

# **PUBLIC DISCLOSURE**

April 9, 2012

## **COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION**

Cole Taylor Bank  
RSSD# 412135

225 West Washington Street  
Chicago, Illinois 60606

Federal Reserve Bank of Chicago

230 South LaSalle Street  
Chicago, IL 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**

**Cole Taylor Bank's Overall CRA Rating: Outstanding**

**Performance Test Rating Table**

The following table indicates the performance level of Cole Taylor Bank with respect to the lending, investment, and service tests.

<b>Cole Taylor Bank</b>			
<b>Performance Levels</b>	<b>Performance Tests</b>		
	<b>Lending Test*</b>	<b>Investment Test</b>	<b>Service Test</b>
Outstanding		X	X
High Satisfactory	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 good responsiveness to assessment area credit needs;
- The geographic distribution of loans reflects excellent penetration within low- and moderate-income census tracts;
- The distribution of borrowers reflects, given the product lines offered, adequate penetration among customers of different income levels and businesses of different sizes;
- The bank is a leader in making community development loans; and

- Makes use of flexible or innovative lending practices to meet assessment area credit needs.

Investment Test:

- The bank made an excellent level of qualified community development investments and grants, often in a leadership position;
- The bank makes significant use of innovative and complex investments to support community development initiatives; and
- Investment activity reflects excellent responsiveness to credit and community development needs.

Service Test:

- Delivery systems are readily accessible to the bank's geographies and individuals of different income levels and services do not vary in a way that inconveniences low- or moderate-income individuals or geographies; and
- The bank is a leader in providing community development services.

## DESCRIPTION OF INSTITUTION

Cole Taylor Bank (CTB), headquartered in Chicago, Illinois, is the sole banking subsidiary of Taylor Capital Group, Inc (TCG). As of December 31, 2011, total assets were \$4.7 billion. The bank operates 10 banking offices: nine retail banking branches and one main office (in Chicago, IL), located within Cook and DuPage counties, as well as 11 Automated Teller Machines (ATMs).

An analysis of the loan portfolio supports the bank's focus as a commercial lender targeting middle-market companies, as commercial real estate and C&I lending represent 72.9 percent of the loan portfolio at December 31, 2011. During the evaluation period, the bank increased its emphasis on 1-4 family residential real estate lending with the creation of a new mortgage division in 2010. The division was started in an effort to develop a nationwide residential mortgage lending presence. As of the evaluation date, the mortgage division operates 14 loan production offices and is authorized to originate loans in approximately 30 states. The majority of loans originated through the mortgage division are sold in the secondary market; therefore, the impact of the mortgage division is not fully reflected in the bank's loan portfolio composition. The following table provides detailed information on the bank's loan portfolio according to the December 31, 2011 Report of Condition and Income.

<b>Composition of Loan Portfolio</b>						
<b>(000's)</b>						
<b>Category</b>	<b>Type</b>	<b>12/31/2011</b>		<b>12/31/2009</b>		<b>% Change</b>
		<b>\$</b>	<b>%</b>	<b>\$</b>	<b>%</b>	
Real Estate Secured	1-4 Family Residential Construction	37,479	1.2	189,587	6.3	-80.2
	Other Construction & Land Dev.	125,651	4.0	175,330	5.8	-28.3
	1-4 Family and Multi-Family Residential	601,868	19.3	422,886	13.9	42.3
	Non-farm, Non-residential	956,308	30.7	1,027,388	33.8	-6.9
	Farmland	1,054	0.1	15,972	0.5	-93.4
	<b>Total Real Estate Secured</b>	<b>1,722,360</b>	<b>55.3</b>	<b>1,831,163</b>	<b>60.3</b>	<b>-5.9</b>
Commercial	Commercial and Industrial	1,315,478	42.2	1,038,064	34.2	26.7
Consumer	Loans to Individuals	3,198	0.1	9,338	0.3	-65.8
Other	State & Political Subdivisions	0	0.0	4,398	0.1	-100.0
Other	All Other Loans	73,247	2.4	134,765	4.5	-45.6
Lease Financing		0	0.0	17,600	0.6	-100.0
	<b>Total</b>	<b>3,114,283</b>	<b>100.0</b>	<b>3,035,328</b>	<b>100.0</b>	<b>2.6</b>

As of June 30, 2011, the bank held approximately \$2.9 billion in deposits within Cook County, DuPage County, and Lake County, according to information from the Federal Deposits Insurance Corporation (FDIC). The bank ranked 15<sup>th</sup> of 176 FDIC insured institutions operating within the three counties, representing 1.2 percent of the market share of total deposits.

As of December 31, 2011, the bank's peer group includes all insured commercial banks with assets greater than \$3 billion. Bank management identified the following organizations, each operating a banking office in Cook County, as its principal competition in its assessment area: First Midwest Bancorp, Incorporated; PrivateBank Corporation; Old Second Corporation; Wintrust Financial Corporation, and First Merit Corporation. Of the primary competitors, the top two – Private Bank & Trust Company and First Midwest Bank – hold 3.31 percent and 1.34 percent in market share of total deposits, respectively.

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 January 19, 2010, the bank was rated Outstanding under the CRA.

## SCOPE OF THE EXAMINATION

CTB's CRA performance was evaluated using the large bank examination procedures. The evaluation was performed in the context of information about the bank and its assessment area, such as financial size, financial condition, competition, the combined record of the aggregate of lenders in the assessment area, and economic and demographic characteristics.

The lending analysis was based primarily on Community Reinvestment Act (CRA) reportable loans, Home Mortgage Disclosure Act (HMDA) reportable loans, and loans targeting community development activities. CRA-reportable loans consisted of small business and optional consumer loans, and HMDA-reportable loans consisted of home purchase, home refinance, multifamily, and home improvement loans. Consumer lending activity was minimal during the review period and received little weight in the lending analysis. Consideration was also given to the fact the bank's mortgage division was only in operation for a portion of the evaluation period.

Performance within the bank's designated assessment area was evaluated using the following performance standards:

***Lending in the Assessment Area:*** CRA-reportable small business, optional consumer, and HMDA-reportable home mortgage loans were used to determine the percentage of loans originated in the assessment area. The review period was January 1, 2009 through December 31, 2011; however, the institution only collected and provided optional consumer loan data for calendar years 2009 and 2010.

***Geographic Distribution of Lending in the Assessment Area:*** CRA-reportable small business, optional consumer, and HMDA-reportable home mortgage loans were analyzed to determine the extent to which the bank is making loans in census tracts of different income levels, including those designated as low- or moderate-income. The review period was January 1, 2009 through December 31, 2011; however, the institution only collected and reported optional consumer loan data for calendar years 2009 and 2010.

