

# **PUBLIC DISCLOSURE**

April 29, 2019

## **COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION**

Wheaton Bank & Trust Company  
RSSD# 2044811

100 North Wheaton Avenue  
Wheaton, Illinois 60187

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**

**Wheaton Bank & Trust Company Overall CRA Rating: Outstanding**

**Performance Test Rating Table**

The following table indicates the performance level of Wheaton Bank & Trust Company with respect to the lending, investment, and service test.

| Performance Levels        | Performance Tests |                 |              |
|---------------------------|-------------------|-----------------|--------------|
|                           | Lending Test      | Investment Test | Service Test |
| Outstanding               | X                 | X               | X            |
| High Satisfactory         |                   |                 |              |
| 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.
- 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; and
- The bank makes extensive use of innovative and flexible lending practices in serving assessment area credit needs.

**Investment Test:**

- The bank provides an excellent level of qualified community development investments,

particularly those not routinely provided by private investors, often in a leadership position;

- The bank makes extensive use of innovative and complex investments to support community development initiatives; and
- The bank exhibits 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 in the assessment area;
- Services are tailored to convenience and needs of its assessment area, particularly low- and moderate-income geographies and low- and moderate-income individuals; and
- The bank is a leader in providing community development services.

## WHEATON BANK & TRUST COMPANY

### DESCRIPTION OF INSTITUTION

Wheaton Bank & Trust Company ("Wheaton Bank") had assets of \$1.73 billion as of December 31, 2018, and is a subsidiary of the Wintrust Financial Corporation (WTFC) located in Rosemont, Illinois. WTFC holds 15 separately chartered banks operating in metropolitan Chicago and southern Wisconsin. Wheaton Bank has no subsidiaries, but WTFC operates a mortgage subsidiary, Wintrust Mortgage Corporation (Wintrust Mortgage), which processes most home mortgage applications for Wheaton Bank and all other subsidiary banks of WTFC.

Wheaton Bank's physical presence consists of the main office located in downtown Wheaton, Illinois, approximately 30 miles southwest of Chicago. In addition to the main office, the bank operates six branches, and eight full-service automated teller machines (ATMs) located within DuPage and Will Counties in the state of Illinois. No branches or ATMs were opened or closed since the previous evaluation conducted on February 6, 2017.

Wheaton Bank provides a comprehensive range of banking and related financial services to meet the needs of individuals, families, and businesses in the communities it serves. These products and services include, but are not limited to, business and personal checking accounts, savings and individual retirement accounts, time deposit instruments, commercial real estate financing, commercial lending, consumer financing, debit cards, safe deposit box services, and investment products. Although Wheaton Bank has an in-house portfolio program, it refers most residential real estate mortgage loan applications to Wintrust Mortgage. The bank also participates in federally guaranteed loan programs with the Small Business Administration (SBA).

The bank offers several additional retail delivery services including mobile banking, internet banking, and telephone banking. The bank's website, [www.wheatonbank.com](http://www.wheatonbank.com), provides customers with the ability to open deposit accounts, pay bills, and make account transfers. The bank's mobile banking features include remote deposit capture, peer-to-peer payments, and cardless cash withdrawals.

According to the December 31, 2018 Uniform Bank Performance Report (UBPR), Wheaton Bank is primarily a commercial lender with 62.8 percent by dollar volume of its loan portfolio concentrated in commercial related lending. Consumer lending represents the second largest portion of the bank's loan portfolio, representing 25.2 percent of the loan portfolio by dollar volume, while residential real estate loans represent 8.7 percent of the bank's portfolio.

Wheaton bank also offers products that support credit and deposit account access to low- and moderate-income individuals and small businesses. These services include small dollar and certificate of deposit secured loans for consumers, small dollar business loans requiring less supporting documentation, and deposit accounts with low or no minimum balance requirements.

Details of the allocation of the bank's loan portfolio are provided in the table below.

| <b>Loan Portfolio Composition as of December 31, 2018</b> |                                       |                       |
|---|---------------------------------------|-----------------------|
| <b>Loan Type</b>  | <b>Dollar Volume<br/>(\$ in 000s)</b> | <b>% of Portfolio</b> |
| Commercial  | 791,118                               | 62.8                  |
| Consumer  | 317,799                               | 25.2                  |
| Residential Real Estate                                   | 108,871                               | 8.7                   |
| Other   | 41,112                                | 3.3                   |
| Total   | 1,258,900                             | 100.0                 |

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

The bank markets its products and services to its assessment area using a variety of media including in-branch signage, direct mailings, newspaper advertisements, email, and online advertisements.

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

At the previous evaluation conducted on February 6, 2017, the bank was rated Outstanding under the CRA.

### **SCOPE OF THE EXAMINATION**

Wheaton Bank & Trust Company's CRA performance was evaluated using the Federal Financial Institution's Examination Council's (FFIEC) Interagency Large Institution CRA Examination Procedures. The CRA performance evaluation assesses the bank's responsiveness and effectiveness in meeting the credit and community development needs of its assessment area. The evaluation considered the CRA performance context, including the bank's asset size, financial condition, market competition, assessment area demographics, and credit and community development needs.

The evaluation included a full-scope review of the bank's assessment area located in partial DuPage County and partial Will County in the Chicago-Naperville-Arlington Heights, IL Metropolitan Division (MD), within the Chicago-Naperville-Elgin, IL-IN-WI Metropolitan Statistical Area (MSA) #16980. The lending analysis was based on 2016 and 2017 Home Mortgage Disclosure Act (HMDA)-reportable loans from Wheaton Bank and affiliate Wintrust Mortgage, specifically home purchase and home refinance loans. Home improvement and multi-family loans were not evaluated, as the limited volume in each of these categories does not allow for effective analysis.

The analysis also included consideration of 2016 and 2017 CRA-reportable small business loans. CRA-reportable small business loans received more weight in the analysis, as commercial loans are the bank's primary loan product. Aggregate lending data comparisons utilized in the evaluation consist of all institutions originating HMDA- and CRA-reportable loans within the assessment area in 2017. Data for the bank's 2016 HMDA- and CRA-reportable lending also include aggregate lending comparisons and can be referenced in Appendix B of the evaluation.

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

- *Lending Activity* - HMDA-reportable and CRA-reportable small business loans were reviewed to determine the bank's responsiveness to the credit needs in the bank's assessment area from January 1, 2016 through December 31, 2017.
- *Lending in the Assessment Area* - HMDA-reportable and CRA-reportable small business loans were reviewed to determine the percentage of loans originated in the assessment area from January 1, 2016 through December 31, 2017.
- *Geographic Distribution of Lending in the Assessment Area* - HMDA-reportable and CRA-reportable small business 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 from January 1, 2016 through December 31, 2017.
- *Lending to Borrowers of Different Income and Businesses of Different Sizes* - HMDA-reportable and CRA-reportable small business loans were analyzed to determine the loan distribution among borrowers and businesses of different income and revenue levels from January 1, 2016 through December 31, 2017.
- *Community Development Lending* - The number, dollar volume, innovativeness, and complexity of community development loans originated from February 6, 2017 through April 29, 2019 were reviewed to determine the bank's responsiveness to community development needs.
- *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, small businesses, and geographies originated from January 1, 2016 through December 31, 2017.

- *Investments* - Qualified investments, grants, and donations made from February 6, 2017 through April 29, 2019 were reviewed to determine the bank's responsiveness to community development 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 and automated teller machines, its record of opening and closing branch offices, banking services, hours of operation, availability of loan and deposit products, and the extent and innovativeness of community development services were reviewed from February 6, 2017 through April 29, 2019.

Three CRA-related community representatives were contacted to better understand the credit needs of the assessment area. The representatives specialized in the areas of affordable housing and economic development. Information provided by the community representatives is provided in the assessment area analysis.

#### DESCRIPTION OF INSTITUTION'S OPERATIONS IN CHICAGO-NAPERVILLE-ARLINGTON HEIGHTS, IL MD #16974

Wheaton Bank operates a main office, six bank branches, and eight full-service ATMs in the assessment area, specifically within partial DuPage County and partial Will County, Illinois. The main office and five branches are in upper-income census tracts, and one branch is in a middle-income census tract. According to the June 30, 2018 FDIC Market Share Report, Wheaton Bank ranks 12<sup>th</sup> out of 70 FDIC insured institutions in the market with 2.6 percent of the deposit market share. By comparison, the top three financial institutions in the market area include JP Morgan Chase Bank with 19.3 percent of the deposit market share, BMO Harris Bank with 12.7 percent, and PNC Bank with 8.8 percent of the deposit market share.

The bank's assessment area delineation has not changed since the previous evaluation and is comprised of 181 census tracts. Specifically, the bank delineates 152 census tracts out of 216 in central-southern DuPage County and 29 census tracts out of 152 in northern Will County. Based on 2017 United States Census Bureau's American Community Survey (ACS), one census tract is low-income, eight census tracts are moderate-income, 56 census tracts are middle-income, and 116 census tracts are upper-income. Since the counties are part of the Chicago-Naperville-Arlington Heights, IL Metropolitan Division (MD), they will be evaluated as one assessment area.

The median family income (MFI) levels for census tracts are calculated using the income data from the American Community Survey (ACS) and geographic definitions from the Office of Management and Budget (OMB) and are updated approximately every five years. The income data used to calculate geographic income designations changed between 2016 and 2017. Accordingly, lending activity that took place in calendar years up to and including 2016 are evaluated based on ACS income level definitions from the five-year survey data set 2006-2010. Lending activity performed after 2016 is evaluated based on ACS income level definitions from the five-year survey data set 2011-2015.

The following table shows the difference in census tract income designations between 2016 and 2017.

| <b>Census Tract Designation Changes<br/>American Community Survey Data (ACS)</b> |                              |                              |                       |
|--|------------------------------|------------------------------|-----------------------|
| <b>Tract Income Designation</b>  | <b>2016 Designations (#)</b> | <b>2017 Designations (#)</b> | <b>Net Change (#)</b> |
| <b>Low</b>   | 0                            | 1                            | 1                     |
| <b>Moderate</b>  | 9                            | 8                            | -1                    |
| <b>Middle</b>  | 52                           | 56                           | 4                     |
| <b>Upper</b>   | 120                          | 116                          | -4                    |
| <b>Total</b>   | 181                          | 181                          | 0                     |

*Source: U. S. Census Bureau: Decennial Census: American Community Survey Data: 2006-2010  
U.S. Census Bureau: Decennial Census: America Community Survey Data: 2011-2015*

