PUBLIC DISCLOSURE

September 19, 2016

COMMUNITY REINVESTMENT ACT

PERFORMANCE EVALUATION

Village Bank & Trust
RSSD# 2298995

234 West Northwest Highway
Arlington Heights, Illinois 60004

Federal Reserve Bank of Chicago

230 South LaSalle Street
Chicago, Illinois 60604-1413

NOTE: This document is an evaluation of this bank'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 bank. This evaluation is not, nor should it be construed as, an assessment of the financial condition of this bank. The rating assigned to this bank does not represent an analysis, conclusion or opinion of the federal financial supervisory agency concerning the safety and soundness of this financial bank.

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INSTITUTION'S RATING

Village Bank & Trust's Overall CRA Rating: Outstanding

Performance Test Rating Table

The following table indicates the performance level of Village Bank & Trust (Village) with respect to the lending, investment, and service tests.

Performance Levels	Performance Tests		
	Lending Test	Investment Test	Service Test
Outstanding	X		
High Satisfactory		X	X
Low Satisfactory			
Needs to Improve			
Substantial Noncompliance			

* *Note: The lending test is weighted more heavily than the investment and service tests when arriving at an overall rating.*

Summary of Major Factors that Support the Rating

Lending Test:

- Lending levels reflect excellent responsiveness to assessment area credit needs.
- The distribution of borrowers reflects, given the product lines offered, excellent penetration among customers of different income levels and businesses of different sizes.
- Lending exhibits an excellent record of serving the credit needs of low-income individuals and very small businesses.

- The bank is a leader in making community development loans.
- The bank makes extensive use of flexible lending practices in serving assessment area credit needs.

Investment Test:

- Investment activities exhibit a significant level of qualified community development investments and grants, occasionally in a leadership position.
- Investment activities exhibit good responsiveness to credit and community development needs.

Service Test:

- Delivery systems are reasonably accessible to the bank's geographies and individuals of different income levels in the assessment area.
- The bank's record of opening and closing branches has not adversely affected the accessibility of its delivery systems, particularly to low- and moderate-income geographies and/or low- and moderate-income individuals.
- Services are tailored to meet the convenience and needs of its assessment area.
- The bank is a leader in providing community development services.

Village Bank & Trust

DESCRIPTION OF INSTITUTION

Village Bank & Trust (Village), with assets of $1.3 billion as of June 30, 2016, is a wholly-owned subsidiary of Wintrust Financial Corporation (Wintrust), a multi-bank holding company headquartered in Rosemont, Illinois. Wintrust controls 15 chartered banks operating in the metropolitan Chicago and southern Wisconsin areas. Wintrust operates a community bank model in which each banking subsidiary is locally controlled and managed. Wintrust Mortgage Corporation (Wintrust Mortgage) is a mortgage subsidiary operated by an affiliated bank. The majority of Wintrust affiliate bank home mortgage applications are processed by Wintrust Mortgage.

Village is headquartered in Arlington Heights, Illinois, approximately 27 miles northwest of downtown Chicago. The institution operates a main office and eight full-service branch offices. All bank locations offer full-service automated teller machines (ATMs) and all bank locations are located in the state of Illinois. Since the previous evaluation period, the bank expanded its branch network by opening two branch offices. On January 13, 2014, the bank opened a branch office in Prospect Heights, and on February 27, 2015, the bank opened an additional branch office in Arlington Heights. To supplement its branch and ATM network, the bank offers 24-hour account access through its telephone and internet banking systems, and surcharge-free access at ATMs operated by Wintrust affiliate institutions.

Village offers a wide range of products and services either directly or through affiliated institutions. Specifically, the bank makes commercial credit available, including smaller dollar loans and lines of credit, as well as a Business Overdraft Protection product to meet the financial services needs of businesses, including smaller businesses. The bank has a department specifically dedicated to making Small Business Administration (SBA) loans available, including the SBA 504 and 7a loan programs. The bank makes a variety of deposit products available to businesses, including checking accounts with free access to online banking and ATMS.

Village makes a limited number of home mortgage loans available directly, relying primarily on Wintrust Mortgage for a wider variety of products and services, including those tailored to help meet the credit needs in low- and moderate-income areas and among low- and moderate-income applicants in its assessment area. Wintrust Mortgage government-guaranteed, -insured, or – sponsored loans are available in the assessment area, including loans through the Federal Housing Administration (FHA) and the Illinois Housing Development Authority (IHDA).

Village offers a wide variety of deposit and transaction accounts as well as credit products. It also offers basic banking products that include free checking with no minimum account balance and no monthly transaction fees. Village also established a package of deposit and transaction account financial services under its Bank at Work program. Designed to help customers access the convenience associated with banking in the workplace, Village uses the program to increase its accessibility among communities where it does not currently operate a branch office.

As the following table indicates, Village is primarily a commercial lender as commercial loans comprised approximately 75.0 percent of the bank's loan portfolio as of June 30, 2016. Consumer lending represents the second largest portion of the bank's lending portfolio, totaling 15.5 percent. Residential Real Estate Lending is not a major product line for Village, comprising only 9.6 percent of the bank's loan portfolio.

Loan Portfolio Composition as of June 30, 2016		
Loan Type	**Dollar Volume ($ in 000s)**	**% of Portfolio**
Agricultural	0	0.0
Commercial, including real estate secured	770,282	75.0
Consumer	159,208	15.5
Residential Real Estate	98,210	9.6
Other	48	0.0
Total	1,027,748	100.0
Note: Percentages may not add to 100.0 percent due to rounding.		

There are no known legal, financial or other factors impeding the bank's ability to help meet the credit needs in its communities.

At its previous evaluation conducted on November 5, 2012 the bank was rated Satisfactory under the CRA.

SCOPE OF THE EXAMINATION

Village Bank & Trust Company's CRA performance was evaluated using the Federal Financial Institutions Examination Council's (FFIEC) Large Institution CRA Examination Procedures. The evaluation was performed in the context of information about the bank and its assessment area, such as asset size, financial condition, market presence of other financial institutions, the combined record of aggregate of lenders in the assessment area, and economic and demographic characteristics.

The bank has one assessment area comprised of portions of two Metropolitan Divisions (MD) including portions of Cook County and DuPage County in the Chicago-Naperville-Arlington Heights, IL MD 16974 (Chicago MD) and portions of Lake County in the Lake County-Kenosha County, IL-WI MD 29404 (Lake County MD). Both MDs are part of the larger Chicago-Naperville-Elgin, IL-IN-WI Metropolitan Statistical Area (MSA) 16980.

The lending analysis was based on 2014 and 2015 Home Mortgage Disclosure Act (HMDA)-reportable and CRA-reportable small business loans from Village: specifically home purchases, refinancing, home improvement, multifamily loans, and loans to small businesses. Village refers nearly all of its requests for home purchase, refinancing and home improvement loans to its affiliate Wintrust Mortgage, which accounts for the low number of HMDA reportable loans. Thus, CRA-reportable small business loans received the primary weight in the analysis, as commercial loans are the bank's primary loan product.

Performance within the assessment area was evaluated using the following performance standards:

Level of Lending Activity: HMDA- and CRA-reportable small business loans, originated from January 1, 2014 through December 31, 2015, were analyzed to determine the responsiveness to credit needs in the assessment area.

Lending in the Assessment Area: HMDA- and CRA-reportable small business loans, originated from January 1, 2014 through December 31, 2015, were analyzed to determine the percentage of loans originated in the assessment area.

Geographic Distribution of Lending in the Assessment Area: HMDA- and CRA-reportable small business loans, originated from January 1, 2014 through December 31, 2015, were analyzed to determine the extent to which the bank makes loans in census tracts of different income levels, including those designated as low- or moderate-income.

Lending to Borrowers of Different Incomes and to Businesses of Different Sizes: HMDA- and CRA-reportable small business loans, originated from January 1, 2014 through December 31, 2015, were analyzed to determine the loan distribution among borrowers of different income and businesses of different revenue levels.

Community Development Lending: The number and dollar volume, innovativeness and complexity of community development loans originated from November 5, 2012 through September 19, 2016, were reviewed.

Innovative or Flexible Lending Practices: The degree to which the bank uses innovative and flexible lending practices to address the credit needs of low- and moderate-income individuals, low- and moderate-income geographies, and small businesses was assessed.

Investments: Qualified investments, grants, and donations made between November 5, 2012 and September 19, 2016, were reviewed to determine the bank's responsiveness to community development investment needs. Qualified investments were also evaluated to determine the bank's use of innovative or complex investments.

Services: The distribution of the bank's branch offices, banking services, hours of operation, availability of loan and deposit products, and the extent and innovativeness of community development services were reviewed. The review focused on activity conducted between November 5, 2012 and September 19, 2016.

Four CRA-related community contacts were conducted within Cook County to better understand the credit needs of the assessment area. The contacts focused on community services, economic development, and affordable housing. Refer to the individual assessment area summary for community contact information.

DESCRIPTION OF INSTITUTION'S OPERATIONS IN THE ASSESSMENT AREA

The bank's assessment area is comprised of 603 census tracts in portions of two metropolitan divisions in the Chicago-Naperville-Elgin, IL-IN-WI MSA. Village's delineated assessment area consists of 562 census tracts in the Chicago-Joliet-Arlington Heights MD (all branches located in this MD), and 41 census tracts in the Lake County-Kenosha MD (Lake County MD). Of the Chicago MD, the bank includes portions of Cook and DuPage Counties in the assessment area. The delineated portion of the Chicago MD includes census tracts of all income levels, including low- and moderate-income census tracts, primarily in the northern neighborhoods of the City of Chicago. There are 20 low-, 117 moderate-, 216 middle-, 208 upper-, and one unknown-income census tracts in the Chicago MD. The delineated portion of the Lake County MD includes primarily upper-income tracts in the communities located in the southern portion of the Lake County MD. There are zero low-, one moderate-, six middle-, and 34 upper-income census tracts in the Lake County MD. The entire combined assessment area includes 20 low-income and 118 moderate-income census tracts. Following the Office of Management and Budget's revision of census tracts in 2012, the number of census tracts within the assessment area increased from 545 to 603; otherwise, the CRA assessment area has not changed since the previous evaluation.