***Lending to Borrowers of Different Incomes and to Businesses of Different Sizes:*** CRA-reportable small business, optional consumer, and HMDA-reportable home mortgage loans were analyzed to determine the loan distribution among borrowers of different income and to businesses with different revenue sizes. The review period was January 1, 2009 through December 31, 2011; however, the institution only collected and provided optional consumer loan data for calendar years 2009 and 2010.

***Community Development Lending:*** The number, volume, innovativeness, and complexity of community development loans were reviewed. The review period was January 19, 2010 through April 9, 2012.

***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 or geographies and small businesses was assessed.

***Investments:*** Qualified investments, grants, and donations made between January 19, 2010 and April 9, 2012 were reviewed to determine the bank's responsiveness to community development needs. In addition, outstanding qualified investments made prior to January 19, 2010 were

considered. 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 January 19, 2010 and April 9, 2012.

In addition to the preceding performance standards, information obtained through discussion with six community representatives was considered to help gain an understanding of local economic conditions and community credit needs. The representatives provided information about assessment area needs, including affordable housing and small business needs.

## **DESCRIPTION OF ASSESSMENT AREA**

CTB's assessment area is defined as the three Illinois counties of Cook, DuPage, and Lake. The assessment area contains a total of 1,641 census tracts and consists of a portion of the Chicago-Joliet-Naperville, IL-IN-WI Metropolitan Statistical Area – 16980 (MSA), which includes two metropolitan divisions (MD) in Illinois. Cook and DuPage counties are located within the Chicago-Joliet-Naperville, IL MD – 16974 (1,490 census tracts), and Lake County is located within the Lake County - Kenosha County, IL-WI MD – 29404 (151 census tracts). The assessment area has not changed since the previous performance evaluation dated January 19, 2010.

The following table presents key demographic and business information used to help develop a performance context for the assessment area.

Assessment Area Demographics								
Income Categories	Tract Distribution		Families by Tract Income		Families < Poverty Level as % of Families by Tract		Families by Family Income	
	#	%	#	%	#	%	#	%
Low-income	237	14.4	132,397	7.9	48,158	36.4	371,390	22.1
Moderate-income	433	26.4	404,620	24.1	60,400	14.9	300,555	17.9
Middle-income	532	32.4	641,873	38.2	29,068	4.5	359,299	21.4
Upper-income	423	25.8	501,376	29.8	9,755	1.9	649,022	38.6
Unknown-income	16	1.0	0	0.0	0	0.0	0	0.0
<b>Total Assessment Area</b>	<b>1,641</b>	<b>100.0</b>	<b>1,680,266</b>	<b>100.0</b>	<b>147,381</b>	<b>8.8</b>	<b>1,680,266</b>	<b>100.0</b>
	<b>Total Housing Units by Tract</b>	<b>Housing Types by Tract</b>						
		<b>Owner-occupied</b>		<b>Rental</b>		<b>Vacant</b>		
	#	%	#	%	#	%	#	%
Low-income	224,097	8.4	46,884	20.9	144,879	64.7	32,334	14.4
Moderate-income	646,023	24.3	271,008	42.0	329,682	51.0	45,333	7.0
Middle-income	998,246	37.6	670,477	67.2	292,155	29.3	35,614	3.6
Upper-income	789,223	29.7	571,411	72.4	189,520	24.0	28,292	3.6
Unknown-income	72	0.0	27	37.5	36	50.0	9	12.5
<b>Total Assessment Area</b>	<b>2,657,661</b>	<b>100.0</b>	<b>1,559,807</b>	<b>58.7</b>	<b>956,272</b>	<b>36.0</b>	<b>141,582</b>	<b>5.3</b>
	<b>Total Businesses by Tract</b>	<b>Businesses by Tract &amp; Revenue Size</b>						
		<b>Less Than or = \$1 Million</b>		<b>Over \$1 Million</b>		<b>Revenue Not Reported</b>		
	#	%	#	%	#	%	#	%
Low-income	11,044	3.9	9,628	4.0	737	3.5	679	4.1
Moderate-income	43,825	15.6	38,116	15.6	3,026	14.2	2,683	16.2
Middle-income	101,730	36.2	87,941	36.1	7,916	37.3	5,873	35.6
Upper-income	124,125	44.1	107,444	44.1	9,459	44.5	7,222	43.7
Unknown-income	655	0.2	490	0.2	106	0.5	59	0.4
<b>Total Assessment Area</b>	<b>281,379</b>	<b>100.0</b>	<b>243,619</b>	<b>100.0</b>	<b>21,244</b>	<b>100.0</b>	<b>16,516</b>	<b>100.0</b>
	<b>Percentage of Total Businesses:</b>			<b>86.6</b>		<b>7.5</b>		<b>5.9</b>

*Information about businesses is from 2010 Dun & Bradstreet demographic data; all other information is based on 2000 census data.  
Note: Percentages may not total to 100.0 percent due to rounding.*

### Population Characteristics

According to U.S. Census data, the population within the assessment area declined by 1.6 percent since the 2000 Census, largely due to a decrease in population of Cook County. The population of DuPage County and Lake County increased by 1.4 percent and 9.2 percent, respectively; however, the overall impact on the assessment area was limited as the majority of the assessment area population resides in Cook County. In comparison, the state of Illinois experienced an increase in population of 3.3 percent during the same time period.



<b>Population Changes 2000 Census vs. 2010 Census</b>			
<b>Area</b>	<b>2000 Census</b>	<b>2010 Census</b>	<b>Percentage Change</b>
<b>Assessment Area</b>	<b>6,925,258</b>	<b>6,815,061</b>	<b>-1.6</b>
Cook County	5,376,741	5,194,675	-3.4
DuPage County	904,161	916,924	1.4
Lake County	644,356	703,462	9.2
Chicago-Joliet-Naperville, IL MD 16974	7,628,412	7,883,147	3.3
Lake County-Kenosha County, IL-WI MD 29404	793,933	869,888	9.6
Chicago-Joliet-Naperville, IL-IN-WI MSA 16980	9,098,316	9,461,105	4.0
State of Illinois	12,419,293	12,830,632	3.3
<i>Source: U.S. Census Bureau</i>			

### ***Income Characteristics***

According to the 2000 Census, the median family income (MFI) in the bank's assessment area was \$59,604. U.S. Census Bureau estimates show that MFIs for the three counties comprising the assessment area have increased significantly since that time. These increases are comparable to increases experienced by the state of Illinois as a whole. Approximately 40.0 percent of the families within the assessment area are designated as low- or moderate-income, and 8.8 percent of the assessment area families live below the poverty level. DuPage County is the most affluent portion of the assessment area, with only 22.0 percent of families having low- or moderate-incomes and 2.4 percent of families living below the poverty level. In comparison, Cook County has a much higher concentration of low- and moderate-income families at 44.2 percent and families that live below the poverty level at 10.6 percent. While high poverty levels tend to decrease opportunity for lending, they typically increase demand for social services and, in turn, increase opportunity for community development activity.

