

# PUBLIC DISCLOSURE

November 13, 2017

## COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

Hinsdale Bank & Trust Company  
RSSD# 2119773

25 East First Street  
Hinsdale, Illinois 60521

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

Hinsdale Bank & Trust Company's Overall CRA Rating: Outstanding

Performance Test Rating Table

The following table indicates the performance level of Hinsdale 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.
- The geographic distribution of loans reflects good penetration throughout the assessment area.
- The distribution of borrowers reflects, given the product lines offered, excellent penetration among customers of different income levels and businesses of different sizes.

- Lending exhibits an excellent record of serving the credit needs of low-income individuals and very small businesses.
- The bank is a leader in making community development loans.
- The bank makes extensive use of flexible lending practices in serving assessment area credit needs.

Investment Test:

- Investment activities demonstrate an excellent level of qualified community development investments and grants, often in a leadership position.
- The bank makes occasional use of innovative investments to support community development initiatives.
- Investments exhibit excellent responsiveness to the assessment area's 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 the convenience and needs of the bank's assessment area, particularly low- and moderate-income geographies and individuals.
- The bank is a leader in providing community development services.

## HINSDALE BANK & TRUST COMPANY

### DESCRIPTION OF INSTITUTION

Hinsdale Bank & Trust Company (Hinsdale), with assets of \$2.1 billion as of June 30, 2017, is a wholly-owned subsidiary of Wintrust Financial Corporation (Wintrust), a multi-bank holding company headquartered in Rosemont, Illinois. Wintrust controls eight Illinois chartered state member banks, one Wisconsin chartered state member bank, and six nationally chartered banks located in Illinois. An affiliate, Wintrust Mortgage Company, originates home mortgage loans throughout the assessment area on behalf of Hinsdale. The majority of Wintrust affiliate bank home mortgage applications are processed by Wintrust Mortgage.

Hinsdale Bank & Trust Company is a community bank headquartered in Hinsdale, Illinois, approximately 21 miles from downtown Chicago. The bank operates ten full-service branch offices, two limited-service branch offices, and one loan production office. Three branches were opened since the previous examination, acquired through an acquisition of Suburban Bank. Hinsdale purchased Suburban Bank on July 17, 2015, with a conversion date of November 17, 2015.

Suburban Bank had 10 branches. Hinsdale kept three branches open (two in Elmhurst and one in Lemont), closed one branch, and six were purchased and assumed by other Wintrust subsidiary banks. Hinsdale also closed one other branch in September of 2015 in an upper-income census tract during the review period. The bank operates twelve full-service and four cash-dispensing ATMs. In addition to the ATMs operated by Hinsdale Bank & Trust Company, customers may use ATMs operated by any of the other Wintrust affiliated banks at no cost. Overall, the bank has nine offices and 13 ATMs in upper-income census tracts, one office, LPO, and ATM in a middle income census tract, and two offices and ATMs in moderate income census tracts.

The bank offers a wide variety of deposit and lending products, as well as standard banking services to consumers.

Hinsdale is primarily a commercial lender with 75.5 percent of its loan portfolio concentrated in commercial loans as of June 30, 2017; consumer lending represents the second largest portion of the bank's loan portfolio, totaling 15.5 percent. Direct residential real estate lending is not a major product line, with these types of loans representing only 8.5 percent of total loans as of June 30, 2017. Details of the allocation of the bank's loan portfolio are provided in the following table.

<b>Loan Portfolio Composition as of June 30, 2017</b>		
<b>Loan Type</b>	<b>Dollar Volume (\$ in 000s)</b>	<b>% of Portfolio</b>
Agricultural	0	0.0
Commercial, including real estate secured	1,268,276	75.5
Consumer	260,369	15.5
Residential Real Estate	143,211	8.5
Other	6,979	0.4
Total	1,679,040	100.0
<i>Note: Percentages may not add to 100.0 percent due to rounding.</i>		

The bank also offers products that support credit and deposit account access to low- and moderate-income individuals and small businesses, including small dollar and certificate of deposit secured loans for consumers, small dollar business loans requiring less supporting documentation, and deposit accounts with very low or no minimum balance requirements. Hinsdale makes a limited number of home mortgage loans available directly, relying primarily on Wintrust Mortgage for a wider variety of products and services, including those tailored to help meet the credit needs in low- and moderate-income areas and among low- and moderate-income applicants in its assessment area. Wintrust Mortgage government-guaranteed, -insured, or –

sponsored loans are available in the assessment area, including loans through the Federal Housing Administration (FHA) and the Illinois Housing Development Authority (IHDA).

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

At its previous evaluation conducted on August 24, 2015, the bank was rated Outstanding under the CRA.

### SCOPE OF THE EXAMINATION

The bank's CRA performance was evaluated using the Federal Financial Institution's Examination Council's Interagency Large Institution CRA Examination Procedures. The evaluation considered the CRA performance context, including the bank's asset size, financial condition, market competition, and economic and demographic characteristics, and credit and community development needs.

The evaluation included a full-scope review of the bank's single assessment area located in the Chicago-Naperville-Arlington Heights, Illinois Metropolitan Division (MD) #16974. The lending analysis was based on 2015 and 2016 Home Mortgage Disclosure Act (HMDA)-reportable and CRA-reportable small business loans from Hinsdale, specifically home purchases, refinancing, home improvement, multifamily loans, and loans to small businesses. Hinsdale refers nearly all of its requests for home purchase, refinancing and home improvement loans to its affiliate Wintrust Mortgage, which accounts for the low number of HMDA reportable loans. Thus CRA-reportable small business loans received the primary weight in the analysis, as commercial loans are the bank's primary loan products.

Performance within 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 credit needs in the bank's assessment area. The review period was January 1, 2015, through December 31, 2016.
- *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. The review period was January 1, 2015, through December 31, 2016.

- *Geographic Distribution of Lending in the Assessment Area* – HMDA-reportable and CRA-reportable small business loans were reviewed to determine the extent to which the bank makes loans in census tracts of different income levels, including low- or moderate-income tracts. The review period was January 1, 2015, through December 31, 2016.
- *Lending to Borrowers of Different Incomes and Businesses of Different Sizes* – HMDA-reportable and CRA-reportable small business loans were reviewed to determine the loan distribution among borrowers of different income and revenue levels. The review period was January 1, 2015, through December 31, 2016.
- *Community Development Lending* – The number, volume, innovativeness, and complexity of community development loans were reviewed. The review period was August 24, 2015, to November 13, 2017.
- *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 was assessed.
- *Investments* – Qualified investments made from August 24, 2015, through November 13, 2017, 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, banking services, hours of operation, availability of loan and deposit products, and the extent and innovativeness of community development services were reviewed. The review included community development activities conducted from August 24, 2015, through November 13, 2017.

Three CRA-related community contacts were conducted to better understand the credit needs of the assessment area. The contacts focused on the areas of affordable housing and economic development.

## DESCRIPTION OF INSTITUTION'S OPERATIONS IN CHICAGO-NAPERVILLE- ARLINGTON HEIGHTS METROPOLITAN DISTRICT (MD# 16974)

Hinsdale Bank & Trust Company's assessment area includes portions of Cook and DuPage Counties, located in the Chicago-Naperville-Arlington Heights Metropolitan District #16974. Since the previous evaluation, and subsequent acquisition of Suburban Bank, the bank has increased its assessment area by 15 census tracts, bringing the total to 183 census tracts. The census tracts in the assessment area are contiguous moderate-, middle- and upper-income census tracts located in ten townships including Addison, Leyden, Downers Grove, Lyons, Proviso, Lemont, Palos, River Forest, Riverside, and York. Two of the branches are located in moderate-income census tracts.

According to the June 30, 2016, FDIC Deposit Market Share Report, Hinsdale Bank & Trust Company represents 0.52 percent deposit market share of all FDIC insured institutions in DuPage and Cook Counties combined. The bank ranked 20<sup>th</sup> out of 137 FDIC-insured institutions that operate at least one branch in either of these two counties. Additionally, the bank ranks 52<sup>nd</sup> out of 124 financial institutions in Cook County with a market share of 0.11 percent and 9<sup>th</sup> out of 56 FDIC insured institutions in DuPage County with a 3.52 percent share. The bank has a much smaller presence in Cook County. The bank operates in a highly competitive banking environment. Included among the largest institutions operating in the bank's assessment area are JP Morgan Chase Bank, National Association; BMO Harris Bank, National Association; Bank of America, National Association; Northern Trust Company; Fifth Third Bank; Citibank, National Association; and U.S. Bank, National Association.

