

# **PUBLIC DISCLOSURE**

October 21, 2024

## **COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION**

ChoiceOne Bank  
RSSD# 324340

109 East Division Street  
Sparta, Michigan 49345

Federal Reserve Bank of Chicago

230 South LaSalle Street  
Chicago, Illinois 60604-1413

NOTE: This document is an evaluation of this bank's record of meeting the credit needs of its entire community, including low- and moderate-income neighborhoods, consistent with safe and sound operation of the bank. This evaluation is not, nor should it be construed as, an assessment of the financial condition of this bank. The rating assigned to this bank does not represent an analysis, conclusion or opinion of the federal financial supervisory agency concerning the safety and soundness of this financial bank.

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## INSTITUTION'S CRA RATING

**ChoiceOne Bank's Overall CRA Rating:** Satisfactory

### Performance Test Rating Table

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

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

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

### Summary of Major Factors that Support the Rating

#### Lending Test:

- The bank's lending levels reflect good responsiveness to credit needs in its combined assessment area;
- A high percentage of loans were made in the bank's combined assessment area;
- The geographic distribution of loans reflects good penetration throughout the bank's assessment areas;
- The distribution of loans reflects, given the product lines offered, good penetration among borrowers of different income levels and to business and farms of different sizes;
- Lending exhibits a good record of serving credit needs of low-income individuals and

- areas, and small businesses and farms;
- The bank made an adequate level of qualified community development loans;
- The bank makes use of innovative and flexible lending practices in serving assessment area credit needs.

Investment Test:

- The bank makes an adequate level of qualified community development investments and grants, particularly those not routinely provided by private investors, rarely in a leadership position;
- There is occasional use of innovative and/or complex investments to support community development initiatives;
- The bank exhibits adequate responsiveness to credit and community development needs.

Service Test:

- The bank's delivery systems are readily accessible to the bank's geographies and individuals of different income levels in the assessment areas;
- The bank's record of opening and closing branches has not adversely affected the accessibility of its delivery systems, particularly to low-and moderate-income geographies and/or low-and moderate-income individuals;
- The bank's services do not vary in a way that inconveniences its assessment areas, particularly low-and moderate-income geographies and/or low- and moderate-income individuals;
- The bank provides an adequate level of community development services.

## ChoiceOne Bank

### DESCRIPTION OF INSTITUTION

ChoiceOne Bank (ChoiceOne) is headquartered in in Sparta, Michigan, with total assets of \$2.6 billion as of June 30, 2024. The bank is a wholly owned subsidiary of ChoiceOne Financial Services, a financial holding company also located in Sparta, Michigan, with total assets of \$251 million as of June 30, 2024. ChoiceOne Financial Services also operates with four subsidiaries which do not engage in lending activities or other activities that impact the CRA performance; 109 Technologies, LLC, Community Shores Capital Trust, CONED Real Estate Holdings, LLC, and ChoiceOne Insurance Agencies, Inc.

The bank maintains its main office in Sparta, Michigan, and a network of 28 branches, five loan production offices (LPOs), 33 full-service automated teller machines (ATMs), and two cash only ATMs throughout western and eastern Michigan. Since the previous CRA performance evaluation (August 16, 2021), the bank has opened three LPOs and closed two branches and ATMs. Two of the LPOs opened in the Grand Rapids-Kentwood, Michigan MSA, one of which opened in the partially excluded portion of Oakland County. The other LPO opened in the Warren-Troy Farmington Hills, Michigan MD, though it opened in an excluded portion of the metropolitan division within Ottawa County. One branch and ATM was closed in the Grand Rapids-Kentwood, Michigan MSA, and one branch with an ATM was closed in the Warren-Troy Farmington Hills, Michigan MD. These changes did not result in any material changes in the bank's branching network, as there were no opening or closings within any low or moderate-income census tracts, and all openings occurred within a reasonable distance of the bank's existing assessment area.

ChoiceOne also offers retail services electronically, including applications for its residential and consumer loan products, along with deposit accounts. ChoiceOne's online capabilities provide services including mobile banking, remote deposit capture, online bill-pay, and funds transfer. Additional options exist for non-English speakers, such as the Hola Linea Service express line, dedicated to Spanish speaking customers.

The bank offers a variety of lending products including agricultural loans, commercial loans, residential real estate loans (in-house and secondary market), and consumer closed- and open-end loans. The bank operates primarily as a commercial and residential real-estate lender, as these categories represent 70.0 and 17.4 percent of the loan portfolio, respectively. Details of the allocation of the bank's loan portfolio are provided in the following table.

Loan Portfolio Composition as of September 30, 2023		
Loan Type	Dollar Volume (\$ in 000s)	% of Portfolio
Commercial	1,011,790	70.0
Agricultural	42,579	2.9
Consumer-Closed End	31,748	2.3
Consumer Open-End	59,025	4.1
Residential Real Estate	250,244	17.4
Other	48,087	3.3
Total	1,443,473	100.0
<i>Note: Percentages may not add to 100.0 percent due to rounding.</i>		

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

At its previous evaluation conducted on August 16, 2021, the bank was rated **Satisfactory** under the CRA.

## SCOPE OF THE EXAMINATION

ChoiceOne Bank's CRA performance was evaluated using the Federal Financial Institutions Examination Council's Interagency Large Institution CRA Examination Procedures. The evaluation was performed in the context of information about the bank and its assessment areas, such as asset size, financial condition, market presence of other financial institutions, the combined record of aggregate lenders in the assessment areas, and economic and demographic characteristics.

The retail lending analysis was based on 2022 and 2023 HMDA-reportable loans, primarily home purchase and home refinance due to the overall volume of these originations. The analysis also included an evaluation of 2022 and 2023 CRA-reportable small business and small farm loans.

The composition of the bank's four delineated assessment areas and the scope of review for each assessment area are shown in the following table. Full-scope assessment areas were selected based on an analysis of the number of bank offices, loan and deposit volume, demographic factors such as the number of low- and moderate-income families and families with income below the poverty level, and consideration of when assessment areas were last subject to a full-scope review. In determining ratings, the Grand Rapids-Kentwood MSA #24340 carried the most weight of the full scope review assessment areas. The Grand Rapids-Kentwood MSA #24340 is home to the main office and most of the bank's branches, along with most of the lending and community development activities. Although data is included in the evaluation for the limited scope assessment area, this data was not considered in determining the bank's CRA rating.

Description of ChoiceOne Bank's Individual Assessment Areas		
Assessment Area	Description (Counties)	Scope
Grand Rapids-Kentwood, MI MSA #24340	Kent, Ottawa (Partial – 17 census tracts)	Full
Warren-Troy-Farmington Hills MI MD #47664	Lapeer, St. Clair, Macomb	Full
Muskegon, MI MSA #34740	Muskegon	Limited
Non-Metropolitan Michigan- Newaygo County	Newaygo (Partial – Nine census tracts)	Limited

The bank's performance was evaluated using the following performance standards:

- **Lending Activity** – HMDA-reportable and CRA-reportable loans originated within the individual assessment areas from January 1, 2022, through December 31, 2023, were reviewed to determine the bank's responsiveness to credit needs in the bank's assessment area.
- **Lending in the Assessment Area** – HMDA-reportable and CRA-reportable loans within the individual assessment areas from January 1, 2022, through December 31, 2023, were reviewed to determine the percentage of loans originated in the assessment area.
- **Geographic Distribution of Lending in the Assessment Area** – HMDA-reportable and CRA reportable loans within the individual assessment areas from January 1, 2022, through

December 31, 2023, were reviewed to determine the extent to which the bank makes loans in census tracts of different income levels, including low- and moderate-income tracts.

