

PUBLIC DISCLOSURE

February 5, 2018

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

Lisle Savings Bank
Certificate Number: 29800

1450 Maple Avenue
Lisle, Illinois 60532

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

300 South Riverside Plaza, Suite 1700
Chicago, Illinois 60606

This document is an evaluation of this institution'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 institution. This evaluation is not, nor should it be construed as, an assessment of the financial condition of this institution. The rating assigned to this institution does not represent an analysis, conclusion, or opinion of the federal financial supervisory agency concerning the safety and soundness of this financial institution.

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.

Lisle Savings Bank's Community Reinvestment Act (CRA) performance under the Lending Test and Community Development Test supports the overall rating. Examiners did not identify any evidence of discriminatory or other illegal credit practices that would affect the rating.

The Lending Test is rated Satisfactory.

- The loan-to-deposit (LTD) ratio is reasonable given the institution's size, financial condition, and assessment area credit needs.
- A substantial majority of loans and other lending related activities are in the institution's assessment area.
- The distribution of loans to borrowers reflects, given the demographics of the assessment area, reasonable penetration among borrowers of different income levels.
- The geographic distribution of loans reflects poor dispersion throughout the assessment area.
- The institution did not receive any CRA-related complaints since the previous evaluation; therefore, this factor did not affect the Lending Test.

The Community Development Test is rated Satisfactory.

- The institution's community development performance demonstrates adequate responsiveness to community development needs in its assessment area through community development loans, qualified investments, and community development services. Examiners considered the institution's capacity and the need and availability of such opportunities for community development in the assessment area.

SCOPE OF EVALUATION

General Information

The evaluation covers the period from the previous evaluation dated February 10, 2015, to the current evaluation dated February 5, 2018. Examiners used the Interagency Intermediate Small Institution Examination Procedures to evaluate Lisle Savings Bank's CRA performance. These procedures include the Small Bank Lending Test and the Community Development Test.

The Lending Test evaluates performance under the following criteria:

- LTD ratio,
- Assessment area concentration,
- Geographic distribution,
- Borrower profile, and

While the bank did not originate any home mortgage loans in low-income census tracts during the review period, the lending is comparable with aggregate lending in 2015 and 2016. Additionally, the table shows lending opportunities in low-income census tracts are very limited as only 0.5 percent of owner-occupied housing units are in such tracts based on 2010 U.S. Census data and only 1.0 percent based on the 2015 ACS data.

The bank's lending in moderate-income census tracts in 2015 (1.5 percent) and 2016 (1.9 percent) was significantly below aggregate lenders performance and demographic data. The bank originated 2.4 percent of its home mortgage loans in moderate-income tracts in 2017. Despite the bank's effort to market its first time homebuyers program in moderate-income census tracts, no loans under the program were originated there. There is a high level of competition from other financial institutions in the moderate-income census tracts. The bank's two full-service offices are approximately six to nine miles from the nearest clusters of low- and moderate-income census tracts, with numerous other local and regional bank competitors present in these areas. Nonetheless, the table shows that aggregate lenders originated 7.8 percent of the home mortgage loans in moderate-income census tracts in 2015 and 7.7 percent in 2016; this indicates that there are opportunities in such areas. The bank's lending performance indicates a poor penetration of home mortgage loans in moderate-income geographies, and poor performance overall.

Response to Complaints

The bank did not receive any CRA-related complaints since the previous evaluation; therefore, this criterion did not affect the Lending Test rating.

COMMUNITY DEVELOPMENT TEST

LSB demonstrates adequate responsiveness to the community development needs of its assessment area through qualified community development loans, community development investments, and community development services. Examiners considered the institution's capacity to participate in such activities, as well as the availability of community development opportunities and performance of similar institutions in the assessment area.

Community Development Loans

LSB originated five community development loans totaling \$4.0 million during the review period. All community development loans were purchased from the Solomon Hess SBA Loan Fund, LLC. The fund is a certified Community Development Financial Institution (CDFI) fund that provides community development loans which support economic development and meet the SBA 7(a) program standards. The SBA works with lenders to provide loans targeted to small businesses and start-ups for the purpose of purchasing buildings or land, providing working capital, purchasing inventory and the like. Community contacts identified a need for small business loans. Additionally, the unemployment rates in the assessment area reflect a slow recovery from the recession, particularly in low- and moderate-income (LMI) areas. SBA 7(a) lending is considered responsive to assessment area needs by supporting job creation.

In 2015, LSB purchased a \$2 million SBA loan from the fund. This loan benefitted a business within the assessment area in an underserved area in Aurora, Illinois and created 160 new jobs while serving the grocery and retail needs of a LMI area. Four SBA loans located in LMI census tracts in Aurora, Elgin, and Lombard were purchased in 2016. LSB also reinvests its quarterly return back into the Solomon Hess SBA Fund rather than take the distribution. This reinvestment helps to provide additional funds into the assessment area.

The total of community development loans represents approximately 2.3 percent of net loans and 1.0 percent of total assets as of September 30, 2017. This level of community development lending is comparable to similar institutions within the assessment area.

Community Development Lending						
Activity Year	Affordable Housing		Economic Development		Totals	
	#	\$(000s)	#	\$(000s)	#	\$(000s)
2015	0	0	1	2,000	1	2,000
2016	0	0	4	2,000	4	2,000
2017	0	0	0	0	0	0
Total	0	0	5	4,000	5	4,000

Source: Bank Records.

Qualified Investments

LSB made 34 qualified investments totaling \$7.8 million and 61 qualified donations totaling \$57,152 during the review period. Qualified investments include the purchase of 11 certificates of deposit from Minority Depository Institutions (MDIs), including three from Chicago area financial institutions totaling \$2.8 million.

The bank purchases brokered certificates of deposit from MDIs located throughout the nation. A total of 22 brokered certificates of deposit were purchased during the review period totaling approximately \$5.0 million. While these activities do not have an immediate or direct benefit to LSB's assessment area, the funds from these certificates of deposit help MDIs originate mortgage loans to LMI borrowers.

The bank also partners with a company that delivers on-line financial literacy programs to seven local elementary schools within the assessment area. Three of the schools primarily serve LMI students as more than 50 percent of the students are eligible for free or reduced price lunch programs. This financial literacy program is hosted on the company's platform. The bank invested a total of \$55,000 in the program during the review period.

Total community development investment activity represents 1.5 percent of total assets and 6.9 percent of equity capital as of December 31, 2017. Examiners noted that almost all of the investments consist of certificate of deposits in MDIs, and as such, the level of complexity was weighted accordingly. These investments illustrate the bank's continued commitment and support of the MDI program that assist in the revitalization or stabilization of communities and