



PUBLIC DISCLOSURE

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COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

Guaranty Bank
Charter Number 717936

501 West Northshore Drive
Milwaukee, WI 53217-4513

Office of the Comptroller of the Currency
1200 North Mayfair Road, Suite 200
Wauwatosa, WI 53226

NOTE: 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.

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

The Lending Test is rated Satisfactory.

The Community Development Test is rated Satisfactory.

- The loan-to-deposit ratio is reasonable given the institution's size, business strategy, and lending capacity.
- The institution originates a majority of loans outside the institution's assessment area (AA).
- The distribution of borrowers reflects reasonable penetration among individuals of different income levels.
- The geographic distribution of loans reflects reasonable dispersion throughout the AA.
- The institution's community development performance through community development loans, qualified investments, and services demonstrates adequate responsiveness to community development needs in the AAs.

Scope of Examination

We evaluated Guaranty Bank's (Guaranty) Community Reinvestment Act (CRA) performance under the Intermediate Small Bank examination procedures, which include a lending test and a community development (CD) test. The lending test evaluates the institution's record of meeting the credit needs of its AAs through its lending activities. The CD test evaluates the institution's responsiveness to CD needs in its AAs through CD lending, qualified investments, and CD services.

The lending test covers Guaranty's performance from January 1, 2012 to December 31, 2014. The evaluation period for the CD test is from July 14, 2008 to February 23, 2015. The Office of Management and Budget (OMB) revised metropolitan area (MA) and census tract geographic definitions and boundaries in February 2013. Those revisions became effective for CRA purposes on January 1, 2014. Five of the institution's AAs were affected by these changes and will receive a separate analysis of 2014 lending data.

Guaranty's primary loan product is residential real estate loans. The institution reports data under the requirements of the Home Mortgage Disclosure Act (HMDA). Prior to conducting this evaluation, the HMDA data was tested and found to be reliable. Therefore, reported HMDA data was used for three years in our evaluation of residential real estate lending. Additionally, we obtained aggregate HMDA peer group data for the lending test.

Description of Institution

Guaranty is a federally chartered thrift savings bank headquartered in Milwaukee, Wisconsin, and wholly owned by Guaranty Financial Corp. Guaranty Financial, MHC, a mutual holding company, is the majority stockholder of Guaranty Financial Corp. Guaranty has two subsidiaries; Guaranty Financial Services, LTD, an operating subsidiary whose only asset is 6700 Corporation. The 6700 Corporation is a company whose sole activity is to serve as the trustee on California deeds of trust (mortgages).

Guaranty was issued an Order to Cease and Desist on March 11, 2009 due to diminished capital, poor earnings, and a high level of classified assets. Guaranty is also operating under a Prompt Corrective Action Directive dated April 1, 2014. Guaranty previously operated as a nationwide mortgage banker, originating and selling loans conforming to Fannie Mae and Freddie Mac underwriting standards. In January 2013, Guaranty sold the mortgage subsidiary, Shelter Mortgage Company, LLC. Under the terms of the sales agreement, Guaranty is operating in an environment that limits lending. There was a significant decrease in Guaranty's lending volume during the past two years as a result.

As of December 31, 2014, total assets are \$1.031 billion. The institution has a total loan portfolio of over \$608 million, representing 58.97 percent of total assets. Since Guaranty is primarily a residential real estate lender, this portfolio of loans makes up approximately 79.99 percent of the total loan portfolio. The commercial portfolio makes up 1.75 percent of the total loan portfolio.

Guaranty Bank's Loan Portfolio 12/31/2014 Call Report			
Loan Category	Amount (\$000's)	Percent of Total Loans	Percent of Total Assets*
Residential Real Estate	\$486,375	79.99%	47.18%
Commercial	\$10,649	1.75%	1.03%
Consumer	\$19,228	3.16%	1.86%
Other Loans	\$91,783	15.10%	8.90%
Total	\$608,035	100%	58.97%

*Percentage based on total assets of \$1,030,961

In addition to the main office, Guaranty operates 127 branch offices. There are 49 branch offices in the state of Wisconsin, five in the Multi-State Wisconsin-Illinois area, nine in the state of Illinois, 17 in the state of Michigan, 12 in the state of Minnesota, and 35 in the state of Georgia. Many of these branches are located in grocery stores. Guaranty Bank operates 198 automated teller machines (ATMs), of which 94 are located in Wisconsin, five in the Multi-State Wisconsin-Illinois area, 10 in Illinois, 38 in Michigan, 15 in Minnesota, and 36 in Georgia. During the evaluation period, Guaranty closed 49 branches throughout their AAs.

The institution has 13 AAs. In the state of Wisconsin, there are six AAs which include the entire Milwaukee-Waukesha-West Allis, WI Metropolitan Statistical Area (MSA), the entire Racine, WI MSA, the entire Sheboygan, WI MSA, a portion on the Fond du Lac, WI MSA, the non-MSA which consists of Walworth County, WI, and a portion of the

Madison, WI MSA. There is one Multi-State AA that includes the entire Lake County-Kenosha County, IL-WI Metropolitan Divisions (MD). In the state of Illinois, there is one AA, which consists of a portion of the Chicago-Naperville-Arlington Heights, IL MD. In the state of Michigan, there are three AAs, which include the entire Ann Arbor, MI MSA, a portion of the Warren-Troy-Farmington Hills, MI MD, and the entire Detroit-Dearborn-Livonia, MI MD. In the state of Minnesota, there is one AA, which includes a portion of the Minneapolis-St. Paul-Bloomington, MN-WI MSA. In the state of Georgia, there is one AA, which includes a portion of the Atlanta-Sandy Springs-Roswell, GA MSA.

Guaranty is a consumer-oriented thrift that emphasizes retail deposit activities in Wisconsin, Illinois, Michigan, Minnesota, and Georgia. Guaranty offers a range of products and services that are designed to fit the needs of individuals with different income levels. The institution primarily originated fixed and variable-rate mortgage loans for the purchase, improvement, or refinance of owner-occupied one-to four-family dwellings. In addition to traditional banking products, Guaranty previously originated residential mortgage loans in cooperation with the Wisconsin Housing and Economic Development Authority (WHEDA), the US Department of Veterans Affairs (VA), and Federal Housing Authority (FHA), Illinois Housing Development Authority (IHDA), and Michigan State Housing Development Authority (MSHDA). Guaranty offered affordable housing loan programs through Freddie Mac and Fannie Mae.

With the current financial restrictions on loan originations, this impediment could limit Guaranty's ability to help meet the credit needs of its local communities, including those of low- and moderate-income families and low- and moderate-income neighborhoods. Guaranty was rated Satisfactory at the last CRA examination dated July 14, 2008.

Selection of Areas for Full-Scope Review

In each state and multistate metropolitan area where the bank has an office, a sample of AAs within that state/multistate metropolitan area was selected for full-scope reviews. Refer to the "Scope" section under each State and Multistate Metropolitan Area Rating section details regarding how the areas were selected.

Ratings

The institution's overall rating is based on results from the state of Wisconsin and the state of Georgia. Within those states, the Milwaukee-West Allis-Waukesha, WI MSA and the Atlanta-Sandy Springs-Rowell, GA MSA received the most weight. These areas represent a majority of the institution's lending and customer deposits.

The institution's CRA rating takes into account the ratings in different states/multistate metropolitan areas by considering:

- The significance of the bank's activities in each state/multistate metropolitan area compared with the bank's overall activities.

- The lending opportunities in each state/multistate metropolitan area.
- The importance of the bank in providing loans to each state/multistate metropolitan area, particularly in light of the number of other institutions and the extent of their activities in each state/multistate metropolitan area.
- Demographic and economic conditions in each state/multistate metropolitan area.

Conclusions with Respect to Performance Criteria

Guaranty's lending meets the standards for satisfactory performance. The loan-to-deposit ratio is reasonable given the institution's size, business strategy, and lending capacity. The institution originated less than a majority of loans inside the institution's AA. The distribution of borrowers reflects reasonable penetration among individuals of different income levels. The geographic distribution of loans reflects reasonable dispersion throughout the AA.

Loan-to-Deposit Ratio

Given Guaranty's asset size, capacity to lend, and credit needs of the community, Guaranty's loan-to-deposit (LTD) ratio is reasonable at 71.35 percent. The LTD calculation is an average of all quarter-end LTD ratios since the last CRA exam on July 14, 2008.

The institution's ratio ranks 11th in a group of 14 similarly situated financial institutions. We reviewed LTD ratios of financial institutions with total assets between \$500 million and \$2.33 billion located in the Milwaukee MSA. Among the group, quarterly average LTD ratios range from 69.84 percent to 121.44 percent.

Lending in Assessment Area

Guaranty Bank originates a majority of its loans to borrowers outside the AA. The bank granted 6,760 HMDA-reportable loans totaling \$1.206 billion during the review period. Our analysis showed 25.13 percent of loans by number and 24.68 percent by dollar were originated inside of the AA. The institution does not meet the standard for satisfactory performance.

Prior to the sale of Shelter Mortgage in January 2013, Guaranty was primarily a nationwide lender, originating a substantial percentage of loans outside the institution's AAs. The ratio improved in 2014 with 44.26 percent of loans by number and 46.81 percent by dollar originated inside of the AA. Consideration was given to limited lending activity in response to the sale of the mortgage company.

Lending in the Assessment Areas (\$000's)										
Type of Loan	Number of Loans					Dollars of Loans (\$000's)				
	Inside		Outside		Total	Inside		Outside		Total
	#	%	#	%		\$	%	\$	%	
2012 Home Mortgages	1,195	21.57%	4,344	78.43%	5,539	\$208,195	20.86%	\$789,898	79.14%	\$988,093
2013 Home Mortgages	319	39.73%	484	60.27%	803	\$52,870	40.67%	\$77,115	59.33%	\$129,985
2014 Home Mortgages	185	44.26%	233	55.74%	418	\$36,588	46.81%	\$41,571	53.19%	\$78,159
Total	1,699	25.13%	5,061	74.87%	6,760	\$297,653	24.68%	\$908,584	75.32%	\$1,206,237

Source: 2012 -2014 HMDA data

Fair Lending or Other Illegal Credit Practices Review

Pursuant to 12 CFR 195.28(c), in determining a federal savings association's (FSA) CRA rating, the OCC considers evidence of discriminatory or other illegal credit practices in any geography by the FSA, or in any assessment area by an affiliate whose loans have been considered as part of the FSA's lending performance.

We found no evidence of discriminatory or other illegal credit practices inconsistent with helping to meet community credit needs.

Multistate Metropolitan Area Rating

Lake County – Kenosha County, IL-WI Metropolitan Division (MD)

CRA Rating for the Lake County-Kenosha County Illinois – Wisconsin MD¹ is Needs to Improve.

The Lending test is rated Satisfactory.

The Community development test is rated Needs to Improve.

- The distribution of borrowers reflects reasonable penetration among individuals of different income levels.
- The geographic distribution of loans reflects reasonable dispersion throughout the AA.
- The institution's CD performance through CD loans, qualified investments, and services demonstrates poor responsiveness to CD needs in the AAs.