- ***Lending to Borrowers of Different Incomes and Businesses and Farms of Different Sizes*** – HMDA- reportable and CRA-reportable loans within the individual assessment areas from January 1, 2022, through December 31, 2023, were reviewed to determine the loan distribution among borrowers of different income levels, particularly those considered low- or moderate-income, and to businesses and farms with different revenue sizes.
- ***Community Development Lending*** – The number, dollar volume, innovativeness, and complexity of community development loans originated within the individual assessment areas from August 17, 2021, to October 21, 2024, were reviewed to determine responsiveness to community development needs.
- ***Innovative or Flexible Lending Practices*** – The degree to which the bank uses innovative and flexible lending practices to address the credit needs of low- and moderate-income individuals and geographies, and small businesses and farms, from August 17, 2021, to October 21, 2024.
- ***Investments*** – Qualified investments, grants, and donations made within the individual assessment areas from August 17, 2021, to October 21, 2024, were reviewed to determine the bank's responsiveness to community development needs. Qualified investments were also evaluated to determine the bank's use of innovative or complex investments.
- ***Services*** – The distribution of the bank's branch offices, banking services, hours of operation, availability of loan and deposit products, and the extent and innovativeness of community development services were reviewed. The review included community development activities conducted within the individual assessment areas from August 17, 2021, to October 21, 2024.

Four community representatives were contacted to understand the credit needs of full scope assessment areas. The representatives specialized in affordable housing, community services, and economic development. Input provided by the representatives is found in individual assessment area analyses.



## CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA

### LENDING TEST

ChoiceOne Bank's performance relative to the lending test is rated high satisfactory based on its performance across the combined assessment area. Factors contributing to the rating include lending levels reflecting good responsiveness to assessment area credit needs. A high percentage of loans were made in the bank's assessment areas. The geographic distribution of loans reflects good penetration throughout the assessment areas, including in low- and moderate-income geographies. The distribution of loans reflects, given the product lines offered, good penetration among borrowers of different income levels and businesses and farms of different revenue sizes. The bank exhibits a good record of serving the credit needs of low- and moderate-income individuals and areas, and small businesses and farms. The bank makes an adequate level of community development loans and makes use of innovative and flexible lending practices in serving individual assessment area credit needs.

#### Level of Lending Activity

ChoiceOne Bank's lending levels reflect good responsiveness to credit needs in its assessment area, considering the number and amount of home mortgage, small business, and small farm loans in its assessment area.

During the review period, the bank's HMDA-reportable loans and CRA-reportable lending activity comprised 2,214 loans for a total of \$482.6 million. This represents a decrease by number and dollar amount from the previous evaluation, where the bank made a total of 3,783 loans for a total of \$604.0 million. Much of the volume of lending at the previous evaluation was due to the bank's 2020 merger and acquisition activities, as well as the more favorable interest rate environment and the bank's participation in the Paycheck Protection Program lending in response to the COVID-19 pandemic.

The following table presents the bank's lending activity from January 1, 2022, through December 31, 2023.

Summary of Lending Activity January 1, 2022 – December 31, 2023				
Loan Type	#	%	\$(000s)	%
Home Improvement	266	18.3	18,846	6.5
Home Purchase	769	52.9	158,240	54.6
Multi-Family Housing	22	1.5	23,944	8.3
Refinancing	398	27.4	61,823	21.3
<b>Total HMDA Reportable</b>	<b>1,455</b>	<b>66.0</b>	<b>289,853</b>	<b>60.0</b>
<b>Total Small Business Reportable</b>	<b>694</b>	<b>31.0</b>	<b>179,345</b>	<b>37.0</b>
<b>Total Small Farm Reportable</b>	<b>65</b>	<b>3.0</b>	<b>13,437</b>	<b>3.0</b>
<b>Total Loans</b>	<b>2,214</b>	<b>100.0</b>	<b>482,635</b>	<b>100.0</b>
<i>Note: Percentages may not total to 100.0 percent due to rounding.</i>				

### Assessment Area Concentration

ChoiceOne Bank made a high percentage of loans in its assessment area. Specifically, during the review period the bank made 77.3 percent of its HMDA- and CRA-reportable loans by number, and 71.0 percent of total loans by dollar volume within its assessment area during the review period. This is comparable to the bank's performance at the previous evaluation, during which time it made 76.7 percent by number, and 72.8 percent by dollar volume, of its HMDA-reportable loans, and CRA-reportable loans, within the assessment area.

The following table summarizes the bank's lending inside and outside its combined assessment area for HMDA- and CRA-reportable (small business and small farm) loans from January 1, 2022, through December 31, 2023.

Lending Inside and Outside the Assessment Area January 1, 2022-December 31, 2023								
Loan Type	Inside				Outside			
	#	%	\$(000s)	%	#	%	\$(000s)	%
Home Improvement	227	85.3	14,852	78.8	39	14.7	3,994	21.1
Home Purchase – Conventional	550	72.6	122,586	67.1	208	27.4	60,227	32.9
Home Purchase - FHA	3	42.9	556	47.3	4	57.1	620	52.7
Home Purchase - VA	3	75	1,003	80.2	1	25.0	248	19.8
Multi-Family Housing	14	63.6	13,873	57.9	8	36.4	10,071	42.1
Refinancing	329	82.7	45,852	74.2	69	17.3	15,971	25.8
<b>Total HMDA Reportable</b>	<b>1,126</b>	<b>77.4</b>	<b>198,722</b>	<b>68.6</b>	<b>329</b>	<b>22.6</b>	<b>91,131</b>	<b>31.4</b>
<b>Total Small Business Reportable</b>	<b>524</b>	<b>75.5</b>	<b>130,999</b>	<b>73.0</b>	<b>170</b>	<b>24.5</b>	<b>48,346</b>	<b>27.0</b>
<b>Total Small Farm Reportable</b>	<b>62</b>	<b>95.4</b>	<b>12,944</b>	<b>96.3</b>	<b>3</b>	<b>4.6</b>	<b>493</b>	<b>3.7</b>
<b>Total Loans</b>	<b>1,712</b>	<b>77.3</b>	<b>342,665</b>	<b>71.0</b>	<b>502</b>	<b>22.7</b>	<b>139,970</b>	<b>29.0</b>
<i>Note: Percentages may not total to 100.0 percent due to rounding.</i>								

## Geographic and Borrower Distribution

ChoiceOne's lending activity reflect good distribution throughout the assessment area. The bank's lending activities reflect good distribution, particularly in its assessment areas, of loans among individuals of different income levels and to businesses and farms of different revenue sizes, given the product lines offered by the bank. The bank exhibits a good record of serving the credit needs of low- and moderate-income individuals and businesses and farms with gross annual revenues of \$1 million or less, consistent with safe and sound operations.

Furthermore, the bank makes use of innovative or flexible lending practices in a safe and sound manner to address the credit needs of low- or moderate-income individuals or geographies. The bank maintains several programs for borrowers who may not qualify for conventional loan products. The bank continues to utilize Small Business Administration (SBA) loans in its normal course of business. These include the 7(a) loans, accelerated Express Loans and Lines of Credit, and Veterans Advantage Loans. The bank also participates in the Michigan Certified Development Corporation's (MCDC) Access Capital loan program, further serving assessment area businesses that possess minimal capital. In 2023, ChoiceOne Bank won "MCDC's Lender of the Year Award" for being an outstanding SBA lender in the area. Additionally, ChoiceOne participates with other institutions in several commercial loans to firms both within the combined assessment area and nationwide. The bank's involvement in participation loans is one more tool used to provide credit to entities which may not otherwise have access to such, particularly under the terms available when the risk is diversified in this manner.

Please refer to the individual assessment areas for more information on the geographic and borrower distribution of the bank's loans.

## Community Development Lending

The bank makes an adequate level of community development loans. In total, the bank originated 30 loans for approximately \$82.8 million, with 14 of those loans for a total of approximately \$32.8 million occurring within the full scope assessment areas. The majority of loan dollars, 45.9 percent, were originated for revitalization and stabilization purposes, which were primarily made to businesses located within low and moderate-income census tracts to support continued employment of low- to moderate-income individuals. Overall community development lending has increased significantly since the previous evaluation, where the bank made 15 total community development loans for a total of \$25.4 million. Most of the increased community development lending activity has occurred in the broader and statewide regional areas outside of the bank's assessment area. Of the bank's submitted activities, many were innovative SBA loans as well as affordable housing loans for apartment complexes in the area.

