

PUBLIC DISCLOSURE

November 7, 2016

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

State Bank of the Lakes
RSSD# 595430

440 Lake Street
Antioch, Illinois 60002

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

State Bank of the Lakes Overall CRA Rating: Outstanding

Performance Test Rating Table

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

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

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

Summary of Major Factors that Support the Rating

Lending Test:

- Lending levels reflect good responsiveness to assessment area credit needs.
- A substantial majority of loans are made in the bank's assessment area.
- The geographic distribution of loans reflects excellent penetration throughout the assessment area.
- The distribution of borrowers reflects, given the product lines offered, good penetration among customers of different income levels and businesses of different sizes.

- Exhibits an excellent record of serving the credit needs of low-income individuals and very small businesses.
- The bank makes a relatively high level of community development loans.
- The bank makes extensive use of innovative and/or flexible lending practices in serving assessment area credit needs.

Investment Test:

- Activities demonstrate a significant level of qualified community development investments and grants, particularly those not routinely provided by private investors, and occasionally in a leadership position.
- The bank makes occasional use of innovative and/or complex investments to support community development initiatives.
- Investments exhibit good responsiveness to credit and community development needs.

Service Test:

- Delivery systems are readily accessible to the bank's geographies and to individuals of different income levels in the assessment area.
- The bank's record of opening branches has improved the accessibility of its delivery systems, particularly to low- and moderate-income (LMI) geographies and individuals.
- Services do not vary in a way that inconveniences its assessment area, low- and moderate geographies and/or low- and moderate income individuals.
- The bank provides a relatively high level of community development services.

STATE BANK OF THE LAKES

DESCRIPTION OF INSTITUTION

State Bank of the Lakes (SBOTL), headquartered in Antioch, Illinois, is a subsidiary of Wintrust Financial Corporation (WTFC) with total assets of \$1.0 billion as of June 30, 2016. WTFC is a publicly traded financial holding company headquartered in Rosemont, Illinois with assets of \$24.4 billion as of June 30, 2016. WTFC controls nine Illinois-charter state member banks, one Wisconsin-chartered state member bank, and five nationally-chartered banks in Illinois. An affiliate, Wintrust Mortgage Company, originates home mortgage loans throughout the assessment area on behalf of State Bank of the Lakes.

The bank's main office is located in Antioch, Illinois. In addition to the main office, operations are conducted through eight bank branches, all with full-service automated teller machines (ATMs). The offices are located in Lake and McHenry Counties in Illinois and Kenosha and Walworth Counties in Wisconsin. The bank also operates one cash-only dispensing ATM in Lake County. The bank's services and products are also accessible via telephone, its website, and mobile banking.

The bank offers a wide variety of non-complex deposit and loan products, as well as standard banking services to meet the needs of its communities. Deposit products include checking, savings, money market, NOW accounts, and certificates of deposit. Loan products include consumer secured and unsecured loans and lines of credit; and real estate secured loans including those for home equity, home purchase, commercial, or construction purposes. Beyond these, State Bank of the Lakes offers a variety of flexible loan and deposit products for both consumers and businesses.

According to the June 30, 2016 Uniform Bank Performance Report (UBPR), State Bank of the Lakes is primarily a commercial lender with 60.8 percent by dollar volume of its loan portfolio concentrated in commercial-related lending. Consumer loans represent 30.7 percent of the loan portfolio by dollar volume.

Composition of Loan Portfolio as of June 30, 2016 (000's)			
Category	Type	\$	%
Real Estate Secured	Residential Real Estate	63,459	8.3
Agricultural	Agricultural	560	0.1
Commercial	Commercial and Industrial	466,312	60.8
Consumer	Loans to Individuals	235,887	30.7
Other	All Other Loans	1,221	0.2
	Total	767,439	100.0

Note: Percentages may not total 100.0 percent due to rounding

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

At its previous evaluation, conducted on July 23, 2012, the bank was rated Satisfactory under the CRA.

SCOPE OF THE EXAMINATION

State Bank of the Lake's performance was evaluated using the Federal Financial Institutions Examination Council's 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. Performance is evaluated within the context of information about the institution including asset size, financial condition, and competitive factors. The economic and demographic characteristics of its assessment areas are also considered.

The bank delineates two assessment areas. The Chicago-Naperville-Elgin IL-IN-WI Metropolitan Statistical Area (MSA) 16980 (Chicago MSA) assessment area includes 23 census tracts in the Chicago-Naperville-Arlington Heights IL MD 16974 (Chicago MD) and the entire Lake County – Kenosha County IL-WI MD 29404 (Lake County MD). The second assessment area consists of one census tract located in a non-MSA area in Walworth County, Wisconsin. Full scope evaluations were completed for each assessment area.

The lending analysis was based on 2014 and 2015 HMDA- and CRA- reportable loans, including home purchase, refinancing, home improvement, and multifamily, and small business loans, in addition to loans to small businesses. The bank's lending performance was compared to the aggregate of all other lenders within the assessment areas for 2014 and 2015. 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 performed through Wintrust Mortgage, a Wintrust Financial Corporation affiliate. Appendix C includes a summary of the scope of the evaluation, and Appendix D provides a glossary of key terms used in the evaluation.

Performance within all assessment areas was evaluated using the following performance standards:

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

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

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

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

Community Development Lending - The number and dollar volume, innovativeness and complexity of community development loans originated from July 24, 2012 through November 7, 2016, were reviewed.

Investments - Qualified investments, grants and donations made from July 24, 2012 through November 7, 2016, were reviewed to determine the bank's responsiveness to community development investment needs. Qualified investments were also evaluated to determine the bank's use of innovative or complex investments.

Services - The distribution of the bank's branch offices, banking services, hours of operation, availability of loan and deposit products, and the extent and innovativeness of community development services were reviewed. The review focused on activity conducted from July 24, 2012 through November 7, 2016.

Interviews were conducted with four community representatives to further understand community credit needs. Individuals contacted represent organizations focused on affordable housing, community services, and knowledge of the small business needs in the assessment area. Refer to the individual assessment area performance context sections for information received from community contacts.

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA

LENDING TEST

State Bank of the Lakes' performance relative to the Lending Test is rated Outstanding based on the bank's record of lending to businesses of different sizes throughout the combined assessment area and its responsiveness to the credit needs of small businesses. The bank's HMDA-reportable lending was also considered; however, the bank's volume of mortgage lending was limited as the

majority of mortgage loan applications are referred to the Wintrust Mortgage affiliate. Furthermore, the bank focused on small business lending during the review period.

Level of Lending Activity

Lending levels in the assessment area reflect good responsiveness to credit needs, taking into account the number and amount of HMDA- and CRA-reportable small business originations.

During the current evaluation period, the bank's small business lending by number increased by 128.6 percent, while HMDA-reportable originations decreased by 86.6 percent from the previous two-year evaluation period. The decrease in HMDA-reportable originations is attributable to Wintrust Mortgage assuming the primary responsibility of mortgage originations within the bank holding company. Cumulatively, the bank loan originations decreased 21.4 percent by number and 37.8 percent by dollar from the previous evaluation period. The following table presents the bank's lending activity during the review period.

Summary of Lending Activity				
	#	%	\$ (000s)	%
Home Improvement	15	1.5	370	0.0
Home Purchase	46	4.6	7,386	0.0
Multi-Family Housing	16	1.6	6,118	0.0
Refinancing	41	4.1	4,919	0.0
Total HMDA-reportable	118	11.8	18,793	15.9
Small Business	878	88.2	99,709	0.0
Total Small Business	878	88.2	99,709	84.1
TOTAL LOANS	996	100.0	118,502	100.0

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

Assessment Area Concentration

The bank made a substantial majority of its loans in the assessment area. A total of 90.8 percent by number and 82.4 percent by dollar were originated within the two assessment areas. In comparison to each product, the percentages of small business loans and HMDA-reportable loans displayed little variance in both number and dollar.

Lending Inside and Outside the Assessment Area

LOAN TYPES	Inside				Outside			
	#	%	\$ (000s)	%	#	%	\$ (000s)	%
Home Improvement	15	100.0	370	100.0	0	0.0	0	0.0
Home Purchase-Conventional	41	89.1	5,556	75.2	5	10.9	1,830	24.8
Multi-Family Housing	12	75.0	5,220	85.3	4	25.0	898	14.7
Refinancing	39	95.1	4,617	93.9	2	4.9	302	6.1
Total HMDA related	107	90.7	15,763	83.9	11	9.3	3,030	16.1
Small Business	797	91.0	81,038	82.2	79	9.0	17,605	17.8
Total Small Business Related	797	91.0	81,038	82.2	79	9.0	17,605	17.8
Total Loans	904	90.8	97,401	82.4	90	9.2	20,751	17.6

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

Geographic and Borrower Distribution

State Bank of the Lakes' geographic distribution of loans reflects excellent penetration throughout the assessment area. The bank equaled or outperformed the aggregate of lenders in 2014 and 2015 with respect to both HMDA-reportable and CRA-reportable loans in the Chicago MSA assessment area. The bank had lending activity in 116 of the 209 designated census tracts in the Chicago MSA assessment area, or 55.5 percent. The bank made loans in the sole census tract, a middle-income tract, comprising the Walworth County, Wisconsin non-MSA assessment area in both 2014 and 2015.

The distribution of borrowers reflects, given the product lines offered, good penetration among customers of different income levels and businesses of different sizes. In the Chicago MSA assessment area, the bank's performance in HMDA-reportable lending by percentage exceeded aggregate lenders in extending loans to low-income borrowers in 2014 and 2015; however, the percentages were below those of families by family income in both the low-and moderate income demographics. The bank also exceeded aggregate lenders in making loans to small businesses with revenues \$1 million or less; however, the bank's performance was below the percentage of small businesses located in the assessment area. The bank did not extend HMDA-reportable financing to low- or moderate income borrowers in the Wisconsin non-MSA assessment area; however, all of the bank's small business loans in the assessment area were made to small businesses with revenues of \$1 million or less.

State Bank of the Lakes made extensive use of innovative and flexible lending practices in serving the needs of the assessment areas. The programs include:

- Every Day Small Dollar Loan – An unsecured, smaller dollar loan product with no fees and a maximum amount of \$2,500. It is designed as an alternative to “payday lender” type loans to meet the small dollar or emergency needs of consumers.
- Money Smart Certificate of Deposit (CD) Secured Loans – Designed to assist customers in building or establishing credit whereby the loan proceeds fund a CD and loan repayment builds a positive pay history for the consumer.
- Portfolio Mortgage Loans - Fixed rate loans up to 30 years for qualified borrowers who meet income eligibility limits within the assessment area. The product has a maximum combined loan to value of 105 percent.
- Small Business Overdraft Protection - Offers eligible micro businesses overdraft protection up to \$10,000 when incurring short- term cash flow constraints.
- Small Business Easy Access Line of Credit – Offers micro businesses short term cash to support the growth of inventory and accounts receivable and otherwise smooth out timing differences between sales cash collection and expense payments.
- Easy Access Installment Loan- Provides eligible micro businesses financing for acquisition of fixed assets, including equipment and vehicles, and debt refinance, including to term out existing lines of credit balances or business credit cards, used in the normal course of the company’s operations.

In addition, the bank offers loans through the Small Business Administration (SBA) 504, 7A, and Express programs, as well as participates in the City of Kenosha Tax Increment District (TID Loans) HELP Loan Programs.

The following table provides information regarding the number of loans the bank made through innovative and flexible loan programs in 2014 and 2015.

Innovative and Flexible Lending						
Product	Census Tracts					
	Low	Moderate	Middle	Upper	Total	\$(000)
Consumer						
Everyday Loan	3	20	44	7	74	136.0
Money Smart Certificate of Deposit	4	2	7	1	14	12.5
Total Consumer	7	22	51	8	88	148
Percentage of Originations	7.9	25.0	58.0	9.1	100.0	N/A
Small Business						
Easy Access Line of Credit	1	6	22	8	37	775
Easy Access Overdraft	0	26	54	22	102	239
Total Small Business	1	32	76	30	139	1,014
Percentage of Originations	0.7	23.0	54.7	21.6	100.0	N/A

During the same time period, the bank originated four Small Business Express loans for \$785,000, five Small Business 7A loans for \$5,045,500, and three Small Business 504 loans for \$1,549,441.

Community Development Lending

State Bank of the Lakes made a relatively high level of community development loans. During the review period, the bank originated 16 community development loans totaling \$27.3 million during the 51-month evaluation period. This was an overall increase by dollar of 21.5 percent over the previous 24-month evaluation period, when adjusting for the length of the different review periods. The bank also made a substantial number of community development loans, \$8.2 million by dollar, outside of the bank's combined assessment area that benefited both the overall Chicago MSA and Walworth County. Additional information with respect to the bank's community development lending activities is found in the full review of each assessment area.

Qualified Community Development Loans											
July 24, 2012-November 7, 2016											
Assessment Area	Affordable Housing		Economic Development		Revitalization and Stabilization		Community Services		Total		
	#	\$ (000s)	#	\$ (000s)	#	\$ (000s)	#	\$ (000s)	#	\$ (000s)	% of Total \$
Chicago-Naperville-Elgin IL-IN-WI MSA 16980	6	17,322	3	1,500	0	0	0	0	8	18,822	68.7
Walworth County-non-MSA	1	365	0	0	0	0	0	0	1	365	1.3
Outside the MSA 16980 Assessment Area	1	237	5	7,915	0	0	0	0	6	8,152	30.0
Total	8	17,924	8	9,415	0	0	0	0	16	27,339	100.0

INVESTMENT TEST

State Bank of the Lakes' performance relative to the Investment Test is rated High Satisfactory based on a significant level of community development investments and grants, particularly those not routinely provided by private investors, and occasionally in a leadership position. Through investment activity, the bank funded school district bonds in municipalities with substantial low- and moderate-income populations as well as affordable housing initiatives which benefited the Chicago MSA assessment area. The bank also displayed good responsiveness to credit and community development needs. The bank held a combination of 26 prior and current investments and/or capital calls totaling \$6.3 million, all of which were in the Chicago MSA assessment area. The bank also held two unfunded commitments outstanding for \$444,000, bringing the total community development investment amount to \$6.8 million. The investments represent a 54.0 percent increase, in dollars, over the previous evaluation period. In addition the bank also made 55 qualified community development grants and donations for \$293,068, which represented a 127.9 percent increase over the previous evaluation period.