DESCRIPTION OF INSTITUTION'S OPERATIONS IN LAKE COUNTY – KENOSHA COUNTY, IL-WI MD

Guaranty has designated the entire Lake County – Kenosha County, IL- WI MD. This AA consists of Lake County in Illinois and Kenosha County in Wisconsin. There are five branch locations in this AA with ATMs at each location. Guaranty has minimal deposits and lending in this AA. As of June 30, 2014, deposits make up 1.60 percent of total bank deposits in this AA. The AA meets the requirements of the regulation and does not arbitrarily exclude any low- or moderate-income areas.

According to 2010 census data, the AA consists of 188 census tracts (CTs): 17 (9.04 percent) are low-income; 40 (21.28 percent) are moderate-income; 67 (35.64 percent) are middle-income; and 62 (32.98 percent) are upper-income. Two CTs (1.06 percent) do not have an income designation.

The total population of the AA is 869,888. The average median family income is \$94,111, and the Federal Financial Institutions Examination Council (FFIEC) 2014 updated MSA median family income is \$84,200. The percentage of families below the poverty level is 5.55 percent. Owner-occupied units comprise 70.34 percent of total housing units. The December 2014 unemployment rate for Lake County was 5.80 percent, while the December 2014 unemployment rate for Kenosha County was

¹This rating reflects performance within the multistate metropolitan area. The statewide evaluations do not reflect performance in the parts of those states contained within the multistate metropolitan area.

5.20 percent. The state unemployment rate for Illinois at this time was 5.9 percent and Wisconsin was 4.70 percent.

Demographic Data Based on 2010 U.S. Census Data	
Demographic Data	2010 Census
Population	869,888
Total Families	220,280
One-to Four-Family Units	273,60
Multi-family Units	46,049
% Owner-Occupied Units	70.34%
% Occupied Rental Units	21.96%
% Vacant Housing Units	7.70%
FFIEC Estimated Median Family Income, 2014	\$84,200

Other financial institutions provide strong competition throughout Lake and Kenosha Counties. The institution’s competitors include large national banks, multi-state banks, and credit unions. As of June 30, 2014 for the Lake County, IL area, Guaranty ranked 37th out of 40 institutions, with a deposit market share of 0.06 percent. For the Kenosha County, WI area, Guaranty is ranked 14th out of 14 institutions, with a deposit market share of 0.27 percent.

According to Moody’s Analytics, “Manufacturing is outperforming, foreclosures are less of a problem, and construction is on the rise. House prices have risen during the past two years amid shrinking inventory, creating opportunities for homebuilders. Single-family construction has been slow to pick up, but with more households forming and supply tight—foreclosure inventories are down 60% over the past two years.” Major employers in the area include Abbott Laboratories, Great Lakes Naval Station, Aon/Hewitt and Baxter International.

During this evaluation, we reviewed a community contact for Lake County, Illinois. There continues to be an underlying need for additional extensions of credit to low- and moderate-income individuals, primarily first mortgage financing. Another need identified is local financial institutions providing support to non-profit consumer education programs.

SCOPE OF EVALUATION IN LAKE COUNTY – KENOSHA COUNTY, IL-WI MD

Since there is one AA in the Multi-State area, we will perform a full scope review.

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS IN LAKE COUNTY – KENOSHA COUNTY, IL-WI MD

Guaranty’s performance under the lending test is rated Satisfactory. The borrower distribution is reasonable among individuals of different income levels. The geographic distribution reflects reasonable dispersion throughout the AA. CD performance through CD loans, qualified investments, and services demonstrates poor responsiveness to CD needs in the AA.

LENDING TEST

The institution’s performance under the lending test in Lake County – Kenosha County, IL-WI MD is rated Satisfactory.

Lending to Borrowers of Different Incomes

The borrower distribution is reasonable among individuals of different income levels. Home mortgage loans to low- and moderate-income individuals originated by Guaranty, exceeded the 2013 aggregate HMDA data. As detailed below, Guaranty originated 10.64 percent of its HMDA-reportable loans to low-income borrowers and 25.53 percent of its loans to moderate-income borrowers. This exceeds the peer aggregate lending, which shows 9.74 percent of loans made to low-income borrowers and 15.80 percent of loans made to moderate-income borrowers. We took into consideration the low volume of lending in this AA and determined the distribution as reasonable.

Distribution of Residential Mortgage Loans By Borrower Income Level in Lake County Kenosha County Multi-State Assessment Area (\$000's)			
Borrower Income Level	Review Period 2012-2014		Aggregate 2013
	#	%	% by #
By Number			
Low	5	10.64%	9.74%
Moderate	12	25.53%	15.80%
Middle	14	29.79%	19.68%
Upper	15	31.91%	43.59%
Income NA	1	2.13%	11.19%
Total	47	100%	100%
By \$ Amount	\$	%	% by \$
Low	464	4.97%	3.97%
Moderate	1,844	19.74%	8.81%
Middle	2,261	28.06%	14.44%
Upper	4,283	45.85%	56.30%
Income NA	129	1.38%	16.48%
Total	\$9,341	100%	100%

Source: 2012 -2014 HMDA data and 2013 Peer Mortgage Data (Aggregate)

Geographic Distribution of Loans

The geographic distribution reflects reasonable dispersion throughout the AA. A review was performed to determine the reasonableness of the institution’s geographic distribution of HMDA loans within the AA, particularly Guaranty’s lending in low- and moderate-income areas.

During the review period, Guaranty originated 2.13 percent of its loans in low-income CTs and 8.51 percent of its loans in moderate-income CTs. Loans originated by Guaranty within low-income census tracts were slightly less than 2013 aggregate HMDA data for number of loans. Loans originated in the review period, within moderate-income census tracts were less than the 2013 aggregate HMDA data, but still considered reasonable.

Distribution of Residential Mortgage Loans By Geography Income Level in Lake County Kenosha County Multi-State Assessment Area (\$000's)			
Borrower Income Level	Review Period 2012-2014		Aggregate 2013
	#	%	% by #
By Number			
Low	1	2.13%	2.42%
Moderate	4	8.51%	13.36%
Middle	28	59.57%	41.42%
Upper	14	29.79%	42.80%
Income NA	0	0.00%	0.00%
Total	47	100%	100%
By \$ Amount	\$	%	% by \$
Low	136	1.46%	1.70%
Moderate	445	4.76%	6.37%
Middle	5,594	59.89%	33.03%
Upper	3,166	33.89%	58.89%
Income NA	0	0.00%	0.00%
Total	\$9,341	100%	100%

Source: 2012 -2014 HMDA data and 2013 Peer Mortgage Data (Aggregate)

Responses to Complaints

The institution has not received any CRA-related complaints since the last examination.

COMMUNITY DEVELOPMENT TEST

The institution’s performance under the CD test in the Lake County – Kenosha County, IL-WI MD is rated Needs to Improve. CD performance through CD loans, qualified investments, and services demonstrates poor responsiveness to CD needs in the AA.

Number and Amount of Community Development Loans

Guaranty did not originate any CD loans during the evaluation period.

Number and Amount of Qualified Investments

Guaranty made four donations totaling \$7,500 in the AA. These donations supported tax preparation services provided to low- and moderate-income individuals.

Extent to Which the Bank Provides Community Development Service

Guaranty provides affordable banking products and services in their AA. The institution offers a range of banking products and services. In addition to full service branches and ATM locations, the institution also offers internet banking and telephone banking for added accessibility to products.

During the evaluation period, Guaranty employees provided technical assistance and financial expertise to CD organizations. These organizations address AA needs for social services to low- and moderate-income individuals.

Guaranty employees assisted with tax preparation services provided to low- and moderate-income individuals.

The institution staffed a booth at a community event in the AA with the purpose to provide financial education and services to under and unbanked individuals.

Responsiveness to Community Development Needs

CD activities in this AA demonstrate poor responsiveness to CD needs.

State Rating

State of Wisconsin

CRA Rating for Wisconsin² Satisfactory.

The Lending test is rated Satisfactory.

The Community development test is rated Satisfactory.

- The distribution of borrowers reflects excellent penetration among individuals of different income levels.
- The geographic distribution of loans reflects reasonable dispersion throughout the AA.
- The institution's CD performance through CD loans, qualified investments, and services demonstrates adequate responsiveness to CD needs in the AAs.

DESCRIPTION OF INSTITUTION'S OPERATIONS IN WISCONSIN

Guaranty has designated six AAs in the state of Wisconsin. The Milwaukee-Waukesha-West Allis, WI MSA (Milwaukee MSA) consists of Milwaukee, Waukesha, Washington, and Ozaukee Counties. The Racine MSA consists of Racine County. The Madison MSA consists of Dane County. The Sheboygan MSA consists of Sheboygan County. The Fond du Lac MSA consists of the eastern portion of Fond du Lac County. The Non-MSA AA consists of Walworth County. There are 49 branch locations and 94 ATMs in the state. The AAs meet the requirements of the regulation and do not arbitrarily exclude any low- or moderate-income areas.

Milwaukee-Waukesha-West Allis, WI MSA

According to 2010 census data, the AA consists of 429 CTs: 86 (20.05 percent) are low-income; 77 (17.95 percent) are moderate-income; 151 (35.20 percent) are middle-income; and 114 (26.57 percent) are upper-income. One CT (0.23 percent) does not have an income designation.

The total population of the AA is 1,555,908. The average median family income is \$72,025, and the FFIEC 2014 updated MSA median family income is \$70,300. The percentage of families below the poverty level is 9.69 percent. Owner-occupied units comprise 58.21 percent of total housing units. The December 2014 unemployment rate for Milwaukee County was 6.00 percent, Ozaukee County was 3.50 percent,

²For institutions with branches in two or more states in a multistate metropolitan area, this statewide evaluation does not reflect performance in the parts of this state contained within the multistate metropolitan area. Refer to the multistate metropolitan area rating and discussion for the rating and evaluation of the institution's performance in that area.

Washington County was 3.8 percent, and Waukesha County was 3.70 percent. The state unemployment rate for Wisconsin at this time was 4.70 percent.

Demographic Data Based on 2010 U.S. Census Data	
Demographic Data	2010 Census
Population	1,555,908
Total Families	389,825
One-to Four-Family Units	518,392
Multi-family Units	141,252
% Owner-Occupied Units	58.21%
% Occupied Rental Units	34.45%
% Vacant Housing Units	7.34%
FFIEC Estimated Median Family Income, 2014	\$70,300

Other financial institutions provide strong competition throughout the Milwaukee MSA. The institution’s competitors include large national banks, multi-state banks, and credit unions. As of June 30, 2014, Guaranty ranked 14th out of 53 institutions, with a deposit market share of 1.15 percent.

According to Moody’s Analytics, “Milwaukee’s economy will experience steady growth over the next year due to growing financial and consumer services and a stable manufacturing base.” The local area boasts large concentrations in education, healthcare, business services, and finance as well as several major corporate headquarters. Major employers in the area include Aurora Healthcare, Kohl’s Department Store, Froedtert and Community Health, and GE Healthcare.

