PUBLIC DISCLOSURE

December 4, 2023

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

Lakeside Bank
Certificate Number: 19573

55 W Wacker Dr
Chicago, Illinois 60601

Federal Deposit Insurance Corporation
Division of Depositor and Consumer Protection
Chicago Regional Office

300 South Riverside Plaza, Suite 1700
Chicago, Illinois 60606

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INSTITUTION RATING

INSTITUTION'S CRA RATING: This institution is rated **Satisfactory.**

An institution in this group has a satisfactory record of helping to meet the credit needs of its assessment area, including low- and moderate-income neighborhoods, in a manner consistent with its resources and capabilities.

PERFORMANCE LEVELS	**PERFORMANCE TESTS**		
	Lending Test*	**Investment Test**	**Service Test**
Outstanding	-	-	-
High Satisfactory	X	-	-
Low Satisfactory	-	X	X
Needs to Improve	-	-	-
Substantial Noncompliance	-	-	-
* *The Lending Test is weighted more heavily than the Investment and Service Tests when arriving at an overall rating.*			

The Lending Test is rated High Satisfactory.

- Lending levels reflect good responsiveness to assessment area (AA) credit needs.
- A substantial majority of loans are made within the institution's AA.
- The geographic distribution of loans reflects adequate penetration throughout the AA.
- The distribution of borrowers reflects, given the product lines offered by the institution, good penetration among retail customers of different income levels and businesses of different sizes.
- The institution has made an adequate level of community development (CD) loans.
- The institution uses innovative and/or flexible lending practices in order to serve AA credit needs.

The Investment Test is rated Low Satisfactory.

- The institution has an adequate level of qualified CD investments and grants, rarely in a leadership position, particularly those that are not routinely provided by private investors.
- The institution exhibits adequate responsiveness to credit and community economic development needs.
- The institution occasionally uses innovative and/or complex investments to support CD initiatives.

The Service Test is rated Low Satisfactory.

- Delivery systems are reasonably accessible to essentially all portions of the institution's AA.
- To the extent changes have been made, the institution's opening and closing of branches has not adversely affected the accessibility of its delivery systems, particularly in low- and moderate-income (LMI) geographies and to LMI individuals.
- Services, including business hours, do not vary in a way that inconveniences portions of the AA, particularly LMI geographies, and individuals.
- The institution provides an adequate level of CD services.

DESCRIPTION OF INSTITUTION

Lakeside Bank (Lakeside) is a full service commercial bank headquartered in Chicago, Illinois, that is wholly-owned by Lakeside Bancorp, Inc., a one-bank holding company located in Chicago, Illinois. The bank operates from nine full-service locations, including the main office. The bank has seven locations in Cook County including six locations in Chicago, and one in Park Ridge. The bank also has two branches in DuPage County, one located in Elmhurst, and one located in Oakbrook Terrace. Since the last evaluation, the bank closed its Roosevelt Road branch located in Chicago effective July 1, 2023 and opened three new branches: one in Oakbrook Terrace on June 16, 2021, one in Chicago on July 28, 2021, and one in Park Ridge on May 4, 2022. The bank has one location in a moderate-income census tract while the remainder are in middle or upper-income census tracts. The bank has no affiliates that offer lending products. The institution received a Satisfactory rating at its previous FDIC Performance Evaluation, dated November 30, 2020 based on Interagency Large Bank CRA Examination Procedures

Lakeside offers a traditional mix of loan and deposit products to its customer base. Commercial financing is available for real estate, working capital, equipment, term loans, as well as standby letters of credit. The bank also offers commercial loans under the United States Small Business Administration (SBA) lending programs. Most recently, the bank originated loans under the Paycheck Protection Program (PPP) guaranteed by the SBA. In response to the economic impact on small business due to the Coronavirus Disease 2019 (COVID-19) pandemic, the SBA created the PPP. The PPP is a loan program designed to help small businesses maintain and compensate their workforce during the crisis.

The bank offers both fixed and adjustable rate mortgage loans, home equity loans, home equity lines of credit, and consumer loans. Additionally, the bank offers conventional and government-insured loans facilitated through secondary market investors. These include Federal Housing Administration (FHA), and the U.S. Department of Veteran's Affairs (VA) loans.

Deposit products include checking, savings, money market, certificates of deposit, and individual retirement accounts. Alternative banking services include internet and mobile banking, electronic bill pay, direct deposit, and remote deposit. Banking hours allow reasonable access to bank services and include drive-up hours and Saturday hours. Additionally, each branch has an ATM; seven of nine are available 24 hours a day.

As of the September 30, 2023, Consolidated Reports of Condition, Lakeside reported approximately $2.6 billion in total assets, $2.0 billion in total loans, and $2.1 billion in total deposits. Lakeside experienced growth in both assets and loans since the previous CRA evaluation. Total assets increased $475.1 million or 22.8 percent while total loans increased $305.1 million, or 18.1 percent. Commercial lending represents the largest segment of the loan portfolio and continues to be the bank's primary lending focus. The following table details loan portfolio concentrations.

Loan Portfolio Distribution as of 9/30/2023		
Loan Category	**$(000s)**	**%**
Construction, Land Development, and Other Land Loans	329,778	16.6
Secured by 1-4 Family Residential Properties	171,558	8.6
Secured by Multi-family (5 or more) Residential Properties	324,886	16.3
Secured by Nonfarm Nonresidential Properties	1,027,276	51.6
Total Real Estate Loans	**1,853,498**	**93.1**
Commercial and Industrial Loans	141,524	7.1
Consumer Loans	188	0.0
Other Loans	830	0.0
Less: Unearned Income	(4,815)	(0.2)
Total Loans	**1,991,225**	**100.0**
Source: Reports of Condition and Income; Due to rounding, totals may not equal 100.0%,		

Examiners did not identify any financial, legal, or other impediments inhibiting the bank's ability to meet AA credit needs during the review period.

DESCRIPTION OF ASSESSMENT AREA

Evaluation of the CRA performance requires each financial institution to define one or more AAs. Lakeside's designated AA includes the entirety of Cook County and DuPage County in Illinois, which are located within the Chicago-Naperville-Arlington Heights, Illinois Metropolitan Division (Chicago MD). The AA includes whole geographies and does not arbitrarily exclude LMI census tracts.

Economic and Demographic Data

Examiners used demographic data from the 2015 American Community Survey (ACS) compiled by the U.S. Census Bureau, 2020 U.S Census data, and 2020-2022 D&B data to analyze the bank's CRA performance. According to the 2015 ACS demographic data, the AA's 1,535 census tracts reflected the following income designations: 253 low-income tracts (16.5 percent), 391 moderate-income tracts (25.5 percent), 397 middle-income tracts (25.9 percent), 481 upper-income tracts (31.3 percent), and 13 tracts (0.8 percent) where income data was not available (NA). Based on 2020 US Census data, the AA's 1,551 tracts reflect the following income designations: 226 low-income tracts (14.6 percent), 365 moderate-income tracts (23.5 percent), 459 middle-income tracts (29.6 percent), 485 upper-income tracts (31.3 percent), and 16 tracts (1.0 percent) where income data was not available (NA).

