PUBLIC DISCLOSURE

July 20, 2020

COMMUNITY REINVESTMENT ACT
PERFORMANCE EVALUATION

Marquette Bank
RSSD# 716833

6316 South Western Avenue
Chicago, Illinois 60636

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

Marquette Bank Overall CRA Rating: Outstanding

Performance Test Rating Table

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

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

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

Summary of Major Factors that Support the Rating

Lending Test:
- A substantial majority of loans are made in the bank's assessment area.
- The geographic distribution of loans is excellent in the bank's assessment area.
- The distribution of borrowers is excellent among customers of different income levels and businesses of different sizes, given the product lines offered.
- The record of serving the credit needs of economically disadvantaged areas, low-income individuals, and very small businesses is excellent.
- Innovative and/or flexible lending practices are used extensively to meet assessment area credit needs.
- The bank is a leader in making community development loans.

Investment Test:
- The bank made an excellent level of qualified community development investments and grants, often in a leadership position, particularly those not routinely provided by private investors.
- The bank makes extensive use of innovative and/or complex investments to support community development initiatives.
- The bank exhibits excellent 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 its assessment area.
- The bank is a leader in providing community development services.

MARQUETTE BANK

DESCRIPTION OF INSTITUTION

Marquette Bank had assets of $1.6 billion as of December 31, 2019 and is a wholly-owned subsidiary of Marquette National Corporation, a one-bank holding company headquartered in Chicago, Illinois. Marquette Bank's main office, 20 branch locations, three loan production offices (LPOs) and 27 cash-only automated teller machines (ATMs) are located in the city of Chicago and its southwest suburbs. Since the previous evaluation on February 26, 2018, the bank has had no changes to its branch structure.

The bank offers a wide array of products and services to meet the needs of its assessment area. The bank is primarily a commercial and residential real estate lender, with 75.2 percent and 24.4 percent of its loan portfolio concentrated in commercial loans and residential real estate loans, respectively. Commercial loan offerings include small business loans in amounts from $10,000 to $250,000. For residential real estate loans, the bank offers both in-house and secondary market residential mortgages, including home equity and home improvement loans; participates in federally guaranteed loan programs with the Federal Housing Administration (FHA); and originates loans as an Illinois Housing Development Authority (IDHA) lender for down payment and closing cost assistance. The bank also offers the Northwest Home Equity Assurance Program and the Southwest Home Equity Assurance Program that subsidize home improvement loans in designated zip codes within the assessment area.

Loan Portfolio Composition as of December 31, 2019		
Loan Type	Dollar Volume (in $000s)	% of Portfolio
Commercial	908,187	75.2
Residential Real Estate	294,045	24.4
Consumer	560	0.1
Other	4,740	0.4
Total	1,207,532	100.0
Note: Percentages may not add to 100.0 percent due to rounding.		

Deposit-related products and services include, but are not limited to, checking accounts, negotiable order of withdrawal accounts, money market accounts, savings accounts, and certificates of deposit. Additionally, customers who have experienced credit challenges can open a ReStart checking account, which can be converted to a regular checking account after 12 months in good standing. Small businesses can obtain checking services with up to 250 transactions per month at no charge except for mobile deposits. The bank offers alternative retail delivery services, including mobile and internet banking, and employs numerous bilingual staff. The bank's website, www.emarquettebank.com, provides customers with the ability to open personal checking and credit card accounts, pay bills, and make account transfers.

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 February 26, 2018, the bank was rated Outstanding under the CRA.

SCOPE OF THE EXAMINATION

Marquette Bank's CRA performance was evaluated under the Federal Financial Institutions Examination Council's Interagency Large Institution CRA Examination Procedures. The performance evaluation assesses the bank's responsiveness and effectiveness in meeting the credit and community development needs of its assessment area and considers the CRA performance context, including the bank's asset size, financial condition, market competition, and assessment area demographics.

The evaluation included a full-scope review of the bank's single assessment area, which consists of the Cook, DuPage, and Will County portions of the Chicago-Naperville-Arlington Heights, IL MD #16974. Lending analysis was based on 2017 and 2018 Home Mortgage Disclosure Act (HMDA)-reportable loans and CRA-reportable small business loans. The number of HMDA-reportable loan originations was more than nine times greater than CRA-reportable small business lending in the evaluation period; therefore, a greater weight was placed on HMDA-reportable loan activity in the lending analysis. The bank's performance was evaluated using the following performance standards:

- ***Lending Activity*** – HMDA- and CRA-reportable loans originated in 2017 and 2018 were reviewed to determine the bank's responsiveness to assessment area credit needs.

- ***Lending in the Assessment Area*** – HMDA- and CRA-reportable loans originated in 2017 and 2018 were reviewed to determine the percent of loans originated in the assessment area.

- ***Geographic Distribution of Lending in the Assessment Area*** – HMDA- and CRA-reportable loans originated in 2017 and 2018 were reviewed to determine the extent to which the bank makes loans in census tracts of different income levels, including low- or moderate-income tracts.

- ***Lending to Borrowers of Different Incomes and Businesses of Different Sizes*** – HMDA- and CRA-reportable loans originated in 2017 and 2018 were reviewed to determine the loan distribution among borrowers of different income levels and businesses of different sizes.

- ***Community Development Lending*** – The number, dollar volume, innovativeness, and complexity of community development loans originated from February 27, 2018 through July 20, 2020, were reviewed to determine the bank's responsiveness to community development needs.

- ***Innovative or Flexible Lending Practices*** – The degree to which the bank uses innovative and flexible lending practices to address the credit needs of low- and moderate-income individuals, small businesses, and geographies was assessed.

- ***Investments*** – Qualified investments made from February 27, 2018 through July 20, 2020, were reviewed to determine the bank's responsiveness to community development needs. Qualified investments were also evaluated to determine the bank's use of innovative or complex investments.

- ***Services*** – The distribution of the bank's branch offices, banking services, hours of operation, availability of loan and deposit products, and the extent and innovativeness of community development services were reviewed. The review included community development service activities conducted from February 27, 2018 through July 20, 2020.

In addition, three organizations providing affordable housing and economic development services in the assessment area were contacted to provide input on assessment area socio-economic conditions and credit needs.

DESCRIPTION OF INSTITUTION'S OPERATIONS IN THE ASSESSMENT AREA

Marquette Bank's assessment area includes Cook, DuPage, and Will Counties, which are three of the six counties within the Chicago-Naperville-Arlington Heights, IL MD #16974. The assessment area contains 1,687 census tracts, of which 15.7 percent are designated as low-income and 24.5 percent are moderate-income; 93.0 percent of the low- and moderate-income census tracts are located in Cook County. Although the bank's assessment area is unchanged since the previous evaluation, the current evaluation period's tract income levels, based on the U.S. Census Bureau's 2010-2015 American Community Survey (ACS) data, reflect an increased level of low- and moderate-income census tracts compared to the previous evaluation, as shown in the chart below.

The bank's main office and 17 of its branch locations, including all offices in low- and moderate-income census tracts, are located in Cook County. There are three additional branches located in Will County, for a total of 21 retail banking locations, all with cash-only ATMs. The bank also has three LPOs, each with a cash-only ATM, and two stand-alone cash-only ATMs, including one located in a moderate-income census tract.

The median family income levels (MFI) for census tracts are calculated using the income data from the United States Census Bureau's American Community Survey and geographic definitions from the Office of Management and Budget (OMB) and are updated approximately every five years (.12(m) Income Level). The income data used to calculate geographic income designations changed between 2016 and 2017. Lending activity performed in 2017 and beyond are evaluated based on ACS income level definitions from the five-year survey data set 2011-2015.

Census Tract Designation Changes			
Tract Income	**Prior Designations 2006-2010 ACS (#)**	**Current Designations 2011-2015 ACS (#)**	**Net Change (#)**
Low	241	265	+24
Moderate	399	413	+14
Middle	523	461	-62
Upper	518	534	+16
Unknown	6	14	+8
Total	1,687	1,687	-
Source: U. S. Census Bureau: American Community Survey Data: 2006-2010 and 2011-2015			

The bank operates in a highly competitive metropolitan area, with competitors including some of the largest banks in the nation. The Federal Deposit Insurance Corporation's (FDIC) Deposit Market Share Report, as of June 30, 2019, ranked Marquette Bank 28th of 129 FDIC-insured institutions with offices in the assessment area. In comparison, JP Morgan Chase Bank NA, BMO Harris Bank NA, and Bank of America NA had the largest proportion of deposits, with an aggregate of 47.9 percent of total deposits in the assessment area. The bank is also an active residential real estate and small business lender. Based on 2018 loan originations, the bank's HMDA-reportable lending ranked 49th of 798 reporters, while CRA-reportable small business lending ranked 58th out of 206 CRA reporters.

Additional information about the assessment area is provided in the chart on the following page.