Qualified Investments by Type									
July 24, 2012-November 7, 2016									
	Prior Period Investments		Current Period Investments		Total Investments			Unfunded Commitments	
	#	\$ (000s)	#	\$ (000s)	#	\$ (000s)	% of Total	#	\$ (000s)
Affordable Housing	2	1,402	2	300	4	1,702	26.9	0	0
Economic Development	1	46	13	1,010	14	1,056	16.7	2	444
Revitalization and Stabilization	3	402	3	2,099	6	2,501	39.5	0	0
Community Services	0	0	2	1,080	2	1,080	17.0	0	0
Total	6	1,850	20	4,489	26	6,339	100.0	2	444

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

SERVICE TEST

State Bank of the Lakes' 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, and its record of opening and closing branches has improved the accessibility of its delivery systems, particularly to low- and moderate-income geographies. The bank's services do not vary in a way that inconveniences its assessment area, particularly low- and moderate income geographies. The bank is a leader in providing community development services.

Retail Services

State Bank of the Lakes opened two new branch offices and acquired two others through the purchase of previous Talmer Bank branches, both of which are located in Kenosha County, Wisconsin. The Talmer Bank branch acquisitions occurred in August of 2014, and de novo bank branch openings took place in November of 2014 in Round Lake, Illinois and June of 2015 in Kenosha, Wisconsin. The Round Lake facility is located in a moderate-income census tract while the other three locations are in middle-income census tracts. Each of the additional locations included a full service drive-up ATM. The bank also added a free standing cash dispensing ATM in a moderate-income census tract in Zion, Illinois.

Beyond the bank's presence in moderate-income census tracts, other branches are near 25 additional low- or moderate-income census tracts in the assessment area. Moreover, three additional branches are on or near bus routes, so those who rely on public transit may more easily access in-person banking.

Bank customers also have access to the entire network of Wintrust ATMs. ATM services are provided through the Allpoint and MoneyPass networks, allowing customers access to a network of surcharge free ATMs. Allpoint has over 55,000 ATMs including locations in major retail establishments, complimented by MoneyPass which has over 24,000 ATMs.

Office lobby hours are generally 8:30 a.m. to 5:00 p.m. Monday through Thursday, 8:30 a.m. to 6:00 p.m. on Friday, and 9:00 a.m. to 1:00 p.m. on Saturday. Extended hours are available through drive-up facilities. In addition, customers can access bank services without cost through phone, internet, and the bank's web site, as well as through its affiliates' surcharge free automated teller machines (ATMs). Bank and affiliate mortgage company officers are available to meet with customers at their place of business or by appointment at their local branch for consumer, residential real estate, and small business loan applications and originations.

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

DISTRIBUTION OF BRANCHES AND ATMS IN THE ASSESSMENT AREA (2010 CENSUS)						
TRACT INCOME LEVEL	NUMBER OF BRANCHES	PERCENTAGE OF BRANCHES	NUMBER OF ATMS	PERCENTAGE OF ATMS	PERCENTAGE OF TOTAL FAMILIES	PERCENTAGE OF BUSINESSES
Low-Income	0	0.0	0	0.0	4.9	3.1
Moderate-Income	1	11.1	2	14.3	18.1	12.3
Middle-Income	6	66.7	8	57.1	42.2	39.0
Upper-Income	2	22.2	4	28.6	34.8	45.6
Total	9	100.0	14	100.0	100.0	100.0

Community Development Services

The bank is a leader in providing community development services. Bank officers and employees were involved in 49 activities which provided 8,439 hours of qualified community development services during the evaluation period. Of the total hours, 5,814, or 68.9 percent, were devoted to mentoring low-and moderate-income students from Cristo Rey St. Martin, a college preparatory high school, in a work study program. All community development services were in the Chicago MSA assessment area with one service overlapping into the Walworth County non-MSA assessment area.

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.

Chicago-Naperville-Elgin IL-IN-WI Multistate Metropolitan Statistical Area (MSA) 16980

CRA RATING FOR: Chicago-Naperville-Elgin IL-IN-WI MSA 16980

The Lending Test is rated: Outstanding

The Investment Test is rated: High Satisfactory

The Service Test is rated: Outstanding

Major factors supporting the bank's multistate Metropolitan Statistical Area (MSA) rating include excellent penetration of HMDA- and CRA-reportable loans throughout the assessment area, including low- and moderate-income geographies and good penetration of HMDA-reportable loans to borrowers of different income levels and businesses of different sizes. The bank exhibits an excellent record of serving the credit needs of very small businesses. State Bank of the Lakes makes an adequate level of community development loans and makes extensive use of innovative and/or flexible lending practices. The bank makes a significant level of community development investments and is also a leader in providing community development services. Its delivery systems are readily accessible to the bank's geographies and individuals of different income levels in its assessment area.

SCOPE OF EXAMINATION

The scope of the examination is consistent with that which was described in the overall section of this report.

DESCRIPTION OF INSTITUTION'S OPERATIONS IN CHICAGO-NAPERVILLE-ELGIN METROPOLITAN STATISTICAL AREA 16980

State Bank of the Lakes operates its main office, seven branch offices, and 13 ATMs in the assessment area, which accounted for 88.9 percent of all bank offices and 92.9 percent of all ATMs. Since the prior evaluation, the bank opened two new bank branches with full service ATMs including one in a moderate-income census tract. The bank also acquired two bank branches with full service ATMs, as well as established one stand-alone cash-dispensing ATM in a moderate-income census tract. The following table details the bank's main office and branch offices and ATMs within the assessment area:

DISTRIBUTION OF BRANCHES AND ATMS IN THE ASSESSMENT AREA (2010 CENSUS)						
TRACT INCOME LEVEL	NUMBER OF BRANCHES	PERCENTAGE OF BRANCHES	NUMBER OF ATMS	PERCENTAGE OF ATMS	PERCENTAGE OF TOTAL FAMILIES	PERCENTAGE OF BUSINESSES
Low-Income	0	0.0	0	0.0	5.0	3.1
Moderate-Income	1	12.5	2	15.4	18.2	12.3
Middle-Income	5	62.5	7	53.8	41.9	38.8
Upper-Income	2	25.0	4	30.8	35.0	45.8
Total	8	100.0	13	100.0	100.0	100.0

The assessment area consists of Lake County, Illinois and Kenosha County, Wisconsin in their entirety and part of in McHenry County, Illinois. McHenry County is part of the Chicago MD. Lake and Kenosha Counties make up the entire Lake MD. The assessment area's 211 census tracts are an increase of 79 census tracts or 59.9 percent from the previous evaluation. Within the assessment area, 17 census tracts (8.1 percent) are designated as low-income, 40 census tracts (19.0 percent) are designated as moderate-income, 80 census tracts (37.9 percent) are designated as middle-income, and 72 tracts (34.1 percent) are upper-income. There are an additional two undesignated census tracts, which primarily consist of the Great Lakes Naval Station and Rosalind Franklin University.

According to the Federal Deposit Insurance Corporation (FDIC) Deposit Market Share Report, dated June 30, 2016, State Bank of the Lakes ranked 49th out of 208 FDIC-insured institutions operating in Chicago-Naperville-Elgin IL-IN-WI-MSA 16980 with a market share of 0.2 percent. The top five financial institutions in the MSA are JPMorgan Chase Bank with 21.7 percent, BMO Harris Bank with 13.5 percent, Bank of America with 10.6 percent, The Northern Trust Company with 7.5 percent, and PNC Bank with 3.4 percent of the market's deposits.

In 2014, the bank ranked 78th by number in HMDA-reportable lending and 86th by number in 2015 in the Chicago MSA. In 2014 and 2015, the bank ranked 12th by number in loans to small businesses. In each year, the bank also ranked ninth by number in small business loans to small businesses.

The following table presents selected key demographics for the bank's Chicago-Naperville-Elgin IL-IN-WI MSA 16980 assessment area.

Assessment Area: 2015 Chicago-Naperville-Elgin IL-IN-WI MSA 16980								
Income Categories	Tract Distribution		Families by Tract Income		Families < Poverty Level as % of Families by Tract		Families by Family Income	
	#	%	#	%	#	%	#	%
Low-income	17	8.1	12,694	5.0	2,910	22.9	50,510	19.7
Moderate-income	40	19.0	46,501	18.2	4,492	9.7	44,466	17.4
Middle-income	80	37.9	107,249	41.9	4,722	4.4	55,725	21.8
Upper-income	72	34.1	89,544	35.0	2,022	2.3	105,298	41.1
Unknown-income	2	0.9	11	0.0	0	0.0	0	0.0
Total Assessment Area	211	100.0	255,999	100.0	14,146	5.5	255,999	100.0
	Housing Units by Tract	Housing Types by Tract						
		Owner-Occupied		Rental		Vacant		
		#	%	%	#	%	#	%
Low-income	23,002	8,770	3.3	38.1	11,184	48.6	3,048	13.3
Moderate-income	74,055	42,503	15.8	57.4	25,229	34.1	6,323	8.5
Middle-income	162,846	117,820	43.7	72.4	32,433	19.9	12,593	7.7
Upper-income	119,231	100,454	37.3	84.3	12,120	10.2	6,657	5.6
Unknown-income	11	0	0.0	0.0	11	100.0	0	0.0
Total Assessment Area	379,145	269,547	100.0	71.1	80,977	21.4	28,621	7.5
	Total Businesses Tract	Businesses by Tract & Revenue Size						
		Less Than or = \$1 Million		Over \$1 Million		Revenue Not Reported		
		#	%	#	%	#	%	#
Low-income	1,474	3.1	1,366	3.2	96	2.4	12	5.6
Moderate-income	5,797	12.3	5,318	12.4	451	11.3	28	13.1
Middle-income	18,236	38.8	16,622	38.8	1,526	38.2	88	41.3
Upper-income	21,520	45.8	19,514	45.6	1,921	48.1	85	39.9
Unknown-income	3	0.0	2	0.0	1	0.0	0	0.0
Total Assessment Area	47,030	100.0	42,822	100.0	3,995	100.0	213	100.0
Percentage of Total Businesses:			91.1		8.5		0.5	
	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	22	4.4	21	4.3	1	6.3	0	0.0
Middle-income	284	56.7	276	56.9	8	50.0	0	0.0
Upper-income	195	38.9	188	38.8	7	43.8	0	0.0
Unknown-income	0	0.0	0	0.0	0	0.0	0	0.0
Total Assessment Area	501	100.0	485	100.0	16	100.0	0	0.0
Percentage of Total Farms:			96.8		3.2		0.0	
2015 FFIEC Census Data & 2015 Dun & Bradstreet information according to 2010 ACS								
Note: Percentages may not add to 100.0 percent due to rounding								

Population Characteristics

The populations in the two counties in the Lake County-Kenosha County IL-WI MD increased at a more rapid rate than those in the Chicago-Naperville-Arlington Heights IL MD. The three counties each grew at a faster rate than either the state of Illinois or Wisconsin. According to Moody's Analytics, the Chicago MD has seen a slower growth rate than the Lake County MD as fiscal challenges and manufacturing job losses in the Chicago metro area have motivated residents to migrate out of the area. Kenosha County had a net migration of 17,200 persons from the three Illinois counties of Cook, Lake, and McHenry, while an increase in retirees contributed to the population gains of Lake County. McHenry's expanding economy, between 2000 and 2007, which witnessed a 20.0 percent growth in the number of businesses, contributed to its population growth during the subsequent 10-year period.

The addition of 79 census tracts into the assessment area, since the previous evaluation, did not greatly impact the percentage of low-or moderate-income census tracts or the percentage of families in those census tracts. Low and moderate-income census tracts in the assessment area decreased by 0.9 percent from 28.0 percent to 27.1 percent. Families living in such tracts decreased by 1.7 percent from 24.9 percent to 23.2 percent. Families below the poverty level in low- and moderate-income census tracts also decreased from 34.2 percent to 32.6 percent.

Population Characteristics			
Area	2000 Population	2010 Population	Percentage Change
Kenosha County WI	149,577	166,426	11.3
Lake County, IL	644,356	703,462	9.2
McHenry County, IL	260,077	308,760	18.7
Lake County-Kenosha County IL-WI MD	793,933	869,888	9.6
Chicago-Naperville-Arlington Heights IL MD	7,135,324	7,262,718	1.8
State of Illinois	12,419,293	12,830,632	3.3
State of Wisconsin	5,363,675	5,686,986	6.0

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

Income Characteristics

Increases in median family income in the assessment area were comparable in both the Lake County-Kenosha County IL-WI MD and the Chicago-Naperville-Arlington Heights IL MD. The percentage of change was also comparable to the increase in both Illinois and Wisconsin. In all instances, incomes failed to keep pace with increase in the consumer price of goods and services over the decade from 2001 to 2010; for each location reviewed, the percentage of change in income was below that of the United States inflation rate of 25.2 percent for the period of January 2001

through December 2010 when compared to the Consumer Price Index (CPI).

Lake County displays the highest median income of the three counties and exceeds the state of Illinois by 34.4 percent and the state of Wisconsin by 41.4 percent. Kenosha County median family income levels are comparable to both Illinois and Wisconsin. As a percentage of the county's population, McHenry County, at 27.8 percent, has the lowest percentage with respect to low-and moderate income families living in the county. Kenosha County, at 51.1 percent, has the highest percentage of such households with 29.8 percent being low income.

Median Family Income Characteristics			
Area	2000 Median Family Income (In 1999 Dollars)	2006-2010 Median Family Income (In 2010 Dollars)	Percentage Change
Kenosha County WI	56,525	67,311	19.1
Lake County, IL	76,424	91,693	20.0
McHenry County, IL	71,553	86,698	21.2
Lake County-Kenosha County IL-WI MD	71,293	86,241	21.0
Chicago-Naperville-Arlington Heights IL MD	60,166	72,196	20.0
State of Illinois	55,545	68,236	22.8
State of Wisconsin	52,911	64,869	22.6

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

Housing Characteristics

As presented in the Assessment Area demographics table, a majority of housing units in the Chicago MSA assessment area are concentrated in middle- and upper-income census tracts, where 81.0 percent of owner-occupied housing units are located. This is consistent with the 76.9 percent of families located in these tracts. As such, the greatest opportunity for mortgage lending is in these tracts. However, opportunities for mortgage lending exist in the moderate-income census tracts in the Lake County – Kenosha County MD portion of the assessment area, where 21.1 percent of families in that MD reside. Further, community representatives indicated that affordable housing is a need in the assessment area.

As defined in the Glossary in Appendix D, a common method of measuring housing affordability is through the affordability ratio. A higher ratio indicates more affordable housing. Illinois has an affordability rate of .28 indicating housing is less affordable in the state when compared to the affordability ratio of Wisconsin. McHenry County at .31 and Kenosha County at .30 appear to be more affordable than Lake County which has an affordability ratio of .27.