Changes in demographic data from the 2015 ACS to the 2020 Census were generally not significant. The most significant differences included an increase in the MSA's median family income ($75,024 to $92,672), median housing values ($252,409 to $293,663) and a decrease in poverty levels from 11.9 to 9.1 percent. Other changes were nominal. Given this, only demographic information about the designated AA from the 2020 US Census is presented in the following table.

Demographic Information of the Assessment Area						
Demographic Characteristics	**#**	**Low % of #**	**Moderate % of #**	**Middle % of #**	**Upper % of #**	**NA* % of #**
Geographies (Census Tracts)	1,551	14.6	23.5	29.6	31.3	1.0
Population by Geography	6,208,418	11.4	23.8	32.1	32.3	0.4
Housing Units by Geography	2,559,710	11.5	22.6	31.5	33.8	0.5
Owner-Occupied Units by Geography	1,391,239	6.0	19.5	35.4	38.8	0.2
Occupied Rental Units by Geography	944,549	17.1	26.6	27.7	27.7	0.9
Vacant Units by Geography	223,922	22.2	25.4	23.4	28.1	0.8
Businesses by Geography	749,946	7.1	17.9	30.0	44.4	0.6
Farms by Geography	7,258	6.8	19.7	32.5	40.7	0.3
Family Distribution by Income Level	1,424,186	25.0	16.5	18.3	40.3	0.0
Household Distribution by Income Level	2,335,788	27.0	15.4	16.4	41.2	0.0
Median Family Income MSA - 16984 Chicago-Naperville-Evanston, IL		$92,622	Median Housing Value			$293,663
			Median Gross Rent			$1,245
			Families Below Poverty Level			9.1%

Source: 2020 U.S. Census and 2022 D&B Data. Due to rounding, totals may not equal 100.0%
(*) The NA category consists of geographies that have not been assigned an income classification.

The table reflects lower levels of owner-occupied housing units in LMI geographies within the AA and higher concentrations of rental units. This data highlights opportunities for financial institutions to originate non-owner occupied investment loans.

Examiners used the 2020, 2021, and 2022 FFIEC-updated median family income (MFI) level to analyze home mortgage loans under the Borrower Profile criterion. The following table contains information on the MFIs by category.

Median Family Income Ranges				
Median Family Incomes	**Low <50%**	**Moderate 50% to <80%**	**Middle 80% to <120%**	**Upper ≥120%**
Chicago-Naperville-Evanston, IL Median Family Income (16984)				
2020 ($84,800)	<$42,400	$42,400 to <$67,840	$67,840 to <$101,760	≥$101,760
2021 ($87,100)	<$43,550	$43,550 to <$69,680	$69,680 to <$104,520	≥$104,520
2022 ($105,700)	<$52,850	$52,850 to <$84,560	$84,560 to <$126,840	≥$126,840
Source: FFIEC				

The analysis of small business loans under the Borrower Profile criterion compares the distribution of businesses by gross annual revenues (GARs). The GARs of businesses operating in the AA in 2022 are as follows:

- 89.8 percent report $1.0 million or less,
- 3.9 percent report greater than $1 million, and
- 6.3 percent did not report revenues to D&B.

Service industries represent the largest portion of businesses in the AA at 32.5 percent; followed by non-classifiable establishments (30.6 percent); finance, insurance, and real estate (10.3 percent); retail trade (9.0 percent); transportation and communication (6.2 percent); and construction (5.0 percent). In addition, 55.5 percent of businesses have four or fewer employees, and 92.9 percent operate from a single location.

Prior to the last evaluation, COVID-19 considerably affected local and global environments. The stay-at-home orders and temporary closures of non-essential businesses beginning in March 2020 caused significant hardships for both individuals and businesses as reflected in the high average unemployment rates for 2020. Following 2020, throughout the majority of the review period, unemployment rates steadily improved. The following table outlines the average annual non-seasonally adjusted unemployment rates of the bank's AA during the review period and the October 2023 unemployment rates.

Unemployment Rates				
Area	**2020**	**2021**	**2022**	**October 2023**
	%	**%**	**%**	**%**
Cook County, Illinois	10.7	7.0	5.0	4.7
DuPage County, Illinois	7.7	4.5	3.6	3.6
State of Illinois	9.4	6.1	4.6	4.5
National Average	8.1	5.4	3.7	3.6
Source: Bureau of Labor Statistics				

Competition

Lakeside's AA is highly competitive in the market for financial services. Data from the Deposit Market Share Report as of June 30, 2022, indicates that 178 financial institutions operate 1,480 offices within the AA. Lakeside maintains a 0.4 percent deposit market share in the AA, ranking 24th among all institutions. Large national and regional financial institutions hold the majority of the market share in the AA. The five largest had 62.0 percent deposit market share.

Aggregate small business lending data provides insight into the level of demand for small business loans within the AA. Aggregate lending data for 2021 indicates 316 lenders reported originating 227,931 small business loans, indicating a high degree of competition for this loan product. Lakeside ranked 31st with 0.3 percent of the market share.

Additionally, a high level of competition in the AA exists for home mortgage loans among banks, credit unions, and non-depositor mortgage lenders. According to the 2022 aggregate data, 903 lenders reported 232,347 home mortgage loans. Lakeside ranked 208th with 0.04 percent of the market share.

Community Contacts

As part of the examination, recent community contact interviews were reviewed to assist examiners in identifying and understanding the credit and CD needs of the AA. The information helps examiners determine area needs and whether local financial institutions are responsive to the needs.

Examiners reviewed a contact with a representative from a Community Development Financial Institution operating in the Chicago MSA. The contact indicated a need for small business lending, particularly for loans under $100,000 and financing for startup capitalization. Another contact with a representative of a local government economic development office in DuPage County indicated that the primary credit needs of the community are capital and liquidity to support new and existing businesses in the area, largely small businesses.

An additional community contact reviewed by examiners was conducted with an organization whose mission is to advance economic justice and racial equity within financial systems through research and advocacy at local, state, and national levels. The contact stated that more community banks should be located in neighborhoods to be closer to those they serve. The contact further noted that there is a need for more responsible mortgage products that considers the realities of the Chicago home buying market. The contact stated there is a need for pre-approval for down-payment assistance for LMI residents; a need for more flexible lending products that consider alternative credit history; and a need for loans under $25,000 for small business financing.

Credit and Community Development Needs and Opportunities

Considering the information from the community contacts and demographic data, examiners determined that small business lending and affordable housing lending represented CD needs in the AA. The relatively high level of low and moderate-income (LMI) families along with the percentage of businesses with GAR of $1.0 million or less is reflective of these credit and service needs.

The AA provides numerous opportunities for involvement in CD activities. The Chicago metropolitan area contains empowerment zones and tax increment financing districts that are designated by local or state government entities for revitalization, stabilization, or economic development. These areas were established to stimulate economic activities that include job preservation and creation, and business and residential development. Additionally, the State of Illinois and local community organizations sponsor various programs to support affordable housing and economic development.

Further, during part of the evaluation period, the COVID-19 pandemic affected many area businesses resulting in closures and negatively affecting the operations and increasing credit needs for businesses. The numerous business closures increased unemployment rates and consequently, families experienced hardships maintaining housing.