<b>Median Family Income Changes 2000 and 2006-2010 Estimate</b>			
<b>Area</b>	<b>2000 Census</b>	<b>2006-2010 Estimate</b>	<b>Percentage Change</b>
<b>Assessment Area</b>	<b>59,604</b>	<b>N/A</b>	<b>N/A</b>
Cook County	53,784	65,039	20.9
DuPage County	79,314	92,423	16.5
Lake County	76,424	91,693	20.0
Chicago-Joliet-Naperville, IL MD 16974	60,166	72,747	20.9
Lake County-Kenosha County, IL-WI MD 29404	71,293	86,241	21.0
Chicago-Joliet-Naperville, IL- IN-WI MSA 16980	N/A	73,039	N/A
State of Illinois	55,545	68,236	22.8
<i>Source: 2000 – U.S. Census Bureau: Decennial Census 2006-2010 – U.S. Census Bureau: American Community Survey</i>			

### *Housing Characteristics*

The assessment area contains 2,657,661 housing units, of which 58.7 percent are owner-occupied, 36.0 percent are rental units and 5.3 percent are vacant. At 79.6 percent, the assessment area's owner-occupied housing stock is largely concentrated in middle- and upper-income census tracts. Similarly, 68.0 percent of all assessment area families reside in middle- and upper-income census tracts. As a percentage of total housing units, vacant properties are more prevalent within low- and moderate-income census tracts than within middle- and upper-income census tracts. The same is true for rental units, which comprise over 50.0 percent of total housing units in low- and moderate-income census tracts. These statistics indicate the greatest opportunity for home mortgage lending is within middle- and upper-income census tracts; however, opportunity for home mortgage lending is also available in low- and moderate-income census tracts, but to a lesser degree as they include only 20.4 percent of owner-occupied housing stock and 32.0 percent of families.

The table below presents housing costs in the assessment area compared to the surrounding geographies and the state of Illinois. The median housing value in the assessment area, as of 2000, was \$163,400, which was considerably higher than the state of Illinois at \$127,800. A common method to measure housing affordability is to use the affordability ratio. The ratio is defined in Appendix B of this evaluation. Affordability ratios based on 2000 Census data indicate housing in the assessment area is generally less affordable than the comparable areas. Census Bureau estimates indicate housing values in all areas increased sharply since the 2000 Census. Overall, Cook County experienced the highest increase in median housing values at 72.3 percent and median gross rents at 38.9 percent within the time period.

<b>Trends in Housing Costs 2000 and 2006-2010 Estimate</b>					
<b>Area</b>	<b>2000 Median Housing Value (\$)</b>	<b>2006-2010 Median Housing Value (\$)</b>	<b>2000 Median Gross Rent (\$)</b>	<b>2006-2010 Median Gross Rent (\$)</b>	<b>2000 Affordability Ratio</b>
<b>Assessment Area</b>	<b>163,400</b>	<b>N/A</b>	<b>670</b>	<b>N/A</b>	<b>0.31</b>
Cook County	154,300	265,800	648	900	0.30
DuPage County	187,600	316,900	837	1,008	0.36
Lake County	191,600	287,300	742	963	0.35
Chicago-Joliet- Naperville, IL MD 16974	159,773	264,900	665	913	0.32
Lake County- Kenosha County, IL- WI MD 29404	171,126	256,400	694	909	0.36
Chicago-Joliet- Naperville, IL-IN- WI MSA 16980	N/A	251,100	N/A	900	N/A
State of Illinois	127,800	202,500	605	834	0.36
<i>Source: 2000—U.S. Census Bureau: Decennial Census 2006-2010—U.S. Census Bureau: American Community Survey N/A: Not Available</i>					

### **Employment Conditions**

Economic conditions in the assessment area were impacted by the recession that affected most of the country. Additionally, according to the Bureau of Labor Statistics, unemployment rates for the areas in or around the assessment area have generally been higher than the national average. Only DuPage County experienced an unemployment rate consistently below the national average. High unemployment rates can negatively impact lending opportunities within the assessment area, as lenders typically require sustained income to qualify for credit.

<b>Unemployment Statistics (%)</b>			
<b>Area</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>
Cook County	10.3	10.5	10.4
DuPage County	8.4	8.3	8.0
Lake County	9.7	10.5	9.4
Chicago-Joliet-Naperville, IL MD 16974	10.0	10.1	9.9
Lake County-Kenosha County, IL-WI MD 29404	9.9	10.6	9.4
Chicago-Joliet-Naperville, IL-IN-WI MSA 16980	10.0	10.2	9.8
State of Illinois	10.0	10.3	9.8
United States	9.3	9.6	8.9
<i>Source: United States Department of Labor – Bureau of Labor Statistics</i>			

Based upon 2010 information from Dun & Bradstreet, there are 281,379 business establishments within the assessment area. The top five industries within the assessment area are Professional, Scientific, Technical Services; Administration, Support, Waste and Removal Services; Other Services (except Public Administration); Healthcare and Social Assistance; and Retail Trade. Of the total business establishments, 86.6 percent are considered small businesses, defined as having gross annual revenues less than or equal to \$1 million. Over 80.0 percent of all assessment area businesses are located in middle- or upper-income census tracts.

<b>Largest Industries in the Assessment Area</b>	
<b>Industry</b>	<b>Total Establishments</b>
Professional, Scientific, and Technical Services	45,544
Administration, Support, Waste and Removal Services	36,242
Other Services (except Public Administration)	30,651
Health Care and Social Assistance	26,122
Retail Trade	25,895
<i>Source: 2010 D&amp;B information according to 2000 Census Boundaries.</i>	

Six community representatives were contacted, four related to affordable housing and home rehabilitation and two related to small business and economic development. Contacts indicated there are needs for financial institutions to improve products that would be beneficial for small businesses. Due to the recent recession, many operating lines of credit for small businesses were reduced or terminated by financial institutions, creating an increased demand for credit in amounts of \$100,000 or less. Affordable housing also remains a concern for low-income consumers. The influx of foreclosures increased the demand for rental properties, thus driving up rental costs. Contacts stated financial institutions could be proactive in providing foreclosure counseling or could also offer incentives to purchase and repair foreclosed properties for low- and moderate-income borrowers.

## CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA

### LENDING TEST

CTB's performance relative to the lending test is rated High Satisfactory. Lending levels reflect good responsiveness to assessment area credit needs. The geographic distribution of loans reflects excellent penetration throughout the assessment area, and the borrower distribution reflects adequate distribution among borrowers of different income levels and businesses of different revenue sizes. The bank is a leader in making community development loans and makes use of flexible and innovative loan products in serving its communities.

#### Level of Lending Activity

CTB's level of home mortgage, small business, and consumer lending activity reflects good responsiveness to assessment area credit needs considering the bank's resources, business strategy, community needs and opportunities, as well as strained economic conditions during the evaluation period. In 2011, the bank ranked 63<sup>rd</sup> out of 788 HMDA reporting lenders and 41<sup>st</sup> out of 190 CRA reporting institutions in the assessment area. Compared to the previous two-year review period, average annual small business loan originations declined; however, home mortgage activity increased significantly. To illustrate, the bank reported 267 home mortgage loan originations during the previous review period compared to 11,436 during the current period. The dramatic shift in home mortgage lending activity is attributed to the introduction of the mortgage division in 2010. As stated previously, the division has a nationwide focus and currently originates loans in over 30 states.

<b>Summary of Lending Activity</b>				
<b>January 1, 2009 to December 31, 2011</b>				
<b>Loan Type</b>	<b>#</b>	<b>%</b>	<b>\$ (000s)</b>	<b>%</b>
Home Purchase Loans	3,799	30.2	815,435	25.4
Refinanced Loans	7,430	59.1	1,943,090	60.6
Home Improvement Loans	187	1.5	38,574	1.2
Multifamily Housing Loans	20	0.2	16,480	0.5
<b>Total HMDA Loans</b>	<b>11,436</b>	<b>91.0</b>	<b>2,813,579</b>	<b>87.7</b>
Total Small Business Loans	1,001	8.0	373,220	11.6
Total Consumer Loans - Optional	137	1.1	19,711	0.6
<b>Total Loans</b>	<b>12,574</b>	<b>100.0</b>	<b>3,206,510</b>	<b>100.0</b>

*Note: Percentages may not total to 100.0 percent due to rounding.*

#### Assessment Area Concentration

CTB made a small percentage of loans, by number and dollar volume, in its assessment area. During the evaluation period, the bank originated 14.9 percent, by number, and 17.1 percent, by dollar volume, of its home mortgage, small business, and consumer loans within the assessment

area. The small percentage of loans made in the assessment area occurred primarily due to the nationwide focus of the newly created mortgage division, which resulted in a significant level of home mortgage activity outside the assessment area. Just 8.2 percent of all home mortgage loans by number, and 8.9 percent by dollar volume, were originated inside the assessment area. Other loan types exhibited higher concentrations within the assessment area. By number, CTB originated 81.8 percent of its small business loans and 88.3 percent of its consumer loans within the assessment area. In addition, 85.0 percent of multi-family mortgage loans were originated inside the assessment area. While only a small percentage of the bank's home mortgage loans were in the assessment area, it was still positively impacted as the new mortgage division resulted in expanded product offerings and an overall increase in mortgage lending within the assessment area. To illustrate, in the previous two-year review period, the bank reported 225 mortgage loans inside its assessment area compared to 934 during the current 3-year period. Given these factors, limited weight was placed on the overall assessment area concentration performance.

<b>Lending Inside and Outside the Assessment Area</b>								
<b>January 1, 2009 to December 31, 2011</b>								
<b>Loan Type</b>	<b>Inside</b>				<b>Outside</b>			
	<b>#</b>	<b>%</b>	<b>\$ (000s)</b>	<b>%</b>	<b>#</b>	<b>%</b>	<b>\$ (000s)</b>	<b>%</b>
Home Purchase Loans	177	4.7	37,902	4.7	3,622	95.3	777,533	95.3
Refinanced Loans	699	9.4	194,415	10.0	6,731	90.6	1,748,675	90.0
Home Improvement Loans	41	21.9	4,970	12.9	146	78.1	33,604	87.1
Multifamily Loans	17	85.0	13,293	80.7	3	15.0	3,187	19.3
Total HMDA-Reportable Loans	934	8.2	250,580	8.9	10,502	91.8	2,562,999	91.1
Total Small Business Loans	819	81.8	282,037	75.6	182	18.2	91,183	24.4
Total Consumer Loans - Optional	121	88.3	15,640	79.3	16	11.7	4,071	20.7
<b>Total Loans</b>	<b>1,874</b>	<b>14.9</b>	<b>548,257</b>	<b>17.1</b>	<b>10,700</b>	<b>85.1</b>	<b>2,658,253</b>	<b>82.9</b>
<i>Note: Percentages may not total to 100.0 percent due to rounding.</i>								

### Geographic Distribution of Loans

The geographic distribution of loans reflects excellent penetration throughout the assessment area. Performance was based on a good distribution of HMDA-reportable loans and an excellent distribution of small business loans made within low- and moderate-income (LMI) geographies. The geographic distribution of consumer-related loans is adequate; however, consumer lending received little weight in the analysis due to the low level of lending activity.

### Home Mortgage Lending

The bank's home mortgage lending activity demonstrates good geographic distribution in its assessment area. The bank's 2011 performance is above the aggregate of lenders and generally consistent with the assessment area demographics. CTB's total home mortgage lending in low- and moderate-income census tracts is 17.0 percent by number and 16.8 percent by dollar volume, compared to the aggregate performance of 13.1 and 11.0 percent, respectively. Overall,

opportunities for home mortgage lending within low-or moderate-income census tracts are limited as LMI census tracts contain only 20.4 percent of the assessment area's owner-occupied housing units. LMI census tracts include a higher concentration of rental housing. CTB originated six of nine multifamily housing loans, or 66.7 percent, in moderate-income census tracts, exceeding the aggregate performance of 32.3 percent.

CTB's annual home mortgage origination volume in the assessment area increased significantly from 2009 to 2010, but remained stable from 2010 to 2011. The bank's 2010 lending performance in LMI census tracts of 7.9 percent was below the aggregate performance of 10.2 percent. In 2009, CTB's percentage of loans in LMI census tracts far exceeded the aggregate, 24.1 percent compared to 10.7 percent for the aggregate; however, the bank's 2009 home mortgage activity overall was limited compared to the other years in the review period.