Assessment Area: 2018 Chicago-Naperville-Arlington Hts, IL MD 16974									
Income Categories	Tract Distribution		Families by Tract Income		Families < Poverty Level as % of Families by Tract		Families by Family Income		
	#	%	#	%	#	%	#	%	
Low-income	265	15.7	167,253	10.5	57,642	34.5	391,168	24.5	
Moderate-income	413	24.5	366,284	23.0	64,003	17.5	260,033	16.3	
Middle-income	461	27.3	490,826	30.8	38,145	7.8	290,555	18.2	
Upper-income	534	31.7	567,583	35.6	19,252	3.4	653,342	41.0	
Unknown-income	14	0.8	3,152	0.2	858	27.2	0	0.0	
Total Assessment Area	**1,687**	**100.0**	**1,595,098**	**100.0**	**179,900**	**11.3**	**1,595,098**	**100.0**	
	Housing Units by Tract	Housing Types by Tract							
		Owner-Occupied			Rental		Vacant		
		#	%	%	#	%	#	%	
Low-income	330,047	81,326	5.3	24.6	182,430	55.3	66,291	20.1	
Moderate-income	649,768	290,140	18.9	44.7	284,920	43.8	74,708	11.5	
Middle-income	815,708	516,911	33.6	63.4	237,223	29.1	61,574	7.5	
Upper-income	966,042	647,373	42.1	67.0	254,547	26.3	64,122	6.6	
Unknown-income	11,232	2,519	0.2	22.4	7,293	64.9	1,420	12.6	
Total Assessment Area	**2,772,797**	**1,538,269**	**100.0**	**55.5**	**966,413**	**34.9**	**268,115**	**9.7**	
	Total Businesses by Tract		Businesses by Tract & Revenue Size						
			Less Than or = $1 Million		Over $1 Million		Revenue Not Reported		
	#	%	#	%	#	%	#	%	
Low-income	15,761	5.5	14,184	5.6	1,464	4.7	113	4.6	
Moderate-income	46,523	16.3	41,355	16.4	4,823	15.6	345	14.1	
Middle-income	82,355	28.9	72,346	28.8	9,340	30.1	669	27.3	
Upper-income	138,719	48.7	122,251	48.6	15,161	48.9	1,307	53.4	
Unknown-income	1,710	0.6	1,475	0.6	220	0.7	15	0.6	
Total Assessment Area	**285,068**	**100.0**	**251,611**	**100.0**	**31,008**	**100.0**	**2,449**	**100.0**	
	Percentage of Total Businesses:			**88.3**		**10.9**		**0.9**	
	Total Farms by Tract		Farms by Tract & Revenue Size						
			Less Than or = $1 Million		Over $1 Million		Revenue Not Reported		
	#	%	#	%	#	%	#	%	
Low-income	36	3.3	35	3.3	1	3.2	0	0.0	
Moderate-income	109	10.1	109	10.4	0	0.0	0	0.0	
Middle-income	368	34.1	350	33.5	18	58.1	0	0.0	
Upper-income	563	52.2	548	52.4	12	38.7	3	100.0	
Unknown-income	3	0.3	3	0.3	0	0.0	0	0.0	
Total Assessment Area	**1,079**	**100.0**	**1,045**	**100.0**	**31**	**100.0**	**3**	**100.0**	
	Percentage of Total Farms:			**96.8**		**2.9**		**0.3**	

2018 FFIEC Census Data & 2018 Dun & Bradstreet information according to 2015 ACS

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

Marquette Bank's assessment area is large and diverse with significant differences among the three counties of which it is comprised. Cook County has the largest population by far, due to the presence of the city of Chicago, and has both urban and suburban areas. Cook County contains 93.0 percent of the low- and moderate-income census tracts and 78.2 percent of total census tracts in the assessment area. DuPage County, with 12.8 percent of total tracts, is made up of numerous suburbs and contains 2.3 percent of the assessment area's low- and moderate-income census tracts. Will County is a mix of suburban and more rural areas, and contains 9.0 percent and 4.7 percent of total census tracts and low- and moderate-income census tracts, respectively.

The wealth of individuals living in the counties also varies significantly. Based on 2015 ACS data, Cook County has 13.2 percent of its families with incomes below the poverty level, compared to 5.2 percent and 6.1 percent of families in DuPage and Will Counties, respectively. When considering the city of Chicago alone, the poverty rate is even higher at 18.4 percent of families. In addition, the city of Chicago has an immigrant population of over 500,000, of which 30.5 percent are undocumented[1]. The significant level of assessment area families living in poverty, coupled with the large number of undocumented individuals, greatly affects the need for community services, access to credit, and affordable housing.

Population Characteristics

Cook County's population, based on the 2011-2015 ACS data, comprised 76.4 percent of the assessment area's total population and the city of Chicago represents 51.9 percent of the county's population. Population in all assessment area counties, similar to the full metropolitan division, had nominal growth through 2015. However, according to the US Census Bureau estimates, in 2018, Cook County registered a decline in population, that while occurring over multiple years, resulted in a population below the 2010 decennial census level. From 2000 to 2018, according to a Federal Reserve Bank of Chicago article[2], the city of Chicago's population declined 6.0 percent, with the Black population, largely low- and moderate-income individuals rather than middle- or upper-income individuals, falling by 23.5 percent in the same period. In 2018, US Census Bureau estimates show DuPage County's population declined relative to 2017, while Will County experienced a small gain. Additionally, the state of Illinois experienced a population decline of 90,000 since 2010 with half of the decline occurring between 2017 and 2018 alone.

Community representatives indicated that population decline in Chicago occurred due to a lack of affordable housing, fewer middle management positions, and school quality concerns.

1 "New Americans in Chicago," New American Economy, December 2018, https://research.newamericaneconomy.org/report/new-americans-in-chicago/
2 Maude Toussaint-Comeau and Robin Newberger, "Preserving Chicago's Minority Middle Neighborhoods," Federal Reserve Bank of Chicago Publications, July 2020, https://www.chicagofed.org/publications/profitwise-news-and-views/2020/preserving-chicagos-minority-middle-neighborhoods

Population Change			
Area	2010 Population	2011-2015 Population	Percent Change (%)
Cook County, IL	5,194,675	5,236,393	0.8
DuPage County, IL	916,924	930,412	1.5
Will County, IL	677,560	683,995	0.9
Chicago-Naperville-Arlington Heights, IL MD	7,262,718	7,328,470	0.9
State of Illinois	12,830,632	12,873,761	0.3
Source: U.S. Census Bureau			

Income Characteristics

Median family income varies significantly across the assessment area counties, ranging from $96,751 in DuPage County to $67,324 in Cook County, which is only 69.6 percent of the DuPage County income level. Median family income for the city of Chicago is even lower, at $55,654 based on 2015 ACS data. All counties experienced growth in median family income, although both Cook and Will Counties had growth rates below the metropolitan division and state growth rates.

Community representatives indicated that while many individuals that lost jobs during the Great Recession were able to find employment again, wages were typically at lower levels than their previous employment.

Median Family Income			
Area	2000-2010 (2010 Dollars)	2011-2015 (2015 Dollars)	Percentage Change (%)
Cook County, IL	65,039	67,324	3.5
DuPage County, IL	92,423	96,751	4.7
Will County, IL	85,488	87,950	2.9
Chicago-Naperville-Arlington Heights, IL MD	72,196	73,350	4.4
State of Illinois	68,236	71,546	4.9
Source: U.S. Census Bureau—Decennial Census and The American Community Survey			

Personal Bankruptcy

Personal bankruptcy filing rates show a generally improving economy within the assessment area as individuals' financial conditions strengthened after the Great Recession. However, Cook County's 2016 filing rate of 6.0 per 1,000 of population remained much higher than the rate for either DuPage or Will County.

Personal Bankruptcy Filing Rate (per 1,000 population)				
Area	**2013**	**2014**	**2015**	**2016**
Cook County, IL	6.8	6.5	6.4	6.0
DuPage County, IL	4.0	3.6	3.0	2.6
Will County, IL	5.6	5.2	4.4	4.1
Chicago-Naperville-Arlington Heights, IL MD	6.2	5.9	5.5	5.2
State of Illinois	5.1	4.7	4.4	4.1
Source: Administrative Office of the U.S. Courts				

Housing Characteristics and Affordability

Owner-occupied units represent 55.5 percent of total housing units in the assessment area; however, levels were far lower for low- and moderate-income census tracts, at 5.3 percent and 18.9 percent, respectively, indicating that particularly for low-income census tracts, home ownership opportunities are limited. As shown in the chart below, median housing values declined significantly between 2010 and 2015, the result of the extended decline in housing values arising from the mortgage crisis that precipitated the Great Recession. Cook County's decline was more dramatic than that of either DuPage or Will County, in part associated with the very high levels of foreclosure activity experienced in low- and moderate-income neighborhoods arising from the Great Recession. Housing affordability calculations indicate that as median housing values decreased more than median household income, non-rental housing actually increased in affordability from 2010 to 2015, based on ACS data. Non-rental housing is least expensive in Will County in relation to median household income and most expensive in Cook County, representing the significant diversity of housing affordability throughout the assessment area.

At the same time, median gross rent levels increased substantially, particularly in DuPage and Will Counties. These rent increases make it more difficult for low- and moderate-income individuals to find affordable rental housing in the assessment area.

Community representatives indicated homes in the south suburbs are still frequently underwater on their mortgage balances, while rents have been increasing and workers are frequently underemployed. The median age of housing stock is 70 to 80 years in the south suburbs while the median age of housing on the south side of Chicago is 120 years, pointing to a need for home improvement loans in those areas.

Housing Costs $ (000s)						
	Median Housing Value			Median Gross Rent		
Area	**2006-2010**	**2011-2015**	**Percent Change**	**2006-2010**	**2011-2015**	**Percent Change**
Cook County, IL	265,800	218,700	-17.7	900	980	8.9
DuPage County, IL	316,900	278,500	-12.1	1,008	1,143	13.4
Will County, IL	240,500	209,800	-12.8	890	1,039	16.7
Chicago-Naperville-Arlington Heights, IL MD	267,990	224,861	-16.1	914	996	9.0
State of Illinois	202,500	173,800	-14.2	834	907	8.8
Source: U.S. Census Bureau—American Community Survey						

Housing Affordability		
Area	**2006-2010 Affordability Ratio**	**2011-2015 Affordability Ratio**
Cook County, IL	0.20	0.25
DuPage County, IL	0.24	0.29
Will County, IL	0.32	0.36
Chicago-Naperville-Arlington Heights, IL MD	0.22	0.27
State of Illinois	0.28	0.33
Source: U.S. Census Bureau—American Community Survey		

Employment Conditions and Assessment Area Employers

Assessment area counties have experienced significantly lower unemployment from 2013 to 2018, with Cook and Will Counties having higher levels of unemployment than DuPage County. The unemployment rates in both Cook and Will Counties were above the state average rate until 2018, when their rates finally declined relative to the statewide rate. Despite the low level of unemployment, a community representative indicated that a high level of underemployment continues to exist.