The bank has a total of nine branches and nine full-service ATMs in the assessment area, all of which are located in Cook County. The bank does not have any branches or ATMs in low-income or moderate-income census tracts. Village opened two new branches since the previous evaluation period, one in a middle-income census tract, and one in an upper-income census tract.

Distribution of Branches and ATMs							
Tract Income Level	Number of Branches	Percent of Branches	Number of ATMs	Percent of ATMs	Percent of Tracts	Percent of Families	Percent of Businesses
Low	0	0	0	0	3.3	19.5	1.2
Moderate	0	0	0	0	19.6	16.1	15
Middle	4	44.4	4	44.4	36.8	18.8	36.7
Upper	5	55.6	5	55.6	40.1	45.6	47
Unknown	0	0	0	0	0.2	0	0.2
Total	9	100	9	100	100	100	100

The Federal Deposit Insurance Corporation's (FDIC) Deposit Market Share Report dated June 30, 2015, ranks Village Bank & Trust 35th among 153 FDIC-insured institutions in Cook, DuPage, and Lake Counties. The bank has 0.3 percent market share, compared to the market leader, JPMorgan Chase Bank NA, which has 23.8 percent of the assessment area's deposits. Village Bank & Trust ranks 133rd out of 663 HMDA reporters in loan originations in its assessment area, based on 2015 aggregate lending data. A total of 39 originations were reported by Village, compared to 12,417 reported by leader JPMorgan Chase Bank NA. The CRA Market Peer Report ranks Village Bank & Trust 19th out of 159 reporters. Village originated or purchased 601 CRA-Reportable loans in 2015, whereas the first ranked institution American Express Bank FSB, originated 15,337 CRA loans in the assessment area. Village Bank & Trust is not among the market leaders with respect to deposits or lending activity.

Information about census-related and business demographic characteristics of the assessment area is provided in the following table.

Assessment Area: 2015 Chicago-Naperville-Elgin, IL-IN-WI MSA 16980								
Income Categories	Tract Distribution		Families by Tract Income		Families < Poverty Level as % of Families by Tract		Families by Family Income	
	#	%	#	%	#	%	#	%
Low-income	20	3.3	12,971	2.2	3,665	28.3	117,550	19.5
Moderate-income	118	19.6	116,086	19.3	17,647	15.2	96,732	16.1
Middle-income	222	36.8	239,339	39.8	16,007	6.7	112,875	18.8
Upper-income	242	40.1	232,948	38.7	6,369	2.7	274,187	45.6
Unknown-income	1	0.2	0	0.0	0	0.0	0	0.0
Total Assessment Area	**603**	**100.0**	**601,344**	**100.0**	**43,688**	**7.3**	**601,344**	**100.0**
	Housing Units by Tract	Housing Types by Tract						
		Owner-Occupied			Rental		Vacant	
		#	%	%	#	%	#	%
Low-income	30,835	7,318	1.2	23.7	20,184	65.5	3,333	10.8
Moderate-income	209,960	86,109	13.9	41.0	101,940	48.6	21,911	10.4
Middle-income	407,678	248,443	40.2	60.9	129,755	31.8	29,480	7.2
Upper-income	407,728	276,788	44.7	67.9	103,356	25.3	27,584	6.8
Unknown-income	0	0	0.0	0.0	0	0.0	0	0.0
Total Assessment Area	**1,056,201**	**618,658**	**100.0**	**58.6**	**355,235**	**33.6**	**82,308**	**7.8**
	Total Businesses Tract		Businesses by Tract & Revenue Size					
			Less Than or = $1 Million		Over $1 Million		Revenue Not Reported	
	#	%	#	%	#	%	#	%
Low-income	1,396	1.2	1,315	1.2	78	0.6	3	1.3
Moderate-income	18,054	15.0	15,496	14.4	2,522	19.9	36	15.6
Middle-income	44,209	36.7	39,110	36.3	5,014	39.6	85	36.8
Upper-income	56,679	47.0	51,568	47.9	5,004	39.5	107	46.3
Unknown-income	231	0.2	173	0.2	58	0.5	0	0.0
Total Assessment Area	**120,569**	**100.0**	**107,662**	**100.0**	**12,676**	**100.0**	**231**	**100.0**
	Percentage of Total Businesses:			**89.3**		**10.5**		**0.2**
	Total Farms by Tract		Farms by Tract & Revenue Size					
			Less Than or = $1 Million		Over $1 Million		Revenue Not Reported	
	#	%	#	%	#	%	#	%
Low-income	4	1.1	4	1.2	0	0.0	0	0.0
Moderate-income	40	11.0	36	10.5	4	18.2	0	0.0
Middle-income	115	31.6	108	31.6	7	31.8	0	0.0
Upper-income	205	56.3	194	56.7	11	50.0	0	0.0
Unknown-income	0	0.0	0	0.0	0	0.0	0	0.0
Total Assessment Area	**364**	**100.0**	**342**	**100.0**	**22**	**100.0**	**0**	**0.0**
	Percentage of Total Businesses:			**94.0**		**6.0**		**0.0**

2015 FFIEC Census Data & 2015 Dun & Bradstreet information according to 2010 ACS

Note: Percentages may not add to 100.0 percent due to rounding

Performance Context

The assessment area is comprised of a total population of 2,520,037 according to the 2010 U.S. Census. Population in the assessment area has decreased slightly, driven by a decline in population in Cook County. The assessment area's median family income has increased significantly from 2000 to 2010, and is consistent with the state of Illinois. Median housing values have increased dramatically in the assessment area from 2000 to 2010, drastically outpacing the state of Illinois. Unemployment rates have declined since 2011, with the Lake County MD having a significantly lower unemployment rate in 2014 than that of the Chicago MD, and of the state of Illinois. The assessment area has diverse makeup of industries and businesses, with the main industries including manufacturing; financial activities; and education and health services.

Population Characteristics

As presented in the table below, the assessment area's population decreased 2.2 percent from 2000 to 2010, according to 2010 U.S. Census Bureau information. The main driver of the assessment area's population decrease was Cook County's population decline of 3.4 percent, as this encompasses the majority of the assessment area. DuPage County experienced modest population growth of 1.4 percent from 2000 to 2010. Conversely, the Lake County MD experienced a more drastic increase in population of 9.6 percent, outpacing the Chicago MD and the state of Illinois, which grew at 3.3 percent.

A community representative indicated that the population increase in Lake County is attributable to a high quality of life in the county stemming from solid and stable health care, strong school districts and local governments, and the accessibility to the City of Chicago. The contact noted that these factors attract employers and employees, thus increasing population. Another community representative discussed the decline in population in Cook County, stating that although economic conditions are improving, there are communities that are improving at a slower rate than others.

Population Change 2000 and 2010			
Area	**2000 Population**	**2010 Population**	**Percentage Change (%)**
Assessment Area	2,577,815	2,520,037	-2.3
Cook County, IL	5,376,741	5,194,675	-3.4
DuPage County, IL	904,161	916,924	1.4
Lake County, IL	644,356	703,462	9.2
Chicago-Naperville-Arlington Heights, IL MD	7,135,324	7,262,718	1.8
Lake County-Kenosha, IL-WI MD	793,933	869,888	9.6
State of Illinois	12,419,293	12,830,632	3.3
Source: 2000 and 2010—U.S. Census Bureau: Decennial Census			

Income Characteristics

According to the 2006-2010 American Community Survey data, the median family income for the assessment area is $79,155. The assessment area's increase in median family income of 18.1 percent was slightly less than the geographies below, including the state of Illinois, which increased 22.8 percent. DuPage County had the lowest growth in median family income, increasing 16.5 percent from 2000 to 2010; however, the county has the highest median family income of the below geographies. Cook County has the lowest absolute median family income of $65,039, but the county experienced significant growth in median family income, increasing 20.9 percent from 2000 to 2010. The Lake County MD's growth was 21.0 percent, consistent with the other geographies.

Overall, 19.5 percent of families in the assessment area are designated as low-income families, and 16.1 percent are designated as moderate-income families. These percentages are slightly below the Chicago MD and the Lake County MD. The Chicago MD's percentage of families designated as low-income and moderate-income is above that of the assessment area at 22.7 percent and 16.7 percent, respectively. Lake County MD's percentage of families designated as low-income and moderate-income is above that of the assessment area at 20.6 percent and 17.6 percent, respectively. The percentage of families below poverty in the assessment area is 7.3 percent. The Chicago MD's percentage of families below poverty is 9.6 percent; driven by Cook County (11.9 percent of families are below poverty). The Lake County MD's percentage of families below poverty is drastically lower at 5.6 percent.

Median Family Income			
Area	**2000 (In 1999 Dollars)**	**2006-2010 (In 2010 Dollars)**	**Percentage Change (%)**
Assessment Area	64,810	79,155	18.1
Cook County, IL	53,784	65,039	20.9
DuPage County, IL	79,314	92,423	16.5
Lake County, IL	76,424	91,693	20.0
Chicago-Naperville-Arlington Heights, IL MD	60,166	72,196	20.0
Lake County-Kenosha, IL-WI MD	71,293	86,241	21.0
State of Illinois	55,545	68,236	22.8
Source: U.S. Census Bureau 2000 Decennial Census; 2006-2010 American Community Survey			

Housing Characteristics

There are a total of 1,056,201 housing units in the assessment area, of which 2.9 percent are located in low-income census tracts, and 19.9 percent are located in moderate-income census tracts. The majority of housing units in low- and moderate-income census tracts are rental units, indicating that fewer opportunities for mortgage lending exist.

The median housing value in the assessment area is $341,268, higher than the compared metropolitan divisions and the state. The assessment area's median housing value increased the most, rising 73.9 percent from 2000 to 2010. The Lake County MD has one of the lowest median housing values of the compared geographies, at $256,403, increasing 49.8 percent from 2000 to 2010. The state of Illinois experienced an increase in median housing value of 58.5 percent from 2000 to 2010. Median gross rents in the geographies below are fairly consistent, with the state of Illinois having the lowest median gross rent of $834. The Chicago MD's increase in median gross rent of 37.4 percent was the most drastic of the geographies, driven by Cook County's increase of 38.9 percent.

A community representative in Cook County discussed the drastic increases in both housing values and rent in the area, stating that the increases are hurting low-income communities. Additionally, the contact noted that there is a need for financial institutions to lend to first time homebuyers, as well as provide information on different home financing options.