Housing Characteristics				
Area	2000 Median Housing Value	2006-2010 Median Housing Value	2000 Median Gross Rent	2006-2010 Median Gross Rent
Kenosha County WI	118,200	182,400	589	787
Lake County, Il	191,600	287,300	742	963
McHenry County, Il	167,400	249,700	761	998
Lake County-Kenosha County IL-WI MD	171,126	256,403	694	909
Chicago-Naperville-Arlington Heights IL-MD	159,773	267,990	665	914
State of Illinois	127,800	202,500	605	834
State of Wisconsin	109,900	169,000	540	713

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

Employment Conditions

Both the assessment area and the states of Illinois and Wisconsin have shown steady improvement with regard to overall unemployment rates. Wisconsin improved its ranking in 2014 to 18th among all the states from 20th in 2011. Illinois, though showing improvement by percentages actually dropped in its ranking among the states from 41st to 44th. Kenosha County ranked approximately in the middle of Wisconsin’s 72 counties in 2014 as 36 counties in the state had lower unemployment rates. Lake County, Illinois contains three of the top seven cities with the highest unemployment rate in the state with Round Lake Beach (10.9 percent), North Chicago (10.0 percent), and Waukegan (9.6 percent).

Recent Unemployment Rates				
Area	2011	2012	2013	2014
Kenosha County WI	9.0	8.2	7.9	6.1
Lake County, Il	9.4	8.7	8.7	6.5
McHenry County, Il	9.4	8.4	8.3	6.4
Lake County-Kenosha County IL-WI MD	9.4	8.6	8.5	6.4
Chicago-Naperville-Arlington Heights IL-MD	10.0	8.9	9.2	7.1
State of Illinois	9.8	8.9	9.2	7.1
State of Wisconsin	7.5	6.9	6.7	5.5

Source: Bureau of Labor Statistics

Health related industries are the largest employers within the assessment area with six of the top ten organizations involved in providing medical services. All of the following listed organizations are located in Illinois.

Largest Employers in the Assessment Area			
Company	Number of Employees	Industry	MD
Shire	17,000	Physicians and Surgeons Equip. & Supply	29404
Abbot Laboratories	12,000	Drug Manufacturers	29404
Walgreens Boots Alliance Inc.	6,100	Pharmacies	29404
Medline Industries Inc.	5,000	Physicians and Surgeons Equip. & Supply	29404
Centegra Physician Care-OB/Gyn	3,500	Physicians and Surgeons	16974
Community Unit School District 300	3,000	Schools	16974
Six Flags	3,000	Amusement and Theme Parks	29404
North Chicago Cusd	3,000	School Districts	29404
W W Grainger Inc.	2,200	Industrial Equipment & Supplies Inc.	29404
US Veterans Medical Center	2,000	Hospitals	29404
<i>Source: Info USA</i>			

Community Representatives

Three community representatives with a focus on affordable housing, and economic and community development were contacted to help determine banking and credit needs in the assessment area. They indicated there has been a growing immigrant population many of whom are unfamiliar with banking services as well as zoning laws and regulations, indicating a need for educational programs for those that want to start their own business. Representatives in both Kenosha and Lake Counties identified needs for rehabilitation of older homes to provide for affordable housing in local communities.

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS IN CHICAGO-NAPERVILLE-ELGIN IL-IN-WI MSA 16980

LENDING TEST

State Bank of the Lakes' performance relative to the Lending Test in the Chicago-Naperville-Elgin IL-IN-WI MSA 16980 is rated Outstanding based on a substantial majority of the loans being made in the assessment area, excellent loan penetration throughout the assessment area, excellent responsiveness to the credit needs of low-income individuals and those of very small businesses, as well as an availability of flexible lending programs. Greater emphasis was placed on the bank's record of small business lending, as the majority of the bank's loans were made to small businesses during the evaluation period.

Geographic Distribution of Loans

State Bank of the Lakes' geographic distribution of loans reflects excellent penetration throughout the assessment area. The bank's performance is primarily driven by small business lending..

By percentage of HMDA-reportable loans, the bank's performance was above aggregate lenders in lending in low-and moderate-income census tracts in both 2014 and 2015. The bank's performance

was also above aggregate lenders for small business loans in 2014 in low- and moderate-income census tracts. In 2015, it was equal to aggregate with respect to low-income census tracts and above aggregate for moderate-income census tracts.

The bank made loans in 55.5 percent of all designated census tracts in the assessment area. Overall, the bank extended HMDA-reportable loans in 67 of the 209 designated census tracts or 32.1 percent. Small business loans were made in 106 of the 209 designated census tracts or 50.7 percent. During the evaluation period, the bank extended HMDA-reportable and small business loans in 10 of 17 low-income census tracts or 58.9 percent, and in 26 of 40 moderate income census tracts or 65.0 percent in the assessment area.

HMDA-Reportable Loans

State Bank of the Lakes' geographic distribution of HMDA-reportable loans reflects excellent penetration throughout the assessment area. Community representatives familiar with the housing market did not identify any unusual challenges or barriers to making home mortgage loans in low-and moderate-income communities in the assessment area. Low- and moderate-income areas generally have lower rates of home ownership than proximate middle- and upper-income communities; in this assessment area, 38.1 percent of the households in the low-income census tracts own their homes, and 57.4 percent of the households in the moderate-income census tracts own their homes. Housing-related opportunities are available in the low- and moderate-income communities.

Home Purchase Loans

In 2015, the bank originated three home purchase loans, or 12.5 percent of its home purchase loans, in low-income census tracts, exceeding the 2.1 percent by aggregate lenders and the 3.3 percent of owner-occupied units located in such census tracts. The bank originated seven home purchase loans, or 29.2 percent, in moderate-income census tracts, above the 13.3 percent by aggregate lenders and the 15.8 percent of owner-occupied units located in such census tracts. The bank originated 11 home purchase loans, or 45.8 percent, in middle-income tracts which was comparable to the 46.7 percent by aggregate lenders and above the 43.7 percent of owner-occupied units located in such census tracts. The bank originated three home purchase loans, or 12.5 percent, in upper-income census tracts, which was below the 37.9 percent of aggregate lenders and the 37.3 percent of owner-occupied units located in such census tracts.

In 2014, the bank originated three home purchase loans, or 17.6 percent, in low-income census tracts, which exceeded the 2.1 percent by aggregate lenders and the 3.3 percent of owner-occupied units located in such census tracts. The bank originated four home purchase loans, or 23.5 percent of its loans, in moderate-income census tracts, above the 13.1 percent by aggregate lenders and the 15.8 percent of owner-occupied units located in such census tracts. The bank originated five home purchase loans, or 29.4 percent, in middle-income census tracts, below the 45.8 percent by

aggregate lenders and the 43.7 percent of owner-occupied units located in such census tracts. The bank originated five home purchase loans, or 29.4 percent, in upper-income census tracts, below the 39.0 percent by aggregate lenders and the 37.3 percent of owner-occupied units located in such census tracts.

Refinance Loans

In 2015, the bank originated one refinance loan, or 6.3 percent of its refinance loans, in a low-income census tract, which exceeded the 1.7 percent by aggregate lenders and the 3.3 percent of owner-occupied units located in such census tracts. The bank originated three refinance loans, or 18.8 percent, in moderate-income census tracts, exceeding the 9.4 percent by aggregate lenders and the 15.8 percent of owner-occupied units located in such census tracts. The bank originated nine refinance loans, or 56.3 percent, in middle-income census tracts, which was above the 40.0 percent by aggregate lenders and the 43.7 percent of owner-occupied units located in such census tracts. The bank originated three refinance loans, or 18.8 percent, in upper-income census tracts, which was below the 48.9 percent by aggregate lenders and the 37.3 percent of owner-occupied units located in such census tracts.

In 2014, the bank originated five refinance loans, or 22.7 percent of its refinance loans, in low-income census tracts, which greatly exceeded the 2.2 percent by aggregate lenders and the 3.3 percent of owner-occupied units located in such census tracts. The bank originated six refinance loans, or 27.3 percent, in moderate-income census tracts, exceeding the 11.2 percent by aggregate lenders and the 15.8 percent of owner-occupied units located in such census tracts. The bank originated 10 refinance loans, or 45.5 percent, in middle-income census tracts, which was above the 42.0 percent by aggregate lenders and the 43.7 percent of owner-occupied units located in such census tracts. The bank originated one refinance loan, or 4.5 percent, in an upper-income census tract, which was below the 44.6 percent by aggregate lenders and the 37.3 percent of owner-occupied units located in such census tracts.

Home Improvement Loans

In 2015, the bank originated one home improvement loan, or 25.0 percent of its home improvement loans, in a low-income census tract, which exceeded the 3.2 percent by aggregate lenders and the 3.3 percent of owner-occupied units located in such census tracts. The bank originated three home improvement loans, or 75.0 percent, in middle-income census tracts, which was above the 43.4 percent by aggregate lenders and the 43.7 percent of owner-occupied units located in such census tracts. The bank did not originate any home improvement loans in moderate- or upper-income census tracts in 2015; whereas, the aggregate lenders originated 11.4 and 42.0 percent, respectively. Of the assessment area's owner-occupied units, 15.8 percent were in moderate-income census tracts, and 37.3 percent were in upper-income tracts.

In 2014, the bank originated one home improvement loan, or 9.1 percent of its home improvement loans, in a low-income census tract, which exceeded the 3.4 percent by aggregate lenders and the 3.3 percent of owner-occupied units located in such census tracts. The bank originated four home improvement loans, or 36.4 percent, in moderate-income census tracts, exceeding the 14.0 percent by aggregate lenders and the 15.8 percent of owner-occupied units located in such census tracts. The bank originated five home improvement loans, or 45.5 percent, in middle-income census tracts, which was comparable to the 46.0 percent by aggregate lenders and the 43.7 percent of owner-occupied units located in such census tracts. The bank originated one home improvement loan, or 9.1 percent of its loans, in an upper-income census tract, which was below the 36.5 percent by aggregate lenders and the 37.3 percent of owner-occupied units located in such census tracts.

Multi-Family Loans

In 2015, the bank originated one multi-family loan, or 20.0 percent of its multi-family loans, in a low-income census tract, which exceeded the 15.3 percent by aggregate lenders and the 10.1 percent of multi-family units located in such census tracts. The bank originated one multi-family loan, or 20.0 percent, in a moderate-income census tract, which was below the 40.8 percent by aggregate lenders and the 15.8 percent of multi-family units located in such census tracts. The bank originated nine multi-family loans, or 56.3 percent, in middle-income census tracts, which was above the 40.8 percent by aggregate lenders and the 43.5 percent of multi-family units located in such census tracts. The bank did not originate any multi-family loans in upper-income census tracts, below the 9.2 percent by aggregate lenders and the 17.1 percent of multi-family units located in such census tracts.

In 2014, the bank originated one multi-family loan, or 14.3 percent of its multi-family loans, in a low-income census tract, which was comparable to the 14.5 percent by aggregate lenders but above the 10.1 percent of multi-family units located in such census tracts. The bank originated two multi-family loans, or 28.6 percent, in moderate-income census tracts, below the 30.1 percent by aggregate lenders and the 29.3 percent of multi-family units located in such census tracts. The bank originated four multi-family loans, or 57.1 percent, in middle-income census tracts, which was above the 43.4 percent by aggregate lenders and the 43.5 percent of multi-family units located in such census tracts. The bank did not originate any multi-family loans in upper-income census tracts, which was below the 12.0 percent by aggregate lenders and the 17.1 percent of multi-family units located in such census tracts.

The following table includes the distribution of the bank's 2015 HMDA-reportable loans by geography. The 2014 table is included in Appendix B.

Geographic Distribution of HMDA Reportable Loans								
Assessment Area: 2015 Chicago-Naperville-Elgin IL-IN-WI MSA 16980								
Product Type	Tract Income Levels	Bank & Aggregate Lending Comparison						
		2015			Owner Occupied			
		Count		Agg	Dollar		Agg	% of Units
		Bank		Bank				
		#	%	%	\$ (000s)	\$ %	\$ %	
Home Purchase	Low	3	12.5	2.1	280	8.6	0.9	3.3
	Moderate	7	29.2	13.3	643	19.8	7.0	15.8
	Middle	11	45.8	46.7	1,609	49.6	37.8	43.7
	Upper	3	12.5	37.9	710	21.9	54.2	37.3
	Unknown	0	0.0	0.0	0	0.0	0.0	0.0
	Total		24	100.0	100.0	3,242	100.0	100.0
Refinance	Low	1	6.3	1.7	652	26.7	0.6	3.3
	Moderate	3	18.8	9.4	384	15.7	4.3	15.8
	Middle	9	56.3	40.0	1,115	45.6	30.3	43.7
	Upper	3	18.8	48.9	295	12.1	64.7	37.3
	Unknown	0	0.0	0.0	0	0.0	0.0	0.0
	Total		16	100.0	100.0	2,446	100.0	100.0
Home Improvement	Low	1	25.0	3.2	155	92.3	0.5	3.3
	Moderate	0	0.0	11.4	0	0.0	3.8	15.8
	Middle	3	75.0	43.4	13	7.7	25.6	43.7
	Upper	0	0.0	42.0	0	0.0	70.1	37.3
	Unknown	0	0.0	0.0	0	0.0	0.0	0.0
	Total		4	100.0	100.0	168	100.0	100.0
Multi-Family	Low	1	20.0	15.3	84	3.0	8.9	10.1
	Moderate	1	20.0	40.8	1,600	57.0	27.4	29.3
	Middle	3	60.0	34.7	1,123	40.0	51.5	43.5
	Upper	0	0.0	9.2	0	0.0	12.2	17.1
	Unknown	0	0.0	0.0	0	0.0	0.0	0.0
	Total		5	100.0	100.0	2,807	100.0	100.0
HMDA Totals	Low	6	12.2	2.0	1,171	13.5	1.0	3.3
	Moderate	11	22.4	11.5	2,627	30.3	6.0	15.8
	Middle	26	53.1	43.4	3,860	44.6	34.2	43.7
	Upper	6	12.2	43.2	1,005	11.6	58.8	37.3
	Unknown	0	0.0	0.0	0	0.0	0.0	0.0
	Total		49	100.0	100.0	8,663	100.0	100.0
Originations & Purchases								
2015 FFIEC Census Data								
<i>Note: Percentages may not add to 100.0 percent due to rounding</i>								

Small Business Loans

State Bank of the Lakes' geographic distribution of small business loans reflects excellent penetration throughout the assessment area. The bank re-focused its lending activities on small businesses in 2013 with the transfer of primary responsibility for consumer mortgage lending to the Wintust Mortgage Company. The bank's record of lending for 2014 and 2015 demonstrates the results of the strategy change. The bank reported significantly more loans to small businesses (878) than home mortgage loans (118) and increased its efforts to tailor products to, and serve, the smaller businesses in its assessment area. Specialty products, such as the Small Business Overdraft Protection Line and the Small Business Easy Access Line of Credit, were designed to make smaller origination amount, short-term credit available to small businesses on an as-needed basis. In addition, SBA loan products were made available to more seasoned businesses still in need of assistance before qualifying for traditional commercial credit. The results of reported activity follow.