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



Assessment Area: 2016 Chicago-Naperville-Arlington Hts, IL MD 16974								
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	35,236	17.0
Moderate-income	33	18.0	35,297	17.1	4,407	12.5	33,959	16.4
Middle-income	73	39.9	84,316	40.8	5,265	6.2	41,743	20.2
Upper-income	77	42.1	87,200	42.2	1,651	1.9	95,875	46.4
Unknown-income	0	0.0	0	0.0	0	0.0	0	0.0
<b>Total Assessment Area</b>	<b>183</b>	<b>100.0</b>	<b>206,813</b>	<b>100.0</b>	<b>11,323</b>	<b>5.5</b>	<b>206,813</b>	<b>100.0</b>
	Housing Units by Tract	Housing Types by Tract						
		Owner-Occupied		Rental		Vacant		
		#	%	#	%	#	%	
Low-income	0	0.0	0	0.0	0	0.0	0	0.0
Moderate-income	58,921	31,889	14.1	54.1	21,243	36.1	5,789	9.8
Middle-income	133,432	90,776	40.2	68.0	33,885	25.4	8,771	6.6
Upper-income	128,191	102,982	45.6	80.3	17,836	13.9	7,373	5.8
Unknown-income	0	0	0.0	0.0	0	0.0	0	0.0
<b>Total Assessment Area</b>	<b>320,544</b>	<b>225,647</b>	<b>100.0</b>	<b>70.4</b>	<b>72,964</b>	<b>22.8</b>	<b>21,933</b>	<b>6.8</b>
	Total Businesses		Businesses by Tract & Revenue Size					
	Tract		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	6,310	15.8	4,918	14.6	1,356	22.8	36	12.2
Middle-income	15,309	38.3	12,866	38.1	2,335	39.3	108	36.6
Upper-income	18,368	45.9	15,959	47.3	2,258	38.0	151	51.2
Unknown-income	0	0.0	0	0.0	0	0.0	0	0.0
<b>Total Assessment Area</b>	<b>39,987</b>	<b>100.0</b>	<b>33,743</b>	<b>100.0</b>	<b>5,949</b>	<b>100.0</b>	<b>295</b>	<b>100.0</b>
	Percentage of Total Businesses:			84.4		14.9		0.7
	Total Farms by Tract		Farms by Tract & Revenue Size					
	Tract		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	13	11.2	11	9.9	2	40.0	0	0.0
Middle-income	36	31.0	34	30.6	2	40.0	0	0.0
Upper-income	67	57.8	66	59.5	1	20.0	0	0.0
Unknown-income	0	0.0	0	0.0	0	0.0	0	0.0
<b>Total Assessment Area</b>	<b>116</b>	<b>100.0</b>	<b>111</b>	<b>100.0</b>	<b>5</b>	<b>100.0</b>	<b>0</b>	<b>0.0</b>
	Percentage of Total Farms:			95.7		4.3		0.0
2016 FFIEC Census Data & 2016 Dun & Bradstreet information according to 2010 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 the whole counties and the MD in which the bank's assessment area is located, as well as population changes in the state of Illinois. All political subdivisions have experienced increases in population. DuPage County has experienced the largest growth while Cook County has seen growth in line with the Chicago-Naperville-Arlington Heights, IL MD and moderately above the state of Illinois. One community representative indicated that growth in DuPage County was from families moving from Cook County, particularly Chicago, for better employment and schooling opportunities.

<b>Population Change</b>			
<b>Area</b>	<b>2010 Population</b>	<b>2011-2015 Population</b>	<b>Percentage Change</b>
Cook County, IL	5,194,675	5,236,393	0.8
DuPage County, IL	916,924	930,412	1.5
Chicago-Naperville-Arlington Heights, IL MD	7,262,718	7,328,470	0.9
State of Illinois	12,830,632	12,873,761	0.34

### Income Characteristics

Of the bank's 183 census tracts in the assessment area, 77 census tracts are designated as upper-income, 73 as middle-income, and 33 as moderate-income. There are no low-income census tracts in the assessment area. Cook County contains 98 (53.6 percent) and DuPage County 85 (46.4 percent) of the assessment area census tracts. Median family income in most of the assessment area remains higher than across the Chicago-Naperville-Arlington Heights, IL MD and the state of Illinois. In 2015, median income in DuPage County was \$96,751 according to the American Community Survey (ACS), significantly higher than the median income in Cook County at \$67,324. Families in Cook County experienced a 3.5 percent growth in income between 2010 and 2015, which lagged the 4.7 percent growth in DuPage County during the same timeframe. The increases for each of the geographic areas noted were below the 4.9 percent increase statewide during the same time period.

The assessment area contains 206,813 families, 5.5 percent of whom are living in poverty. The majority of the population, 66.6 percent, consists of middle- and upper-income families in the assessment area. Low- and moderate-income families comprise 17.0 percent and 16.4 percent of the families in the assessment area, respectively. Additionally, businesses with \$1 million or less in total revenue represent 84.4 percent of all businesses located in the assessment area. This suggests

opportunities exist for institutions to lend to borrowers of different income levels, as well as businesses of different revenue sizes.

The table below presents income characteristics between 2006-2010 and 2010-2015 in the counties that comprise the assessment area, the MD, and the state.

<b>Median Family Income Change</b>			
<b>Area</b>	<b>2006-2010 Median Family Income (In 2010 Dollars)</b>	<b>2011-2015 Median Family Income (In 2015 Dollars)</b>	<b>Percentage Change</b>
Cook County, IL	65,039	67,324	3.5
DuPage County, IL	92,423	96,751	4.7
Chicago-Naperville-Arlington Heights, IL MD	72,196	75,350	4.4
State of Illinois	68,236	71,546	4.9

### Housing Characteristics

The median housing value in the assessment area is substantially higher than it is across the MD and state, driven by the value of housing in DuPage County, which was \$278,500 in 2011-2015. This was significantly higher than median housing value of \$173,800 in Illinois in 2011-2015. DuPage County's median rents were also higher than those of Illinois during the same period, \$1,143 per month versus \$907 per month, respectively. Between the 2006-2010 ACS and the 2010-2015 ACS, median housing values decreased significantly and while gross rents increased. Decreases in median housing values outpaced the increases in median gross rents; the range of housing values decreases over the period was 12.1 percent (DuPage County) to 17.7 percent (Cook County), while the range or increases in median gross rents over the same period was 13.4 percent (DuPage County) to 8.9 percent (Cook County). Affordable housing is one of the assessment area's primary concerns for low- and moderate-income families which comprise 33.4 percent of all families living there.

<b>Housing Costs Change</b>				
<b>Area</b>	<b>2006-2010 Median Housing Value</b>	<b>2011-2015 Median Housing Value</b>	<b>2006-2010 Median Gross Rent</b>	<b>2011-2015 Median Gross Rent</b>
Cook County, IL	265,800	218,700	900	980
DuPage County, IL	316,900	278,500	1,008	1,143
Chicago-Naperville-Arlington Heights, IL MD	267,990	224,861	914	996
State of Illinois	202,500	173,800	834	907

### Foreclosure Trends

The Federal Reserve Bank of Chicago conducted a study on changes in foreclosure inventory rates at the county level. The foreclosure inventory rate measures the number of residential properties in some phase of foreclosure. Foreclosure inventory rates in the state and assessment area counties have declined since 2013, indicating that the housing crisis that affected much of the nation, including assessment area counties has abated. As of October 2016, the state of Illinois' foreclosure inventory rate was 1.5 percent which is comparable to Cook County's 1.6 percent, and moderately higher than DuPage County's 0.8 percent. Most noteworthy is Cook County's foreclosure inventory rate drop of 4.9 percentage points from 6.5 percent in 2013 to its 2016 level of 1.6 percent.

### Employment Conditions

The unemployment rate in DuPage County was lower than those in the MD and the state of Illinois between 2013 and 2016, the most recent years for which such data is available, while the rate in Cook County was slightly higher than the larger geographies. By 2016, the unemployment rate in DuPage County was 4.8 percent, compared to Cook County's 6.2 percent, the 5.9 percent rate in both the Chicago MD and the state of Illinois. Decreases in unemployment across all geographical divisions between 2013 and 2016 was substantially similar, approximately 36 percent. The reduced unemployment rates as well as reduced foreclosure filings discussed above indicate an improving environment for residential real estate lending. Community representatives indicate that there are a good number of employment opportunities in the assessment area. Furthermore, a community representative indicated that DuPage County has heavy diversity in the industry within the county, which could help shield overall unemployment, as the area is not as susceptible to a slowdown in a particular industry.