For this evaluation, we reviewed two recent community contacts, one from a public housing agency and the other from an agency that provides education and counseling services to low- and moderate-income first-time homebuyers. The public housing agency contact stated that credit needs in the area include affordable rental housing, possible rent to own homes, and foreclosure prevention. The other agency contact stated that credit needs in the area include homebuyer’s education and foreclosure prevention. There is a need for programs to provide funds for after home purchase repairs and ongoing maintenance of homes.

Racine, WI MSA

According to 2010 census data, the AA consists of 44 CTs: 2 (4.55 percent) are low-income; 7 (15.91 percent) are moderate-income; 23 (52.27 percent) are middle-income; and 12 (27.27 percent) are upper-income.

The total population of the AA is 195,408. The average median family income is \$66,370, and the FFIEC 2014 updated MSA median family income is \$68,600. The percentage of families below the poverty level is 8.12 percent. Owner-occupied units comprise 64.77 percent of total housing units. The December 2014 unemployment rate for Racine County was 5.80 percent. This is higher than the state unemployment rate of 4.70 for the same time period.

Demographic Data Based on 2010 U.S. Census Data	
Demographic Data	2010 Census
Population	195,408
Total Families	50,561
One-to Four-Family Units	68,429
Multi-family Units	12,301
% Owner-Occupied Units	64.77%
% Occupied Rental Units	27.85%
% Vacant Housing Units	7.38%
FFIEC Estimated Median Family Income, 2014	\$68,600

Other financial institutions provide strong competition throughout the Racine MSA. The institution’s competitors include large national banks and multi-state banks. As of June 30, 2014, Guaranty ranked 13th out of 15 institutions, with a deposit market share of 1.37 percent.

According to Moody’s Analytics, “Racine’s recovery is progressing, but employment growth trails the state and national averages.” Also of note, “The strengthening manufacturing base is supporting industrial production and an uptick in wage growth.” Major employers in the area include All Saints Healthcare, SC Johnson & Son, Inc., CNH America LLC, and Johnson Bank.

Madison, WI MSA

According to 2010 census data for 2013, the AA consists of 107 CTs: 9 (8.41 percent) are low-income; 15 (14.02 percent) are moderate-income; 55 (51.40 percent) are middle-income; and 25 (23.37 percent) are upper-income. Three CTs (2.80 percent) do not have an income designation.

With the 2014 MSA changes, the designation of census tracts changed. The AA consists of 107 CTs: 8 (7.48 percent) are low-income; 13 (12.15 percent) are moderate-income; 56 (52.34 percent) are middle-income; and 27 (25.23 percent) are upper-income. Threes CT (2.80 percent) do not have an income designation.

The total population of the AA is 488,073. The average median family income is \$82,914, and the FFIEC 2014 updated MSA median family income is \$81,200. The percentage of families below the poverty level is 5.45 percent. Owner-occupied units comprise 57.20 percent of total housing units. The December 2014 unemployment rate for Dane County was 3.10 percent. This is less than the state unemployment rate of 4.70 for the same time period.

Demographic Data Based on 2010 U.S. Census Data	
Demographic Data	2010 Census
Population	488,073
Total Families	113,689
One-to Four-Family Units	151,087
Multi-family Units	59,995
% Owner-Occupied Units	57.20%
% Occupied Rental Units	34.93%
% Vacant Housing Units	7.87%
FFIEC Estimated Median Family Income, 2014	\$81,200

Other financial institutions provide strong competition throughout the Madison MSA. The institution’s competitors include large national banks, multi-state banks, large savings banks, and credit unions. As of June 30, 2014, Guaranty ranked 36th out of 41 institutions, with a deposit market share of 0.15 percent.

According to Moody’s Analytics, “Madison’s economy is expanding at a faster pace than that of Wisconsin or the nation. Professional services and consumer-driven industries have been especially strong in recent months.” Also of note, “A constant supply of well-paying jobs and favorable migration patterns will support household formation and housing demand in the metro area.” Major employers in the area include UW Hospital and Clinics Authority, American Family Insurance, WPS Health Insurance, and University of Wisconsin - Madison.

Sheboygan, WI MSA

According to 2010 census data, the AA consists of 26 CTs: zero is low-income; seven (26.92 percent) are moderate-income; 18 (69.23 percent) are middle-income; and one (3.85 percent) is upper-income.

The total population of the AA is 115,507. The average median family income is \$65,135, and the FFIEC 2014 updated MSA median family income is \$65,100. The percentage of families below the poverty level is 6.01 percent. Owner-occupied units comprise 66.76 percent of total housing units. The December 2014 unemployment rate for Sheboygan County was 3.10 percent. This is less than the state unemployment rate of 4.70 for the same time period.

Demographic Data Based on 2010 U.S. Census Data	
Demographic Data	2010 Census
Population	115,507
Total Families	30,785
One-to Four-Family Units	43,190
Multi-family Units	5,956
% Owner-Occupied Units	66.76%
% Occupied Rental Units	25.63%
% Vacant Housing Units	7.62%
FFIEC Estimated Median Family Income, 2014	\$65,100

Other financial institutions provide strong competition throughout the Sheboygan MSA. The institution’s competitors include large national banks, state banks, and large savings banks. As of June 30, 2014, Guaranty ranked 15th out of 15 institutions, with a deposit market share of 0.66 percent.

According to Moody’s Analytics, “Sheboygan is steadily improving thanks to gains in consumer industries. Leisure/hospitality has been particularly strong in recent months, with job growth easily outpacing that of Wisconsin and the U.S.” Kohler Co., one of the metro area’s largest employers, recently announced plans to build its fifth golf course. The 250-acre course will create a substantial number of full-time maintenance jobs, in addition to temporary construction positions. Major employers in the area include Kohler Co., Bemis Manufacturing Co., Aurora Medical Group, and Sargento Foods, Inc.

Fond du Lac, WI MSA

According to 2010 census data, the AA consists of 16 CTs: zero is low-income; three (18.75 percent) are moderate-income; 12 (75.00 percent) are middle-income; and one (6.25 percent) is upper-income.

The total population of the AA is 83,663. The average median family income is \$65,555, and the FFIEC 2014 updated MSA median family income is \$66,800. The percentage of families below the poverty level is 6.36 percent. Owner-occupied units comprise 66.91 percent of total housing units. The December 2014 unemployment rate for Fond du Lac County was 4.20 percent. This is slightly less than the state unemployment rate of 4.70 for the same time period.

Demographic Data Based on 2010 U.S. Census Data	
Demographic Data	2010 Census
Population	83,663
Total Families	22,632
One-to Four-Family Units	29,088
Multi-family Units	5,039
% Owner-Occupied Units	66.91%
% Occupied Rental Units	25.83%
% Vacant Housing Units	7.25%
FFIEC Estimated Median Family Income, 2014	\$66,800

Other financial institutions provide strong competition throughout the Fond du Lac MSA. The institution’s competitors include large national banks, state banks, and credit unions. As of June 30, 2014, Guaranty ranked 17th out of 17 institutions, with a deposit market share of 0.45 percent.

According to Moody’s Analytics, “Fond du Lac’s economy has accelerated over the past few months, speeding past the national average. Planned expansion at Mercury Marine and a healthy outlook for autos and mobile home shipments will combine to benefit Fond du Lac’s strong base in transportation equipment and fabricated metal product manufacturing.” Major employers in the area include Brunswick Corp. (Mercury Marine), Agnesian Healthcare Inc., Alliance Laundry Systems LLC, J.F. Ahern Co., and Charter Communications.

Non-MSA – Walworth County

According to 2010 census data for 2013, the AA consists of 22 CTs: zero low-income and moderate-income; 12 (54.55 percent) are middle-income; and 10 (45.45 percent) are upper-income.

With the 2014 MSA changes, the designation of census tracts changed. The AA consists of 22 CTs: zero low-income and moderate-income; 13 (59.09 percent) are middle-income; and nine (40.91 percent) are upper-income.

The total population of the AA is 102,228. The average median family income is \$67,035, and the FFIEC 2014 updated MSA median family income is \$60,600. The percentage of families below the poverty level is 7.32 percent. Owner-occupied units comprise 54.65 percent of total housing units. The December 2014 unemployment rate for Walworth County was 4.90 percent. This is slightly higher than the state unemployment rate of 4.70 for the same time period.

Demographic Data Based on 2010 U.S. Census Data	
Demographic Data	2010 Census
Population	102,228
Total Families	26,137
One-to Four-Family Units	42,594
Multi-family Units	7,098
% Owner-Occupied Units	54.65%
% Occupied Rental Units	22.06%
% Vacant Housing Units	23.29%
FFIEC Estimated Median Family Income, 2014	\$66,600

Other financial institutions provide strong competition throughout the Walworth County AA. The institution’s competitors include large state banks, large national banks, and credit unions. As of June 30, 2014, Guaranty ranked 17th out of 18 institutions, with a deposit market share of 0.49 percent.

The economy continues to improve. Walworth County has large tourism and agriculture-based food processing industries, both of which exhibit highly seasonal employment patterns. Major employers in the area include University of Wisconsin – Whitewater, Grand Geneva LLC, County of Walworth, and Miniature Precision Components.

SCOPE OF EVALUATION IN WISCONSIN

We selected the Milwaukee-Waukesha-West Allis, WI MSA, for the full-scope review. Full-scope reviews consider performance context, quantitative, and qualitative factors. The AAs selected for the full-scope review were chosen because they represented a significant portion of the institution’s deposit base and lending business in Wisconsin. The Milwaukee-Waukesha-West Allis MSA lending volume represents 57.35 percent of total rated loans originated during the evaluation. The other AAs in Wisconsin were

analyzed using limited-scope procedures. Limited-scope procedures consider quantitative factors only.

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS IN WISCONSIN

Guaranty’s performance under the lending test is Satisfactory. The borrower distribution is excellent among individuals of different income levels. The geographic distribution reflects reasonable dispersion throughout the AA.

LENDING TEST

The institution’s performance under the lending test in Wisconsin is rated Satisfactory.

Lending to Borrowers of Different Incomes and to Businesses of Different Sizes

The borrower distribution is excellent among individuals of different income levels. Home mortgage loans to low- and moderate-income individuals originated by Guaranty, exceeded the 2013 aggregate HMDA data. As detailed below, Guaranty originated 9.00 percent of its HMDA-reportable loans to low-income borrowers and 20.16 percent of its loans to moderate-income borrowers. This exceeds 2013 aggregate lending, which shows 6.45 percent of loans made to low-income borrowers and 16.25 percent of loans made to moderate-income borrowers.

Guaranty has 29 loans, or 5.68 percent of originations, reported on the HMDA LAR as income not available. It is difficult to appropriately assess and determine if these loans were made to low- or moderate-income borrowers. These loans are reported in the following table as “Income NA.”