In 2015, State Bank of the Lakes originated nine small business loans, or 2.2 percent of its small business loans, in low-income census tracts, equivalent to the performance of aggregate lenders who made 2.2 percent of their small business loans in such tracts. The bank's performance was below the demographic; 3.1 percent of assessment area businesses are located in low-income tracts. The bank originated 68 small business loans, or 16.9 percent of its small business loans, in moderate-income census tracts, which exceeded the 10.6 percent by aggregate of lenders and where 12.3 percent of assessment area businesses are located. The bank made 241 loans, or 24.2 percent of its small business loans, in middle-income census tracts, which exceeded the 38.3 percent by aggregate of lenders and the 38.8 percent of small businesses in such tracts. The bank made 85 loans, or 21.1 percent of its small business loans, in upper-income census tracts, which was below the 48.9 percent by the aggregate of lenders and where 45.8 percent of assessment area businesses are located.

In 2014, State Bank of the Lakes made 18 small business loans, or 4.6 percent of its small business loans, in low-income census tracts, which was above the 2.2 percent by aggregate lenders and where 3.3 percent of assessment area businesses are located. The bank made 69 loans, or 17.7 percent of its small business loans, in moderate-income census tracts, which exceeded the 10.1 percent by aggregate lenders and where 12.6 percent of assessment area businesses are located. The bank made 217 loans, or 55.8 percent of its small business loans, in middle-income census tracts, which was above the 37.5 percent by aggregate lenders and where 38.9 percent of assessment area businesses are located. The bank made 85 loans, or 21.9 percent of its small business loans, in upper-income census tracts, which was below the 50.1 percent by the aggregate lenders and where 45.3 percent of assessment area businesses are located.

The following table includes the distribution of the bank's 2015 CRA-reportable small business loans by geography. The 2014 table for 2014 is included in Appendix B.

Geographic Distribution of Small Business Loans								
Assessment Area: 2015 Chicago-Naperville-Elgin IL-IN-WI MSA 16980								
	Tract Income Levels	Bank & Aggregate Lending Comparison					Total Businesses	
		2015						
		Count		Agg	Dollar			%
		Bank		Agg	Bank	Agg		
		#	%	%	\$ (000s)	\$ %	\$ %	%
Small Business	Low	9	2.2	2.2	1,372	3.2	1.7	3.1
	Moderate	68	16.9	10.6	5,718	13.5	10.0	12.3
	Middle	241	59.8	38.3	25,786	61.0	38.7	38.8
	Upper	85	21.1	48.9	9,388	22.2	49.5	45.8
	Unknown	0	0.0	0.0	0	0.0	0.0	0.0
	Tr Unknown			0.0			0.0	
	Total	403	100.0	100.0	42,264	100.0	100.0	100.0
Originations & Purchases								
2015 FFIEC Census Data & 2015 Dun & Bradstreet information according to 2010 ACS								
<i>Note: Percentages may not add to 100.0 percent due to rounding</i>								

Lending to Borrowers of Different Income Levels and Lending 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 performance in lending to low-and moderate-income borrowers was consistent by percentage in 2014 and 2015 at 26.3 percent and 26.5 percent, respectively. In each year it was slightly above aggregate lender performance; however, it was below the percentage of families by family income. SBOTL's record of lending included higher percentages of borrowers with unknown income relative to the performance of the aggregated lenders in both 2014 and 2015. Loans to borrowers with unknown income were made across product lines; generally, this results when the loan has been made to a corporation or company such as a real estate investment firm and is not unusual for multi-family properties. The bank and the aggregate lenders made all multi-family loans to borrowers of unknown income in 2014 and 2015. Therefore, the bank's performance for multi-family loans was not considered in this portion of the Lending Test.

Greater weight was placed on the bank's small business lending performance, as the bank holding company subsidiary Wintrust Mortgage originates the majority of the bank's HMDA-reportable loans. The bank experienced significant growth in its small business lending in 2014 and 2015; it originated 797 loans, a 143 percent increase over the previous evaluation period. The bank's growth in business lending likely occurred due to a stronger local economy, as evidenced by decreasing unemployment numbers, as well as the expanded assessment area since the previous evaluation.

HMDA-Reportable Loans

State Bank of the Lakes' distribution of HMDA-reportable loans by borrower reflects, given the products offered, good penetration among borrowers of different income levels. The bank's performance exceeded aggregate in extending loans to low- and moderate-income borrowers in 2014 and 2015; however, the percentages were below those of families by family income in both the low-and moderate income demographics.

Home Purchase Loans

In 2015, State Bank of the Lakes originated three home purchase loans, or 12.5 percent of its home purchase loans, to low-income borrowers, which was above the 11.8 percent by aggregate lenders, but below the 19.7 percent of assessment area families who are low-income. The bank originated one home purchase loan, or 4.2 percent, to a moderate-income borrower, below the 18.9 percent by aggregate lenders and the 17.4 percent of assessment area families who are moderate-income. The bank originated one home purchase loan, or 4.2 percent, to a middle-income borrower, below the 18.5 percent by aggregate lenders and the 21.8 percent of assessment area families who are middle-income. The bank originated eight home purchase loans, or 33.3 percent, to upper-income borrowers, which was comparable to aggregate lenders' 32.5 percent and the 41.1 percent of assessment area families who are upper-income. In addition, the bank made 11 home purchase loans, or 45.8 percent, to borrowers of unknown income. Aggregate lenders made 18.4 percent of home purchase loans to borrowers of unknown income.

In 2014, State Bank of the Lakes originated two home purchase loans, or 11.8 percent of its home purchase loans, to low-income borrowers, which was comparable to the 11.0 percent by aggregate lenders, but below the 19.7 percent of assessment area families who are low-income. The bank originated one home purchase loan, or 5.9 percent, to a moderate-income borrower, below the 18.7 percent by aggregate lenders and the 17.4 percent of assessment area families who are moderate-income. The bank originated five home purchase loans, or 29.4 percent, to middle-income borrowers, above the 18.1 percent by aggregate lenders and the 21.8 percent of assessment area families who are middle-income. The bank originated six home purchase loans, or 35.3 percent, to upper-income borrowers, which was comparable to aggregate lenders' 35.0 percent, but below the 41.1 percent of assessment area families who are upper-income. In addition, the bank made three, or 17.6 percent, home purchase loans to borrowers of unknown income. Aggregate lenders made 17.1 percent of home purchase loans to borrowers of unknown income.

Refinance Loans

In 2015, State Bank of the Lakes originated one refinance, or 6.3 percent of its refinance loans, to a low-income borrower, which was above the 5.3 percent by aggregate lenders, but below the 19.7 percent of assessment area families who are low-income. The bank originated six refinance loans, or 37.5 percent, to moderate-income borrowers, exceeding the 11.3 percent by aggregate lenders

and the 17.4 percent of assessment area families who are moderate-income. The bank originated three refinance loans, or 18.8 percent, to middle-income borrowers, which was above the 17.5 percent by aggregate lenders, but below the 21.8 percent of assessment area families who are middle-income. The bank originated one refinance loan, or 6.3 percent, to an upper-income borrower, which was below the 44.3 percent by aggregate lenders and the 41.1 percent of assessment area families who are upper-income. In addition, the bank made five, or 31.3 percent, of refinance loans to borrowers of unknown income. Aggregate lenders made 21.6 percent of refinance loans to borrowers of unknown income in the assessment area.

In 2014, State Bank of the Lakes originated three refinance loans, or 13.6 percent of its refinance loans, to low-income borrowers, which was above the 7.5 percent by aggregate lenders, but below the 19.7 percent of assessment area families who are low-income. The bank originated four refinance loans, or 18.2 percent, to moderate-income borrowers, which was above the 13.1 percent by aggregate lenders and the 17.4 percent of assessment area families who are moderate-income. The bank originated two refinance loans, or 9.1 percent, to middle-income borrowers, which was above the 18.3 percent by aggregate lenders and the 21.8 percent of assessment area families who are middle-income. The bank originated five refinance loans, or 22.7 percent, to upper-income borrowers, below the 43.7 percent by aggregate lenders and the 41.1 percent of assessment area families who are upper-income. In addition, the bank made eight, or 36.4 percent, of refinance loans to borrowers of unknown income. Aggregate lenders made 17.5 percent of refinance loans to borrowers of unknown income in the assessment area.

Home Improvement Loans

In 2015, State Bank of the Lakes originated one home improvement loan, or 25.0 percent of its home improvement loans, to a low-income borrower, which was above the 6.9 percent by aggregate lenders, but below the 19.7 percent of assessment area families who are low-income. The bank originated one home improvement loan, or 25.0 percent, to a moderate-income borrower, which exceeded the 17.4 percent by aggregate lenders and the 17.4 percent of assessment area families who are moderate-income. The bank did not originate any home improvement loans to middle-income borrowers, which was below the 21.6 percent by aggregate lenders and the 21.8 percent of assessment area families who are middle-income. The bank originated one home improvement loan, or 25.0 percent, to upper-income census borrowers, which was below the 35.0 percent by aggregate lenders and the 41.1 percent of assessment area families who are upper-income. In addition, the bank made one, or 25.0 percent, home improvement loan to a borrower of unknown income. The aggregate lenders made 6.1 percent of home improvement loans to borrowers of unknown income in the assessment area.

In 2014, State Bank of the Lakes originated two home improvement loans, or 18.2 percent of its home improvement loans, to low-income borrowers, which was above the 7.5 percent by aggregate lenders, but below the 19.7 percent of assessment area families who are low-income. The bank originated three home improvement loans, or 27.3 percent, to moderate-income borrowers, which

exceeded the 11.8 percent by aggregate lenders and the 17.4 percent of assessment area families who are moderate-income. The bank originated two home improvement loans, or 18.2 percent, to middle-income borrowers, which was comparable to the 17.6 percent by aggregate lenders, but below the 21.8 percent of assessment area families who are middle-income. The bank originated four home improvement loans, or 36.4 percent, to upper-income borrowers, which was above the 35.0 percent by aggregate lenders, but below the 41.1 percent of assessment area families who are upper-income. In addition, the bank did not make any home improvement loans to borrowers of unknown income in 2014; aggregate lenders made 28.1 percent of home improvement loans to such borrowers.

The following table displays the borrower distribution of the bank's 2015 HMDA-reportable loans. Tables for 2014 are included in Appendix B.

Borrower Distribution of HMDA Reportable Loans								
Assessment Area: 2015 Chicago-Naperville-Elgin IL-IN-WI MSA 16980								
Product Type	Borrower Income Levels	Bank & Aggregate Lending Comparison						Families by Family Income %
		2015						
		Count		Dollar				
		Bank #	Agg %	Bank \$ (000s)	Agg \$ %	Bank \$ %	Agg \$ %	
Home Purchase	Low	3	12.5	11.8	352	10.9	5.2	19.7
	Moderate	1	4.2	18.9	155	4.8	12.1	17.4
	Middle	1	4.2	18.5	300	9.3	16.2	21.8
	Upper	8	33.3	32.5	1,373	42.4	50.0	41.1
	Unknown	11	45.8	18.4	1,062	32.8	16.4	0.0
	Total		24	100.0	100.0	3,242	100.0	100.0
Refinance	Low	1	6.3	5.3	59	2.4	2.2	19.7
	Moderate	6	37.5	11.3	784	32.1	6.1	17.4
	Middle	3	18.8	17.5	497	20.3	12.9	21.8
	Upper	1	6.3	44.3	94	3.8	59.6	41.1
	Unknown	5	31.3	21.6	1,012	41.4	19.2	0.0
	Total		16	100.0	100.0	2,446	100.0	100.0
Home Improvement	Low	1	25.0	6.9	7	4.2	1.8	19.7
	Moderate	1	25.0	17.4	3	1.8	5.9	17.4
	Middle	0	0.0	21.6	0	0.0	12.4	21.8
	Upper	1	25.0	48.0	3	1.8	73.1	41.1
	Unknown	1	25.0	6.1	155	92.3	6.8	0.0
	Total		4	100.0	100.0	168	100.0	100.0
Multi-Family	Low	0	0.0	0.0	0	0.0	0.0	19.7
	Moderate	0	0.0	0.0	0	0.0	0.0	17.4
	Middle	0	0.0	0.0	0	0.0	0.0	21.8
	Upper	0	0.0	0.0	0	0.0	0.0	41.1
	Unknown	5	100.0	100.0	2,807	100.0	100.0	0.0
	Total		5	100.0	100.0	2,807	100.0	100.0
HMDA Totals	Low	5	10.2	8.5	418	4.8	3.5	19.7
	Moderate	8	16.3	15.2	942	10.9	8.8	17.4
	Middle	4	8.2	18.0	797	9.2	14.2	21.8
	Upper	10	20.4	38.4	1,470	17.0	54.2	41.1
	Unknown	22	44.9	19.8	5,036	58.1	19.4	0.0
	Total		49	100.0	100.0	8,663	100.0	100.0
Originations & Purchases 2015 FFIEC Census Data <i>Note: Percentages may not add to 100.0 percent due to rounding</i>								

Small Business Loans

State Bank of the Lakes' distribution of business loans by borrower reflects, given the products offered, good penetration among businesses of different sizes. Bank performance was above aggregate lenders by percentage in both 2014 and 2015 for loans made to businesses with revenues of \$1 million or less; however, the bank's performance was below the percentage of small businesses in the assessment area. The percentage of small businesses in the assessment area exhibited a year over year increase from 89.0 percent in 2014 to 91.1 percent in 2015. During the same period, the bank's percentage of loans by number to businesses with revenues of less than \$1 million declined in 2015 to 69.5 percent from 73.8 percent in 2014. In comparison, aggregate lender performance exhibited an overall 5.9 percent increase during the same period.

In 2015, State Bank of the Lakes made 69.5 percent of its small business loans to businesses reporting annual revenues of \$1 million or less, outperforming the 47.4 percent of such loans made by the aggregate of lenders. Both the bank and aggregate lenders were below the 91.1 percent of the assessment area's businesses that report income of \$1 million or less. The bank made a high percentage, 84.6 percent, of its loans to small businesses in amounts of \$100,000 or less, which are considered most beneficial to small businesses.