SCOPE OF EVALUATION

General Information

This evaluation covers the period from the previous evaluation dated November 30, 2020, to the current evaluation dated December 4, 2023. Examiners used the Interagency Large Bank CRA Examination Procedures to evaluate Lakeside's CRA performance. These procedures include three tests: the Lending Test, Investment Test, and Service Test. The criteria for these tests is within the Appendix.

The bank's overall rating is determined using a points system as defined in the CRA regulation. Banks must achieve at least a Low Satisfactory rating under the Lending Test to obtain an overall Satisfactory rating.

Activities Reviewed

Considering the bank's business strategy and the number and dollar volume of loans originated during the evaluation period, Lakeside's major product lines are small business and home mortgage loans. Within the Lending Test, Lakeside's CRA performance is based on an analysis of the universe of small business and home mortgage loans for 2020, 2021, and 2022 using reported CRA data for small business loans and Home Mortgage Disclosure Act (HMDA) Loan Application Registers (LAR) for home mortgage loans. During the review period, the bank originated relatively similar volumes of small business loans and home mortgage loans. Therefore, small business and home mortgage loans received equal weight in arriving at overall conclusions for the purposes of this evaluation. Farm and consumer lending represent nominal portions of the bank's loan portfolio and were not evaluated as a result.

Small business loan data for 2020, 2021, and 2022 collected and reported pursuant to the CRA data collection requirements (CRA LAR) was used to evaluate the bank's small business lending. The bank originated 1,142 small business loans totaling approximately $161.7 million in 2020, 824 loans totaling $160.0 million in 2021, and 234 loans totaling $98.2 million in 2022.

All home mortgage loans reported on the bank's 2020, 2021, and 2022 HMDA LARs were used to evaluate the bank's home mortgage lending. Lakeside reported 63 home mortgage loans totaling approximately $73.4 million in 2020, 73 loans totaling $72.9 million in 2021, and 95 loans totaling $140.2 million in 2022. Home mortgage lending includes home purchase, home improvement, and refinance transactions for 1-4 family residential real estate and multi-family dwellings as defined by the HMDA. Nearly all of the bank's reported loans are for investment or multi-family properties, and are referred to collectedly as non-owner occupied.

In addition to home mortgage loans decisioned by Lakeside and reported on the HMDA-LAR, Lakeside facilitates long-term mortgages sold in the secondary market. While Lakeside processes, closes, and funds these loans at origination, investors make the credit approval decisions. Under HMDA, these loans are not included on the bank's annual HMDA-LAR submission. Even though Lakeside does not make the credit decision, these loans assist AA individuals with purchasing or refinancing a home. As Lakeside collected data on these loans for 2021 and 2022, and given the volume, Lakeside's performance with these loans was considered when drawing conclusions in both the Geographic Distribution and Borrower Profile criterion. In 2021, Lakeside originated 381 loans totaling $141.6 million and in 2022, 183 loans totaling $65.7 million.

Given the differences in the decisioned and facilitated universes of home mortgage lending, the bank's home mortgage performance is discussed separately by loan type and compared to respective demographic and aggregate lending data that provides a better picture of the bank's performance. The two different types of home mortgage loans were weighted equally when drawing conclusions.

Aggregate HMDA data for 2020, 2021, and 2022 and 2015 ACS and 2020 US Census data provided a standard of comparison for home mortgage loans. Aggregate CRA data for 2020 and 2021 and D&B data for 2020, 2021, and 2022 provided a standard of comparison for small business loans. Aggregate CRA data for 2022 is not yet available.

Examiners focused more on comparison to aggregate data as it better reflects the demand and opportunities for originating loans in the AA. Further, while examiners considered both number and dollar volume of loans, discussion of performance is limited to loans by number, as performance by dollar volume led to similar conclusions.

Examiners reviewed the bank's delivery systems that provide retail banking services, including physical branch locations and alternative delivery systems. Examiners evaluated the impact of branch openings and closings on the accessibility of delivery systems within the AA. Additionally, examiners evaluated the bank's products and services tailored to the needs of low- and moderate-income individuals. Refer to the Service Test portion of this evaluation, as well as the Innovative or Flexible Lending section of the Lending Test for additional information.

Finally, examiners considered all CD loans, qualified investments, and services since Lakeside's prior CRA evaluation dated November 30, 2020. Within CD loans, examiners considered loans originated within the review period. With respect to CD investments, examiners considered whether investments were purchased within the review period for this evaluation, as investments are categorized as either current-period or prior period investments. With respect to CD Services, examiners considered those services performed by bank employees within the review period.

CONCLUSIONS ON PERFORMANCE CRITERIA

LENDING TEST

The Lending Test rating assigned is High Satisfactory. Performance under the lending activity, AA concentration, borrower profile, and innovative or flexible lending primarily support this rating.

Lending Activity

Lending levels reflect good responsiveness to AA credit needs. During the last three calendar years, based on the bank's 2020-2022 HMDA and CRA LARs, Lakeside originated 231 home mortgage loans totaling $288.5 million and 2,200 small business loans totaling $419.9 million within the AA. In addition, the bank originated 99 CD loans totaling $70.1 million and 600 secondary-market home mortgage loans totaling $216.3 million during the evaluation period. The 600 secondary-market loans were closed and funded by the bank, but the investor made the credit decisions. As mentioned previously, under HMDA, these loans were not reported on the bank's HMDA LAR.

Comparing the bank's market share in both home mortgage and small business lending, as reported on the HMDA and CRA LARs, to its deposit market share allows for a comparison of the bank's lending relative to its capacity. Data from the Deposit Market Share Report as of June 30, 2022, indicates that the bank ranked 24th among 178 financial institutions (87th percentile) for residential lending. The bank ranked 31st among 316 lenders (90th percentile) for small business lending, based on 2021 small business market share data. The bank ranked 56th among 514 lenders (89th percentile), based on 2022 home mortgage market share loan data for non-owner occupied home mortgage lending by number of loans. This lending activity level exceeded the bank's deposit market share data, indicating that the bank's lending levels are good.

Assessment Area Concentration

A substantial majority of loans are made in the institution's AA. As shown in the following table, Lakeside originated a substantial majority of both small business and home mortgage loans, by number and dollar volume, within its AA.

Lending Inside and Outside of the Assessment Area										
Loan Category	**Number of Loans**				**Total**	**Dollar Amount of Loans $(000s)**				**Total**
	Inside		**Outside**			**Inside**		**Outside**		
	#	**%**	**#**	**%**	**#**	**$**	**%**	**$**	**%**	**$(000s)**
Small Business										
2020	1,018	89.1	124	10.9	1,142	147,994	91.5	13,729	8.5	161,723
2021	753	91.4	71	8.6	824	149,131	93.2	10,854	6.8	159,985
2022	210	89.7	24	10.3	234	86,956	88.5	11,283	11.5	98,239
Subtotal	**1,981**	**90.0**	**219**	**10.0**	**2,200**	**384,081**	**91.5**	**35,866**	**8.5**	**419,947**
Home Mortgage										
2020	54	85.7	9	14.3	63	47,550	64.8	25,855	35.2	73,405
2021	56	76.7	17	23.3	73	52,558	72.1	20,366	27.9	72,925
2022	80	84.2	15	15.8	95	90,077	64.3	50,109	35.7	140,186
Subtotal	**190**	**82.3**	**41**	**17.7**	**231**	**190,185**	**66.4**	**96,330**	**33.6**	**286,516**
Total	**2,171**	**89.3**	**260**	**10.7**	**2,431**	**574,266**	**81.3**	**132,196**	**18.7**	**706,463**
Source: Bank Data. Due to rounding, totals may not equal 100.0%.										

