



PUBLIC DISCLOSURE

May 2, 2022

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

State Bank of the Lakes
Charter Number: 25200

400 Lake Street
Antioch, IL 60002

Office of the Comptroller of the Currency

Midsized Bank Supervision
425 S. Financial Place, Suite 1700
Chicago, IL 60605

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

Bank's CRA Rating: This bank is rated Outstanding.

The following table indicates the performance level of State Bank of the Lakes, NA with respect to the Lending, Investment, and Service Tests:

Performance Levels	State Bank of the Lakes Performance Tests		
	Lending Test*	Investment Test	Service Test
Outstanding	X		
High Satisfactory		X	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:

- The Lending Test rating is based primarily on the performance of Chicago-Naperville-Elgin Multistate Metropolitan Statistical Area (Chicago MMSA) rating area. The excellent geographic distribution of loans in the Chicago MMSA and the relatively high use of flexible lending programs was considered in arriving at the overall Lending Test rating.
- The Investment Test rating is based primarily on performance in the Chicago MMSA rating area. The bank has a significant level of qualified Community Development (CD) investments and grants across the rating area and at the regional level.
- The Service Test rating is based primarily on performance in the Chicago MMSA rating area. Branch distribution in the bank's assessment area (AA) was good.

Lending in Assessment Area

A very small percentage of the bank's loans are in its AAs.

The bank originated and purchased 6.9 percent of its total loans inside the bank's AAs during the evaluation period. This analysis is performed at the bank, rather than the AA, level. This percentage does not include extensions of credit by affiliates that may be considered under the other performance criteria.

Lending Inside and Outside of the Assessment Area										
Loan Category	Number of Loans				Total #	Dollar Amount of Loans \$(000s)				Total \$(000s)
	Inside		Outside			Inside		Outside		
	#	%	#	%		\$	%	\$	%	
Home Mortgage	72	53.7	62	46.3	134	15,256	23.3	50,208	76.7	65,464
Small Business	1,678	6.2	25,446	93.8	27,124	149,946	16.3	770,382	83.7	920,328
Small Farm	9	100.0	0	0.0	9	1,066	100.0	0	0.0	1,066
Consumer	135	82.3	29	17.7	164	859	78.2	240	21.8	1,099
Total	1,894	6.9	25,537	93.1	27,431	167,127	16.9	820,830	83.1	987,957
<i>Source: Bank Data</i>										
<i>Due to rounding, totals may not equal 100.0%</i>										

Nationwide lending programs utilized by the bank impact the ratio of loans located inside the bank's AAs. The bank purchases loans from First Insurance Funding (FIFCO), an affiliate of the bank, which impacts the ratio of loans located inside the bank's AA. During the evaluation period, the bank purchased 25,536 loans from FIFCO. A significant majority of the FIFCO purchased loans are located outside of the bank's AA and revenue data was not provided.

Small business loans are the bank's primary product based on volume of loans by number. Conclusions are factored into the overall analysis of the geographic distribution of lending by income level of geography.

Description of Institution

State Bank of the Lakes, N.A. (SBOTL or the bank) is a \$1.7 billion interstate bank headquartered in Antioch, Illinois. SBOTL is a wholly-owned subsidiary of Wintrust Financial Corporation (WFC). As of December 31, 2021, WFC was a \$50 billion financial services holding company located in Rosemont, Illinois. WFC's business strategy includes working with customers in the Chicago metropolitan area, southern Wisconsin, and northwest Indiana by way of their 15 wholly-owned banking subsidiaries and more than 150 bank locations.

WFC locations provide a wide range of lending and deposit products and services to their customers. WFC residential mortgage applications are referred to Wintrust Mortgage (WM). WM, a division of Barrington Bank & Trust, is a national residential mortgage operation with offices throughout the United States. WM offers a wide variety of retail mortgages and originates nearly all WFC mortgages. Loans that cannot be sold on the secondary market are purchased by any one of the 15 WFC banks for their portfolio.

WFC, through its FIFCO affiliate, is one of the largest commercial insurance premium finance companies in the United States. FIFCO makes loans to businesses of different sizes to finance the insurance premiums they pay on their commercial insurance policies. FIFCO is a leader in premium finance and life insurance premium finance transactions.

WFC banks offer specialty products including wealth management, lease financing, insurance premium financing, short-term account receivable financing, administrative services outsourcing, franchise lending, firm partnership loans, and financial solutions for mission-based organizations.

As of December 31, 2021, SBOTL reported total loans of \$1.1 billion, representing 65 percent of total assets. SBOTL has three primary loan types that make up 86 percent of the total loan portfolio. The primary loan products include approximately \$391 million of consumer loans or 35 percent of total loans, \$373 million in commercial loans or 34 percent of total loans, and \$186 million in non-farm, non-residential loans, or 17 percent of total loans. SBOTL had tier 1 capital of \$138 million.

The bank operates nine full-service locations, six are in Illinois, the remaining three are in Wisconsin. In Illinois, the Antioch, Lindenhurst, Grayslake, and Spring Grove locations each have two full-service Automated Teller Machines (ATMs). The remaining locations in Illinois and Wisconsin each have one full-service ATM.

According to the June 30, 2021 Federal Deposit Insurance Corporation (FDIC) deposit market share report, SBOTL had a 0.2 percent market share, making it the 52nd largest deposit holder out of 452 financial institutions in the state of Illinois.

COVID-19 Pandemic

In March 2020, the World Health Organization declared COVID-19 a pandemic. In response to the pandemic, the United States was under a shelter-in-place order in an effort to limit the spread of the virus. Due to the shelter-in-place orders, certain businesses deemed non-essential were shut down or limited in operations. The pandemic limited the ability of bank

personnel to provide in-person services. The evaluation of the bank's performance takes into consideration the impact of the pandemic.

During the evaluation period, the bank strategically targeted certain CD investments and services to assist in addressing economic hardships associated with the pandemic mitigation practices, advancing the bank's commitment towards alleviating economic disparities among LMI communities. To meet Small Business Administration (SBA) initial guidance on the Payment Protection Program (PPP), the bank modified its technology systems to accommodate small businesses and nonprofit organizations. A PPP loan is SBA-backed and helped businesses keep their workforce employed during the pandemic.

Additionally, opportunities for virtual service deliveries were limited by the capacity of community organizations, and the ability of low- and moderate-income (LMI) families and small businesses to access virtual technology.

This disproportionately affected blue-collar jobs, in which LMI individuals are primarily employed. To assist their borrowers experiencing financial difficulty due to the pandemic, the bank offered various services and relief options. The following were relief and services offered by the bank:

- Loan deferrals and modifications.
- Waived all late fees on consumer loans and lines of credit.
- Waived early redemption fees on CDs and waived overdraft and insufficient funds fees.
- Rolled out DocuSign to safely execute the documentation required for deposit, loan, and deferral plans.
- Utilized video conference technology to conduct Money Smart and other financial education sessions.
- Offered hardship assistance, forbearance plan options, and waived late fees for mortgages.

There were no known legal, financial, or other factors impeding the bank's ability to help meet the credit needs in its AA during the evaluation period. There were no acquisitions or mergers during the evaluation period that would have affected the bank's CRA performance or the OCC's analysis.

SBOTL's CRA performance was rated Outstanding in the last Public Evaluation performed by the Federal Reserve Bank (FRB) dated November 7, 2016.