Recent Unemployment Rates				
Area	2013	2014	2015	2016
Cook County, IL	9.6	7.4	6.2	6.2
DuPage County, IL	7.5	5.6	4.7	4.8
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 Cook and DuPage Counties. The bank's assessment area contains a diverse employer base that includes a variety of different

industries with some of the largest employment sectors in education, health care, professional services, and the insurance industry. While the assessment area's largest employers are major corporations, 82.6 percent of area businesses report annual revenues of \$1 million or less. The data indicates that small businesses employ a high percentage of the assessment area's population, underscoring their importance to the local economy. Community representatives indicate that small business owners and entrepreneurs looking to enter the small business space face challenges with obtaining the capital necessary to support their initiatives. Flexibility in credit and collateral standards are critical to their borrowing success.

<b>Largest Employers in the Assessment Area</b>		
<b>Company</b>	<b>Number of Employees</b>	<b>Industry</b>
UIC Office-Public & Government	20,000	Schools
Allstate Insurance Company	13,000	Insurance
University of Illinois-Chicago	11,515	Schools-Universities & College Academic
CDW Government LLC	10,000	Electronic retailing
Northwestern Memorial Hospital	8,375	Hospitals
Rush University Medical Center	8,337	Hospitals
Johnston R Bowman Health Center	8,000	Clinics
University of Chicago Medicine	7,998	Hospitals
State Street Global Advisors	7,000	Investment Management
Loyola University Medical Center	6,500	Hospitals

### Community Contact Data

Three community representatives, with a focus on affordable housing and economic development, were contacted to increase understanding of the credit needs and market conditions within the assessment area. The representatives provided substantial information on the local economies. One representative stated that the uncertainty of the State of Illinois budget has had an impact on small businesses' concerns with funding for small business programs being negatively impacted. Another representative whose agency works with affordable housing in Cook County communities indicated that in many communities, while many economic conditions are improving, there is a greater need for affordable housing. The contact also noted that there is a need for increased lending opportunities for first time homebuyers. A third representative stated that there is a need in DuPage County for better paying job opportunities for low- and moderate income individuals. Overall, the contacts noted that financial institutions in the communities are supportive of their initiatives and are always willing to assist where it is needed.

## CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA

### LENDING TEST

Hinsdale'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 moderate-income census tracts. The distribution of the bank's loans reflects, given the product lines offered, excellent penetration among customers of different income levels and to business of different sizes. The bank exhibits an excellent record of serving the credit needs of low-income individuals and very small businesses. A very small percentage of loans were made in the bank's assessment area. Additionally, the bank makes extensive use of flexible lending practices in serving assessment area credit needs and is a leader in making community development loans.

The bank's geographic and borrower distribution of lending discussed in the lending test conclusions relies upon 2016 aggregate comparisons and demographic data based on the 2010 U.S. Census. Tables containing the bank's 2015 geographic and borrower distribution of loans are provided in Appendix B.

#### Level of Lending Activity

Hinsdale's direct small business loan originations, coupled with the purchase of affiliate small business loans in the evaluation period demonstrates excellent responsiveness to assessment area credit needs. During the review period, Hinsdale's lending activity comprised 16,677 loans for a total of \$625.4 million. The level of lending activity represents a significant increase by both the number of loans and the dollar volume of small business loans because of loans purchased from a Wintrust affiliate; in the previous evaluation such loans were not included. However, the number of the bank's direct small business loan originations increased 28.7 percent from 701 at the previous evaluation, to 902 in the current evaluation. The number of HMDA-reportable loans increased significantly by 163.8 percent in the current period to 211 loans, from 80 loans in the prior period. Given the bank's lending focus on commercial loans, and the significant mortgage referral volume to Wintrust Mortgage, the weight of the analysis is on small business loans.

The table below presents Hinsdale's lending activity during 2015 and 2016.

Summary of Lending Activity HMDA and CRA Reportable Loans 2015 and 2016				
Type of Loan	#	%	\$ (000s)	%
Home Improvement	19	--	15,125	--
Home Purchase	90	--	42,043	--
Multi-Family Housing	55	--	41,327	--
Refinancing	47	--	20,037	--
Total HMDA Reportable	211	1.0	118,532	19.0
Small Business	16,466	99.0	506,832	81.0
Total Loans	16,677	100.0	625,364	100.0

### Assessment Area Concentration

A very small percentage of loans were made inside the bank's assessment area during the evaluation period. Only 4.9 percent of total loans reviewed by number and 24.3 percent by dollar were within the assessment area. Of total small business loans, a total of 15,564 loans, for \$337.5 million, are comprised of loans purchased from an affiliate and are located outside of the assessment area. When these loans are excluded, the bank's assessment area concentration increases to 66.8 percent of loans made inside the assessment area by number, and 51.7 percent of loans by dollar amount, which is relatively consistent with the bank's performance in the previous evaluation period. Because the concentration rate is influenced so greatly by the purchased affiliate loans, this component of the lending test received lesser 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	17	89.5	13,411	88.7	2	10.5	1,714	11.3
Home Purchase Conventional	69	78.4	34,456	82.7	19	21.6	7,187	17.3
Home Purchase FHA	2	100.0	400	100.0	0	0.0	0	0.0
Multi-Family Housing	12	21.8	5,211	12.6	43	78.2	36,116	87.4
Refinancing	31	66.0	12,944	64.6	16	34.0	7,093	35.4
<b>Total HMDA-Reportable</b>	<b>131</b>	<b>62.1</b>	<b>66,422</b>	<b>56.0</b>	<b>80</b>	<b>37.9</b>	<b>52,110</b>	<b>44.0</b>
Total Small Business Loans	680	4.1	85,488	16.9	15,786	95.9	421,344	83.1
<b>Total Loans</b>	<b>811</b>	<b>4.9</b>	<b>151,910</b>	<b>24.3</b>	<b>15,866</b>	<b>95.1</b>	<b>473,454</b>	<b>75.7</b>

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

## Geographic Distribution of Loans

The geographic distribution of Hinsdale Bank & Trust Company loans reflects good distribution in the assessment area based on the bank's small business and HMDA-reportable lending activities. The bank's delineated assessment area contains no low-income census tracts and 33 moderate-income census tracts. Greater emphasis was applied to small business loans to reflect the bank's primary focus as a commercial lender. In 2015, Hinsdale made loans in 51.3 percent of all census tracts in its assessment area; this included penetrating 60.6 percent of moderate-income census tracts. The bank's penetration rate increased in 2016, to 62.8 percent of all tracts, and 69.7 percent of moderate-income census tracts.

When its HMDA performance is compared to the aggregate of lenders and assessment area demographics, Hinsdale's performance is good. In 2015, its HMDA-reportable lending was below both the aggregate of lenders and demographic in moderate-income census tracts. However, in 2016, it nearly doubled the rate of HMDA-reportable lending in moderate-income census tracts versus the 2016 aggregate of lenders and exceeded the percent of demographic. With respect to small business lending, the bank's performance was similarly good. In 2015, the bank's performance was comparable to the aggregate of lenders and exceeded the demographic in moderate-income census tracts. Performance remained stable in 2016 when Hinsdale Bank's small business lending was marginally above the aggregate of lenders in moderate-income census tracts, and exceeded the percent of demographic. These numbers demonstrate that Hinsdale Bank is meeting the mortgage related needs of those who both live in moderate-income census tracts and own their homes. They also demonstrate the bank's responsiveness to small businesses located in moderate-income census tracts.

A detailed discussion of HMDA-reportable and small business lending in relation to aggregate lenders and census demographics is provided below. Unless otherwise stated, all comparisons in this section are made to the number of loans originated.

### HMDA-Reportable Lending

#### *Home Purchase Loans*

In 2016, Hinsdale made 17.9 percent of its home purchase loans in moderate-income census tracts, which was above the aggregate lender rate of 12.7 percent and above the 14.1 percent of the assessment area's owner-occupied units located in moderate-income tracts. The bank made 20.5 percent of its home purchase loans in middle-income census tracts, which was below the aggregate of lenders of 42.1 percent, and below the 40.2 percent of the assessment area's owner occupied



units located in middle-income tracts. Hinsdale made 61.5 percent of its home purchase loans in upper-income census tracts, which was higher than the 45.2 percent made by aggregate lenders and the 45.6 percent of the assessment area's owner-occupied units. In 2015, the bank's performance was below that of 2016 as it was below both the aggregate and the assessment area's percentage of owner occupied units located in moderate-income census tracts.