Home Mortgage Lending, 2011 Geographic Distribution (000s)							
Census Tract Income Level	Bank Loans				Aggregate of All Lenders (Peer)		Owner- Occupied Housing
	#	%	\$	%	# %	\$ %	%
<b>Home Purchase Loans</b>							
Low	6	6.1	929	4.4	3.1	2.7	3.0
Moderate	24	24.2	4,251	20.2	14.2	11.0	17.4
Middle	31	31.3	6,260	29.7	40.3	30.5	43.0
Upper	38	38.4	9,656	45.8	42.3	55.7	36.6
Unknown	0	0.0	0	0.0	0.1	0.1	0.0
<b>Total</b>	<b>99</b>	<b>100.0</b>	<b>21,096</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>
<b>Refinanced Loans</b>							
Low	5	1.6	737	0.8	1.7	1.5	
Moderate	31	9.9	8,640	9.7	9.3	7.7	
Middle	77	24.6	17,362	19.5	32.7	25.4	
Upper	200	63.9	62,499	70.0	56.3	65.3	
Unknown	0	0.0	0	0.0	0.1	0.1	
<b>Total</b>	<b>313</b>	<b>100.0</b>	<b>89,238</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	
<b>Home Improvement Loans</b>							
Low	0	0.0	0	0.0	6.6	2.0	
Moderate	1	10.0	120	6.8	17.5	8.4	
Middle	4	40.0	92	5.2	35.7	28.6	
Upper	5	50.0	1,549	88.0	40.2	60.9	
Unknown	0	0.0	0	0.0	0.0	0.0	
<b>Total</b>	<b>10</b>	<b>100.0</b>	<b>1,761</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	
<b>Multifamily Loans</b>							
Low	0	0.0	0	0.0	9.6	6.9	
Moderate	6	66.7	5,529	66.5	32.3	19.9	
Middle	3	33.3	2,786	33.5	36.7	33.2	
Upper	0	0.0	0	0.0	21.4	40.0	
Unknown	0	0.0	0	0.0	0.0	0.0	
<b>Total</b>	<b>9</b>	<b>100.0</b>	<b>8,315</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	
<b>Total Home Mortgage Loans</b>							
Low	11	2.6	1,666	1.4	2.2	2.0	
Moderate	62	14.4	18,540	15.4	10.9	9.0	
Middle	115	26.7	26,500	22.0	34.8	27.0	
Upper	243	56.4	73,704	61.2	52.1	61.9	
Unknown	0	0.0	0	0.0	0.1	0.1	
<b>Total</b>	<b>431</b>	<b>100.0</b>	<b>120,410</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	

Note: Percentages may not total to 100.0 percent due to rounding.



Small Business Lending

The following table summarizes the bank’s 2011 small business lending activity by income level designation of the geography. Among low-and moderate-income census tracts, the geographic distribution of small business loans is excellent as the bank’s performance is above peer and the assessment area demographics. In 2011, the bank originated 21.3 percent of its small business loans by number and 16.5 percent by dollar volume within low-and moderate-income geographies. The bank’s performance exceeds aggregate of lenders at 14.6 percent by number and 15.9 percent by dollar volume, and the percentage of businesses by census tract income level of 19.5 percent. Lending distributions in 2009 and 2010 were generally consistent with 2011 performance.

Small Business Lending, 2011 Geographic Distribution (000s)							
Census Tract Income Level	Bank Loans				Aggregate of All Lenders		Businesses by Census Tract Income Level
	#	%	\$	%	# %	\$ %	%
Low	8	3.8	3,646	4.4	2.5	2.9	3.9
Moderate	37	17.5	10,012	12.1	12.1	13.0	15.6
Middle	65	30.8	24,948	30.1	35.2	35.1	36.2
Upper	101	47.9	44,199	53.4	48.7	48.2	44.1
Unknown	0	0.0	0	0.0	0.3	0.4	0.2
Tract Unknown	0	0.0	0	0.0	1.3	0.4	N/A
<b>Total</b>	<b>211</b>	<b>100.0</b>	<b>82,805</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>

*Note: Percentages may not total to 100.0 percent due to rounding.*

Consumer Lending

CTB’s consumer loan distribution among geographies of different income designations is adequate. The bank’s total consumer lending activity in low- and moderate-income census tracts of 27.6 percent is comparable to the demographics, as 31.5 percent of assessment area households are located in LMI census tracts. Overall, the bank’s performance in 2009 was consistent with its performance in 2010. The institution only collected and provided consumer loan data for calendar years 2009 and 2010.

<b>Consumer Lending, 2010 Geographic Distribution (000s)</b>						
<b>Census Tract Income Level</b>	<b>Bank Loans</b>				<b>Household by Tract Income Level (%)</b>	<b>Census Tracts (%)</b>
	<b>#</b>	<b>%</b>	<b>\$</b>	<b>%</b>		
Low	5	10.6	44	0.8	7.6	14.4
Moderate	8	17.0	62	1.2	23.9	26.4
Middle	12	25.5	921	17.7	38.3	32.4
Upper	22	46.8	4,165	80.2	30.2	25.8
Unknown	0	0.0	0	0.0	0.0	1.0
<b>Total</b>	<b>47</b>	<b>100.0</b>	<b>5,192</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>

*Note: Percentages may not total to 100.0 percent due to rounding.*

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

The distribution of borrowers reflects adequate penetration among individuals of different income levels and businesses of different revenue sizes based on home mortgage and small business lending performance during the review period. Consumer loan distribution was considered adequate; however, it received little weight in the analysis due to the low level of lending activity.

#### Home Mortgage Lending

In 2011, CTB's record of home mortgage lending demonstrates an adequate distribution of loans among borrowers of different income levels. The bank's total home mortgage lending performance to LMI borrowers of 12.5 percent by number and 5.7 percent by dollar volume is below that of the aggregate, which originated 19.4 percent of loans by number and 10.4 percent by dollar volume to LMI borrowers. Both bank and aggregate performance fall below the assessment area demographics as LMI families comprise 40.0 percent of all families. Home refinance loans comprised the majority of bank and aggregate home mortgage lending activity. The bank's percentage of refinanced home loans to low-income borrowers of 3.2 percent is slightly below aggregate performance of 4.7 percent. Bank performance in lending to moderate-income borrowers is also below the aggregate, 6.1 percent compared to 10.3 percent. CTB's 2011 performance in lending to LMI borrowers represented an improvement over 2009 and 2010. Also, 2011 was the first full calendar in which CTB's mortgage division was in operation.