A common method to compare relative affordability of housing across geographic areas is the affordability ratio, which is defined in Appendix C. A higher ratio supports more affordable housing opportunities. Based on the 2006-2010 American Community Survey data, the affordability ratio for the assessment area is 0.19, lower than the affordability ratios of the metropolitan divisions and the state, indicating that housing is less affordable in the assessment area.

Housing Costs Change

	Median Housing Value			Median Gross Rent			Affordability Ratio
Area	**2000 ($)**	**2006-2010 ($)**	**% Change**	**2000 ($)**	**2006-2010 ($)**	**% Change**	**2006-2010**
Assessment Area	196,275	341,268	73.9	728	951	30.6	0.19
Cook County, IL	154,300	265,800	72.3	648	900	38.9	0.20
DuPage County, IL	187,600	316,900	68.9	837	1,008	20.4	0.24
Lake County, IL	191,600	287,300	49.9	742	963	29.8	0.27
Chicago-Naperville-Arlington Heights, IL MD	159,773	267,990	67.7	665	914	37.4	0.22
Lake County-Kenosha, IL-WI MD	171,126	256,403	49.8	694	909	31.0	0.28
State of Illinois	127,800	202,500	58.5	605	834	37.9	0.28

Source: 2000—U.S. Census Bureau: Decennial Census; 2006-2010—U.S. Census Bureau: American Community Survey

Foreclosure Trends

The Federal Reserve Bank of Chicago conducted a study on changes in foreclosure inventory rates at the county level. The foreclosure inventory rate measures the number of residential properties in some phase of foreclosure.

Foreclosure inventory rates in the state and the assessment area counties have declined since 2011, with Cook County having the most drastic decline from 7.5 percent to 2.5 percent, when comparing year-end data. DuPage County had the lowest foreclosure inventory rate during the time period, suggesting that the housing crisis did not have as great of an effect on the county. This is consistent with other economic measures, as DuPage County is the most affluent of the below geographies. Both Cook and Lake Counties' foreclosure inventory rates are consistent with that of the state of Illinois.

Foreclosure Inventory Rates (%)				
Area	**Year-End 2011**	**Year-End 2012**	**Year-End 2013**	**Year-End 2014**
Cook County, IL	7.5	6.7	4.1	2.5
DuPage County, IL	4.6	3.8	2.3	1.3
Lake County, IL	6.3	5.6	3.5	2.2
State of Illinois	6.3	5.6	3.5	2.2
Source: U.S. Census Bureau 2000 Decennial Census; 2006-2010 American Community Survey				

Employment Conditions

Unemployment rates in the assessment area have declined since 2011. Cook County's unemployment rate has remained above the unemployment rates of DuPage and Lake Counties, as well as the state of Illinois. Conversely, both DuPage County and the Lake County MD have experienced significantly lower unemployment rates than the other geographies since 2011, remaining the lowest in 2014 with unemployment rates of 5.6 percent and 6.4 percent, respectively. The table below presents unemployment rates between 2011 and 2014 in the counties and metropolitan divisions that comprise the assessment area.

A community representative for the area discussed unemployment rates in Arlington Heights in Cook County, indicating that although the unemployment rates in Cook County remain high, Arlington Heights has been able to combat unemployment through the community's strong relationships with its local businesses, which has helped bolster the local economy. Another representative indicated that the Lake County MD's unemployment rate has remained lower due to the attraction of employers and employees to the area, as well as community organizations throughout the area working with businesses to improve employment conditions.

Unemployment Rates (%)				
Area	**2011**	**2012**	**2013**	**2014**
Cook County, IL	10.4	9.3	9.6	7.4
DuPage County, IL	8.0	7.3	7.5	5.6
Lake County, IL	9.4	8.7	8.7	6.5
Chicago-Naperville-Arlington Heights, IL MD	10.0	8.9	9.2	7.1
Lake County-Kenosha, IL-WI MD	9.4	8.6	8.5	6.4
State of Illinois	9.8	8.9	9.2	7.1
Source: U.S. Census Bureau 2000 Decennial Census; 2006-2010 American Community Survey				

Industry Characteristics

The following table presents the largest employers operating in Cook, Lake, and DuPage Counties. According to location quotients developed by the U.S. Bureau of Labor Statistics, the assessment area is diverse in terms of industry. The most impactful industries in the assessment area are healthcare-related manufacturing, insurance, education and health services. Dun & Bradstreet data indicates that in 2015, there were 120,569 businesses located in the assessment area, of which 107,662, or 89.3 percent, were small businesses with gross revenue of $1 million or less.

Largest Employers in the Assessment Area		
Company	**Number of Employees**	**Industry**
Allstate Insurance	13000	Insurance
Abbott Laboratories	12000	Manufacturing/Pharmaceutical
University of Illinois – Chicago	11515	Schools – Universities and Colleges Academic
University of Chicago	8534	Schools – Universities and Colleges Academic
Evanston Hospital	6500	Hospitals
Sears Home & Business Franchises	6000	Home Improvements
Advocate Christ Medical Center	6000	Hospitals
University of Illinois Hospital	5000	Hospital
Northwestern University	5000	Schools – Universities and Colleges Academic
Medline Industries Incorporated	5000	Physicians & Surgeons Equipment and Supplies-Wholesale

Community Contact Data

Four community representatives, with focuses on economic and community development, were contacted to increase understanding of the credit needs and market conditions within the assessment area. The representatives discussed that although the overall economy is growing, some areas are stagnant. Additionally, the representatives noted that the lack of affordable housing in the area is problematic for low-income individuals and families. Concerns were also raised about the challenges that small and emerging businesses face in accessing the capital needed to run and grow their businesses. Overall, the contacts noted that financial institutions in the community are supportive of economic and community development initiatives and are willing to assist where it is needed.

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA

LENDING TEST

Village's performance relative to the lending test is rated Outstanding based on lending levels reflecting excellent responsiveness to assessment area credit needs, the bank's position as a leader in making community development loans, and an excellent record of serving the credit needs of low-income individuals and very small businesses. The distribution of borrowers reflects, given the product lines offered, excellent penetration among individuals of different income levels and businesses of different sizes. An adequate percentage of loans were made in the bank's assessment area, and the geographic distribution of the bank's lending reflects adequate penetration throughout the assessment area. Additionally, the bank makes extensive use of flexible lending practices in serving assessment area credit needs and is a leader in making community development loans.

Level of Lending Activity

Village's lending levels reflect excellent responsiveness to assessment area credit needs. During the review period, Village Bank & Trust originated 1,806 loans totaling $353.3 million. The level of lending activity represents a 22.7 percent increase from the previous evaluation in which Village originated 1,472 loans; however, the dollar amount of the total loans remained consistent in which the loans totaled $352.5 million in the previous evaluation. Given the bank's lending focus on commercial loans, and the significant mortgage referral volume to Wintrust Mortgage, the weight of the analysis is on small business loans. Moreover, the assessment area's economy continues to improve, providing opportunity for small businesses to seek affordable credit. There were 751 small business loans made during the previous evaluation period totaling $172.8 million. During the current evaluation period from January 1, 2014 to December 31, 2015, the bank originated 1,689 small business loans worth $316.2 million. This represents an increase in small business loans of 124.9 percent, and an increase in dollar value of 83.0 percent.

The following table provides a summary of Village's lending activity during 2014 and 2015.

Summary of Lending Activity HMDA and CRA Reportable Loans 2014 and 2015				
Type of Loan	#	%	$ (000s)	%
Home Improvement	4	0.2	1,434	0.4
Home Purchase	50	2.8	12,905	3.7
Multi-Family Housing	31	1.7	13,142	3.7
Refinancing	32	1.8	9,606	2.7
Total HMDA Reportable	**117**	**6.5**	**37,087**	**10.5**
Total Small Business	**1,689**	**93.5**	**316,248**	**89.5**
Total Loans	**1,806**	**100.0**	**353,335**	**100.0**
Note: Percentages may not add to 100.0 percent due to rounding. *Affiliate loans include only loans originated or purchased within the bank's assessment areas.*				

Assessment Area Concentration

An adequate percentage of loans were made in the bank's assessment area. During the review period, Village originated 69.3 percent of loans in the assessment area, 49.0 percent by dollar volume. The bank's rate of lending in the assessment area was somewhat lower than its performance during the previous evaluation period, in which the bank originated 73.5 percent of loans in the assessment area, and 60.7 percent by dollar volume. The decrease can be attributed to the bank's expanded focus in two small business niche markets that included the hiring of two additional loan officers and where the majority of loans are done outside the bank's assessment area.

Assessment Area Concentration								
	Inside				Outside			
Loan Type	#	%	$ (000s)	%	#	%	$ (000s)	%
Home Improvement	4	100.0	1,434	100.0	0	0.0	0	0.0
Home Purchase	41	82.0	10,496	81.3	9	18.0	2,409	18.7
Multi-Family Housing	16	51.6	8,244	62.7	15	48.4	4,898	37.3
Refinancing	20	62.5	5,640	58.7	12	37.5	3,966	41.3
Total HMDA-Reportable	**81**	**69.2**	**25,814**	**69.6**	**36**	**30.8**	**11,273**	**30.4**
Total Small Business Loans	**1,169**	**69.3**	**146,826**	**46.6**	**519**	**30.7**	**168,422**	**53.4**
Total Loans	**1,250**	**69.3**	**172,640**	**49.0**	**555**	**30.7**	**179,695**	**51.0**
Note: Percentages may not add to 100.0 percent due to rounding.								

Geographic Distribution of Loans

Village operates in portions of the Chicago MD and the Lake County MD. A majority of the assessment area's census tracts are upper- and middle-income. Of the assessment areas' 603 census tracts, only 20 are low-income, and 118 are moderate-income census tracts. The Lake County MD consists of 41 census tracts, 34 of which are upper-income, six are middle-income, one is moderate-income, and none are low-income tracts. Due to the bank's concentration of activities in the Chicago MD, the lack of income diversity in the Lake County MD, and the low volume of HMDA and CRA lending in the Lake County MD (one HMDA and 18 CRA-reportable loans), the bank's record has been primarily assessed based on its lending in the Chicago MD. Greater emphasis was applied to small business loans to reflect the bank's primary focus as a commercial lender.