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

| Assessment Area: 2017 Chicago-Naperville-Arlington Heights, IL 16974 MD |                                 |                                    |                          |                  |  |                      |                           |              |   |
|---|---------------------------------|------------------------------------|--------------------------|------------------|--|----------------------|---------------------------|--------------|---|
| Income Categories   | Tract Distribution              |                                    | Families by Tract Income |                  | Families < Poverty Level as % of Families by Tract |                      | Families by Family Income |              |   |
|   | #                               | %                                  | #                        | %                | #  | %                    | #                         | %            |   |
| Low-income  | 1                               | 0.6                                | 857                      | 0.4              | 229  | 26.7                 | 26,104                    | 12.2         |   |
| Moderate-income   | 8                               | 4.4                                | 7,141                    | 3.3              | 862  | 12.1                 | 27,631                    | 12.9         |   |
| Middle-income   | 56                              | 30.9                               | 63,078                   | 29.5             | 4,194  | 6.6                  | 37,098                    | 17.4         |   |
| Upper-income  | 116                             | 64.1                               | 142,675                  | 66.7             | 4,563  | 3.2                  | 122,918                   | 57.5         |   |
| Unknown-income  | 0                               | 0.0                                | 0                        | 0.0              | 0  | 0.0                  | 0                         | 0.0          |   |
| <b>Total Assessment Area</b>  | <b>181</b>                      | <b>100.0</b>                       | <b>213,751</b>           | <b>100.0</b>     | <b>9,848</b>                                       | <b>4.6</b>           | <b>213,751</b>            | <b>100.0</b> |   |
|   | Housing Units by Tract          | Housing Types by Tract             |                          |                  |  |                      |                           |              |   |
|   |                                 | Owner-Occupied                     |                          | Rental           |  | Vacant               |                           |              |   |
|   |                                 | #                                  | %                        | %                | #  | %                    | #                         | %            |   |
| Low-income  | 1,449                           | 411                                | 0.2                      | 28.4             | 908  | 62.7                 | 130                       | 9.0          |   |
| Moderate-income   | 11,269                          | 7,078                              | 3.2                      | 62.8             | 3,395  | 30.1                 | 796                       | 7.1          |   |
| Middle-income   | 104,642                         | 62,333                             | 27.9                     | 59.6             | 34,715   | 33.2                 | 7,594                     | 7.3          |   |
| Upper-income  | 197,829                         | 153,488                            | 68.7                     | 77.6             | 35,594   | 18.0                 | 8,747                     | 4.4          |   |
| Unknown-income  | 0                               | 0                                  | 0.0                      | 0.0              | 0  | 0.0                  | 0                         | 0.0          |   |
| <b>Total Assessment Area</b>  | <b>315,189</b>                  | <b>223,310</b>                     | <b>100.0</b>             | <b>70.8</b>      | <b>74,612</b>                                      | <b>23.7</b>          | <b>17,267</b>             | <b>5.5</b>   |   |
|   | Total Businesses by Tract       | Businesses by Tract & Revenue Size |                          |                  |  |                      |                           |              |   |
|   |                                 | Less Than or = \$1 Million         |                          | Over \$1 Million |  | Revenue Not Reported |                           |              |   |
|   |                                 | #                                  | %                        | #                | %  | #                    | %                         | #            | % |
| Low-income  | 88                              | 0.3                                | 84                       | 0.3              | 4  | 0.1                  | 0                         | 0.0          |   |
| Moderate-income   | 934                             | 2.7                                | 790                      | 2.6              | 141  | 3.2                  | 3                         | 1.2          |   |
| Middle-income   | 8,817                           | 25.5                               | 7,505                    | 25.1             | 1,253  | 28.2                 | 59                        | 24.3         |   |
| Upper-income  | 24,736                          | 71.5                               | 21,515                   | 72.0             | 3,040  | 68.5                 | 181                       | 74.5         |   |
| Unknown-income  | 0                               | 0.0                                | 0                        | 0.0              | 0  | 0.0                  | 0                         | 0.0          |   |
| <b>Total Assessment Area</b>  | <b>34,575</b>                   | <b>100.0</b>                       | <b>29,894</b>            | <b>100.0</b>     | <b>4,438</b>                                       | <b>100.0</b>         | <b>243</b>                | <b>100.0</b> |   |
|   | Percentage of Total Businesses: |                                    | 86.5                     |                  | 12.8   |                      | 0.7                       |              |   |
|   | Total Farms by Tract            | Farms by Tract & Revenue Size      |                          |                  |  |                      |                           |              |   |
|   |                                 | Less Than or = \$1 Million         |                          | Over \$1 Million |  | Revenue Not Reported |                           |              |   |
|   |                                 | #                                  | %                        | #                | %  | #                    | %                         | #            | % |
| Low-income  | 0                               | 0.0                                | 0                        | 0.0              | 0  | 0.0                  | 0                         | 0.0          |   |
| Moderate-income   | 3                               | 1.9                                | 3                        | 2.0              | 0  | 0.0                  | 0                         | 0.0          |   |
| Middle-income   | 30                              | 19.2                               | 28                       | 18.9             | 2  | 28.6                 | 0                         | 0.0          |   |
| Upper-income  | 123                             | 78.8                               | 117                      | 79.1             | 5  | 71.4                 | 1                         | 100.0        |   |
| Unknown-income  | 0                               | 0.0                                | 0                        | 0.0              | 0  | 0.0                  | 0                         | 0.0          |   |
| <b>Total Assessment Area</b>  | <b>156</b>                      | <b>100.0</b>                       | <b>148</b>               | <b>100.0</b>     | <b>7</b>   | <b>100.0</b>         | <b>1</b>                  | <b>100.0</b> |   |
|   | Percentage of Total Farms:      |                                    | 94.9                     |                  | 4.5  |                      | 0.6                       |              |   |

2017 FFIEC Census Data & 2017 Dun & Bradstreet information according to 2015 ACS

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

### Population Characteristics

The data in the following table presents the population changes for all the political subdivisions in which the bank's assessment area is located, as well as population changes in the state of Illinois. The DuPage County population saw the greatest change in growth with a 1.47 percent increase, while Will County experienced a 0.95 percent increase. As seen in the table below, the state of Illinois grew at a slower rate with a 0.34 percent increase. A community representative believes people are moving into DuPage County because of the quality of education and the safer environment. Another community representative stated that the number of housing permits in the past two years has not been enough to meet Will County's demand. Therefore, the slower population growth in Will County may be attributed to the lack of housing supply.

| Population Change                           |                    |                         |                      |
|---|--------------------|-------------------------|----------------------|
|   | 2010<br>Population | 2011-2015<br>Population | Percentage<br>Change |
| DuPage County, IL                           | 916,924            | 930,412                 | 1.47                 |
| Will County, IL                             | 677,560            | 683,995                 | 0.95                 |
| Chicago-Naperville-Arlington Heights, IL MD | 7,262,718          | 7,328,470               | 0.91                 |
| State of Illinois                           | 12,830,632         | 12,873,761              | 0.34                 |

*Source: U.S. Census Bureau 2010 Decennial Census; 2011-2015 American Community Survey*

### Income Characteristics

According to the ACS, the MFI for the Chicago-Naperville-Arlington Heights, IL MD was \$75,350 in 2015, which is above the statewide average of \$71,546. Of the 213,751 families living in the assessment area, 12.2 percent are designated as low-income and 12.9 percent are designated as moderate-income. While MFI in both DuPage and Will Counties is well above the MD and state, DuPage County is significantly higher than Will County. However, a community representative stated that a large number of higher paying businesses have moved to Will County, thus accelerating wage pressure on local businesses. Overall, the Chicago-Naperville-Arlington Heights, IL MD experienced similar MFI growth compared to the state of Illinois, as the percent change was 4.4 percent and 4.9 percent, respectively.

| Median Family Income Change                 |  |   |                      |
|---|--|---|----------------------|
|   | 2006-2010 Median<br>Family Income (In<br>2010 Dollars) | 2011-2015<br>Median Family<br>Income (In 2015<br>Dollars) | Percentage<br>Change |
| DuPage County, IL                           | 92,423   | 96,751  | 4.7                  |
| Will County, IL                             | 85,488   | 87,950  | 2.9                  |
| Chicago-Naperville-Arlington Heights, IL MD | 72,196   | 75,350  | 4.4                  |
| State of Illinois                           | 68,236   | 71,546  | 4.9                  |

*Source: U.S. Census Bureau 2010 Decennial Census; 2011-2015 American Community Survey*

## Housing Characteristics and Affordability

According to the 2017 FFIEC Census data, there are a total of 315,189 housing units in the assessment area. The majority of housing units are owner-occupied at 70.8 percent, while 23.7 percent are rental units. Only 5.5 percent of housing units are vacant in the assessment area. The one low-income census tract has 411 owner occupied housing units. This constitutes 0.2 percent of owner-occupied units in the assessment area and 28.4 percent of all housing units located within the low-income census tract. The low percentage of owner-occupied housing in the low-income census tract indicates significantly fewer lending opportunities. With regards to moderate-income census tracts, there are 7,078 owner-occupied units constituting 3.2 percent of owner-occupied units the assessment area and 62.8 percent of all housing units in moderate-income census tracts.

Based on 2011-2015 ACS data, the median housing value for the Chicago-Naperville-Arlington Heights, IL MD is \$224,861 and the median gross rent is \$996. The median housing values in the Chicago-Naperville-Arlington Heights, IL MD decreased by 16.1 percent between the 2006-2010 and 2011-2015 ACS, which aligned with the decline in housing costs in the state of Illinois. Similarly, DuPage County's median housing values decreased by 12.1 percent, while the median housing value in Will County decreased by 12.8 percent. Although the median housing value of the MD declined at a higher rate, it remained well above the state median of \$173,800. Alternatively, the median gross rents increased significantly by 13.4 percent and 16.7 percent in DuPage County and Will County respectively, which outpaced rent growth in the Chicago-Naperville-Arlington Heights, IL MD at 9.0 percent and the state at 8.8 percent.

A common method to compare relative affordability of housing across geographic areas is the affordability ratio, which is defined in Appendix D. A higher ratio supports more affordable housing opportunities. Based on the 2011-2015 American Community Survey data, the affordability ratio for Chicago-Naperville-Arlington Heights, IL MD, including DuPage County, is lower than the affordability ratios of the state, indicating that housing is less affordable in the assessment area. One notable factor identified by a community representative is that Will County has more single-family housing permits than DuPage County because the county is more affordable. However, affordable housing throughout the assessment area was noted as a significant need by each community representative.

The following table shows housing costs change from 2010 to 2015.

| Housing Costs Change                        |                      |           |          |                   |           |          |                     |
|---|----------------------|-----------|----------|-------------------|-----------|----------|---------------------|
|   | Median Housing Value |           |          | Median Gross Rent |           |          | Affordability Ratio |
|   | 2006-2010            | 2011-2015 | % Change | 2006-2010         | 2011-2015 | % Change | 2011-2015           |
| DuPage County, IL                           | 316,900              | 278,500   | -12.1    | 1,008             | 1,143     | 13.4     | 0.29                |
| Will County, IL                             | 240,500              | 209,800   | -12.8    | 890               | 1,039     | 16.7     | 0.36                |
| Chicago-Naperville-Arlington Heights, IL MD | 267,990              | 224,861   | -16.1    | 914               | 996       | 9.0      | 0.27                |
| State of Illinois                           | 202,500              | 173,800   | -14.2    | 834               | 907       | 8.8      | 0.33                |

Source: U.S. Census Bureau 2000 and 2010 Decennial Census; 2006-2010 and 2011-2015

### 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 of Illinois and counties in the assessment area have declined since the previous evaluation. This activity indicates that the housing crisis that affected much of the nation, including assessment area counties, has abated. As of July 2018, the state of Illinois' foreclosure inventory rate was 1.0 percent. The foreclosure inventory rates were 0.6 and 1.0 in DuPage County and Will County, respectively.

### Bankruptcy Trends

According to data from the Administrative Office of the U.S. Courts, personal bankruptcy filing rates have decreased in the assessment area. Personal bankruptcy filing rates have steadily declined in DuPage County from 4.0 filings per 1,000 population in 2013 to 2.6 by 2016. Similarly, rates also declined in Will County from 5.6 filings per 1,000 population in 2013 to 4.1 in 2016.

| Personal Bankruptcy Filing Rate (per 1,000 population) |      |      |      |      |
|--|------|------|------|------|
|  | 2013 | 2014 | 2015 | 2016 |
| DuPage County, IL                                      | 4.0  | 3.6  | 3.0  | 2.6  |
| Will County, IL  | 5.6  | 5.2  | 4.4  | 4.1  |
| Chicago-Naperville-Arlington Heights, IL MD            | 6.2  | 5.9  | 5.5  | 5.2  |
| State of Illinois                                      | 5.1  | 4.7  | 4.4  | 4.1  |

## Employment Conditions

Unemployment rates across the assessment area and the state of Illinois declined between 2013 and 2016. Although Will County shows decreasing unemployment rates over the time period from 2013 to 2016, it remains consistently higher than DuPage County and the state of Illinois. A community representative mentioned that although the number of people reporting unemployment in Will County is declining, they have not seen a positive shift in the living conditions of low-and moderate-income individuals.

| Recent Unemployment Rates                   |      |      |      |      |
|---|------|------|------|------|
|   | 2013 | 2014 | 2015 | 2016 |
| DuPage County, IL                           | 7.5  | 5.6  | 4.7  | 4.8  |
| Will County, IL                             | 9.4  | 7.4  | 6.2  | 6.1  |
| Chicago-Naperville-Arlington Heights, IL MD | 9.2  | 7.1  | 6.0  | 5.9  |
| State of Illinois                           | 9.2  | 7.1  | 5.9  | 5.9  |

## Industry Characteristics

The following table presents the largest employers operating in the assessment area. According to location quotients developed by the U.S. Bureau of Labor Statistics, the assessment area is most impacted primarily by the healthcare and manufacturing industries. There were 34,575 businesses in the bank's assessment area in 2017, of which approximately 86.5 percent of the businesses in the assessment area had revenues of less than or equal to \$1 million. A community representative stated there is a shortage of social services workers, specifically in healthcare, within the assessment area. Reason being, the industries are growing rapidly and constantly need people to fill these positions. Additionally, the transportation and wholesale trade industries are growing the fastest in Will County. However, entry-level positions are minimal and individuals lack the required training. The representative also stated that DuPage County has been active in educating their community and filling the mid-labor market.