Home Mortgage Lending, 2011 Borrower Distribution (000s)							
Income Level of the Borrower	Bank Loans				Aggregate of All Lenders		Families by Family Income
	#	%	\$	%	# %	\$ %	%
<b>Home Purchase Loans</b>							
Low	4	4.0	249	1.2	10.3	4.4	22.1
Moderate	21	21.2	2,782	13.2	20.7	13.1	17.9
Middle	22	22.2	4,499	21.3	20.0	17.1	21.4
Upper	39	39.4	11,669	55.3	35.7	53.4	38.6
Unknown	13	13.1	1,897	9.0	13.3	12.1	0.0
<b>Total</b>	<b>99</b>	<b>100.0</b>	<b>21,096</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>
<b>Refinanced Loans</b>							
Low	10	3.2	941	1.1	4.7	2.4	
Moderate	19	6.1	2,916	3.3	10.3	6.2	
Middle	47	15.0	9,681	10.8	17.7	13.6	
Upper	220	70.3	72,131	80.8	49.0	61.6	
Unknown	17	5.4	3,569	4.0	18.2	16.3	
<b>Total</b>	<b>313</b>	<b>100.0</b>	<b>89,238</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	
<b>Home Improvement Loans</b>							
Low	0	0.0	0	0.0	13.0	3.5	
Moderate	0	0.0	0	0.0	18.2	9.8	
Middle	2	20.0	320	18.2	22.1	17.7	
Upper	5	50.0	1,415	80.4	36.2	55.2	
Unknown	3	30.0	26	1.5	10.5	13.8	
<b>Total</b>	<b>10</b>	<b>100.0</b>	<b>1,761</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	
<b>Multifamily Loans</b>							
Low	0	0.0	0	0.0	0.0	0.0	
Moderate	0	0.0	0	0.0	0.0	0.0	
Middle	0	0.0	0	0.0	0.0	0.0	
Upper	0	0.0	0	0.0	0.0	0.0	
Unknown	9	100.0	8,315	100.0	100.0	100.0	
<b>Total</b>	<b>9</b>	<b>100.0</b>	<b>8,315</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	
<b>Total Home Mortgage Loans</b>							
Low	14	3.2	1,190	1.0	6.3	2.8	
Moderate	40	9.3	5,698	4.7	13.1	7.6	
Middle	71	16.5	14,500	12.0	18.2	13.9	
Upper	264	61.3	85,215	70.8	45.0	57.0	
Unknown	42	9.7	13,807	11.5	17.4	18.7	
<b>Total</b>	<b>431</b>	<b>100.0</b>	<b>120,410</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	

*Note: Percentages may not total to 100.0 percent due to rounding.*

Additionally, the bank participated in the Village of Skokie Home Improvement Loan program, through June 2011. The program provided grants to low-income borrowers to subsidize interest rates on home improvement loans. This program is considered innovative and flexible.

### Small Business Lending

CTB's performance in lending to small businesses over the three-year review period is adequate. In 2011, the bank originated 16.6 percent of its small business loans by number, 7.6 percent by dollar volume, to businesses with revenues equal to or less than \$1 million. Overall, the bank's 2011 performance is well below that of the aggregate of lenders, which originated 34.8 percent of loans by number, 28.8 percent by dollar volume, to small businesses. CTB's small business loan originations in its assessment area declined in each year of the review period. With 211 loans, 2011 represented the lowest loan total during the three-year period. In 2009 and 2010, when the bank originated a higher number of loans, bank performance was consistent with the aggregate. In 2009 the bank originated 327 loans, 21.7 percent of which were to small business, compared to 23.0 percent by the aggregate. In 2010 the bank originated 281 loans, 28.5 percent of which were to small business, compared to 31.3 percent by the aggregate.

In 2011, the bank originated 46.0 percent of its loans by number, 14.3 percent by dollar volume, in amounts of \$250,000 or less and 24.2 percent in amounts of \$100,000 or less. Comparatively, the aggregated lenders originated 94.8 percent of loans by number in amounts of \$250,000 or less and 91.1 percent in amounts of \$100,000 or less. The aggregate data includes lenders that issue large numbers of business credit cards, which frequently have credit limits under \$100,000. As a result, the aggregated percentage of loans in amounts of \$100,000 or less is inflated when compared to CTB, which does not report business credit card lines. CTB far exceeded the aggregate in originating loans in amounts between \$100,000 and \$250,000. Given these factors, little weight was placed on comparison to peer in the \$100,000 or less loan category.

Small Business Loan Distribution, 2011							
By Revenue and Loan Size							
(000s)							
Category	Bank Loans				Aggregate of All Lenders		Businesses By Annual Revenues
	#	%	\$	%	#%	\$%	# %
<b>By Revenue</b>							
\$1 Million or Less	35	16.6	6,299	7.6	34.8	28.8	86.6
Over \$1 Million	157	74.4	70,640	85.3	*	*	7.5
Not Known	19	9.0	5,866	7.1	*	*	5.9
<b>Total</b>	<b>211</b>	<b>100.0</b>	<b>82,805</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>
<b>By Loan Size</b>							
\$100,000 or less	51	24.2	3,029	3.7	91.1	22.6	
\$100,000 - \$250,000	46	21.8	8,761	10.6	3.7	14.8	
\$250,000 - \$1 Million	114	54.0	71,015	85.8	5.2	62.7	
<b>Total</b>	<b>211</b>	<b>100.0</b>	<b>82,805</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	
<b>By Loan Size and Revenue \$1 Million or Less</b>							
\$100,000 or less	22	62.9	1,103	17.5	*	*	
\$100,000 - \$250,000	6	17.1	951	15.1	*	*	
\$250,000 - \$1 Million	7	20.0	4,245	67.4	*	*	
<b>Total</b>	<b>35</b>	<b>100.0</b>	<b>6,299</b>	<b>100.0</b>	<b>*</b>	<b>*</b>	
<i>Note: Percentages may not total to 100.0 percent due to rounding.</i> <i>*Data not collected for aggregate lenders</i>							

Additionally, the bank originates loans through the SBA’s 504 and 7a programs. The programs, designed to promote economic development and business expansion, are examples of flexible lending. Further, the bank participates in the Illinois Department of Commerce and Economic Opportunity Participation Loan Program designed to enable small businesses to grow and expand at “below market” interest rates. The bank also is involved in the IDCEO’s Advantage Illinois Program, which was created under the Small Business Job Act to enhance the availability of credit to small business. Both programs are considered innovative and flexible.

Consumer Lending

The distribution of consumer loans to low- and moderate-income borrowers is adequate. Total consumer lending to low- and moderate-income borrowers is below the percent of households by income levels; however, is still over 20 percent by number. Consumer lending received little weight in the overall analysis due to the low volume of lending activity, and the products are offered primarily for accommodation purposes. In addition, income information was not collected for a considerable number of loans. The institution only collected and provided consumer loan data for calendar years 2009 and 2010.