Unemployment Rates (%)						
Area	**2013**	**2014**	**2015**	**2016**	**2017**	**2018**
Cook County, IL	9.6	7.4	6.2	6.2	5.1	4.1
DuPage County, IL	7.5	5.6	4.7	4.8	4.0	3.2
Will County, IL	9.4	7.4	6.2	6.1	5.0	4.1
Chicago-Naperville-Arlington Heights, IL MD	9.2	7.1	6.0	5.9	4.9	4.0
State of Illinois	9.2	7.1	5.9	5.9	4.9	4.3
Source: U.S. Bureau of Labor Statistics						

The assessment area has a very diverse private sector employment base, with over 285,000 businesses in the assessment area based on 2018 Dun & Bradstreet data. The Bureau of Labor Statistics' Location Quotient data indicates a higher level of financial activities employment in Cook County than the United States as a whole. However, as shown in the table below, the largest employers also consist of hospitals, schools, and other private employers. According to Moody's, the assessment area also has public sector employment of 421,856, many of which are very large, such as the U.S. government, City of Chicago and Chicago Public Schools, with each having over 30,000 employees.

Largest Employer in the Assessment Area		
Company	Number of Employees	Industry
Advocate Health Care System	25,917	Healthcare
Northwestern Memorial Healthcare	21,264	Healthcare
Amita Health	20,046	Healthcare
University of Chicago	18,276	Education
JP Morgan Chase & Co.	16,000	Financial Services
Amazon	14,610	General Merchandise
United Continental Holdings Inc.	14,520	Air Transportation
Walgreens Boots Alliance Inc.	12,751	Drugstores
Northwestern University	10,847	Education
Presence Health	10,225	Healthcare
Walmart Inc.	10,220	General Merchandise
Source: Moody's Analytics		

Community Representatives

The need for affordable housing; access to credit, especially small dollar small business and home improvement lending; and financial literacy initiatives focused on homeownership were identified by community representatives.

A housing-related community representative indicated that the age of housing on the south side of Chicago and the south suburbs results in a significant need for home improvement lending. In addition, home mortgage credit in amounts of $200,000 or less are needed since many lenders do not originate loans at those levels. While many organizations offer general financial literacy training, homeownership-specific financial literacy training is needed. Beyond impediments to credit availability, high property tax rates in some communities are also barriers to home ownership. Another community representative indicated that where population growth is occurring in Will County communities, there is a need for multi-family housing.

Small business loans for working capital and equipment are needed in amounts of $50,000 or less. The community representative also indicated that many small business owners on the south side of Chicago have difficulty utilizing their homes as loan collateral due to the lower housing values relative to elsewhere in Chicago as a result of historic housing-related discrimination.

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA

LENDING TEST

Marquette Bank's performance relative to the lending test is rated Outstanding based on good responsiveness to assessment area credit needs, the origination of a substantial majority of loans in its assessment area, an excellent geographic distribution of its loans and an excellent distribution of loans to individuals of different income levels and businesses of different sizes in its assessment area. The bank makes extensive use of innovative and flexible lending practices to address assessment area credit needs and has an excellent record of serving the credit needs of economically disadvantaged areas, low-income individuals, and small businesses. The bank is also a leader in making community development loans.

Level of Lending Activity

Marquette Bank's lending activity reflects good responsiveness to assessment area credit needs. The 1,543 loans originated in the current evaluation period decreased by 31.8 percent compared to the prior evaluation totals. Seventy-three percent of the decline was in refinance lending, although both home purchase and small business loan originations also declined.

Despite the decline in lending activity, the bank maintained its level of lending relative to other assessment area lenders. For 2018 HMDA-reportable lending, the bank ranked 49 of 798 reporters, indicating the bank is an active lender in the market in relation to its size, as institutions ranking higher were typically very large banks or mortgage companies. The bank ranked 58 of 206 CRA reporters in the assessment area in 2018, also indicating a good presence in the market.

Lending Activity[3]				
2018				
Loan Type	#	%	$(000s)	%
Home Improvement	67	10.3	55,877	23.4
Home Purchase – Conventional	270	41.6	6,505	2.7
Home Purchase – FHA	35	5.4	2,043	0.9
Multi-Family Housing	102	15.7	146,132	61.3
Other Purpose Closed End	30	4.6	1,741	0.7
Refinancing	145	22.3	26,051	10.9
Total HMDA related	**649**	**84.0**	**238,349**	**88.1**
Total Small Business related	**124**	**16.0**	**32,119**	**11.9**
TOTAL LOANS	**773**	**100.0**	**270,468**	**100.0**
2017				
Loan Type	#	%	$(000s)	%
Home Improvement	87	13.4	5,400	3.1
Home Purchase – Conventional	290	44.8	59,721	34.3
Home Purchase – FHA	36	5.6	6,741	3.9
Multi-Family Housing	59	9.1	70,874	40.7
Refinancing	175	27.0	31,441	18.1
Total HMDA related	**647**	**84.0**	**174,178**	**84.3**
Total Small Business related	**123**	**16.0**	**32,501**	**15.7**
TOTAL LOANS	**770**	**100.0**	**206,679**	**100.0**

Assessment Area Concentration

A substantial majority of Marquette Bank's loans were made in the bank's assessment area. The bank originated 90.7 percent and 91.2 percent of HMDA-reportable and CRA small business loans during 2018 and 2017, respectively, within its assessment area. At the previous evaluation, 93.3 percent of such loans were originated in the assessment area.

3 Separate data tables are provided due to differences in HMDA reporting requirements for 2017 and 2018, resulting in analysis conducted on each year of data.

Lending Inside and Outside the Assessment Area[4]								
	Inside				Outside			
Loan Types	#	%	$(000s)	%	#	%	$(000s)	%
2018								
Home Improvement	66	98.5	2,023	99.0	1	1.5	20	1.0
Home Purchase – Conventional	224	83.0	46,295	82.9	46	17.0	9,582	17.1
Home Purchase – FHA	33	94.3	6,026	92.6	2	5.7	479	7.4
Multi-Family Housing	97	95.1	137,378	94.0	5	4.9	8,754	6.0
Other Purpose Closed End	29	96.7	1,491	85.6	1	3.3	250	14.4
Refinancing	139	95.9	24,935	95.7	6	4.1	1,116	4.3
Total HMDA related	**588**	**90.6**	**218,148**	**91.5**	**61**	**9.4**	**20,201**	**8.5**
Total Small Business related	**113**	**91.1**	**28,680**	**89.3**	**11**	**8.9**	**3,439**	**10.7**
TOTAL LOANS	**701**	**90.7**	**246,828**	**91.3**	**72**	**9.3**	**23,640**	**8.7**
2017								
Home Improvement	86	98.9	5,280	97.8	1	1.1	120	2.2
Home Purchase – Conventional	256	88.3	53,252	89.2	34	11.7	6,469	10.8
Home Purchase – FHA	31	86.1	5,687	84.4	5	13.9	1,055	15.6
Multi-Family Housing	52	88.1	63,507	89.6	7	11.9	7,367	10.4
Refinancing	161	92.0	27,973	89.0	14	8.0	3,468	11.0
Total HMDA related	**586**	**90.6**	**155,699**	**89.4**	**61**	**9.4**	**18,479**	**10.6**
Total Small Business related	**116**	**94.3**	**30,516**	**93.9**	**7**	**5.7**	**1,985**	**6.1**
TOTAL LOANS	**702**	**91.2**	**186,215**	**90.1**	**68**	**8.8**	**20,464**	**9.9**

Geographic Distribution of Loans[5]

Marquette Bank's lending reflects an excellent geographic distribution of its loans throughout the assessment area.

Total HMDA-reportable loan origination volumes in low- and moderate-income census tracts exceeded aggregate lender performance and were above the demographic measure of owner-occupied units in the tracts. The strong performance is attributable to refinance and home improvement lending in both low- and moderate-income census tracts, and to multi-family lending in moderate-income census tracts. This level of lending supports the significant need for housing credit in the assessment area, including the maintenance or repair of older housing that is most predominant in the Cook County portion of the bank's assessment area. The bank's loan volume in low-income census tracts for both refinance and home improvement purposes significantly exceeded the

4 Separate data tables are provided due to differences in HMDA reporting requirements for 2017 and 2018, resulting in an individual analysis conducted on each year of data.

5 The bank's geographic distribution of loans in 2017 and 2018 is substantially similar; therefore, this analysis is focused on 2018 performance. Data on 2017 lending is available in Appendix B of this evaluation.

aggregate lender level and supports the supply of adequate housing in those census tracts.

Small business loan origination volume was even stronger than HMDA-reportable lending relative to aggregate lender performance, particularly in low-income census tracts. Lending in both low- and moderate-income census tracts significantly exceeded both the aggregate lender rate in those tracts and the demographic measure of total businesses located in both low- and moderate-income census tracts. Discussions with community representatives indicated that small business credit availability is needed in low- and moderate-income census tracts and also provides vital support for housing markets in the census tracts; therefore, the bank's small business lending performance is very supportive of the area's credit needs.

Because of the size of the bank's assessment area, no loans were originated in a large number of low- or moderate-income census tracts, particularly in those located further from the bank's branches. However, no unexplained gaps were identified during the evaluation.

The discussion below provides a summary of the bank's performance based on HMDA-reportable loan product types[6] and small business loans originated in low- and moderate-income census tracts and should be read in conjunction with the Geographic Distribution of HMDA Reportable Loans Geographic Distribution of Small Business Loans tables below.