| Largest Employers in the Assessment Area |                     |  |
|--|---------------------|--|
| Company                                  | Number of Employees | Industry                                 |
| Edward Hospital & Health Svc             | 5000                | Health Care Management                   |
| Northwestern Medicine Central            | 3480                | Hospitals                                |
| Program Productions                      | 3300                | Business Services NEC                    |
| Presence St Joseph Medical Center        | 2005                | Medical Centers                          |
| Mattress Firm                            | 2000                | Mattresses                               |
| Navistar International Corp.             | 1800                | Truck & Bus Bodies (Manufacturers)       |
| Joliet Junior College                    | 1600                | Junior-Community College-Tech Institutes |
| Vortex                                   | 1600                | Contractors-Tile                         |

Source: Business information provided by Infogroup®, Omaha, NE

## Community Representatives

Interviews with three community representatives in the areas of economic development and affordable housing in the assessment area were conducted in conjunction with the evaluation. The representatives provided substantial information on the local economies. Community representatives noted the increase in MFI in both DuPage County and Will County. It was stated that DuPage County has experienced the most growth in the assessment area, and there is demand for affordable housing. There has been new construction for single family and multi-family housing; however, the cost to live in DuPage County is too expensive for low- and moderate-income individuals. According to a community representative, Will County has more single-family housing permits than DuPage County because of affordability. However, housing costs and rents have also spiked in Will County. Additionally, the number of listings of homes for sale is down, and because inventory is low, pricing has swelled in Will County. The representatives noted that financial institutions in the community are supportive of local initiatives and are willing to assist where needed. One representative mentioned Wheaton Bank by name when discussing the level of community involvement of financial institutions in the assessment area.

## CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA

### LENDING TEST

Wheaton Bank's performance relative to the lending test is rated Outstanding. Lending levels reflect excellent responsiveness to the assessment area's credit needs, and the geographic distribution of the bank's lending reflects good penetration throughout the assessment area, including in low- and moderate-income census tracts. The distribution of the bank's borrowers reflects, given the product lines offered, good penetration among customers of different income levels and businesses of different sizes. The bank 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 within its assessment area and makes extensive use of innovative and flexible lending practices in serving assessment area credit needs.

### Level of Lending Activity

Wheaton Bank's lending levels reflect excellent responsiveness to assessment area credit needs. The bank is primarily a commercial lender, and the largest portion of its portfolio consists of small business related loans. The level of lending activity represents a significant increase by both the number of loans and the dollar volume of small business loans compared to the previous evaluation period because of loans purchased from a Wintrust affiliate; in the previous evaluation, such loans were not included. However, when excluding those purchased, the number of the bank's direct small business loan originations increased 33.8 percent, from 702 at the previous evaluation to 939 in the current evaluation. Wheaton Bank's current business strategy is to continue to refer most of its HMDA loans to Wintrust Mortgage; however, the lending activity for this evaluation includes the portion of Wintrust Mortgage loans allocated to Wheaton Bank, which was comparable to the previous evaluation with 871 HMDA loans. Greater emphasis was applied

to small business loans to reflect the bank's primary focus as a commercial lender.

The table below presents the bank's HMDA-reportable and CRA-reportable lending activity from January 1, 2016 through December 31, 2017.

| Summary of Lending Activity                 |               |            |                  |            |
|---|---------------|------------|------------------|------------|
| HMDA and CRA Reportable Loans 2016 and 2017 |               |            |                  |            |
| Type of Loan                                | #             | %          | \$ (000s)        | %          |
| <b>Total Consumer related</b>               | 0             | 0          | 0                | 0          |
| Home Improvement                            | 21            | 0          | 12,411           | 0          |
| Home Purchase                               | 538           | 0          | 149,545          | 0          |
| Multi-Family Housing                        | 12            | 0          | 7,196            | 0          |
| Refinancing                                 | 309           | 0          | 86,543           | 0          |
| <b>Total HMDA Reportable</b>                | <b>880</b>    | <b>3</b>   | <b>255,695</b>   | <b>23</b>  |
| Small Business                              | 29,624        | 0          | 824,568          | 0          |
| <b>Total Small Business related</b>         | <b>29,624</b> | <b>97</b>  | <b>824,568</b>   | <b>76</b>  |
| <b>Total Loans</b>                          | <b>30,504</b> | <b>100</b> | <b>1,080,263</b> | <b>100</b> |

*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

A very small percentage of loans were made inside the bank's assessment area during the evaluation period. Wheaton Bank made only 3.0 percent of total loans by number and 16.0 percent by dollar within the assessment area; this is due to the majority of the bank's small business loans being originated outside the assessment area. In 2016, the bank made a change to the reporting of loans purchased from an affiliate originating a large volume of small business insurance financing loans, which resulted in a substantial increase in loans purchased from outside the assessment area. When these loans are excluded, the bank's assessment area concentration increases to 74.6 percent of total loans by number and 60.3 percent by dollar, which is consistent with the bank's performance in the previous examination period with 72.6 percent by number and 58.7 percent by dollar volume. Because the concentration rate is significantly influenced by the purchase of affiliate loans, this component of the lending test received less weight than the other lending test components.

The following table presents the bank's lending inside and outside of the assessment area during the evaluation period.

| Assessment Area Concentration       |            |             |                |             |               |             |                |             |
|-------------------------------------|------------|-------------|----------------|-------------|---------------|-------------|----------------|-------------|
| Loan Type                           | Inside     |             |                |             | Outside       |             |                |             |
|                                     | #          | %           | \$(000s)       | %           | #             | %           | \$(000s)       | %           |
| Home Improvement                    | 12         | 85.7        | 10,195         | 94.6        | 2             | 14.3        | 582            | 5.4         |
| Home Purchase - Conventional        | 24         | 55.8        | 13,254         | 65.2        | 19            | 44.2        | 7,061          | 34.8        |
| Multi-Family Housing                | 3          | 25.0        | 2,074          | 28.8        | 9             | 75.0        | 5,122          | 71.2        |
| Refinancing                         | 12         | 63.2        | 3,075          | 43.4        | 7             | 36.8        | 4,004          | 56.6        |
| <b>Total HMDA-Related</b>           | <b>51</b>  | <b>58.0</b> | <b>28,598</b>  | <b>63.0</b> | <b>37</b>     | <b>42.0</b> | <b>16,769</b>  | <b>37.0</b> |
| Small Business                      | 828        | 2.8         | 110,193        | 13.4        | 28,795        | 97.2        | 713,780        | 86.6        |
| <b>Total Small Business Related</b> | <b>828</b> | <b>2.8</b>  | <b>110,193</b> | <b>13.4</b> | <b>28,795</b> | <b>97.2</b> | <b>713,780</b> | <b>86.6</b> |
| <b>Total Loans</b>                  | <b>879</b> | <b>3.0</b>  | <b>138,791</b> | <b>16.0</b> | <b>28,832</b> | <b>97.0</b> | <b>730,549</b> | <b>84.0</b> |

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

### Geographic Distribution of Loans

The bank's geographic distribution of loans reflects good penetration throughout the assessment area. The bank's HMDA-reportable lending in low- and moderate-income tracts was generally comparable to aggregate lenders and the demographic percentage in 2017, which demonstrated improvement from 2016 HMDA-reportable lending levels. Similarly, the bank's small business lending in low- and moderate-income tracts was comparable to aggregate lenders and the percentage of total businesses in 2017, which also demonstrated improvement from 2016 small business lending levels. These numbers demonstrate that Wheaton Bank is meeting the mortgage related needs of those who live in the assessment area and is responsive to the needs of the assessment area's small businesses.

The geographic distribution of loans reflects good dispersion throughout the assessment area. Wheaton Bank originated HMDA-reportable and small business loans in 88.4 percent of the 181 census tracts in the assessment area in 2017, including penetrating seven of the eight moderate-income census tracts. In 2016, the bank originated loans in 93.4 percent of the 181 census tracts, including penetrating all of the nine moderate-income census tracts. Greater emphasis was applied to small business loans to reflect the bank's primary focus as a commercial lender and mortgage origination efforts primarily conducted through Wintrust Mortgage.

For the purposes of this review, loans made in calendar years up to and including 2016 were analyzed based on income designations from the 2006-2010 ACS data<sup>1</sup>. Loans made in calendar years 2017 and after were analyzed based on income designations from the 2011-2015 ACS data.

<sup>1</sup> The median family income levels (MFI) for census tracts are calculated using income data from the U.S. Census Bureau's American Community Survey and geographic designations from the Office of Management and Budget and are updated approximately every five years. (.12(m) Income Levels)

## HMDA-Reportable Lending

### *Home Purchase*

Home purchase loans represented 69.5 percent of all HMDA-reportable lending during the 2017 review period. The bank did not originate home purchase loans in the one low-income census tract in its assessment area in 2017, which is comparable to aggregate lenders making 0.2 percent of loans in low-income census tracts. Additionally, the bank's lending activity is consistent when compared to the percentage of owner-occupied units in low-income tracts at 0.2 percent. The bank made 3.5 percent of home purchase loans in moderate-income tracts, which is also consistent with aggregate lenders at 3.5 percent and the percentage of owner-occupied units at 3.2 percent. In addition, the bank made 24.7 percent of its home purchase loans in middle-income census tracts, which was below the aggregate lenders (30.2 percent) and the percentage of owner-occupied housing in middle-income census tracts (27.9 percent). The bank made 71.7 percent of its home purchase loans in upper-income census tracts, which is above the aggregate lenders (66.1 percent) and the percentage of owner-occupied housing in upper-income census tracts (68.7 percent).

In 2016, home purchase lending had slightly lower lending patterns with 2.2 percent of loans in moderate-income tracts, compared to 3.1 percent of the aggregate of lenders and the 3.3 percent of owner-occupied units in those tracts. In addition, the bank made 29.9 percent of its home purchase loans in middle-income census tracts, which was above the percentage of owner-occupied housing in middle-income census tracts (26.4 percent). The bank made 67.9 percent of its home purchase loans in upper-income census tracts, which was slightly below the percentage of owner-occupied housing in upper-income census tracts (70.3 percent).

### *Refinance*

Refinance loans represented 27.0 percent of the bank's HMDA-reportable overall loan originations during the 2017 period. In 2017, the bank did not originate refinance loans in the one low-income census tract. This is comparable to aggregate lenders making 0.2 percent of loans in the low-income tract and the 0.2 percent of owner-occupied housing units in the low-income tract. Refinance loans in moderate-income tracts represent 3.9 percent, which is above aggregate lender originations at 2.4 percent and the 3.2 percent of owner-occupied housing units in moderate-income tracts. In addition, the bank made 24.7 percent of its refinance loans in middle-income census tracts, which was slightly below the aggregate lenders (26.4 percent) and the percentage of owner-occupied housing in middle-income census tracts (27.9 percent). The bank made 71.4 percent of its refinance loans in upper-income census tracts, equivalent to the aggregate lenders (71.0 percent) and above the percentage of owner-occupied housing in upper-income census tracts (68.7 percent).

Refinance lending performance improved by 3.0 percent in 2017 when compared to 2016. In 2016, the bank originated two refinance loans in moderate-income census tracts, representing 0.9 percent. The bank's lending activity was below the aggregate lenders at 2.0 percent and the 3.3 percent owner-occupied units in moderate-income census tracts. In addition, the bank made 22.2

percent of its refinance loans in middle-income census tracts, which was below the percentage of owner-occupied housing in middle-income census tracts (26.4 percent). The bank made 76.9 percent of its refinance loans in upper-income census tracts, exceeding the percentage of owner-occupied housing in upper-income census tracts (70.3 percent).