Geographic Distribution

The geographic distribution of loans reflects adequate penetration throughout the AA. Adequate performance within small business lending and good performance within home mortgage lending supports this conclusion. The analysis considered only loans originated in the AA.

Small Business Loans

The geographic distribution of small business loans reflects adequate penetration throughout the AA. Examiners compared the percentage of small business loans to the relative percentage of businesses by census tract income level (demographic) and aggregate data, as shown in the below table.

The table below indicates Lakeside's performance in lending to businesses located in low-income census tracts exceeded aggregate data by 3.2 percentage points and demographics by 3.5 percentage points in 2020. The bank's performance declined in 2021 and 2022. In 2021, it was in line with aggregate (below by 0.2 percentage points) and slightly trailed demographics (below by 0.9 percentage points). In 2022, aggregate data is not available and the bank was slightly below demographics by 0.9 percentage points.

For moderate-income census tracts, the bank's performance was below aggregate and demographics. In 2020, it was 2.9 percentage points below aggregate and 2.0 percentage points below demographics. The bank's performance improved in 2021 but was 4.0 percentage points below aggregate and 1.2 percentage points below demographics. The bank's performance in 2022 was similar to 2021 and approximated the demographic.

As a result, particularly based upon the bank's low-income performance, the loan distribution reflects adequate performance for all three years and illustrates Lakeside's willingness to make loans in LMI geographies.

Geographic Distribution of Small Business Loans						
Tract Income Level	**% of Businesses**	**Aggregate Performance % of #**	**#**	**%**	**$(000s)**	**%**
Low						
2020	5.6	5.9	93	9.1	15,567	10.5
2021	7.2	8.3	61	8.1	13,627	9.1
2022	7.1	--	13	6.2	4,873	5.6
Moderate						
2020	17.0	17.9	153	15.0	21,129	14.3
2021	18.6	21.4	131	17.4	26,077	17.5
2022	17.9	--	36	17.1	13,932	16.0
Middle						
2020	26.7	28.5	204	20.0	29,671	20.0
2021	26.2	28.6	161	21.4	35,197	23.6
2022	30.0	--	75	35.7	29,585	34.0
Upper						
2020	50.0	47.4	562	55.2	79,910	54.0
2021	47.5	41.3	396	52.6	73,359	49.2
2022	44.4	--	86	41.0	38,566	44.4
Not Available						
2020	0.6	0.4	6	0.6	1,717	1.2
2021	0.6	0.4	4	0.5	871	0.6
2022	0.6	--	0	0.0	0	0.0
Totals						
2020	**100.0**	**100.0**	**1,018**	**100.0**	**147,994**	**100.0**
2021	**100.0**	**100.0**	**753**	**100.0**	**149,131**	**100.0**
2022	**100.0**	**--**	**210**	**100.0**	**86,956**	**100.0**
Source: 2020, 2021, and 2022 D&B Data; Bank Data; 2020 & 2021 CRA Aggregate Data, "--" data not available. Due to rounding, totals may not equal 100.0%.						

Home Mortgage Loans

The geographic distribution of home mortgage loans represents good dispersion throughout the AA. The bank's HMDA reported data consists primarily of non-owner occupied 1-4 family and multi-family loans while most owner-occupied home mortgage loans are originated through third-party investors. Therefore, the bank's performance is discussed separately by loan type, either non-owner occupied loans, including multi-family, or owner-occupied. Examiners compared the bank's lending to aggregate HMDA data and demographic data, with a greater emphasis on aggregate data as it is a better indicator of the lending opportunities in the market. Lakeside's good performance in both loan types supports this conclusion.

Non-Owner Occupied and Multi-Family Loans
The geographic distribution of non-owner occupied and multi-family home (rental) mortgage loans, reflects good dispersion by census-tract income level throughout the AA.

Lakeside's record of originating rental loans in low-income geographies was significantly above aggregate in 2020 and 2021 and slightly above aggregate in 2022. Overall, performance in low-income tracts is excellent.

The bank's record of originating loans in moderate-income geographies exceeded aggregate data in 2020; however, the bank's performance declined in each subsequent year. Considering good performance in 2020, adequate performance in 2021, and weaker performance in 2022, the bank's overall performance in moderate-income tracts is adequate.

Given, Lakeside's excellent performance in low- and adequate performance in moderate-income tracts, overall performance with rental mortgage loans is good. The following table provides additional details.

Geographic Distribution of Non-Owner Occupied & Multi-Family Home Mortgage Loans						
Tract Income Level	**% of Occupied Rental Units**	**Aggregate Performance % of #**	**#**	**%**	**$(000s)**	**%**
Low						
2020	18.8	10.2	11	22.9	4,795	10.5
2021	18.8	11.4	20	35.7	11,224	21.4
2022	17.1	13.2	10	14.9	7,000	8.4
Moderate						
2020	29.7	22.5	13	27.1	8,925	19.6
2021	29.7	23.7	10	17.9	5,918	11.3
2022	26.6	26.2	9	13.4	11,298	13.5
Middle						
2020	23.9	27.4	11	22.9	9,185	20.2
2021	23.9	27.3	7	12.5	3,802	7.2
2022	27.7	30.6	20	29.9	12,344	14.8
Upper						
2020	26.9	39.5	12	25.0	20,120	44.2
2021	26.9	37.1	19	33.9	31,615	60.2
2022	27.7	29.6	28	41.8	53,002	63.4
Not Available						
2020	0.8	0.3	1	2.1	2,455	5.4
2021	0.8	0.5	0	0.0	0	0.0
2022	0.9	0.4	0	0.0	0	0.0
Totals						
2020	**100.0**	**100.0**	**48**	**100.0**	**45,480**	**100.0**
2021	**100.0**	**100.0**	**56**	**100.0**	**52,558**	**100.0**
2022	**100.0**	**100.0**	**67**	**100.0**	**83,642**	**100.0**
Source: 2015 ACS; Bank Data, 2020, 2021, & 2022 HMDA Aggregate Data, "--" data not available. Due to rounding, totals may not equal 100.0%.						

Owner-Occupied Home Mortgage Loans

As previously discussed, the overwhelming majority of owner-occupied loans closed and funded by the bank are not included in the bank's HMDA-LAR, as Lakeside does not make the credit decision under correspondent secondary market agreements. Lakeside only collected data on 2021 and 2022 loans, therefore no information on 2020 loans is presented nor was it considered when drawing conclusions.

Overall, the geographic distribution of owner-occupied home mortgage loans is good. As illustrated in the table below, Lakeside's performance in low-income tracts exceeded aggregate in 2021 though trailed in 2022. In moderate-income tracts, Lakeside's performance exceeded aggregate in both 2021 and 2022.