Home Purchase

In 2018, the bank originated 3.5 percent of home purchase loans in low-income census tracts and 14.4 percent of home purchase loans in moderate-income census tracts. Although these origination levels were slightly below the aggregate lender origination rates of 4.4 percent and 16.8 percent in low- and moderate-income census tracts, respectively, they do demonstrate the bank's commitment to home purchase lending in these tracts. Neither the bank nor aggregate lenders originated loans in proportion to the number of owner-occupied units located in low- and moderate-income census tracts. The bank originated 42.8 and 39.3 percent of home purchase loans in middle- and upper-income census tracts, respectively. These origination levels were above aggregate and demographic level of owner-occupied units for middle-income census tracts, but were below both measures for upper-income tracts, as depicted in the chart below.

Refinance

The bank originated a higher percentage of refinance loans in low- and moderate-income areas than the aggregate of peer lenders, and at rates above the demographic of owner-occupied units for both low- and moderate-income census tracts. The bank originated 7.9 percent of refinance loans in low-income census tracts, exceeding the 4.0 percent of loans originated by aggregate lenders and the demographic of 5.3 percent of owner-occupied units in low-income census tracts. In moderate-

6 Other purpose closed end loans are excluded. This is a new HMDA reporting category in 2018, and there are not yet sufficient data trends to demonstrate its usefulness in lending analysis.

income tracts, the bank originated 19.4 percent of refinance loans compared to 15.1 percent for aggregate lenders and the demographic measure of 18.9 percent of owner-occupied units in such tracts. In middle-income tracts, the bank originated 37.4 percent of their refinance loans, which is above both aggregate lenders and the demographic, while in upper-income tracts, the bank's 35.3 percent of originations was below both measures. This level of lending demonstrates the bank's support of assessment area needs for credit as stated during community representative interviews.

Home Improvement

The bank significantly outperformed the aggregate of lenders for home improvement originations in low- and moderate-income geographies, tripling aggregate origination volumes in low-income census tracts and almost doubling aggregate originations in moderate-income tracts. For both income levels, the bank's lending levels also exceeded the demographic of owner-occupied housing in the tracts. The bank originated 10.6 percent and 24.2 percent of home improvement loans in low- and moderate-income census tracts, respectively. In contrast, aggregate lender rates were 3.3 percent and 13.4 percent for low- and moderate-income census tracts, respectively. In middle-income tracts, the bank originated 40.9 percent of their home improvement loans, which is above both aggregate lenders and the demographic, while in upper-income tracts, the bank's 24.2 percent of originations was significantly below both measures. The bank's higher level of home improvement lending in low- and moderate-income census tracts is significant in meeting the needs of individuals living in those areas due to the age of the housing stock.

Multi-Family

Multi-family loans in low-income census tracts comprised 9.3 percent of total multi-family originations, which was significantly lower than the aggregate lender rate of 19.2 percent and lower than the demographic rate of 12.1 percent of multi-family units located in low-income census tracts. However, lending in moderate-income census tracts of 36.1 percent exceeded aggregate lender origination rates of 32.4 percent and greatly exceeded the demographic of 23.3 percent of multi-family units located in moderate-income census tracts. In middle-income tracts, the bank originated 29.9 percent of their multi-family loans which is above both aggregate lenders and the demographic, while in upper-income tracts, the bank's 23.7 percent of originations was below both measures. The bank's lending for this product type is supportive of rental housing needs in low- and moderate-income census tracts.

Geographic Distribution of HMDA Reportable Loans

Assessment Area: 2018 Chicago-Naperville-Arlington Hts, IL MD 16974

Product Type	Tract Income Levels	Bank & Aggregate Lending Comparison 2018						Owner Occupied
		Count			Dollar			
		Bank		Agg	Bank		Agg	
		#	%	%	$ (000s)	$ %	$ %	% of Units
Home Purchase	Low	9	3.5	4.4	1,452	2.8	3.2	5.3
	Moderate	37	14.4	16.8	5,390	10.3	12.5	18.9
	Middle	110	42.8	33.2	18,721	35.8	26.0	33.6
	Upper	101	39.3	45.4	26,758	51.1	58.0	42.1
	Unknown	0	0.0	0.2	0	0.0	0.2	0.2
	Total	**257**	**100.0**	**100.0**	**52,321**	**100.0**	**100.0**	**100.0**
Refinance	Low	11	7.9	4.0	831	3.3	2.8	5.3
	Moderate	27	19.4	15.1	3,785	15.2	11.1	18.9
	Middle	52	37.4	31.9	8,413	33.7	24.6	33.6
	Upper	49	35.3	48.9	11,906	47.7	61.4	42.1
	Unknown	0	0.0	0.2	0	0.0	0.2	0.2
	Total	**139**	**100.0**	**100.0**	**24,935**	**100.0**	**100.0**	**100.0**
Home Improvement	Low	7	10.6	3.3	110	5.4	3.1	5.3
	Moderate	16	24.2	13.4	708	35.0	10.8	18.9
	Middle	27	40.9	29.6	507	25.1	24.3	33.6
	Upper	16	24.2	53.7	698	34.5	61.7	42.1
	Unknown	0	0.0	0.1	0	0.0	0.2	0.2
	Total	**66**	**100.0**	**100.0**	**2,023**	**100.0**	**100.0**	**100.0**
Multi-Family								**Multi-Family**
	Low	9	9.3	19.2	10,476	7.6	10.4	12.1
	Moderate	35	36.1	32.4	47,164	34.3	17.5	23.3
	Middle	29	29.9	23.5	37,902	27.6	23.8	26.5
	Upper	23	23.7	24.4	41,336	30.1	47.6	37.1
	Unknown	1	1.0	0.5	500	0.4	0.8	1.1
	Total	**97**	**100.0**	**100.0**	**137,378**	**100.0**	**100.0**	**100.0**
Other Purpose LOC	Low	0	0.0	2.2	0	0.0	1.3	5.3
	Moderate	0	0.0	9.8	0	0.0	6.7	18.9
	Middle	0	0.0	29.5	0	0.0	22.5	33.6
	Upper	0	0.0	58.3	0	0.0	69.3	42.1
	Unknown	0	0.0	0.2	0	0.0	0.2	0.2
	Total	**0**	**0.0**	**100.0**	**0**	**0.0**	**100.0**	**100.0**
Other Purpose Closed/Exempt	Low	1	3.4	5.1	7	0.5	2.9	5.3
	Moderate	2	6.9	16.3	52	3.5	8.6	18.9
	Middle	13	44.8	31.4	483	32.4	16.3	33.6
	Upper	13	44.8	47.2	949	63.6	72.1	42.1
	Unknown	0	0.0	0.1	0	0.0	0.1	0.2
	Total	**29**	**100.0**	**100.0**	**1,491**	**100.0**	**100.0**	**100.0**
Loan Purpose Not Applicable	Low	0	0.0	7.3	0	0.0	5.3	5.3
	Moderate	0	0.0	25.6	0	0.0	18.2	18.9
	Middle	0	0.0	35.8	0	0.0	30.1	33.6
	Upper	0	0.0	31.2	0	0.0	46.3	42.1
	Unknown	0	0.0	0.1	0	0.0	0.1	0.2
	Total	**0**	**0.0**	**100.0**	**0**	**0.0**	**100.0**	**100.0**
HMDA Totals	Low	37	6.3	4.5	12,876	5.9	3.9	5.3
	Moderate	117	19.9	16.4	57,099	26.2	12.7	18.9
	Middle	231	39.3	32.5	66,026	30.3	25.4	33.6
	Upper	202	34.4	46.4	81,647	37.4	57.8	42.1
	Unknown	1	0.2	0.2	500	0.2	0.3	0.2
	Total	**588**	**100.0**	**100.0**	**218,148**	**100.0**	**100.0**	**100.0**

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

Small Business

The bank's geographic distribution of small business loans in the assessment area demonstrates a significant support to small businesses in low- and moderate-income census tracts. Small business loan originations in low- and moderate-income census tracts equaled 11.5 percent and 22.1 percent of total loans, respectively. Both of these lending levels exceeded aggregate lender rates, as well as the demographic measure of total businesses located in low- and moderate-income census tracts. In middle-income census tracts, the bank originated 33.6 percent of total loans which is above the aggregate and demographic measure. However, the 32.7 percent of loans made in upper-income tracts fell significantly below both measures of comparison.

Geographic Distribution of Small Business Loans Assessment Area: 2018 Chicago-Naperville-Arlington Hts, IL MD 16974								
	Tract Income Levels	Bank & Aggregate Lending Comparison 2018						Total Businesses
		Count			Dollar			
		Bank		Agg	Bank		Agg	
		#	%	%	$ (000s)	$ %	$ %	%
Small Business	Low	13	11.5	4.3	3,770	13.1	4.7	5.5
	Moderate	25	22.1	17.1	5,886	20.5	15.9	16.3
	Middle	38	33.6	30.0	9,565	33.4	31.0	28.9
	Upper	37	32.7	47.7	9,459	33.0	47.9	48.7
	Unknown	0	0.0	0.3	0	0.0	0.4	0.6
	Tr Unknown			0.5			0.2	
	Total	**113**	**100.0**	**100.0**	**28,680**	**100.0**	**100.0**	**100.0**

Originations & Purchases
2018 FFIEC Census Data & 2018 Dun & Bradstreet information according to 2015 ACS
Note: Percentages may not add to 100.0 percent due to rounding

Lending to Borrowers of Different Income Levels and to Businesses of Different Sizes[7]

Marquette Bank's distribution of loans to individuals of different income levels and small businesses is excellent, given the product lines offered by the bank. Based on total HMDA-reportable loan originations, loans to low- and moderate-income individuals substantially exceed aggregate lender rates, including at double the aggregate lender rate for low-income individuals. Similar to the geographic lending results, refinance and home improvement lending rates to both low- and moderate-income borrowers were more than twice aggregate lender rates, while home purchase originations also occurred at rates significantly higher than aggregate lenders. In addition, the bank's lending to moderate-income borrowers exceeded the demographic measure of assessment area moderate-income families for home purchase, refinance, and home improvement loans. Lending to

7 The bank's lending to borrowers of different income levels and to small businesses in 2017 and 2018 is substantially similar, therefore this analysis is focused on 2018 performance. Data on 2017 lending is available in Appendix B of this evaluation.

businesses with revenues of $1.0 million or less in the assessment area was also substantially higher than aggregate lender rates. The level of the bank's lending to low- and moderate-income individuals and small businesses with revenues of $1.0 million of less is very responsive to assessment area housing and small business credit needs identified by community representatives.