In 2014, State Bank of the Lakes made 73.8 percent of its small business loans to businesses reporting annual revenues of \$1 million or less, outperforming the 41.5 percent of such loans made by aggregate lenders. Both the bank and aggregate lenders were below the 89.0 percent of the assessment area's businesses that report income of \$1 million or less. The bank made a high percentage, 85.0 percent, of its loans to small businesses in amounts of \$100,000 or less.

The following table displays the bank's 2015 small business lending activity by revenue and loan size. Data for 2014 is included in Appendix B.

Small Business Lending By Revenue & Loan Size									
Assessment Area: 2015 Chicago-Naperville-Elgin IL-IN-WI MSA 16980									
Product Type		Bank & Aggregate Lending Comparison							
		Count		2015				Total Businesses	
		Bank	Agg	Dollar		Agg	%		
	Revenue	#	%	%	Bank	Agg		%	
		\$ 000s	\$ %	\$ %					
Small Business	\$1 Million or Less	280	69.5	47.4	16,766	39.7	28.3	91.1	
		Over \$1 Million or Unknown	123	30.5	52.6	25,498	60.3	71.7	8.9
		Total	403	100.0	100.0	42,264	100.0	100.0	100.0
	\$100,000 or Less	299	74.2	91.4	7,038	16.7	29.1		
		\$100,001 - \$250,000	55	13.6	4.0	9,302	22.0		16.1
		\$250,001 - \$1 Million	49	12.2	4.5	25,924	61.3		54.8
		Total	403	100.0	100.0	42,264	100.0		100.0
	Loan Size & Rev \$1 Mill or Less	\$100,000 or Less	237	84.6		4,274	25.5		
		\$100,001 - \$250,000	29	10.4		4,736	28.2		
		\$250,001 - \$1 Million	14	5.0		7,756	46.3		
		Total	280	100.0		16,766	100.0		

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

Community Development Lending

State Bank of the Lakes made a relatively high level of community development loans in the assessment area. During the review period, the bank originated or renewed 15 community development loans totaling \$27.0 million. This is a 19.7 percent increase in community development lending activity since the previous evaluation. Loans included funding for the acquisition and rehabilitation of an 84-unit affordable housing development for low-income residents. Another loan provided a working capital line of credit to a local municipality to help aid its plans for neighborhood improvements and downtown revitalization to attract new businesses, a need identified by a community contact.

Qualified Community Development Loans										
July 24, 2012-November 7, 2016										
Assessment Area	Affordable Housing		Economic Development		Revitalization and Stabilization		Community Services		Total	
	#	\$ (000s)	#	\$ (000s)	#	\$ (000s)	#	\$ (000s)	#	\$0
Chicago-Naperville-Elgin, IL-IN-WI MSA 16980	7	17,558	5	7,915	3	1,500	0	0	15	26,973

INVESTMENT TEST

State Bank of the Lakes' performance relative to the Investment Test in the assessment area is High Satisfactory. The bank made a significant level of community development investments, occasionally in a leadership position, and exhibited good responsiveness to credit and community development needs. The bank held a combination of 26 prior and current investments and/or capital calls totaling \$6.3 million, making occasional use of innovative or complex investments during the evaluation period. There are also two unfunded commitments outstanding for \$444,000, bringing the total community development investment amount to \$6.8 million. The investments represent a 54.0 percent increase, in dollars, over the previous evaluation period. The bank made occasional use of innovative investments, as investments included municipalities' working cash funds and program loan funds to help finance critical and essential repairs for health, safety, life systems, and home modifications to allow for accessibility.

Qualified Community Development Investments									
July 24, 2012-November 7, 2016									
	Prior Period Investments		Current Period Investments		Total Investments			Unfunded Commitments	
	#	\$ (000s)	#	\$ (000s)	#	\$ (000s)	% of Total	#	\$ (000s)
Affordable Housing	2	1,402	2	300	4	1,702	26.9	0	0
Economic Development	1	46	13	1,010	14	1,056	16.7	2	444
Revitalization and Stabilization	3	402	3	2,099	6	2,501	39.5	0	0
Community Services	0	0	2	1,080	2	1,080	17.0	0	0
Total	6	1,851	20	4,489	26	6,339	100.0	2	444

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

In addition, the bank made 53 qualified community development grants and donations for \$292,068. Grants and donations were made to organizations that are involved in affordable housing initiatives, economic development programs for military veterans, and community services whose efforts are primarily directed to low-and moderate-income individuals.

SERVICE TEST

State Bank of the Lakes' performance relative to the Service Test in the Chicago-Naperville-Elgin IL-IN-WI MSA 16980 assessment area is Outstanding. The assessment is based on delivery systems that are readily accessible, opening of branches that has improved the accessibility of its delivery systems particularly to low- and moderate income geographies, and services that do not vary in a way that inconveniences certain portions of the assessment area. In addition, the bank is a leader in providing community development services.

Retail Services

The bank operates its main office and seven branches, as well as 13 ATMs, in the assessment area. The main office, four branches, and seven ATMs are located in middle-income census tracts. In addition, one branch and two ATMs are located in moderate-income census tracts, and the remaining two branches and four ATMs are located in upper-income census tracts. Delivery systems are readily accessible to the bank's geographies and individuals of different income levels.

The bank's record of opening branch offices improved access in low- and moderate-income communities and for low- and moderate-income populations in the assessment area. In November 2013, the bank opened one branch and an ATM in a moderate-census tract in Round Lake, Illinois, and opened a new branch with an ATM in Kenosha, Wisconsin, in June 2015. The bank also acquired a former Talmer Bank branch and ATM in August 2014 also in Kenosha. In addition, the bank added a free-standing cash dispensing ATM in a moderate-income census tract in Zion, Illinois, in January 2013. The bank's services and products are also accessible via telephone, its website, and mobile banking.

Beyond the bank's presence in moderate-income census tracts, other branches are near 25 additional low- or moderate-income census tracts in the assessment area. Moreover, three additional branches are on or near bus routes, so those who rely on public transit may more easily access in-person banking.

Bank customers also have access to the entire network of Wintrust ATMs. ATM services are provided through the Allpoint and MoneyPass networks, allowing customers access to a network of surcharge free ATMs. Allpoint has over 55,000 ATMs, including locations in major retail establishments, complimented by MoneyPass which has over 24,000 ATMs.

The range of products and services do not vary in a way the inconveniences residents of the assessment area, including residents in low- and moderate-income communities. Office lobby hours are generally 8:30 a.m. to 5:00 p.m. Monday through Thursday, 8:30 a.m. to 6:00 p.m. on Friday, and 9:00 a.m. to 1:00 p.m. on Saturday. Extended hours are available through drive-up facilities. In addition, customers can access bank services without cost through phone, internet, and the bank's web site and through its affiliates' surcharge free automated teller machines (ATMs). Bank and affiliate mortgage company officers are available to meet with customers at their place of business or by appointment at their local branch for consumer, residential real estate, and small business loan applications and originations.

Community Development Services

The bank is a leader in providing qualified community development services in the assessment area. Bank officers and employees were involved in 49 activities which provided 8,439 hours of services during the evaluation period. Of the total hours, 5,814, or 68.9 percent, were devoted to mentoring low-and moderate-income students from Cristo Rey St. Martin, a college preparatory high school, in a work study program. In addition, bank staff provided financial expertise in serving on boards of organizations to promote minority businesses and financial education.

Qualified Community Development Services										
July 23, 2012-November 7, 2016										
Assessment Area	Affordable Housing		Economic Development		Revitalization and Stabilization		Community Services		Total	
	#	Hours	#	Hours	#	Hours	#	Hours	#	Hours
Chicago-Naperville-Elgin, IL-IN-WI MSA 16980	4	28	17	302	0	0	28	8,110	49	8,439

WISCONSIN

CRA RATING FOR Wisconsin:¹ Satisfactory

The Lending Test is rated: High Satisfactory

The Investment Test is rated: Low Satisfactory

The Service Test is rated: High Satisfactory

The bank's performance in the Walworth County Non-MSA assessment area supports the rating for the state of Wisconsin. The geographic distribution of loans reflects excellent penetration within the assessment area, and the distribution of loans reflects excellent penetration among borrowers of different income levels and businesses of different sizes. The bank provides an adequate level of qualified community development loans in the assessment area. The bank's adequate level of qualified community development grants exhibits an adequate responsiveness to credit and community development needs. Delivery systems are accessible to the bank's geographies and to individuals of different income levels in the assessment area. Services do not vary in a way that inconveniences portions of the assessment area, particularly low- and moderate-income individuals. State Bank of the Lakes provided an adequate level of community development services.

SCOPE OF EXAMINATION

The scope of the examination for the state of Wisconsin is consistent within the overall scope described within the institution summary.

DESCRIPTION OF INSTITUTION'S OPERATIONS IN WISCONSIN

State Bank of the Lakes' operations in Wisconsin is limited to one census tract in the Non-MSA Walworth County assessment area. Additional operations in Wisconsin are located in and included in the evaluation for the Chicago MSA, a multi-state assessment area. The bank maintains one branch office and one full service ATM in Genoa City. Demographic and economic condition information can be found in the Walworth County Non-MSA assessment area portion of this evaluation.

¹ For institutions with branches in two or more states in a multistate metropolitan area, this statewide evaluation is adjusted and does not reflect performance in the parts of those states contained within the multistate metropolitan area. Refer to the multistate metropolitan area rating and discussion for the rating and evaluation of the institution's performance in that area.

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS IN WISCONSIN

LENDING TEST

State Bank of the Lakes' performance relative to the Lending Test in the state of Wisconsin is rated High Satisfactory based on its performance in the Walworth County Non-MSA assessment area.

Geographic and Borrower Distribution

The geographic distribution of loans reflects excellent penetration as the bank originated small business loans within the assessment area in both 2014 and 2015. The bank originated one HMDA-reportable loan within the assessment area in 2015.

The distribution of borrowers reflects excellent penetration among businesses of different sizes as all reportable small business loans were made to entities with revenues of \$1 million or less in 2014 and 2015. The sole HMDA-reportable loan made during the same time period was to a middle-income borrower.

Please refer to the Walworth County Non-MSA assessment summary section for details.

Community Development Lending

State Bank of the Lakes made an adequate level community development loans in the assessment area. The bank made one loan benefitting the entirety of Walworth County during the evaluation period.

INVESTMENT TEST

State Bank of the Lakes' performance relative to the Investment Test is rated Low Satisfactory. The bank did not make any community development investments during the evaluation period, but it did make an adequate level of community development grants in the assessment area.

SERVICE TEST

State Bank of the Lakes' performance relative to the Service Test in the state of Wisconsin is rated High Satisfactory. Delivery systems are accessible to the bank's geographies and individuals of different income levels, and the bank's record of opening branches has improved the accessibility of its delivery systems to low-and moderate-income individuals. Services do not vary in a way that inconveniences portions of its assessment area, particularly low- and moderate-income individuals. The bank provides an adequate level of community development services.

Retail Services

The bank operates one branch and one full-service ATM within the Walworth County Non-MSA assessment area in Wisconsin. The branch was formerly a Talmer Bank branch facility and was acquired by State Bank of the Lakes in August of 2014. The branch is open from 9:00 a.m. to 5:00 p.m., Monday through Friday, and 9:00 a.m. to 12:00 p.m. on Saturday. The bank has extended service hours through its drive up window.

Community Development Services

State Bank of the Lakes provided an adequate level of community development services in the assessment area. Community Development services were primarily comprised of the bank's involvement on the board of the Twin Lakes Chamber of Commerce which overlaps both Walworth and Kenosha Counties.

WALWORTH COUNTY, WISCONSIN-NON MSA –FULL REVIEW

SCOPE OF THE EXAMINATION

The scope of the examination is consistent with that which was defined for the whole review

DESCRIPTION OF INSTITUTION’S OPERATIONS IN WALWORTH COUNTY, WISCONSIN – NON MSA

State Bank of the Lakes operates one branch office and one ATM in the assessment area, which accounts for 11.1 percent of all bank branch locations and 7.1 percent of all ATMs. The branch office was previously a Talmer Bank branch office and was purchased by State Bank of The Lakes in August of 2014.

DISTRIBUTION OF BRANCHES AND ATMS IN THE ASSESSMENT AREA (2010 CENSUS)						
TRACT INCOME LEVEL	NUMBER OF BRANCHES	PERCENTAGE OF BRANCHES	NUMBER OF ATMS	PERCENTAGE OF ATMS	PERCENTAGE OF TOTAL FAMILIES	PERCENTAGE OF BUSINESSES
Middle-Income	1	100.0	1	100.0	100.0	100.0
Total	1	100.0	1	100.0	100.0	100.0

The assessment area consists of one middle-income census tract in Walworth County. The county consists of 22 census tracts with 10 designated as upper-income and 12 as middle-income. Additional demographic information for the assessment area is presented in the table on the following page.

According to the Federal Deposit Insurance Corporation (FDIC) Deposit Market Share Report, dated June 30, 2016, State Bank of the Lakes ranked 15th out of 17 FDIC-insured institutions with a 1.3 percent share of Walworth County’s deposits. The top five financial institutions for deposit market share in Walworth County are The First National Bank and Trust Co. (15.4 percent), Town Bank (13.5 percent), First Citizens Bank (11.9 percent), Associated Bank, NA (9.4 percent), and Peoples Bank (8.9 percent).

In 2014, the bank did not originate any HMDA-reportable loans in the assessment area. In 2015, the bank made one HMDA-reportable loan, placing it below 34 other mortgage lenders in the assessment area and equaling the originations of 37 other lenders. In 2014, the bank ranked below nine other lenders with three small business loan originations. In 2015, the bank, again, similarly ranked below nine other institutions with four small business loans. The following table includes key demographics within the assessment area.

Assessment Area: 2015 WI Non MSA								
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	259	16.9
Moderate-income	0	0.0	0	0.0	0	0.0	248	16.2
Middle-income	1	100.0	1,530	100.0	133	8.7	336	22.0
Upper-income	0	0.0	0	0.0	0	0.0	687	44.9
Unknown-income	0	0.0	0	0.0	0	0.0	0	0.0
Total Assessment Area	1	100.0	1,530	100.0	133	8.7	1,530	100.0
	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	0	0	0.0	0.0	0	0.0	0	0.0
Middle-income	2,087	1,472	100.0	70.5	385	18.4	230	11.0
Upper-income	0	0	0.0	0.0	0	0.0	0	0.0
Unknown-income	0	0	0.0	0.0	0	0.0	0	0.0
Total Assessment Area	2,087	1,472	100.0	70.5	385	18.4	230	11.0
	Total Businesses Tract	Businesses 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	0	0.0	0	0.0	0	0.0	0	0.0
Middle-income	187	100.0	161	100.0	22	100.0	4	100.0
Upper-income	0	0.0	0	0.0	0	0.0	0	0.0
Unknown-income	0	0.0	0	0.0	0	0.0	0	0.0
Total Assessment Area	187	100.0	161	100.0	22	100.0	4	100.0
Percentage of Total Businesses:			86.1		11.8		2.1	
	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	0	0.0	0	0.0	0	0.0	0	0.0
Middle-income	27	100.0	26	100.0	1	100.0	0	0.0
Upper-income	0	0.0	0	0.0	0	0.0	0	0.0
Unknown-income	0	0.0	0	0.0	0	0.0	0	0.0
Total Assessment Area	27	100.0	26	100.0	1	100.0	0	0.0
Percentage of Total Farms:			96.3		3.7		0.0	
2015 FFIEC Census Data & 2015 Dun & Bradstreet information according to 2010 ACS								
<i>Note: Percentages may not add to 100.0 percent due to rounding</i>								

Population Characteristics

The population of Walworth County increased at a more rapid rate than the state of Wisconsin. With respect to population, the county ranks 14th out of Wisconsin's 72 counties. The assessment area census tract is the ninth largest by population of the county's 22 census tracts.