The distribution of Village's lending activity reflects adequate dispersion in the assessment area. In 2014, the bank made loans in 30.5 percent of census tracts in its assessment area. The bank penetrated 15.0 percent of its low-income census tracts, and 29.7 percent of moderate-income census tracts. The percentage of lending increased slightly in 2015, in which the bank extended financing to 32.2 percent of all tracts in its assessment area; this included 15.0 percent of low-income census tracts, and 34.7 percent of all moderate-income tracts in the assessment area.

The bank's overall distribution of loans is also adequate when compared to aggregate lenders and the percentage of owner-occupied units and businesses per tract income level as seen in the following tables. In 2015, total HMDA-reportable loan originations by the bank exceeded those of aggregate lenders and the assessment area's percentage of owner-occupied units in both low- and moderate-income tracts. In 2014, HMDA-reportable lending was slightly above 2015 activity. The bank's affiliate, Wintrust Mortgage, also offers loan programs that can meet the affordable housing needs of low-income individuals as noted by community representatives. Greater impact on the bank's rating is made through small business lending, in which the bank's distribution of small business loans is consistent with the aggregate of lenders in low- and moderate-income census tracts, as well as the percentage of total businesses in low- and moderate-income census tracts. Small business lending activity is similar in 2015 and 2014.

HMDA-Reportable Lending

Home Purchase Loans

In 2015, Village did not make any home purchase loans in low-income census tracts, falling below the aggregate lender rate of 1.7 percent, and below the 1.2 percent of the assessment area's owner-occupied units in low-income tracts. The bank made 11.8 percent of its home purchase loans in moderate-income census tracts, slightly below the aggregate lender rate and the percent of owner occupied units in moderate-income census tracts which were 13.1 percent and 13.9 percent, respectively. Village made the majority of its home purchase loans in middle-income census tracts with 52.9 percent, which exceeded the 37.6 percent by the aggregate lenders and the 40.2 percent of owner-occupied units located in middle-income tracts. The bank made 35.3 percent of its home purchase loans in upper-income tracts, falling below aggregate lenders who originated 47.5 percent, and below the 44.7 percent of assessment area owner-occupied units located in upper-income tracts. In 2014, Village also made zero home purchase loans in low-income census tracts, but exceeded both the aggregate lenders and the percentage of assessment area's owner-occupied units by approximately 7.0 percentage points in moderate-income census tracts.

Refinance Loans
In 2015, Village did not make any refinance loans in low-income census tracts, compared to the aggregate lender rate of 1.3 percent, and the assessment area's owner-occupied units of 1.2 percent. The bank made 36.4 percent of its refinance loans in moderate-income census tracts, significantly above the aggregate lender rate and assessment area owner-occupied units in moderate-income census tracts of 10.5 percent and 13.9 percent, respectively. The bank made 36.4 percent of its refinance loans in middle-income census tracts, above the aggregate lender rate of 34.2 percent, and below the assessment area's owner-occupied units of 40.2 percent located in middle-income census tracts. Village made 27.3 percent of its refinance loans in upper-income census tracts, significantly below the aggregate lender rate of 54.0 percent, and below the assessment area's owner-occupied upper-income units of 44.7 percent. Village's performance in 2014 was consistent with 2015.

Home Improvement Loans
In 2015, Village made no home improvement loans in low-income census tracts compared to the 1.6 percent loan rate by the aggregate of lenders and the 1.2 percent of the assessment area's owner-occupied units located in such tracts. Within moderate-income census tracts, the bank made 25.0 percent of its home improvement loans. Village's performance exceeded the aggregate lender rate of 11.5 percent and the 13.9 percent of the assessment area's owner-occupied units in moderate-income tracts. The bank made 25.0 percent of its home improvement loans in middle-income census tracts, below the 34.2 percent made by the aggregate of lenders, and significantly below the 40.2 percent of owner-occupied units in the assessment area. Village made 50.0 percent of its home improvement loans in upper-income census tracts, comparable to the aggregate of lenders which made 52.6 percent, and to the 44.7 percent of owner-occupied units in the same tract income level. In 2014, the bank did not make any home improvement loans.

Multi-Family Loans
In 2015, Village made 14.3 percent of its multi-family loans in low-income census tracts, performing significantly above the aggregate lender rate of 4.4 percent and the 5.6 percent of multi-family housing units in the low-income census tracts. The bank made 14.3 percent of its multi-family loans in moderate-income census tracts, below the 31.5 percent made by the aggregate of lenders, and the 24.6 percent of multi-family housing units in the moderate-income tracts. Within middle-income census tracts, the bank made 71.4 percent of its multi-family loans.

Village's performance significantly exceeded the aggregate of lenders' 33.8 percent rate, and the 36.7 percent of multi-family units in middle-income census tracts. Village made no loans in upper-income census tracts for multi-family housing, compared to 30.2 percent by the aggregate of lenders, and 33.1 percent of multi-family housing in upper-income census tracts in the assessment area. In 2014, Village's performance was relatively consistent with the aggregate and the percent of multi-family housing units in both low- and middle-income census tracts.

The table below presents the geographic distribution of HMDA-Reportable loans in the assessment area in 2015. Please refer to Appendix B for 2014 geographic distribution tables.

Geographic Distribution of HMDA Reportable Loans
Assessment Area: 2015 Chicago-Naperville-Elgin, IL-IN-WI MSA 16980

Product Type	Tract Income Levels	Bank & Aggregate Lending Comparison 2015						Owner Occupied
		Count			Dollar			
		Bank		Agg	Bank		Agg	
		#	%	%	$ (000s)	$ %	$ %	% of Units
Home Purchase	Low	0	0.0	1.7	0	0.0	1.4	1.2
	Moderate	2	11.8	13.1	361	6.1	9.7	13.9
	Middle	9	52.9	37.6	2,079	35.4	28.5	40.2
	Upper	6	35.3	47.5	3,439	58.5	60.4	44.7
	Unknown	0	0.0	0.0	0	0.0	0.0	0.0
	Total	**17**	**100.0**	**100.0**	**5,879**	**100.0**	**100.0**	**100.0**
Refinance	Low	0	0.0	1.3	0	0.0	1.0	1.2
	Moderate	4	36.4	10.5	775	20.8	7.1	13.9
	Middle	4	36.4	34.2	821	22.1	25.3	40.2
	Upper	3	27.3	54.0	2,125	57.1	66.6	44.7
	Unknown	0	0.0	0.0	0	0.0	0.0	0.0
	Total	**11**	**100.0**	**100.0**	**3,721**	**100.0**	**100.0**	**100.0**
Home Improvement	Low	0	0.0	1.6	0	0.0	0.9	1.2
	Moderate	1	25.0	11.5	110	7.7	6.9	13.9
	Middle	1	25.0	34.2	92	6.4	21.9	40.2
	Upper	2	50.0	52.6	1,232	85.9	70.4	44.7
	Unknown	0	0.0	0.0	0	0.0	0.0	0.0
	Total	**4**	**100.0**	**100.0**	**1,434**	**100.0**	**100.0**	**100.0**
Multi-Family								**Multi-Family**
	Low	1	14.3	4.4	292	5.4	4.3	5.6
	Moderate	1	14.3	31.5	65	1.2	18.4	24.6
	Middle	5	71.4	33.8	5,017	93.4	29.7	36.7
	Upper	0	0.0	30.2	0	0.0	47.7	33.1
	Unknown	0	0.0	0.0	0	0.0	0.0	0.0
	Total	**7**	**100.0**	**100.0**	**5,374**	**100.0**	**100.0**	**100.0**
HMDA Totals	Low	1	2.6	1.6	292	1.8	1.4	1.2
	Moderate	8	20.5	12.0	1,311	8.0	9.0	13.9
	Middle	19	48.7	35.8	8,009	48.8	27.0	40.2
	Upper	11	28.2	50.6	6,796	41.4	62.7	44.7
	Unknown	0	0.0	0.0	0	0.0	0.0	0.0
	Total	**39**	**100.0**	**100.0**	**16,408**	**100.0**	**100.0**	**100.0**

Originations & Purchases
2015 FFIEC Census Data
Note: Percentages may not add to 100.0 percent due to rounding

Small Business Lending

Village's distribution of small business lending reflects good distribution throughout the assessment area.

In 2015, Village made 0.5 percent of its small business loans in low-income census tracts, which was below the performance of the aggregate of lenders at 1.4 percent and the total businesses located in low-income census tracts of 1.2 percent. The bank made 16.5 percent of its small business loans in moderate-income census tracts, which was consistent with that of the aggregate of lenders at 16.5 percent, and above the 15.0 percent of total businesses in moderate-income tracts in the assessment area. Village made 39.6 percent of its small business loans in middle-income census tracts, which was comparable to the performance of the aggregate of lenders at 39.3 percent, and above the total businesses located in middle-income census tracts of 36.7 percent. Village made 42.9 percent of its small business loans in upper-income census tracts, consistent with the aggregate of lenders at 42.7 percent, and below the total businesses in upper-income census tracts of 47.0 percent. The bank's performance in 2014 was consistent with its performance in 2015.

The table below presents the geographic distribution of small business loans in the assessment area in 2015. Please refer to Appendix B for 2014 geographic distribution tables.

Geographic Distribution of Small Business Loans
Assessment Area: 2015 Chicago-Naperville-Elgin, IL-IN-WI MSA 16980

	Tract Income Levels	Bank & Aggregate Lending Comparison 2015						Total Businesses
		Count			Dollar			
		Bank		Agg	Bank		Agg	
		#	%	%	$ (000s)	$ %	$ %	%
Small Business	Low	3	0.5	1.4	1,410	1.8	0.8	1.2
	Moderate	99	16.5	16.5	15,821	20.6	17.6	15.0
	Middle	238	39.6	39.3	29,562	38.6	40.0	36.7
	Upper	258	42.9	42.7	29,672	38.7	41.3	47.0
	Unknown	3	0.5	0.2	165	0.2	0.3	0.2
	Tr Unknown			0.0			0.0	
	Total	601	100.0	100.0	76,630	100.0	100.0	100.0

Originations & Purchases
2015 FFIEC Census Data & 2015 Dun & Bradstreet information according to 2010 ACS
Note: Percentages may not add to 100.0 percent due to rounding

Lending to Borrowers of Different Income Levels and to Businesses of Different Sizes

Overall, the distribution of borrowers reflects, given the product lines offered, excellent penetration among individuals of different income levels and businesses of different sizes. In 2015, Village outperformed the aggregate making 12.8 percent of its total HMDA-reportable loans to low-income borrowers, compared to the aggregate's 4.1 percent. The bank's and the aggregate percentage of HMDA loans to low-income borrowers fell below the 19.5 percent of families designated as low-income in the assessment area. Conversely in 2015, the bank's 5.1 percent of total HMDA loans to moderate-income borrowers fell below that of the aggregate of lenders' rate of 12.6 percent and below the 16.1 percent of families designated as moderate-income in the assessment area. The HMDA loans made to low-income borrowers fell slightly from 2014, in which 21.4 percent of loans were to low-income borrowers; however the bank outpaced the aggregate rate of 5.2 percent and was slightly higher than the percentage of low-income families of 19.5 percent. The bank made 2.4 percent of its HMDA loans to moderate-income borrowers in 2014, underperforming the aggregate lender rate of 13.6 percent, as well as the 16.1 percent of families designated as moderate-income. The bank and the aggregate's multi-family loans in 2014 and 2015 were made to borrowers of an unknown income; therefore, multi-family loans will not be considered in this evaluation.