#### *Refinance Loans*

In 2016, Hinsdale made 35.3 percent of its refinance loans in moderate-income census tracts, which was significantly above the aggregate of lenders 8.6 percent rate and the assessment area's owner-occupied units of 14.1 percent. The bank made 23.5 percent of its refinance loans in middle-income census tracts, which was below the 32.9 percent by the aggregate of lenders and the 40.2 percent of the assessment area's owner-occupied units. Hinsdale made 41.2 percent of its refinance loans in upper-income census tracts, which was below the 58.4 percent made by the aggregate of lenders and below the 45.6 percent of the assessment area's owner-occupied units in upper-income census tracts. In 2015 the bank did not make any refinance loans in moderate-income census tracts.

#### *Home Improvement Loans*

In 2016, Hinsdale made no home improvement loans in moderate-income census tracts, which was below the 9.4 percent made by the aggregate of lenders and the 14.1 percent of the assessment area's owner-occupied units located in such tracts. The bank made 15.4 percent of home improvement loans in middle-income census tracts compared to the 36.7 percent by the aggregate of lenders and the 40.2 percent of the assessment area's owner-occupied units. Hinsdale made 84.6 percent of its home improvement loans in upper-income census tracts, which was significantly above the 53.9 percent done by the aggregate of lenders and the 45.6 percent of the assessment area's owner-occupied units. In 2015, the bank did not make any home improvement loans in moderate-income census tracts.

#### *Multifamily Loans*

In 2016, Hinsdale made 33.3 percent of its multifamily loans in moderate-income census tracts, which was above the 28.7 percent made by the aggregate of lenders and the 25.6 percent of the assessment area's multifamily units located in such tracts. The bank made 66.7 percent of its multifamily loans in middle-income census tracts, which was above the 60.4 percent by the aggregate of lenders and the 46.1 percent of the assessment area's multifamily units. The bank made no multifamily loans in upper-income census tracts, which was below the 11.0 percent made by the aggregate of lenders and the 28.3 percent of the assessment area's multifamily units. In 2015, the bank's performance was a little lower than the aggregate and above the assessment area's percentage of owner occupied units located in moderate-income census tracts.

The table below presents the geographic distribution of HMDA-Reportable loans in the assessment area in 2016. Please refer to Appendix B for 2015 geographic distribution tables.

<b>Geographic Distribution of HMDA Reportable Loans</b>								
<b>Assessment Area: 2016 Chicago-Naperville-Arlington Hts, IL MD 16974</b>								
Product Type	Tract Income Levels	Bank & Aggregate Lending Comparison					Owner Occupied % of Units	
		2016			Dollar			
		Count		Agg	Bank			Agg
		#	%	%	\$ (000s)	\$ %	\$ %	
Home Purchase	Low	0	0.0	0.0	0	0.0	0.0	0.0
	Moderate	7	17.9	12.7	1,667	10.1	8.0	14.1
	Middle	8	20.5	42.1	2,009	12.2	31.8	40.2
	Upper	24	61.5	45.2	12,752	77.6	60.2	45.6
	Unknown	0	0.0	0.0	0	0.0	0.0	0.0
	<b>Total</b>		<b>39</b>	<b>100.0</b>	<b>100.0</b>	<b>16,428</b>	<b>100.0</b>	<b>100.0</b>
Refinance	Low	0	0.0	0.0	0	0.0	0.0	0.0
	Moderate	6	35.3	8.6	854	13.6	4.9	14.1
	Middle	4	23.5	32.9	1,163	18.5	22.9	40.2
	Upper	7	41.2	58.4	4,283	68.0	72.2	45.6
	Unknown	0	0.0	0.0	0	0.0	0.0	0.0
	<b>Total</b>		<b>17</b>	<b>100.0</b>	<b>100.0</b>	<b>6,300</b>	<b>100.0</b>	<b>100.0</b>
Home Improvement	Low	0	0.0	0.0	0	0.0	0.0	0.0
	Moderate	0	0.0	9.4	0	0.0	3.3	14.1
	Middle	2	15.4	36.7	674	6.0	23.0	40.2
	Upper	11	84.6	53.9	10,579	94.0	73.7	45.6
	Unknown	0	0.0	0.0	0	0.0	0.0	0.0
	<b>Total</b>		<b>13</b>	<b>100.0</b>	<b>100.0</b>	<b>11,253</b>	<b>100.0</b>	<b>100.0</b>
Multi-Family	Low	0	0.0	0.0	0	0.0	0.0	Multi-Family 0.0
	Moderate	2	33.3	28.7	1,030	42.8	30.7	25.6
	Middle	4	66.7	60.4	1,374	57.2	49.8	46.1
	Upper	0	0.0	11.0	0	0.0	19.5	28.3
	Unknown	0	0.0	0.0	0	0.0	0.0	0.0
	<b>Total</b>		<b>6</b>	<b>100.0</b>	<b>100.0</b>	<b>2,404</b>	<b>100.0</b>	<b>100.0</b>
HMDA Totals	Low	0	0.0	0.0	0	0.0	0.0	0.0
	Moderate	15	20.0	10.7	3,551	9.8	6.8	14.1
	Middle	18	24.0	37.4	5,220	14.3	27.5	40.2
	Upper	42	56.0	51.9	27,614	75.9	65.7	45.6
	Unknown	0	0.0	0.0	0	0.0	0.0	0.0
	<b>Total</b>		<b>75</b>	<b>100.0</b>	<b>100.0</b>	<b>36,385</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

Hinsdale Bank’s distribution of small business loans reflects good dispersion throughout the assessment area.

In 2016, Hinsdale made 18.0 percent of its small business loans in moderate-income census tracts, which was comparable to the performance of the aggregate of lenders at 17.1 percent and above the total businesses located in moderate-income census tracts of 15.8 percent. Hinsdale made 23.7 percent of its small business loans in middle-income census tracts, which was below the performance of aggregate lenders of 38.7 percent and the 38.3 percent of total businesses located in the assessment area’s middle-income census tracts. The bank made 58.4 percent of its small business loans in upper-income census tracts, which was above the 44.2 percent lending rate of aggregate lenders and the 45.9 percent of businesses located in the upper-income census tracts of the assessment area. The bank's performance in 2016 was consistent with performance in 2015.

<b>Geographic Distribution of Small Business Loans</b>							
<b>Assessment Area: 2016 Chicago-Naperville-Arlington Hts, IL MD 16974</b>							
Tract Income Levels	Bank & Aggregate Lending Comparison						Total Businesses %
	2016			2016			
	Count		Agg %	Dollar		Agg \$ %	
Bank #	%	Bank \$ (000s)		%			
Small Business	Low	0	0.0	0.0	0	0.0	0.0
	Moderate	70	18.0	17.1	5,798	12.0	21.6
	Middle	92	23.7	38.7	13,719	28.3	38.7
	Upper	227	58.4	44.2	28,913	59.7	39.7
	Unknown	0	0.0	0.0	0	0.0	0.0
	Tr Unknown			0.0			0.0
	<b>Total</b>	<b>389</b>	<b>100.0</b>	<b>100.0</b>	<b>48,430</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*

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

Overall, Hinsdale Bank's record of lending reflects, given the product lines offered, excellent penetration among borrowers of different income levels and businesses of different sizes. The bank's record of lending demonstrates good penetration among individuals of different income levels including low- and moderate- income individuals and excellent penetration of businesses of different sizes. Greater weight was given to the bank's performance in small business lending as it

comprises a significant portion of the bank's lending by number, and mortgage origination efforts are primarily conducted through Wintrust Mortgage.

Both the bank and the aggregate lenders made all of their multifamily loans to borrowers of unknown income; therefore, no substantive analysis could be conducted.

A detailed discussion of HMDA- and small business lending in relation to aggregate lenders and census demographics is provided below. Unless otherwise stated, all comparisons in this section are made to the number of loans originated.

### HMDA-Reportable Lending

#### *Home Purchase Loans*

The bank's lending to low-income borrowers in 2016 of 10.3 percent was above the aggregate of lenders of 5.8 percent, while both the bank and aggregate lender performance were below the percentage of 17.0 percent of low-income families in the assessment area. The bank made 12.8 percent of its home purchase loans to moderate-income borrowers, which was below the 18.0 percent made by the aggregate of lenders and the 16.4 percent of moderate-income families located in the assessment area. Hinsdale made 7.7 percent of its home purchase loans to middle-income borrowers, which was below the 21.4 percent of loans made by the aggregate of lenders and the demographic measure of 20.2 percent of middle-income families in the assessment area. The bank's lending to upper-income borrowers comprised 61.5 percent of home purchase loans, which was significantly above the 41.8 percent made by aggregate lenders and the 46.4 percent of upper-income families located in the assessment area. The bank originated 7.7 percent of home purchase loans by number to borrowers of unknown income while aggregate lender performance for like transactions was 13.0 percent. The bank's performance in 2015 was comparable to the aggregate, but below the percent of low-income families in the assessment area. The bank was also comparable to the aggregate for home purchase loans to moderate-income borrowers in 2015, but above the percent of families considered moderate-income.

