL-IN-WI MMSA | | | | Evaluation Period: April 28, 2010 TO August 12, 2013 | | | |
|------------------------|---------------------------|--------------------------|----------------------------|-----------|-------------------|--|------------|------------------------|-----------|
| MA/Assessment Area: | Prior Period Investments* | | Current Period Investments | | Total Investments | | | Unfunded Commitments** | |
| | # | \$(000's) | # | \$(000's) | # | \$(000's) | % of Total | # | \$(000's) |
| Full Review: | | | | | | | | | |
| Chicago AA | 16 | 18,915 | 392 | 23,537 | 408 | 42,452 | 99.04 | 8 | 35,154 |
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| Limited Review: | | | | | | | | | |
| Lake County IL AA | 0 | 0 | 5 | 9 | 5 | 9 | 0.02 | 0 | 0 |
| Indiana AA | 2 | 328 | 4 | 74 | 6 | 402 | 0.94 | 0 | 0 |
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* 'Prior Period Investments' means investments made in a previous evaluation period that are outstanding as of the examination date.

** 'Unfunded Commitments' means legally binding investment commitments that are tracked and recorded by the institution's financial reporting system.

Table 15. Distribution of Branch Delivery System and Branch Openings/Closings

| DISTRIBUTION OF BRANCH DELIVERY SYSTEM AND BRANCH OPENINGS/CLOSINGS Geography: IL-IN-WI MMSA Evaluation Period: April 28, 2010 TO December 31, 2011 | | | | | | | | | | | | | | | | | |
|---|--------------------------------|--------------------|--------------------------------|---|------|-------|--------|--------------------------|----------------------|---|-----|------------|-----|---------------------------------------|-------|-------|-------|
| MA/Assessment Area: | Deposits | Branches | | | | | | Branch Openings/Closings | | | | Population | | | | | |
| | % of Rated Area Deposits in AA | # of BANK Branches | % of Rated Area Branches in AA | Location of Branches by Income of Geographies (%) | | | | # of Branch Openings | # of Branch Closings | Net change in Location of Branches (+ or -) | | | | % of Population within Each Geography | | | |
| | | | | Low | Mod | Mid | Upp | | | Low | Mod | Mid | Upp | Low | Mod | Mid | Upp |
| Full Review: | | | | | | | | | | | | | | | | | |
| Chicago AA | 99.63 | 83 | 96.51 | 3.61 | 7.23 | 44.58 | 44.58 | 1 | 3 | 0 | -1 | 0 | -1 | 8.39 | 24.87 | 38.27 | 28.46 |
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| Limited Review: | | | | | | | | | | | | | | | | | |
| Lake County IL AA | 0.33 | 2 | 2.33 | 0.00 | 0.00 | 50.00 | 50.00 | 1 | 0 | 0 | 0 | 0 | +1 | 2.76 | 24.34 | 33.68 | 39.23 |
| Indiana AA | 0.04 | 1 | 1.16 | 0.00 | 0.00 | 0.00 | 100.00 | 0 | 0 | 0 | 0 | 0 | 0 | 4.48 | 28.62 | 35.05 | 31.85 |
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Table 11. Borrower Distribution of Small Loans to Businesses

| Borrower Distribution: SMALL LOANS TO BUSINESSES | | | | | Geography: ILLINOIS | | | Evaluation Period: January 1, 2010 TO December 31, 2011 | |
|--|---------------------------------|--------------|---|------------------|--|-------------------------|---------------------------|---|-------------------------|
| MA/Assessment Area: | Total Small Loans to Businesses | | Businesses With Revenues of \$1 million or less | | Loans by Original Amount Regardless of Business Size | | | Market Share* | |
| | # | % of Total** | % of Businesses *** | % BANK Loans**** | \$100,000 or less | >\$100,000 to \$250,000 | >\$250,000 to \$1,000,000 | All | Rev \$1 Million or Less |
| Full Review: | | | | | | | | | |
| LaSalle County AA | 0 | 0.00 | 68.96 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
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* Based on 2011 Peer Small Business Data: US and PR

** Small loans to businesses originated and purchased in the MA/AA as a percentage of all small loans to businesses originated and purchased in the rated area.

*** Businesses with revenues of \$1 million or less as a percentage of all businesses (Source D&B - 2011).

**** Small loans to businesses with revenues of \$1 million or less as a percentage of all loans reported as small loans to businesses. No information was available for 19.73% of small loans to businesses originated and purchased by the Bank.