The following table presents the bank's 2017 HMDA-reportable data; 2016 data is in Appendix B.

| Geographic Distribution of HMDA Reportable Loans                        |                     |                                     |            |              |              |               |              |                           |
|---|---------------------|-------------------------------------|------------|--------------|--------------|---------------|--------------|---------------------------|
| Assessment Area: 2017 Chicago-Naperville-Arlington Heights, IL 16974 MD |                     |                                     |            |              |              |               |              |                           |
| Product Type  | Tract Income Levels | Bank & Aggregate Lending Comparison |            |              |              |               |              | Owner Occupied % of Units |
|   |                     | 2017                                |            |              | Dollar       |               |              |                           |
|   |                     | Count                               |            | Agg          | Bank         |               | Agg          |                           |
|   |                     | #                                   | %          | %            | \$ (000s)    | \$ %          | \$ %         |                           |
| Home Purchase   | Low                 | 0                                   | 0.0        | 0.2          | 0            | 0.0           | 0.1          | 0.2                       |
|   | Moderate            | 7                                   | 3.5        | 3.5          | 1,081        | 1.9           | 1.9          | 3.2                       |
|   | Middle              | 49                                  | 24.7       | 30.2         | 9,753        | 17.1          | 21.8         | 27.9                      |
|   | Upper               | 142                                 | 71.7       | 66.1         | 46,072       | 81.0          | 76.1         | 68.7                      |
|   | Unknown             | 0                                   | 0.0        | 0.0          | 0            | 0.0           | 0.0          | 0.0                       |
|   | <b>Total</b>        |                                     | <b>198</b> | <b>100.0</b> | <b>100.0</b> | <b>56,906</b> | <b>100.0</b> | <b>100.0</b>              |
| Refinance   | Low                 | 0                                   | 0.0        | 0.2          | 0            | 0.0           | 0.1          | 0.2                       |
|   | Moderate            | 3                                   | 3.9        | 2.4          | 415          | 1.9           | 1.2          | 3.2                       |
|   | Middle              | 19                                  | 24.7       | 26.4         | 3,785        | 17.2          | 18.3         | 27.9                      |
|   | Upper               | 55                                  | 71.4       | 71.0         | 17,771       | 80.9          | 80.4         | 68.7                      |
|   | Unknown             | 0                                   | 0.0        | 0.0          | 0            | 0.0           | 0.0          | 0.0                       |
|   | <b>Total</b>        |                                     | <b>77</b>  | <b>100.0</b> | <b>100.0</b> | <b>21,971</b> | <b>100.0</b> | <b>100.0</b>              |
| Home Improvement  | Low                 | 0                                   | 0.0        | 0.3          | 0            | 0.0           | 0.1          | 0.2                       |
|   | Moderate            | 0                                   | 0.0        | 1.7          | 0            | 0.0           | 0.9          | 3.2                       |
|   | Middle              | 1                                   | 10.0       | 27.0         | 157          | 2.1           | 17.0         | 27.9                      |
|   | Upper               | 9                                   | 90.0       | 71.0         | 7,487        | 97.9          | 82.0         | 68.7                      |
|   | Unknown             | 0                                   | 0.0        | 0.0          | 0            | 0.0           | 0.0          | 0.0                       |
|   | <b>Total</b>        |                                     | <b>10</b>  | <b>100.0</b> | <b>100.0</b> | <b>7,644</b>  | <b>100.0</b> | <b>100.0</b>              |
| Multi-Family  | Low                 | 0                                   | 0.0        | 0.0          | 0            | 0.0           | 0.0          | Multi-Family<br>1.4       |
|   | Moderate            | 0                                   | 0.0        | 3.2          | 0            | 0.0           | 6.7          | 3.7                       |
|   | Middle              | 0                                   | 0.0        | 55.6         | 0            | 0.0           | 62.1         | 49.2                      |
|   | Upper               | 0                                   | 0.0        | 41.3         | 0            | 0.0           | 31.2         | 45.7                      |
|   | Unknown             | 0                                   | 0.0        | 0.0          | 0            | 0.0           | 0.0          | 0.0                       |
|   | <b>Total</b>        |                                     | <b>0</b>   | <b>0.0</b>   | <b>100.0</b> | <b>0</b>      | <b>0.0</b>   | <b>100.0</b>              |
| HMDA Totals   | Low                 | 0                                   | 0.0        | 0.2          | 0            | 0.0           | 0.1          | 0.2                       |
|   | Moderate            | 10                                  | 3.5        | 3.0          | 1,496        | 1.7           | 1.9          | 3.2                       |
|   | Middle              | 69                                  | 24.2       | 28.8         | 13,695       | 15.8          | 22.4         | 27.9                      |
|   | Upper               | 206                                 | 72.3       | 68.0         | 71,330       | 82.4          | 75.6         | 68.7                      |
|   | Unknown             | 0                                   | 0.0        | 0.0          | 0            | 0.0           | 0.0          | 0.0                       |
|   | <b>Total</b>        |                                     | <b>285</b> | <b>100.0</b> | <b>100.0</b> | <b>86,521</b> | <b>100.0</b> | <b>100.0</b>              |

Originations & Purchases  
2017 FFIEC Census Data  
*Note: Percentages may not add to 100.0 percent due to rounding*

## CRA-Reportable Lending

### *Small Business Lending*

In 2017, the bank originated small business loans in 56.9 percent of its 181 census tracts, including penetrating three of the eight moderate-income census tracts. In 2016, the bank originated loans in 55.2 percent of the 181 census tracts, including penetrating four of the nine moderate-income census tracts.

Of the small business loans in 2017, 0.3 percent of bank originations were in the one low-income census tract, which is consistent with aggregate lenders and the percent of small businesses within low-income tracts at 0.3 percent. The bank made 2.5 percent of small business originations in moderate-income tracts, which is consistent with aggregate lenders and the percent of small businesses operating in those tracts at 2.7 percent. However, the bank's dollar amount of loans in moderate-income tracts as a percent of total small business loans was greater than aggregate lenders at 3.5 percent and 3.1 percent, respectively. The bank made 23.8 percent of small business loans in middle-income census tracts, which is below the aggregate at 28.2 percent and the percentages of small businesses in middle-income census tracts at 25.5 percent. Lending in upper-income census tracts represented 73.5 percent, which was above the aggregate at 68.8 percent and small businesses located in upper-income census tracts at 71.5 percent.

The bank's performance in 2016 was below 2017 performance in moderate-income census tracts. The bank made 2.1 percent of loans in moderate-income tracts, which was below aggregate of lenders at 3.2 percent and the percentage of total businesses at 2.9 percent. However, the bank's dollar amount of loans in moderate-income tracts as a percent of total small business loans was above aggregate lenders at 2.5 percent and 2.2 percent, respectively.

The following table presents the bank's 2017 small business lending data; 2016 data is in Appendix B.

| Geographic Distribution of Small Business Loans                         |                                     |                |       |        |        |          |                    |       |
|---|-------------------------------------|----------------|-------|--------|--------|----------|--------------------|-------|
| Assessment Area: 2017 Chicago-Naperville-Arlington Heights, IL 16974 MD |                                     |                |       |        |        |          |                    |       |
| Tract Income Levels   | Bank & Aggregate Lending Comparison |                |       |        |        |          | Total Businesses % |       |
|   | 2017                                |                |       | 2017   |        |          |                    |       |
|   | Count                               |                | Agg % | Dollar |        | Agg \$ % |                    |       |
| Bank #  | %                                   | Bank \$ (000s) |       | \$ %   |        |          |                    |       |
| Small Business  | Low                                 | 1              | 0.3   | 0.3    | 14     | 0.0      | 0.2                | 0.3   |
|   | Moderate                            | 10             | 2.5   | 2.7    | 1,817  | 3.5      | 3.1                | 2.7   |
|   | Middle                              | 95             | 23.8  | 28.2   | 14,494 | 28.2     | 29.0               | 25.5  |
|   | Upper                               | 294            | 73.5  | 68.8   | 35,122 | 68.3     | 67.7               | 71.5  |
|   | Unknown                             | 0              | 0.0   | 0.0    | 0      | 0.0      | 0.0                | 0.0   |
|   | Tr Unknown                          |                |       | 0.0    |        |          | 0.0                |       |
|   | Total                               | 400            | 100.0 | 100.0  | 51,447 | 100.0    | 100.0              | 100.0 |

Originations & Purchases  
2017 FFIEC Census Data & 2017 Dun & Bradstreet information according to 2015 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

The distribution of borrowers reflects, given the product lines offered, good penetration among customers of different income levels and businesses of different sizes. The bank’s HMDA-reportable lending to low- and moderate-income in 2016 and 2017 was below aggregate lenders borrowers, except for refinance lending to moderate-income borrowers, which was above aggregate lenders. The bank’s lending to businesses reporting annual revenues of \$1 million or less was comparable to lending by aggregate lenders in 2017, but significantly above aggregate lenders in 2016. Greater emphasis was applied to small business loans to reflect the bank’s primary focus as a commercial lender and mortgage origination efforts are primarily conducted through Wintrust Mortgage.

For the purposes of this review, loans made in calendar year 2016 or before were analyzed based on 2006-2010 ACS income designations for individuals<sup>2</sup>. Loans made in calendar year 2017 or after were analyzed based on 2011-2015 ACS income designations for individuals.

### HMDA-Reportable Lending

#### *Home Purchase*

The bank originated a total of 198 home purchase loans in 2017, of which 2.5 percent of home purchase loans were originated to low-income borrowers. This lending activity is below that of aggregate lenders at 3.4 percent and the 12.2 percent of low-income families residing in the assessment area. The bank originated 13.1 percent of home purchase loans to moderate-income

<sup>2</sup> Income levels for individuals are calculated annually by the FFIEC using geographic definitions from the OMB, income data from the ACS and the Consumer Price Index from the Congressional Budget Office (.12(m) Income Levels).

borrowers, which is consistent with aggregate lenders at 13.5 percent and moderate-income families residing in the assessment area at 12.9 percent. In addition, the bank originated 28.3 percent of home purchase loans to middle-income borrowers, which is above aggregate at 18.8 percent and the percentage of middle-income families in the assessment area at 17.4 percent. The bank made 53.5 percent of home purchase loans to upper-income borrowers, which is above aggregate lenders at 51.5 percent, but below the percentage of upper-income families in the assessment area at 57.5 percent. Additionally, the bank originated five loans to borrowers of unknown income representing 2.5 percent of home purchase loans, which was significantly below aggregate lenders at 12.8 percent.

The bank's home purchase lending in 2016 was comparable to 2017. The bank originated 321 home purchase loans, of which 2.8 percent were made to low-income borrowers. This is below that of aggregate lenders at 3.8 percent and low-income families in the assessment area at 11.8 percent. The bank made 11.8 percent of loans to moderate-income borrowers, which is below aggregate lenders at 13.0 percent and moderate-income families in the assessment area at 12.1 percent. In addition, the bank originated 26.5 percent of home purchase loans to middle-income borrowers, which is above the percentage of the aggregate lenders at 19.7 percent and owner-occupied units in the assessment area at 17.9 percent. The bank made 54.2 percent of loans to upper-income borrowers, which was above the aggregate at 51.9 percent, but below the percentage of upper-income families in the assessment area at 58.2 percent. Additionally, the bank originated 15 loans to borrowers of unknown income representing 4.7 percent of home purchase loans, which was below aggregate at 11.6 percent.

### *Refinance*

The bank did not originate any refinance loans to low-income borrowers, which was lower than the 3.6 percent of refinance loans made by aggregate lenders and the 12.2 percent of low-income families in the assessment area. However, the bank originated 11.7 percent of refinance loans to moderate-income borrowers. This lending activity is above the 10.0 percent originated by aggregate lenders, but below the percentage of moderate-income families in the assessment area at 12.9 percent. In addition, the bank originated 20.8 percent of refinance loans to middle-income borrowers, which is above aggregate at 17.3 percent and the percentage of middle-income families in the assessment area at 17.4 percent. The bank made 63.6 percent of refinance loans to upper-income borrowers, which exceeds aggregate lenders at 55.8 percent and the percentage of upper-income families in the assessment area at 57.5 percent.

In 2016, the bank exhibited similar borrower distribution to that of 2017 data. The bank originated 0.9 percent of refinance loans to low-income borrowers, which was below the aggregate at 2.0 percent and the percentage of low-income families in the assessment area at 11.8 percent. The bank originated 8.9 percent of refinance loans to moderate-income borrowers, performing above aggregate lenders at 6.6 percent, but below the 12.1 percent of moderate-income families in the assessment area. In addition, the bank originated 15.6 percent of its refinance loans to middle-income borrowers, which is slightly above aggregate lenders at 14.9 percent, but below the percentage of middle-income families in the assessment area at 17.9 percent. Lending to upper-

income borrowers at 65.8 percent exceeded the aggregate at 63.3 percent and the percentage of upper-income families in the assessment area at 58.2 percent. The bank originated 8.9 percent of its loans to borrowers of unknown income, which was below the aggregate at 13.1 percent.