Due to the bank's primary focus on commercial lending, greater emphasis was applied to small business loans. Village outperformed the aggregate of lenders in both 2014 and 2015, making 71.2 percent and 68.6 percent of its loans, respectively, to businesses with $1 million or less in revenue. Comparatively, the aggregate of lenders made only 39.3 percent and 44.8 percent in 2014 and 2015, respectively.

HMDA-Reportable Lending

Home Purchase Loans

In 2015, the bank made 11.8 percent of its home purchase loans to low-income borrowers, significantly outperforming the aggregate of lenders at 5.0 percent; however, both the bank and the aggregate fell below the 19.5 percent of families considered low-income. The bank made 11.8 percent of its loans to moderate-income borrowers, which was below the aggregate's performance at 15.7 percent, as well as below the 16.1 percent of families considered moderate-income. Village made 5.9 percent of its home purchase loans to middle-income borrowers, underperforming the aggregate at 19.4 percent, as well as the 18.8 percent of families considered middle-income. The bank made the largest portion of its home purchase loans to upper-income borrowers at 47.1 percent, exceeding the aggregate of lenders at 43.4 percent, and above the 45.6 percent of families considered as upper-income. In 2014, the banks home purchase lending was higher to low-income borrowers in which the bank significantly exceeded the aggregate and the percent of families considered low-income. The bank made no home purchase loans to moderate-income borrowers in 2014, which was significantly below the aggregate and the percent of families considered low-income.

Refinance Loans

In 2015, the bank made 9.1 percent of its loans to low-income borrowers, which is above the aggregate of lenders' 3.4 percent, but below the percentage of families designated as low-income of 19.5 percent. The bank made no refinance loans to moderate income borrowers, compared to the aggregate of 10.0 percent, and to the 16.1 percent of moderate-income families in the assessment area. Village fell below the aggregate in refinance loans to middle- and upper-income borrowers, making 9.1 percent and 36.4 percent of its loans, respectively, while the aggregate rate was at 17.3 percent and 52.4 percent for middle- and upper-income borrowers, respectively. In 2014, the bank's performance in low-income census tracts was above the aggregate and below the percentage of families considered low-income. Loans in moderate-income census tracts were consistent with the aggregate lenders, but below the percentage of families considered low-income.

Home Improvement

In 2015, the bank made 50.0 percent of its home improvement loans to low-income borrowers, significantly exceeding the aggregate at 4.2 percent, and exceeding the demographic of 19.5 percent of families designated as low-income. The bank made no home improvement loans to moderate- or middle-income borrowers in 2015, compared to the aggregate 11.9 percent and 20.5 percent, respectively. Village made the other 50.0 percent of its home improvement loans to upper-income borrowers, falling below the aggregate at 56.0 percent, but above the 45.6 percent of borrowers considered upper-income. In 2014 the bank made no home improvement loans.

The table below presents the borrower distribution of HMDA-Reportable loans in the assessment area in 2015. Please refer to Appendix B for 2014 borrower distribution tables.

Borrower Distribution of HMDA Reportable Loans
Assessment Area: 2015 Chicago-Naperville-Elgin, IL-IN-WI MSA 16980

Product Type	Borrower Income Levels	Bank & Aggregate Lending Comparison 2015						Families by Family Income
		Count			Dollar			
		Bank		Agg	Bank		Agg	
		#	%	%	$(000s)	$ %	$ %	%
Home Purchase	Low	2	11.8	5.0	270	4.6	1.9	19.5
	Moderate	2	11.8	15.7	267	4.5	8.9	16.1
	Middle	1	5.9	19.4	256	4.4	14.9	18.8
	Upper	8	47.1	43.4	4,305	73.2	58.8	45.6
	Unknown	4	23.5	16.4	781	13.3	15.4	0.0
	Total	**17**	**100.0**	**100.0**	**5,879**	**100.0**	**100.0**	**100.0**
Refinance	Low	1	9.1	3.4	67	1.8	1.4	19.5
	Moderate	0	0.0	10.0	0	0.0	5.2	16.1
	Middle	1	9.1	17.3	86	2.3	11.7	18.8
	Upper	4	36.4	52.4	2,665	71.6	65.7	45.6
	Unknown	5	45.5	16.9	903	24.3	16.1	0.0
	Total	**11**	**100.0**	**100.0**	**3,721**	**100.0**	**100.0**	**100.0**
Home Improvement	Low	2	50.0	4.2	202	14.1	1.1	19.5
	Moderate	0	0.0	11.9	0	0.0	4.8	16.1
	Middle	0	0.0	20.5	0	0.0	11.3	18.8
	Upper	2	50.0	56.0	1,232	85.9	72.5	45.6
	Unknown	0	0.0	7.4	0	0.0	10.2	0.0
	Total	**4**	**100.0**	**100.0**	**1,434**	**100.0**	**100.0**	**100.0**
Multi-Family	Low	0	0.0	0.0	0	0.0	0.0	19.5
	Moderate	0	0.0	0.0	0	0.0	0.0	16.1
	Middle	0	0.0	0.0	0	0.0	0.0	18.8
	Upper	0	0.0	0.0	0	0.0	0.0	45.6
	Unknown	7	100.0	100.0	5,374	100.0	100.0	0.0
	Total	**7**	**100.0**	**100.0**	**5,374**	**100.0**	**100.0**	**100.0**
HMDA Totals	Low	5	12.8	4.1	539	3.3	1.5	19.5
	Moderate	2	5.1	12.6	267	1.6	6.4	16.1
	Middle	2	5.1	18.2	342	2.1	12.3	18.8
	Upper	14	35.9	47.7	8,202	50.0	58.2	45.6
	Unknown	16	41.0	17.4	7,058	43.0	21.6	0.0
	Total	**39**	**100.0**	**100.0**	**16,408**	**100.0**	**100.0**	**100.0**

Originations & Purchases
2015 FFIEC Census Data
Note: Percentages may not add to 100.0 percent due to rounding

Small Business Lending

Village's small business loans reflect an excellent distribution among businesses of different sizes when compared to aggregate lenders and the percentage of small businesses in the assessment area.

In 2015, the bank outperformed aggregate lenders in both number of loans and dollar amount, originating 68.6 percent by number and 36.0 percent by dollar of their small business loans to businesses with revenues of $1 million or less. The aggregate lender originated only 44.8 percent by number and 27.0 percent by dollar amount of their small business loans to businesses with revenues of $1 million or less. Both the bank and the aggregate were below the 89.3 percent of small businesses within the assessment area. A significantly high percentage of loans, 84.5 percent, were made in amounts of $100,000 or less, which are considered most beneficial to small businesses.

In 2014, the bank's lending was comparable to its 2015 performance, having a slightly higher percentage of loans, 71.2 percent, made to small businesses with revenues of $1 million or less, while the aggregate rate was only at 39.3 percent. Like 2015, the bank had a significant percentage, 83.2 percent, of loans made in amounts of $100,000 or less.

The table below presents the borrower distribution of small business loans in the assessment area in 2015. Please refer to Appendix B for 2014 borrower distribution tables.

Small Business Lending By Revenue & Loan Size Assessment Area: 2015 Chicago-Naperville-Elgin, IL-IN-WI MSA 16980									
Product Type			Bank & Aggregate Lending Comparison 2015						
			Count			Dollar			Total
			Bank		Agg	Bank		Agg	Businesses
			#	%	%	$ 000s	$ %	$ %	%
Small Business	Revenue	$1 Million or Less	412	68.6	44.8	27,593	36.0	27.0	89.3
		Over $1 Million or Unknown	189	31.4	55.2	49,037	64.0	73.0	10.7
		Total	**601**	**100.0**	**100.0**	**76,630**	**100.0**	**100.0**	**100.0**
	Loan Size	$100,000 or Less	425	70.7	92.9	8,835	11.5	29.3	
		$100,001 - $250,000	72	12.0	3.0	13,242	17.3	13.2	
		$250,001 - $1 Million	104	17.3	4.1	54,553	71.2	57.5	
		Total	**601**	**100.0**	**100.0**	**76,630**	**100.0**	**100.0**	
	Loan Size & Rev $1 Mill or Less	$100,000 or Less	348	84.5		5,566	20.2		
		$100,001 - $250,000	29	7.0		5,132	18.6		
		$250,001 - $1 Million	35	8.5		16,895	61.2		
		Total	**412**	**100.0**		**27,593**	**100.0**		

Originations & Purchases
2015 FFIEC Census Data & 2015 Dun & Bradstreet information according to 2010 ACS
Note: Percentages may not add to 100.0 percent due to rounding

Community Development Lending

Village Bank & Trust is a leader in making community development loans given the credit and community development needs and opportunities within the assessment area. The bank originated or renewed 85 community development loans worth $87.0 million from November 5, 2012 to September 19, 2016. During the previous evaluation period, the bank's review period was from November 15, 2010 to November 5, 2012, the bank originated 28 community development loans totaling $33.3 million. Although the review period for community development loans has approximately doubled for this evaluation (46 months versus 24 months), Village has increased its community development lending by 203.6 percent in total loans, and 161.0 percent by dollar volume. The bank originated 49 loans totaling $62.9 million in its assessment area, and 36 loans totaling $24.2 million in a broader regional area, predominantly in Cook and DuPage counties.