Distribution of Residential Mortgage Loans By Borrower Income Level in the Milwaukee Assessment Area (\$000's)			
Borrower Income Level	Review Period 2012-2014		Aggregate 2013
	#	%	% by #
By Number			
Low	46	9.00%	6.45%
Moderate	103	20.16%	16.25%
Middle	125	24.46%	22.19%
Upper	208	40.70%	47.59%
Income NA	29	5.68%	7.51%
Total	511	100%	100%
By \$ Amount	\$	%	% by \$
Low	3,877	4.13%	2.77%
Moderate	12,898	13.73%	9.73%
Middle	20,387	21.70%	17.15%
Upper	50,861	54.14%	56.13%
Income NA	5,921	6.30%	14.21%
Total	\$93,944	100%	100%

Source: 2012 -2014 HMDA data and 2013 Peer Mortgage Data (Aggregate)

Based on limited-scope reviews, the institution’s performance under the lending test is not inconsistent with the institution’s overall performance. The institution’s performance in the Madison MSA and Non-MSA was considered reasonable. The institution’s performance in the Fond du Lac MSA, Racine MSA, and Sheboygan MSA was considered weaker.

Geographic Distribution of Loans

The geographic distribution reflects reasonable dispersion throughout the AA. A review was performed to determine the reasonableness of the institution’s geographic distribution of HMDA loans within the AA, particularly Guaranty’s lending in low- and moderate-income areas.

During the review period, Guaranty originated 2.15 percent of its loans in low-income CTs and 9.78 percent of its loans in moderate-income CTs. Loans originated by Guaranty within low-income census tracts were slightly less than 2013 aggregate HMDA data for number of loans. Loans originated within moderate-income census tracts, exceeded the 2013 aggregate HMDA data.

Distribution of Residential Mortgage Loans By Geography Income Level in the Milwaukee Assessment Area (\$000's)			
Borrower Income Level	Review Period 2012-2014		Aggregate 2013
	#	%	% by #
By Number			
Low	11	2.15%	2.24%
Moderate	50	9.78%	7.02%
Middle	177	34.64%	40.24%
Upper	273	53.42%	50.51%
Income NA	0	0.00%	0.00%
Total	511	100%	100%
By \$ Amount	\$	%	% by \$
Low	982	1.05%	1.98%
Moderate	4,926	5.24%	5.57%
Middle	24,327	25.90%	32.95%
Upper	63,709	67.82%	59.50%
Income NA	0	0.00%	0.00%
Total	\$93,944	100%	100%

Source: 2012 -2014 HMDA data and 2013 Peer Mortgage Data (Aggregate)

Based on limited-scope reviews, the institution’s performance under the lending test is not inconsistent with the institution’s overall performance. The institution’s performance in the Fond du Lac MSA, Racine MSA, and Sheboygan MSA was considered weaker. The Non-MSA had no low- or moderate-income census tracts; therefore, an analysis would not provide meaningful information.

Responses to Complaints

The institution has not received any CRA-related complaints since the last examination.

COMMUNITY DEVELOPMENT TEST

The institution's performance under the CD test in Wisconsin is rated Satisfactory. CD performance through CD loans, qualified investments, and services demonstrates adequate responsiveness to CD needs in the AA.

Number and Amount of Community Development Loans

Guaranty provided an adequate level of CD lending. The institution originated two qualifying CD loans totaling \$308,716, both benefiting the AA. These loans included:

- A \$100,000 loan to a Community Development Financial Institution (CDFI) was used to provide funding to small businesses, real estate developers, and non-profits willing to reinvest in low- and moderate-income areas.
- A \$208,716 loan was made from a CDFI loan fund to provide loans to small businesses. The funds finance disadvantaged small businesses located in low-income communities. These funds assist with job creation, job retention, and economic revitalization.

Based on limited scope reviews, the institution's performance under CD loans is weaker than the institution's overall performance. During the review period, no CD loans were granted in the AAs receiving a limited scope review.

Number and Amount of Qualified Investments

Guaranty made an excellent amount of qualified investments in its AA. During the evaluation period, Guaranty made 345 investments in the Milwaukee MSA totaling \$5.866 million. Of this amount, 325 investments totaling \$889,113 is in qualified grants and donations made during the review period. While not an all-inclusive list, below is a summary of several CD investments.

- Guaranty continues to maintain a \$100,000 investment with the Wisconsin Women's Business Initiative Corporation (WWBIC). The organization provides business and financial education coupled with access to fair capital and financial products. It focuses on improving the economic well-being of women, low-income individuals, and minority residents. In 2013 and 2014, Guaranty Bank invested an additional \$100,000 and \$1,000,000, respectively, with the WWBIC.
- In 2009, 2011, and 2014 Guaranty Bank invested \$88,000, \$484,000, and \$600,000, respectively, with Forward Community Investments (FCI) for programs marked for CD purposes in the AA. FCI supports projects and programs that focus on affordable housing, job creation, economic development, and basic social services. FCI also provides loans and advisory services to organizations serving low- and moderate-income areas throughout Wisconsin.

- In 2010, Guaranty Bank invested \$250,000 with Local Initiatives Support Corporation (LISC) for programs marked for CD purposes in the AA. LISC is a community focused national organization dedicated to helping communities transform distressed neighborhoods into healthy and sustainable communities of choice and opportunity.
- In 2012, Guaranty invested \$250,000 with IFF, a CDFI. IFF provides services to non-profits that focus on low-income communities and special needs populations.
- In 2012, Guaranty Bank invested \$500,000 with the City of Milwaukee's Neighborhood Improvement Development Corporation (NIDC). Through its Neighborhood Stabilization Program, the NIDC acquires and rehabilitates foreclosed properties located in the city and then sells them to income eligible owner-occupant borrowers.
- In 2012, Guaranty Bank continued to invest funds into a CRA Qualified Investment Fund through Community Capital Management Inc. As of 2014, the portion of the invested funds marked for CD purposes in the AA totaled \$1,010,998. Proceeds from funds used to purchase bonds from the Wisconsin Housing and Economic Development Authority were used by the Authority towards purchases of new mortgage loans and loans that provide financing for down payment and closing cost assistance under the Home Ownership Mortgage Loan Program. Invested funds were also used for seven mortgage loans to low- and moderate-income borrowers throughout the AA.
- In 2014, Guaranty Bank made two investments each of \$100,000 in a Legacy Redevelopment Corporation. This is a CDFI dedicated to small business, real estate, and neighborhood redevelopment in the AA. They provide low cost funding to low- and moderate-income businesses and individuals in the form of a revolving loan fund.
- Guaranty secured grants totaling \$297,000 during the review period in the AA. These grants provided down payment and closing cost assistance to low- and moderate-income homebuyers within the AA. Additionally, through its partnership with the Federal Home Loan Bank of Chicago and the recipient's ongoing compliance with the qualification requirements of the grant, Guaranty Bank continues to secure a recoverable grant totaling \$100,000 that was used to assist in funding the construction of an elderly care facility in the AA.

Based on limited scope reviews, the institutions performance under qualified investments is not inconsistent with the institution's overall performance.

Extent to Which the Bank Provides Community Development Services

Guaranty demonstrates an excellent level of CD services through its branches, products, and activities with local organizations that support many activities directly benefiting low- and moderate-income populations. Guaranty offers a full range of

consumer banking products and services at all of its branches. The institution offers deposit account programs to individuals with savings goals. Guaranty has partnered with four non-profit agencies in developing Individual Development Account (IDA) programs. In addition to its full service branches and ATM locations, the institution also offers online banking for added accessibility to products.

Guaranty employees have been involved in numerous financial literacy and first-time homebuyer initiatives. Employees have educated individuals on financial literacy topics including budgeting and financing, managing checking accounts and credit, and home purchase financing.

Many Guaranty employees are involved with non-profit organizations that provide services for low- to moderate-income (LMI) individuals. Employees also serve on Boards of Directors of local organizations.

Responsiveness to Community Development Needs

CD performance through CD loans, qualified investments, and services demonstrates adequate responsiveness to CD needs in the AA.

State Rating

State of Illinois

CRA Rating for Illinois³ Satisfactory.

The Lending test is rated Satisfactory.

The Community development test is rated Satisfactory.

- The distribution of borrowers reflects excellent penetration among individuals of different income levels.
- The geographic distribution of loans reflects reasonable dispersion throughout the AA.
- The institution's CD performance through CD loans, qualified investments, and services demonstrates adequate responsiveness to CD needs in the AAs.

DESCRIPTION OF INSTITUTION'S OPERATIONS IN ILLINOIS

Guaranty has designated one AA in the state of Illinois. The Chicago-Naperville-Arlington Heights, IL MD AA consists of DuPage County, the northern portion of Will County, and the eastern portion of Cook County. There are nine branch locations and 10 ATMs in the state. The AA meets the requirements of the regulation and does not arbitrarily exclude any low- or moderate-income areas.

According to 2010 census data for 2013, the AA consists of 1,656 CTs: 241 (14.55) are low-income; 404 (24.40) are moderate-income; 505 (30.50 percent) are middle-income; and 502 (30.31 percent) are upper-income. Four CTs (0.24 percent) do not have an income designation.

With the 2014 MSA changes, the designation of census tracts changed. The AA consists of 1,656 CTs: 239 (14.43) are low-income; 398 (24.03) are moderate-income; 507 (30.62 percent) are middle-income; and 508 (30.68 percent) are upper-income. Four CTs (0.24 percent) do not have an income designation.

³For institutions with branches in two or more states in a multistate metropolitan area, this statewide evaluation does not reflect performance in the parts of this state contained within the multistate metropolitan area. Refer to the multistate metropolitan area rating and discussion for the rating and evaluation of the institution's performance in that area.

The total population of the AA is 6,690,965. The average median family income is \$77,651, and the FFIEC 2014 updated MSA median family income is \$76,300. The percentage of families below the poverty level is 10.08 percent. Owner-occupied units comprise 58.10 percent of total housing units. The December 2014 unemployment rate for Cook County was 5.80 percent, DuPage County was 4.40 percent, and Will County was 5.80 percent. The state unemployment rate for Illinois at this same time was 5.80 percent.

Demographic Data Based on 2010 U.S. Census Data	
Demographic Data	2010 Census
Population	6,690,965
Total Families	1,585,151
One-to Four-Family Units	1,904,574
Multi-family Units	799,781
% Owner-Occupied Units	58.10%
% Occupied Rental Units	32.06%
% Vacant Housing Units	9.84%
FFIEC Estimated Median Family Income, 2014	\$76,300

Other financial institutions provide strong competition throughout the Chicago-Naperville-Arlington Heights MSA. The institution’s competitors include large national banks, multi-state banks, large state banks, and credit unions. As of June 30, 2014, Guaranty ranked 153rd out of 164 institutions, with a deposit market share of 0.01 percent. The top ranked institution is a large national bank with a deposit market share of 26.33 percent.

According to Moody’s Analytics, “Housing is adding more to growth now that foreclosure inventories have been worked down, and manufacturing is no longer backpedaling.” The influx of young workers into the city is expected to continue in the near future. Major employers in the area include Advocate Healthcare Systems, JP Morgan Chase, University of Chicago, and Walgreen Co.