Scope of the Evaluation

Evaluation Period/Products Evaluated

This performance evaluation assesses the bank's performance under the large bank Lending, Investment, and Service Tests. The evaluation period is November 8, 2016 through December 31, 2021.

The OCC permits depository institutions that demonstrate the ability to operate safely and soundly and in compliance with applicable laws, regulations, and policies, to convert to national bank charters. In 2019, the bank elected to apply for a national bank charter with regulatory supervision transferring from the FRB to the OCC upon approval. The national charter was issued on October 1, 2019, which is considered the "conversion date." Since the conversion date was less than six months of the evaluation period year, we did not assess the bank's retail lending performance for 2019 in this evaluation. The bank received consideration of CD activities conducted since the previous CRA evaluation.

In evaluating the bank's lending performance, the OCC analyzed home mortgage loans provided by the bank as they are not a Home Mortgage Disclosure Act (HMDA) reporter. For small loans made to businesses and small loans to farms the OCC analyzed the bank reported loans under the CRA. At the bank's request, the OCC considered consumer loan products, which consisted of secured and unsecured loans. Primary loan products, for purposes of this review, are products in which the bank originated at least 20 loans within an AA during one or more of the analysis periods within the overall evaluation period. Multifamily loans and small loans to farms are not primary loan products; therefore, we did not evaluate these products separately. However, we did consider multifamily loans meeting the CD definition as part of the evaluation of CD lending.

The OCC compared bank loan data for all applicable years in the state rating area to: demographic data using the U.S. Census American Community Survey (ACS); Federal Financial Institutions Examination Council (FFIEC) adjusted median family incomes; 2020 Dun and Bradstreet (D&B) small business demographic data; 2020 peer mortgage loan data reported under HMDA; and 2020 peer small business data reported under CRA. Banks are not required to report data on consumer loans; therefore, no peer aggregate data was available against which to compare bank consumer lending.

In evaluating the geographic distribution and borrower income criteria under the Lending Test, 2020 through 2021 data was analyzed and aggregated. Performance tables O, P, Q, R, U, and V in Appendix D include data covered by the analysis period 2020 through 2021.

Bank and branch deposit data is as of June 30, 2021, based on information from the FDIC. The distribution of bank branches is compared to U.S. Census 2015 ACS population estimates.

We also evaluated retail services, qualified investments, and CD services from November 8, 2016 through December 31, 2021. Qualifying activities performed in response to the significant impact of the coronavirus pandemic across the United States are addressed in this evaluation.

Selection of Areas for Full-Scope Review

In each state where the bank has an office, one or more AA(s) within that state was selected for a full-scope review. For purposes of this evaluation, bank delineated assessment areas located within the same metropolitan statistical area (MSA), multistate metropolitan statistical area (MMSA), or combined statistical area (CSA) are combined and evaluated as a single AA. Similarly, bank delineated non-MSA AAs within the same state are combined and evaluated as a single area. These combined AAs may be evaluated as full- or limited-scope.

Refer to the Scope section under each State Rating section for details regarding how full-scope AAs were selected. Refer to Appendix A, Scope of Examination, for a list of full-scope AAs. There are no limited-scope AAs.

Ratings

The bank's overall rating is a blend of the multistate and state ratings.

Refer to the Scope section under each State Rating section for details regarding how the areas were weighted in arriving at the respective ratings.

The Chicago MMSA rating area carried the greatest weight in the conclusions because it represented the bank's most significant market in terms of deposit concentration, branch distribution, and reportable loans. As of June 30, 2021, deposits in this rating area comprised 97.2 percent of SOBTL's total deposits. Additionally, 88.9 percent of the bank's branches and 99.0 percent of reportable loan originations were generated in this rating area.

In evaluating the bank's performance under the Lending Test, we placed greater weight on the bank's distribution of small business loans than the distribution of home mortgage and consumer loans based on the volume.

Generally, equal emphasis is given to the geographic distribution of loans and lending by borrower income level. Greater weight was generally given to performance compared to aggregate lenders than to performance relative to demographic factors in lending, unless other performance context factors indicate greater consideration should be given to demographics or aggregate performance. The analysis included both the number and dollar volume of lending. The analysis of lending, except for CD loans, emphasized the number of loans rather than the dollar volume because it is a better indicator of the number of businesses or individuals served.

Other Performance

Product Innovation and Flexibility

This activity received positive consideration as it provided stabilization of small businesses and communities.

Paycheck Protection Program (PPP)

The bank made use of responsive flexible lending during the COVID-19 pandemic in 2020 and 2021 by originating loans to stabilize small businesses and communities through the Small Business Administration (SBA) PPP.

During the evaluation period, the bank originated 874 PPP loans totaling \$78.8 million. The bank originated 704 PPP loans in the state of Illinois totaling \$59.2 million and 161 PPP loans in the state of Wisconsin totaling \$18.8 million. These originations include 798 PPP loans totaling \$70.3 million within the bank's AAs. This activity received positive consideration, as it provided stabilization of small businesses and communities.

Other Programs

Money Smart Everyday Loan is offered as an alternative to payday loans. These loans provide unsecured financing from \$500 to \$2,500 as an alternative to payday lenders with lower interest rates and up to 24-month repayment terms. The bank originated 66 loans totaling \$143,970 during the evaluation period.

Money Smart Certificate of Deposit Secured Loan is offered to assist persons with very low credit scores and to those with non-established or blemished credit histories. The loan is secured by a certificate of deposit that grows as the loan is repaid in monthly installments. After payoff, customers receive use of the money from the certificate of deposit and reporting of credit history. During the evaluation period, the bank originated nine loans totaling \$7,800.

Easy Access Line of Credit (LOC) and Easy Access Installment programs are small and micro loans offered to small businesses, which are a noted need in the community. These programs are targeted to help meet the needs of small businesses with revenues of less than \$1.0 million with short-term LOC funding to support inventory and accounts receivables as well as support with secured and unsecured term loans. During the evaluation period, the bank originated 191 Easy Access LOC totaling \$6.9 million and 22 Easy Access Installment loans totaling \$465,794.

The bank participates in SBA programs including the 504-loan program, 7a loan program, and the Express program. A total of 21 loans for \$9.9 million were originated under these programs.

Discriminatory or Other Illegal Credit Practices Review

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

The OCC has not identified that this institution (or any affiliate whose loans have been considered as part of the institution's lending performance) has engaged in discriminatory or other illegal credit practices that require consideration in this evaluation.

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

Multistate Metropolitan Statistical Area Rating

Chicago-Naperville-Elgin MMSA

CRA rating for the Chicago-Naperville-Elgin MMSA¹: Outstanding

The Lending Test is rated:	Outstanding
The Investment Test is rated:	High Satisfactory
The Service Test is rated:	High Satisfactory

The major factors that support this rating include:

- Lending activity reflects excellent responsiveness to credit needs in the bank’s AA.
- The bank exhibits an excellent geographic distribution of loans in its AA.
- The bank exhibits a good distribution of loans among individuals of different income levels and businesses of different sizes.
- The bank has made an excellent level of CD loans. The level of CD lending has a significantly positive impact on the lending test.
- The bank has a significant level of qualified investments.
- Its service delivery systems are accessible to geographies and individuals or different income levels in its AA.
- The bank is a leader in providing CD services.