The bank's community development lending reflects excellent responsiveness to the assessment area's needs. As discussed by community representatives, the assessment area has a shortage of affordable housing, particularly in Cook County which drove the 73.9 percent increase in median housing values. Of the bank's 49 community development loans in its assessment area, 40.8 percent were made for affordable housing, indicative of the bank's ability to identify and help meet the affordable housing needs of the assessment area. Additionally, the majority of community development loans by dollar volume were made for economic development purposes, which helps meet the challenges that small businesses face in accessing the capital needed to run and/or grow their businesses as noted by community representatives. Village also made 14 community services loans to support efforts to reduce hunger and mental health issues, and to provide shelter and job training for the assessment area's low- and moderate-income individuals and families.

Qualified Community Development Loans $ (000s)										
	Affordable Housing		Community Services		Economic Development		Revitalization/ Stabilization		Total	
Location	#	$	#	$	#	$	#	$	#	$
In Assessment Area	20	17,388	14	934	15	44,534	0	0	49	62,856
Outside Assessment Area	21	6,234	7	4,081	8	13,845	0	0	36	24,160
Total	41	23,622	21	5,015	23	58,379	0	0	85	87,016

Innovative and Flexible Loan Programs

Village makes extensive use of innovative and flexible lending practices in serving assessment area credit needs. The most notable of these programs, which are structured to meet the needs of low- or moderate-income individuals or small businesses, include the Money Smart Everyday Loan program, Small Business Easy Access Line of Credit, Small Business Overdraft Protection Lines of Credit, and the SBA 7A and Express Loan programs.

Product	Number of Loans	$ of Loans
SBA 504	41	32,934,546
SBA 7A	108	94,447,235
SBA Express	237	44,700,600
Small Business Easy Access	168	4,487,200
Small Business Micro Loan	61	1,620,159
Small Business Overdraft Protection	306	1,175,000
Money Smart Everyday	211	450,010
Money Smart CD Secured	58	76,650
Total	1,190	179,891,400

INVESTMENT TEST

Village Bank & Trust's performance relative to the Investment Test is rated High Satisfactory based on a significant level of qualified community development investments and grants, occasionally in a leadership position. The bank makes occasional use of innovative and complex investments to support community development initiatives. Village exhibits good responsiveness to the assessment area's credit and community development needs.

Qualified investments for the review period totaled $7.8 million. The bank made seven new investments in the current review period, totaling $3.2 million, of which $2.5 million was funded. In addition five prior period investments were made, with both funded and unfunded remaining commitments totaling $4.6 million. Total investments of $7.8 million represent a 31.7 percent increase in funded and unfunded investments from the $5.9 million during the bank's previous review period; however, the current review period is approximately double the timeframe from the previous evaluation period. The number of total investments decreased by 25.0 percent (16 previous versus 12 current) from the previous review period.

The bank's qualified community development investments exhibit good responsiveness to credit and community development needs. In the current evaluation period Village made various affordable housing investments with agencies that help facilitate home ownership for low-and moderate-income families. Housing values have increased significantly in the assessment area, with community representatives discussing the need for additional affordable housing, displaying the bank's ability to identify the needs of its assessment area. Additionally, the bank's largest dollar amount of investments occurred to organizations in economic development which promote development through financing small businesses to further job creation and retention. These initiatives are important for the assessment area, as unemployment rates remain high in certain areas that comprise the assessment area such as the Chicago MD.

Qualified Community Development Investments
$ (000s)

Period of Investment	Disbursed Funds										Unfunded Commitments
	Affordable Housing		Community Services		Economic Development		Revitalization/ Stabilization		Total Funded		
	#	$	#	$	#	$	#	$	#	$	$
Current	3	793	0	0	0	0	4	1,675	7	2,468	758
Prior	0	0	0	0	3	2,933	2	1,102	5	4,035	567
Total	3	793	0	0	3	2,933	6	2,777	12	6,503	1,325

In addition, the bank made 212 donations totaling $551,342 to community organizations. This represents a 217.9 percent increase in the dollar amount of donations from the prior evaluation. The majority of the bank's qualified donations were to community service organizations focused on social services assistance for low- and moderate-income individuals.

Qualified Community Development Donations									
Affordable Housing		Community Services		Economic Development		Revitalization/ Stabilization		Total	
#	$	#	$	#	$	#	$	#	$
24	58,492	179	466,800	5	15,857	4	10,193	212	551,342

SERVICE TEST

Village Bank and Trust's performance relative to the Service Test is rated High Satisfactory. The bank's delivery systems are reasonably accessible to the bank's geographies and individuals of different income levels in its assessment area. Business hours and services are tailored to the convenience and needs of its assessment area, particularly low- to moderate-income geographies and low- to moderate-income individuals. The bank's record of opening and closing branches has not adversely affected the accessibility of its delivery systems, particularly to low- and moderate-income geographies and low- and moderate-income individuals. The bank is a leader in providing community development services.

Retail Services

Village Bank's delivery systems are reasonably accessible to the bank's geographies and individuals of different income levels in the assessment area. None of its branches or ATMs are located in low- or moderate-income census tracts with four branches and ATMs located in middle-income census tracts and five branches and five ATMs located in upper-income tracts. The branches are relatively clustered toward the center of the assessment area with five of the branch locations in Arlington Heights. While its branch network is limited, Village offers standard alternative delivery systems including telephone, internet, and mobile banking. In addition, customers have surcharge-free access to any ATM owned and operated by a Wintrust bank subsidiary. Loan and deposit products and services offered are the same at all branch locations, and marketing is consistent across the entire assessment area.

The bank's record of opening and closing of branches has not adversely affected the accessibility of its delivery systems, particularly to low-and moderate-income geographies or low- and moderate-income individuals. Two branches were opened since the previous evaluation period, one in an upper-income census tract and one in a middle-income census tract. Village's services are tailored to the convenience and needs of its assessment area, particularly low- and moderate-income geographies and individuals. Branch hours and operations are consistent across the bank branches, and branches are open Saturdays. Community representatives indicated the importance of small businesses to the local economy and their need for micro lending. The bank offers several small dollar loan programs, directly supporting these businesses. The bank also offers Money Smart deposit products for both businesses and individuals, whereby those with adverse account histories, as detailed in ChexSystems, may receive free financial education classes and open accounts with no minimum balance. The bank works with Wintrust Mortgage to identify and target realtors within low- and moderate-income tracts in the assessment area to promote loan products that are tailored to meet the needs of low- and moderate-income and first time homebuyers. In addition, Village operates offsite locations in three senior housing facilities. The locations are staffed by deposit specialists who are able to open deposit accounts, take deposits, cash checks, and process withdrawals. The bank also provides seminars in each location to further financial education for these individuals. The bank also has a Bank at Work program that allows banking access to employees of businesses enrolled in the program at little or no cost.

The following table illustrates the bank branch and ATM geographic distribution.

Office and ATM Locations 2016					
	Assessment Area Census Tracts	Office Locations		Full-Service ATMs	
Tract Income	%	#	%	#	%
Low	3.3	0	0.0	0	0.0
Moderate	19.6	0	0.0	0	0.0
Middle	36.8	4	44.4	4	44.4
Upper	40.1	5	55.6	5	55.6
Unknown	0.2	0	0.0	0	0.0
Total	100.0	9	100.0	9	100.0

Community Development Services

Village Bank & Trust is a leader in providing community development services. During the review period, bank personnel participated in 3,941 hours to community development activities in its assessment area, with 254 hours serving areas outside of the assessment area including low- and moderate-income census tracts, totaling 4,195 hours. The bank's total qualified community development service hours increased 286.9 percent from the previous evaluation, over approximately double the review period. Village officers, directors, and staff represented the bank on boards and committees of organizations that serve the low- and moderate-income population of the assessment area; as well as organizations focused on economic development to promote small business growth, job creation, and retention. Bank staff also provided numerous financial education workshops with a focus on the assessment area's low- and moderate-income populations. The majority of the bank's qualified service hours were to community service organizations, and secondly to economic development organizations.

Qualified Community Development Services									
Affordable Housing		Community Services		Economic Development		Revitalization/ Stabilization		Total	
#	Hours	#	Hours	#	Hours	#	Hours	#	Hours
2	24	300	3,456	41	715	0	0	343	4,195

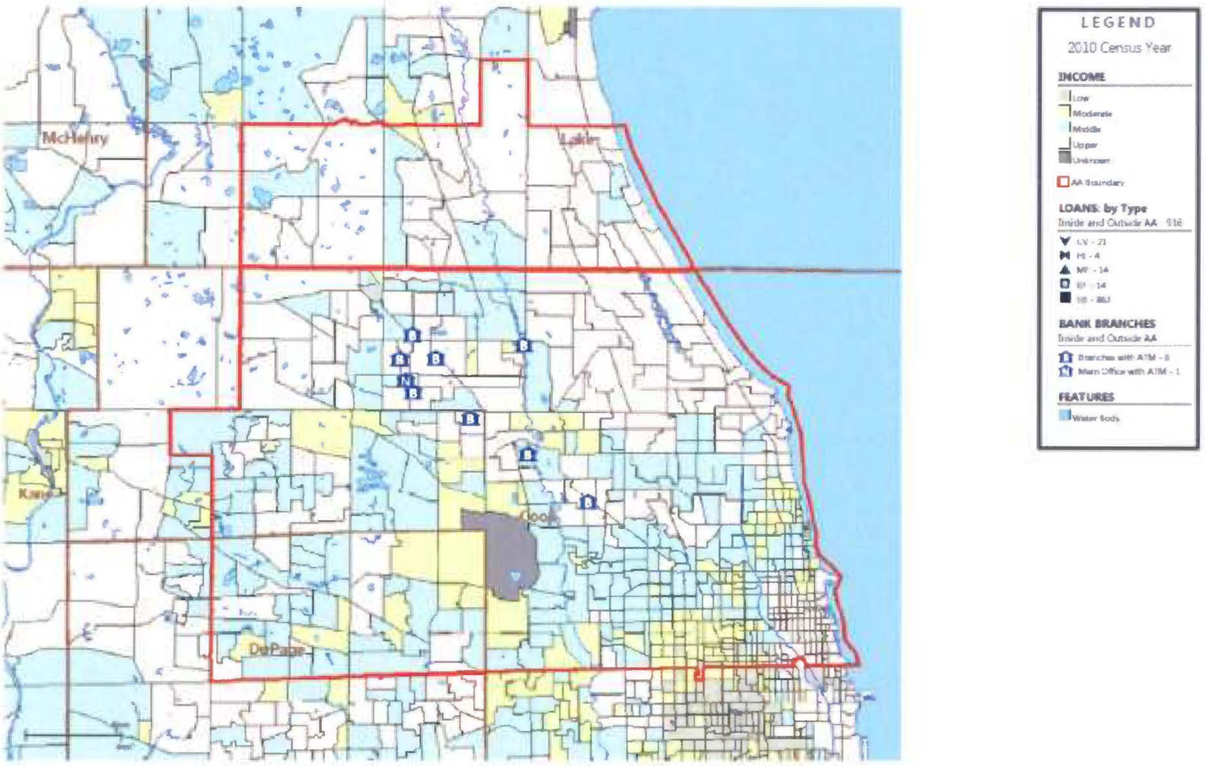
FAIR LENDING OR OTHER ILLEGAL CREDIT PRACTICES REVIEW

While management has implemented policies, procedures, training programs, and internal assessments, a substantive violation of Section (5) of the Federal Trade Commission Act involving unfair and deceptive practices was identified in the concurrent Consumer Compliance examination. The violations did not cause the CRA rating to be adjusted. Once the violations were identified, bank management was proactive in taking corrective action to address them.