The bank has a number of innovative and flexible lending programs that also support lending to low- and moderate-income individuals. Due to HMDA-reporting requirements, loans in the table below may also be included in the Borrower Distribution of HMDA Reportable Loans Chart.

Innovative Programs and Services	**Total**
Federal Housing Administration Loans *Insured loans with lower down payment requirements*	67
Illinois Housing Development Authority: 1st Home Illinois, I-REFI and IHDAccess *Loans with market rates, lower down payments and down payment and closing cost assistance.*	182
Northwest Home Equity Assurance Program and Southwest Home Equity Assurance Program *Home Equity District fund earnings subsidize rates on bank home improvement loans up to $30,000*	79

The discussion below provides a summary of the bank's performance based on HMDA-reportable loan products[8] originated to low- and moderate-income individuals and small business loans made to businesses with revenues of $1.0 million or less and should be read in conjunction with the Borrower Distribution of HMDA Reportable Loans and the Small Lending By Revenue & Loan Size tables below.

Home Purchase

The bank originated 16.0 percent of home purchase loans to low-income borrowers and 28.8 percent of loans to moderate-income borrowers. The bank's level of lending to these borrowers was significantly above aggregate lender origination rates of 6.4 percent and 19.0 percent for low- and moderate-income borrowers, respectively. The bank's lending to low-income individuals was below the demographic level of 24.5 percent low-income families in the assessment area, but was significantly above the demographic level of 16.3 percent moderate-income families in the assessment area.

Further, the bank originated 23.7 and 28.8 percent of home purchase loans to middle- and upper-income borrowers, respectively. The bank's level of lending to middle-income borrowers was above aggregate rates of 21.4 percent and the demographic level of 18.2 percent of middle-income families in the assessment area. However, the level of lending to upper-income borrowers was below the 38.0 percent made my aggregate lenders and the demographic level of 41.0 percent of upper-income families in the assessment area.

8 Other purpose closed end loans are excluded. This is a new HMDA reporting category in 2018, and there are not yet sufficient data trends to demonstrate its usefulness in lending analysis. In addition, because income data is not available for the bank's multi-family borrowers, this loan product is also excluded from the analysis.

Refinance

Refinance loans extended to low- and moderate-income individuals comprised 19.4 percent and 22.3 percent, respectively, of the bank's total refinance loans. These loan origination rates substantially exceeded aggregate lender rates of 7.3 percent for low-income borrowers and 15.2 percent for moderate-income borrowers. Although lending to low-income borrowers was below the demographic of assessment area low-income families at 24.5 percent, lending to moderate-income families was significantly higher than the demographic measure of 16.3 percent moderate-income families in the assessment area.

Additionally, refinance loans extended to middle- and upper-income individuals comprised 18.7 and 33.1 percent of the bank's total refinance loans, respectively. Both rates fell below aggregate lender rates of 21.5 percent for middle-income and 44.0 percent for upper-income borrowers. Lending to middle-income borrowers was comparable to the demographic level at 18.2 percent, while lending to upper-income borrowers was well below the demographic level of 41.0 percent.

Home Improvement

The bank originated 13.6 percent of home improvement loans to low-income borrowers and 19.7 percent of such loans to moderate-income borrowers. These origination rates were significantly above aggregate origination rates for home improvement, which equaled 5.8 percent and 12.2 percent of total loans for low- and moderate-income borrowers, respectively. For moderate-income loan originations, the bank also outperformed the demographic measure of 16.3 percent moderate-income families residing in the assessment area; however, the bank was below the demographic measure of 24.5 percent low-income families. Home improvement lending is very responsive to the credit needs of low- and moderate-income individuals based on discussions with community representatives.

For middle-income borrowers, the bank's origination rate of 31.8 percent was significantly above both the aggregate lender rate of 20.7 percent and the demographic measure of 18.2 percent. However, for upper-income borrowers, the bank's rate of 28.8 percent was significantly below aggregate lender rate of 56.8 percent and demographic measure of 41.0 percent.

Borrower Distribution of HMDA Reportable Loans
Assessment Area: 2018 Chicago-Naperville-Arlington Hts, IL MD 16974

Product Type	Borrower Income Levels	Bank & Aggregate Lending Comparison 2018						Families by Family Income
		Count			Dollar			
		Bank		Agg	Bank		Agg	
		#	%	%	$(000s)	$ %	$ %	%
Home Purchase	Low	41	16.0	6.4	4,555	8.7	2.9	24.5
	Moderate	74	28.8	19.0	11,389	21.8	12.0	16.3
	Middle	61	23.7	21.4	13,105	25.0	17.7	18.2
	Upper	74	28.8	38.0	22,198	42.4	53.4	41.0
	Unknown	7	2.7	15.2	1,074	2.1	14.0	0.0
	Total	**257**	**100.0**	**100.0**	**52,321**	**100.0**	**100.0**	**100.0**
Refinance	Low	27	19.4	7.3	2,973	11.9	3.6	24.5
	Moderate	31	22.3	15.2	3,430	13.8	9.3	16.3
	Middle	26	18.7	21.5	4,455	17.9	17.1	18.2
	Upper	46	33.1	44.0	10,554	42.3	57.6	41.0
	Unknown	9	6.5	12.1	3,523	14.1	12.5	0.0
	Total	**139**	**100.0**	**100.0**	**24,935**	**100.0**	**100.0**	**100.0**
Home Improvement	Low	9	13.6	5.8	102	5.0	3.4	24.5
	Moderate	13	19.7	12.2	433	21.4	8.6	16.3
	Middle	21	31.8	20.7	321	15.9	16.6	18.2
	Upper	19	28.8	56.8	248	12.3	63.8	41.0
	Unknown	4	6.1	4.5	919	45.4	7.6	0.0
	Total	**66**	**100.0**	**100.0**	**2,023**	**100.0**	**100.0**	**100.0**
Multi-Family	Low	0	0.0	0.1	0	0.0	0.0	24.5
	Moderate	0	0.0	0.1	0	0.0	0.0	16.3
	Middle	0	0.0	0.1	0	0.0	0.0	18.2
	Upper	0	0.0	1.4	0	0.0	0.2	41.0
	Unknown	97	100.0	98.2	137,378	100.0	99.7	0.0
	Total	**97**	**100.0**	**100.0**	**137,378**	**100.0**	**100.0**	**100.0**
Other Purpose LOC	Low	0	0.0	6.1	0	0.0	3.6	24.5
	Moderate	0	0.0	13.4	0	0.0	8.2	16.3
	Middle	0	0.0	21.5	0	0.0	16.2	18.2
	Upper	0	0.0	56.8	0	0.0	69.5	41.0
	Unknown	0	0.0	2.1	0	0.0	2.5	0.0
	Total	**0**	**0.0**	**100.0**	**0**	**0.0**	**100.0**	**100.0**
Other Purpose Closed/Exempt	Low	6	20.7	9.3	247	16.6	4.5	24.5
	Moderate	8	27.6	15.7	296	19.9	8.0	16.3
	Middle	7	24.1	22.4	234	15.7	11.8	18.2
	Upper	8	27.6	45.1	714	47.9	63.0	41.0
	Unknown	0	0.0	7.4	0	0.0	12.6	0.0
	Total	**29**	**100.0**	**100.0**	**1,491**	**100.0**	**100.0**	**100.0**
Loan Purpose Not Applicable	Low	0	0.0	1.5	0	0.0	0.9	24.5
	Moderate	0	0.0	2.8	0	0.0	2.0	16.3
	Middle	0	0.0	1.8	0	0.0	1.3	18.2
	Upper	0	0.0	1.9	0	0.0	1.8	41.0
	Unknown	0	0.0	92.0	0	0.0	94.0	0.0
	Total	**0**	**0.0**	**100.0**	**0**	**0.0**	**100.0**	**100.0**
HMDA Totals	Low	83	14.1	6.4	7,877	3.6	2.7	24.5
	Moderate	126	21.4	16.7	15,548	7.1	9.8	16.3
	Middle	115	19.6	20.5	18,115	8.3	15.3	18.2
	Upper	147	25.0	39.6	33,714	15.5	48.3	41.0
	Unknown	117	19.9	16.8	142,894	65.5	24.0	0.0
	Total	**588**	**100.0**	**100.0**	**218,148**	**100.0**	**100.0**	**100.0**

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

Small Business

Marquette Bank originated 77.0 percent of its small business loans to businesses with revenues of $1.0 million or less. This origination rate was far higher than the 42.5 percent level for aggregate lenders, although below the demographic measure of assessment area businesses with revenues of $1.0 million or less of 88.3 percent. For businesses with revenues of $1.0 million or less, 41.4 percent of loans were extended in dollar amounts of $100,000 or less. These small dollar loans are most beneficial to small businesses, and demonstrate the bank's willingness to meet the credit needs of small businesses in the assessment area.