The following table presents the bank's 2017 HMDA-reportable data; 2016 data is in Appendix B.

| <b>Borrower Distribution of HMDA Reportable Loans</b>                          |                        |                                     |              |              |               |              |                             |              |
|--|------------------------|-------------------------------------|--------------|--------------|---------------|--------------|-----------------------------|--------------|
| <b>Assessment Area: 2017 Chicago-Naperville-Arlington Heights, IL 16974 MD</b> |                        |                                     |              |              |               |              |                             |              |
| Product Type   | Borrower Income Levels | Bank & Aggregate Lending Comparison |              |              |               |              | Families by Family Income % |              |
|  |                        | 2017                                |              |              | Dollar        |              |                             |              |
|  |                        | Count                               |              | Agg          | Bank          | Agg          |                             |              |
|  |                        | #                                   | %            | %            | \$(000s)      | \$ %         | \$ %                        |              |
| Home Purchase  | Low                    | 5                                   | 2.5          | 3.4          | 662           | 1.2          | 1.4                         | 12.2         |
|  | Moderate               | 26                                  | 13.1         | 13.5         | 4,098         | 7.2          | 7.6                         | 12.9         |
|  | Middle                 | 56                                  | 28.3         | 18.8         | 12,153        | 21.4         | 14.4                        | 17.4         |
|  | Upper                  | 106                                 | 53.5         | 51.5         | 38,483        | 67.6         | 64.9                        | 57.5         |
|  | Unknown                | 5                                   | 2.5          | 12.8         | 1,510         | 2.7          | 11.6                        | 0.0          |
|  | <b>Total</b>           | <b>198</b>                          | <b>100.0</b> | <b>100.0</b> | <b>56,906</b> | <b>100.0</b> | <b>100.0</b>                | <b>100.0</b> |
| Refinance  | Low                    | 0                                   | 0.0          | 3.6          | 0             | 0.0          | 1.5                         | 12.2         |
|  | Moderate               | 9                                   | 11.7         | 10.0         | 1,414         | 6.4          | 5.5                         | 12.9         |
|  | Middle                 | 16                                  | 20.8         | 17.3         | 2,978         | 13.6         | 12.1                        | 17.4         |
|  | Upper                  | 49                                  | 63.6         | 55.8         | 16,544        | 75.3         | 67.5                        | 57.5         |
|  | Unknown                | 3                                   | 3.9          | 13.3         | 1,035         | 4.7          | 13.4                        | 0.0          |
|  | <b>Total</b>           | <b>77</b>                           | <b>100.0</b> | <b>100.0</b> | <b>21,971</b> | <b>100.0</b> | <b>100.0</b>                | <b>100.0</b> |
| Home Improvement   | Low                    | 0                                   | 0.0          | 3.2          | 0             | 0.0          | 1.3                         | 12.2         |
|  | Moderate               | 1                                   | 10.0         | 9.2          | 100           | 1.3          | 4.9                         | 12.9         |
|  | Middle                 | 2                                   | 20.0         | 20.8         | 436           | 5.7          | 13.3                        | 17.4         |
|  | Upper                  | 7                                   | 70.0         | 63.2         | 7,108         | 93.0         | 77.2                        | 57.5         |
|  | Unknown                | 0                                   | 0.0          | 3.6          | 0             | 0.0          | 3.3                         | 0.0          |
|  | <b>Total</b>           | <b>10</b>                           | <b>100.0</b> | <b>100.0</b> | <b>7,644</b>  | <b>100.0</b> | <b>100.0</b>                | <b>100.0</b> |
| Multi-Family   | Low                    | 0                                   | 0.0          | 0.0          | 0             | 0.0          | 0.0                         | 12.2         |
|  | Moderate               | 0                                   | 0.0          | 0.0          | 0             | 0.0          | 0.0                         | 12.9         |
|  | Middle                 | 0                                   | 0.0          | 0.0          | 0             | 0.0          | 0.0                         | 17.4         |
|  | Upper                  | 0                                   | 0.0          | 0.0          | 0             | 0.0          | 0.0                         | 57.5         |
|  | Unknown                | 0                                   | 0.0          | 100.0        | 0             | 0.0          | 100.0                       | 0.0          |
|  | <b>Total</b>           | <b>0</b>                            | <b>0.0</b>   | <b>100.0</b> | <b>0</b>      | <b>0.0</b>   | <b>100.0</b>                | <b>100.0</b> |
| HMDA Totals  | Low                    | 5                                   | 1.8          | 3.4          | 662           | 0.8          | 1.3                         | 12.2         |
|  | Moderate               | 36                                  | 12.6         | 12.0         | 5,612         | 6.5          | 6.5                         | 12.9         |
|  | Middle                 | 74                                  | 26.0         | 18.3         | 15,567        | 18.0         | 12.9                        | 17.4         |
|  | Upper                  | 162                                 | 56.8         | 53.4         | 62,135        | 71.8         | 63.0                        | 57.5         |
|  | Unknown                | 8                                   | 2.8          | 12.8         | 2,545         | 2.9          | 16.2                        | 0.0          |
|  | <b>Total</b>           | <b>285</b>                          | <b>100.0</b> | <b>100.0</b> | <b>86,521</b> | <b>100.0</b> | <b>100.0</b>                | <b>100.0</b> |
| Originations & Purchases   |                        |                                     |              |              |               |              |                             |              |
| 2017 FFIEC Census Data   |                        |                                     |              |              |               |              |                             |              |
| <i>Note: Percentages may not add to 100.0 percent due to rounding</i>          |                        |                                     |              |              |               |              |                             |              |

CRA-Reportable Lending

*Small Business Lending*

Of the 400 small business loans, 46.3 percent were originated to businesses with revenues of \$1 million or less. This lending activity compared to the aggregate at 47.6 percent, but fell below the 86.5 percent of businesses in the assessment area with similar revenues. Additionally, at 31.0 percent, the bank’s dollar amount of loans to businesses with revenues of \$1 million or less as a percent of total small business loans was above that of aggregate lenders at 28.4 percent. Of the 185 loans made to businesses with revenues of \$1 million or less, 81.1 percent were originated in loan amounts of \$100,000 or less, which are considered most beneficial and responsive to small businesses.

The bank’s 2016 small business lending performance was better than that in 2017; it originated 50.3 percent of its small business loans to businesses reporting annual revenues of \$1 million or less, which was well above the 37.9 percent by aggregate lenders. Additionally, at 39.4 percent, the bank’s dollar amount of loans to businesses with revenues of \$1 million or less as a percent of total small business loans was much higher than aggregate lenders at 27.1 percent.

The following table presents the bank’s 2017 small business lending data; 2016 data is in Appendix B.

| Small Business Lending By Revenue & Loan Size                                    |                                  |                                     |            |              |              |               |                          |              |              |
|--|----------------------------------|-------------------------------------|------------|--------------|--------------|---------------|--------------------------|--------------|--------------|
| Assessment Area: 2017 Chicago-Naperville-Arlington Heights, IL 16974 MD          |                                  |                                     |            |              |              |               |                          |              |              |
| Product Type   |                                  | Bank & Aggregate Lending Comparison |            |              |              |               |                          |              |              |
|  |                                  | 2017                                |            |              | 2017         |               | Total<br>Businesses<br>% |              |              |
|  |                                  | Count                               |            | Dollar       |              |               |                          |              |              |
| Revenue  | Loan Size                        | Bank                                | Agg        | Bank         | Agg          | %             |                          |              |              |
|  |                                  | #                                   | %          | %            | \$ 000s      |               | \$ %                     |              |              |
| Small Business   | \$1 Million or Less              | 185                                 | 46.3       | 47.6         | 15,974       | 31.0          | 28.4                     | 86.5         |              |
|  |                                  | Over \$1 Million or Unknown         | 215        | 53.8         | 52.4         | 35,473        | 69.0                     | 71.6         | 13.5         |
|  |                                  | <b>Total</b>                        | <b>400</b> | <b>100.0</b> | <b>100.0</b> | <b>51,447</b> | <b>100.0</b>             | <b>100.0</b> | <b>100.0</b> |
|  | \$100,000 or Less                | 268                                 | 67.0       | 91.8         | 7,928        | 15.4          | 30.1                     |              |              |
|  |                                  | \$100,001 - \$250,000               | 66         | 16.5         | 3.9          | 12,040        | 23.4                     |              | 15.5         |
|  |                                  | \$250,001 - \$1 Million             | 66         | 16.5         | 4.3          | 31,479        | 61.2                     |              | 54.4         |
|  |                                  | <b>Total</b>                        | <b>400</b> | <b>100.0</b> | <b>100.0</b> | <b>51,447</b> | <b>100.0</b>             |              | <b>100.0</b> |
|  | Loan Size & Rev \$1 Mill or Less | \$100,000 or Less                   | 150        | 81.1         |              | 3,855         | 24.1                     |              |              |
|  |                                  | \$100,001 - \$250,000               | 18         | 9.7          |              | 3,197         | 20.0                     |              |              |
|  |                                  | \$250,001 - \$1 Million             | 17         | 9.2          |              | 8,922         | 55.9                     |              |              |
|  |                                  | <b>Total</b>                        | <b>185</b> | <b>100.0</b> |              | <b>15,974</b> | <b>100.0</b>             |              |              |
|  | Originations & Purchases         |                                     |            |              |              |               |                          |              |              |
| 2017 FFIEC Census Data & 2017 Dun & Bradstreet information according to 2015 ACS |                                  |                                     |            |              |              |               |                          |              |              |
| Note: Percentages may not add to 100.0 percent due to rounding                   |                                  |                                     |            |              |              |               |                          |              |              |

### Community Development Lending

Wheaton Bank is a leader in making community development loans. The bank originated 33 community development loans totaling approximately \$65.0 million during the evaluation period. This is an increase in dollars from the previous evaluation, when the bank originated 40 loans for a total of \$46.4 million. Additionally, it is of note that this review period was twelve months shorter than the previous evaluation. Considering this timeframe, the bank averaged 1.2 loans and \$2.4 million per month in this evaluation period, whereas the bank averaged one loan and \$1.2 million per month during the prior evaluation period. As displayed in the following table, loans included those for affordable housing, economic development, and community service. The bank originated 30 loans totaling approximately \$58.9 million in its assessment area and 3 loans totaling approximately \$6.0 million in the broader regional area in Cook and DuPage counties. The bank's community development loans were responsive to assessment area needs. Loans included the acquisition and rehabilitation of property for low- and moderate-income families, including one \$5.8 million loan to rehabilitate an existing hotel into a 28-unit senior-targeted Low Income Housing Tax Credit housing development. The development will be affordable to 100 percent of the residents; there will be no market rate units. Wheaton Bank also made 10 community services loans to support efforts to combat mental illness and hunger, and to provide job training, rental assistance, clothing and other necessities for the assessment area's low- and moderate-income individuals and families.

| Qualified Community Development Loans |                    |        |                    |       |                      |        |                               |    |       |        |
|---------------------------------------|--------------------|--------|--------------------|-------|----------------------|--------|-------------------------------|----|-------|--------|
| \$ in 000s                            |                    |        |                    |       |                      |        |                               |    |       |        |
| Location                              | Affordable Housing |        | Community Services |       | Economic Development |        | Revitalization/ Stabilization |    | Total |        |
|                                       | #                  | \$     | #                  | \$    | #                    | \$     | #                             | \$ | #     | \$     |
| In Assessment Area                    | 14                 | 5,954  | 9                  | 1,633 | 7                    | 51,325 | 0                             | 0  | 30    | 58,913 |
| Outside Assessment Area               | 2                  | 5,851  | 1                  | 193   | 0                    | 0      | 0                             | 0  | 3     | 6,045  |
| Total                                 | 16                 | 11,805 | 10                 | 1,827 | 7                    | 51,325 | 0                             | 0  | 33    | 64,957 |

*Note: Totals may not add due to rounding.*

### Innovative and Flexible Lending Programs

Wheaton Bank makes extensive use of innovative and flexible lending practices to low- and moderate-income geographies and borrowers and small businesses. Loan programs with significant volume in the evaluation period are described below.