APPENDIX A – Map of Assessment Area

Village Bank and Trust 2298995

Chicago-Naperville-Elgin, IL-IN-WI MSA 16980



APPENDIX B – 2014 Lending Tables

Geographic Distribution of HMDA Reportable Loans									
Assessment Area: 2014 Chicago-Naperville-Elgin, IL-IN-WI MSA 16980									
Product Type	Tract Income Levels	Bank & Aggregate Lending Comparison 2014							Owner Occupied % of Units
		Count			Dollar				
		Bank		Agg	Bank		Agg		
		#	%	%	$ (000s)	$ %	$ %		
Home Purchase	Low	0	0.0	1.6	0	0.0	1.2		1.2
	Moderate	5	20.8	13.1	246	5.3	9.3		13.9
	Middle	9	37.5	37.3	1,165	25.2	27.9		40.2
	Upper	10	41.7	48.1	3,206	69.4	61.5		44.7
	Unknown	0	0.0	0.0	0	0.0	0.0		0.0
	Total	**24**	**100.0**	**100.0**	**4,617**	**100.0**	**100.0**		**100.0**
Refinance	Low	1	11.1	1.4	256	13.3	1.0		1.2
	Moderate	2	22.2	11.5	347	18.1	7.6		13.9
	Middle	1	11.1	35.4	77	4.0	25.9		40.2
	Upper	5	55.6	51.8	1,239	64.6	65.5		44.7
	Unknown	0	0.0	0.0	0	0.0	0.0		0.0
	Total	**9**	**100.0**	**100.0**	**1,919**	**100.0**	**100.0**		**100.0**
Home Improvement	Low	0	0.0	1.1	0	0.0	0.9		1.2
	Moderate	0	0.0	13.9	0	0.0	8.1		13.9
	Middle	0	0.0	37.5	0	0.0	24.8		40.2
	Upper	0	0.0	47.5	0	0.0	66.3		44.7
	Unknown	0	0.0	0.0	0	0.0	0.0		0.0
	Total	**0**	**0.0**	**100.0**	**0**	**0.0**	**100.0**		**100.0**
Multi-Family									**Multi-Family**
	Low	1	11.1	5.2	262	9.1	6.8		5.6
	Moderate	3	33.3	32.0	946	33.0	22.0		24.6
	Middle	5	55.6	34.6	1,662	57.9	28.6		36.7
	Upper	0	0.0	28.2	0	0.0	42.6		33.1
	Unknown	0	0.0	0.0	0	0.0	0.0		0.0
	Total	**9**	**100.0**	**100.0**	**2,870**	**100.0**	**100.0**		**100.0**
HMDA Totals	Low	2	4.8	1.5	518	5.5	1.6		1.2
	Moderate	10	23.8	12.8	1,539	16.4	9.8		13.9
	Middle	15	35.7	36.4	2,904	30.9	27.2		40.2
	Upper	15	35.7	49.3	4,445	47.3	61.4		44.7
	Unknown	0	0.0	0.0	0	0.0	0.0		0.0
	Total	**42**	**100.0**	**100.0**	**9,406**	**100.0**	**100.0**		**100.0**

Originations & Purchases
2014 FFIEC Census Data
Note: Percentages may not add to 100.0 percent due to rounding

Geographic Distribution of Small Business Loans

Assessment Area: 2014 Chicago-Naperville-Elgin, IL-IN-WI MSA 16980

	Tract Income Levels	Bank & Aggregate Lending Comparison 2014						Total Businesses
		Count			Dollar			
		Bank		Agg	Bank		Agg	
		#	%	%	$ (000s)	$ %	$ %	%
Small Business	Low	2	0.4	1.2	1,005	1.4	0.9	1.2
	Moderate	94	16.5	15.8	15,547	21.8	17.9	15.0
	Middle	228	40.1	39.0	26,622	37.4	40.4	36.7
	Upper	243	42.7	43.8	28,007	39.3	40.5	46.9
	Unknown	2	0.4	0.2	15	0.0	0.2	0.2
	Tr Unknown			0.0			0.0	
	Total	**569**	**100.0**	**100.0**	**71,196**	**100.0**	**100.0**	**100.0**

Originations & Purchases

2014 FFIEC Census Data & 2014 Dun & Bradstreet information according to 2010 ACS

Note: Percentages may not add to 100.0 percent due to rounding

Borrower Distribution of HMDA Reportable Loans
Assessment Area: 2014 Chicago-Naperville-Elgin, IL-IN-WI MSA 16980

Product Type	Borrower Income Levels	Bank & Aggregate Lending Comparison 2014						Families by Family Income
		Count			Dollar			
		Bank		Agg	Bank		Agg	
		#	%	%	$(000s)	$ %	$ %	%
Home Purchase	Low	8	33.3	5.2	441	9.6	1.8	19.5
	Moderate	0	0.0	15.5	0	0.0	8.3	16.1
	Middle	2	8.3	18.4	556	12.0	13.6	18.8
	Upper	5	20.8	44.5	1,753	38.0	60.8	45.6
	Unknown	9	37.5	16.5	1,867	40.4	15.4	0.0
	Total	**24**	**100.0**	**100.0**	**4,617**	**100.0**	**100.0**	**100.0**
Refinance	Low	1	11.1	5.6	95	5.0	2.4	19.5
	Moderate	1	11.1	11.7	175	9.1	6.2	16.1
	Middle	0	0.0	18.1	0	0.0	12.3	18.8
	Upper	4	44.4	51.0	1,233	64.3	65.4	45.6
	Unknown	3	33.3	13.7	416	21.7	13.6	0.0
	Total	**9**	**100.0**	**100.0**	**1,919**	**100.0**	**100.0**	**100.0**
Home Improvement	Low	0	0.0	4.1	0	0.0	1.2	19.5
	Moderate	0	0.0	13.0	0	0.0	5.4	16.1
	Middle	0	0.0	16.4	0	0.0	9.3	18.8
	Upper	0	0.0	44.7	0	0.0	66.4	45.6
	Unknown	0	0.0	21.9	0	0.0	17.6	0.0
	Total	**0**	**0.0**	**100.0**	**0**	**0.0**	**100.0**	**100.0**
Multi-Family	Low	0	0.0	0.0	0	0.0	0.0	19.5
	Moderate	0	0.0	0.0	0	0.0	0.0	16.1
	Middle	0	0.0	0.0	0	0.0	0.0	18.8
	Upper	0	0.0	0.0	0	0.0	0.0	45.6
	Unknown	9	100.0	100.0	2,870	100.0	100.0	0.0
	Total	**9**	**100.0**	**100.0**	**2,870**	**100.0**	**100.0**	**100.0**
HMDA Totals	Low	9	21.4	5.2	536	5.7	1.9	19.5
	Moderate	1	2.4	13.6	175	1.9	6.7	16.1
	Middle	2	4.8	17.9	556	5.9	11.8	18.8
	Upper	9	21.4	46.5	2,986	31.7	57.2	45.6
	Unknown	21	50.0	16.7	5,153	54.8	22.4	0.0
	Total	**42**	**100.0**	**100.0**	**9,406**	**100.0**	**100.0**	**100.0**

Originations & Purchases
2014 FFIEC Census Data
Note: Percentages may not add to 100.0 percent due to rounding

Small Business Lending By Revenue & Loan Size
Assessment Area: 2014 Chicago-Naperville-Elgin, IL-IN-WI MSA 16980

Product Type			Bank & Aggregate Lending Comparison 2014						
			Count			Dollar			Total
			Bank		Agg	Bank		Agg	Businesses
			#	%	%	$ 000s	$ %	$ %	%
Small Business	Revenue	$1 Million or Less	405	71.2	39.3	31,395	44.1	27.2	87.2
		Over $1 Million or Unknown	164	28.8	60.7	39,801	55.9	72.8	12.8
		Total	**569**	**100.0**	**100.0**	**71,196**	**100.0**	**100.0**	**100.0**
	Loan Size	$100,000 or Less	403	70.8	91.9	8,596	12.1	26.9	
		$100,001 - $250,000	76	13.4	3.5	14,219	20.0	14.2	
		$250,001 - $1 Million	90	15.8	4.6	48,381	68.0	58.8	
		Total	**569**	**100.0**	**100.0**	**71,196**	**100.0**	**100.0**	
	Loan Size & Rev $1 Mill or Less	$100,000 or Less	337	83.2		5,869	18.7		
		$100,001 - $250,000	28	6.9		4,911	15.6		
		$250,001 - $1 Million	40	9.9		20,615	65.7		
		Total	**405**	**100.0**		**31,395**	**100.0**		

Originations & Purchases

2014 FFIEC Census Data & 2014 Dun & Bradstreet information according to 2010 ACS

Note: Percentages may not add to 100.0 percent due to rounding

APPENDIX C – Scope of Examination

SCOPE OF EXAMINATION			
TIME PERIOD REVIEWED	Lending: January 1, 2014 to December 31, 2015 Community Development: November 5, 2012 to September 19, 2016		
FINANCIAL INSTITUTION Village Bank & Trust			PRODUCTS REVIEWED HMDA-Reportable Loans Small Business Loans Community Development Loans
AFFILIATE(S)	AFFILIATE RELATIONSHIP		PRODUCTS REVIEWED
None			
IDENTIFICATION OF ASSESSMENT AREAS			
ASSESSMENT AREA	TYPE OF EXAMINATION	BRANCHES VISITED	OTHER INFORMATION
Partial Cook County and partial DuPage County in the Chicago-Naperville-Arlington Heights, IL Metropolitan Division 16974 and the partial Lake County in the Lake County-Kenosha County, IL-WI MD 29404	Full Review	None	None

APPENDIX C - Glossary

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.