Geographic Distribution of Owner-Occupied Home Mortgage Loans						
Tract Income Level	**% of Owner-Occupied Housing Units**	**Aggregate Performance % of #**	**#**	**%**	**$(000s)**	**%**
Low						
2021	5.6	4.3	19	6.2	4,994	4.5
2022	6.0	5.2	3	2.1	897	1.8
Moderate						
2021	20.4	16.1	59	19.2	16,454	14.8
2022	19.5	17.4	35	24.8	11,828	23.1
Middle						
2021	32.4	30.1	79	25.6	22,697	20.5
2022	35.4	34.1	24	17.0	7,511	14.7
Upper						
2021	41.4	50.3	151	49.0	66,787	60.2
2022	38.8	42.9	79	56.0	30,967	60.5
Not Available						
2021	0.2	0.2	0	0.0	0	0.0
2022	0.2	0.3	0	0.0	0	0.0
Totals						
2021	**100.0**	**100.0**	**308**	**100.0**	**110,932**	**100.0**
2022	**100.0**	**100.0**	**141**	**100.0**	**51,203**	**100.0**
Source: 2015 ACS; Bank Data, 2020, 2021, & 2022 HMDA Aggregate Data, "--" data not available. Due to rounding, totals may not equal 100.0%.						

Borrower Profile

The distribution of borrowers reflects, given the product lines offered by the institution, good penetration among retail customers of different income levels and businesses of different sizes. Lakeside's good performance within small business loans and adequate performance in home mortgage lending supports this conclusion.

Conclusions for home mortgage lending considered only owner-occupied home mortgages sold in the secondary market that Lakeside funds, but does not make the credit decision. As previously noted the significant majority of home mortgage loans decisioned and originated by Lakeside were to those with an income designation of not applicable (NA) which is typical for investment purpose and multi-family home mortgage loans. Consideration of these investment purpose home mortgage loans would not provide meaningful conclusions.

Small Business Loans

The distribution of borrowers reflects good penetration among businesses of different sizes. Examiners focused on the bank's record of lending to businesses with GARs of $1 million or less. The following table details the distribution of small business loans by GAR level.

Distribution of Small Business Loans by Gross Annual Revenue Category						
Gross Revenue Level	**% of Businesses**	**Aggregate Performance % of #**	**#**	**%**	**$(000s)**	**%**
<=$1,000,000						
2020	85.0	37.2	184	18.1	44,022	29.7
2021	86.9	42.3	116	15.4	49,665	33.3
2022	89.8	--	122	58.1	50,199	57.7
>$1,000,000						
2020	6.1	--	159	15.6	48,273	32.6
2021	5.0	--	83	11.0	38,533	25.8
2022	3.9	--	77	36.7	33,519	38.5
Revenue Not Available						
2020	8.9	--	675	66.3	55,699	37.6
2021	8.1	--	554	73.6	60,933	40.9
2022	6.3	--	11	5.2	3,238	3.7
Totals						
2020	**100.0**	**100.0**	**1,018**	**100.0**	**147,994**	**100.0**
2021	**100.0**	**100.0**	**753**	**100.0**	**149,131**	**100.0**
2022	**100.0**	**--**	**210**	**100.0**	**86,956**	**100.0**
Source: 2020, 2021, and 2022 D&B Data; Bank Data; 2020 & 2021 CRA Aggregate Data; "--" data not available. Due to rounding, totals may not equal 100.0%						

The bank's performance in 2020 and 2021 represented a larger than normal level of loans without revenue available, skewing the bank's numbers for 2020 and 2021 and resulting in the bank's performance in lending to businesses with GARs $1.0 million or less being significantly below aggregate and demographics in both years. This is due to the bank's participation in the PPP loan program where revenue figures were not required for a borrower to receive a loan. The number of loans without revenues in 2022, 5.2 percent, is similar to what the bank reported at the last evaluation when it had 7.2 percent in 2018 and 4.8 percent in 2019.

The bank's performance in originating loans to businesses with GARs of $1.0 million or less in 2022 is similar to the bank's performance at the last evaluation when PPP loans were not offered, when it had 59.3 percent in 2018 and 59.0 percent in 2019. Further, when looking at the non-PPP small business loan originations, 53.6 and 58.3 percent of originations in 2020 and 2021 respectively were to businesses with revenues of $1 million or less. In addition, while revenues for

PPP loans are not required, in 2020 approximately 73 percent and in 2021, 77 percent of PPP loan originations were loans of $100,000 or less which is supportive of the AA's smallest businesses.

Although the 58.1 percent of loans to businesses with GARs of $1.0 million or less originated in 2022 is below demographics, examiners placed more focus on the comparison to aggregate data. As previously mentioned, aggregate data better reflects the actual demand and opportunities for originating loans in the AA, while demographic data represents all businesses and does not necessarily reflect demand from creditworthy borrowers. Not all businesses require financing, and some businesses, particularly very small entities, may use alternative forms of financing, such as credit cards to meet their needs. Although aggregate data is not available for 2022, recent evaluations of banks operating in the Chicago MSA had performances for lending in 2022 to businesses with GARs of $1.0 million or less of 50.8 percent, 64.3 percent, 54.4 percent, and 33.3 percent. Lakeside's performance is comparable to these banks, and its distribution of loans among businesses of different sizes is good.

Home Mortgage Loans

The distribution of borrowers reflects adequate penetration among borrowers of different income levels. As noted in the table below, the percentage of loans to low-income borrowers slightly trails aggregate in 2021 and declines and also trails in 2022. For moderate-income borrowers, while performance trails aggregate in 2021, in 2022, performance improves and slightly exceeds aggregate. Considering adequate performance with low-income borrowers in 2021 and moderate-income borrowers in 2022, overall Lakeside's performance is adequate.

Distribution of Owner-Occupied Home Mortgage Loans by Borrower Income Level						
Borrower Income Level	**% of Families**	**Aggregate Performance % of #**	**#**	**%**	**$(000s)**	**%**
Low						
2021	25.6	5.8	13	4.2	1,972	1.8
2022	25.0	10.1	7	5.0	1,107	1.8
Moderate						
2021	16.5	15.9	33	10.7	6,495	5.9
2022	16.5	21.7	33	23.4	17,863	29.3
Middle						
2021	17.9	21.0	72	23.4	19,917	18.0
2022	18.3	20.3	33	23.4	9,766	16.0
Upper						
2021	40.0	42.6	190	61.7	82,548	74.4
2022	40.3	33.1	68	48.2	32,233	52.9
Not Available						
2021	0.0	14.6	0	0.0	0	0.0
2022	0.0	14.8	0	0.0	0	0.0
Totals						
2021	**100.0**	**100.0**	**308**	**100.0**	**110,932**	**100.0**
2022	**100.0**	**100.0**	**141**	**100.0**	**60,969**	**100.0**
Source: 2015 ACS; Bank Data, 2020, 2021, & 2022 HMDA Aggregate Data, "--" data not available. Due to rounding, totals may not equal 100.0%						

Innovative or Flexible Lending Practices

Lakeside uses innovative and flexible lending practices in order to serve AA credit needs. In 2020 and 2021, Lakeside originated 1,222 PPP loans totaling approximately $140.7 million in order to assist small businesses with immediate credit assistance during the COVID-19 emergency.