The following table presents the bank's community development loans throughout its combined assessment area, and broader statewide or regional areas during the review period.

<b>Qualified Community Development Loans</b> <b>August 17, 2021, to October 21, 2024</b> <b>(Dollars in 000s)</b>										
Assessment Area	Affordable Housing		Community Services		Economic Development		Revitalization and Stabilization		Total	
	#	\$	#	\$	#	\$	#	\$	#	\$
<b>Full Scope Review</b>										
Grand Rapids-Kentwood, MI MSA	0	0	0	0	4	9,184	0	0	4	9,184
Warren-Troy-Farmington Hills MI MD	2	7,525	0	0	2	2,457	6	13,661	10	23,643
<b>Full Total</b>	<b>2</b>	<b>7,525</b>	<b>0</b>	<b>0</b>	<b>6</b>	<b>11,641</b>	<b>6</b>	<b>13,661</b>	<b>14</b>	<b>32,827</b>
<b>Limited Scope Review</b>										
Muskegon, MI MSA	0	0	0	0	2	4,149	3	13,023	5	17,172
Non-MSA Newaygo County	0	0	0	0	0	0	0	0	0	0
Broader statewide or regional area	2	6,455	0	0	5	15,054	4	11,339	11	32,848
<b>Limited and Broader/Statewide Totals</b>	<b>2</b>	<b>6,455</b>	<b>0</b>	<b>0</b>	<b>7</b>	<b>19,203</b>	<b>9</b>	<b>24,362</b>	<b>18</b>	<b>50,020</b>
<b>Grand Total</b>	<b>4</b>	<b>13,980</b>	<b>0</b>	<b>0</b>	<b>13</b>	<b>30,844</b>	<b>13</b>	<b>38,023</b>	<b>30</b>	<b>82,847</b>
<i>Note: Dollar amounts are rounded</i>										

## INVESTMENT TEST

ChoiceOne's performance relative to the Investment Test is Low Satisfactory. The bank made an adequate level of qualified community development investments and grants, particularly those not routinely provided by private investors, rarely in a leadership position. In addition, the bank makes occasional use of innovative or complex investments to support community development initiatives and exhibits adequate responsiveness to credit and community development needs.

The bank had \$32.4 million in full scope assessment areas investments, of which \$17.6 million were made new in the evaluation period. Additionally, \$12.4 million of investments benefitted the limited review assessment areas and the broader statewide and regional area, of which \$3.7 million were new in the evaluation period. In total, the bank made approximately \$48.4 million in investments, which represents a 14.6 percent increase from the previous evaluation period where the bank made approximately \$42.3 million in qualified investments. The bank's assessment areas is considered to contain many opportunities for investments, as well as significant competition for these opportunities.

Qualified investments were predominantly for the purpose of improving or maintaining infrastructure within low- and moderate-income geographies, as well as assisting in low- and moderate-income housing throughout the state of Michigan. The majority of the full scope assessment areas' current period investments were directed towards investing in community services benefitting primarily low- and moderate-income individuals, and the revitalization and

stabilization of low- and moderate-income geographies. These investments were considered to be particularly responsive, as community representatives noted the need for more affordable housing options across all assessment areas.

The table below presents the bank's community development investments throughout its assessment areas, as well as the broader statewide or regional area, during the review period. Additional information on the bank's qualified community development investment activity is provided in the individual assessment area sections.

<b>Qualified Community Development Investments by Purpose</b> <b>August 17, 2021, to October 21, 2024</b> <b>(Dollars in 000s)</b>										
Assessment Area	Affordable Housing		Community Services		Economic Development		Revitalize and Stabilization		Total	
	#	\$	#	\$	#	\$	#	\$	#	\$
<b>Full Review AAs, Current Period</b>										
Grand Rapids-Kentwood, MI MSA	6	1,591	7	9,350	0	0	0	0	13	10,941
Warren-Troy-Farmington Hills MI MD	19	5,090	1	820	0	0	1	700	21	6,610
<b>Full Total, Current</b>	<b>25</b>	<b>6,681</b>	<b>8</b>	<b>10,170</b>	<b>0</b>	<b>0</b>	<b>1</b>	<b>700</b>	<b>34</b>	<b>17,551</b>
<b>Full Review AAs, Prior Period</b>										
Grand Rapids-Kentwood, MI MSA	0	0	4	4,788	0	0	2	589	6	5,376
Warren-Troy-Farmington Hills MI MD	3	840	2	4,357	0	0	7	4,306	12	9,503
<b>Full Total, Prior</b>	<b>3</b>	<b>840</b>	<b>6</b>	<b>9,144</b>	<b>0</b>	<b>0</b>	<b>9</b>	<b>4,895</b>	<b>18</b>	<b>14,880</b>
<b>Full, All Investments</b>	<b>28</b>	<b>7,521</b>	<b>14</b>	<b>19,314</b>	<b>0</b>	<b>0</b>	<b>10</b>	<b>5,595</b>	<b>52</b>	<b>32,431</b>
<b>Limited Review AAs, Current Period</b>										
Muskegon, MI MSA	8	977	22	2,581	0	0	5	101	35	3,659
Non-MSA Newaygo County	0	0	0	0	0	0	0	0	0	0
Broader Statewide and Regional Area	0	0	0	0	0	0	0	0	0	0
<b>Limited Total, Current</b>	<b>8</b>	<b>977</b>	<b>22</b>	<b>2,581</b>	<b>0</b>	<b>0</b>	<b>5</b>	<b>101</b>	<b>35</b>	<b>3,659</b>
<b>Limited Review AAs, Prior Period</b>										
Muskegon, MI MSA	0	0	3	1,043	0	0	0	0	3	1,043
Non-MSA Newaygo County	0	0	4	975	0	0	4	127	8	1,101
Broader Statewide and Regional Area	1	500	0	0	1	250	3	9,465	5	10,215
<b>Limited Total, Prior</b>	<b>1</b>	<b>500</b>	<b>7</b>	<b>2,018</b>	<b>1</b>	<b>250</b>	<b>7</b>	<b>9,592</b>	<b>16</b>	<b>12,359</b>
<b>Total, Current Period</b>	<b>33</b>	<b>7,658</b>	<b>30</b>	<b>12,751</b>	<b>0</b>	<b>0</b>	<b>6</b>	<b>801</b>	<b>69</b>	<b>21,210</b>
<b>Total, Prior Period</b>	<b>4</b>	<b>1,340</b>	<b>13</b>	<b>11,162</b>	<b>1</b>	<b>250</b>	<b>16</b>	<b>14,487</b>	<b>34</b>	<b>27,239</b>
<b>Grand Total</b>	<b>37</b>	<b>8,998</b>	<b>43</b>	<b>23,913</b>	<b>1</b>	<b>250</b>	<b>22</b>	<b>15,288</b>	<b>103</b>	<b>48,449</b>
<i>Note: Dollar amounts are rounded</i>										

The bank also made 182 donations for approximately \$384,275 in full scope assessment areas, with a grand total of 237 donations equaling approximately \$461,800. At the previous evaluation, the bank made a total of 185 qualified donations for approximately \$658,000. The dollar volume has decreased since the last evaluation by approximately 29.8 percent. Donations were primarily for community service and economic development purposes.

The table below presents the bank's community development contributions and donations throughout the assessment areas and the broader statewide or regional area during the review period. Additional information on the bank's community development donations activity is provided in the individual assessment area sections.