Description of Institution’s Operations in Chicago-Naperville-Elgin MMSA

SBOTL designated one AA across the states of Illinois and Wisconsin, which is the Chicago MMSA. The Chicago MMSA consists of the two MSAs which were combined for analysis purposes. These MSAs are the Chicago-Naperville-Evanston MSA and Lake County-Kenosha County MSA. The Chicago-Naperville-Evanston MSA consists of McHenry County, and the Lake County-Kenosha County MSA consists of Lake County in Illinois and Kenosha County in Wisconsin.

SBOTL’s AA consists of 213 contiguous census tracts (CTs) located in the northern portion of Lake County, Illinois (154 CTs), the eastern portion of McHenry County, Illinois (23 CTs), and southeastern portion of Kenosha County, Wisconsin (36 CTs). The branches are located in the cities of: Antioch, Grayslake, Lake Villa, Lindenhurst, Round Lake Beach, Spring Grove in Illinois and two in Kenosha, WI.

¹ This rating reflects performance within the multistate metropolitan statistical area. The statewide evaluation does not reflect performance in the parts of the state contained within the multistate metropolitan statistical area.

The AA meets the requirement of the regulation and does not arbitrarily exclude low- or moderate-income (LMI) geographies. According to 2015 ACS data, the AA consists of 213 CTs, of which 18 are low-income and 45 are moderate-income.

Table A – Demographic Information						
Metropolitan Statistical Area: Chicago MMSA						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	213	8.5	21.1	35.7	32.9	1.9
Population by Geography	1,004,533	6.6	21.1	41.0	31.3	0.1
Housing Units by Geography	383,962	6.4	20.5	42.6	30.5	0.0
Owner-Occupied Units by Geography	259,136	3.4	16.3	43.3	37.0	0.0
Occupied Rental Units by Geography	95,224	13.3	30.4	40.2	16.1	0.0
Vacant Units by Geography	29,602	10.3	25.9	43.5	20.3	0.0
Businesses by Geography	71,705	2.9	12.8	37.3	47.1	0.0
Farms by Geography	2,003	3.2	16.6	46.7	33.4	0.0
Family Distribution by Income Level	256,616	21.4	17.2	19.5	41.9	0.0
Household Distribution by Income Level	354,360	23.5	15.7	17.6	43.3	0.0
Median Family Income MSA – 16984 Chicago-Naperville-Evanston, IL		\$75,024	Median Housing Value			\$246,756
Median Family Income MSA – 29404 Lake County-Kenosha County, IL-WI		\$87,137	Median Gross Rent			\$1,059
			Families Below Poverty Level			7.9%
<i>Source: 2015 ACS and 2020 D&B Data</i> <i>Due to rounding, totals may not equal 100.0%</i> <i>(*) The NA category consists of geographies that have not been assigned an income classification.</i>						

Community Contacts

The OCC made three community contacts in the AA during the evaluation period, which included one global nonprofit housing agency and two Chicagoland nonprofit organizations focused on neighborhood revitalization and economic development in low- and moderate-income (LMI) areas. The OCC also reviewed the Lake County, Illinois 2019 Annual Action Plan for Housing and Urban Development Funding. Community contacts indicated that the following are identified needs within the bank’s AA.

- Home mortgages in LMI areas,
- Home improvement loans regardless of appraisal gaps,
- Willingness to accept a wide range of mortgage down payment and closing cost assistance,
- Financing to owners of multifamily buildings for acquisition and rehabilitation,
- Small loans to small businesses,
- Board and Committee volunteerism,
- Financial education, student loan counseling, debt management counseling, and
- Homebuyer counseling programs.

Housing Characteristics

The housing market in the AA is challenged as demand exceeds housing supply, and prices continue to trend upwards. Rentals have also not been affordable for LMI families. The lack of affordable housing supply has made it difficult for LMI families to purchase homes in the AA.

The AA is a high cost housing area, limiting access to affordable home ownership among low-income borrowers. The 2021 FFIEC adjusted median family income (AMFI) in the AA is \$87,100. According to Realtor.com data, the median housing value in the Chicago CSA is \$299,900 and \$312,500 in 2020 and 2021, respectively, reflecting a 4.2 percent increase.

Assuming a 30-year mortgage with a five percent interest rate, and not accounting for down payment, homeowner's insurance, real estate taxes, or any additional monthly expenses, a low-income borrower making \$43,550 per year (or less than 50 percent of the 2021 FFIEC AMFI in the AA) could afford a \$202,814 mortgage with a payment of \$1,089 per month. A moderate-income borrower making \$69,680 per year (or less than 80 percent of the 2021 FFIEC AMFI in the AA) could afford a \$324,503 mortgage with a payment of \$1,742 per month. This illustrates that low-income borrowers would be challenged to qualify for a mortgage loan in the AA with an estimated payment of \$1,678.

Scope of Evaluation in Chicago MMSA

The Chicago MMSA was selected for analysis using full-scope procedures because it is the only AA in the rating area. Ratings are based primarily on results of the full-scope areas.

For the analysis of distribution of loans to geographies with different income levels, greater consideration was given to the bank's performance in moderate-income geographies based on the greater number of CTs.

For the borrower distribution analysis, consideration was given to the impact that income and housing costs have on limiting homeownership opportunities of LMI individuals and families. Additionally, consideration was given to the impact of home affordability for LMI borrowers in higher cost areas when comparing the distribution of home mortgage loans to the demographics. It is difficult for many LMI borrowers to afford a home as the area's median housing value is typically too high for conventional mortgage loan qualification. As such, more emphasis was placed on the bank's lending results to LMI borrowers relative to the aggregate performance rather than the demographic data.

In performing the analysis of loans to small businesses, we considered the environment for small business lending, which is very competitive. A significant portion of the bank's small loans to businesses did not contain revenue information, as permitted under the CRA reporting requirements. Many of these loans were acquired from FIFCO without revenue data, or the loans were originated under a loan product that does not consider business revenue in underwriting. We took into consideration the bank's significant nationwide niche lending programs when assessing the bank's performance regarding lending within its AA versus outside AA lending. More emphasis was placed on the bank's lending relative to aggregate performance.

Consideration was given to the bank’s business strategy focus, and the fact that there are considerably more lenders originating or purchasing loans in the AA than there are depository institutions with branch offices. Lenders include local and non-local depository institutions, as well as non-bank financial institutions.

In performing the analysis of investments, competition in the AA is high, with large interstate, regional, and community banks competing for qualified investments in the market.

The Service Test includes an evaluation of the availability and effectiveness of a bank's systems for delivering retail banking services, including the current distribution of the bank's branches among different income geographies.

A near to branch is a branch in a middle- or upper-income (MUI) area that is proximate to an LMI area and serves that area. These branches are in a reasonable distance from LMI CT they are serving. The bank provided adequate evidence showing that the branch serves customers in LMI CTs. The bank had one branch in a middle-income CT that was considered a near to branch.

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS IN THE CHICAGO MMSA

LENDING TEST

The bank’s performance under the Lending Test in the Chicago MMSA is rated Outstanding.

Based on a full-scope review, the bank’s performance in the Chicago MMSA is Excellent.

Lending Activity

Lending levels reflect excellent responsiveness to AA credit needs. The bank’s rank and market share in loans is stronger than the ranking and market share in deposits. We considered the substantial volume of loans originated through a subsidiary for insurance premium financing in the analysis.

Number of Loans					
Assessment Area	Home Mortgage	Small Business	Small Farm	Community Development	Total
Chicago MMSA	72	1,660	9	48	1,789
Statewide	--	--	--	10	13

"--" data not available.