#### *Refinances*

In 2016, Hinsdale made 5.9 percent of its refinance loans to low-income borrowers, which was above the 3.7 percent made by the aggregate of lenders; however, both the bank and aggregate of lenders were significantly below the 17.0 percent of low-income families located in the assessment area. The bank made 23.5 percent of its refinance loans to moderate-income borrowers, which was above the 10.0 percent made by the aggregate of lenders, and above the 16.4 percent of moderate-income families located in the assessment area. Hinsdale made no refinance loans to middle-

income borrowers, which was below the 17.5 percent by the aggregate of lenders and the 20.2 percent of middle-income families located in the assessment area. The bank made 58.8 percent of its refinance loans to upper-income borrowers, which was slightly above the 55.1 percent made by the aggregate of lenders and above the 46.4 percent of upper-income families located in the assessment area. The bank originated 11.8 percent of refinance loans by number to borrowers of unknown income compared to the 13.6 percent by the aggregate of lenders. The bank did not make any refinance loans to low-income families in 2015. The bank's performance in 2015 was below the aggregate and the percent of moderate-income families in the assessment area.

#### *Home Improvement Loans*

In 2016, Hinsdale made no home improvement loans to low-income borrowers, while the aggregate of lenders made 4.3 percent of loans to low-income borrowers. Both the bank and the aggregate of lenders were below the 17.0 percent of the low-income families located in the assessment area. The bank made no home improvement loans to moderate-income borrowers, which was below the 10.6 percent made by the aggregate of lenders and below the 16.4 percent of moderate-income families located in the assessment area. Hinsdale made no home improvement loans to middle-income borrowers, which was significantly below the 24.6 percent made by the aggregate of lenders and the 20.2 percent of middle-income families located in the assessment area. The bank made 100.0 percent of its home improvement loans to upper-income borrowers, which significantly exceeded the 54.8 percent made by the aggregate of lenders, and was also significantly above the 46.4 percent of upper-income families located in the assessment area. The bank originated no home improvement loans to borrowers of unknown income while aggregate lender performance for like transactions was 5.8 percent. In 2015, the bank did not make any home improvement loans in low-or moderate-income census tracts.

<b>Borrower Distribution of HMDA Reportable Loans</b>								
<b>Assessment Area: 2016 Chicago-Naperville-Arlington Hts, IL MD 16974</b>								
Product Type	Borrower Income Levels	Bank & Aggregate Lending Comparison						Families by Family Income %
		2016			Dollar			
		Count		Agg	Bank		Agg	
		#	%	%	\$(000s)	\$ %	\$ %	
Home Purchase	Low	4	10.3	5.8	285	1.7	2.5	17.0
	Moderate	5	12.8	18.0	745	4.5	10.8	16.4
	Middle	3	7.7	21.4	468	2.8	16.7	20.2
	Upper	24	61.5	41.8	13,787	83.9	59.3	46.4
	Unknown	3	7.7	13.0	1,143	7.0	10.7	0.0
	<b>Total</b>		<b>39</b>	<b>100.0</b>	<b>100.0</b>	<b>16,428</b>	<b>100.0</b>	<b>100.0</b>
Refinance	Low	1	5.9	3.7	136	2.2	1.4	17.0
	Moderate	4	23.5	10.0	436	6.9	5.0	16.4
	Middle	0	0.0	17.5	0	0.0	11.5	20.2
	Upper	10	58.8	55.1	5,374	85.3	70.2	46.4
	Unknown	2	11.8	13.6	354	5.6	11.9	0.0
	<b>Total</b>		<b>17</b>	<b>100.0</b>	<b>100.0</b>	<b>6,300</b>	<b>100.0</b>	<b>100.0</b>
Home Improvement	Low	0	0.0	4.3	0	0.0	1.4	17.0
	Moderate	0	0.0	10.6	0	0.0	4.4	16.4
	Middle	0	0.0	24.6	0	0.0	14.0	20.2
	Upper	13	100.0	54.8	11,253	100.0	72.7	46.4
	Unknown	0	0.0	5.8	0	0.0	7.5	0.0
	<b>Total</b>		<b>13</b>	<b>100.0</b>	<b>100.0</b>	<b>11,253</b>	<b>100.0</b>	<b>100.0</b>
Multi-Family	Low	0	0.0	0.0	0	0.0	0.0	17.0
	Moderate	0	0.0	0.0	0	0.0	0.0	16.4
	Middle	0	0.0	0.0	0	0.0	0.0	20.2
	Upper	0	0.0	0.0	0	0.0	0.0	46.4
	Unknown	6	100.0	100.0	2,404	100.0	100.0	0.0
	<b>Total</b>		<b>6</b>	<b>100.0</b>	<b>100.0</b>	<b>2,404</b>	<b>100.0</b>	<b>100.0</b>
HMDA Totals	Low	5	6.7	4.7	421	1.2	1.9	17.0
	Moderate	9	12.0	13.7	1,181	3.2	7.4	16.4
	Middle	3	4.0	19.4	468	1.3	13.5	20.2
	Upper	47	62.7	48.7	30,414	83.6	63.8	46.4
	Unknown	11	14.7	13.5	3,901	10.7	13.4	0.0
	<b>Total</b>		<b>75</b>	<b>100.0</b>	<b>100.0</b>	<b>36,385</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

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

In 2016, Hinsdale made 68.1 percent of its small business loans to businesses reporting annual revenues of \$1 million or less, significantly outperforming the 36.6 percent of such loans made by the aggregate of lenders. Further, the bank made 82.6 percent of loans to those borrowers in amounts of \$100,000 or less, which are considered most beneficial to small businesses.

The bank's 2015 lending performance was similar to that in 2016. In 2015 and 2016, the bank's small business lending in the assessment area significantly exceeded the aggregate, by number and by dollar, in loans to businesses with revenues less than \$1 million. These results were similar to the bank's performance in the previous evaluation period. Like 2016, the bank had a significant percentage, 85.1 percent, of loans made in amounts of \$100,000 or less to businesses with revenues of \$1 million or less.

The following table compares the distribution of small business loans, the aggregate of all lenders, and small businesses by revenue. Additional information on 2015 lending activity can be found in Appendix B.

Small Business Lending By Revenue & Loan Size									
Assessment Area: 2016 Chicago-Naperville-Arlington Hts, IL MD 16974									
Product Type		Bank & Aggregate Lending Comparison							
		2016			2016		Total Businesses %		
		Count		Dollar					
Revenue	Loan Size	Bank	Agg	Bank	Agg	Total Businesses %			
		#	%	\$ 000s	\$ %				
Small Business	Revenue	\$1 Million or Less	265	68.1	36.6	19,321	39.9	21.4	84.4
		Over \$1 Million or Unknown	124	31.9	63.4	29,109	60.1	78.6	15.6
		<b>Total</b>	<b>389</b>	<b>100.0</b>	<b>100.0</b>	<b>48,430</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>
	Loan Size	\$100,000 or Less	288	74.0	92.2	6,981	14.4	31.3	
		\$100,001 - \$250,000	41	10.5	3.6	7,232	14.9	14.9	
		\$250,001 - \$1 Million	60	15.4	4.2	34,217	70.7	53.8	
		<b>Total</b>	<b>389</b>	<b>100.0</b>	<b>100.0</b>	<b>48,430</b>	<b>100.0</b>	<b>100.0</b>	
	Loan Size & Rev \$1 Mill or Less	\$100,000 or Less	219	82.6		3,876	20.1		
		\$100,001 - \$250,000	24	9.1		4,120	21.3		
		\$250,001 - \$1 Million	22	8.3		11,325	58.6		
		<b>Total</b>	<b>265</b>	<b>100.0</b>		<b>19,321</b>	<b>100.0</b>		
	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>									

### Community Development Lending

Hinsdale Bank & Trust Company is a leader in making community development loans given the credit and community development needs and opportunities within the assessment area. The bank originated or renewed 76 community development loans during the evaluation period, for a total of \$52.9 million. This is a 100.0 percent increase from the 38 loans qualified at the prior evaluation, but is a 3.8 percent decrease in the dollar amount of qualified loans compared to the prior evaluation's total of \$55.0 million. The duration of both the current and prior evaluation periods is approximately 27 months. Of the 76 loans, 48 were new originations, totaling \$26.7 million. The bank originated 39 loans totaling \$31.3 million in its assessment area and 37 loans totaling \$21.5 million in a broader regional area, predominantly in Cook and DuPage counties.