Small Business Lending By Revenue & Loan Size
Assessment Area: 2018 Chicago-Naperville-Arlington Hts, IL MD 16974

Product Type			Bank & Aggregate Lending Comparison 2018						
			Count			Dollar			Total Businesses
			Bank		Agg	Bank		Agg	
			#	%	%	$ 000s	$ %	$ %	%
Small Business	Revenue	$1 Million or Less	87	77.0	42.5	21,937	76.5	26.7	88.3
		Over $1 Million or Unknown	26	23.0	57.5	6,743	23.5	73.3	11.7
		Total	**113**	**100.0**	**100.0**	**28,680**	**100.0**	**100.0**	**100.0**
	Loan Size	$100,000 or Less	49	43.4	92.6	2,921	10.2	31.6	
		$100,001 - $250,000	25	22.1	3.6	4,866	17.0	15.5	
		$250,001 - $1 Million	39	34.5	3.9	20,893	72.8	53.0	
		Total	**113**	**100.0**	**100.0**	**28,680**	**100.0**	**100.0**	
	Loan Size & Rev $1 Mill or Less	$100,000 or Less	36	41.4		2,022	9.2		
		$100,001 - $250,000	19	21.8		3,670	16.7		
		$250,001 - $1 Million	32	36.8		16,245	74.1		
		Total	**87**	**100.0**		**21,937**	**100.0**		

Originations & Purchases
2018 FFIEC Census Data & 2018 Dun & Bradstreet information according to 2015 ACS
Note: Percentages may not add to 100.0 percent due to rounding

Community Development Lending

Marquette Bank is a leader in making community development loans. The bank originated 81 community development loans for $121.1 million in the current evaluation period. In dollar terms and adjusted for the duration of the evaluation period, lending increased 91.9 percent compared to the prior evaluation period, when 68 loans were extended. Marquette Bank made almost all of its loans for multi-family affordable housing, thus demonstrating the bank's commitment to the needs for quality affordable housing in the assessment area. The bank also made two loans to non-profits to provide lines of credit to fund operations when delays in state and local funding occur; the organizations receiving the loans provide crucial housing-related and community services to low- and moderate-income individuals. Twenty bank loans for $37.1 million in 2020 are also considered responsive to the circumstances of borrowers and their lessees due to the COVID-19 emergency.

Community Development Loans									
Affordable Housing		Community Services		Economic Development		Revitalization/ Stabilization		Total	
$ (000s)	#	$ (000s)	#	$ (000s)	#	$ (000s)	#	$ (000s)	#
120,965	80	100	1	0	0	0	0	121,065	81

Pandemic-Related Lending Initiatives

In addition to the community development lending discussed above, the bank provided home loan relief for customers affected by the emergency and funded over 300 Small Business Administration Paycheck Protection Program loans.

INVESTMENT TEST

Marquette Bank's performance relative to the Investment Test is rated Outstanding based on the excellent level of qualified community development investments and grants, particularly those not routinely provided by private investors, often in a leadership position. The bank made extensive use of innovative or complex investments to support community development initiatives and exhibited excellent responsiveness to credit and community development needs.

Qualified community development investments for the review period totaled $9.6 million in 11 investments, comprised of $8.0 million of prior period investments and new investments of $1.6 million. Investments include equity equivalent notes in organizations supporting affordable housing, small business real estate development, and small business lending; investments in organizations that provide services to low- and moderate-income neighborhoods and technical services to community development-related organizations; and certificates of deposit in a local community development financial institution. The bank also continues to fund the Marquette Bank Affordable Housing Foundation to provide affordable housing grants to bank borrowers and the Marquette Bank Education Foundation to provide scholarships to high school students from low- and moderate-income families. The majority of the 48.6 percent increase from the level at the prior evaluation, when adjusted for duration of the evaluation period, is due to increases in the foundations' balances.

The bank made an additional $1.4 million of grants and in-kind donations to 49 unaffiliated organizations and through the two bank-affiliated affordable housing and educational foundations during the evaluation period. This level of grants and donations represented an increase of 55.5 percent from the prior evaluation period, when adjusted for the duration of the evaluation period. In addition to substantial donations made through the bank's foundations, donations were made to support high schools in low- or moderate-income census tracts or with significant low- and moderate-income student populations and local community organizations with qualified community development purposes. In addition to its own donations and grants, the bank also used its $20,000 COVID-19 relief grant from the Federal Home Loan Bank of Chicago to provide $2,500 to eight community development organizations in its assessment area.

Community Development Investments										
	Affordable Housing		Community Services		Economic Development		Revitalization/ Stabilization		Total	
Type	$ (000s)	#	$ (000s)	#	$ (000s)	#	$ (000s)	#	$ (000s)	#
Investments	4,082	2	4,854	5	75	1	600	3	9,611	11
Donations	445	6	826	37	12	2	125	6	1,408	51

SERVICE TEST

Marquette Bank's performance relative to the Service Test is Outstanding based on the bank's delivery systems, which are readily accessible to geographies and individuals of different income levels in its assessment area. Services, including business hours, do not vary in a way that inconveniences the needs of its assessment area, particularly low- and moderate-income census tracts or low- and moderate-income individuals. The bank's record of opening and closing branch offices has not adversely affected the accessibility of its delivery systems, particularly to low-and moderate-income geographies and/or low-and moderate-income individuals. The bank is also a leader in providing community development services.

Retail Services

Marquette Bank’s delivery systems are readily accessible in its assessment area. The bank’s 21 banking offices include eight locations, or 38.1 percent of all locations, in low- and moderate-income census tracts. All offices in low- and moderate-income census tracts are in Cook County, which has the highest level of such tracts in the assessment area, and the offices are on or near public transportation routes. Offices in low- and moderate-income census tracts are proportionate to the 40.2 percent of assessment area low- and moderate-income census tracts. There have been no changes in the bank’s branch structure since the previous evaluation.

Assessment Area Data and Bank Presence[9]						
	Tracts		Banking Offices		Cash Only ATMs	
Tract Income	#	%	#	%	#	%
Low	265	15.7	1	4.8	1	4.2
Moderate	413	24.5	7	33.3	9	37.5
Middle	461	27.3	8	38.1	9	37.5
Upper	534	31.7	5	23.8	8	20.8
Unknown	14	0.8	0	0.0	0	0.0
Total	**1,687**	**100.0**	**21**	**100.0**	**7**	**100.0**

Retail banking hours do not vary across locations, regardless of census tract income level. Lobby hours are 9:00 a.m. to 5:00 p.m. Monday through Thursday, while on Friday hours are extended to

9 This table omits three loan production offices, however, the ATM count includes three ATMs at these offices; all are located in upper income tracts.

6:00 p.m. or 7:00 p.m. with Saturday hours until 1:00 p.m. or 2:00 p.m. Lenders are also available to meet with loan applicants and borrowers at their convenience and in their location if the individuals cannot easily make it to a branch.

Mobile and internet banking services are available without charge to all consumer accounts. The bank's customer service lines and on-line banking product offer access in English and Spanish, while a subscription language line gives the bank access to support in 185 languages. The multiple language support options meet assessment area needs by addressing the wide variety of languages found in the assessment area. The bank also opened deposit accounts for Mexican nationals in the evaluation period using Matricula Consular documentation, providing important deposit account services to undocumented assessment area residents.

Community Development Services

Marquette Bank is a leader in providing community development services. Bank employees provided 2,901 hours of community development services to 44 community organizations in the assessment area, an 8.9 percent increase from the prior evaluation when adjusted for the duration of the evaluation period. Leadership in community development services is demonstrated through the board and committee support the bank provides to community organizations, with 73.6 percent of service hours provided in these roles. Additional services provide financial education and homebuyer education to assessment area consumers, which supports the need for financial education identified by community representatives, particularly as many assessment area low- and moderate-income individuals are underbanked or unbanked.

Community Development Services									
Affordable Housing		Community Services		Economic Development		Revitalization/ Stabilization		Total	
Hours	# Orgs	Hours	# Orgs	Hours	# Orgs	Hours	# Orgs	Hours	# Orgs
168	5	1,969	26	196	6	568	7	2,901	44