Dollar Volume of Loans					
Assessment Area	Home Mortgage	Small Business	Small Farm	Community Development	Total
Chicago MMSA	15,256	146,984	848	35,034	198,122
Statewide	--	--	--	7,736	7,736

"--" data not available.

According to FDIC Deposit Market Share data as of June 30, 2021, the bank ranked ninth out of 47 banks with a deposit market share of 3.3 percent in the AA.

The bank is not required to report its mortgage lending data and is not included in the 2020 peer mortgage data. The five largest home mortgage lenders have captured 24.4 percent of the market based on the 2020 peer mortgage data. Home mortgage lending is not a primary product, and the bank generally refers home loans to an affiliate, Wintrust Mortgage.

According to 2020 peer small business data, the bank ranked seventh in the market of 76 small business lenders with a market share of 3.9 percent. The five largest small business lenders have captured 44.1 percent of the market. Large interstate banks, regional banks, and community banks compete for this business in the AA. The large number of competing banks and dominance from the top five lenders somewhat affects the bank's ability to make small loans to businesses.

Distribution of Loans by Income Level of the Geography

The bank exhibits an excellent geographic distribution of loans in its AA.

Home Mortgage Loans

The geographic distribution of home mortgage loans reflects excellent distribution.

Refer to Table O in the Chicago MMSA section of Appendix D for the facts and data used to evaluate the geographic distribution of the bank's home mortgage loan originations and purchases.

The proportion of home mortgage loans originated or purchased in LMI geographies exceeds both the percentage of owner-occupied housing units and the aggregate distribution of all reporting lenders.

Small Loans to Businesses

The geographic distribution of small business loans reflects excellent distribution.

Refer to Table Q in the Chicago MMSA section of Appendix D for the facts and data used to evaluate the geographic distribution of the bank's originations and purchases of small loans to businesses.

The proportion of small business loans originated or purchased in low-income geographies was below the percentage of small businesses and near to the aggregate distribution of all reporting lenders. The proportion of small business loans originated or purchased in moderate-income geographies exceeds the percentage of small businesses and the aggregate distribution of all reporting lenders.

Consumer Loans

The geographic distribution of consumer loans reflects good distribution.

Refer to Table U in the Chicago MMSA section of Appendix D for the facts and data used to evaluate the geographic distribution of the bank's consumer loan originations and purchases.

The proportion of consumer originated or purchased loans in low-income geographies was well below the percentage of households and exceeds the percentage of households in moderate-income geographies.

Lending Gap Analysis

The OCC evaluated the lending distribution in the AA to determine if any unexplained, conspicuous gaps existed. We reviewed summary reports, maps, and analyzed the bank's lending activity over the evaluation period to identify any gaps in the geographic distribution of loans. We did not identify any unexplained, conspicuous gaps.

Distribution of Loans by Income Level of the Borrower

The bank exhibits a good distribution of loans among individuals of different income levels and business of different sizes, given the product lines offered by the institution.

Home Mortgage Loans

The distribution of home mortgage loans to individuals of different income levels is adequate.

Refer to Table P in the Chicago 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.

The high cost of housing limits opportunities for LMI borrowers and the negative impact on economic conditions caused by the pandemic in 2020 may have limited opportunities for lending. These contexts are considered in the analysis.

The proportion of home mortgage loans originated or purchased to low-income borrowers is well below the percentage of families in the AA and exceeds the aggregate percentage of all reporting lenders. The proportion of loans to moderate-income borrowers is well below the percentage of families in the AA and the aggregate percentage of all reporting lenders.

Small Loans to Businesses

The distribution of loans to businesses of different sizes is good.

Refer to Table R in the Chicago MMSA section of Appendix D for the facts and data used to evaluate the borrower distribution of the bank's originations and purchases of small loans to businesses.

The proportion of loans to small businesses originated or purchased is well below the percentage of business in the AA but exceeds the aggregate percentage of all reporting lenders.

The bank purchases a substantial volume of loans through FIFCO, an affiliate for insurance premium financing, which is a nationwide product and are underwritten without the collection of revenue data. Additionally, the bank originated loans under the PPP, which generally did not consider revenue information in the underwriting process. Per Table R, 15.4 percent of the small business loans have no revenue data. Given this context, the performance under this criterion is considered good.

Consumer Loans

The distribution of consumer loans among individuals of different income levels is excellent.

Refer to Table V in the Chicago MMSA section of Appendix D for the facts and data used to evaluate the borrower distribution of the bank’s consumer loan originations and purchases.

The proportion of consumer loans originated or purchased to LMI borrowers exceeds the percentage of households.

Community Development Lending

The bank is a leader in making CD loans.

Refer to the Number of Loans table in the Lending Activity section, for the information and data used to evaluate the bank’s level of CD lending. These tables include all CD loans, including multifamily loans that also qualify as CD loans.

SBOTL made 48 CD loans totaling \$35 million, representing 27.1 percent of allocated tier 1 capital. CD loans in the AA primarily support affordable housing with 19 CD loans totaling \$23 million, eight loans supporting community service totaling \$2.7 million, four loans supporting economic development totaling \$2 million, and 17 loans supporting revitalization and stabilization efforts totaling \$7.3 million. The bank originated 16 PPP loans totaling \$5.9 million that qualify as CD within the AA. Of the 48 CD loans, 14 totaling \$5.5 million were loan renewals.

Examples of CD loans in the AA include:

- Four loans totaling \$2.4 million, including two PPP loans totaling \$1.6 million and two renewed loans totaling \$800,000 to a nonprofit organization. Funding supports an organization that provides behavioral health services to vulnerable and at-risk LMI individuals. The PPP loan preserved employment allowing a staff of 103 to keep the facility open and serve the community.
- Five loans totaling \$2.4 million, including one PPP loan for \$565,400 to a nonprofit organization. The mission of the organization is to be the leading advocate for eliminating domestic violence in northern Illinois. The organization provides services to address domestic violence and trafficking including emergency shelters, transitional housing at below market rents, and supportive housing at below market rents.
- Two loans totaling \$1.9 million to acquire mixed use properties with the majority consisting of affordable housing units. Funding supported the organization’s effort to

acquire and improve residential properties and provide housing to LMI persons by providing rents at or below fair market.

- Three loans totaling \$825,000, including a \$250,000 LOC renewed twice, to acquire affordable housing properties. Funding supported an organization that acquires and rehabilitates residential properties to provide affordable housing by providing rents at or below fair market.
- A \$500,000 LOC renewed four times which totaled \$2 million to the village township to support economic development. Funding supported the village's effort in purchasing abandoned homes. The homes are demolished to facilitate economic development efforts or rehabilitated for sale.
- A \$500,000 LOC renewed three times which totaled \$1.5 million to a nonprofit organization that provides affordable housing opportunities for LMI families. The organization is a HUD approved housing developer and has aided in the purchase and rehabilitation of HUD/bank owned properties. Their primary mission is to purchase, renovate and sell/rent single family residences.

Statewide

The bank originated seven CD loans in the broader Chicago MMSA outside its designated AA totaling \$6.2 million. The loans included six supporting affordable housing and one supporting economic development. Of the seven CD loans, four totaling \$4.2 million were loan renewals.

Product Innovation and Flexibility

The bank makes extensive use of innovative or flexible lending practices in order to serve AA credit needs. We considered the loan programs, which provided opportunities with direct benefit to LMI borrowers and small businesses within the AA. The products have a positive impact on the lending test conclusion for the overall conclusion.