We reviewed one recent community contact from a community development financial institution (CDFI). The contact stated there is a significant need from banks to contribute to the loan pools which fund first mortgage loans.

SCOPE OF EVALUATION IN ILLINOIS

Since there is one AA in the state of Illinois, we will perform a full scope review.

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS IN ILLINOIS

The institution’s performance under the lending test in Illinois is Satisfactory. The borrower distribution is excellent among individuals of different income levels. The geographic distribution reflects reasonable dispersion throughout the AA.

LENDING TEST

The institution’s performance under the lending test in Illinois is rated Satisfactory.

Lending to Borrowers of Different Incomes and to Businesses of Different Sizes

The borrower distribution is excellent among individuals of different income levels. Home mortgage loans to low- and moderate-income individuals originated by Guaranty, exceeded the 2013 aggregate HMDA data. As detailed below, Guaranty originated 10.03 percent of its HMDA-reportable loans to low-income borrowers and 28.28 percent of its loans to moderate-income borrowers. This exceeds 2013 aggregate lending, which shows 6.59 percent of loans made to low-income borrowers and 14.43 percent of loans made to moderate-income borrowers.

Guaranty has seven loans, or 1.90 percent of originations, reported on the HMDA LAR as income not available. It is difficult to appropriately assess and determine if these loans were made to low- or moderate-income borrowers. These loans are reported in the following table as “Income NA.”

Distribution of Residential Mortgage Loans By Borrower Income Level in the Chicago-Naperville-Arlington Heights, IL MD Assessment Area (\$000's)							
Borrower Income Level	2012-2013		2014		Review Period 1/1/2012 – 12/31/2014		Aggregate 2013
	#	%	#	%	#	%	% by #
Low	37	10.05%	2	9.52%	39	10.03%	6.59%
Moderate	97	26.36%	13	61.90%	110	28.28%	14.43%
Middle	94	25.54%	3	14.29%	97	24.94%	20.80%
Upper	133	36.14%	3	14.29%	136	34.96%	47.15%
Income NA	7	1.90%	0	0%	7	1.80%	11.03%
Total	368	100%	21	100%	389	100%	100%
By \$ Amount	\$	%	\$	%	\$	%	% by \$
Low	3,369	5.03%	149	4.71%	882	5.02%	2.68%
Moderate	13,629	20.37%	1,520	48.06%	2,046	21.62%	7.66%
Middle	16,103	24.06%	269	8.50%	1,652	23.36%	14.43%
Upper	32,493	48.56%	1,225	38.73%	7,440	48.11%	56.38%
Income NA	1,322	1.98%	0	0%	154	1.89%	18.84%
Total	\$66,916	100%	\$ 3,163	100%	\$12,174	100%	100%

Source: 2012 -2014 HMDA data and 2013 Peer Mortgage Data (Aggregate)

Geographic Distribution of Loans

The geographic distribution reflects reasonable dispersion throughout the AA. A review was performed to determine the reasonableness of the institution’s geographic distribution of HMDA loans within the AA, particularly Guaranty’s lending in low- and moderate-income areas.

During the review period, Guaranty originated 0.51 percent of its loans in low-income CTs and 10.28 percent of its loans in moderate-income CTs. Loans originated by Guaranty within low-income census tracts were significantly less than 2013 aggregate

HMDA data for number of loans. Loans originated within moderate-income census tracts were slightly less than the 2013 aggregate HMDA data.

Distribution of Residential Mortgage Loans By Geography Income Level in the Chicago-Naperville-Arlington Heights, IL MD Assessment Area (\$000's)							
Borrower Income Level	2012-2013		2014		Review Period 1/1/2012 – 12/31/2014		Aggregate 2013
	#	%	#	%	#	%	% by #
Low	2	0.54%	0	0.00%	2	0.51%	3.10%
Moderate	35	9.51%	5	23.81%	40	10.28%	13.43%
Middle	153	41.58%	10	47.62%	163	41.90%	33.04%
Upper	178	48.37%	6	28.57%	184	47.30%	50.43%
Income NA	0	0.00%	0	0%	0	0.00%	0.00%
Total	368	100%	21	100%	389	100%	100%
By \$ Amount	\$	%	\$	%	\$	%	% by \$
Low	293	0.44%	0	0.00%	293	0.42%	3.25%
Moderate	4,118	6.15%	429	13.56%	4,547	6.49%	10.24%
Middle	25,308	37.82%	1,587	50.17%	26,895	38.38%	26.17%
Upper	37,197	55.59%	1,147	36.26%	38,344	54.72%	60.35%
Income NA	0	0.00%	0	0%	0	0.00%	0.00%
Total	\$66,916	100%	\$ 3,163	100%	\$70,079	100%	100%

Source: 2012 -2014 HMDA data and 2013 Peer Mortgage Data (Aggregate)

Responses to Complaints

The institution has not received any CRA-related complaints since the last examination.

COMMUNITY DEVELOPMENT TEST

The institution’s performance under the CD test in Illinois is rated Satisfactory. CD performance through CD loans, qualified investments, and services demonstrates adequate responsiveness to CD needs in the AA.

Number and Amount of Community Development Loans

Guaranty provided an adequate level of CD lending. The institution originated eight qualifying CD loans totaling \$1.066 million, all benefiting the AA. These loans included:

- Seven down-payments/closing cost assistance loans totaling \$30,555. The loans were provided through a nonprofit organization and extended to low- and moderate- income homebuyers within the AA.
- One CD loan located in a low-income census tract was made in 2014 totaling \$1,063,124 through Solomon Hess SBA fund.

Number and Amount of Qualified Investments

The institution made an adequate amount of qualified investments in its AA. During the evaluation period, Guaranty made 61 investments in the AA totaling \$1.942 million. Of

this amount, 54 investments totaling \$141,501 was in qualified grants and donations made during the review period. Below is a summary of the CD investments.

- In 2009, Guaranty Bank invested \$99,877 in mortgage-backed securities pools consisting of loans made to low- and moderate-income borrowers and in low- and moderate-income areas within the AA.
- In 2010, Guaranty Bank invested \$250,000 with LISC for programs marked for CD purposes in the AA. LISC is a community focused national organization dedicated to helping communities transform distressed neighborhoods into healthy and sustainable communities of choice and opportunity.
- In 2012, the institution invested \$250,000 with IFF, a CDFI. IFF provides services to non-profits that focus on low-income communities and special needs populations.
- In 2014, Guaranty Bank invested \$100,941 and \$250,000 into certificate of deposits at a minority-owned financial institution and a CDFI located in the AA.
- The institution also invested \$100,000 in a CDFI with the focus on providing housing, saving, and economic development in low- and moderate-income in the AA.
- Guaranty Bank invested \$750,000 in an affordable housing agency within the AA.
- The institution secured grants totaling \$32,000 during the review period in the AA. These grants provided down payment and closing cost assistance to low- and moderate-income homebuyers within the AA.

Extent to Which the Bank Provides Community Development Services

Guaranty demonstrates an adequate level of CD services through its branches, products, and activities with local organizations that support many activities directly benefiting low- and moderate-income populations. Guaranty provides affordable banking services in its AA. The institution offers a full range of consumer banking products and services at all of its branches. In addition to its full service branches and ATM locations, the institution also offers online banking for added accessibility to products.

Responsiveness to Community Development Needs

Guaranty demonstrates an adequate level of CD services through its branches, products, and activities with local organizations that support many activities directly benefiting low- and moderate-income populations.

State Rating

State of Michigan

CRA Rating for Michigan⁴ Satisfactory.

The Lending test is rated Satisfactory.

The Community development test is rated Satisfactory.

- The distribution of borrowers reflects excellent penetration among individuals of different income levels.
- The geographic distribution of loans reflects reasonable dispersion throughout the AA.
- The institution's CD performance through CD loans, qualified investments, and services demonstrates adequate responsiveness to CD needs in the AAs.

DESCRIPTION OF INSTITUTION'S OPERATIONS IN MICHIGAN

Guaranty has designated three AAs in the state of Michigan. The Ann Arbor, MI MSA consists of Washtenaw County. The Detroit-Dearborn-Livonia, MI MD consists of Wayne County. The Warren-Troy-Farmington Hills, MI MD consists of Macomb and Oakland Counties. There are 17 branch locations and 38 ATMs in the state. The AAs meet the requirements of the regulation and do not arbitrarily exclude any low- or moderate-income areas.

Ann Arbor, MI MSA

According to 2010 census data, the AA consists of 100 CTs: 11 (11.00 percent) are low-income; 18 (18.00 percent) are moderate-income; 44 (44.00 percent) are middle-income; and 23 (23.00 percent) are upper-income. Four CTs (4.00 percent) do not have an income designation.

The total population of the AA is 344,791. The average median family income is \$85,992, and the FFIEC 2014 updated MSA median family income is \$87,400. The percentage of families below the poverty level is 7.08 percent. Owner-occupied units comprise 57.37 percent of total housing units. The December 2014 unemployment rate for Washtenaw County was 3.30 percent. The state unemployment rate for Michigan at this same time was 5.60 percent.

⁴For institutions with branches in two or more states in a multistate metropolitan area, this statewide evaluation does not reflect performance in the parts of this state contained within the multistate metropolitan area. Refer to the multistate metropolitan area rating and discussion for the rating and evaluation of the institution's performance in that area.

Demographic Data Based on 2010 U.S. Census Data	
Demographic Data	2010 Census
Population	344,791
Total Families	79,138
One-to Four-Family Units	103,110
Multi-family Units	38,051
% Owner-Occupied Units	57.37%
% Occupied Rental Units	33.73%
% Vacant Housing Units	8.90%
FFIEC Estimated Median Family Income, 2014	\$87,400

Other financial institutions provide strong competition throughout the Ann Arbor MSA. The institution’s competitors include several large national banks, state banks, and credit unions. As of June 30, 2014, Guaranty ranked 20th out of 21 institutions, with a deposit market share of 0.07 percent.

According to Moody’s Analytics, “Ann Arbor’s recovery is deep-rooted, as the economy outperforms the majority of its Michigan peers. A highly skilled workforce, exposure to a world-class university, and proximity to auto producers make the metro area attractive for research and development facilities.” Also of note, “With some of the strongest population and employment growth trends in the state, housing demand far exceed supply. The growing student population means that multifamily construction will accelerate while the strengthening labor market and declining foreclosure inventory will cause single-family construction to rise as well.” Major employers in the area include University of Michigan Medical Center, University of Michigan, Trinity Health Corp., and Eastern Michigan University.

We reviewed one recent community contact from an affordable housing agency. The contact realizes that the home values are extremely low and as a result it is difficult for banks to lend. A funding pool that could be re-lent by an intermediary may increase access to capital and lending to LMI families. Funds are also needed for financial education and homeownership counseling.