Population Characteristics			
Area	2000 Population	2010 Population	Percentage Change
Assessment Area	NA	5,362	NA
Walworth County, WI	93,759	102,228	9.0
State of Wisconsin	5,363,675	5,686,986	6.0
<i>Source: 2000 Census U.S. Census Bureau Decennial Survey 2006-2010 U.S. Census Bureau- American Community Survey</i>			

Income Characteristics

Increases in median family income in the assessment area were comparable to the state of Wisconsin. Both the state and the county were below the 2000-2010 national inflation rate of 25.2 percent. In 2016, Walworth County ranked eighth in median family income out of the 72 counties in Wisconsin. The assessment area median family income is lower than the rest of the county, ranking 13th out of Walworth County's 22 census tracts. Additionally, 8.7 percent of the families in the assessment area are below the poverty level.

Median Family Income Characteristics			
Area	2000 Median Family Income (In 1999 Dollars)	2006-2010 Median Family Income (In 2010 Dollars)	Percentage Change
Assessment Area	NA	63,130	NA
Walworth County, WI	55,310	67,308	21.7
State of Wisconsin	52,911	64,869	22.6
<i>Source: 2000 Census U.S. Census Bureau Decennial Survey 2006-2010 U.S. Census Bureau-American Community Survey</i>			

Housing Characteristics

As presented in the Assessment Area Demographics table, the assessment area consists of one middle-income census tract. Within the tract, there are 2,087 housing units of which 70.5 percent are owner-occupied, indicating there is opportunity for mortgage lending in the assessment area. According to a community representative, the assessment area has a large seasonal population which may account for the 11.0 percent of homes that are considered vacant in the assessment area.

Walworth County’s housing values increased by 53.7 percent from 2000 to 2010, which was consistent with the level of the state of Wisconsin, which was at 53.8 percent.

As defined in the Glossary in Appendix D, the affordability ratio is a common method for measuring housing affordability. A higher ratio indicates more affordable housing. Walworth County has an affordability ratio of .28, which indicates the county is less affordable than the state of Wisconsin, which has an affordability rate of .31.

Housing Characteristics				
Area	2000 Median Housing Value	2006-2010 Median Housing Value	2000 Median Gross Rent	2006-2010 Median Gross Rent
Assessment Area	NA	180,943	NA	783
Walworth County, WI	128,800	198,000	588	761
State of Wisconsin	109,900	169,000	540	713
<i>Source: 2000 Census U.S. Census Bureau Decennial Survey 2006-2010 U.S. Census Bureau-American Community Survey</i>				

Employment Conditions

Walworth County, along with the state of Wisconsin, has shown steady improvement with regard to unemployment. In 2011, Wisconsin had a 7.5 percent unemployment rate which ranked it 20th among the 50 states. Between 2011 and 2014, the state unemployment rate declined to 5.5 percent, and the state improved its ranking to 18th in the nation. Walworth County displayed similar improvement by percentage and ranked 33rd out of Wisconsin’s 72 counties in 2014.

Recent Unemployment Rates				
Area	2011	2012	2013	2014
Walworth County, WI	7.8	7.3	7.0	5.7
State of Wisconsin	7.5	6.9	6.7	5.5
<i>Source: Bureau of Labor Statistics</i>				

Walworth County has a varied employment base, including resorts, restaurants, education, and manufacturing.

Largest Employers in the Assessment Area		
Company	Number of Employees	Industry
Grand Geneva Resort & Spa	1,100	Resorts
University of WI-Whitewater	1,018	Schools-Universities & Colleges Academic
Miniature Precision Components	1,001	Automotive Repairing & Service
Sta-Rite Industries Inc.	950	Valves & Pipe Fittings NEC (Manufacturers)
Pentair Flow Technologies	900	Pumps-Manufacturers
Birds Eye Foods	700	Frozen Food Processors (Manufacturers)
Abbey Resort	490	Resorts
Miniature Precision Components	420	Plastic & Plastic Products (Manufacturers)
I Pacesetters	400	Call Centers
Geneva National Restaurant	400	Restaurants

Source: Info USA

Community Representatives

A community representative familiar with the economic climate of the Walworth County indicated that one of the county's major challenges is the lack of transportation for jobs, county services, and medical services. The contact also indicated that local employer reluctance to increase salaries was contributing to high employee turnover. Genoa City, which is the largest municipality in the assessment area, had a significant 56.0 percent population increase from 2000 to 2010, which the contact indicated was somewhat inflated due to seasonal home owners included in the census count.

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS WALWORTH COUNTY NON-MSA

LENDING TEST

State Bank of the Lakes' Lending Test performance is assessed on its small business lending in the assessment area. The bank only made one HMDA-reportable loan during the evaluation period; thus, the bank's record of home mortgage lending minimally contributed to the analysis. The geographic distribution of loans reflects excellent penetration throughout the assessment area. The distribution of borrowers reflects, given the product lines offered, excellent penetration among borrowers of different income levels and businesses of different sizes. In addition, the bank made an adequate level of community development loans in the assessment area.

Geographic Distribution of Loans

State Bank of the Lakes' geographic distribution of loans reflects excellent penetration throughout the assessment area. There are no low- or moderate-income or distressed or underserved middle-income census tracts within the bank's assessment area. While less emphasis is placed on this performance measure, based on the lack of low- and moderate-income tracts, a community representative stated that local banks have been actively serving the credit needs of the community.

HMDA-Reportable Loans

Considering the size of the assessment area and the bank's focus on business lending, the geographic distribution of HMDA-reportable loans reflects good penetration throughout the assessment area. The bank made one HMDA-reportable loan, a refinance, in the assessment area in 2015. No other HMDA-reportable loans were made in the assessment area's single census tract, a middle-income census tract, in either 2014 or 2015.

The following table includes the distribution of the bank's HMDA-reportable loan activity by geography in 2015. Similar data is included in Appendix B for 2014.

Geographic Distribution of HMDA Reportable Loans								
Assessment Area: 2015 WI Non MSA								
Product Type	Tract Income Levels	Bank & Aggregate Lending Comparison						Owner Occupied % of Units
		2015			2015			
		Count		Agg %	Dollar		Agg \$ %	
Bank #	%	Bank \$ (000s)	\$ %					
Home Purchase	Low	0	0.0	0.0	0	0.0	0.0	0.0
	Moderate	0	0.0	0.0	0	0.0	0.0	0.0
	Middle	0	0.0	100.0	0	0.0	100.0	100.0
	Upper	0	0.0	0.0	0	0.0	0.0	0.0
	Unknown	0	0.0	0.0	0	0.0	0.0	0.0
	Total	0	0.0	100.0	0	0.0	100.0	100.0
Refinance	Low	0	0.0	0.0	0	0.0	0.0	0.0
	Moderate	0	0.0	0.0	0	0.0	0.0	0.0
	Middle	1	100.0	100.0	65	100.0	100.0	100.0
	Upper	0	0.0	0.0	0	0.0	0.0	0.0
	Unknown	0	0.0	0.0	0	0.0	0.0	0.0
	Total	1	100.0	100.0	65	100.0	100.0	100.0
Home Improvement	Low	0	0.0	0.0	0	0.0	0.0	0.0
	Moderate	0	0.0	0.0	0	0.0	0.0	0.0
	Middle	0	0.0	100.0	0	0.0	100.0	100.0
	Upper	0	0.0	0.0	0	0.0	0.0	0.0
	Unknown	0	0.0	0.0	0	0.0	0.0	0.0
	Total	0	0.0	100.0	0	0.0	100.0	100.0
Multi-Family	Low	0	0.0	0.0	0	0.0	0.0	Multi-Family 0.0
	Moderate	0	0.0	0.0	0	0.0	0.0	0.0
	Middle	0	0.0	0.0	0	0.0	0.0	100.0
	Upper	0	0.0	0.0	0	0.0	0.0	0.0
	Unknown	0	0.0	0.0	0	0.0	0.0	0.0
	Total	0	0.0	0.0	0	0.0	0.0	100.0
HMDA Totals	Low	0	0.0	0.0	0	0.0	0.0	0.0
	Moderate	0	0.0	0.0	0	0.0	0.0	0.0
	Middle	1	100.0	100.0	65	100.0	100.0	100.0
	Upper	0	0.0	0.0	0	0.0	0.0	0.0
	Unknown	0	0.0	0.0	0	0.0	0.0	0.0
	Total	1	100.0	100.0	65	100.0	100.0	100.0

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

Small Business Loans

The geographic distribution of small business loans reflects excellent penetration throughout the assessment area. The bank made four small business loans in the assessment area's single, middle-income census tract in 2015 and three small business loans in the assessment area in 2014.

The following table represents the geographic distribution of the bank's 2015 small business loans. Data for 2014 is included in Appendix B.

Geographic Distribution of Small Business Loans							
Assessment Area: 2015 WI Non MSA							
	Tract Income Levels	Bank & Aggregate Lending Comparison					Total Businesses %
		2015			Dollar		
		Count		Agg %	Bank \$ (000s)	Agg \$ %	
		#	%	%	\$ %	\$ %	
Small Business	Low	0	0.0	0.0	0	0.0	0.0
	Moderate	0	0.0	0.0	0	0.0	0.0
	Middle	4	100.0	100.0	33	100.0	100.0
	Upper	0	0.0	0.0	0	0.0	0.0
	Unknown	0	0.0	0.0	0	0.0	0.0
	Tr Unknown			0.0			0.0
	Total		4	100.0	100.0	33	100.0
Originations & Purchases							
2015 FFIEC Census Data & 2015 Dun & Bradstreet information according to 2010 ACS							
<i>Note: Percentages may not add to 100.0 percent due to rounding</i>							

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

State Bank of the Lakes' record of lending by distribution of borrowers reflects, given the product lines offered, excellent penetration among borrowers of different income levels and businesses of different sizes. The bank only made one HMDA-reportable loan during the evaluation period; thus, the bank's record of home mortgage lending minimally contributed to the analysis.

HMDA-Reportable Loans

The bank's record of HMDA-reportable lending by distribution of borrowers reflects good penetration among borrowers of different income levels. The bank originated one HMDA-reportable loan, a refinance, to a middle-income borrower in 2015. Aggregate lenders originated 16.9 percent of refinance loans to middle-income borrowers in the assessment area, and 22.0 percent of assessment area families are middle-income. The bank did not originate any HMDA-reportable loans in 2014.

The following table displays the borrower distribution of the bank's 2015 HMDA-reportable loans. Similar data for 2014 is included in Appendix B.

Borrower Distribution of HMDA Reportable Loans								
Assessment Area: 2015 WI Non MSA								
Product Type	Borrower Income Levels	Bank & Aggregate Lending Comparison						Families by Family Income %
		2015						
		Count			Dollar			
		Bank #	Bank %	Agg %	Bank \$(000s)	Bank \$ %	Agg \$ %	
Home Purchase	Low	0	0.0	2.9	0	0.0	2.2	16.9
	Moderate	0	0.0	21.6	0	0.0	15.6	16.2
	Middle	0	0.0	22.5	0	0.0	19.7	22.0
	Upper	0	0.0	27.5	0	0.0	41.2	44.9
	Unknown	0	0.0	25.5	0	0.0	21.4	0.0
	Total	0	0.0	100.0	0	0.0	100.0	100.0
Refinance	Low	0	0.0	2.6	0	0.0	1.3	16.9
	Moderate	0	0.0	13.0	0	0.0	10.4	16.2
	Middle	1	100.0	16.9	65	100.0	10.7	22.0
	Upper	0	0.0	39.0	0	0.0	40.2	44.9
	Unknown	0	0.0	28.6	0	0.0	37.3	0.0
	Total	1	100.0	100.0	65	100.0	100.0	100.0
Home Improvement	Low	0	0.0	0.0	0	0.0	0.0	16.9
	Moderate	0	0.0	16.7	0	0.0	2.8	16.2
	Middle	0	0.0	66.7	0	0.0	82.0	22.0
	Upper	0	0.0	16.7	0	0.0	15.3	44.9
	Unknown	0	0.0	0.0	0	0.0	0.0	0.0
	Total	0	0.0	100.0	0	0.0	100.0	100.0
Multi-Family	Low	0	0.0	0.0	0	0.0	0.0	16.9
	Moderate	0	0.0	0.0	0	0.0	0.0	16.2
	Middle	0	0.0	0.0	0	0.0	0.0	22.0
	Upper	0	0.0	0.0	0	0.0	0.0	44.9
	Unknown	0	0.0	0.0	0	0.0	0.0	0.0
	Total	0	0.0	0.0	0	0.0	0.0	100.0
HMDA Totals	Low	0	0.0	2.7	0	0.0	1.7	16.9
	Moderate	0	0.0	17.8	0	0.0	13.1	16.2
	Middle	1	100.0	21.6	65	100.0	16.3	22.0
	Upper	0	0.0	31.9	0	0.0	40.5	44.9
	Unknown	0	0.0	25.9	0	0.0	28.4	0.0
	Total	1	100.0	100.0	65	100.0	100.0	100.0
Originations & Purchases								
2015 FFIEC Census Data								
<i>Note: Percentages may not add to 100.0 percent due to rounding</i>								

Small Business Loans

The distribution of borrowers reflects excellent penetration among businesses of different sizes.

In 2015, State Bank of the Lakes made four loans, or 100.0 percent of its small business loans, to businesses reporting annual revenues of \$1 million or less, outperforming the 53.0 percent of such loans made by aggregate lenders. Both the bank and aggregate lenders' performance was below the 86.1 percent of the assessment area's businesses that report revenues of \$1 million or less. All of the bank's loans to small businesses were made in amounts of \$100,000 or less, which are considered most beneficial to small businesses.