Qualified Community Development Contributions August 17, 2021, to October 21, 2024 (Dollars in 000s)										
Assessment Area	Affordable Housing		Community Services		Economic Development		Revitalization and Stabilization		Total	
	#	\$	#	\$	#	\$	#	\$	#	\$
<b>Full Scope Review</b>										
Grand Rapids-Kentwood, MI MSA	13	35	80	111	19	73	0	0	112	219
Warren-Troy-Farmington Hills MI MD	9	7	36	104	24	53	1	3	70	166
<b>Full Total</b>	<b>22</b>	<b>42</b>	<b>116</b>	<b>215</b>	<b>43</b>	<b>126</b>	<b>1</b>	<b>3</b>	<b>182</b>	<b>385</b>
<b>Limited Scope Review</b>										
Muskegon, MI MSA	1	1	32	25	5	9	4	4	42	39
Non-MSA Newaygo County	0	0	7	32	4	3	0	0	11	35
Broader statewide or regional area	0	0	2	4	0	0	0	0	2	4
<b>Limited and Broader/Statewide Totals</b>	<b>1</b>	<b>1</b>	<b>41</b>	<b>61</b>	<b>9</b>	<b>12</b>	<b>4</b>	<b>5</b>	<b>55</b>	<b>78</b>
<b>Grand Total</b>	<b>23</b>	<b>42</b>	<b>157</b>	<b>276</b>	<b>52</b>	<b>138</b>	<b>5</b>	<b>7</b>	<b>237</b>	<b>462</b>
<i>Note: Dollar amounts are rounded</i>										

## SERVICE TEST

ChoiceOne's performance relative to the Service Test is High Satisfactory based on the following major factors in the individual assessment areas: delivery systems that are readily accessible to the bank's geographies and individuals of different income levels in the assessment areas; the bank's record of opening and closing branches has not adversely affected the accessibility of its delivery

systems, particularly to low- and moderate-income geographies and to low- and moderate-income individuals; services do not vary in a way that inconveniences its assessment areas, particularly in low- and moderate-income geographies and low- and moderate-income individuals; and the bank provides an adequate level of community development services in the combined assessment area.

### **Retail Services**

ChoiceOne's retail delivery services are readily accessible to geographies and individuals of different income levels in its assessment area. To the extent changes have been made, its record of opening and closing branches has generally not adversely affected the accessibility of its delivery systems, particularly in low- or moderate-income geographies or to low- or moderate-income individuals. Its services (including, where appropriate, business hours) do not vary in a way that inconveniences its assessment area, particularly low- or moderate-income geographies or low- or moderate-income individuals.

The bank's retail services are provided through its network of the bank's main office and 28 branches, five loan production offices (LPOs), 33 full-service ATMs, two cash only ATMs, telephone, online, and mobile banking activities throughout western and eastern Michigan. All

branches offer similar loan and deposit products and services. Bank hours and services do not vary in a way that inconveniences its assessment areas, particularly low- or moderate-income geographies or low- or moderate-income individuals. Office hours are typically 9:00 a.m. to 5:00 p.m., Monday through Friday. Multiple locations also provide drive-up services and appointments on Saturdays. Applications for loan and deposit products are accepted at each location.

In total the bank operates with 13 of its 29 branches located within low-or-moderate-income census tracts. Since the previous evaluation, the bank has opened three LPOs and closed two branches and its attached ATMs. One of the closed branches was located within a middle-income census tract and one closed branch was in an upper-income census tract. Within its branch network, the bank operates with two branches in a low-income, 11 branches in a moderate-income, 15 branches in middle-income, and one branch in an upper-income tract. Three LPOs are in a middle-income, one is in a moderate-income, and one is in an unknown-income census tract. Additionally, mortgage and consumer applications, along with deposit accounts are available online through the bank's website. ChoiceOne also offers products tailored to low- and moderate-income workers, specifically farm workers through its Growers Program, which waives ATM charges; the program includes direct deposit, checking account options, and payroll cards. The Growers Program has impacted over 1,000 customers in the area, providing banking services to many of those who otherwise would not have access.

## Community Development Services

ChoiceOne provides an adequate level of community development services. During the review period, the bank provided a total of 2,582 hours of community development service in all its assessment areas (including broader statewide and/or regional areas). Total service hours decreased 31.9 percent from 3,794 total hours at the prior evaluation. The bank's services were responsive to assessment area needs, with a large portion supporting organizations which provide services to low- to moderate-income individuals and those which support community services and economic development within the communities served by the bank. Most the bank's total service hours were in the category of board membership and providing various financial services to organizations which support a majority low- and moderate-income individuals or areas.

The following table presents the bank's community development services throughout its combined assessment area during the review period.

Qualified Community Development Services August 17, 2021, to October 21, 2024										
Assessment Area	Affordable Housing		Community Services		Economic Development		Revitalization and Stabilization		Total	
	#	Hours	#	Hours	#	Hours	#	Hours	#	Hours
<b>Full Scope Review</b>										
Grand Rapids-Kentwood, MI MSA	7	74	46	553	14	363	1	20	68	1,010
Warren-Troy-Farmington Hills MI MD	7	37	33	745	12	544	0	0	52	1,326
<b>Full Total</b>	<b>14</b>	<b>111</b>	<b>79</b>	<b>1,298</b>	<b>26</b>	<b>907</b>	<b>1</b>	<b>20</b>	<b>120</b>	<b>2,336</b>
<b>Limited Scope Review</b>										
Muskegon, MI MSA	0	0	15	171	1	24	0	0	16	195
Non-MSA Newaygo County	0	0	1	27	0	0	0	0	1	27
Broader statewide or regional area	0	0	5	24	0	0	0	0	5	24
<b>Limited and Broader/Statewide Totals</b>	<b>0</b>	<b>0</b>	<b>21</b>	<b>222</b>	<b>1</b>	<b>24</b>	<b>0</b>	<b>0</b>	<b>22</b>	<b>246</b>
<b>Grand Total</b>	<b>14</b>	<b>111</b>	<b>100</b>	<b>1520</b>	<b>27</b>	<b>931</b>	<b>1</b>	<b>20</b>	<b>142</b>	<b>2,582</b>

## FAIR LENDING OR OTHER ILLEGAL CREDIT PRACTICES REVIEW

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



## GRAND RAPIDS-KENTWOOD, MICHIGAN MSA #24340 - Full Review

### SCOPE OF THE EXAMINATION

Full scope examination procedures were used to evaluate the bank's performance in the Grand Rapids-Kentwood, Michigan MSA #24340 metropolitan assessment area. The scope is consistent with the scope of the examination presented in the overall section of the Performance Evaluation.

### DESCRIPTION OF INSTITUTION'S OPERATIONS IN GRAND RAPIDS-KENTWOOD, MICHIGAN MSA #24340

The assessment area consists of Kent County in its entirety and a portion (16 of 54 census tracts) of Ottawa County. The assessment area excludes Ionia and Montcalm Counties in their entirety, also in the Grand Rapids-Kentwood, MI MSA.

The bank operates its main office, eight branch locations (seven full-service and one limited-service) and 11 ATMs (nine full-service and two cash-only) within the assessment area. Of the bank's existing operations, the main office, four branches (one limited-service) and five ATMs reside within moderate-income census tracts, four branches, one Loan Production Office (LPO), and five ATMs (one cash-only) reside within middle-income census tracts, and the remaining standalone cash-only ATM resides within an upper-income census tract. Since the previous performance evaluation, the bank closed one branch with a full-service ATM in an upper-income census tract and opened a Loan Production Office in a middle-income census tract. Further, the bank opened another Loan Production Office in a middle-income census tract on March 1, 2023, in Holland, Michigan, which is located within the portion of Ottawa County that the bank excludes from its assessment area.

The assessment area remains unchanged since the previous evaluation. However, due to changes in the 2020 Decennial Census and the American Community Survey for the period of 2016-2020 the number of census tracts increased from 144 to 162. Further, the number of low- and moderate-income (LMI) census tracts increased from 42 to 44. The following table summarizes the changes between the two years.