The bank's community development loans exhibited excellent responsiveness to assessment area needs. The majority of the bank's community development loans were for the purpose of funding affordable housing opportunities, principally in for-profit multi-family units. Additionally, a significant majority of the bank's community development loans originated outside the assessment area were for affordable housing, which serves the broad regional needs identified by a community representative. Loans included the acquisition and rehabilitation of property for low- and moderate-income and Section 8 tenants and providing a working line of credit for a child welfare and adoption agency to bridge the funding gap created by the state of Illinois' funding delays. Hinsdale Bank also made 14 community services loans to support efforts to combat mental



illness, hunger, and substance abuse, and to provide rental assistance, clothing and other necessities for the assessment area's low- and moderate-income individuals and families.

The table below presents the bank's community development loan activity in the review period.

Qualified Community Development Loans										
\$ in 000s										
Location	Affordable Housing		Community Services		Economic Development		Revitalization/Stabilization		Total	
	#	\$	#	\$	#	\$	#	\$	#	\$
In Assessment Area	19	7,002	12	11,950	1	2,314	7	10,064	39	31,331
Outside Assessment Area	35	20,486	2	1,050	0	0	0	0	37	21,536
Total	54	27,488	14	13,000	1	2,314	7	10,064	76	52,867

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

### Innovative and Flexible Loan Programs

The bank makes extensive use of innovative and/or flexible lending practices in serving assessment area credit needs. The bank utilizes a core set of products specifically tailored to the needs of low- and moderate- income individuals and small businesses. Included in these products for consumers are certificate of deposit secured loans which enable credit building or repair and the bank's Everyday loan product, which provides consumers with up to \$2,500 in an unsecured amortizing loan for a period of between six and 24 months as an alternative to costly payday lending alternatives.

For small businesses, the bank offers U.S. Small Business Loan Administration (SBA) loan products and specialized Easy Access products which provide smaller dollar loans to businesses with a more streamlined approval process.

A total of 68 consumer loans and 208 small business loans were extended under these programs during the review period, as shown in the table below. The use of these products has enabled the bank to successfully meet the needs of low- and moderate- income borrowers and small businesses in the bank's assessment area.

Innovative and Flexible Loans			
Product	Number of Loans	\$ of Loans	Average Loan \$ Size
SBA 504	6	2,318,864	386,477
SBA 7A	17	8,580,100	504,712
Easy Access Installment	18	271,619	15,090
Easy Access Line of Credit	58	1,692,411	29,180
Small Business Overdraft Protection	109	429,800	3,943
Money Smart Everyday	62	116,356	1,877
Money Smart CD Secured	6	5,000	836
Total	276	13,414,150	

## INVESTMENT TEST

Hinsdale's performance relative to the Investment Test is rated Outstanding based on a significant level of qualified community development investments and grants, often in a leadership position. Hinsdale also demonstrated occasional 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.

The bank made eleven new investments in the evaluation period, totaling \$6.1 million, of which \$4.5 million was funded. In addition, prior period investments, both funded and unfunded remaining commitments totaled \$9.4 million, resulting in total investments qualified for this evaluation of \$15.5 million. This represents a 52.0 percent increase in funded and unfunded investments from the \$10.2 million total at the bank's previous evaluation.

Investments demonstrated excellent responsiveness to the assessment area's credit and community development needs as they were primarily supportive of affordable and economic development, which is consistent with the needs identified within the bank's assessment area. Affordable housing and economic development investments comprised 26.3 percent and 46.8 percent, respectively of total disbursed funds, and 81.8 percent and 18.2 percent, respectively, of unfunded commitments.

In the current evaluation period, the bank's investments funded a non-for-profit multifamily rehab lender, a school district with a majority of students considered low- and moderate- income and investments in Community Development Financial Institutions (CDFIs). Prior period investments supported Small Business Investment Corporation loan pools and the Illinois Housing Development Authority which facilitates home ownership for low- and moderate-income families.

Qualified Community Development Investments											
\$ in 000s											
Period of Investment	Disbursed Funds										Unfunded Commitments
	Affordable Housing		Community Services		Economic Development		Revitalization/Stabilization		Total Funded		
	#	\$	#	\$	#	\$	#	\$	#	\$	
Current	3	2,473	5	1,420	1	225	1	368	10	4,486	1,597
Prior	2	863	1	1,192	4	5,698	2	427	9	8,180	1,236
Total	5	3,336	6	2,612	5	5,923	3	795	19	12,666	2,833

In addition, the bank made 134 donations for \$461,641 to community organizations. This represented a significant increase in the dollar amount of donations, from \$356,000 thousand at the prior evaluation, for a 29.7 percent increase. A majority of the bank's qualified donations are in the area of community services; among other things, these donations support educational scholarships, job training and social services assistance for low- and moderate-income individuals. Affordable housing, which is the next largest component of qualified donations, includes a \$5,000

contribution to a non-profit housing agency for down payment assistance to qualified clients.

Qualified Community Development Donations									
Affordable Housing		Community Services		Economic Development		Revitalization/ Stabilization		Total	
#	\$	#	\$	#	\$	#	\$	#	\$
8	15,250	120	435,375	3	6,785	3	4,231	134	461,641

## SERVICE TEST

Hinsdale Bank's performance relative to the Service Test is rated Outstanding. The bank's delivery systems are readily accessible to geographies and individuals of different income levels in its assessment area. Business hours and services do not vary in a way that inconveniences the needs of its assessment area, particularly low- and moderate-income census tracts or low- and moderate income individuals. The bank's record of opening and closing branches has not adversely affected the accessibility of its delivery systems, particularly to low- and moderate-income geographies and low- and moderate-income individuals. The bank is a leader in providing community development services.

## Retail Services

The bank's delivery systems are readily accessible to the assessment area. It has 12 locations at which business may be conducted; two of which are limited service drive-up facilities. Each location also has a full-service ATM. ATM transactions are free if within three surcharge-free networks; transactions on other networks are reimbursed by the bank. Additionally, the bank operates one loan production office with a full-service ATM. The bank also offers free 24 hour telephone banking services for inquiry purposes and to make account transfers, and internet and mobile banking products enable customers to make account transfers and deposits, and pay bills without visiting a bank office. Loan and deposit products and services offered are the same at all branch locations, and marketing is consistent across the entire assessment area.

The bank's record of opening and closing of branches has not adversely affected the accessibility of its delivery systems, particularly to low- and moderate-income geographies or low- and moderate-income individuals. Three branches were opened since the previous examination, one in a moderate-income census tract and two in upper-income census tracts. Hinsdale's services are tailored to the convenience and needs of its assessment area, particularly low- and moderate-income geographies and individuals. Branch hours and operations are consistent across the bank branches, and branches are open Saturdays. Community representatives indicated the importance of small businesses to the local economy and their need for micro lending. The bank offers several small dollar loan programs, directly supporting these businesses. The bank also offers Money Smart deposit products for both businesses and individuals, whereby those with adverse account histories, as detailed in ChexSystems, may receive free financial education classes and open accounts with no minimum balance. The bank works with Wintrust Mortgage to identify and

target borrowers within low- and moderate-income tracts in the assessment area to promote loan products that are tailored to meet the needs of low- and moderate-income and first time homebuyers.

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

Office and ATM Locations 2016					
Tract Income	Assessment Area Census Tracts	Office Locations		Full-Service ATMs	
	%	#	%	#	%
Low	0.0	0	0.0	0	0.0
Moderate	18.0	2	16.6	2	15.4
Middle	39.9	1	8.3	1	7.7
Upper	42.1	9	75.0	10	76.9
Total	100.0	12	100.0	13	100.0

### Community Development Services

Hinsdale Bank is a leader in providing community development services. During the review period, bank personnel participated in 1,547 hours of community development activities in its assessment area. Additionally, bank personnel participated in 2,474 hours of community development services that benefitted areas greater than the assessment area, including low- and moderate-income individuals and census tracts. Because the bank has been responsive to community development needs and opportunities in its assessment area, these services serving larger regional areas were given additional consideration. During the evaluation period, bank employees provided 4,021 service hours to 51 unique organizations. Total community development services hours performed during this evaluation were up slightly (1.6 percent) from the previous evaluation period, when the bank performed 3,959 hours of community development services.

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. Organizations supported by the bank help meet community's needs such as housing and services for the homeless, social services for the disabled, Chambers of Commerce, youth work-study programs, and small business development support. Bank staff also provided numerous financial education workshops including its Money Smart curriculum with a focus on the assessment area's low- and moderate-income populations.