In 2014, State Bank of the Lakes made two loans, or 66.7 percent of its small business loans, to businesses reporting annual revenues of \$1 million or less, outperforming the 41.5 percent of such loans made by aggregate lenders. Both the bank and aggregate lenders' performance was below the 87.1 percent of the assessment area's businesses which report revenues of \$1 million or less. All of the bank's loans to small businesses were made in amounts of \$100,000 or less, which are considered most beneficial to small businesses.

The following table presents the bank's 2015 small business loans by revenue and loan size.. Similar data for 2014 is included in Appendix B.

Small Business Lending By Revenue & Loan Size									
Assessment Area: 2015 WI Non MSA									
Product Type		Bank & Aggregate Lending Comparison							
		Count		2015				Total Businesses %	
				Dollar		Total			
Bank	Agg	Bank	Agg	Bank	Agg	Bank	Agg		
#	%	%	\$ 000s	\$ %	\$ %	\$ %	\$ %	%	
Small Business	Revenue	\$1 Million or Less	4	100.0	53.0	33	100.0	44.5	86.1
		Over \$1 Million or Unknown	0	0.0	47.0	0	0.0	55.5	13.9
		Total	4	100.0	100.0	33	100.0	100.0	100.0
	Loan Size	\$100,000 or Less	4	100.0	87.8	33	100.0	30.0	
		\$100,001 - \$250,000	0	0.0	7.0	0	0.0	28.6	
		\$250,001 - \$1 Million	0	0.0	5.2	0	0.0	41.4	
		Total	4	100.0	100.0	33	100.0	100.0	
	Loan Size & Rev \$1 Mill or Less	\$100,000 or Less	4	100.0		33	100.0		
		\$100,001 - \$250,000	0	0.0		0	0.0		
		\$250,001 - \$1 Million	0	0.0		0	0.0		
		Total	4	100.0		33	100.0		

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

Community Development Lending

State Bank of the Lakes made an adequate level of community development loans in the assessment area. The bank originated one community development loan for \$365,250, which financed affordable housing within Walworth County. The loan was made to an entity outside the assessment area but benefits the assessment area.

Qualified Community Development Loans										
July 24, 2012-November 7, 2016										
Assessment Area	Affordable Housing		Economic Development		Revitalization and Stabilization		Community Services		Total	
	#	\$ (000s)	#	\$ (000s)	#	\$ (000s)	#	\$ (000s)	#	\$0
Non-MSA WI- Walworth County	1	365	0	0	0	0	0	0	1	365

INVESTMENT TEST

State Bank of the Lakes made an adequate level of qualified community development investments and grants and donations. The bank made two qualified community development grants totaling \$1,000 to a community service organization. The bank did not make any community development investments during the evaluation period. The assessment area's limited size, as well as the bank's limited presence in the assessment area, was considered in this assessment.

SERVICE TEST

State Bank of the Lakes' delivery systems are accessible to the bank's geographies and individuals of different income levels in the assessment area. The bank's record of opening branches has improved the accessibility of delivery systems to low- and moderate-income individuals. Services do not vary in a way that inconveniences the needs of the assessment area, particularly low- and moderate-income individuals. The bank provides an adequate level of community development services in the assessment area.

Retail Services

Delivery systems are accessible to the bank's geographies and individuals of different income levels, and the bank's record of opening branches has improved the accessibility of its delivery systems to low- and moderate-income individuals. The bank operates one branch in the assessment area with a full-service ATM. The branch was acquired from the former Talmer Bank in August of 2014. Services do not vary in a way that inconveniences portions of the assessment

area, particularly low- and moderate-income individuals. Service hours are 9:00 a.m. to 5:00 p.m. Monday through Friday and 9:00 a.m. to 12:00 p.m. on Saturday. The bank provides extended hours through its drive-up window Monday through Friday.

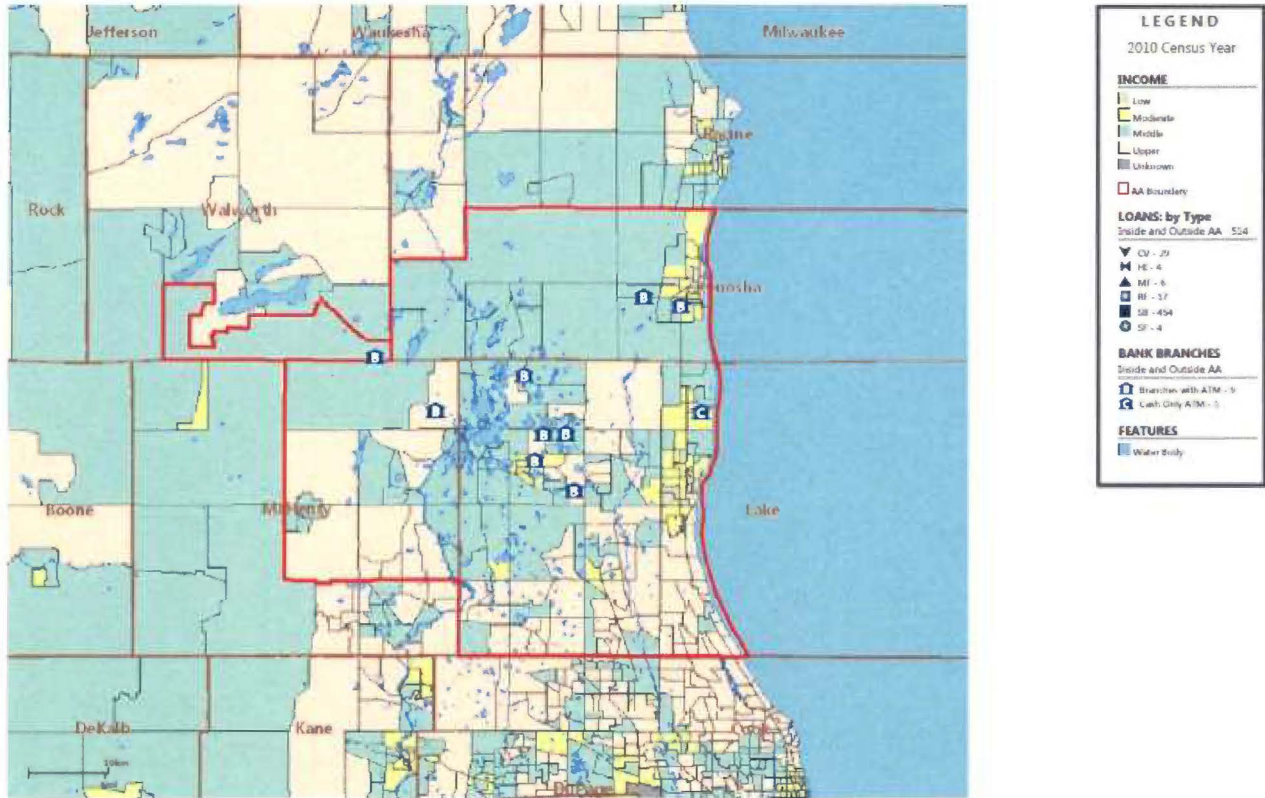
Community Development Services

The bank provides an adequate level of community development services. While the bank did not provide any services directly to the Walworth County Non-MSA assessment area, bank employees participated on the board of the Twin Lakes Chamber of Commerce. The Chamber’s activities primarily benefit economic development in Kenosha County, Wisconsin; thus, the bank’s service hours were included in the analysis for the Chicago MSA assessment area. The bank’s 768 service hours with the organization also benefitted the Walworth County Non-MSA assessment area.

Qualified Community Development Services										
July 24, 2012-November 7, 2016										
Assessment Area	Affordable Housing		Economic Development		Revitalization and Stabilization		Community Services		Total	
	#	Hours	#	Hours	#	Hours	#	Hours	#	Hours
Non-MSA WI-Walworth County	0	0	0	0	0	0	0	0	0	0

APPENDIX A – Maps of Assessment Areas

State Bank of the Lakes 595430
2015 Combined AA, Income Map with Branches



APPENDIX – B

Assessment Area: 2014 Chicago-Naperville-Elgin IL-IN-WI MSA 16980								
Income Categories	Tract Distribution		Families by Tract Income		Families < Poverty Level as % of Families by Tract		Families by Family Income	
	#	%	#	%	#	%	#	%
Low-income	17	8.1	12,694	5.0	2,910	22.9	50,510	19.7
Moderate-income	40	19.0	46,501	18.2	4,492	9.7	44,466	17.4
Middle-income	80	37.9	107,249	41.9	4,722	4.4	55,725	21.8
Upper-income	72	34.1	89,544	35.0	2,022	2.3	105,298	41.1
Unknown-income	2	0.9	11	0.0	0	0.0	0	0.0
Total Assessment Area	211	100.0	255,999	100.0	14,146	5.5	255,999	100.0
	Housing Units by Tract	Housing Types by Tract						
		Owner-Occupied		Rental		Vacant		
		#	%	%	#	%	#	%
Low-income	23,002	8,770	3.3	38.1	11,184	48.6	3,048	13.3
Moderate-income	74,055	42,503	15.8	57.4	25,229	34.1	6,323	8.5
Middle-income	162,846	117,820	43.7	72.4	32,433	19.9	12,593	7.7
Upper-income	119,231	100,454	37.3	84.3	12,120	10.2	6,657	5.6
Unknown-income	11	0	0.0	0.0	11	100.0	0	0.0
Total Assessment Area	379,145	269,547	100.0	71.1	80,977	21.4	28,621	7.5
	Total Businesses Tract	Businesses by Tract & Revenue Size						
		Less Than or = \$1 Million		Over \$1 Million		Revenue Not Reported		
		#	%	#	%	#	%	
Low-income	1,454	3.3	1,306	3.3	93	2.7	55	4.0
Moderate-income	5,572	12.6	4,966	12.6	399	11.4	207	15.1
Middle-income	17,243	38.9	15,353	38.9	1,350	38.5	540	39.4
Upper-income	20,092	45.3	17,865	45.2	1,660	47.4	567	41.4
Unknown-income	3	0.0	2	0.0	1	0.0	0	0.0
Total Assessment Area	44,364	100.0	39,492	100.0	3,503	100.0	1,369	100.0
	Percentage of Total Businesses:			89.0		7.9		3.1
	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	22	4.3	22	4.4	0	0.0	0	0.0
Middle-income	298	58.0	292	58.1	6	60.0	0	0.0
Upper-income	194	37.7	189	37.6	4	40.0	1	100.0
Unknown-income	0	0.0	0	0.0	0	0.0	0	0.0
Total Assessment Area	514	100.0	503	100.0	10	100.0	1	100.0
	Percentage of Total Farms:			97.9		1.9		0.2

2014 FFIEC Census Data & 2014 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: 2014 Chicago-Naperville-Elgin IL-IN-WI MSA 16980								
Product Type	Tract Income Levels	Bank & Aggregate Lending Comparison					Owner Occupied % of Units	
		2014						
		Count		Agg	Dollar			
		Bank			Bank	Agg		
		#	%	%	\$ (000s)	\$ %	\$ %	
Home Purchase	Low	3	17.6	2.1	349	15.1	0.9	3.3
	Moderate	4	23.5	13.1	328	14.2	6.6	15.8
	Middle	5	29.4	45.8	729	31.5	36.5	43.7
	Upper	5	29.4	39.0	908	39.2	56.0	37.3
	Unknown	0	0.0	0.0	0	0.0	0.0	0.0
	Total		17	100.0	100.0	2,314	100.0	100.0
Refinance	Low	5	22.7	2.2	385	18.3	0.9	3.3
	Moderate	6	27.3	11.2	353	16.8	5.5	15.8
	Middle	10	45.5	42.0	1,204	57.2	31.8	43.7
	Upper	1	4.5	44.6	164	7.8	61.8	37.3
	Unknown	0	0.0	0.0	0	0.0	0.0	0.0
	Total		22	100.0	100.0	2,106	100.0	100.0
Home Improvement	Low	1	9.1	3.4	1	0.5	1.1	3.3
	Moderate	4	36.4	14.0	12	5.9	4.4	15.8
	Middle	5	45.5	46.0	169	83.7	35.7	43.7
	Upper	1	9.1	36.5	20	9.9	58.8	37.3
	Unknown	0	0.0	0.0	0	0.0	0.0	0.0
	Total		11	100.0	100.0	202	100.0	100.0
Multi-Family	Low	1	14.3	14.5	165	6.8	10.3	10.1
	Moderate	2	28.6	30.1	937	38.8	36.5	29.3
	Middle	4	57.1	43.4	1,311	54.3	40.8	43.5
	Upper	0	0.0	12.0	0	0.0	12.3	17.1
	Unknown	0	0.0	0.0	0	0.0	0.0	0.0
	Total		7	100.0	100.0	2,413	100.0	100.0
HMDA Totals	Low	10	17.5	2.2	900	12.8	1.1	3.3
	Moderate	16	28.1	12.4	1,630	23.2	6.7	15.8
	Middle	24	42.1	44.2	3,413	48.5	34.5	43.7
	Upper	7	12.3	41.2	1,092	15.5	57.7	37.3
	Unknown	0	0.0	0.0	0	0.0	0.0	0.0
	Total		57	100.0	100.0	7,035	100.0	100.0

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

Borrower Distribution of HMDA Reportable Loans								
Assessment Area: 2014 Chicago-Naperville-Elgin IL-IN-WI MSA 16980								
Product Type	Borrower Income Levels	Bank & Aggregate Lending Comparison						Families by Family Income %
		2014						
		Count		Agg	Dollar		Agg	
		Bank	Agg	Bank	Agg			
		#	%	%	\$(000s)	\$ %	\$ %	
Home Purchase	Low	2	11.8	11.0	205	8.9	4.5	19.7
	Moderate	1	5.9	18.7	80	3.5	11.1	17.4
	Middle	5	29.4	18.1	718	31.0	15.2	21.8
	Upper	6	35.3	35.0	870	37.6	54.4	41.1
	Unknown	3	17.6	17.1	441	19.1	14.8	0.0
	Total		17	100.0	100.0	2,314	100.0	100.0
Refinance	Low	3	13.6	7.5	276	13.1	3.4	19.7
	Moderate	4	18.2	13.1	307	14.6	7.1	17.4
	Middle	2	9.1	18.3	90	4.3	13.4	21.8
	Upper	5	22.7	43.7	700	33.2	59.9	41.1
	Unknown	8	36.4	17.5	733	34.8	16.2	0.0
	Total		22	100.0	100.0	2,106	100.0	100.0
Home Improvement	Low	2	18.2	7.5	12	5.9	3.3	19.7
	Moderate	3	27.3	11.8	5	2.5	5.9	17.4
	Middle	2	18.2	17.6	10	5.0	13.5	21.8
	Upper	4	36.4	35.0	175	86.6	61.6	41.1
	Unknown	0	0.0	28.1	0	0.0	15.7	0.0
	Total		11	100.0	100.0	202	100.0	100.0
Multi-Family	Low	0	0.0	0.0	0	0.0	0.0	19.7
	Moderate	0	0.0	0.0	0	0.0	0.0	17.4
	Middle	0	0.0	0.0	0	0.0	0.0	21.8
	Upper	0	0.0	0.0	0	0.0	0.0	41.1
	Unknown	7	100.0	100.0	2,413	100.0	100.0	0.0
	Total		7	100.0	100.0	2,413	100.0	100.0
HMDA Totals	Low	7	12.3	9.3	493	7.0	3.9	19.7
	Moderate	8	14.0	16.0	392	5.6	9.0	17.4
	Middle	9	15.8	18.1	818	11.6	14.1	21.8
	Upper	15	26.3	38.7	1,745	24.8	55.9	41.1
	Unknown	18	31.6	17.9	3,587	51.0	17.2	0.0
	Total		57	100.0	100.0	7,035	100.0	100.0
Originations & Purchases 2014 FFIEC Census Data <i>Note: Percentages may not add to 100.0 percent due to rounding</i>								