Refer to the Other Performance section of Scope of the Evaluation for the facts and data used to evaluate product innovation and flexibility.

INVESTMENT TEST

The bank's performance under the Investment Test in the Chicago MMSA is rated High Satisfactory.

Based on a full-scope review, the bank's performance in the Chicago MMSA is good. We considered the investment opportunities with direct benefit within the AA and the bank's capacity to address those needs. The bank has a significant level of qualified CD investments and grants, although rarely in a leadership position, particularly those that are not routinely provided by private investors.

The bank exhibits an adequate responsiveness to credit and community economic development needs. The bank occasionally uses innovative or complex investments to support CD initiatives.

Number and Amount of Qualified Investments

Qualified Investments										
Assessment Area	Prior Period*		Current Period		Total				Unfunded Commitments**	
	#	\$(000's)	#	\$(000's)	#	% of Total #	\$(000's)	% of Total \$	#	\$(000's)
Chicago MMSA	6	2,484	189	6,388	195	89.86	8,872	83.30	0	0
Regional	2	1,258	20	521	22	10.13	1,779	16.70	3	755

* 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.

Qualified investments, within the Chicago MMSA, totaled \$8.8 million, with current period investments of \$6. million, prior period investments of \$2.5 million, and qualified grants of \$707 thousand. Investments benefiting the AA during the evaluation represented 6.31 percent of allocated tier 1 capital.

Consideration was given to the ongoing impact of investments made prior to the current evaluation period within the AA. The remaining balances consisted of \$2.5 million in bonds, a loan pool, and a mutual fund.

Current period investments consist of \$3.8 million in bonds, \$681,000 in minority depository institution certificates of deposit, \$267,000 in loan pools, and a small \$33,000 investment.

Examples of qualified donations in this AA include:

- Thirty-three donations totaling \$175,350 to a nonprofit college preparatory high school that empowers lower income young people. The school provides a rigorous college preparatory curriculum integrated with work study experience. LMI families in the Waukegan area benefit from this donation.
- Three donations totaling \$20,000 to a nonprofit organization which strengthens communities and empowers residents to secure and retain safe, stable housing that they can afford. LMI homeowners can receive loans to rehabilitate their homes. Residents of Lake County are encouraged to rent and buy homes as well as save homes from foreclosure through this organization's funds.
- Five donations totaling \$10,333 to a nonprofit organization whose mission is to empower immigrant and underserved LMI families in Lake County to become full participants in their communities.
- Five donations totaling \$7,144 to a community development investment organization whose mission is to connect neighborhoods with needed resources to become stronger

and healthier. In partnership with other organizations, LMI communities receive grants, loans, and technical assistance.

- Three donations totaling \$4,000 to a nonprofit resource partner of the SBA. This organization provides free and confidential small business advice to entrepreneurs and small businesses as well as low- or no-cost workshops and free business mentoring.

Regional

We also considered qualified investments that served a broader regional area, including neighboring states. In the current period, the bank invested \$502,492 that consists of SBICs that have an unfunded commitment of \$497,508. The bank continued to hold two prior period SBIC investments totaling \$1.3 million that have an unfunded commitment of \$257,814.

In addition, the bank made 14 grants totaling \$245,832 to organizations that provide community services to LMI individuals. Included in these grants is a long-term commitment which provided \$233,333 in funding to a university whose goal is to address tuition cost which strain families. While partnering with WFC banks, this donation provides support through scholarships to low-income students, as well as first generation students.

SERVICE TEST

The bank’s performance under the Service Test in the Chicago MMSA is High Satisfactory.

Conclusions for Area Receiving a Full-Scope Review

Based on the full-scope review, the bank’s performance in the Chicago MMSA is good.

Retail Banking Services

Service delivery systems are accessible to geographies and individuals of different income levels in the bank’s AA.

Distribution of Branch Delivery System											
Assessment Area	Deposits	# of BANK Branches	% of Rated Area Branches in AA	Branches				Population			
	% of Rated Area Deposits in AA			Location of Branches by Income of Geographies (%)				% of Population within Each Geography			
				Low	Mod	Mid	Upp	Low	Mod	Mid	Upp
Chicago MMSA	100.0	8	100.0	0.0	12.5	50.0	37.5	6.6	21.1	41.0	31.3

The bank has eight branches in the AA, with one in a moderate-income CT. There are no branches in low-income CTs. The percentage of branches located in moderate-income CTs is below the percentage of the population residing in the geographies. The bank provided internal data indicating the extent to which the middle-income CT branch is being used by customers residing in nearby LMI CTs. The branch was in close enough proximity to LMI CTs and internal

customer data for the branch demonstrated a reasonable level of service to customers in LMI CTs areas. This contributed positively to conclusions.

No branches were opened or closed in the AAs during the evaluation period.

The bank complements its traditional service delivery methods in the AA with certain alternative retail delivery systems, such as deposit-taking ATMs, direct deposit, telephone banking, mobile banking, and online banking. SBOTL has 12 ATMs in the AA, all of which are deposit taking with one located in a moderate-income CT. The alternative delivery systems have a neutral impact on the Service Test.

Services, including where appropriate, business hours, do not vary in a way that inconveniences its AA, particularly LMI geographies and individuals. All branches operate during similar banking hours.

Community Development Services

The bank is a leader in providing CD Services.

CD services were effective and responsive in helping the bank address the community needs. Employees participated in a variety of different organizations to support LMI individuals and families. SBOTL employees from various lines of business provided numerous service activities to 25 organizations totaling 10,285 hours during the evaluation period. This included serving on committees and boards for 16 organizations that promote affordable housing, community services, and financial literacy in the bank's AA. Services reflected ongoing relationships with several organizations in the AA.

Examples of services include the following:

- Several employees provided 1,298 hours to eight different local chambers of commerce. The mission of these organizations is to advance the economic, industrial, professional, cultural, and civic welfare of the small businesses and general population of the local area.
- An employee provided 582 hours as the President and Board member for a nonprofit organization which provides quality programs to empower immigrants and underserved families in the community geared towards access to opportunities and pathways to success.
- Two employees provided 128 hours to a nonprofit organization which provides food and daily living necessities while encouraging self-sufficiency for individuals and families in need.

FDIC Money Smart

The bank leverages the FDIC Money Smart financial education program, which helps individuals of all ages enhance their financial skills and create positive banking relationships. The Money Smart program provides basic financial concepts to students in kindergarten

through 12th grade and training for adults in many different life stages and financial situations. The program reaches adults new to the country, adults with disabilities, adults starting or changing careers, and adults going through significant life events such as expanding their families or purchasing or renting their first homes. Curriculum includes education on preventing elder financial exploitation and for small businesses related to starting and managing a business.

Bank employees provided 462 hours during the assessment period, respectively, using the FDIC Money Smart Financial Program to small business and LMI individuals in the AA.

Cristo Rey Work Study Program

The bank participates in the Cristo Rey St. Martin Work Study program. Cristo Rey's mission is to partner educators, businesses, and communities, to enable students to fulfill their aspirations for a lifetime of success. As part of the Corporate Work Study Program, the bank's staff serves as mentors that provide students with training on different roles and responsibilities in the bank and professionalism in the workplace. The school transports all students participating in the program by bus to the bank daily. All students participating in Cristo Rey are required to participate in a work study program through which they finance the majority of cost of their education. Students gain real-world job experience, grow in self-confidence, realize the relevance of their education and graduate ready to succeed in college and life. St. Martin students are all from LMI families.