*Money Smart Loan Program products:* The "Everyday Loan" is a payday alternative featuring up to \$2,500 in unsecured credit with a fixed interest rate and amortization between 6 and 24 months. There is also a Money Smart CD Secured Loan product, which is an alternative product for those unable to qualify for the unsecured Everyday Loan, but who need a product to help build credit. This CD secured alternative is a \$500 minimum loan secured by a CD funded by a portion of the loan proceeds. The product acts as a savings plan, and borrowers receive interest on the CD. Wheaton Bank has been actively promoting these low dollar "payday loan" alternative products,

along with training curriculum provided by the FDIC. The bank originated 32 Money Smart loans for \$78,606.

*Small Business "Easy Access" Line of Credit and Installment Loans:* These products have a simplified application and underwriting process designed to be clear and accessible to small businesses. The Easy Access Line of Credit is a revolving line up to \$75,000 that helps provide working capital, while the installment loan provides a solution for longer term financing, such as equipment upgrades, for up to \$75,000. The bank originated 407 Small Business "Easy Access" loans for \$7.9 million.

*Small Business Administration (SBA) loans:* The SBA assists qualified small businesses in obtaining financing when it is not otherwise available through normal lending channels. The bank originated nine SBA loans for \$2.6 million.

A summary of innovative and flexible product offerings extended during the evaluation review period is listed in the following table.

| Innovative and Flexible Product Offerings<br>2016-2017                 |            |                   |
|--|------------|-------------------|
| Loan Type  | #          | \$                |
| Small Business Administration (SBA-504, 7A, and Express Loan Programs) | 9          | 2,582,465         |
| Small Business Easy Access (LOC and Installment)                       | 407        | 7,927,406         |
| Money Smart - Everyday unsecured                                       | 27         | 7,3106            |
| Money Smart - CD secured   | 5          | 5,500             |
| <b>Total Money Smart Loans</b>   | <b>32</b>  | <b>78,606</b>     |
| <b>Total Innovative and Complex</b>                                    | <b>448</b> | <b>10,588,477</b> |

## INVESTMENT TEST

Wheaton Bank's performance relative to the investment test in the assessment area is rated Outstanding based on an excellent level of qualified community development investments and grants, particularly those not routinely provided by private investors, often in a leadership position. Wheaton Bank demonstrated extensive use of innovative and complex investments to support community development initiatives and had excellent responsiveness to the assessment area's credit and community development needs.

As seen in the following table, the bank made or maintained 21 qualified community development investments totaling \$10.3 million during the evaluation period. These include seven investments for affordable housing totaling \$4.0 million, seven investments totaling \$2.4 million for community services to low-and moderate-income recipients, six economic development investments for \$1.8 million and one investment totaling \$250,000 for revitalization and stabilization. Further, these investments exceed the dollar amount from the previous examination, which included 36 investments for approximately \$7.3 million. Although this evaluation period is approximately one

year shorter than the previous one, investments increased approximately 41.0 percent by dollar volume during this evaluation period compared to the previous evaluation.

Wheaton Bank made extensive use of innovative and complex investments, including a Low Income Housing Tax Credit investment requiring knowledge and time to properly manage and an equity equivalent investment with a Community Development Financial Institution. Furthermore, the bank exhibited excellent responsiveness to credit and community development needs, especially as it pertains to affordable housing, which community representatives noted as a significant need. The total amount of investments and donations for affordable housing purposes more than doubled since the prior examination period. The bank supported the Illinois Housing Development Authority, which is involved in financing low and moderate income housing in Illinois, as well as a mortgage backed security and Low Income Housing Tax Credit investment focused on providing affordable housing options.

| Qualified Community Development Investments |                    |       |                    |       |                      |       |                               |     |                  |       |                      |
|---|--------------------|-------|--------------------|-------|----------------------|-------|-------------------------------|-----|------------------|-------|----------------------|
| \$ in 000s                                  |                    |       |                    |       |                      |       |                               |     |                  |       |                      |
| Period of Investment                        | Disbursed Funds    |       |                    |       |                      |       |                               |     |                  |       | Unfunded Commitments |
|   | Affordable Housing |       | Community Services |       | Economic Development |       | Revitalization/ Stabilization |     | Total Investment |       |                      |
|   | #                  | \$    | #                  | \$    | #                    | \$    | #                             | \$  | #                | \$    |                      |
| Current                                     | 1                  | 925   | 5                  | 1,925 | 3                    | 166   | 0                             | 0   | 9                | 3,017 | -                    |
| Prior                                       | 6                  | 3,095 | 2                  | 498   | 3                    | 1,678 | 1                             | 250 | 12               | 5,521 | -                    |
| Total                                       | 7                  | 4,020 | 7                  | 2,423 | 6                    | 1,844 | 1                             | 250 | 21               | 8,537 | 1,776                |

*Note: Totals may not add due to rounding.*

The bank made \$372,450 in qualified donations to more than 50 community organizations. While this is a slight decrease from the \$423,233 donated during the previous evaluation, this evaluation period is approximately one year shorter than the previous one. The majority of these donations, 72.2 percent, were to organizations providing community services to low- and moderate-income recipients or in low- and moderate-income areas. Significant donations were made to support programs to low- and moderate-income individuals providing access to healthcare, assistance to families experiencing homelessness, and community development services to schools consisting of primarily low- and moderate-income students.

| Qualified Community Development Donations |        |                    |         |                      |       |                               |        |       |         |
|---|--------|--------------------|---------|----------------------|-------|-------------------------------|--------|-------|---------|
| Affordable Housing                        |        | Community Services |         | Economic Development |       | Revitalization/ Stabilization |        | Total |         |
| #   | \$     | #                  | \$      | #                    | \$    | #                             | \$     | #     | \$      |
| 21  | 80,513 | 83                 | 274,161 | 5                    | 5,257 | 6                             | 12,517 | 115   | 372,450 |

**SERVICE TEST**

Wheaton Bank’s performance relative to the service test is rated Outstanding. The bank’s delivery systems are readily accessible to the bank’s geographies and individuals of different income levels in the assessment area. The bank’s record of opening and closing branch offices and ATMs has not adversely affected the accessibility of its delivery systems, particularly to low- and moderate-

income geographies or individuals. Reasonableness of business hours and services in meeting assessment area needs are tailored to convenience and needs of its assessment area, particularly low- and moderate-income geographies or individuals. In addition, the bank is a leader in providing community development services.

### **Retail Services**

Wheaton Bank offers a wide range of products and services including commercial, real estate, small business, and consumer loan products. Deposit and loan offerings include products that are accessible to low- and moderate-income individuals and small businesses. 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 negative account histories, as detailed in ChexSystems, may receive free financial education classes and open accounts with no minimum balance. Product availability, pricing, and underwriting are consistent at each bank branch. Further, bank staff engages in outreach efforts to low- and moderate-income borrowers and geographies to promote its services.

### **Branch Distribution:**

Services are primarily offered through physical bank locations including one main office and six branch offices throughout the assessment area. The 181 census tract assessment area includes one low-income census tract and eight moderate-income census tracts. Branch locations currently operate in middle-and upper-income census tracts only. The bank has one branch with a full service ATM located in a middle-income census tract, while the main office and remaining five branches are in upper-income census tracts. It is of note that the middle-income branch was located in a moderate-income census tract at the previous evaluation. This branch is in close proximity to a few moderate-income census tracts and is located in a largely Latino community. In response to community area needs, the bank is staffed with members that are bilingual in English and Spanish. The six remaining branch locations and seven full service ATMs are located in upper-income census tracts.

Offices are generally open from 8:00 am to 5:00 pm, Monday through Thursday with extended hours to 6:00 pm on Friday as a convenience to customers that need to access bank services after regular business hours. Saturday hours include lobby and drive-up services from 8:00 am to 1:00 pm, while one Naperville branch has Saturday hours from 8:30am to 1:30pm. Business hours and services are tailored to convenience and needs of the assessment area, particularly low- and moderate-income geographies and individuals. Alternative delivery systems available to all customers include ATMs, debit cards, mobile banking, internet banking, and telephone banking. The bank has bilingual loan staff in its Bolingbrook office to facilitate the needs of its Spanish-speaking customers.

| Wheaton Bank & Trust Company<br>Branch Location Census Tract Designation as of December 5, 2018 |     |                 |     |                                |     |               |      |              |      |       |       |
|---|-----|-----------------|-----|--------------------------------|-----|---------------|------|--------------|------|-------|-------|
| Low-Income  |     | Moderate-Income |     | Low- and Moderate-Income Total |     | Middle-Income |      | Upper-Income |      | Total |       |
| #   | %   | #               | %   | #                              | %   | #             | %    | #            | %    | #     | %     |
| 0   | 0.0 | 0               | 0.0 | 0                              | 0.0 | 1             | 14.3 | 6            | 86.0 | 7     | 100.0 |

| Wheaton Bank & Trust Company<br>ATM Location Census Tract Designation as of December 5, 2018 |     |                 |     |                                |     |               |      |              |      |       |       |
|--|-----|-----------------|-----|--------------------------------|-----|---------------|------|--------------|------|-------|-------|
| Low-Income   |     | Moderate-Income |     | Low- and Moderate-Income Total |     | Middle-Income |      | Upper-Income |      | Total |       |
| #  | %   | #               | %   | #                              | %   | #             | %    | #            | %    | #     | %     |
| 0  | 0.0 | 0               | 0.0 | 0                              | 0.0 | 1             | 12.5 | 7            | 87.5 | 8     | 100.0 |

### Community Development Services

Wheaton Bank is a leader in providing community development services within its assessment area. The table below displays the number and type of qualified community development services performed during the evaluation period. A total of 3,008 hours to over 35 community organizations and programs were delivered in the areas of affordable housing, community services, and economic development. The significant decrease from the 4,554 hours served during the previous examination is a result of this evaluation period being approximately one year shorter than the previous evaluation.

Community development services frequently involve bank employees providing their expertise by serving on the board of directors or committees of community development organizations. This level of leadership is particularly beneficial to the organizations. Other examples of community development service activities include serving on the board of non-profit organizations that provide essential services that enable low- and moderate-income individuals to receive affordable housing, supporting children from low- and moderate-income families experiencing significant family issues such as homelessness, and mentoring services to small businesses.

The following table presents details of the bank's community development services provided during the evaluation period.

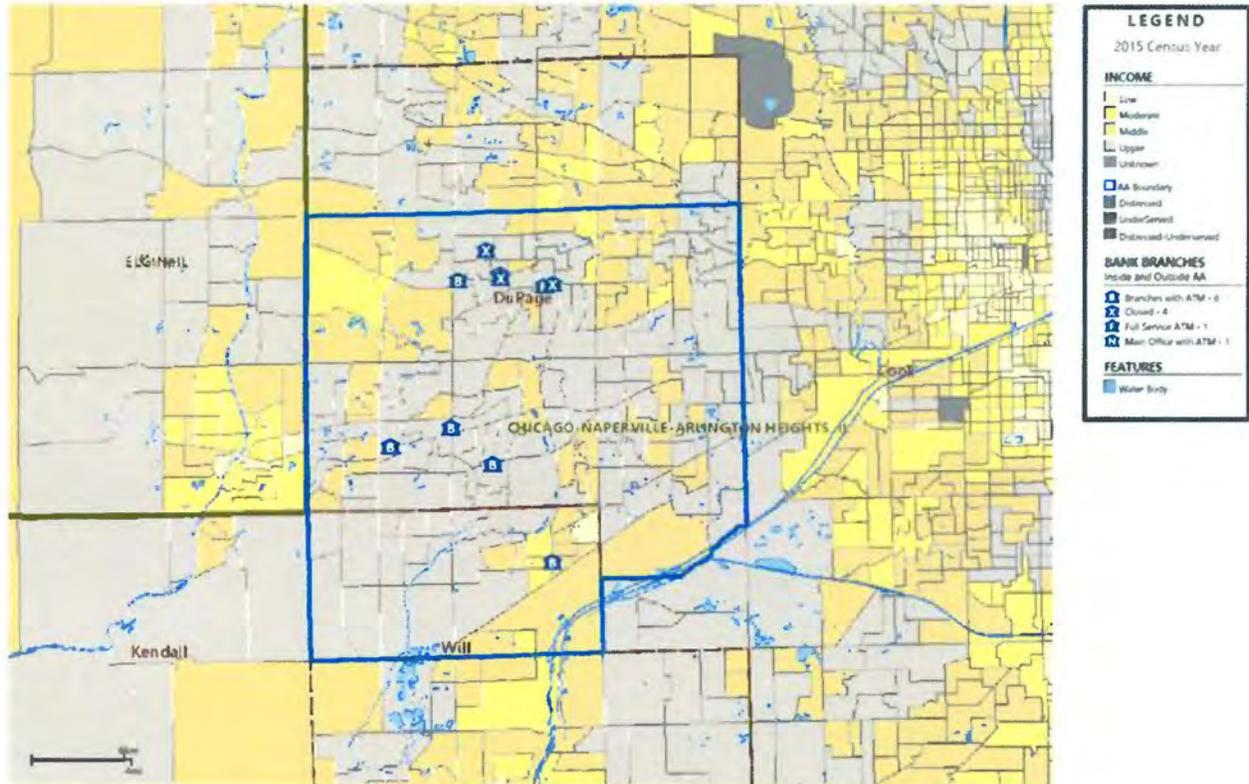
| <b>Qualified Community Development Services</b> |                             |   |                           |                   |
|---|-----------------------------|---|---------------------------|-------------------|
| <b>Affordable Housing</b>                       | <b>Economic Development</b> | <b>Revitalization and Stabilization</b> | <b>Community Services</b> | <b>Total</b>      |
| <b># of Hours</b>                               | <b># of Hours</b>           | <b># of Hours</b>                       | <b># of Hours</b>         | <b># of Hours</b> |
| 514   | 461                         | 0                                       | 2,033                     | 3,008             |