Geographic Distribution of Small Business Loans								
Assessment Area: 2014 Chicago-Naperville-Elgin IL-IN-WI MSA 16980								
	Tract Income Levels	Bank & Aggregate Lending Comparison						Total Businesses %
		2014						
		Count		Dollar				
		Bank #	%	Agg %	Bank \$ (000s)	\$ %	Agg \$ %	
Small Business	Low	18	4.6	2.2	3,129	7.9	1.8	3.3
	Moderate	69	17.7	10.1	7,979	20.1	10.3	12.6
	Middle	217	55.8	37.5	20,644	51.9	40.0	38.9
	Upper	85	21.9	50.1	8,003	20.1	47.9	45.3
	Unknown	0	0.0	0.0	0	0.0	0.0	0.0
	Tr Unknown			0.0			0.0	
	Total	389	100.0	100.0	39,755	100.0	100.0	100.0
Originations & Purchases 2014 FFIEC Census Data & 2014 Dun & Bradstreet information according to 2010 ACS <i>Note: Percentages may not add to 100.0 percent due to rounding</i>								

Small Business Lending By Revenue & Loan Size								
Assessment Area: 2014 Chicago-Naperville-Elgin IL-IN-WI MSA 16980								
Product Type	Bank & Aggregate Lending Comparison							
	2014							
	Count		Dollar				Total Businesses %	
	Bank #	%	Agg %	Bank \$ 000s	\$ %	Agg \$ %		
Revenue	\$1 Million or Less	287	73.8	41.5	16,436	41.3	28.7	89.0
	Over \$1 Million or Unknown	102	26.2	58.5	23,319	58.7	71.3	11.0
	Total	389	100.0	100.0	39,755	100.0	100.0	100.0
Loan Size	\$100,000 or Less	294	75.6	90.4	7,682	19.3	26.8	
	\$100,001 - \$250,000	50	12.9	4.6	9,416	23.7	17.0	
	\$250,001 - \$1 Million	45	11.6	5.0	22,657	57.0	56.1	
	Total	389	100.0	100.0	39,755	100.0	100.0	
Loan Size & Rev \$1 Mill or Less	\$100,000 or Less	244	85.0		5,406	32.9		
	\$100,001 - \$250,000	31	10.8		5,679	34.6		
	\$250,001 - \$1 Million	12	4.2		5,351	32.6		
	Total	287	100.0		16,436	100.0		
Originations & Purchases 2014 FFIEC Census Data & 2014 Dun & Bradstreet information according to 2010 ACS <i>Note: Percentages may not add to 100.0 percent due to rounding</i>								

Assessment Area: 2014 WI Non MSA								
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	259	16.9
Moderate-income	0	0.0	0	0.0	0	0.0	248	16.2
Middle-income	1	100.0	1,530	100.0	133	8.7	336	22.0
Upper-income	0	0.0	0	0.0	0	0.0	687	44.9
Unknown-income	0	0.0	0	0.0	0	0.0	0	0.0
Total Assessment Area	1	100.0	1,530	100.0	133	8.7	1,530	100.0
	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	0	0	0.0	0.0	0	0.0	0	0.0
Middle-income	2,087	1,472	100.0	70.5	385	18.4	230	11.0
Upper-income	0	0	0.0	0.0	0	0.0	0	0.0
Unknown-income	0	0	0.0	0.0	0	0.0	0	0.0
Total Assessment Area	2,087	1,472	100.0	70.5	385	18.4	230	11.0
	Total Businesses Tract		Businesses 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	0	0.0	0	0.0	0	0.0	0	0.0
Middle-income	194	100.0	169	100.0	18	100.0	7	100.0
Upper-income	0	0.0	0	0.0	0	0.0	0	0.0
Unknown-income	0	0.0	0	0.0	0	0.0	0	0.0
Total Assessment Area	194	100.0	169	100.0	18	100.0	7	100.0
	Percentage of Total Businesses:			87.1		9.3		3.6
	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	0	0.0	0	0.0	0	0.0	0	0.0
Middle-income	29	100.0	28	100.0	1	100.0	0	0.0
Upper-income	0	0.0	0	0.0	0	0.0	0	0.0
Unknown-income	0	0.0	0	0.0	0	0.0	0	0.0
Total Assessment Area	29	100.0	28	100.0	1	100.0	0	0.0
	Percentage of Total Farms:			96.6		3.4		0.0

2014 FFIEC Census Data & 2014 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: 2014 WI Non MSA								
Product Type	Tract Income Levels	Bank & Aggregate Lending Comparison					Owner Occupied % of Units	
		2014			Dollar			
		Count		Agg	Bank			Agg
		#	%	%	\$ (000s)	\$ %	\$ %	
Home Purchase	Low	0	0.0	0.0	0	0.0	0.0	0.0
	Moderate	0	0.0	0.0	0	0.0	0.0	0.0
	Middle	0	0.0	100.0	0	0.0	100.0	100.0
	Upper	0	0.0	0.0	0	0.0	0.0	0.0
	Unknown	0	0.0	0.0	0	0.0	0.0	0.0
	Total		0	0.0	100.0	0	0.0	100.0
Refinance	Low	0	0.0	0.0	0	0.0	0.0	0.0
	Moderate	0	0.0	0.0	0	0.0	0.0	0.0
	Middle	0	0.0	100.0	0	0.0	100.0	100.0
	Upper	0	0.0	0.0	0	0.0	0.0	0.0
	Unknown	0	0.0	0.0	0	0.0	0.0	0.0
	Total		0	0.0	100.0	0	0.0	100.0
Home Improvement	Low	0	0.0	0.0	0	0.0	0.0	0.0
	Moderate	0	0.0	0.0	0	0.0	0.0	0.0
	Middle	0	0.0	100.0	0	0.0	100.0	100.0
	Upper	0	0.0	0.0	0	0.0	0.0	0.0
	Unknown	0	0.0	0.0	0	0.0	0.0	0.0
	Total		0	0.0	100.0	0	0.0	100.0
Multi-Family	Low	0	0.0	0.0	0	0.0	0.0	Multi-Family 0.0
	Moderate	0	0.0	0.0	0	0.0	0.0	0.0
	Middle	0	0.0	0.0	0	0.0	0.0	100.0
	Upper	0	0.0	0.0	0	0.0	0.0	0.0
	Unknown	0	0.0	0.0	0	0.0	0.0	0.0
	Total		0	0.0	0.0	0	0.0	0.0
HMDA Totals	Low	0	0.0	0.0	0	0.0	0.0	0.0
	Moderate	0	0.0	0.0	0	0.0	0.0	0.0
	Middle	0	0.0	100.0	0	0.0	100.0	100.0
	Upper	0	0.0	0.0	0	0.0	0.0	0.0
	Unknown	0	0.0	0.0	0	0.0	0.0	0.0
	Total		0	0.0	100.0	0	0.0	100.0

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

Borrower Distribution of HMDA Reportable Loans								
Assessment Area: 2014 WI Non MSA								
Product Type	Borrower Income Levels	Bank & Aggregate Lending Comparison						Families by Family Income %
		2014						
		Count			Dollar			
		Bank #	Bank %	Agg %	Bank \$(000s)	Bank \$ %	Agg \$ %	
Home Purchase	Low	0	0.0	7.8	0	0.0	4.6	16.9
	Moderate	0	0.0	28.6	0	0.0	22.8	16.2
	Middle	0	0.0	20.8	0	0.0	17.3	22.0
	Upper	0	0.0	23.4	0	0.0	38.6	44.9
	Unknown	0	0.0	19.5	0	0.0	16.7	0.0
	Total	0	0.0	100.0	0	0.0	100.0	100.0
Refinance	Low	0	0.0	6.5	0	0.0	4.0	16.9
	Moderate	0	0.0	10.9	0	0.0	9.1	16.2
	Middle	0	0.0	28.3	0	0.0	27.1	22.0
	Upper	0	0.0	31.5	0	0.0	38.0	44.9
	Unknown	0	0.0	22.8	0	0.0	21.8	0.0
	Total	0	0.0	100.0	0	0.0	100.0	100.0
Home Improvement	Low	0	0.0	0.0	0	0.0	0.0	16.9
	Moderate	0	0.0	0.0	0	0.0	0.0	16.2
	Middle	0	0.0	0.0	0	0.0	0.0	22.0
	Upper	0	0.0	100.0	0	0.0	100.0	44.9
	Unknown	0	0.0	0.0	0	0.0	0.0	0.0
	Total	0	0.0	100.0	0	0.0	100.0	100.0
Multi-Family	Low	0	0.0	0.0	0	0.0	0.0	16.9
	Moderate	0	0.0	0.0	0	0.0	0.0	16.2
	Middle	0	0.0	0.0	0	0.0	0.0	22.0
	Upper	0	0.0	0.0	0	0.0	0.0	44.9
	Unknown	0	0.0	0.0	0	0.0	0.0	0.0
	Total	0	0.0	0.0	0	0.0	0.0	100.0
HMDA Totals	Low	0	0.0	7.1	0	0.0	4.3	16.9
	Moderate	0	0.0	18.8	0	0.0	15.7	16.2
	Middle	0	0.0	24.7	0	0.0	22.3	22.0
	Upper	0	0.0	28.2	0	0.0	38.4	44.9
	Unknown	0	0.0	21.2	0	0.0	19.3	0.0
	Total	0	0.0	100.0	0	0.0	100.0	100.0
Originations & Purchases								
2014 FFIEC Census Data								
<i>Note: Percentages may not add to 100.0 percent due to rounding</i>								

Geographic Distribution of Small Business Loans								
Assessment Area: 2014 WI Non MSA								
	Tract Income Levels	Bank & Aggregate Lending Comparison						Total Businesses %
		2014						
		Count		Agg %	Dollar		Agg \$ %	
Bank #	%	Bank \$ (000s)	\$ %					
Small Business	Low	0	0.0	0.0	0	0.0	0.0	0.0
	Moderate	0	0.0	0.0	0	0.0	0.0	0.0
	Middle	3	100.0	100.0	52	100.0	100.0	100.0
	Upper	0	0.0	0.0	0	0.0	0.0	0.0
	Unknown	0	0.0	0.0	0	0.0	0.0	0.0
	Tr Unknown			0.0			0.0	
	Total	3	100.0	100.0	52	100.0	100.0	100.0

Originations & Purchases
2014 FFIEC Census Data & 2014 Dun & Bradstreet information according to 2010 ACS
Note: Percentages may not add to 100.0 percent due to rounding

Small Business Lending By Revenue & Loan Size								
Assessment Area: 2014 WI Non MSA								
Product Type	Bank & Aggregate Lending Comparison							
	2014							
			Count		Agg %	Dollar		Agg \$ %
		Bank #	%	Bank \$ 000s		\$ %		
Revenue	\$1 Million or Less	2	66.7	41.5	26	50.0	24.8	87.1
	Over \$1 Million or Unknown	1	33.3	58.5	26	50.0	75.2	12.9
	Total	3	100.0	100.0	52	100.0	100.0	100.0
Loan Size	\$100,000 or Less	3	100.0	80.9	52	100.0	19.1	
	\$100,001 - \$250,000	0	0.0	11.7	0	0.0	30.1	
	\$250,001 - \$1 Million	0	0.0	7.4	0	0.0	50.8	
	Total	3	100.0	100.0	52	100.0	100.0	
Loan Size & Rev \$1 Mill or Less	\$100,000 or Less	2	100.0		26	100.0		
	\$100,001 - \$250,000	0	0.0		0	0.0		
	\$250,001 - \$1 Million	0	0.0		0	0.0		
	Total	2	100.0		26	100.0		

Originations & Purchases
2014 FFIEC Census Data & 2014 Dun & Bradstreet information according to 2010 ACS
Note: Percentages may not add to 100.0 percent due to rounding

APPENDIX C – Scope of Examination

SCOPE OF EXAMINATION			
TIME PERIOD REVIEWED		HMDA-Reportable Loans for 2014 & 2015 CRA-Reportable Loans for 2014 & 2015 CRA Activities (Loans, Investments, & Services) July 24, 2012-November 7, 2016	
FINANCIAL INSTITUTION			PRODUCTS REVIEWED
State Bank of the Lakes			HMDA-reportable loans CRA-reportable loans Flexible Lending Products
AFFILIATE(S)	AFFILIATE RELATIONSHIP		PRODUCTS REVIEWED
None			N/A
LIST OF ASSESSMENT AREAS AND TYPE OF EXAMINATION			
ASSESSMENT AREA	TYPE OF EXAMINATION	BRANCHES VISITED	OTHER INFORMATION
Multi-State MSA: Chicago-Naperville-Elgin IL-IN-WI MSA 16980	Full Scope	440 Lake St. Antioch, IL.	
State of Wisconsin: Walworth County Non-MSA	Full Scope		

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.

Census tract: Small subdivisions of metropolitan and other densely populated counties. Census tract boundaries do not cross county lines; however, they may cross the boundaries of metropolitan statistical areas. They usually have between 2,500 and 8,000 persons, and their physical size varies widely depending upon population density. Census tracts are designed to be homogeneous with respect to population characteristics, economic status, and living conditions to allow for statistical comparisons.

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

Family: This definition 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.

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

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

Household: This definition 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.

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

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

Median 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 population of at least 2.5 million may be divided into MDs. A metropolitan statistical area that crosses into two or more bordering states is called a multistate metropolitan statistical area (MMSA). Performance within

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

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

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

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

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

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

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

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