Detroit-Dearborn-Livonia, MI MD

According to 2010 census data, the AA consists of 611 CTs: 107 (17.51 percent) are low-income; 174 (28.48 percent) are moderate-income; 144 (23.57 percent) are middle-income; and 176 (28.81 percent) are upper-income. Ten CTs (1.63 percent) do not have an income designation.

The total population of the AA is 1,820,584. The average median family income is \$57,774, and the FFIEC 2014 updated MSA median family income is \$51,000. The percentage of families below the poverty level is 16.75 percent. Owner-occupied units comprise 56.23 percent of total housing units. The December 2014 unemployment rate for Wayne County was 7.60 percent. The state unemployment rate for Michigan at this same time was 5.60 percent.

Demographic Data Based on 2010 U.S. Census Data	
Demographic Data	2010 Census
Population	1,820,584
Total Families	441,506
One-to Four-Family Units	687,126
Multi-family Units	124,878
% Owner-Occupied Units	56.23%
% Occupied Rental Units	27.39%
% Vacant Housing Units	16.38%
FFIEC Estimated Median Family Income, 2014	\$51,000

Other financial institutions provide strong competition throughout the Detroit-Dearborn-Livonia MD. The institution’s competitors include several large national banks, state banks, and credit unions. As of June 30, 2014, Guaranty ranked 20th out of 26 institutions, with a deposit market share of 0.06 percent.

According to Moody’s Analytics, “Average hourly earnings continue to trend lower and are only slightly above year-ago levels. The housing market is not faring much better, as homebuilding remains stuck near post-recession lows. Though declining, foreclosure inventory per capita remains above the state and national averages. Detroit-Livonia-Dearborn will benefit from continued strength in the auto industry as employment growth accelerates throughout 2015.” Major employers in the area include Ford Motor Co., General Motors Corp., Chrysler Group, Henry Ford Health System, and CHE Trinity Health.

Warren-Troy-Farmington Hills, MI MD

According to 2010 census data, the AA consists of 555 CTs: 31 (5.59 percent) are low-income; 116 (20.90 percent) are moderate-income; 239 (43.06 percent) are middle-income; and 163 (29.37 percent) are upper-income. Six CTs (1.08 percent) do not have an income designation.

The total population of the AA is 2,043,340. The average median family income is \$81,106, and the FFIEC 2014 updated MSA median family income is \$73,800. The percentage of families below the poverty level is 6.64 percent. Owner-occupied units comprise 70.27 percent of total housing units. The December 2014 unemployment rate for Macomb County was 6.20 percent and Oakland County was 5.20 percent. The state unemployment rate for Michigan at this same time was 5.60 percent.

Demographic Data Based on 2010 U.S. Census Data	
Demographic Data	2010 Census
Population	2,043,340
Total Families	539,720
One-to Four-Family Units	708,256
Multi-family Units	145,748
% Owner-Occupied Units	70.27%
% Occupied Rental Units	21.70%
% Vacant Housing Units	8.03%
FFIEC Estimated Median Family Income, 2014	\$73,800

Other financial institutions provide strong competition throughout the Warren-Troy-Farmington Hills MD. The institution's competitors include several large national banks, state banks, and credit unions. As of June 30, 2014, Guaranty ranked 33 out of 37 institutions, with a deposit market share of 0.05 percent.

According to Moody's Analytics, "Household wealth, as captured by house prices, remains depressed. The median house price is less than half the pre-bubble average, and values will not return to early-2000s levels until the next decade. Job creation has been split fairly evenly between headquarters and professional services, and production." Major employers in the area include General Motors Corp., Chrysler Group, Beaumont Health System, and St. John Providence Health System.

SCOPE OF EVALUATION IN MICHIGAN

We selected the Warren-Troy-Farmington Hills, MI MD, for the full-scope review. Full-scope reviews consider performance context, quantitative, and qualitative factors. The AA selected for the full-scope review was chosen because they represented a significant portion of the institution's deposit base and lending business in Michigan. The Warren-Troy-Farmington Hills MD lending volume represents 88.73 percent of total rated loans originated during the evaluation. The other AAs in Michigan were analyzed using limited-scope procedures. Limited-scope procedures consider quantitative factors only.

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS IN MICHIGAN

The institution's performance under the lending test in Michigan is rated Satisfactory. The borrower distribution is excellent among individuals of different income levels. The geographic distribution reflects reasonable dispersion throughout the AA.

LENDING TEST

The institution's performance under the lending test in Michigan is rated Satisfactory.

Lending to Borrowers of Different Incomes and to Businesses of Different Sizes

The borrower distribution is excellent among individuals of different income levels. Home mortgage loans to low- and moderate-income individuals originated by Guaranty, exceeded the 2013 aggregate HMDA data. As detailed below, Guaranty originated 15.34 percent of its HMDA-reportable loans to low-income borrowers and 37.04 percent of its loans to moderate-income borrowers. This exceeds 2013 aggregate lending, which shows 10.19 percent of loans made to low-income borrowers and 16.48 percent of loans made to moderate-income borrowers.

Distribution of Residential Mortgage Loans By Borrower Income Level in Warren-Troy MD Assessment Area (\$000's)			
Borrower Income Level	Review Period 2012-2014		Aggregate 2013
	#	%	% by #
By Number			
Low	29	15.34%	10.19%
Moderate	70	37.04%	16.48%
Middle	41	21.69%	22.14%
Upper	49	25.93%	39.01%
Income NA	0	0.00%	12.18%
Total	189	100%	100%
By \$ Amount	\$	%	% by \$
Low	2,033	7.54%	4.99%
Moderate	7,623	28.28%	10.67%
Middle	6,141	22.78%	18.00%
Upper	11,157	41.39%	48.58%
Income NA	0	0.00%	17.77%
Total	\$26,954	100%	100%

Source: 2012 -2014 HMDA data and 2013 Peer Mortgage Data (Aggregate)

Based on limited-scope reviews, the institution’s performance under the lending test is not consistent with the institution’s overall performance. There was minimal lending in both limited scope AAs.

Geographic Distribution of Loans

The geographic distribution reflects reasonable dispersion throughout the AA. A review was performed to determine the reasonableness of the institution’s geographic distribution of HMDA loans within the AA, particularly Guaranty’s lending in low- and moderate-income areas.

During the review period, Guaranty originated 0.53 percent of its loans in low-income CTs and 13.76 percent of its loans in moderate-income CTs. Loans originated by Guaranty within low-income census tracts were slightly less than 2013 aggregate HMDA data for number of loans. Loans originated within moderate-income census tracts slightly exceeded the 2013 aggregate HMDA data.

Distribution of Residential Mortgage Loans By Geography Income Level in Warren-Troy MD Assessment Area (\$000's)			
Borrower Income Level	Review Period 2012-2014		Aggregate 2013
	#	%	% by #
By Number			
Low	1	0.53%	0.96%
Moderate	26	13.76%	12.27%
Middle	93	49.21%	44.29%
Upper	69	36.51%	42.48%
Income NA	0	0.00%	0.00%
Total	189	100%	100%
By \$ Amount	\$	%	% by \$
Low	39	0.14%	0.76%
Moderate	2,449	9.09%	8.86%
Middle	11,709	43.44%	37.37%
Upper	12,757	47.33%	53.01%
Income NA	0	0.00%	0.00%
Total	\$26,954	100%	100%

Source: 2012 -2014 HMDA data and 2013 Peer Mortgage Data (Aggregate)

Based on limited-scope reviews, the institution’s performance under the lending test is not consistent with the institution’s overall performance. There was minimal lending in both limited scope AAs.

Responses to Complaints

The institution has not received any CRA-related complaints since the last examination.

COMMUNITY DEVELOPMENT TEST

The institution’s performance under the CD test in Michigan is rated Satisfactory. CD performance through CD loans, qualified investments, and services demonstrates adequate responsiveness to CD needs in the AA.

Number and Amount of Community Development Loans

Guaranty provided an adequate level of CD lending. The institution originated four qualifying CD loans totaling \$2.143 million, all benefiting the AA.

- Four loans were made from a CDFI loan fund to provide loans to small businesses. The funds finance disadvantaged small businesses located in low-income communities. These funds assist with job creation, job retention, and economic revitalization.

Based on limited-scope reviews, the institution’s performance regarding CD loans is not consistent with the overall performance. Guaranty originated no CD loans in the limited-scope areas during the evaluation period.

Number and Amount of Qualified Investments

During the evaluation period, the institution made no investments in the AA. The institution's performance in the Warren-Troy-Farmington Hills MSA is considered poor.

Based on limited-scope reviews, the institution's performance regarding CD loans is not consistent with the overall performance. Performance in the Detroit-Dearborn-Livonia MD is stronger. During the evaluation period, Guaranty made 41 investments in this AA totaling \$1.144 million. This is considered adequate.

Extent to Which the Bank Provides Community Development Services

Guaranty demonstrates an adequate level of CD services through its branches, products, and activities with local organizations that support many activities directly benefiting low- and moderate-income populations. Guaranty provides affordable banking services in its AA. The institution offers a full range of consumer banking products and services at all of its branches. In addition to its full service branches and ATM locations, the institution also offers online banking for added accessibility to products.

Employees are also involved with providing financial expertise to non-profit organizations. Employees participate in Money Smart Week and provide financial education to low- and moderate-income individuals.

Responsiveness to Community Development Needs

CD performance through CD loans, qualified investments, and services demonstrates adequate responsiveness to CD needs in the AA.

State Rating

State of Minnesota

CRA Rating for Minnesota⁵ Satisfactory.

The Lending test is rated Satisfactory.

The Community development test is rated Satisfactory.

- The distribution of borrowers reflects reasonable penetration among individuals of different income levels.
- The geographic distribution of loans reflects reasonable dispersion throughout the AA.
- The institution's CD performance through CD loans, qualified investments, and services demonstrates adequate responsiveness to CD needs in the AAs.

DESCRIPTION OF INSTITUTION'S OPERATIONS IN MINNESOTA

Guaranty has designated one AA in the state of Minnesota. The partial Minneapolis-St. Paul-Bloomington, MN-WI MSA (Minneapolis MSA) consists of Anoka, Dakota, Hennepin, Ramsey, Scott, and Washington Counties. There are 12 branch locations and 15 ATMs in the state. The AA meets the requirements of the regulation and does not arbitrarily exclude any low- or moderate-income areas.

According to 2010 census data for 2013, the AA consists of 685 CTs: 65 (9.49) are low-income, 151 (22.04) are moderate-income; 288 (42.05 percent) are middle-income; and 177 (25.84 percent) are upper-income. Four CTs (0.58 percent) do not have an income designation.

With the 2014 MSA changes, the designation of census tracts changed. The AA consists of 685 CTs: 63 (9.20) are low-income, 136 (19.85) are moderate-income; 287 (41.90 percent) are middle-income; and 195 (28.47 percent) are upper-income. Four CTs (0.58 percent) do not have an income designation.