**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 – Map of Assessment Area

**Wheaton Bank & Trust Company 2044811**  
Chicago-Naperville-Arlington Heights, IL MD 16974



APPENDIX B – Demographic and Lending Tables

| Assessment Area: 2016 Chicago-Naperville-Arlington Heights, IL 16974 MD          |  |   |                          |                         |  |                             |                           |              |
|--|--|---|--------------------------|-------------------------|--|-----------------------------|---------------------------|--------------|
| Income Categories  | Tract Distribution                     |   | Families by Tract Income |                         | Families < Poverty Level as % of Families by Tract |                             | Families by Family Income |              |
|  | #                                      | %   | #                        | %                       | #  | %                           | #                         | %            |
| Low-income   | 0                                      | 0.0   | 0                        | 0.0                     | 0  | 0.0                         | 24,763                    | 11.8         |
| Moderate-income  | 9                                      | 5.0   | 8,775                    | 4.2                     | 1,142  | 13.0                        | 25,369                    | 12.1         |
| Middle-income  | 52                                     | 28.7  | 57,404                   | 27.3                    | 3,040  | 5.3                         | 37,724                    | 17.9         |
| Upper-income   | 120                                    | 66.3  | 144,053                  | 68.5                    | 3,375  | 2.3                         | 122,376                   | 58.2         |
| Unknown-income   | 0                                      | 0.0   | 0                        | 0.0                     | 0  | 0.0                         | 0                         | 0.0          |
| <b>Total Assessment Area</b>   | <b>181</b>                             | <b>100.0</b>                                  | <b>210,232</b>           | <b>100.0</b>            | <b>7,557</b>                                       | <b>3.6</b>                  | <b>210,232</b>            | <b>100.0</b> |
|  | <b>Housing Units by Tract</b>          | <b>Housing Types by Tract</b>                 |                          |                         |  |                             |                           |              |
|  |  | <b>Owner-Occupied</b>                         |                          | <b>Rental</b>           |  | <b>Vacant</b>               |                           |              |
|  |  | #   | %                        | %                       | #  | %                           | #                         | %            |
| Low-income   | 0                                      | 0   | 0.0                      | 0.0                     | 0  | 0.0                         | 0                         | 0.0          |
| Moderate-income  | 15,824                                 | 7,604   | 3.3                      | 48.1                    | 6,951  | 43.9                        | 1,269                     | 8.0          |
| Middle-income  | 92,840                                 | 60,528  | 26.4                     | 65.2                    | 26,675   | 28.7                        | 5,637                     | 6.1          |
| Upper-income   | 204,091                                | 161,005                                       | 70.3                     | 78.9                    | 31,800   | 15.6                        | 11,286                    | 5.5          |
| Unknown-income   | 0                                      | 0   | 0.0                      | 0.0                     | 0  | 0.0                         | 0                         | 0.0          |
| <b>Total Assessment Area</b>   | <b>312,755</b>                         | <b>229,137</b>                                | <b>100.0</b>             | <b>73.3</b>             | <b>65,426</b>                                      | <b>20.9</b>                 | <b>18,192</b>             | <b>5.8</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   | 0                                      | 0.0   | 0                        | 0.0                     | 0  | 0.0                         | 0                         | 0.0          |
| Moderate-income  | 1,101                                  | 2.9   | 1,001                    | 3.0                     | 94   | 2.1                         | 6                         | 2.2          |
| Middle-income  | 9,834                                  | 25.6  | 8,261                    | 24.6                    | 1,495  | 33.1                        | 78                        | 28.8         |
| Upper-income   | 27,449                                 | 71.5  | 24,341                   | 72.4                    | 2,921  | 64.8                        | 187                       | 69.0         |
| Unknown-income   | 0                                      | 0.0   | 0                        | 0.0                     | 0  | 0.0                         | 0                         | 0.0          |
| <b>Total Assessment Area</b>   | <b>38,384</b>                          | <b>100.0</b>                                  | <b>33,603</b>            | <b>100.0</b>            | <b>4,510</b>                                       | <b>100.0</b>                | <b>271</b>                | <b>100.0</b> |
|  | <b>Percentage of Total Businesses:</b> |   |                          | <b>87.5</b>             |  | <b>11.7</b>                 |                           | <b>0.7</b>   |
|  | <b>Total Farms by Tract</b>            | <b>Farms 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   | 0                                      | 0.0   | 0                        | 0.0                     | 0  | 0.0                         | 0                         | 0.0          |
| Moderate-income  | 2                                      | 1.2   | 2                        | 1.2                     | 0  | 0.0                         | 0                         | 0.0          |
| Middle-income  | 25                                     | 14.6  | 23                       | 14.0                    | 2  | 33.3                        | 0                         | 0.0          |
| Upper-income   | 144                                    | 84.2  | 139                      | 84.8                    | 4  | 66.7                        | 1                         | 100.0        |
| Unknown-income   | 0                                      | 0.0   | 0                        | 0.0                     | 0  | 0.0                         | 0                         | 0.0          |
| <b>Total Assessment Area</b>   | <b>171</b>                             | <b>100.0</b>                                  | <b>164</b>               | <b>100.0</b>            | <b>6</b>   | <b>100.0</b>                | <b>1</b>                  | <b>100.0</b> |
|  | <b>Percentage of Total Farms:</b>      |   |                          | <b>95.9</b>             |  | <b>3.5</b>                  |                           | <b>0.6</b>   |
| 2016 FFIEC Census Data & 2016 Dun & Bradstreet information according to 2010 ACS |  |   |                          |                         |  |                             |                           |              |
| Note: Percentages may not add to 100.0 percent due to rounding                   |  |   |                          |                         |  |                             |                           |              |

| Geographic Distribution of HMDA Reportable Loans                        |                     |                                     |              |              |                |              |                           |
|---|---------------------|-------------------------------------|--------------|--------------|----------------|--------------|---------------------------|
| Assessment Area: 2016 Chicago-Naperville-Arlington Heights, IL 16974 MD |                     |                                     |              |              |                |              |                           |
| Product Type  | Tract Income Levels | Bank & Aggregate Lending Comparison |              |              |                |              | Owner Occupied % of Units |
|   |                     | 2016                                |              |              | Dollar         |              |                           |
|   |                     | Count                               |              | Agg          | Bank           |              |                           |
| #   | %                   | %                                   | \$ (000s)    | \$ %         | \$ %           |              |                           |
| Home Purchase   | Low                 | 0                                   | 0.0          | 0.0          | 0              | 0.0          | 0.0                       |
|   | Moderate            | 7                                   | 2.2          | 3.1          | 1,407          | 1.6          | 3.3                       |
|   | Middle              | 96                                  | 29.9         | 27.6         | 19,994         | 23.4         | 26.4                      |
|   | Upper               | 218                                 | 67.9         | 69.3         | 64,177         | 75.0         | 70.3                      |
|   | Unknown             | 0                                   | 0.0          | 0.0          | 0              | 0.0          | 0.0                       |
|   | <b>Total</b>        | <b>321</b>                          | <b>100.0</b> | <b>100.0</b> | <b>85,578</b>  | <b>100.0</b> | <b>100.0</b>              |
| Refinance   | Low                 | 0                                   | 0.0          | 0.0          | 0              | 0.0          | 0.0                       |
|   | Moderate            | 2                                   | 0.9          | 2.0          | 365            | 0.6          | 3.3                       |
|   | Middle              | 50                                  | 22.2         | 20.4         | 11,166         | 18.4         | 26.4                      |
|   | Upper               | 173                                 | 76.9         | 77.6         | 49,037         | 81.0         | 70.3                      |
|   | Unknown             | 0                                   | 0.0          | 0.0          | 0              | 0.0          | 0.0                       |
|   | <b>Total</b>        | <b>225</b>                          | <b>100.0</b> | <b>100.0</b> | <b>60,568</b>  | <b>100.0</b> | <b>100.0</b>              |
| Home Improvement  | Low                 | 0                                   | 0.0          | 0.0          | 0              | 0.0          | 0.0                       |
|   | Moderate            | 0                                   | 0.0          | 1.9          | 0              | 0.0          | 3.3                       |
|   | Middle              | 3                                   | 33.3         | 22.7         | 939            | 22.4         | 26.4                      |
|   | Upper               | 6                                   | 66.7         | 75.4         | 3,246          | 77.6         | 70.3                      |
|   | Unknown             | 0                                   | 0.0          | 0.0          | 0              | 0.0          | 0.0                       |
|   | <b>Total</b>        | <b>9</b>                            | <b>100.0</b> | <b>100.0</b> | <b>4,185</b>   | <b>100.0</b> | <b>100.0</b>              |
| Multi-Family  | Low                 | 0                                   | 0.0          | 0.0          | 0              | 0.0          | 0.0                       |
|   | Moderate            | 1                                   | 33.3         | 16.9         | 334            | 16.1         | 10.7                      |
|   | Middle              | 1                                   | 33.3         | 45.8         | 775            | 37.4         | 41.0                      |
|   | Upper               | 1                                   | 33.3         | 37.3         | 965            | 46.5         | 48.3                      |
|   | Unknown             | 0                                   | 0.0          | 0.0          | 0              | 0.0          | 0.0                       |
|   | <b>Total</b>        | <b>3</b>                            | <b>100.0</b> | <b>100.0</b> | <b>2,074</b>   | <b>100.0</b> | <b>100.0</b>              |
| HMDA Totals   | Low                 | 0                                   | 0.0          | 0.0          | 0              | 0.0          | 0.0                       |
|   | Moderate            | 10                                  | 1.8          | 2.5          | 2,106          | 1.4          | 3.3                       |
|   | Middle              | 150                                 | 26.9         | 23.7         | 32,874         | 21.6         | 26.4                      |
|   | Upper               | 398                                 | 71.3         | 73.8         | 117,425        | 77.0         | 70.3                      |
|   | Unknown             | 0                                   | 0.0          | 0.0          | 0              | 0.0          | 0.0                       |
|   | <b>Total</b>        | <b>558</b>                          | <b>100.0</b> | <b>100.0</b> | <b>152,405</b> | <b>100.0</b> | <b>100.0</b>              |