In addition to the SBA PPP loans, Lakeside originated two SBA 7a loans totaling $1.32 million and 16 FHA/VA loans totaling $4.9 million. FHA and VA loans generally allow lower down payments and credit scores than conventional loans, and can be easier for LMI borrowers to obtain.

Community Development Loans

Lakeside has made an adequate level of CD loans. Lakeside originated 99 loans totaling $107.9 million during the evaluation period, which represents approximately 5.5 percent of average net loans. Examiners compared Lakeside's CD lending to the performance of four SSIs operating within the AA. Lakeside's performance was below, but similar, to the SSI's CD lending activities that ranged from 5.9 to 7.5 percent. The following table illustrates Lakeside's CD lending within the AA during the review period.

Community Development Lending										
Activity Year	**Affordable Housing**		**Community Services**		**Economic Development**		**Revitalize or Stabilize**		**Totals**	
	#	**$(000s)**	**#**	**$(000s)**	**#**	**$(000s)**	**#**	**$(000s)**	**#**	**$(000s)**
12/1/2020-12/31/2020	3	1,186	0	0	0	0	0	0	**3**	**1,186**
2021	36	25,110	0	0	9	15,234	0	0	**45**	**40,344**
2022	26	37,826	0	0	0	0	0	0	**26**	**37,826**
YTD 2023	25	28,581	0	0	0	0	0	0	**25**	**28,581**
Total	**90**	**92,703**	**0**	**0**	**9**	**15,234**	**0**	**0**	**99**	**107, 937**

Source: Bank Data

A vast majority of the CD loans supported affordable housing through multi-family loans with below fair market value rental rates and within the capacity of LMI individuals. These loans demonstrate the bank's responsiveness to this CD need. These affordable housing loans included a $24.9 million loan for a supportive living facility where a majority of residents receives Medicaid. The facility is located in Kane County, outside the assessment area, but is located in the broader statewide area in the Chicago MSA.

The remaining nine CD loans supporting economic development were PPP loans in loan amounts over $1 million that qualified as CD. These loans totaled approximately $15.2 million and supported economic development by assisting the businesses with retaining jobs, including jobs that benefit LMI individuals.

INVESTMENT TEST

The Investment Test rating is Low Satisfactory. The institution has demonstrated an adequate level of investment and grant activity and responsiveness to the CD investment needs of the AA.

Investment and Grant Activity

The institution has an adequate level of qualified CD investments and grants, rarely in a leadership position. Lakeside made 60 qualified CD investments, grants, and donations totaling approximately $20.0 million during the evaluation period. This includes 18 prior period investment balances totaling approximately $8.8 million, ten new investments totaling approximately $11.1 million, and 32 donations and grants totaling $72,000. This level of activity represents 9.3 percent of average total securities. Lakeside's CD investment and grant activity is slightly above but generally consistent with that of the aforementioned SSIs. The four SSIs had an adequate level of CD investments, ranging from 1.7 to 8.5 percent of average total securities. The following table provides additional details regarding the bank's CD investment and donation activity by year and purpose.

Qualified Investments										
Activity Year	**Affordable Housing**		**Community Services**		**Economic Development**		**Revitalize or Stabilize**		**Totals**	
	#	**$(000s)**	**#**	**$(000s)**	**#**	**$(000s)**	**#**	**$(000s)**	**#**	**$(000s)**
Prior Period	6	3,436	11	5,091	0	0	1	250	**18**	**8,777**
12/1/2020-12/31/2020	0	0	0	0	0	0	0	0	**0**	**0**
2021	1	3,553	0	0	2	2,100	0	0	**3**	**5,653**
2022	0	0	3	1,740	0	0	0	0	**3**	**1,740**
YTD 2023	2	2,497	2	1,255	0	0	0	0	**4**	**3,752**
Subtotal	**9**	**9,486**	**16**	**8,086**	**2**	**2,100**	**1**	**250**	**28**	**19,922**
Qualified Grants & Donations	0	0	32	72	0	0	0	0	**32**	**72**
Total	**9**	**9,486**	**48**	**8,158**	**2**	**2,100**	**1**	**250**	**60**	**19,994**
Source: Bank Data										

Below are notable examples of the bank's qualified investment activities:

- Five new municipal bond holdings totaling $3.0 million that support education efforts in various school districts comprised primarily of LMI families.
- Nine investments totaling $9.5 million that support affordable multi-family housing in the AA.
- One new certificate of deposit and one new money market account totaling $2.1 million maintained at Minority Depository Institutions. These investments support economic development.
- Three investments in loan pools totaling just over $1.2 million that provide financing to non-profits that support various LMI persons and areas.

<u>Responsiveness to Credit and Community Development Needs</u>

Lakeside exhibits adequate responsiveness to credit and CD needs of the AA. As previously stated, affordable housing is an identified need within the bank's AA, and the bank's investment activities supporting affordable housing projects is responsive to this need.

<u>Community Development Initiatives</u>

The institution occasionally uses innovative or complex investments. These complex investments include Lakeside's investment in lending pools that provide financing for small businesses and affordable housing.

SERVICE TEST

A Low Satisfactory rating is assigned under the Service Test. The bank's retail delivery systems and CD service initiatives demonstrate reasonable responsiveness to the AA.

Accessibility of Delivery Systems

Delivery systems are reasonably accessible to essentially all portions of the AA. Lakeside operates nine offices; one is located in a moderate-income census tract, and the rest are located in middle- or upper-income census tracts. Lakeside also provides banking services through online banking and bill pay, telephone banking, mobile deposit, and 24-hour ATMs at seven of the nine office locations, including the ATM located in the moderate-income tract.

Changes in Branch Locations

Lakeside's record of opening and closing branches has not adversely affected the accessibility of its delivery systems, particularly in low- and moderate-income geographies and to low- and moderate-income individuals. The bank closed its Roosevelt Road branch located in Chicago effective July 1, 2023, located in a middle-income census tract. Lakeside also opened three new locations: one in Oakbrook Terrace on June 16, 2021, in an upper-income census tract; one in Chicago on July 28, 2021, in a middle-income census tract; and one in Park Ridge on May 4, 2022, in an upper-income census tract.

Reasonableness of Business Hours and Services

Services and business hours do not vary in a way that inconveniences portions of the AA, particularly LMI geographies, and/or individuals. The bank offers extended drive-up and/or lobby services on Friday and Saturday at a majority of its locations, including the moderate--income branch location. The extended hours are until 6:00 pm on Fridays and 1:00 pm on Saturdays. The main office and the Board of Trade branches do not have drive-up facilities or Saturday hours. Both offices are located in upper-income geographies located in the central business district of the City of Chicago, and not likely to inconvenience LMI geographies or individuals.

Community Development Services

The institution provides an adequate level of CD services. Lakeside conducted 12 ongoing services totaling 355 hours or 1.9 hours per employee. Similarly-situated institutions had between 111 and 866 instances of services (between 3,367 and 7,357 hours or between 3.8 to 50.4 hours per full-time equivalent employees). The vast majority of CD services performed support community services initiatives. These include activities supporting financial education for youth and adults as well as daycare for LMI seniors in the AA.