#### *Tract Designation Change Data*

*The median family income levels (MFI) for census tracts are calculated using the income data from the United States Census Bureau's American Community Survey and geographic definitions from the Office of Management and Budget (OMB) and are updated approximately every five years (.12(m) Income Level). The income data used to calculate geographic income designations changed between 2021 and 2022. Accordingly, lending activity that took place in calendar years up to and including 2021 are evaluated based on ACS income level definitions from the five-year survey data set 2011-2015. Lending activity performed in 2022 and beyond are evaluated based on ACS income level definitions from the five-year survey data set 2016-*

2020.

Census Tract Designation Changes American Community Survey Data (ACS)			
Tract Income Designation	2021 Designations (#)	2022 Designations (#)	Net Change (#)
Low	11	9	-2
Moderate	31	35	+4
Middle	67	77	+10
Upper	35	38	+3
Unknown	0	3	+3
Total	144	162	+18
Source: U. S. Census Bureau: Decennial Census: American Community Survey Data: 2011-2015 U.S. Census Bureau: Decennial Census: America Community Survey Data: 2016-2020			

According to the June 30, 2023, Federal Deposit Insurance Corporation (FDIC) Market Share Report, ChoiceOne holds a 2.7 percent deposit market share, ranking the bank 11<sup>th</sup> of 24 FDIC-insured financial institutions operating in the assessment area. Leaders in market share include Fifth Third Bank (19.7 percent), The Huntington National Bank (19.2 percent), and Northpointe Bank (10.9 percent). The 23 banks competing for deposits and loans with ChoiceOne have 209 offices in the assessment area. Additionally, in 2023, the bank ranked 12<sup>th</sup> of 365 HMDA reporters operating in the assessment area. Top HMDA reporting institutions in the assessment area include Lake Michigan Credit Union and The Huntington National Bank, while local and national banks, such as JPMorgan Chase, American Express, Capital One, and U.S. Bank, make up the top CRA reporting institutions. In 2022, ChoiceOne ranked 17<sup>th</sup> out of 118 CRA reporters in the assessment area. Overall, while ChoiceOne has the financial capacity to lend in the assessment area, it also operates in a competitive market with large national lenders and credit unions.

Additional assessment area demographic information for 2023 is provided in the following table. The tables presenting data on counties within the assessment area reflect the entire county, and not the portion designated as the assessment area; in addition, the MSA data is the full MSA rather than the bank designated assessment area.

2023 Grand Rapids-Kentwood, MI MSA 24340 AA Demographics								
Income Categories	Tract Distribution		Families by Tract Income		Families < Poverty Level as % of Families by Tract		Families by Family Income	
	#	%	#	%	#	%	#	%
Low	9	5.6	7,217	4.0	1,793	24.8	35,030	19.2
Moderate	35	21.6	32,520	17.8	4,493	13.8	33,228	18.2
Middle	77	47.5	82,004	44.9	4,513	5.5	41,846	22.9
Upper	38	23.5	57,756	31.6	945	1.6	72,550	39.7
Unknown	3	1.9	3,157	1.7	320	10.1	0	0.0
Total AA	162	100.0	182,654	100.0	12,064	6.6	182,654	100.0
	Housing Units by Tract	Housing Type by Tract						
		Owner-occupied			Rental		Vacant	
		#	% by tract	% by unit	#	% by unit	#	% by unit
Low	11,688	4,569	2.3	39.1	6,240	53.4	879	7.5
Moderate	58,058	29,511	15.1	50.8	24,482	42.2	4,065	7.0
Middle	134,179	91,434	46.9	68.1	36,281	27.0	6,464	4.8
Upper	78,911	66,540	34.1	84.3	9,337	11.8	3,034	3.8
Unknown	4,768	2,919	1.5	61.2	1,456	30.5	393	8.2
Total AA	287,604	194,973	100.0	67.8	77,796	27.0	14,835	5.2
	Total Businesses by Tract		Businesses by Tract & Revenue Size					
			Less Than or = \$1 Million		Over \$1 Million		Revenue Not Reported	
	#	%	#	%	#	%	#	%
Low	906	2.9	809	2.9	95	2.9	2	0.8
Moderate	6,075	19.2	5,147	18.3	888	27.3	40	16.5
Middle	13,681	43.2	12,261	43.5	1,323	40.7	97	39.9
Upper	10,669	33.7	9,646	34.3	923	28.4	100	41.2
Unknown	320	1.0	293	1.0	23	0.7	4	1.6
Total AA	31,651	100.0	28,156	100.0	3,252	100.0	243	100.0
Percentage of Total Businesses:				89.0		10.3		0.8
	Total Farms by Tract		Farms by Tract & Revenue Size					
			Less Than or = \$1 Million		Over \$1 Million		Revenue Not Reported	
	#	%	#	%	#	%	#	%
Low	7	1.4	7	1.5	0	0.0	0	0.0
Moderate	45	8.8	38	7.9	7	22.6	0	0.0
Middle	285	55.9	269	56.2	16	51.6	0	0.0
Upper	168	32.9	160	33.4	8	25.8	0	0.0
Unknown	5	1.0	5	1.0	0	0.0	0	0.0
Total AA	510	100.0	479	100.0	31	100.0	0	0.0
Percentage of Total Farms:				93.9		6.1		0.0
Source: 2023 FFIEC Census Data 2023 Dun & Bradstreet Data 2016-2020 U.S. Census Bureau: American Community Survey								
Note: Percentages may not total 100.0 percent due to rounding.								

## Population Characteristics

According to 2020 FFIEC Census Data, the assessment area's population is 728,870. The following table presents the population trends for the entire Grand Rapids-Kentwood MSA, the entireties of Kent and Ottawa Counties, and the state of Michigan. Between the 2011-2015 American Community Survey (ACS) and 2020 U.S. Census Bureau, the state of Michigan's population increased by 1.8 percent, which was below both Kent and Ottawa Counties (5.7 and 8.4 percent, respectively). According to community representatives, the growth is based on individuals moving from rural areas to the more urban areas surrounding Grand Rapids, Michigan, due to its economic opportunities and quality of life. Additionally, the school districts in the surrounding Grand Rapids, Michigan area are highly desirable for families.

2023 Grand Rapids-Kentwood, MI MSA 24340 Population Change			
Area	2015 Population	2020 Population	Percent Change (%)
Kent County, MI	622,590	657,974	5.7
Ottawa County, MI	273,136	296,200	8.4
Grand Rapids-Kentwood, MI MSA	1,022,794	1,087,592	6.3
State of Michigan	9,900,571	10,077,331	1.8
Source: 2011-2015 U.S. Census Bureau American Community Survey 2020 U.S. Census Bureau Decennial Census			

## Income Characteristics

The following table compares the median family income (MFI) for Kent and Ottawa Counties, the Grand Rapids-Kentwood, MI MSA, and the state of Michigan. According to 2023 FFIEC census data, the assessment area is comprised of 182,654 families, of which 19.2 percent are designated as low-, 18.2 percent are moderate-, 22.9 percent are middle-, and 39.7 percent are upper-income. Only 6.6 percent of families residing within the assessment area live below the poverty line.

According to 2016-2020 ACS data, the median family income (MFI) for the assessment area was \$80,705, increasing 14.5 percent since 2011-2015 ACS survey. This growth was slightly higher than the growth experienced in Kent and Ottawa Counties, at 13.6 percent and 13.0 percent respectively. Additionally, the MFI was higher than that in the state of Michigan at 11.0 percent. Ottawa County maintains the highest MFI in the assessment area at \$86,866. Community representatives noted that incomes in the Ottawa County tend to be higher due to the higher paying engineering and healthcare jobs that are available in the surrounding Grand Haven area.