During the assessment period, several bank employees provided 6,257 hours as student mentors for the work study program. The hours represented the duration of time the students spent on-the-job with their mentors at the bank.

PPP Resource Centers

In response to the pandemic in 2020, WFC developed, implemented, and staffed PPP Resource Centers. The bank staffed the centers with small business lenders that were knowledgeable in the PPP application portal and process. The resource centers made expertise and equipment available to small businesses that did not have access to these types of resources. A bank employee provided seven hours of support to the resource centers, which were open from January through April 2021.

State Rating

State of Wisconsin

CRA rating for the State of Wisconsin²:	Satisfactory
The Lending Test is rated:	Low Satisfactory
The Investment Test is rated:	Low Satisfactory
The Service Test is rated:	Low Satisfactory

The major factors that support this rating include:

- Lending activity reflects adequate responsiveness to credit needs in its AAs.
- The bank has made an adequate level of CD loans.
- The bank has an adequate level of qualified CD investment and grants.
- Service delivery systems are reasonably accessible to geographies and individuals of different income levels in the bank’s AA.

Description of Institution’s Operations in Wisconsin

SBOTL designated one AA in the state of Wisconsin which is the Wisconsin Non-MSA (WI Non-MSA) and consists partially of the Walworth County.

The AA meets the requirement of the regulation and does not arbitrarily exclude LMI geographies. According to 2015 ACS data, the AA consists of one CT which is not an LMI CT.

WI Non-MSA

Table A – Demographic Information of the Assessment Area						
Assessment Area: WI Non-MSA						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	1	0.0	0.0	100.0	0.0	0.0
Population by Geography	4,923	0.0	0.0	100.0	0.0	0.0
Housing Units by Geography	2,048	0.0	0.0	100.0	0.0	0.0
Owner-Occupied Units by Geography	1,299	0.0	0.0	100.0	0.0	0.0
Occupied Rental Units by Geography	436	0.0	0.0	100.0	0.0	0.0
Vacant Units by Geography	313	0.0	0.0	100.0	0.0	0.0
Businesses by Geography	283	0.0	0.0	100.0	0.0	0.0
Farms by Geography	33	0.0	0.0	100.0	0.0	0.0

² This rating reflects performance within the statewide evaluations and do not reflect performance in the parts of those states contained within the multistate metropolitan statistical area.

Family Distribution by Income Level	1,304	17.3	17.1	21.0	44.6	0.0
Household Distribution by Income Level	1,735	16.5	15.6	16.3	51.5	0.0
Median Family Income Non-MSAs – WI		\$60,742	Median Housing Value			\$165,700
			Median Gross Rent			\$896
			Families Below Poverty Level			8.1%
<i>Source: 2015 ACS and 2020 D&B Data</i> <i>Due to rounding, totals may not equal 100.0%</i> <i>(*) The NA category consists of geographies that have not been assigned an income classification.</i>						

Community Contacts

Due to the limited number of organizations within the county, there were no community contacts conducted or available in the AA.

Scope of Evaluation in the State of Wisconsin

The WI Non-MSA was selected for analysis using full-scope procedures because it is the only AA in the rating area. Ratings are based primarily on results of the full-scope areas.

The bank did not originate or purchase a substantial number of home mortgage loans or small business loans during the evaluation period. There are no LMI geographies in the bank's AA. Given this context, an analysis was not performed on the geographic distribution of loans by income level and by borrower. Furthermore, performance tables were not included in Appendix D.

In performing the analysis of CD loans, we considered the environment for lending, which is very competitive. Large interstate banks, regional banks, and community banks compete for this business in the AA.

Consideration was given to the bank's business strategy focus, and the fact that there are considerably more lenders originating or purchasing loans in the AA than there are depository institutions with branch offices. Lenders include local and non-local depository institutions, as well as non-bank financial institutions.

In performing the analysis of investments, competition in the AA is high, with large interstate, regional, and community banks competing for qualified investments in the market.

The Service Test includes an evaluation of the availability and effectiveness of a bank's systems for delivering retail banking services, including the current distribution of the bank's branches among different income geographies.

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS IN THE STATE OF WISCONSIN

LENDING TEST

The bank's performance under the Lending Test in the state of Wisconsin is rated Low Satisfactory.

Conclusions for Area Receiving a Full-Scope Review

Based on a full-scope review, the bank's performance in the WI Non-MSA is adequate.

Lending Activity

Lending levels reflect adequate responsiveness to AA credit needs, taking into account the number and amount of small business loans. We considered the lending volume in the AA relative to its capacity based on deposits, competition, and market presence. The bank's rank and market share in loans is weaker than the deposit rank and market share.

Number of Loans*							
Assessment Area	Home Mortgage	Small Business	Small Farm	Community Development	Total	%State Loans	%State Deposits
WI Non-MSA	0	18	0	1	19	100.0	100.0

*The tables present the data for all assessment areas. The narrative below addresses performance in full-scope areas only.

Dollar Volume of Loans*							
Assessment Area	Home Mortgage	Small Business	Small Farm	Community Development	Total	%State*	%State Deposits
WI Non-MSA	0	2,962	0	1,295	4,257	100.0	100.0

*The tables present the data for all assessment areas. The narrative below addresses performance in full-scope areas only.

According to FDIC Deposit Market Share data as of June 30, 2021, the bank ranked 11th out of 14 banks with a deposit market share of 1.8 percent in the AA.

The bank is not required to report its mortgage lending data and is not included in the 2020 peer mortgage data. Home mortgage lending is not a primary product, and the bank generally refers home loans to an affiliate, WM.

According to 2020 peer small business data, the bank ranked 20th in the market of 76 small business lenders with a market share of 0.9 percent. The five largest small business lenders have captured 51.2 percent of the market. Large interstate banks, regional banks, and community banks compete for this business in the AA. The large number of competing banks and dominance from the top five lenders somewhat affects the bank's ability to make small loans to businesses.

Community Development Lending

The bank has made an adequate level of CD loans.

Refer to the Number of Loans table in the Lending Activity section, for the information and data used to evaluate the bank’s level of CD lending. These tables include all CD loans, including multifamily loans that also qualify as CD loans.

SBOTL made one CD loan totaling \$1.3 million, representing 34.0 percent of allocated tier 1 capital. The CD loan supported affordable housing as the funding helped to support a 19-unit residential building continue to provide below fair market rents and subsidized rental support from a local housing authority.

Product Innovation and Flexibility

The bank makes little use of innovative and/or flexible lending practices in order to serve AA credit needs.

Refer to the Other Performance section of Scope of the Evaluation for the facts and data used to evaluate product innovation and flexibility.

INVESTMENT TEST

The bank’s performance under the Investment Test in the state of Wisconsin is rated Low Satisfactory.

Conclusions for Area Receiving a Full-Scope Review

Based on a full-scope review, the bank’s performance in the WI Non-MSA is adequate.

The bank has an adequate level of qualified CD investment and grants, but not in a leadership position, particularly those that are not routinely provided by private investors.

The bank exhibits an adequate responsiveness to credit and community economic development needs. The bank does not use innovative and/or complex investments to support CD initiatives.

Qualified Investments										
Assessment Area	Prior Period*		Current Period		Total				Unfunded Commitments**	
	#	\$(000's)	#	\$(000's)	#	% of Total #	\$(000's)	% of Total \$	#	\$(000's)
WI Non-MSA	0	0	6	857	6	100.0	857	100.0	0	0

* 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.