While Lakeside's hours per employee trailed the SSI's, the SSI's were all rated high satisfactory or outstanding. Overall, Lakeside's performance is adequate.

Community Development Services					
Activity Year	Affordable Housing	Community Services	Economic Development	Revitalize or Stabilize	Totals
	#	#	#	#	#
12/1/2020-12/31/2020	0	0	0	0	**0**
2021	10	158	20	0	**188**
2022	0	83	0	0	**83**
YTD 2023	0	84	0	0	**84**
Total	**10**	**325**	**20**	**0**	**355**
Source: Bank Data					

DISCRIMINATORY OR OTHER ILLEGAL CREDIT PRACTICES REVIEW

No violations of anti-discrimination laws or regulations or other illegal credit practices were noted during the evaluation.

APPENDICES

LARGE BANK PERFORMANCE CRITERIA

Lending Test

The Lending Test evaluates the bank's record of helping to meet the credit needs of its assessment area(s) through its lending activities by considering a bank's home mortgage, small business, small farm, and community development lending. If consumer lending constitutes a substantial majority of a bank's business, the FDIC will evaluate the bank's consumer lending in one or more of the following categories: motor vehicle, credit card, other secured, and other unsecured. The bank's lending performance is evaluated pursuant to the following criteria:

1) The number and amount of the bank's home mortgage, small business, small farm, and consumer loans, if applicable, in the bank's assessment area;
2) The geographic distribution of the bank's home mortgage, small business, small farm, and consumer loans, if applicable, based on the loan location, including:
    i. The proportion of the bank's lending in the bank's assessment area(s);
    ii. The dispersion of lending in the bank's assessment areas(s); and
    iii. The number and amount of loans in low-, moderate-, middle- and upper-income geographies in the bank's assessment area(s);
3) The distribution, particularly in the bank's assessment area(s), of the bank's home mortgage, small business, small farm, and consumer loans, if applicable, based on borrower characteristics, including the number and amount of:
    i. Home mortgage loans low-, moderate-, middle- and upper-income individuals
    ii. Small business and small farm loans to businesses and farms with gross annual revenues of $1 million or less;
    iii. Small business and small farm loans by loan amount at origination; and
    iv. Consumer loans, if applicable, to low-, moderate-, middle- and upper-income individuals;
4) The bank's community development lending, including the number and amount of community development loans, and their complexity and innovativeness; and
5) The bank's use of innovative or flexible lending practices in a safe and sound manner to address the credit needs of low- and moderate-income individuals or geographies.

Investment Test

The Investment Test evaluates the institution's record of helping to meet the credit needs of its assessment area(s) through qualified investments that benefit its assessment area(s) or a broader statewide or regional area that includes the bank's assessment area(s). Activities considered under the Lending or Service Test may not be considered under the investment test. The bank's investment performance is evaluated pursuant to the following criteria:

1) The dollar amount of qualified investments;
2) The innovativeness or complexity of qualified investments;
3) The responsiveness of qualified investments to available opportunities; and
4) The degree to which qualified investments are not routinely provided by private investors.

Service Test

The Service Test evaluates the bank's record of helping to meet the credit needs of its assessment area(s) by analyzing both the availability and effectiveness of the bank's systems for delivering retail banking services and the extent and innovativeness of its community development services.

The bank's retail banking services are evaluated pursuant to the following criteria:

1) The current distribution of the bank's branches among low-, moderate-, middle-, and upper-income geographies;
2) In the context of its current distribution of the bank's branches, the bank's record of opening and closing branches, particularly branches located in low- or moderate-income geographies or primarily serving low- or moderate-income individuals;
3) The availability and effectiveness of alternative systems for delivering retail banking services (*e.g.,* RSFs, RSFs not owned or operated by or exclusively for the bank, banking by telephone or computer, loan production offices, and bank-at-work or bank-by-mail programs) in low- and moderate-income geographies and to low- and moderate-income individuals; and
4) The range of services provided in low-, moderate-, middle-, and upper-income geographies and the degree to which the services are tailored to meet the needs of those geographies.

The bank's community development services are evaluated pursuant to the following criteria:

1) The extent to which the bank provides community development services; and
2) The innovativeness and responsiveness of community development services.

GLOSSARY

Aggregate Lending: The number of loans originated and purchased by all reporting lenders in specified income categories as a percentage of the aggregate number of loans originated and purchased by all reporting lenders in the metropolitan area/assessment area.

American Community Survey (ACS): A nationwide United States Census survey that produces demographic, social, housing, and economic estimates in the form of five year estimates based on population thresholds.

Area Median Income: The median family income for the MSA, if a person or geography is located in an MSA; or the statewide nonmetropolitan median family income, if a person or geography is located outside an MSA.

Assessment Area: A geographic area delineated by the bank under the requirements of the Community Reinvestment Act.

Census Tract: A small, relatively permanent statistical subdivision of a county or equivalent entity. The primary purpose of census tracts is to provide a stable set of geographic units for the presentation of statistical data. Census tracts generally have a population size between 1,200 and 8,000 people, with an optimum size of 4,000 people. Census tract boundaries generally follow visible and identifiable features, but they may follow nonvisible legal boundaries in some instances. State and county boundaries always are census tract boundaries.

Combined Statistical Area (CSA): A combination of several adjacent metropolitan statistical areas or micropolitan statistical areas or a mix of the two, which are linked by economic ties.

Community Development: For loans, investments, and services to qualify as community development activities, their primary purpose must:

1. Support affordable housing for low- and moderate-income individuals;
2. Target community services toward low- and moderate-income individuals;
3. Promote economic development by financing small businesses or farms; or
4. Provide activities that revitalize or stabilize low- and moderate-income geographies, designated disaster areas, or distressed or underserved nonmetropolitan middle-income geographies.

Community Development Corporation (CDC): A CDC allows banks and holding companies to make equity type of investments in community development projects. Bank CDCs can develop innovative debt instruments or provide near-equity investments tailored to the development needs of the community. Bank CDCs are also tailored to their financial and marketing needs. A CDC may purchase, own, rehabilitate, construct, manage, and sell real property. Also, it may make equity or debt investments in development projects and in local businesses. The CDC activities are expected to directly benefit low- and moderate-income groups, and the investment dollars should not represent an undue risk on the banking organization.

Community Development Financial Institutions (CDFIs): CDFIs are private intermediaries (either for profit or nonprofit) with community development as their primary mission. A CDFI facilitates the flow of lending and investment capital into distressed communities and to individuals who have been unable to take advantage of the services offered by traditional financial institutions. Some basic types of CDFIs include community development banks, community development loan funds, community development credit unions, micro enterprise funds, and community development venture capital funds.

A certified CDFI must meet eligibility requirements. These requirements include the following:

- Having a primary mission of promoting community development;
- Serving an investment area or target population;
- Providing development services;
- Maintaining accountability to residents of its investment area or targeted population through representation on its governing board of directors, or by other means;
- Not constituting an agency or instrumentality of the United States, of any state or political subdivision of a state.