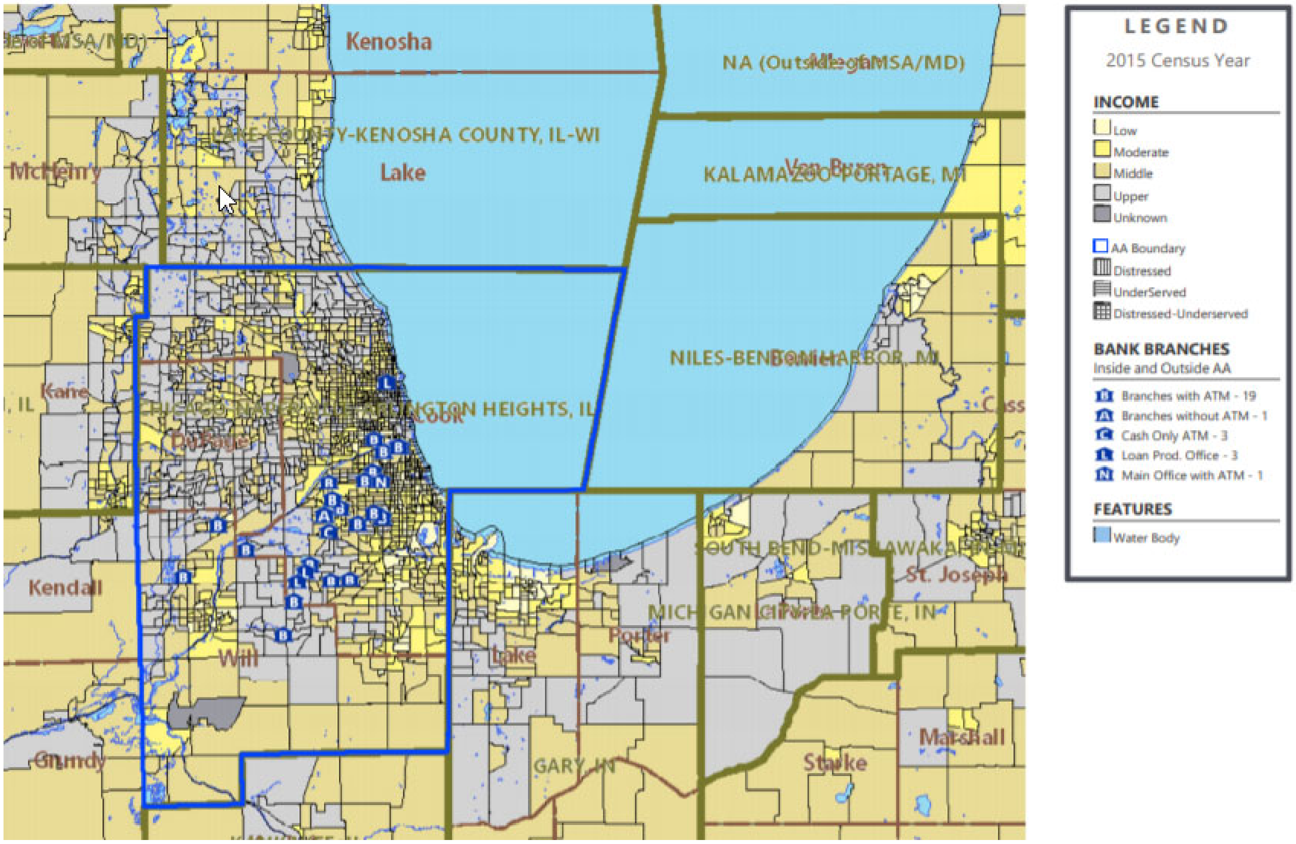
Pandemic-Related Service Initiatives

In response to the COVID-19 emergency, the bank waived, reversed, and suspended various service fees and partnered with a community organization to bring mobile food pantries to two of its branches.

FAIR LENDING OR OTHER ILLEGAL CREDIT PRACTICES REVIEW

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

APPENDIX A – Map of Assessment Area



APPENDIX B – 2017 Lending Tables

Assessment Area: 2017 Chicago-Naperville-Arlington Hts, IL MD 16974								
Income Categories	**Tract Distribution**		**Families by Tract Income**		**Families < Poverty Level as % of Families by Tract**		**Families by Family Income**	
	#	%	#	%	#	%	#	%
Low-income	265	15.7	167,253	10.5	57,642	34.5	391,168	24.5
Moderate-income	413	24.5	366,284	23.0	64,003	17.5	260,033	16.3
Middle-income	461	27.3	490,826	30.8	38,145	7.8	290,555	18.2
Upper-income	534	31.7	567,583	35.6	19,252	3.4	653,342	41.0
Unknown-income	14	0.8	3,152	0.2	858	27.2	0	0.0
Total Assessment Area	**1,687**	**100.0**	**1,595,098**	**100.0**	**179,900**	**11.3**	**1,595,098**	**100.0**
	Housing Units by Tract	**Housing Types by Tract**						
		Owner-Occupied			**Rental**		**Vacant**	
		#	%	%	#	%	#	%
Low-income	330,047	81,326	5.3	24.6	182,430	55.3	66,291	20.1
Moderate-income	649,768	290,140	18.9	44.7	284,920	43.8	74,708	11.5
Middle-income	815,708	516,911	33.6	63.4	237,223	29.1	61,574	7.5
Upper-income	966,042	647,373	42.1	67.0	254,547	26.3	64,122	6.6
Unknown-income	11,232	2,519	0.2	22.4	7,293	64.9	1,420	12.6
Total Assessment Area	**2,772,797**	**1,538,269**	**100.0**	**55.5**	**966,413**	**34.9**	**268,115**	**9.7**
	Total Businesses by Tract		**Businesses by Tract & Revenue Size**					
			Less Than or = $1 Million		**Over $1 Million**		**Revenue Not Reported**	
	#	%	#	%	#	%	#	%
Low-income	12,676	5.4	11,110	5.5	1,502	4.9	64	4.3
Moderate-income	37,329	16.0	32,424	16.1	4,709	15.3	196	13.1
Middle-income	67,863	29.1	58,104	28.9	9,345	30.4	414	27.7
Upper-income	114,178	48.9	98,451	48.9	14,913	48.6	814	54.5
Unknown-income	1,330	0.6	1,096	0.5	228	0.7	6	0.4
Total Assessment Area	**233,376**	**100.0**	**201,185**	**100.0**	**30,697**	**100.0**	**1,494**	**100.0**
	Percentage of Total Businesses:			**86.2**		**13.2**		**0.6**
	Total Farms by Tract		**Farms by Tract & Revenue Size**					
			Less Than or = $1 Million		**Over $1 Million**		**Revenue Not Reported**	
	#	%	#	%	#	%	#	%
Low-income	22	2.5	21	2.5	1	2.9	0	0.0
Moderate-income	86	9.9	83	9.9	3	8.6	0	0.0
Middle-income	319	36.6	303	36.3	16	45.7	0	0.0
Upper-income	442	50.7	426	51.0	15	42.9	1	100.0
Unknown-income	2	0.2	2	0.2	0	0.0	0	0.0
Total Assessment Area	**871**	**100.0**	**835**	**100.0**	**35**	**100.0**	**1**	**100.0**
	Percentage of Total Farms:			**95.9**		**4.0**		**0.1**
2017 FFIEC Census Data & 2017 Dun & Bradstreet information according to 2015 ACS								
Note: Percentages may not add to 100.0 percent due to rounding								

Geographic Distribution of HMDA Reportable Loans

Assessment Area: 2017 Chicago-Naperville-Arlington Hts, IL MD 16974

Product Type	Tract Income Levels	Bank & Aggregate Lending Comparison 2017						Owner Occupied
		Count			Dollar			
		Bank		Agg	Bank		Agg	
		#	%	%	$ (000s)	$ %	$ %	% of Units
Home Purchase	Low	13	4.5	4.0	2,198	3.7	2.7	5.3
	Moderate	44	15.3	16.2	6,668	11.3	11.6	18.9
	Middle	93	32.4	33.4	15,587	26.4	25.8	33.6
	Upper	137	47.7	46.3	34,486	58.5	59.7	42.1
	Unknown	0	0.0	0.1	0	0.0	0.2	0.2
	Total	**287**	**100.0**	**100.0**	**58,939**	**100.0**	**100.0**	**100.0**
Refinance	Low	8	5.0	3.6	595	2.1	2.3	5.3
	Moderate	29	18.0	15.3	2,670	9.5	10.5	18.9
	Middle	60	37.3	31.8	8,447	30.2	24.0	33.6
	Upper	64	39.8	49.1	16,261	58.1	63.0	42.1
	Unknown	0	0.0	0.2	0	0.0	0.2	0.2
	Total	**161**	**100.0**	**100.0**	**27,973**	**100.0**	**100.0**	**100.0**
Home Improvement	Low	4	4.7	5.3	139	2.6	3.0	5.3
	Moderate	27	31.4	17.3	1,857	35.2	11.0	18.9
	Middle	29	33.7	32.6	1,423	27.0	22.1	33.6
	Upper	26	30.2	44.6	1,861	35.2	63.6	42.1
	Unknown	0	0.0	0.2	0	0.0	0.3	0.2
	Total	**86**	**100.0**	**100.0**	**5,280**	**100.0**	**100.0**	**100.0**
Multi-Family								**Multi-Family**
	Low	6	11.5	18.6	5,049	8.0	7.3	12.1
	Moderate	17	32.7	32.5	14,339	22.6	18.5	23.3
	Middle	17	32.7	24.0	22,315	35.1	24.4	26.5
	Upper	12	23.1	24.4	21,804	34.3	48.7	37.1
	Unknown	0	0.0	0.4	0	0.0	1.1	1.1
	Total	**52**	**100.0**	**100.0**	**63,507**	**100.0**	**100.0**	**100.0**
HMDA Totals	Low	31	5.3	4.1	7,981	5.1	3.0	5.3
	Moderate	117	20.0	16.1	25,534	16.4	11.8	18.9
	Middle	199	34.0	32.7	47,772	30.7	25.0	33.6
	Upper	239	40.8	47.0	74,412	47.8	59.9	42.1
	Unknown	0	0.0	0.2	0	0.0	0.3	0.2
	Total	**586**	**100.0**	**100.0**	**155,699**	**100.0**	**100.0**	**100.0**

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

Geographic Distribution of Small Business Loans Assessment Area: 2017 Chicago-Naperville-Arlington Hts, IL MD 16974								
	Tract Income Levels	Bank & Aggregate Lending Comparison 2017						Total Businesses
		Count			Dollar			
		Bank		Agg	Bank		Agg	
		#	%	%	$ (000s)	$ %	$ %	%
Small Business	Low	12	10.3	4.5	2,439	8.0	4.3	5.4
	Moderate	29	25.0	17.2	9,439	30.9	15.8	16.0
	Middle	38	32.8	30.6	8,210	26.9	31.1	29.1
	Upper	37	31.9	46.8	10,428	34.2	48.2	48.9
	Unknown	0	0.0	0.3	0	0.0	0.3	0.6
	Tr Unknown			0.5			0.2	
	Total	**116**	**100.0**	**100.0**	**30,516**	**100.0**	**100.0**	**100.0**

Originations & Purchases
2017 FFIEC Census Data & 2017 Dun & Bradstreet information according to 2015 ACS
Note: Percentages may not add to 100.0 percent due to rounding