The total population of the AA is 2,758,525. The average median family income is \$84,672, and the FFIEC 2014 updated MSA median family income is \$83,900. The percentage of families below the poverty level is 6.64 percent. Owner-occupied units comprise 66.77 percent of total housing units. The December 2014 unemployment rate for Anoka County was 3.40 percent, Dakota County was 3.10 percent, Hennepin County

⁵For institutions with branches in two or more states in a multistate metropolitan area, this statewide evaluation does not reflect performance in the parts of this state contained within the multistate metropolitan area. Refer to the multistate metropolitan area rating and discussion for the rating and evaluation of the institution's performance in that area.

was 3.00 percent, Ramsey County was 3.20 percent, Scott County was 3.00 percent, and Washington County was 2.90 percent. The state unemployment rate for Minnesota at this time was 3.60 percent.

Demographic Data Based on 2010 U.S. Census Data	
Demographic Data	2010 Census
Population	2,758,525
Total Families	681,344
One-to Four-Family Units	856,417
Multi-family Units	272,193
% Owner-Occupied Units	66.77%
% Occupied Rental Units	27.50%
% Vacant Housing Units	5.73%
FFIEC Estimated Median Family Income, 2014	\$83,900

Other financial institutions provide strong competition throughout the Minneapolis MSA. The institution’s competitors include large national banks, multi-state banks, and credit unions. As of June 30, 2014, Guaranty ranked 75th out of 119 institutions, with a deposit market share of 0.03 percent.

According to Moody’s Analytics, “Minneapolis-St. Paul-Bloomington will advance at an above-average pace in 2015, with professional services and healthcare leading employment gains. Public and private investments will keep construction strong, reflecting optimism among businesses and healthy job creation. Faster job and income gains will spur more household formation, which will boost single-family housing demand and building.” Major employers in the area include Target Corp, University of Minnesota, Allina Health System, and Wells Fargo & Company.

For this evaluation, we reviewed one recent community contact from a human services organization. The contact stated affordable housing is the primary credit need in the area. There are a number of low- and moderate-income neighborhoods in need of financial assistance and/or counseling.

SCOPE OF EVALUATION IN MINNESOTA

Since there is one AA in the state of Minnesota, we will perform a full scope review.

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS IN MINNESOTA

The institution’s performance under the lending test in Minnesota is rated Satisfactory. The borrower distribution is reasonable among individuals of different income levels. The geographic distribution reflects reasonable dispersion throughout the AA.

LENDING TEST

The institution’s performance under the lending test in Minnesota is rated Satisfactory.

Lending to Borrowers of Different Incomes and to Businesses of Different Sizes

The borrower distribution is reasonable among individuals of different income levels. Home mortgage loans to low- and moderate-income individuals originated by Guaranty, exceeded the 2013 aggregate HMDA data. As detailed below, Guaranty originated 16.39 percent of its HMDA-reportable loans to low-income borrowers and 26.23 percent of its loans to moderate-income borrowers. This exceeds 2013 aggregate lending, which shows 9.94 percent of loans made to low-income borrowers and 19.30 percent of loans made to moderate-income borrowers.

Distribution of Residential Mortgage Loans By Borrower Income Level in the Minneapolis MN MSA Assessment Area (\$000's)							
Borrower Income Level	2012-2013		2014		Review Period 1/1/2012 – 12/31/2014		Aggregate 2013
	#	%	#	%	#	%	% by #
Low	2	7.14%	8	24.24%	10	16.39%	9.94%
Moderate	5	17.86%	11	33.33%	16	26.23%	19.30%
Middle	7	25.00%	2	6.06%	9	14.75%	21.95%
Upper	13	46.43%	12	36.36%	25	40.98%	35.28%
Income NA	1	3.57%	0	0%	1	1.64%	13.53%
Total	28	100%	33	100%	61	100%	100%
By \$ Amount	\$	%	\$	%	\$	%	% by \$
Low	265	4.89%	617	9.14%	882	7.24%	5.36%
Moderate	732	13.51%	1,314	19.46%	2,046	16.81%	13.58%
Middle	1,426	26.31%	226	3.35%	1,652	13.57%	18.87%
Upper	2,843	52.45%	4,597	66.06%	7,440	61.11%	43.85%
Income NA	154	2.84%	0	0%	154	1.26%	18.33%
Total	\$5,420	100%	\$ 6,754	100%	\$12,174	100%	100%

Source: 2012 -2014 HMDA data and 2013 Peer Mortgage Data (Aggregate)

Geographic Distribution of Loans

The geographic distribution reflects reasonable dispersion throughout the AA. A review was performed to determine the reasonableness of the institution’s geographic distribution of HMDA loans within the AA, particularly Guaranty’s lending in low- and moderate-income areas.

During the review period, Guaranty originated 3.28 percent of its loans in low-income CTs and 18.03 percent of its loans in moderate-income CTs. Loans originated by Guaranty within low-income census tracts exceeded the 2013 aggregate HMDA data for number of loans. Loans originated in the review period, exceeded the 2013 aggregate HMDA data for lenders making loans within moderate-income census tracts within the AA.

Distribution of Residential Mortgage Loans By Geography Income Level in the Minneapolis MN MSA Assessment Area (\$000's)								
Borrower Income Level	2012-2013		2014		Review Period 1/1/2012 – 12/31/2014		Aggregate 2013	
	By Number	#	%	#	%	#	%	% by #
Low		1	3.57%	1	3.03%	2	3.28%	2.73%
Moderate		4	14.29%	7	21.21%	11	18.03%	14.24%
Middle		13	46.43%	15	45.45%	28	45.90%	45.32%
Upper		10	35.71%	10	30.30%	20	32.79%	37.71%
Income NA		0	0.00%	0	0%	0	0.00%	0.00%
Total		28	100%	33	100%	61	100%	100%
By \$ Amount	\$	%	\$	%	\$	%	% by \$	
Low	134	2.47%	78	1.15%	212	1.74%	2.06%	
Moderate	599	11.05%	888	13.15%	1,487	12.21%	11.41%	
Middle	2,332	43.03%	2,025	29.98%	4,357	35.79%	40.46%	
Upper	2,355	43.45%	3,763	55.72%	6,118	50.25%	46.07%	
Income NA	0	0.00%	0	0.00%	0	0.00%	0.00%	
Total	\$5,420	100%	\$ 6,754	100%	\$12,174	100%	100%	

Source: 2012 -2014 HMDA data and 2013 Peer Mortgage Data (Aggregate)

Responses to Complaints

The institution has not received any CRA-related complaints since the last examination.

COMMUNITY DEVELOPMENT TEST

The institution's performance under the CD test in Minnesota is rated Satisfactory. CD performance through CD loans, qualified investments, and services demonstrates adequate responsiveness to CD needs in the AA.

Number and Amount of Community Development Loans

Guaranty provided an adequate level of CD lending. The institution originated one qualifying CD loan totaling \$564,531, benefiting the AA.

A \$564,531 loan was made from a CDFI loan fund to provide loans to small businesses. The funds finance disadvantaged small businesses located in low-income communities. These funds assist with job creation, job retention, and economic revitalization.

Number and Amount of Qualified Investments

The institution made an adequate amount of qualified investments in its AA. During the evaluation period, Guaranty made eight investments in the AA totaling \$525,792. Of this amount, five investments totaling \$10,500 was in qualified donations made during the review period. Below is a summary of the CD investments.

- In 2009, Guaranty Bank invested \$165,292 in mortgage-backed securities pools consisting of loans made to low- and moderate-income borrowers and in low- and moderate-income areas within the AA.

- In 2010, Guaranty Bank made a \$250,000 investment with LISC for programs marked for CD purposes in the AA. LISC is a community focused national organization dedicated to helping communities transform distressed neighborhoods into healthy and sustainable communities of choice and opportunity.
- In 2014, Guaranty Bank made two investments for \$100,000 in a national nonprofit CDFI housing and reinvestment corporation providing housing, saving, and economic development in low- and moderate-income areas in the AA.

Extent to Which the Bank Provides Community Development Services

Guaranty demonstrates an adequate level of CD services through its branches, products, and activities with local organizations that support many activities directly benefiting low- and moderate-income populations. Guaranty provides affordable banking services in its AA. The institution offers a full range of consumer banking products and services at all of its branches. In addition to its full service branches and ATM locations, the institution also offers online banking for added accessibility to products.

Employees are also involved with providing financial expertise to such organizations including the Minnesota Resource Center, Partnership for Community Action, and Minnesota Work Force Center.

Responsiveness to Community Development Needs

CD performance through CD loans, qualified investments, and services demonstrates adequate responsiveness to CD needs in the AA.

State Rating

State of Georgia

CRA Rating for Georgia⁶ Satisfactory.

The Lending test is rated Outstanding.

The Community development test is rated Satisfactory.

- The distribution of borrowers reflects excellent penetration among individuals of different income levels.
- The geographic distribution of loans reflects excellent dispersion throughout the AA.
- The institution's CD performance through CD loans, qualified investments, and services demonstrates adequate responsiveness to CD needs in the AAs.

DESCRIPTION OF INSTITUTION'S OPERATIONS IN GEORGIA

Guaranty has designated one AA in the state of Georgia. The partial Atlanta-Sandy Springs-Roswell, GA MSA consists of Cherokee County, Clayton County, Cobb County, Coweta County, Dawson County, DeKalb County, Douglas County, Forsyth County, Fulton County, Gwinnett County, Henry County, Newton County, and Rockdale County. There are 35 branch locations and 36 ATMs in the state. The AAs meet the requirements of the regulation and do not arbitrarily exclude any low- or moderate-income areas.

According to 2010 census data for 2013, the AA consists of 799 CTs: 87 (10.89) are low-income, 188 (23.53) are moderate-income; 255 (31.91 percent) are middle-income; and 264 (33.04 percent) are upper-income. Five CTs (0.63 percent) do not have an income designation.

With the 2014 MSA changes, the designation of census tracts changed. The AA consists of 799 CTs: 87 (10.89) are low-income, 185 (23.15) are moderate-income; 252 (31.54 percent) are middle-income; and 270 (33.79 percent) are upper-income. Five CTs (0.63 percent) do not have an income designation.

The total population of the AA is 4,426,299. The average median family income is \$76,151, and the FFIEC 2014 updated MSA median family income is \$70,100. The percentage of families below the poverty level is 9.51 percent. Owner-occupied units comprise 58.37 percent of total housing units. The December 2014 unemployment rate

⁶For institutions with branches in two or more states in a multistate metropolitan area, this statewide evaluation does not reflect performance in the parts of this state contained within the multistate metropolitan area. Refer to the multistate metropolitan area rating and discussion for the rating and evaluation of the institution's performance in that area.

for the following counties: Cherokee was 4.80 percent; Clayton was 8.10 percent, Cobb was 5.30 percent; Coweta was 5.40 percent; Dawson was 5.30 percent; DeKalb was 6.40 percent; Douglas was 6.60 percent; Forsyth was 4.60 percent; Fulton was 6.30 percent; Gwinnett was 5.40 percent; Henry was 6.30 percent; Newton was 7.20 percent; and, Rockdale was 6.90 percent. The state unemployment rate for Georgia at this same time was 6.30 percent.