Table 14. Qualified Investments

| QUALIFIED INVESTMENTS | | Geography: ILLINOIS | | | | Evaluation Period: April 28, 2010 TO August 12, 2013 | | | |
|------------------------|---------------------------|---------------------|----------------------------|-----------|-------------------|--|------------|------------------------|-----------|
| MA/Assessment Area: | Prior Period Investments* | | Current Period Investments | | Total Investments | | | Unfunded Commitments** | |
| | # | \$(000's) | # | \$(000's) | # | \$(000's) | % of Total | # | \$(000's) |
| Full Review: | | | | | | | | | |
| LaSalle County AA | 0 | 0 | 0 | 0 | 0 | 0 | 0.00 | 0 | 0 |
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* 'Prior Period Investments' means investments made in a previous evaluation period that are outstanding as of the examination date.
 ** 'Unfunded Commitments' means legally binding investment commitments that are tracked and recorded by the institution's financial reporting system.

Table 11. Borrower Distribution of Small Loans to Businesses

| Borrower Distribution: SMALL LOANS TO BUSINESSES | | | | | Geography: PENNSYLVANIA | | Evaluation Period: January 1, 2010 TO December 31, 2011 | | |
|--|---------------------------------|--------------|---|------------------|--|-------------------------|---|---------------|-------------------------|
| MA/Assessment Area: | Total Small Loans to Businesses | | Businesses With Revenues of \$1 million or less | | Loans by Original Amount Regardless of Business Size | | | Market Share* | |
| | # | % of Total** | % of Businesses *** | % BANK Loans**** | \$100,000 or less | >\$100,000 to \$250,000 | >\$250,000 to \$1,000,000 | All | Rev \$1 Million or Less |
| Full Review: | | | | | | | | | |
| Pennsylvania AA | 2 | 100.00 | 62.30 | 100.00 | 100.00 | 0.00 | 0.00 | 0.01 | 0.03 |
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* Based on 2011 Peer Small Business Data: US and PR

** Small loans to businesses originated and purchased in the MA/AA as a percentage of all small loans to businesses originated and purchased in the rated area.

*** Businesses with revenues of \$1 million or less as a percentage of all businesses (Source D&B - 2011).

**** Small loans to businesses with revenues of \$1 million or less as a percentage of all loans reported as small loans to businesses. No information was available for 19.73% of small loans to businesses originated and purchased by the Bank.

Table 14. Qualified Investments

| QUALIFIED INVESTMENTS | | Geography: PENNSYLVANIA | | | | Evaluation Period: April 28, 2010 TO August 12, 2013 | | | |
|------------------------|---------------------------|-------------------------|----------------------------|-----------|-------------------|--|------------|------------------------|-----------|
| MA/Assessment Area: | Prior Period Investments* | | Current Period Investments | | Total Investments | | | Unfunded Commitments** | |
| | # | \$(000's) | # | \$(000's) | # | \$(000's) | % of Total | # | \$(000's) |
| Full Review: | | | | | | | | | |
| Philadelphia AA | 1 | 1,000 | 2 | 13 | 3 | 1.013 | 100.00 | 0 | 0 |
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* 'Prior Period Investments' means investments made in a previous evaluation period that are outstanding as of the examination date.

** 'Unfunded Commitments' means legally binding investment commitments that are tracked and recorded by the institution's financial reporting system.

Table 15. Distribution of Branch Delivery System and Branch Openings/Closings

| DISTRIBUTION OF BRANCH DELIVERY SYSTEM AND BRANCH OPENINGS/CLOSINGS Geography: PENNSYLVANIA Evaluation Period: April 28, 2010 TO December 31. 2011 | | | | | | | | | | | | | | | | | |
|--|--------------------------------|--------------------|--------------------------------|---|------|--------|------|--------------------------|----------------------|---|-----|-----|-----|---------------------------------------|-------|-------|------|
| MA/Assessment Area: | Deposits | Branches | | | | | | Branch Openings/Closings | | | | | | Population | | | |
| | % of Rated Area Deposits in AA | # of BANK Branches | % of Rated Area Branches in AA | Location of Branches by Income of Geographies (%) | | | | # of Branch Openings | # of Branch Closings | Net change in Location of Branches (+ or -) | | | | % of Population within Each Geography | | | |
| | | | | Low | Mod | Mid | Upp | | | Low | Mod | Mid | Upp | Low | Mod | Mid | Upp |
| Full Review: | | | | | | | | | | | | | | | | | |
| Philadelphia AA | 100.00 | 1 | 100.00 | 0.00 | 0.00 | 100.00 | 0.00 | 0 | 0 | 0 | 0 | 0 | 0 | 28.91 | 41.93 | 24.90 | 4.08 |
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