Qualified investments, within the WI Non-MSA, totaled \$857,250. Investments benefiting the AA during the evaluation represented 22.5 percent of allocated tier 1 capital.

Current period investments consist of two bonds totaling \$855,000 and four donations totaling \$2,250. The bonds consisted of a \$655,000 school district bond with funds used to fund local government infrastructure and a \$200,000 city bond for the purpose of constructing a building for the housing of machinery and equipment and providing financial assistance to community development projects.

SERVICE TEST

The bank’s performance under the Service Test in state of Wisconsin is rated Low Satisfactory.

Conclusions for Area Receiving a Full-Scope Review

Based on a full-scope review, the bank’s performance in the WI Non-MSA is adequate.

Retail Banking Services

Service delivery systems are reasonably accessible to geographies and individuals of different income levels in the bank’s AA.

Distribution of Branch Delivery System											
Assessment Area	Deposits	Branches						Population			
	% of Rated Area Deposits in AA	# of BANK Branches	% of Rated Area Branches in AA	Location of Branches by Income of Geographies (%)				% of Population within Each Geography			
				Low	Mod	Mid	Upp	Low	Mod	Mid	Upp
WI Non-MSA	100.0	1	100.0	0.0	0.0	100.0	0.0	0.0	0.0	100.0	0.0

The bank has one branch in the AA, with none in LMI geographies. There are no LMI geographies in the AA. No branches were opened or closed in the AAs during the evaluation period.

The bank complements its traditional service delivery methods in the AA with certain alternative retail delivery systems, such as deposit-taking ATMs, direct deposit, telephone banking, mobile banking, and online banking. SBOTL has an ATM in the AA. The alternative delivery systems have a neutral impact on the Service Test.

Services, including where appropriate, business hours, do not vary in a way that inconveniences its AA, particularly LMI geographies and individuals.

Community Development Services

The bank provided no CD services during the evaluation period.

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 MSAs and non-MSAs 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:	HMDA and CRA: 01/01/2020 to 12/31/2021 CD Activities & Retail Services: 11/08/2016 to 12/31/2021	
Bank Products Reviewed:	Home mortgage, small business, small farm, consumer loans) Community development loans, qualified investments, community development services	
Affiliate(s)	Affiliate Relationship	Products Reviewed
N/A	N/A	N/A
List of Assessment Areas and Type of Examination		
Rating and Assessment Areas	Type of Exam	Other Information
Chicago MMSA	Full-Scope	Partial McHenry and Lake County in IL and partial of Kenosha County in WI
State of Wisconsin		
Wisconsin Non-MSA	Full-Scope	Partial of Walworth County

Appendix B: Summary of MMSA and State Ratings

State Bank of the Lakes Rating				
Overall Bank:	Lending Test Rating*	Investment Test Rating	Service Test Rating	Overall Bank/State/Multistate Rating
State Bank of the Lakes	Outstanding	High Satisfactory	High Satisfactory	Outstanding
MMSA or State:				
Chicago MMSA	Outstanding	High Satisfactory	High Satisfactory	Outstanding
State of Wisconsin	Low Satisfactory	Low Satisfactory	Low Satisfactory	Satisfactory

(*) The Lending Test is weighted more heavily than the Investment and Service Tests in the overall rating.

Appendix C: Definitions and Common Abbreviations

The following terms and abbreviations are used in 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. For example, a bank subsidiary is controlled by the bank and is, therefore, an affiliate.

Aggregate Lending (Aggt.): The number of loans originated and purchased by all reporting lenders (HMDA or CRA) in specified income categories as a percentage of the aggregate number of loans originated and purchased by all reporting lenders in the state/assessment area.

Census Tract (CT): A small, relatively permanent statistical subdivision of a county delineated by a local committee of census data users for the purpose of presenting data. Census tracts nest within counties, and their boundaries normally follow visible features, but may follow legal geography boundaries and other non-visible features in some instances, Census tracts ideally contain about 4,000 people and 1,600 housing units.

Combined Statistical Area (CSA): A geographic entity consisting of two or more adjacent Core Based Statistical Areas with employment interchange measures of at least 15. An employment interchange measure is a measure of ties between two adjacent entities. The employment interchange measure is the sum of the percentage of workers living in the smaller entity who work in the larger entity and the percentage of employment in the smaller entity that is accounted for by workers who reside in the larger entity.

Community Development (CD): Affordable housing (including multifamily rental housing) for low- or moderate-income individuals; community services targeted to low- or moderate-income individuals; activities that promote economic development by financing businesses or farms that meet Small Business Administration Development Company or Small Business Investment Company programs size eligibility standards or have gross annual revenues of \$1 million or less; or activities that revitalize or stabilize low- or moderate-income geographies, distressed or underserved nonmetropolitan middle-income geographies, or designated disaster areas.

Community Reinvestment Act (CRA): the statute that requires the OCC to evaluate a bank's record of meeting the credit needs of its entire community, including LMI areas, 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, 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-Scope Review: Performance under the Lending, Investment, and Service Tests is analyzed considering performance context, quantitative factors (e.g., geographic distribution, borrower distribution, and total number and dollar amount of investments), and qualitative factors (e.g., innovativeness, complexity, and responsiveness).

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

Home Mortgage Disclosure Act (HMDA): The statute that requires certain mortgage lenders that conduct business or have banking offices in a metropolitan statistical area to file annual summary reports of their mortgage lending activity. The reports include such data as the race, gender, and the income of applicants, the amount of loan requested, the disposition of the application (e.g., approved, denied, and withdrawn), the lien status of the collateral, any requests for preapproval, and loans for manufactured housing.

Home Mortgage Loans: A closed-end mortgage loan or an open-end line of credit as these terms are defined under §1003.2 of this title, and that is not an excluded transaction under §1003.3(c)(1) through (10) and (13) of this title.

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-Scope 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: Individual income that is less than 50 percent of the area median income.

Low Income Geography: A census tract with a median family income that is less than 50 percent.

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 state/assessment area.

Median Family Income (MFI): The median income determined by the U.S. Census Bureau every five years and used to determine the income level category of geographies. The median is the point at which half of the families have income above, and half below, a range of incomes. Also, the median income determined by the Federal Financial Institutions Examination Council (FFIEC) annually that is used to determine the income level category of individuals. For any given area, the median is the point at which half of the families have income above, and half below, a range of incomes.

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

Metropolitan Statistical Area: An area, defined by the Office of Management and Budget, as a core based statistical area associated with at least one urbanized area that has a population of at least 50,000. The Metropolitan Statistical Area comprises the central county or counties containing the core, plus adjacent outlying counties having a high degree of social and economic integration with the central county or counties as measured through commuting.

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

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

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

MMSA (state): Any multistate metropolitan statistical area or multistate combined statistical area, as defined by the Office of Management and Budget.

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.

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

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

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

Small Loan(s) to Farm(s): A loan included in 'loans to small farms' as defined in the instructions for preparation of the Consolidated Report of Condition and Income (Call Report). These loans have original amounts of \$500,000 or less and are either secured by farmland, or are classified as loans to finance agricultural production and other loans to farmers.

Tier 1 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.