Affordability ratio: To determine housing affordability, the affordability ratio is calculated by dividing median household income by median housing value. This ratio allows the comparison of housing affordability across assessment areas and/or communities. An area with a high ratio generally has more affordable housing than an area with a low ratio.

Aggregate lending: The number of loans originated and purchased by all lenders subject to reporting requirements as a percentage of the aggregate number of loans originated and purchased by all lenders in the MSA/assessment area.

Area Median Income (AMI): AMI means –

1. The median family income for the MSA, if a person or geography is located in an MSA, or for the metropolitan division, if a person or geography is located in an MSA that has been subdivided into metropolitan divisions; or
2. The statewide nonmetropolitan median family income, if a person or geography is located outside an MSA.

Assessment area: Assessment area means a geographic area delineated in accordance with section 228.41

Automated teller machine (ATM): An automated teller machine means an automated, unstaffed banking facility owned or operated by, or operated exclusively for, the bank at which deposits are received, cash dispersed or money lent.

Bank: Bank means a state member as that term is defined in section 3(d)(2) of the Federal Deposit Insurance Act (12 USC 1813(d)(2)), except as provided in section 228.11(c)(3), and includes an uninsured state branch (other than a limited branch) of a foreign bank described in section 228.11(c)(2).

Branch: Branch refers to a staffed banking facility approved as a branch, whether shared or unshared, including, for example, a mini-branch in a grocery store or a branch operated in conjunction with any other local business or nonprofit organization.

Census tract: Small subdivisions of metropolitan and other densely populated counties. Census tract boundaries do not cross county lines; however, they may cross the boundaries of metropolitan statistical areas. They 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.

Combined Statistical Area (CSAs): Adjacent metropolitan statistical areas/metropolitan divisions (MSA/MDs) and micropolitan statistical areas may be combined into larger Combined Statistical Areas based on social and economic ties as well as commuting patterns. The ties used as the basis for CSAs are not as strong as the ties used to support MSA/MD and micropolitan statistical area designations; however, they do bind the larger area together and may be particularly useful for regional planning authorities and the private sector. Under Regulation BB, assessment areas may be presented under a Combined Statistical Area heading; however, all analysis is conducted on the basis of median income figures for MSA/MDs and the applicable state-wide non metropolitan median income figure.

Community Development: The financial supervisory agencies have adopted the following definition for community development:

1. Affordable housing, including for multi-family housing, for low- and moderate-income households;
2. Community services tailored to meet the needs of low- and moderate-income individuals;
3. 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
4. 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 definitions of community development. Activities that revitalize or stabilize:

   1) Low- or moderate-income geographies;
   2) Designated disaster areas; or
   3) 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 or 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 services including the needs of low- and moderate-income individuals.

5. Loans, investments, and services that –
   i. Support, enable or facilitate projects or activities that meet the "eligible uses" criteria described in Section 2301(c) of the Housing and Economic Recovery Act of 2008 (HERA), Public Law 110-289, 122 Stat. 2654, as amended, and are conducted in designated target areas identified in plans approved by the United States Department of Housing and Urban Development in accordance with the Neighborhood Stabilization Program (NSP);
   ii. Are provided no later than two years after the last date funds appropriated for the NSP are required to be spent by grantees, and
   iii. Benefit low-, moderate-, middle-income individuals and geographies in the bank's assessment area(s) or areas outside the bank's assessment area(s) provided the bank has adequately addressed the community development needs of its assessment area(s).

Community Development Loan: A community development loan means a loan that:

1) Has as its primary purpose community development; and
2) Except in the case of a wholesale or limited purpose bank –
   a. Has not been reported or collected by the bank or an affiliate for consideration in the bank's assessment as a home mortgage, small business, small farm, or consumer loan, unless it is a multi-family housing loan (as described in the regulation implementing the Home Mortgage Disclosure Act); and
   b. Benefits the bank's assessment area(s) or a broader statewide or regional area that includes the bank's assessment area(s).

Community Development Service: A community development service means a service that:

1) Has as its primary purpose community development; and
2) Is related to the provision of financial services.

Consumer loan: 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 of loans: motor vehicle, credit card, home equity, other consumer secured loan, and other consumer unsecured loan.

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 household and no wife present) or "female householder" (a family with a female householder and no husband present).

Fair market rent: Fair market rents (FMRs) are gross rent estimates. They include the shelter rent plus the cost of all tenant-paid utilities, except telephones, cable or satellite television service, and internet service. HUD sets FMRs to assure that a sufficient supply of rental housing is available to their program participants. To accomplish this objective, FMRs must be both high enough to permit a selection of units and neighborhoods and low enough to serve as many low-income families as possible. The level at which FMRs are set is expressed as a percentile point within the rent distribution of standard-quality rental housing units. The current definition used is the 40th percentile rent, the dollar amount below which 40 percent of the standard-quality rental housing units are rented. The 40th percentile rent is drawn from the distribution of rents of all units occupied by recent movers (renter households who moved to their present residence within the past 15 months). HUD is required to ensure that FMRs exclude non-market rental housing in their computation. Therefore, HUD excludes all units falling below a specified rent level determined from public housing rents in HUD's program databases as likely to be either assisted housing or otherwise at a below-market rent, and units less than two years old.

Full review: Performance under the Lending, Investment and Service Tests is analyzed considering performance context, quantitative factors (for example, geographic distribution, borrower distribution, and amount of qualified investments) and qualitative factors (for example, innovativeness, complexity and responsiveness).

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

Home Mortgage Disclosure Act: The statute that requires certain mortgage lenders that do business or have banking offices in metropolitan statistical areas to file annual summary reports of their mortgage lending activity. The reports include data such as the race, gender and income of the applicant(s) and the disposition of the application(s) (for example, approved, denied, and withdrawn).

Home mortgage loans: Include home purchase and home improvement loans as defined in the HMDA regulation. This definition also includes multifamily (five or more units) dwelling loans, loans for the purchase of manufactured homes and refinancing of home improvement and home purchase loans.

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.

Income Level: Income level means:

1) Low-income – an 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 census tract;
2) Moderate-income – an 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 census tract;
3) Middle-income – an 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 census tract; and
4) Upper-income – an 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 census tract.

Limited-purpose bank: This term refers to a bank that offers only a narrow product line such as credit card or motor vehicle loans to a regional or broader market and for which a designation as a limited-purpose bank is in effect, in accordance with section 228.25(b).

Limited review: Performance under the Lending, Investment and Services test is analyzed using only quantitative factors (for example, geographic distribution, borrower distribution, amount of investments and branch office distribution).

Loan location: Under this definition, a loan is located as follows:

1) Consumer loan is located in the census tract where the borrower resides;
2) Home mortgage loan is located in the census tract where the property to which the loan relates is located;
3) Small business and small farm loan is located in the census tract where the main business facility or farm is located or where the loan proceeds have been applied as indicated by the borrower.

Loan product office (LPO): This term refers to a staffed facility, other than a branch, that is open to the public and that provides lending-related services, such as loan information and applications.

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 (HUD) annually that is used to determine the income level category of individuals. For any given area, the median is the point at which half of the families have income above it and half below it.

Metropolitan Area: A metropolitan statistical area (**MSA**) or a metropolitan division (**MD**) as defined by the Office of Management and Budget. A MSA is a core area containing at least one urbanized area of 50,000 or more inhabitants, together with adjacent communities having a high degree of economic and social integration with that core. A MD is a division of a MSA based on specific criteria including commuting patterns. Only a MSA that has a single core population of at least 2.5 million may be divided into MDs. A metropolitan statistical area that crosses into two or more bordering states is called a multistate metropolitan statistical area.

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

Nonmetropolitan area: This term refers to any area that is not located in a metropolitan statistical area or metropolitan division. Micropolitan statistical areas are included in the definition of a nonmetropolitan area; a micropolitan statistical area has an urban core population of at least 10,000 but less than 50,000.

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.

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: This term refers to any lawful investment, deposit, membership share, or grant that has as its primary purpose community development.

Rated area: This term refers to a state or multistate metropolitan area. For institutions with domestic branch offices in one state only, the institution's CRA rating is the state's rating. If the institution maintains domestic branch offices in more than one state, the institution will receive a rating for each state in which those branch offices are located. If the institution maintains domestic branch offices in at least two states in a multistate metropolitan statistical area, the institution will receive a rating for the multistate metropolitan area.

Small Bank: This term refers to a bank that as of December 31 of either of the prior two calendar years, had assets of less than $1.226 billion. Intermediate small bank means a small bank with assets of at least $307 million as of December 31 of both of the prior two calendar years and less than $1.226 billion as of December 31 of either of the prior two calendar years.

Annual Adjustment: The dollar figures in paragraph (u)(1) of this section shall be adjusted annually and published by the Board, based on the year-to-year change in the average of the Consumer Price Index for Urban Wage Earners and Clerical Workers, not seasonally adjusted, for each 12-month period ending in November, with rounding to the nearest million.

Small Business Loan: This term refers to a loan that is included in "loans to small businesses" as defined in the instructions for preparation of the Consolidated Report of Condition and Income. The loans have original amounts of $1 million or less and are either secured nonfarm, nonresidential properties or are classified as commercial and industrial loans.

Small Farm Loan: This term refers to a loan that is included in "loans to small farms" as defined in the instructions for preparation of the Consolidated Report of Condition and Income. These loans have original amounts of $500 thousand or less and are either secured by farmland, including farm residential and other improvements, or are classified as loans to finance agricultural production and other loans to farmers.

Wholesale Bank: This term refers to a bank that is not in the business of extending home mortgage, small business, small farm or consumer loans to retail customers, and for which a designation as a wholesale bank is in effect, in accordance with section 228.25(b).