Demographic Data Based on 2010 U.S. Census Data	
Demographic Data	2010 Census
Population	4,426,299
Total Families	1,056,810
One-to Four-Family Units	1,339,780
Multi-family Units	426,270
% Owner-Occupied Units	58.37%
% Occupied Rental Units	29.45%
% Vacant Housing Units	12.18%
FFIEC Estimated Median Family Income, 2014	\$70,100

Other financial institutions provide strong competition throughout the Atlanta MSA. The institution’s competitors include large national banks, multi-state banks, and credit unions. As of June 30, 2014, Guaranty ranked 23rd out of 84 institutions, with a deposit market share of 0.07 percent.

According to Moody’s Analytics, “During the housing bust, house prices fell more steeply in Atlanta than nationally. After a slow start in 2012, price gains exceeded the U.S. average over the past two years. Rapid improvements in affordability, robust job gains, and modestly above-average earnings have helped revive demand.” Major employers in the area include Delta Airlines Inc., Wal-Mart Stores Inc., AT&T, Emory University, and Publix Supermarkets.

For this evaluation, we reviewed one recent community contact from a local nonprofit affordable housing organization. The contact indicated that there is shortage of affordable rental housing for low-income individuals. While there is adequate amount of rental housing for moderate-income individuals, this housing is not affordable for low-income individuals.

SCOPE OF EVALUATION IN GEORGIA

Since there is one AA in the state of Georgia, we will perform a full scope review.

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS IN GEORGIA

The institution’s performance under the lending test in Georgia is rated Outstanding. The borrower distribution is excellent among individuals of different income levels. The geographic distribution reflects excellent dispersion throughout the AA.

LENDING TEST

The institution’s performance under the lending test in Georgia is rated Outstanding.

Lending to Borrowers of Different Incomes and to Businesses of Different Sizes

The borrower distribution is excellent among individuals of different income levels. Home mortgage loans to low- and moderate-income individuals originated by Guaranty exceeded the 2013 aggregate HMDA data. As detailed below, Guaranty originated 8.90 percent of its HMDA-reportable loans to low-income borrowers and 20.26 percent of its loans to moderate-income borrowers. This exceeds 2013 aggregate lending, which shows 7.03 percent of loans made to low-income borrowers and 14.42 percent of loans made to moderate-income borrowers.

Guaranty has four loans, or 0.26 percent of originations, reported on the HMDA LAR as income not available. It is difficult to appropriately assess and determine if these loans were made to low- or moderate-income borrowers. These loans are reported in the following table as “Income NA.”

Distribution of Residential Mortgage Loans By Borrower Income Level in the Atlanta-Sandy Springs-Roswell, GA MSA Assessment Area (\$000's)							
Borrower Income Level	2012-2013		2014		Review Period 1/1/2012 – 12/31/2014		Aggregate 2013
	#	%	#	%	#	%	% by #
Low	132	8.74%	6	15.38%	138	8.90%	7.03%
Moderate	299	19.79%	15	38.46%	314	20.26%	14.42%
Middle	346	22.90%	5	12.82%	351	22.65%	17.09%
Upper	730	48.31%	13	33.33%	743	47.94%	44.33%
Income NA	4	0.26%	0	0%	4	0.26%	17.12%
Total	1,511	100%	39	100%	1,550	100%	100%
By \$ Amount	\$	%	\$	%	\$	%	% by \$
Low	12,491	4.21%	519	5.81%	13,010	4.25%	3.26%
Moderate	38,791	13.06%	1,712	19.16%	40,503	13.24%	8.68%
Middle	60,894	20.51%	1,184	13.25%	62,078	20.30%	12.86%
Upper	183,525	61.81%	5,520	61.78%	189,045	61.81%	53.62%
Income NA	1,225	0.41%	0	0%	1,225	0.40%	21.58%
Total	\$296,926	100%	\$ 8,935	100%	\$305,861	100%	100%

Source: 2012 -2014 HMDA data and 2013 Peer Mortgage Data (Aggregate)

Geographic Distribution of Loans

The geographic distribution reflects excellent dispersion throughout the AA. A review was performed to determine the reasonableness of the institution’s geographic distribution of HMDA loans within the AA, particularly Guaranty’s lending in low- and moderate-income areas.

During the review period, Guaranty originated 2.00 percent of its loans in low-income CTs and 12.39 percent of its loans in moderate-income CTs. This exceeds 2013 aggregate lending, which shows 1.84 percent of loans made in low-income census tracts and 12.21 percent of loans were made in moderate-income census tracts.

Distribution of Residential Mortgage Loans By Geography Income Level in the Atlanta-Sandy Springs-Roswell, GA MSA Assessment Area (\$000's)							
Borrower Income Level	2012-2013		2014		Review Period 1/1/2012 – 12/31/2014		Aggregate 2013
By Number	#	%	#	%	#	%	% by #
Low	31	2.05%	0	0.00%	31	2.00%	1.84%
Moderate	188	12.44%	4	10.26%	192	12.39%	12.21%
Middle	467	30.91%	18	46.15%	485	31.29%	36.03%
Upper	825	54.60%	17	43.59%	842	54.32%	49.92%
Income NA	0	0.00%	0	0%	0	0.00%	0.00%
Total	1,511	100%	39	100%	1,550	100%	100%
By \$ Amount	\$	%	\$	%	\$	%	% by \$
Low	4,649	1.57%	0	0.00%	4,649	1.52%	1.52%
Moderate	26,504	8.93%	262	2.93%	26,766	8.75%	9.02%
Middle	71,033	23.92%	2,692	30.13%	73,725	24.10%	28.79%
Upper	194,740	65.59%	5,981	66.94%	200,721	65.62%	60.66%
Income NA	0	0.00%	0	0%	0	0.00%	0.00%
Total	\$296,926	100%	\$ 8,935	100%	\$305,861	100%	100%

Source: 2012 -2014 HMDA data and 2013 Peer Mortgage Data (Aggregate)

Responses to Complaints

The institution has not received any CRA-related complaints since the last examination.

COMMUNITY DEVELOPMENT TEST

The institution's performance under the CD test in Georgia is rated Satisfactory. CD performance through CD loans, qualified investments, and services demonstrates adequate responsiveness to CD needs in the AA.

Number and Amount of Community Development Loans

Guaranty did not originate any CD loans during the evaluation period.

Number and Amount of Qualified Investments

The institution made an adequate amount of qualified investments in its AA. During the evaluation period, Guaranty made 40 investments in the AA totaling \$1.144 million. Of this amount, 36 investments totaling \$188,646 is in qualified donations made during the review period. Below is a summary of the CD investments.

- In 2009, Guaranty Bank invested \$255,840 in mortgage-backed securities pools consisting of loans made to low- and moderate-income borrowers and in low- and moderate-income areas within the AA.
- In 2014, Guaranty Bank continued to maintain an investment in the Atlanta Neighborhood Development Partnership with new funds of \$500,000. Funds are used for the acquisition, predevelopment, and construction of various low- and moderate-income multi-family projects within the AA.

- In 2014, Guaranty Bank continued to invest funds into a CRA Qualified Fund through Community Capital Management. As of 2014, the portion of the invested funds marked for CD purposes in the AA totaled \$100,000. Invested funds were put towards financing of a senior home complex, a Hope VI Revitalization project in Atlanta, GA.

Extent to Which the Bank Provides Community Development Services

Guaranty demonstrates an adequate level of CD services through its branches, products, and activities with local organizations that support many activities directly benefiting low- and moderate-income populations. Guaranty provides affordable banking services in its AA. The institution offers a full range of consumer banking products and services at all of its branches. In addition to its full service branches and ATM locations, the bank also offers online banking for added accessibility to products.

Responsiveness to Community Development Needs

CD performance through CD loans, qualified investments, and services demonstrates adequate responsiveness to CD needs in the AA.

Appendix A: Scope of Examination

The following table identifies the time period covered in this evaluation, affiliate activities that were reviewed, and loan products considered. The table also reflects the metropolitan and nonmetropolitan areas that received comprehensive examination review (designated by the term “full-scope”) and those that received a less comprehensive review (designated by the term “limited-scope”).

Time Period Reviewed	Lending Test: January 1, 2012 to December 31, 2014 Community Development Test: July 14, 2008 to February 23, 2015	
Financial Institution	Products Reviewed	
Guaranty Bank, Milwaukee, Wisconsin	HMDA reportable loans; community development loans; qualified investments; and community development services	
Affiliate(s)	Affiliate Relationship	Products Reviewed
N/A	N/A	N/A
List of Assessment Areas and Type of Examination		
Assessment Area	Type of Exam	Other Information
Multi-State Lake County-Kenosha County, IL-WI MD	Full Scope	Entire MD, Lake and Kenosha Counties
Wisconsin Milwaukee-Waukesha-West Allis, WI MSA	Full Scope	Entire MSA, Milwaukee, Waukesha, Washington, Ozaukee Counties
Racine, WI MSA	Limited Scope	Entire MSA, Racine County
Madison, WI MSA	Limited Scope	Partial MSA, Dane County
Sheboygan, WI MSA	Limited Scope	Entire MSA, Sheboygan County
Fond du Lac, WI MSA	Limited Scope	16 of 20 census tracts in Fond du Lac County
Non-MSA	Limited Scope	Walworth County
Illinois Chicago-Naperville-Arlington Heights, IL MD	Full Scope	Partial MD, DuPage County, northern portion of Will County; eastern portion of Cook County

<p><u>Michigan</u> Warren-Troy-Farmington Hills, MI MD Ann Arbor, MI MSA Detroit-Livonia-Dearborn, MI MD</p>	<p>Full Scope Limited Scope Limited Scope</p>	<p>Partial MD, Macomb and Oakland Counties Entire MSA, Washtenaw County Entire MD, Wayne County Partial MSA, Anoka, Dakota, Hennepin, Ramsey, Scott, and Washington Counties</p>
<p><u>Minnesota</u> Minneapolis-St. Paul- Bloomington, MN-WI MSA</p>	<p>Full Scope</p>	<p>Partial MSA, Cherokee, Clayton, Cobb, Coweta, Dawson, DeKalb, Douglas, Forsyth, Fulton, Gwinnett, Henry, Newton, and Rockdale Counties</p>
<p><u>Georgia</u> Atlanta-Sandy Springs-Roswell, GA MSA</p>	<p>Full Scope</p>	

Appendix B: Summary of Multistate Metropolitan Area and State Ratings

Overall Bank:	Lending Test Rating	Community Development Test Rating	Overall Bank/State/Multistate Rating
Guaranty Bank	Satisfactory	Satisfactory	Satisfactory
Lake County-Kenosha County, IL-WI MD	Satisfactory	Needs to Improve	Needs to Improve
Wisconsin	Satisfactory	Satisfactory	Satisfactory
Illinois	Satisfactory	Satisfactory	Satisfactory
Michigan	Satisfactory	Satisfactory	Satisfactory
Minnesota	Satisfactory	Satisfactory	Satisfactory
Georgia	Outstanding	Satisfactory	Satisfactory