Originations & Purchases  
2016 FFIEC Census Data  
*Note: Percentages may not add to 100.0 percent due to rounding*

| <b>Geographic Distribution of Small Business Loans</b>                         |              |  |              |                  |               |              |                         |
|--|--------------|--|--------------|------------------|---------------|--------------|-------------------------|
| <b>Assessment Area: 2016 Chicago-Naperville-Arlington Heights, IL 16974 MD</b> |              |  |              |                  |               |              |                         |
| <b>Tract Income Levels</b>   |              | <b>Bank &amp; Aggregate Lending Comparison</b> |              |                  |               |              | <b>Total Businesses</b> |
|  |              | <b>2016</b>                                    |              |                  | <b>Dollar</b> |              |                         |
|  |              | <b>Count</b>                                   |              | <b>Agg</b>       | <b>Bank</b>   |              |                         |
|  | <b>#</b>     | <b>%</b>                                       | <b>%</b>     | <b>\$ (000s)</b> | <b>\$ %</b>   | <b>\$ %</b>  | <b>%</b>                |
| <b>Small Business</b>  | Low          | 0  | 0.0          | 0.0              | 0             | 0.0          | 0.0                     |
|  | Moderate     | 9  | 2.1          | 3.2              | 1,506         | 2.5          | 2.2                     |
|  | Middle       | 119  | 27.7         | 25.8             | 17,987        | 30.3         | 30.7                    |
|  | Upper        | 301  | 70.2         | 71.0             | 39,848        | 67.2         | 67.2                    |
|  | Unknown      | 0  | 0.0          | 0.0              | 0             | 0.0          | 0.0                     |
|  | Tr Unknown   |  |              | 0.0              |               |              | 0.0                     |
|  | <b>Total</b> | <b>429</b>                                     | <b>100.0</b> | <b>100.0</b>     | <b>59,341</b> | <b>100.0</b> | <b>100.0</b>            |

Originations & Purchases  
 2016 FFIEC Census Data & 2016 Dun & Bradstreet information according to 2010 ACS  
 Note: Percentages may not add to 100.0 percent due to rounding

| <b>Borrower Distribution of HMDA Reportable Loans</b>                          |                        |                                     |              |              |                |              |                             |              |
|--|------------------------|-------------------------------------|--------------|--------------|----------------|--------------|-----------------------------|--------------|
| <b>Assessment Area: 2016 Chicago-Naperville-Arlington Heights, IL 16974 MD</b> |                        |                                     |              |              |                |              |                             |              |
| Product Type   | Borrower Income Levels | Bank & Aggregate Lending Comparison |              |              |                |              | Families by Family Income % |              |
|  |                        | 2016                                |              |              | Dollar         |              |                             |              |
|  |                        | Count                               |              | Agg          | Bank           |              |                             | Agg          |
|  |                        | #                                   | %            | %            | \$(000s)       | \$ %         | \$ %                        |              |
| Home Purchase  | Low                    | 9                                   | 2.8          | 3.8          | 965            | 1.1          | 1.5                         | 11.8         |
|  | Moderate               | 38                                  | 11.8         | 13.0         | 5,709          | 6.7          | 7.2                         | 12.1         |
|  | Middle                 | 85                                  | 26.5         | 19.7         | 17,259         | 20.2         | 14.8                        | 17.9         |
|  | Upper                  | 174                                 | 54.2         | 51.9         | 58,157         | 68.0         | 66.4                        | 58.2         |
|  | Unknown                | 15                                  | 4.7          | 11.6         | 3,488          | 4.1          | 10.2                        | 0.0          |
|  | <b>Total</b>           | <b>321</b>                          | <b>100.0</b> | <b>100.0</b> | <b>85,578</b>  | <b>100.0</b> | <b>100.0</b>                | <b>100.0</b> |
| Refinance  | Low                    | 2                                   | 0.9          | 2.0          | 298            | 0.5          | 0.8                         | 11.8         |
|  | Moderate               | 20                                  | 8.9          | 6.6          | 2,998          | 4.9          | 3.4                         | 12.1         |
|  | Middle                 | 35                                  | 15.6         | 14.9         | 7,336          | 12.1         | 10.1                        | 17.9         |
|  | Upper                  | 148                                 | 65.8         | 63.3         | 45,667         | 75.4         | 73.8                        | 58.2         |
|  | Unknown                | 20                                  | 8.9          | 13.1         | 4,269          | 7.0          | 11.9                        | 0.0          |
|  | <b>Total</b>           | <b>225</b>                          | <b>100.0</b> | <b>100.0</b> | <b>60,568</b>  | <b>100.0</b> | <b>100.0</b>                | <b>100.0</b> |
| Home Improvement   | Low                    | 0                                   | 0.0          | 2.2          | 0              | 0.0          | 0.9                         | 11.8         |
|  | Moderate               | 0                                   | 0.0          | 6.6          | 0              | 0.0          | 2.5                         | 12.1         |
|  | Middle                 | 0                                   | 0.0          | 17.5         | 0              | 0.0          | 11.8                        | 17.9         |
|  | Upper                  | 8                                   | 88.9         | 69.6         | 4,046          | 96.7         | 80.1                        | 58.2         |
|  | Unknown                | 1                                   | 11.1         | 4.1          | 139            | 3.3          | 4.7                         | 0.0          |
|  | <b>Total</b>           | <b>9</b>                            | <b>100.0</b> | <b>100.0</b> | <b>4,185</b>   | <b>100.0</b> | <b>100.0</b>                | <b>100.0</b> |
| Multi-Family   | Low                    | 0                                   | 0.0          | 0.0          | 0              | 0.0          | 0.0                         | 11.8         |
|  | Moderate               | 0                                   | 0.0          | 0.0          | 0              | 0.0          | 0.0                         | 12.1         |
|  | Middle                 | 0                                   | 0.0          | 0.0          | 0              | 0.0          | 0.0                         | 17.9         |
|  | Upper                  | 0                                   | 0.0          | 0.0          | 0              | 0.0          | 0.0                         | 58.2         |
|  | Unknown                | 3                                   | 100.0        | 100.0        | 2,074          | 100.0        | 100.0                       | 0.0          |
|  | <b>Total</b>           | <b>3</b>                            | <b>100.0</b> | <b>100.0</b> | <b>2,074</b>   | <b>100.0</b> | <b>100.0</b>                | <b>100.0</b> |
| HMDA Totals  | Low                    | 11                                  | 2.0          | 2.8          | 1,263          | 0.8          | 1.1                         | 11.8         |
|  | Moderate               | 58                                  | 10.4         | 9.4          | 8,707          | 5.7          | 4.9                         | 12.1         |
|  | Middle                 | 120                                 | 21.5         | 17.0         | 24,595         | 16.1         | 11.8                        | 17.9         |
|  | Upper                  | 330                                 | 59.1         | 58.3         | 107,870        | 70.8         | 68.3                        | 58.2         |
|  | Unknown                | 39                                  | 7.0          | 12.4         | 9,970          | 6.5          | 13.9                        | 0.0          |
|  | <b>Total</b>           | <b>558</b>                          | <b>100.0</b> | <b>100.0</b> | <b>152,405</b> | <b>100.0</b> | <b>100.0</b>                | <b>100.0</b> |
| Originations & Purchases   |                        |                                     |              |              |                |              |                             |              |
| 2016 FFIEC Census Data   |                        |                                     |              |              |                |              |                             |              |
| <i>Note: Percentages may not add to 100.0 percent due to rounding</i>          |                        |                                     |              |              |                |              |                             |              |

| Small Business Lending By Revenue & Loan Size                                    |  |                                     |     |          |        |        |             |                          |       |
|--|--|-------------------------------------|-----|----------|--------|--------|-------------|--------------------------|-------|
| Assessment Area: 2016 Chicago-Naperville-Arlington Heights, IL 16974 MD          |  |                                     |     |          |        |        |             |                          |       |
| Product Type   |  | Bank & Aggregate Lending Comparison |     |          |        |        |             |                          |       |
|  |  | Count                               |     | 2016     |        |        |             | Total<br>Businesses<br>% |       |
|  |  | Bank<br>#                           | %   | Agg<br>% | Dollar |        | Agg<br>\$ % |                          |       |
| Bank<br>\$ 000s  | \$ %                                   |                                     |     |          |        |        |             |                          |       |
| Small Business   | Revenue                                | \$1 Million or Less                 | 216 | 50.3     | 37.9   | 23,353 | 39.4        | 27.1                     | 87.5  |
|  |  | Over \$1 Million or Unknown         | 213 | 49.7     | 62.1   | 35,988 | 60.6        | 72.9                     | 12.5  |
|  |  | Total                               | 429 | 100.0    | 100.0  | 59,341 | 100.0       | 100.0                    | 100.0 |
|  | Loan Size                              | \$100,000 or Less                   | 284 | 66.2     | 93.3   | 7,802  | 13.1        | 35.6                     |       |
|  |  | \$100,001 - \$250,000               | 67  | 15.6     | 3.1    | 12,253 | 20.6        | 14.0                     |       |
|  |  | \$250,001 - \$1 Million             | 78  | 18.2     | 3.6    | 39,286 | 66.2        | 50.4                     |       |
|  |  | Total                               | 429 | 100.0    | 100.0  | 59,341 | 100.0       | 100.0                    |       |
|  | Loan Size &<br>Rev \$1 Mill<br>or Less | \$100,000 or Less                   | 164 | 75.9     |        | 3,593  | 15.4        |                          |       |
|  |  | \$100,001 - \$250,000               | 22  | 10.2     |        | 4,399  | 18.8        |                          |       |
|  |  | \$250,001 - \$1 Million             | 30  | 13.9     |        | 15,361 | 65.8        |                          |       |
|  |  | Total                               | 216 | 100.0    |        | 23,353 | 100.0       |                          |       |
|  | Originations & Purchases               |                                     |     |          |        |        |             |                          |       |
| 2016 FFIEC Census Data & 2016 Dun & Bradstreet information according to 2010 ACS |  |                                     |     |          |        |        |             |                          |       |
| <i>Note: Percentages may not add to 100.0 percent due to rounding</i>            |  |                                     |     |          |        |        |             |                          |       |

**APPENDIX C – Scope of Examination**

| SCOPE OF EXAMINATION                              |  |                    |   |
|---|--|--------------------|---|
|   |  |                    |   |
| <b>TIME PERIOD REVIEWED</b>                       | HMDA- and CRA-reportable lending: January 1, 2016 to December 31, 2017.<br>Community Development activities: February 6, 2017 to April 29, 2019. |                    |   |
|   |  |                    |   |
| <b>FINANCIAL INSTITUTION</b><br><br>Wheaton Bank  |  |                    | <b>PRODUCTS REVIEWED</b><br><br><ul style="list-style-type: none"> <li>• HMDA-Reportable Loans</li> <li>• CRA-Reportable Loans</li> </ul> |
|   |  |                    |   |
| <b>AFFILIATE(S)</b>                               | <b>AFFILIATE RELATIONSHIP</b>  |                    | <b>PRODUCTS REVIEWED</b>  |
| Wintrust Mortgage                                 | Mortgage Lending Affiliate   |                    | HMDA-Reportable Loans   |
|   |  |                    |   |
| IDENTIFICATION OF ASSESSMENT AREAS                |  |                    |   |
| ASSESSMENT AREA                                   | TYPE OF EXAMINATION  | BRANCHES VISITED   | OTHER INFORMATION   |
| Chicago-Naperville-Arlington Heights, IL 16974 MD | Full Review  | Bolingbrook Branch | The Bolingbrook Branch was located in a moderate-income census tract during the previous evaluation.                                      |

## APPENDIX D – 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.

**American Community Survey Data (ACS):** The American Community Survey (ACS) data is based on a nationwide survey designed to provide local communities with reliable and timely demographic, social, economic, and housing data each year. The Census Bureau first released data for geographies of all sizes in 2010. This data is known as the “five-year estimate data.” The five-year estimate data is used by the FFIEC as the base file for data used in conjunction with consumer compliance and CRA examinations.<sup>3</sup>

**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).

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<sup>3</sup> Source: FFIEC press release dated October 19, 2011.

**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.

**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, other consumer secured loan, includes loans for home improvement purposes not secured by a dwelling, and other consumer unsecured loan, includes loans for home improvement purposes not secured.

**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:** Are defined in conformance with the definitions of home mortgage activity under the Home Mortgage Disclosure Act and include closed end mortgage loans secured by a dwelling and open-end lines of credit secured by a dwelling. This includes loans for home purchase, refinancing and loans for multi-family housing. It does not include loans for home improvement purposes that are not secured by a dwelling.

**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.

*Additional Guidance: .12(m) Income Level: The median family income levels (MFI) for census tracts are calculated using the income data from the United States Census Bureau's American Community Survey*

*and geographic definitions from the Office of Management and Budget (OMB) and are updated approximately every five years (.12(m) Income Level).*

**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.

**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 \$1.252 billion. Intermediate small bank means a small bank with assets of at least \$313 million as of December 31 of both of the prior two calendar years and less than \$1.252 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).