Community Development Loan: A loan that:

(1) Has as its primary purpose community development; and
(2) Except in the case of a wholesale or limited purpose bank:
  (i) Has not been reported or collected by the bank or an affiliate for consideration in the bank's assessment area as a home mortgage, small business, small farm, or consumer loan, unless it is a multifamily dwelling loan (as described in Appendix A to Part 203 of this title); and
  (ii) Benefits the bank's assessment area(s) or a broader statewide or regional area including the bank's assessment area(s).

Community Development Service: A service that:

(1) Has as its primary purpose community development;
(2) Is related to the provision of <u>financial</u> services; and
(3) Has not been considered in the evaluation of the bank's retail banking services under § 345.24(d).

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

Core Based Statistical Area (CBSA): The county or counties or equivalent entities associated with at least one core (urbanized area or urban cluster) of at least 10,000 population, plus adjacent counties having a high degree of social and economic integration with the core as measured through commuting ties with the counties associated with the core. Metropolitan and Micropolitan Statistical Areas are the two categories of CBSAs.

Distressed Middle-Income Nonmetropolitan Geographies: A nonmetropolitan middle-income geography will be designated as distressed if it is in a county that meets one or more of the following triggers:

(1) An unemployment rate of at least 1.5 times the national average;
(2) A poverty rate of 20 percent or more; or
(3) A population loss of 10 percent or more between the previous and most recent decennial census or a net migration loss of 5 percent or more over the 5-year period preceding the most recent census.

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

FFIEC-Estimated Income Data: The Federal Financial Institutions Examination Council (FFIEC) issues annual estimates which update median family income from the metropolitan and nonmetropolitan areas. The FFIEC uses American Community Survey data and factors in information from other sources to arrive at an annual estimate that more closely reflects current economic conditions.

Full-Scope Review: A full-scope review is accomplished when examiners complete all applicable interagency examination procedures for an assessment area. Performance under applicable tests is analyzed considering performance context, quantitative factors (e.g., geographic distribution, borrower profile, and total number and dollar amount of investments), and qualitative factors (e.g., innovativeness, complexity, and responsiveness).

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

Home Mortgage Disclosure Act (HMDA): The statute that requires certain mortgage lenders that do business or have banking offices in a metropolitan statistical area to file annual summary reports of their mortgage lending activity. The reports include such data as the race, gender, and the income of applicants; the amount of loan requested; and the disposition of the application (approved, denied, and withdrawn).

Home Mortgage Loans: Includes closed-end mortgage loans or open-end line of credits as defined in the HMDA regulation that are not an excluded transaction per the HMDA regulation.

Housing Unit: Includes a house, an apartment, a mobile home, a group of rooms, or a single room that is occupied as separate living quarters.

Limited-Scope Review: A limited scope review is accomplished when examiners do not complete all applicable interagency examination procedures for an assessment area.
Performance under applicable tests is often analyzed using only quantitative factors (e.g., geographic distribution, borrower profile, total number and dollar amount of investments, and branch distribution).

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.

Low Income Housing Tax Credit: The Low-Income Housing Tax Credit Program is a housing program contained within the Internal Revenue Code of 1986, as amended. It is administered by the U.S. Department of the Treasury and the Internal Revenue Service. The U.S. Treasury Department distributes low-income housing tax credits to housing credit agencies through the Internal Revenue Service. The housing agencies allocate tax credits on a competitive basis.

Developers who acquire, rehabilitate, or construct low-income rental housing may keep their tax credits. Or, they may sell them to corporations or investor groups, who, as owners of these properties, will be able to reduce their own federal tax payments. The credit can be claimed annually for ten consecutive years. For a project to be eligible, the developer must set aside a specific percentage of units for occupancy by low-income residents. The set-aside requirement remains throughout the compliance period, usually 30 years.

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

Median Income: The median income divides the income distribution into two equal parts, one having incomes above the median and other having incomes below the median.

Metropolitan Division (MD): A county or group of counties within a CBSA that contain(s) an urbanized area with a population of at least 2.5 million. A MD is one or more main/secondary counties representing an employment center or centers, plus adjacent counties associated with the main/secondary county or counties through commuting ties.

Metropolitan Statistical Area (MSA): CBSA associated with at least one urbanized area having a population of at least 50,000. The MSA comprises the central county or counties or equivalent entities containing the core, plus adjacent outlying counties having a high degree of social and economic integration with the central county or counties as measured through commuting.

Micropolitan Statistical Area: CBSA associated with at least one urbanized area having a population of at least 10,000, but less than 50,000.

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 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 and less than 80 percent in the case of a geography.

Multi-family: Refers to a residential structure that contains five or more units.

Nonmetropolitan Area (also known as **non-MSA):** All areas outside of metropolitan areas. The definition of nonmetropolitan area is not consistent with the definition of rural areas. Urban and rural classifications cut across the other hierarchies. For example, there is generally urban and rural territory within metropolitan and nonmetropolitan areas.

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

Qualified Investment: A lawful investment, deposit, membership share, or grant that has as its primary purpose community development.

Rated Area: A rated area is a state or multistate metropolitan area. For an institution with domestic branches in only one state, the institution's CRA rating would be the state rating. If an institution maintains domestic branches in more than one state, the institution will receive a rating for each state in which those branches are located. If an institution maintains domestic branches in two or more states within a multistate metropolitan area, the institution will receive a rating for the multistate metropolitan area.

Rural Area: Territories, populations, and housing units that are not classified as urban.

Small Business Investment Company (SBIC): SBICs are privately-owned investment companies which are licensed and regulated by the Small Business Administration (SBA). SBICs provide long-term loans and/or venture capital to small firms. Because money for venture or risk investments is difficult for small firms to obtain, SBA provides assistance to SBICs to stimulate and supplement the flow of private equity and long-term loan funds to small companies. Venture capitalists participate in the SBIC program to supplement their own private capital with funds borrowed at favorable rates through SBA's guarantee of SBIC debentures. These SBIC debentures are then sold to private investors. An SBIC's success is linked to the growth and profitability of the companies that it finances. Therefore, some SBICs primarily assist businesses with significant growth potential, such as new firms in innovative industries. SBICs finance small firms by providing straight loans and/or equity-type investments. This kind of financing gives them partial ownership of those businesses and the possibility of sharing in the companies' profits as they grow and prosper.

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

Small Farm Loan: 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 $500,000 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.

Underserved Middle-Income Nonmetropolitan Geographies: A nonmetropolitan middle-income geography will be designated as underserved if it meets criteria for population size, density, and dispersion indicating the area's population is sufficiently small, thin, and distant from a population center that the tract is likely to have difficulty financing the fixed costs of meeting essential community needs.

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

Urban Area: All territories, populations, and housing units in urbanized areas and in places of 2,500 or more persons outside urbanized areas. More specifically, "urban" consists of territory, persons, and housing units in places of 2,500 or more persons incorporated as cities, villages, boroughs (except in Alaska and New York), and towns (except in the New England states, New York, and Wisconsin).

"Urban" excludes the rural portions of "extended cities"; census designated place of 2,500 or more persons; and other territory, incorporated or unincorporated, including in urbanized areas.