2023 Grand Rapids-Kentwood, MI MSA 24340 Median Family Income Change			
Area	2015 Median Family Income	2020 Median Family Income	Percent Change
Kent County, MI	\$71,334	\$81,007	13.6%
Ottawa County, MI	\$76,893	\$86,866	13.0%
Grand Rapids-Kentwood, MI MSA	\$70,467	\$80,705	14.5%
Michigan	\$68,010	\$75,470	11.0%
<i>Source: 2011 - 2015 U.S. Census Bureau American Community Survey 2016 - 2020 U.S. Census Bureau American Community Survey Median Family Incomes have been inflation-adjusted and are expressed in 2020 dollars.</i>			

## Housing Characteristics

The following table presents the recent housing cost burden within the entire Grand Rapids Kentwood MSA, Kent and Ottawa Counties, and the state of Michigan. The cost burden is a measure of affordability via a comparative analysis of individuals of different income levels that spend 30.0 percent or more of their income on housing costs.

Of the renters across all income levels in the 2023 Grand Rapids-Kentwood, MI MSA #24340, 42.8 percent are experiencing housing cost burdens. Ottawa County has slightly lower rates of people experiencing housing cost burden for low- and moderate-income renters when compared to Kent County and the state of Michigan. Additionally, the housing cost burden rate for homeowners in Ottawa County is slightly lower to Kent County and the state of Michigan for both low- and moderate-income owners and owners for all income levels. This is congruent with the data that shows Ottawa County has slightly higher MFI compared to Kent County and the state of Michigan, as income is part of the housing cost burden equation. Overall, the housing cost burden for homeowners within the 2023 Grand Rapids-Kentwood, MI MSA 24340 (14.6 percent) is comparable to the state of Michigan, which has 17.7 percent of all homeowners being burdened by their payments towards housing.

According to FFIEC HMDA loan and application records, home mortgage trends reflect increases in home mortgage activity in recent years across the assessment area's counties and the broader region. These trends suggest a continued increase in demand for home purchases, driving up home values and indicating that housing cost burden for low-and moderate-income homeowners will remain elevated. Community representatives noted that housing supply is not keeping pace with the growing population in the area. Representatives indicated that as home prices continue to grow, so does the need for more affordable housing options. The need for more affordable housing spans across all potential housing options.

2023 Grand Rapids-Kentwood, MI MSA 24340 Housing Cost Burden						
Area	Cost Burden - Renters			Cost Burden - Owners		
	Low Income	Moderate Income	All Renters	Low Income	Moderate Income	All Owners
Kent County, MI	77.4%	34.0%	43.3%	58.0%	24.6%	15.1%
Ottawa County, MI	76.6%	25.9%	41.2%	56.3%	21.5%	13.6%
Grand Rapids-Kentwood, MI MSA	76.8%	32.0%	42.3%	57.9%	24.2%	14.9%
Michigan	74.8%	32.5%	43.0%	61.2%	26.1%	17.7%
<i>Cost Burden is housing cost that equals 30 percent or more of household income</i>						
<i>Source: U.S. Department of Housing and Urban Development (HUD), 2016-2020 Comprehensive Housing Affordability Strategy</i>						

## Employment Characteristics

The following table presents the unemployment rates within the entire Grand Rapids-Kentwood MSA, Kent and Ottawa Counties, and the state of Michigan. Overall, all regions experienced low and stable unemployment rates between 2018 and 2022, with the exception of notable increase in 2020 due to the widespread economic downturn caused by the COVID-19 pandemic. Community representatives confirmed that the region's economy has been doing well, excluding the increase during the COVID-19 pandemic. Representatives noted that the largest employment issues consist mainly of attracting workers to the area to fill jobs that are currently open. More specifically, there is a shortage of skilled trade workers, hospital employees, and teachers and educators in the area.

2023 Grand Rapids-Kentwood, MI MSA 24340 Unemployment Rates					
Area	2018	2019	2020	2021	2022
Kent County, MI	3.0%	2.9%	7.9%	4.7%	3.5%
Ottawa County, MI	2.8%	2.8%	7.1%	4.1%	3.3%
Grand Rapids-Kentwood, MI MSA	3.0%	3.0%	7.7%	4.6%	3.5%
Michigan	4.2%	4.1%	10.0%	5.8%	4.2%
<i>Source: Bureau of Labor Statistics (BLS), Local Area Unemployment Statistics</i>					

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## Industry Characteristics

The employment base covers multiple industries including manufacturing, healthcare and administrative services, retail trade, and government jobs. Major employers in the area include Gentex Corporation, Herman Miller, Corewell Health, and Meijer, Inc. Industries which have seen growth in the area include the engineering, healthcare, and manufacturing industries. Community representative confirmed the region is home to a diverse range of industries, and the Grand Rapids area is continuing to expand with job opportunities. Representatives noted that there is currently a shortage of healthcare, manufacturing, and skilled trade workers. Additionally, one representative noted that the teacher shortage is going to be an issue for the area moving forward.

## Community Representatives

Two community representatives, one located in Kent County and the other focused on the western Michigan region, were contacted to provide information regarding local economic and demographic conditions. The representatives provided information on housing, employment, and economic development needs within the assessment area. Labor shortages were identified as a continued area of concern given the low unemployment rate and robust business climate in the area. Additionally, community representatives noted that more affordable housing continues to be a need within the area. The representatives also noted that the Grand Rapids metropolitan area is continuing to experience a lot of investment in growing its residential housing options and new businesses to the area, which in return the surrounding areas are continuing to expand due to this investment.

## CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS GRAND RAPIDS-KENTWOOD, MICHIGAN MSA #24340

### LENDING TEST

The geographic distribution of loans reflects good penetration throughout the assessment area. The distribution of borrowers reflects, given the product lines offered, good penetration among individuals of different income levels, good penetration among businesses and adequate penetration among farms of different sizes. ChoiceOne exhibits a good record of serving the credit needs of low-income individuals and areas and small businesses/farms. The bank makes an adequate level of community development loans, and the bank makes use of innovative and flexible lending practices in serving assessment area credit needs. Finally, when determining performance, the comparison to aggregate lender data was weighted more heavily than the assessment area demographics, as it is a better measure of a bank's true performance in relation to external variables.

## Geographic Distribution of Loans

The bank's lending activities reflect good distribution throughout the assessment area.

There were no conspicuous gaps in HMDA-reportable lending across the bank's assessment area, as the gaps in lending are consistent across all the income tract levels. In 2023, ChoiceOne originated HMDA-reportable loans in 55.6 percent of the 162 census tracts in the assessment area. Of this figure, 66.7 percent of low income-census tracts and 54.3 percent of moderate-income census tracts received HMDA loans. Additionally in 2023, the bank originated HMDA-reportable loans in 49.4 percent of its middle-income census tracts and 71.1 percent of its upper-income census tracts. This was comparable to the HMDA-lending performance in 2022.

In addition, gaps weren't identified for CRA-reportable lending in 2023 and 2022 throughout the assessment area, including lending to low- and moderate-income census tracts. In 2023, bank originated CRA reportable loans in 27.8 percent of the census tracts in the assessment area; with 11.1 percent of low-income census tracts, 20.0 percent of moderate-income census tracts, 27.3 percent of middle-income census tracts, and 42.1 of upper-income census tracts being penetrated. These numbers are consistent with the number of businesses located within low- and moderate-income tracts in the area, as 2.9 percent of total businesses are located within a low-income tract, and 19.2 percent are located within a moderate-income tract. Therefore, the bank it is meeting its opportunities of lending within these tracts. This is comparable to the CRA-reportable performance in 2022. Management actively monitors its lending patterns in relation to its census tracts, with the goal of increasing its loan penetration and consumer awareness of the bank's lending programs in its low-and moderate-income census tracts.

A detailed discussion of HMDA-reportable and CRA-reportable small business and small farm lending in relation to aggregate and census demographics is provided below. Specific to HMDA-reportable lending, multifamily loans will not be discussed as originations were too low for a meaningful analysis to be conducted. When determining performance, the comparison to aggregate of lender data were weighted more heavily than assessment area demographics (i.e., percentage of owner-occupied housing units) as it is a better measure of loan demand.