Appendix D: Tables of Performance Data

Content of Standardized Tables

A separate set of tables is provided for each state. All multistate metropolitan statistical areas, if applicable, 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 the same as originations; and (2) “aggregate” is the percentage of the aggregate number of reportable loans originated and purchased by all HMDA or CRA reporting lenders in the MMSA/assessment area. 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 O. Assessment Area Distribution of Home Mortgage Loans by Income Category of the Geography** - 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 aggregate peer data for the years the data is available.
- Table P. Assessment Area Distribution of Home Mortgage Loans by Income Category of the Borrower** - 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 MMSA/assessment area. The table also presents aggregate peer data for the years the data is available.
- Table Q. Assessment Area Distribution of Loans to Small Businesses by Income Category of the Geography** - The percentage distribution of the number of small loans (less than or equal to \$1 million) to businesses that were 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) in those geographies. Because aggregate small business data are not available for geographic areas smaller than counties, it may be necessary to compare bank loan data to aggregate data from geographic areas larger than the bank’s assessment area.
- Table R. Assessment Area Distribution of Loans to Small Businesses by Gross Annual Revenue** - Compares the percentage distribution of the number of small loans (loans less than or equal to \$1 million) originated and purchased by the bank to businesses with revenues of \$1 million or less to: 1) the percentage distribution of businesses with revenues of greater than \$1 million; and, 2) the percentage

distribution of businesses for which revenues are not available. The table also presents aggregate peer small business data for the years the data is available.

Table U. Assessment Area Distribution of Consumer Loans by Income Category of the Geography – 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 in those geographies.

Table V. Assessment Area Distribution of Consumer Loans by Income Category of the Borrower - 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 households by income level in each MMSA/assessment area.

Table O: Assessment Area Distribution of Home Mortgage Loans by Income Category of the Geography 2020-2021

Assessment Area:	Total Home Mortgage Loans			Low-Income Tracts			Moderate-Income Tracts			Middle-Income Tracts			Upper-Income Tracts			Not Available-Income Tracts		
	#	\$	% of Total	% of Owner-Occupied Housing Units	% Bank Loans	Aggregate	% of Owner-Occupied Housing Units	% Bank Loans	Aggregate	% of Owner-Occupied Housing Units	% Bank Loans	Aggregate	% of Owner-Occupied Housing Units	% Bank Loans	Aggregate	% of Owner-Occupied Housing Units	% Bank Loans	Aggregate
Chicago MMSA	72	15,256	100.0	3.4	12.5	1.8	16.3	31.9	11.1	43.3	45.8	42.1	37.0	9.7	45.1	0.0	0.0	0.0
Total	72	15,256	100.0	3.4	12.5	1.8	16.3	31.9	11.1	43.3	45.8	42.1	37.0	9.7	45.1	0.0	0.0	0.0

Source: 2015 U.S Census; 01/01/2020 - 12/31/2021 Bank Data, "--" data not available.
 Due to rounding, totals may not equal 100.0

Table P: Assessment Area Distribution of Home Mortgage Loans by Income Category of the Borrower 2020-2021

Assessment Area:	Total Home Mortgage Loans			Low-Income Borrowers			Moderate-Income Borrowers			Middle-Income Borrowers			Upper-Income Borrowers			Not Available-Income Borrowers		
	#	\$	% of Total	% of Families	% Bank Loans	Aggregate	% of Families	% Bank Loans	Aggregate	% of Families	% Bank Loans	Aggregate	% of Families	% Bank Loans	Aggregate	% of Families	% Bank Loans	Aggregate
Chicago MMSA	72	15,256	100.0	21.4	9.7	7.8	17.2	9.7	16.9	19.5	6.9	21.1	41.9	16.7	39.1	0.0	56.9	15.1
Total	72	15,256	100.0	21.4	9.7	7.8	17.2	9.7	16.9	19.5	6.9	21.1	41.9	16.7	39.1	0.0	56.9	15.1

Source: 2015 U.S Census; 01/01/2020 - 12/31/2021 Bank Data, "--" data not available.
 Due to rounding, totals may not equal 100.0

Table Q: Assessment Area Distribution of Loans to Small Businesses by Income Category of the Geography 2020-2021

Assessment Area:	Total Loans to Small Businesses			Low-Income Tracts			Moderate-Income Tracts			Middle-Income Tracts			Upper-Income Tracts			Not Available-Income Tracts		
	#	\$	% of Total	% Business	% Bank Loans	Aggregate	% Business	% Bank Loans	Aggregate	% Business	% Bank Loans	Aggregate	% Business	% Bank Loans	Aggregate	% Business	% Bank Loans	Aggregate
Chicago MMSA	1,660	146,984	98.9	2.9	2.1	2.3	12.8	18.5	11.7	37.3	54.0	37.3	47.1	25.4	48.7	0.0	0.0	0.0
Total	1,660	146,984	98.9	2.9	2.1	2.3	12.8	18.5	11.7	37.3	54.0	37.3	47.1	25.4	48.7	0.0	0.0	0.0

Source: 2020 D&B Data; 01/01/2020 - 12/31/2021 Bank Data; 2020 CRA Aggregate Data, "--" data not available.
 Due to rounding, totals may not equal 100.0%

Table R: Assessment Area Distribution of Loans to Small Businesses by Gross Annual Revenues 2020-2021

Assessment Area:	Total Loans to Small Businesses				Businesses with Revenues <= 1MM			Businesses with Revenues > 1MM		Businesses with Revenues Not Available	
	#	\$	% of Total	Overall Market	% Businesses	% Bank Loans	Aggregate	% Businesses	% Bank Loans	% Businesses	% Bank Loans
Chicago MMSA	1,660	146,984	98.9	28,103	85.0	59.0	42.0	6.0	25.6	9.0	15.4
Total	1,660	146,984	98.9	28,103	85.0	59.0	42.0	6.0	25.6	9.0	15.4

Source: 2020 D&B Data; 01/01/2020 - 12/31/2021 Bank Data; "--" data not available.
 Due to rounding, totals may not equal 100.0

Table U: Assessment Area Distribution of Consumer Loans by Income Category of the Geography 2020-2021

Assessment Area:	Total Consumer Loans			Low-Income Tracts		Moderate-Income Tracts		Middle-Income Tracts		Upper-Income Tracts		Not Available-Income Tracts	
	#	\$	% of Total	% of Households	% Bank Loans	% of Households	% Bank Loans	% of Households	% Bank Loans	% of Households	% Bank Loans	% of Households	% Bank Loans
Chicago MMSA	134	848	99.3	6.0	3.7	20.1	26.1	42.5	57.5	31.4	12.7	0.0	0.0
Total	134	848	99.3	6.0	3.7	20.1	26.1	42.5	57.5	31.4	12.7	0.0	0.0

Source: 2015 U.S Census; 01/01/2020 - 12/31/2021 Bank Data.
 Due to rounding, totals may not equal 100.0

Table V - Assessment Area Distribution of Consumer Loans by Income Category of the Borrower 2020-2021

Assessment Area:	Total Consumer Loans			Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers		Not Available-Income Borrowers	
	#	\$	% of Total	% of Households	% Bank Loans	% of Households	% Bank Loans	% of Households	% Bank Loans	% of Households	% Bank Loans	% of Households	% Bank Loans
Chicago MMSA	134	848	99.3	23.5	52.2	15.7	15.7	17.6	11.9	43.3	9.7	0.0	10.4
Total	134	848	99.3	23.5	52.2	15.7	15.7	17.6	11.9	43.3	9.7	0.0	10.4

Source: 2015 U.S Census; 01/01/2020 - 12/31/2021 Bank Data.
 Due to rounding, totals may not equal 100.0