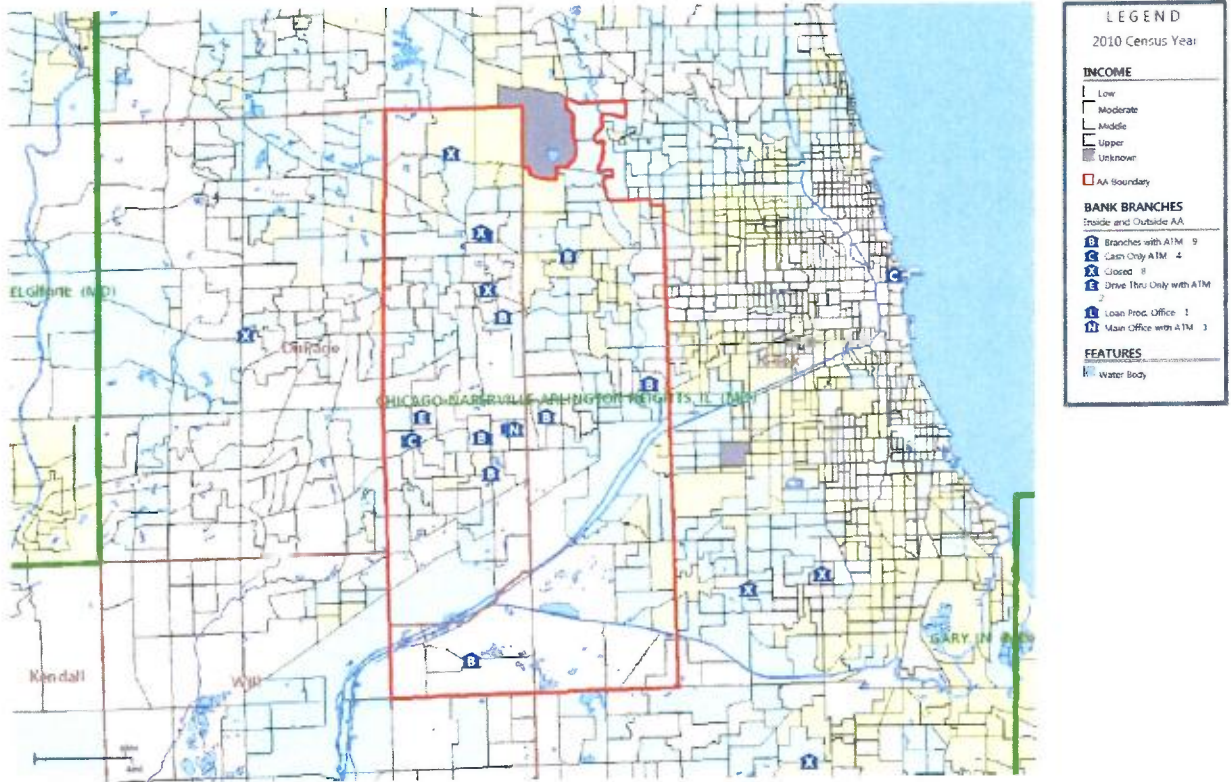
Qualified Community Development Services									
Affordable Housing		Community Services		Economic Development		Revitalization/ Stabilization		Total	
#	Hours	#	Hours	#	Hours	#	Hours	#	Hours
1	11	45	3,914	5	96	0	0	51	4,021

## FAIR LENDING OR OTHER ILLEGAL CREDIT PRACTICES REVIEW

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

### APPENDIX A – Map of Assessment Area

**Hinsdale Bank & Trust Company 2119773**  
Chicago-Naperville-Arlington Heights, IL MD 16974



APPENDIX B – 2015 LENDING TABLES

<b>Geographic Distribution of HMDA Reportable Loans</b>								
<b>Assessment Area: 2015 Chicago-Naperville-Arlington Heights, IL MD 16974</b>								
Product Type	Tract Income Levels	Bank & Aggregate Lending Comparison					Owner Occupied % of Units	
		2015			Dollar			
		Count		Agg	Bank			Agg
		#	%	%	\$ (000s)	\$ %	\$ %	
Home Purchase	Low	0	0.0	0.0	0	0.0	0.0	0.0
	Moderate	1	3.1	13.0	213	1.2	7.7	14.1
	Middle	11	34.4	40.6	4,636	25.2	29.3	40.2
	Upper	20	62.5	46.4	13,579	73.7	62.9	45.6
	Unknown	0	0.0	0.0	0	0.0	0.0	0.0
	<b>Total</b>		<b>32</b>	<b>100.0</b>	<b>100.0</b>	<b>18,428</b>	<b>100.0</b>	<b>100.0</b>
Refinance	Low	0	0.0	0.0	0	0.0	0.0	0.0
	Moderate	0	0.0	8.3	0	0.0	4.6	14.1
	Middle	3	21.4	33.5	294	4.4	23.1	40.2
	Upper	11	78.6	58.1	6,350	95.6	72.3	45.6
	Unknown	0	0.0	0.0	0	0.0	0.0	0.0
	<b>Total</b>		<b>14</b>	<b>100.0</b>	<b>100.0</b>	<b>6,644</b>	<b>100.0</b>	<b>100.0</b>
Home Improvement	Low	0	0.0	0.0	0	0.0	0.0	0.0
	Moderate	0	0.0	10.3	0	0.0	4.5	14.1
	Middle	0	0.0	38.0	0	0.0	22.7	40.2
	Upper	4	100.0	51.6	2,158	100.0	72.8	45.6
	Unknown	0	0.0	0.0	0	0.0	0.0	0.0
	<b>Total</b>		<b>4</b>	<b>100.0</b>	<b>100.0</b>	<b>2,158</b>	<b>100.0</b>	<b>100.0</b>
Multi-Family	Low	0	0.0	0.0	0	0.0	0.0	Multi-Family 0.0
	Moderate	2	33.3	36.0	325	11.6	28.3	25.6
	Middle	2	33.3	45.3	787	28.0	31.9	46.1
	Upper	2	33.3	18.7	1,695	60.4	39.8	28.3
	Unknown	0	0.0	0.0	0	0.0	0.0	0.0
	<b>Total</b>		<b>6</b>	<b>100.0</b>	<b>100.0</b>	<b>2,807</b>	<b>100.0</b>	<b>100.0</b>
HMDA Totals	Low	0	0.0	0.0	0	0.0	0.0	0.0
	Moderate	3	5.4	10.8	538	1.8	6.8	14.1
	Middle	16	28.6	37.2	5,717	19.0	26.1	40.2
	Upper	37	66.1	52.0	23,782	79.2	67.0	45.6
	Unknown	0	0.0	0.0	0	0.0	0.0	0.0
	<b>Total</b>		<b>56</b>	<b>100.0</b>	<b>100.0</b>	<b>30,037</b>	<b>100.0</b>	<b>100.0</b>
Originations & Purchases 2015 FFIEC Census Data <i>Note: Percentages may not add to 100.0 percent due to rounding</i>								

<b>Geographic Distribution of Small Business Loans</b>							
<b>Assessment Area: 2015 Chicago-Naperville-Arlington Heights, IL MD 16974</b>							
Tract Income Levels	Bank & Aggregate Lending Comparison						Total Businesses %
	2015			Dollar			
	Count		Agg	Bank		Agg	
	#	%	%	\$ (000s)	\$ %	\$ %	
Small Business	Low	0	0.0	0.0	0	0.0	0.0
	Moderate	55	18.9	19.1	3,019	8.1	15.8
	Middle	60	20.6	40.2	9,359	25.3	38.3
	Upper	176	60.5	40.6	24,680	66.6	46.0
	Unknown	0	0.0	0.0	0	0.0	0.0
	Tr Unknown			0.0		0.0	
	<b>Total</b>	<b>291</b>	<b>100.0</b>	<b>100.0</b>	<b>37,058</b>	<b>100.0</b>	<b>100.0</b>