<b>Consumer Lending, 2010 Borrower Distribution (000s)</b>					
<b>Income Level of the Borrower</b>	<b>Bank Loans</b>				<b>Households by Income Level</b>
	<b>#</b>	<b>%</b>	<b>\$</b>	<b>%</b>	
Low	5	10.6	149	2.9	24.1
Moderate	5	10.6	205	3.9	16.9
Middle	2	4.3	58	1.1	19.4
Upper	19	40.4	4,578	88.2	39.6
Unknown	16	34.0	202	3.9	0.0
<b>Total</b>	<b>47</b>	<b>100.0</b>	<b>5,192</b>	<b>100.0</b>	<b>100.0</b>

*Note: Percentages may not total to 100.0 percent due to rounding.*

### Community Development Lending

CTB is a leader in making community development loans. During the evaluation period, the bank originated 57 qualified community development loans totaling \$173,166,251. The total includes 19 new qualified community development loans in the amount of \$67,196,822, and \$105,969,429 in renewed loans. Three loans totaling \$7,207,130 were originated outside the designated assessment area but benefited a broader statewide regional area. Examples of the bank’s community development loans include:

- A \$15 million loan to finance the acquisition of a skilled nursing facility in a moderate-income area;
- A \$1.1 million loan to finance a 25 unit apartment building in the Rogers Park neighborhood of Chicago; 17 of the 25 apartments have rents considered to be affordable for low- and moderate-income individuals;
- A \$900,000 unsecured working capital line to a non-profit organization, which operates housing centers for seniors and physically challenged adults and provides foster care services for children, and;
- A \$4.5 million loan through the SBA’s 504 loan program to facilitate a company’s expansion activities.

The originated loans were highly responsive to assessment area needs and directly benefited low- or moderate-income individuals or small businesses by providing funds for affordable housing, economic development, or community services targeted to meet the needs of low- and moderate-income individuals. In addition, several loans incorporated flexible and innovative characteristics. Summary information regarding the bank’s community development lending activity is included in the table below.

Qualified Community Development Loans									
January 19, 2010 – April 9, 2012									
Affordable Housing		Economic Development		Revitalization and Stabilization		Community Services		Total	
#	\$ (000s)	#	\$ (000s)	#	\$ (000s)	#	\$ (000s)	#	\$ (000s)
21	21,795	7	23,871	4	23,903	25	103,596	57	173,166

## INVESTMENT TEST

CTB's performance relative to the Investment Test is rated Outstanding. CTB made an excellent level of qualified CD investments and grants, often in a leadership position, and makes significant use of innovative and complex investments to support community development initiatives. Investments exhibit excellent responsiveness to credit and community development needs by supporting organizations that provide financing to small businesses and affordable housing for low- and moderate-income individuals.

The bank's current and prior period investments total approximately \$15.2 million. As indicated by the table below, the bank disbursed approximately \$3.5 million in new investment funds during the review period. The new investments support economic development and affordable housing initiatives, while outstanding prior period investments support affordable housing, revitalization, and community service initiatives.

Qualified Community Development Investments by Type							
January 19, 2010 – April 9, 2012							
Community Development Categories	Prior Period Investments		Current Period Investments		Total Investments		
	#	\$ (000s)	#	\$ (000s)	#	\$ (000s)	% of Total
Affordable Housing	15	6,127	4	834	19	6,961	45.8
Economic Development	0	0	3	2,711	3	2,711	17.8
Revitalization and Stabilization	3	526	0	0	3	526	3.5
Community Services	1	5,000	0	0	1	5,000	32.9
<b>Total</b>	<b>19</b>	<b>11,653</b>	<b>7</b>	<b>3,545</b>	<b>26</b>	<b>15,198</b>	<b>100.0</b>

During the review period, the bank invested \$2.7 million in three SBA licensed small business investment companies (SBICs). The SBICs provide mezzanine and private equity investment in middle market companies operating in a range of industries. In addition to the current period investment, the bank committed to invest an additional \$3.1 million in the SBICs. The bank also invested approximately \$834,000 in programs supporting home ownership in low- and moderate-income areas in the city of Chicago, with approximately \$1 million in additional funds committed to the programs.

Notable prior period investments support initiatives such as the redevelopment of blighted properties and housing rehabilitation in low- and moderate-income areas, efforts to address lead contamination in multifamily housing in the city of Chicago, and the maintenance and repair of schools located in low- and moderate-income areas.

In addition to the investments discussed above, the bank made 67 qualified grants and donations during the review period, totaling \$207,050. Of the qualifying grants and donations, 48 (\$151,650) benefited community service organizations, 14 (\$43,900) targeted affordable housing initiatives, 4 (\$11,000) benefitted economic development organizations, and 1 donation (\$500) was provided to an organization focused on revitalizing and/or stabilizing low- and moderate-income areas.

### **SERVICE TEST**

CTB's performance relative to the Service Test is rated Outstanding. The bank is a leader in providing community development services. Delivery systems are readily accessible to the bank's geographies and individuals of different income levels in its assessment area. Services do not vary in a way that inconveniences low- or moderate-income geographies or individuals.



*Retail Services*

The bank operates ten banking offices within the assessment area; nine are full-service retail branches, and one is a limited-service office providing business banking only. The bank also operates 11 automated teller machines, one full-service ATM at each banking office and one cash-only, off-premise ATM located in an upper-income census tract. Two full-service branch offices are located in low-income tracts. Hours of operation are reasonable and do not vary in a way that inconveniences any portion of the assessment area, particularly low- and moderate-income geographies or individuals. Lobby hours are generally 8:30 a.m. to 5:00 p.m. Monday through Thursday, and until 6:00 p.m. on Friday. Branches that maintain Saturday hours are open 8:30 a.m. to 1:00 p.m. Two branches located in middle-income tracts and one branch located in an upper-income tract do not offer Saturday hours, but these differences in hours of operation do not vary in a way that inconveniences low- or moderate-income persons. Drive-up locations are open until 6:00 p.m. Monday through Friday, and 8:30 a.m. to 1:00 p.m. on Saturdays. The bank did not open or close any branch locations during the evaluation period.