### HMDA – Reportable Lending

ChoiceOne Bank's geographic distribution of HMDA-reportable loans reflects excellent penetration throughout the assessment area.

In 2023, 7.0 percent of the bank's HMDA-reportable loans were made in low-income census tracts. This performance is above the aggregate at 3.3 percent and above the percentage of owner-occupied units in low-income census tracts at 2.3 percent. The bank originated 27.8 percent of total HMDA-reportable loans in moderate-income census tracts, performing above the aggregate and the percentage of owner-occupied units at 17.4 percent and 15.1 percent, respectively. The bank



originated 38.5 percent of its HMDA-reportable loans in middle-income census tracts, which was below the aggregate at 46.0 percent, and below the percentage of owner-occupied units in middle-income tracts at 46.9 percent. Finally, the bank originated 26.7 percent of HMDA-reportable loans in upper-income census tracts which was below the aggregate of lenders performance of 32.1 percent and below the percentage of owner-occupied units in those tracts at 34.1 percent.

The bank's distribution of lending across geographies of different income levels in 2022 within HMDA-reportable loans was consistent with the distribution of loans in 2023. A further breakdown

#### *Home Purchase Loans*

In 2023, home purchase loans represented 48.1 percent of the bank's HMDA-reportable loans originated in the assessment area. Within low-income census tracts, the bank originated 14.4 percent by number, which is higher than the 4.1 percent for the aggregate of lenders, and the 2.3 percent of owner-occupied housing units located in low-income tracts. Within moderate-income census tracts, the bank originated 25.6 percent of home purchase loans in these census tracts, which is above the aggregate of lenders (19.4 percent) as well as above the percentage owner-occupied housing units (15.1 percent). Within middle-income census tracts, the bank originated 34.4 percent of its home purchase loans. The bank's performance is below the aggregate lender rate of 45.4 percent and the 46.9 percent of owner-occupied units located in middle-income census tracts. The bank originated 25.6 percent of its home purchase loans in upper-income tracts, below the aggregate of lenders at 29.9 percent as well as the percentage owner-occupied housing units located in upper-income tracts at 34.1 percent.

In 2022, the bank's performance relative to home purchase lending, overall, was consistent with 2023, with the most noticeable differences occurring with a decrease in lending in its low-income census tracts, and an increase in lending in its moderate-income census tracts. In 2022, home purchase loans represented 52.7 percent of the bank's HMDA-reportable loans originated in the assessment area. Within low-income census tracts, the bank originated 4.2 percent of its home purchase loans, which was slightly above the 4.0 percent for the aggregate of lenders, and the 2.3 percent of the owner-occupied housing units located in low-income tracts. Within moderate-income census tracts, the bank originated 34.7 percent of home purchase loans in these census tracts, which was significantly above the aggregate of lenders at 18.5 percent, as well as the percentage of owner-occupied housing units at 15.1 percent. Within middle-income census tracts, the bank originated 34.7 percent of its home purchase loans, which was below the aggregate lender rate of 46.3 percent and the 46.9 percent of owner-occupied units located in middle-income census tracts. The bank originated 26.3 percent of its home purchase loans in upper-income tracts, which is below the aggregate of lenders at 30.1 percent as well as the percentage owner-occupied housing units located in upper-income tracts at 34.1 percent.

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*Refinance Loans*

In 2023, refinanced home loans represented 25.1 percent of the bank's HMDA-reportable loans located in the assessment area. Within low-income census tracts, ChoiceOne did not originate any refinance loans, which is below both the aggregate of lenders and the percentage of owner-occupied housing at 2.5 percent and 2.3 percent, respectively. The bank's percentage of refinance loans in moderate-income tracts at 25.5 percent was above the aggregate of lenders at 16.5 percent and above the 15.1 percent of owner-occupied housing units located in moderate-income census tracts. Within middle-income census tracts, the bank originated 42.6 percent of its refinanced home loans, which was below the aggregate lender rate of 47.1 percent and the 46.9 percent of owner-occupied units located in middle-income census tracts. The bank originated 31.9 percent of its refinance loans in upper-income census tracts, which was slightly below aggregate of lenders at 33.0 percent, as well as the owner-occupied units located in upper-income tracts at 34.1 percent.

In 2022, the bank's performance relative to refinance lending, overall, was consistent with 2023. Refinanced loans represented 33.3 of the bank's HMDA-reportable loans located in the assessment area. Within low-income census tracts, ChoiceOne originated 1.7 percent of all refinance loans, which is slightly below both the aggregate of lenders and the percentage of owner-occupied housing at 2.1 percent and 2.3 percent, respectively. The bank's percentage of refinance loans in moderate-income tracts at 31.7 percent was significantly above the aggregate of lenders at 16.7

percent and the 15.1 percent of owner-occupied housing units located in moderate-income census tracts. Within middle-income census tracts, the bank originated 41.7 percent of its refinanced home loans, which was below the aggregate lender rate of 46.3 percent and the 46.9 percent of owner-occupied units located in middle-income census tracts. The bank originated 25.0 percent of its refinance loans in upper-income census tracts, which was below the aggregate of lenders at 33.7 percent as well as the owner-occupied units located in upper-income tracts at 34.1 percent.

*Home Improvement*

In 2023, home improvement loans represented 26.7 percent of the bank's HMDA-reportable loans located in the assessment area. Within low-income census tracts, ChoiceOne did not originate any home improvement loans, which is below both the aggregate of lenders and the percentage of owner-occupied housing at 1.9 percent and 2.3 percent, respectively. The bank's percentage of home improvement loans in moderate-income tracts at 34.0 percent was significantly above the aggregate of lenders at 13.0 percent and the 15.1 percent of owner-occupied housing units located in moderate-income census tracts. Within middle-income census tracts, the bank originated 42.0 percent of its home improvement loans, which was below the aggregate lender rate of 47.2 percent and the 46.9 percent of owner-occupied units located in middle-income census tracts. The bank originated 24.0 percent of its home improvement loans in upper-income census tracts, which was below the aggregate of lenders at 36.8 percent as well as the owner-occupied units located in upper-income tracts at 34.1 percent.

In 2022, home improvement loans represented 12.2 percent of the bank's HMDA-reportable loans located in the assessment area. Within low-income census tracts, ChoiceOne did not originate any home improvement loans, which is below both the aggregate of lenders and the percentage of owner-occupied housing at 1.5 percent and 2.3 percent, respectively. The bank's percentage of home improvement loans in moderate-income tracts at 31.8 percent was significantly above the aggregate of lenders at 11.3 percent and the 15.1 percent of owner-occupied housing units located in moderate-income census tracts. Within middle-income census tracts, the bank originated 40.9 percent of its home improvement loans, which was below the aggregate lender rate of 47.6 percent and the 46.9 percent of owner-occupied units located in middle-income census tracts. The bank originated 27.3 percent of its home improvement loans in upper-income census tracts, which was below the aggregate of lenders at 38.8 percent as well as the owner-occupied units located in upper-income tracts at 34.1 percent.

The following table presents the geographic distribution of HMDA-reportable loans in the assessment area in 2022 and 2023.