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



<b>Borrower Distribution of HMDA Reportable Loans</b>								
<b>Assessment Area: 2015 Chicago-Naperville-Arlington Heights, IL MD 16974</b>								
Product Type	Borrower Income Levels	Bank & Aggregate Lending Comparison						Families by Family Income %
		2015			Dollar			
		Count		Agg %	Bank		Agg \$ %	
		#	%	%	\$(000s)	\$ %	\$ %	
Home Purchase	Low	3	9.4	7.0	230	1.2	2.9	17.0
	Moderate	6	18.8	19.9	917	5.0	12.0	16.4
	Middle	1	3.1	19.3	196	1.1	15.2	20.2
	Upper	21	65.6	35.9	16,845	91.4	53.8	46.4
	Unknown	1	3.1	17.8	240	1.3	16.0	0.0
	<b>Total</b>		<b>32</b>	<b>100.0</b>	<b>100.0</b>	<b>18,428</b>	<b>100.0</b>	<b>100.0</b>
Refinance	Low	0	0.0	4.4	0	0.0	1.7	17.0
	Moderate	1	7.1	12.0	57	0.9	6.2	16.4
	Middle	2	14.3	17.7	100	1.5	12.0	20.2
	Upper	10	71.4	46.8	6,387	96.1	62.6	46.4
	Unknown	1	7.1	19.1	100	1.5	17.4	0.0
	<b>Total</b>		<b>14</b>	<b>100.0</b>	<b>100.0</b>	<b>6,644</b>	<b>100.0</b>	<b>100.0</b>
Home Improvement	Low	0	0.0	6.5	0	0.0	2.0	17.0
	Moderate	0	0.0	14.1	0	0.0	5.6	16.4
	Middle	0	0.0	20.9	0	0.0	11.5	20.2
	Upper	4	100.0	52.7	2,158	100.0	73.8	46.4
	Unknown	0	0.0	5.8	0	0.0	7.1	0.0
	<b>Total</b>		<b>4</b>	<b>100.0</b>	<b>100.0</b>	<b>2,158</b>	<b>100.0</b>	<b>100.0</b>
Multi-Family	Low	0	0.0	0.0	0	0.0	0.0	17.0
	Moderate	0	0.0	0.0	0	0.0	0.0	16.4
	Middle	0	0.0	0.0	0	0.0	0.0	20.2
	Upper	0	0.0	0.0	0	0.0	0.0	46.4
	Unknown	6	100.0	100.0	2,807	100.0	100.0	0.0
	<b>Total</b>		<b>6</b>	<b>100.0</b>	<b>100.0</b>	<b>2,807</b>	<b>100.0</b>	<b>100.0</b>
HMDA Totals	Low	3	5.4	5.7	230	0.8	2.2	17.0
	Moderate	7	12.5	15.8	974	3.2	8.6	16.4
	Middle	3	5.4	18.4	296	1.0	13.1	20.2
	Upper	35	62.5	41.4	25,390	84.5	56.8	46.4
	Unknown	8	14.3	18.7	3,147	10.5	19.3	0.0
	<b>Total</b>		<b>56</b>	<b>100.0</b>	<b>100.0</b>	<b>30,037</b>	<b>100.0</b>	<b>100.0</b>
Originations & Purchases								
2015 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: Chicago-Naperville-Arlington Heights, IL 16974 MD									
Product Type		Bank & Aggregate Lending Comparison							
		2015							
		Count		Dollar			Total		
	Revenue	Bank	Agg	Bank	Agg		Total Businesses		
		#	%	\$ 000s	\$ %	\$ %			
Small Business	Revenue	\$1 Million or Less	188	64.6	42.2	12,074	32.6	21.6	86.9
		Over \$1 Million or Unknown	103	35.4	57.8	24,984	67.4	78.4	13.1
		<b>Total</b>	<b>291</b>	<b>100.0</b>	<b>100.0</b>	<b>37,058</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>
	Loan Size	\$100,000 or Less	211	72.5	91.0	4,898	13.2	26.3	
		\$100,001 - \$250,000	32	11.0	4.0	5,580	15.1	14.8	
		\$250,001 - \$1 Million	48	16.5	5.1	26,580	71.7	58.9	
		<b>Total</b>	<b>291</b>	<b>100.0</b>	<b>100.0</b>	<b>37,058</b>	<b>100.0</b>	<b>100.0</b>	
	Loan Size & Rev \$1 Mill or Less	\$100,000 or Less	160	85.1		3,000	24.8		
		\$100,001 - \$250,000	15	8.0		2,468	20.4		
		\$250,001 - \$1 Million	13	6.9		6,606	54.7		
		<b>Total</b>	<b>188</b>	<b>100.0</b>		<b>12,074</b>	<b>100.0</b>		

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

**APPENDIX C – Scope of Examination**

SCOPE OF EXAMINATION			
<b>TIME PERIOD REVIEWED</b>	Lending: January 1, 2015 to December 31, 2016 Community Development: August 24, 2015 to November 13, 2017		
<b>FINANCIAL INSTITUTION</b> Hinsdale Bank & Trust Company			<b>PRODUCTS REVIEWED</b> HMDA-Reportable Loans Small Business Loans Community Development Loans
<b>AFFILIATE(S)</b>	<b>AFFILIATE RELATIONSHIP</b>		<b>PRODUCTS REVIEWED</b>
Wintrust Mortgage	Mortgage Lending Affiliate		HMDA-Reportable Loans
IDENTIFICATION OF ASSESSMENT AREAS			
<b>ASSESSMENT AREA</b>	<b>TYPE OF EXAMINATION</b>	<b>BRANCHES VISITED</b>	<b>OTHER INFORMATION</b>
Partial Cook County and partial DuPage County, Illinois also known as Chicago-Naperville-Arlington Heights Metropolitan District #16974	Full Review	None	None

## 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.

**Area Median Income (AMI):** AMI means –

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

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

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

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

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

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

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

**Combined Statistical Area (CSAs):** Adjacent metropolitan statistical areas/metropolitan divisions (MSA/MDs) and metropolitan 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 metropolitan statistical area designations; however, they do bind the larger area together and may be particularly useful for regional planning authorities and the private sector. Under Regulation BB, assessment areas may be presented under a Combined Statistical Area heading; however, all analysis is conducted on the basis of median income figures for MSA/MDs and the applicable state-wide non metropolitan median income figure.

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

1. Affordable housing, including for multi-family housing, for low- and moderate-income households;
2. Community services tailored to meet the needs of low- and moderate-income individuals;
3. Activities that promote economic development by financing businesses or farms that meet the size eligibility standards of the Small Business Administration's Development Company or Small Business Investment Company programs (13 CFR 121.301) or have gross annual revenues of \$1 million or less; or
4. Activities that revitalize or stabilize low- or moderate-income geographies.

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

- 1) Low- or moderate-income geographies;
- 2) Designated disaster areas; or
- 3) Distressed or underserved nonmetropolitan middle-income geographies designated by the Board, Federal Deposit Insurance Corporation and Office of the Comptroller of the Currency based on:
  - a. Rates of poverty, unemployment or population loss; or
  - b. Population size, density and dispersion. Activities that revitalize and stabilize geographies designated based on population size, density and dispersion if they help to meet essential community services including the needs of low- and moderate-income individuals.

5. Loans, investments, and services that –

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

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

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

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

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

**Consumer loan:** A loan(s) to one or more individuals for household, family, or other personal expenditures. A consumer loan does not include a home mortgage, small business, or small farm loan. This definition includes the following categories of loans: motor vehicle, credit card, home equity, other consumer secured loan, and other consumer unsecured loan.

**Family:** Includes a householder and one or more other persons living in the same household who are related to the householder by birth, marriage, or adoption. The number of family households always equals the number of families; however, a family household may also include non-relatives living with the family. Families are classified by type as either a married couple family or other family, which is further classified into "male householder" (a family with a male household and no wife present) or "female householder" (a family with a female householder and no husband present).

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

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

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

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

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

**Household:** Includes all persons occupying a housing unit. Persons not living in households are classified as living in group quarters. In 100 percent tabulations, the count of households always equals the count of occupied housing units.

**Income Level:** Income level means:

- 1) Low-income – an individual income that is less than 50 percent of the area median income, or a median family income that is less than 50 percent in the case of a census tract;
- 2) Moderate-income – an individual income that is at least 50 percent and less than 80 percent of the area median income, or a median family income that is at least 50 percent and less than 80 percent in the case of a census tract;
- 3) Middle-income – an individual income that is at least 80 percent and less than 120 percent of the area median income, or a median family income that is at least 80 percent and less than 120 percent in the case of a census tract; and
- 4) Upper-income – an individual income that is at least 120 percent of the area median income, or a median family income that is at least 120 percent in the case of a census tract.

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

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

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

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

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

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



**Median Family Income (MFI):** The median income determined by the U.S. Census Bureau every ten years and used to determine the income level category of geographies. Also, the median income determined by the Department of Housing and Urban Development (HUD) annually that is used to determine the income level category of individuals. For any given area, the median is the point at which half of the families have income above it and half below it.

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

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

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

**Other products:** Includes any unreported optional category of loans for which the institution collects and maintains data for consideration during a CRA examination. Examples of such activity include consumer loans and other loan data an institution may provide concerning its lending.

**Owner-occupied units:** Includes units occupied by the owner or co-owner, even if the unit has not been fully paid for or is mortgaged.

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

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

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

assets of at least \$307 million as of December 31 of both of the prior two calendar years and less than \$1.226 billion as of December 31 of either of the prior two calendar years.

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

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

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

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