Borrower Distribution of HMDA Reportable Loans **Assessment Area: 2017 Chicago-Naperville-Arlington Hts, IL MD 16974**									
Product Type	Borrower Income Levels	Bank & Aggregate Lending Comparison 2017							Families by Family Income
		Count			Dollar				
		Bank		Agg	Bank			Agg	
		#	%	%	$(000s)		$ %	$ %	%
Home Purchase	Low	34	11.8	5.2	3,910		6.6	2.2	24.5
	Moderate	66	23.0	17.6	9,101		15.4	10.6	16.3
	Middle	69	24.0	21.0	13,589		23.1	17.0	18.2
	Upper	107	37.3	41.1	29,743		50.5	57.5	41.0
	Unknown	11	3.8	15.0	2,596		4.4	12.6	0.0
	Total	**287**	**100.0**	**100.0**	**58,939**		**100.0**	**100.0**	**100.0**
Refinance	Low	15	9.3	5.2	1,335		4.8	2.3	24.5
	Moderate	38	23.6	12.9	4,557		16.3	7.5	16.3
	Middle	43	26.7	19.8	6,574		23.5	14.7	18.2
	Upper	64	39.8	47.0	15,380		55.0	61.0	41.0
	Unknown	1	0.6	15.1	127		0.5	14.5	0.0
	Total	**161**	**100.0**	**100.0**	**27,973**		**100.0**	**100.0**	**100.0**
Home Improvement	Low	13	15.1	6.5	510		9.7	2.3	24.5
	Moderate	14	16.3	15.3	385		7.3	7.7	16.3
	Middle	25	29.1	23.7	1,533		29.0	14.9	18.2
	Upper	23	26.7	48.7	1,156		21.9	66.1	41.0
	Unknown	11	12.8	5.8	1,696		32.1	9.1	0.0
	Total	**86**	**100.0**	**100.0**	**5,280**		**100.0**	**100.0**	**100.0**
Multi-Family	Low	0	0.0	0.0	0		0.0	0.0	24.5
	Moderate	0	0.0	0.0	0		0.0	0.0	16.3
	Middle	0	0.0	0.0	0		0.0	0.0	18.2
	Upper	0	0.0	0.0	0		0.0	0.0	41.0
	Unknown	52	100.0	100.0	63,507		100.0	100.0	0.0
	Total	**52**	**100.0**	**100.0**	**63,507**		**100.0**	**100.0**	**100.0**
HMDA Totals	Low	62	10.6	5.2	5,755		3.7	2.1	24.5
	Moderate	118	20.1	15.8	14,043		9.0	8.7	16.3
	Middle	137	23.4	20.5	21,696		13.9	14.8	18.2
	Upper	194	33.1	43.0	46,279		29.7	54.0	41.0
	Unknown	75	12.8	15.5	67,926		43.6	20.5	0.0
	Total	**586**	**100.0**	**100.0**	**155,699**		**100.0**	**100.0**	**100.0**

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

Small Business Lending By Revenue & Loan Size									
Assessment Area: 2017 Chicago-Naperville-Arlington Hts, IL MD 16974									
Product Type			Bank & Aggregate Lending Comparison 2017						
			Count			Dollar			Total Businesses
			Bank		Agg	Bank		Agg	
			#	%	%	$ 000s	$ %	$ %	%
Small Business	Revenue	$1 Million or Less	79	68.1	48.2	19,951	65.4	28.4	86.2
		Over $1 Million or Unknown	37	31.9	51.8	10,565	34.6	71.6	13.8
		Total	**116**	**100.0**	**100.0**	**30,516**	**100.0**	**100.0**	**100.0**
	Loan Size	$100,000 or Less	45	38.8	92.5	2,728	8.9	29.7	
		$100,001 - $250,000	27	23.3	3.4	4,804	15.7	14.4	
		$250,001 - $1 Million	44	37.9	4.1	22,984	75.3	56.0	
		Total	**116**	**100.0**	**100.0**	**30,516**	**100.0**	**100.0**	
	Loan Size & Rev $1 Mill or Less	$100,000 or Less	30	38.0		1,624	8.1		
		$100,001 - $250,000	18	22.8		3,052	15.3		
		$250,001 - $1 Million	31	39.2		15,275	76.6		
		Total	**79**	**100.0**		**19,951**	**100.0**		

Originations & Purchases
2017 FFIEC Census Data & 2017 Dun & Bradstreet information according to 2015 ACS
Note: Percentages may not add to 100.0 percent due to rounding

APPENDIX C – Scope of Examination

<table>
<tr><th colspan="4">SCOPE OF EXAMINATION</th></tr>
<tr><td colspan="4"></td></tr>
<tr><td>TIME PERIOD REVIEWED</td><td colspan="3">HMDA- and CRA-reportable small business loans: January 1, 2017 to December 31, 2018
Community Development Activities: February 27, 2018 to July 20, 2020</td></tr>
<tr><td colspan="4"></td></tr>
<tr><td>FINANCIAL INSTITUTION

Marquette Bank</td><td colspan="3">PRODUCTS REVIEWED

• HMDA-Reportable Loans
• CRA-Reportable Loans – Small Business
• Community Development Activities</td></tr>
<tr><td colspan="4"></td></tr>
<tr><td>AFFILIATE(S)</td><td colspan="2">AFFILIATE RELATIONSHIP</td><td>PRODUCTS REVIEWED</td></tr>
<tr><td>None</td><td colspan="2">N/A</td><td>N/A</td></tr>
<tr><td colspan="4"></td></tr>
<tr><th colspan="4">IDENTIFICATION OF ASSESSMENT AREAS</th></tr>
<tr><td>ASSESSMENT AREA</td><td>TYPE OF EXAMINATION</td><td>BRANCHES VISITED</td><td>OTHER INFORMATION</td></tr>
<tr><td>Cook, Dupage, and Will County within the Chicago-Naperville-Arlington Heights, Illinois MD #16974</td><td>Full Review</td><td>None</td><td>N/A</td></tr>
</table>

APPENDIX D – Glossary

Affiliate: Any company that controls, is controlled by, or is under common control with another company. A company is under common control with another company if the same company directly or indirectly controls both companies. A bank subsidiary is controlled by the bank and is, therefore, an affiliate.

Affordability ratio: To determine housing affordability, the affordability ratio is calculated by dividing median household income by median housing value. This ratio allows the comparison of housing affordability across assessment areas and/or communities. An area with a high ratio generally has more affordable housing than an area with a low ratio.

Aggregate lending: The number of loans originated and purchased by all lenders subject to reporting requirements as a percentage of the aggregate number of loans originated and purchased by all lenders in the MSA/assessment area.

American Community Survey Data (ACS): The American Community Survey (ACS) data is based on a nationwide survey designed to provide local communities with reliable and timely demographic, social, economic, and housing data each year. The Census Bureau first released data for geographies of all sizes in 2010. This data is known as the "five-year estimate data." The five-year estimate data is used by the FFIEC as the base file for data used in conjunction with consumer compliance and CRA examinations.[10]

Area Median Income (AMI): AMI means –

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

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

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

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

[10] *Source: FFIEC press release dated October 19, 2011.*

228.11(c)(2).

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

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

Combined Statistical Area (CSAs): Adjacent metropolitan statistical areas/metropolitan divisions (MSA/MDs) and micropolitan statistical areas may be combined into larger Combined Statistical Areas based on social and economic ties as well as commuting patterns. The ties used as the basis for CSAs are not as strong as the ties used to support MSA/MD and micropolitan statistical area designations; however, they do bind the larger area together and may be particularly useful for regional planning authorities and the private sector. Under Regulation BB, assessment areas may be presented under a Combined Statistical Area heading; however, all analysis is conducted on the basis of median income figures for MSA/MDs and the applicable state-wide non metropolitan median income figure.

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

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

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

   1) Low- or moderate-income geographies;
   2) Designated disaster areas; or
   3) Distressed or underserved nonmetropolitan middle-income geographies designated by the Board, Federal Deposit Insurance Corporation and Office of the Comptroller of the Currency based on:

a. Rates of poverty, unemployment or population loss; or
b. Population size, density and dispersion. Activities that revitalize and stabilize geographies designated based on population size, density and dispersion if they help to meet essential community services including the needs of low- and moderate-income individuals.

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

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

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

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

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

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

Fair market rent: Fair market rents (FMRs) are gross rent estimates. They include the shelter rent plus the cost of all tenant-paid utilities, except telephones, cable or satellite television service, and internet service. HUD sets FMRs to assure that a sufficient supply of rental housing is available to their program participants. To accomplish this objective, FMRs must be both high enough to permit a selection of units and neighborhoods and low enough to serve as many low-income families as possible. The level at which FMRs are set is expressed as a percentile point within the rent distribution of standard-quality rental housing units. The current definition used is the 40th percentile rent, the dollar amount below which 40 percent of the standard-quality rental housing units are rented. The

40th percentile rent is drawn from the distribution of rents of all units occupied by recent movers (renter households who moved to their present residence within the past 15 months). HUD is required to ensure that FMRs exclude non-market rental housing in their computation. Therefore, HUD excludes all units falling below a specified rent level determined from public housing rents in HUD's program databases as likely to be either assisted housing or otherwise at a below-market rent, and units less than two years old.

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

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

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

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

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

Income Level: Income level means:

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

Additional Guidance: .12(m) Income Level: The median family income levels (MFI) for census tracts are calculated using the income data from the United States Census Bureau's American Community Survey and geographic definitions from the Office of Management and Budget (OMB) and are updated approximately every five years (.12(m) Income Level).

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

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

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

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

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

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

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

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

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

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

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

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

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

Small Bank: This term refers to a bank that as of December 31 of either of the prior two calendar years, had assets of less than $1.252 billion. Intermediate small bank means a small bank with assets of at least $313 million as of December 31 of both of the prior two calendar years and less than $1.252 billion as of December 31 of either of the prior two calendar years.

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

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

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

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