<b>Branch and ATM Locations by Census Tract Income Level</b>												
Network	Low-Income		Moderate-Income		Low- and Moderate-Income Total		Middle-Income		Upper-Income		Total	
	#	%	#	%	#	%	#	%	#	%	#	% of Total
Branches	2	20.0	0	0.0	2	20.0	6	60.0	2	20.0	10	100.0
ATMs	2	18.2	0	0.0	2	18.2	6	54.5	3	27.3	11	100.0

Various types of consumer and commercial loan products are offered at all branch locations. Electronic banking services and information are available via a network of ATMs, telephone banking, and internet banking services. In addition to the branch and ATM network, the bank also serves its customers through the following:

- Debit/ATM Card – The bank provides fee-free access to an expanded network of ATMs. Customers can use their debit cards to access information about their accounts and withdraw, deposit, or transfer funds. Bilingual services are also available;
- Telephone Banking – The automated “Phone Express” system allows account access from 6:00 a.m. to midnight; and
- Internet Banking – The bank’s website ([www.coletaylor.com](http://www.coletaylor.com)) includes transactional capability and allows customers to apply for loans, and access account information.

### *Community Development Services*

CTB is a leader in providing community development services within its assessment area. Community development services were provided through employee and officer involvement, most notably in leadership capacities relating to banking and financial services. Bank staff participated in roles ranging from board and loan committee members to volunteers for a wide variety of organizations that promote economic development, support small businesses, and provide affordable housing and community services to low- and moderate-income individuals. Services to organizations that provide community services targeted to low- and moderate-income individuals or services to small businesses are considered to be highly responsive to community needs as 40.0 percent of families in the assessment area are low- or moderate-income and 86.6 percent of businesses have revenues less than \$1 million.

The following are examples of services performed by CTB employees and officers during the evaluation period:

- Accion Chicago – The bank’s Senior Vice President is a loan committee member. Accion is an alternative lending organization that provides credit and business services to small businesses that do not have access to traditional sources of funding.
- Local Initiatives Support Corporation – The bank’s Senior Vice President/CRA officer is a committee member. The organization helps community residents transform distressed neighborhoods into healthy sustainable communities.
- Small Business Development Growth Corporation – A bank employee is a loan committee member. The organization provides access to small business loans for construction and equipment purchases.
- Neighborhood Housing Service of Chicago – The Senior Vice President/CRA Officer is on the board of directors and the finance committee for this organization. The organization’s mission is to create affordable home opportunities.
- Renaissance Social Services – The Senior Vice President/CRA Officer serves on the board of directors and finance committee of this organization, which works to eliminate homelessness through outreach service and affordable housing partnerships.
- John Marshall Law School Vita Clinic – A bank employee serves on the voluntary income tax assistance committee which provides free tax preparation for low-income families and individuals.

Other services are provided to individuals and organizations that help to meet various banking needs. The following table summarizes the institution’s community development service activity during the review period.

<b>Qualified Community Development Services</b>										
<b>January 19, 2010 – April 9, 2012</b>										
<b>Assessment Area</b>	<b>Affordable Housing</b>		<b>Economic Development</b>		<b>Revitalization and Stabilization</b>		<b>Community Services</b>		<b>Total</b>	
	<b>#</b>	<b>Hours</b>	<b>#</b>	<b>Hours</b>	<b>#</b>	<b>Hours</b>	<b>#</b>	<b>Hours</b>	<b>#</b>	<b>Hours</b>
Total	19	226	6	114	2	25	24	470	51	835

**FAIR LENDING OR OTHER ILLEGAL CREDIT PRACTICES REVIEW**

No evidence of discriminatory or other illegal credit practices inconsistent with helping to meet community credit needs was identified.

**APPENDIX A – Scope of Examination**

SCOPE OF EXAMINATION			
<b>TIME PERIOD REVIEWED</b>	CRA- and HMDA-reportable lending – Years 2009, 2010, and 2011 “Other-reportable” consumer lending – Years 2009 and 2010 Community Development Activity – January 19, 2010 through April 9, 2012		
<b>FINANCIAL INSTITUTION</b>  Cole Taylor Bank			<b>PRODUCTS REVIEWED:</b> CRA-reportable lending; HMDA-reportable lending; optional consumer lending; Community Development Activities
<b>AFFILIATE(S)</b>	<b>AFFILIATE RELATIONSHIP</b>		<b>PRODUCTS REVIEWED</b>
None			
IDENTIFICATION OF ASSESSMENT AREAS			
ASSESSMENT AREA	TYPE OF EXAMINATION	BRANCHES VISITED	OTHER INFORMATION
The assessment area includes Cook, Lake, and DuPage counties in Illinois. These three counties are included in the Chicago-Joliet-Naperville IL-IN-WI MSA 16980.	Full Review	Rosemont and Skokie	The bank does not offer farm/agricultural loans as a primary product and they were not included in this review. During 2009 and 2010, the bank reported optional consumer data for consideration.

## APPENDIX B – 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.

**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.

**Consumer loan:** A loan 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 secured loan, and other 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 householder and no wife present) or “female householder” (a family with a female householder and no husband present).

**Family Income:** Includes the income of all members of a family that are age 15 and older.

**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.

**Geography:** A census tract or a block numbering area delineated by the U.S. Bureau of the Census in the most recent decennial census.

**Home mortgage loans:** Include home purchase and home improvement loans as defined in the HMDA regulation. This definition also includes multifamily (five or more families) 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.

**Household Income:** Includes the income of the householder and all other persons that are age 15 and older in the household, whether related to the householder or not. Because many households consist of only one person, median household income is usually less than median family income.

**HUD Metro Fair Market Rent Area (HFMR):** Is a geographic area developed by the Department of Housing and Urban Development (HUD) that often is comparable to the Office of Management and Budget (OMB) metropolitan areas. HFMR is the level of geography that is used for all HUD Fair Market Rent (FMR) and Median Family Income (MFI) Data. A HFMR represents the area in which rental housing is in direct competition and may not always correspond to metropolitan divisions. Non-metropolitan area data is released for individual counties.

**Low-income:** Individual income that is less than 50 percent of the area median income, or a median family income that is less than 50 percent in the case of a geography.

**Market share:** The number of loans originated and purchased by the institution as a percentage of the aggregate number of loans originated and purchased by all lenders in the MSA/assessment area.

**Median Income:** 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 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 (**MMSA**). Performance within each MMSA is analyzed separately as a full-scope review and receives its own ratings under the Lending, Investment and Service Tests provided the financial institution has its main office, branch, or deposit-taking ATM located in each applicable state making up the MMSA.

**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.

**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.

**Small loans to business:** A loan included in “loans to small businesses” as defined in the Consolidated Report of Condition and Income (Call Report). These loans have original amounts of \$1 million or less and are either secured by nonfarm nonresidential properties or are classified as commercial and industrial loans.

**Small loans to farms:** 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 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.

**Upper-income:** Individual income that is more than 120 percent of the area median income, or a median family income that is more than 120 percent in the case of a geography.