Distribution of 2022 and 2023 Home Mortgage Lending By Income Level of Geography													
Assessment Area: Grand Rapids-Kentwood, MI MSA 24340													
Geographic Income Level	Bank And Aggregate Loans By Year												Owner Occupied Units %
	2022						2023						
	Bank		Agg	Bank		Agg	Bank		Agg	Bank		Agg	
	#	%	%	\$(000)	\$%	\$%	#	%	%	\$(000)	\$%	\$%	
Home Purchase Loans													
Low	4	4.2	4.0	666	2.8	2.2	13	14.4	4.1	2,524	9.8	2.3	2.3
Moderate	33	34.7	18.5	5,824	24.4	13.2	23	25.6	19.4	4,514	17.5	14.2	15.1
Middle	33	34.7	46.3	8,370	35.1	43.3	31	34.4	45.4	9,330	36.1	42.6	46.9
Upper	25	26.3	30.1	8,980	37.7	40.2	23	25.6	29.9	9,494	36.7	39.6	34.1
Unknown	0	0.0	1.1	0	0.0	1.1	0	0.0	1.1	0	0.0	1.4	1.5
Tract-Unk	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	
Total	95	100.0	100.0	23,840	100.0	100.0	90	100.0	100.0	25,862	100.0	100.0	100.0
Refinance Loans													
Low	1	1.7	2.1	138	1.5	1.4	0	0.0	2.5	0	0.0	1.6	2.3
Moderate	19	31.7	16.7	2,116	22.7	12.5	12	25.5	16.5	1,131	15.2	13.1	15.1
Middle	25	41.7	46.3	3,333	35.8	41.6	20	42.6	47.1	3,176	42.7	43.5	46.9
Upper	15	25.0	33.7	3,726	40.0	43.2	15	31.9	33.0	3,131	42.1	40.9	34.1
Unknown	0	0.0	1.3	0	0.0	1.2	0	0.0	1.0	0	0.0	0.8	1.5
Tract-Unk	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	
Total	60	100.0	100.0	9,313	100.0	100.0	47	100.0	100.0	7,438	100.0	100.0	100.0
Home Improvement Loans													
Low	0	0.0	1.5	0	0.0	0.9	0	0.0	1.9	0	0.0	1.4	2.3
Moderate	7	31.8	11.3	542	42.2	8.1	17	34.0	13.0	856	26.6	10.0	15.1
Middle	9	40.9	47.6	452	35.2	42.7	21	42.0	47.2	1,572	48.8	43.0	46.9
Upper	6	27.3	38.8	289	22.5	47.5	12	24.0	36.8	793	24.6	44.8	34.1
Unknown	0	0.0	0.8	0	0.0	0.9	0	0.0	1.1	0	0.0	0.9	1.5
Tract-Unk	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	
Total	22	100.0	100.0	1,283	100.0	100.0	50	100.0	100.0	3,221	100.0	100.0	100.0
Multifamily Loans													Multi-family Units %
Low	0	0.0	3.7	0	0.0	0.4	0	0.0	8.2	0	0.0	8.2	3.6
Moderate	2	66.7	22.2	1,050	70.5	42.4	0	0.0	22.4	0	0.0	15.3	27.9
Middle	1	33.3	65.4	439	29.5	48.2	0	0.0	55.1	0	0.0	47.4	50.4
Upper	0	0.0	8.6	0	0.0	8.9	0	0.0	12.2	0	0.0	28.3	15.2
Unknown	0	0.0	0.0	0	0.0	0.0	0	0.0	2.0	0	0.0	0.8	2.8
Tract-Unk	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	
Total	3	100.0	100.0	1,489	100.0	100.0	0	0.0	100.0	0	0.0	100.0	100.0
Total Home Mortgage Loans													Owner Occupied Units %
Low	5	2.8	3.1	804	2.2	1.8	13	7.0	3.3	2,524	6.9	2.5	2.3
Moderate	61	33.9	16.6	9,532	26.5	15.6	52	27.8	17.4	6,501	17.8	13.7	15.1
Middle	68	37.8	46.4	12,594	35.1	43.2	72	38.5	46.0	14,078	38.5	42.9	46.9
Upper	46	25.6	32.8	12,995	36.2	38.4	50	26.7	32.1	13,418	36.7	39.6	34.1
Unknown	0	0.0	1.1	0	0.0	1.0	0	0.0	1.1	0	0.0	1.3	1.5
Tract-Unk	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	
Total	180	100.0	100.0	35,925	100.0	100.0	187	100.0	100.0	36,521	100.0	100.0	100.0
Source: 2023 FFIEC Census Data													
2016-2020 U.S. Census Bureau: American Community Survey													
Note: Percentages may not total 100.0 percent due to rounding.													

## Small Business Loans

The geographic distribution of small business loans reflects good penetration throughout the assessment area. The aggregate lending data is not currently available for 2023, and therefore the evaluation of the bank's geographic distribution of small business lending will focus on the bank's 2022 performance.

In 2022, ChoiceOne originated 1.4 percent of its small business loans in low-income census tracts, below the aggregate at 2.6 percent and the percentage of total businesses located in low-income census tracts at 2.9 percent. ChoiceOne originated 18.1 percent of its small business loans in moderate-income census tracts which was comparable to the aggregate at 18.8 percent and slightly below the percentage of total businesses located in moderate-income census tracts at 19.2 percent. The bank originated 39.1 percent of small business loans in middle-income census tracts, which was slightly below both the aggregate at 40.8 percent and the percentage of businesses in middle-income census tracts at 43.2 percent. Lastly, the bank originated 41.3 percent of small business loans in upper-income census tracts, which was above the aggregate of 36.5 percent and the 33.7 percent of small businesses in upper-income census tracts.

The bank's distribution of small business lending across geographies of different income levels in 2023 was consistent with the distribution of loans in 2022. The following table presents the geographic distribution of small business loans in the assessment area.

Distribution of 2022 and 2023 Small Business Lending By Income Level of Geography Assessment Area: Grand Rapids-Kentwood, MI MSA 24340											
Geographic Income Level	Bank And Aggregate Loans By Year										Total Businesses %
	2022						2023*				
	Bank		Agg	Bank		Agg	Bank				
	#	%	%	\$(000)	%	\$%	#	%	\$(000)	\$%	
Low	2	1.4	2.6	309	0.7	2.8	2	2.7	477	2.6	2.9
Moderate	25	18.1	18.8	8,665	19.8	24.3	14	19.2	3,232	17.8	19.2
Middle	54	39.1	40.8	13,939	31.8	38.9	24	32.9	5,723	31.5	43.2
Upper	57	41.3	36.5	20,868	47.7	32.8	33	45.2	8,709	48.0	33.7
Unknown	0	0.0	0.9	0	0.0	1.0	0	0.0	0	0.0	1.0
Tract-Unk	0	0.0	0.4	0	0.0	0.1	0	0.0	0	0.0	0.0
Total	138	100.0	100.0	43,781	100.0	100.0	73	100.0	18,141	100.0	100.0
Source: 2023 FFIEC Census Data 2023 Dun & Bradstreet Data 2016-2020 U.S. Census Bureau: American Community Survey											
Note: Percentages may not total 100.0 percent due to rounding. *Aggregate data is not currently available.											

## Small Farm

The geographic distribution of small farm loans reflects adequate dispersion throughout the assessment area. The aggregate lending data is not currently available for 2023, and therefore the evaluation of the bank's geographic distribution of small farm lending will focus on the bank's 2022 performance.

In 2022, ChoiceOne originated no small farm loans in low-income census tracts, which was consistent with the aggregate lenders at 0.0 percent and below percent of total farms located in low-income tracts at 1.4 percent. ChoiceOne originated 8.7 percent of its small farm loans in moderate-income census tracts comparable to the aggregate at 9.0 percent and the percentage of total farms located in moderate-income census tracts at 8.8 percent. The bank originated 87.0 percent of small farm loans in middle-income census tracts, which was significantly above both the aggregate at 63.0 percent and the percentage of farms in middle-income census tracts at 55.9 percent. Lastly, the bank originated 4.3 percent of small farm loans in upper-income census tracts which was significantly below the aggregate of 27.0 percent and the 32.9 percent of small farms in upper-income census tracts.

The bank's distribution of small farm lending across geographies of different income levels in 2023 was consistent with the distribution of loans in 2022. The following table presents the geographic distribution of small business loans in the assessment area.

Distribution of 2022 and 2023 Small Farm Lending By Income Level of Geography Assessment Area: Grand Rapids-Kentwood, MI MSA 24340											
Geographic Income Level	Bank And Aggregate Loans By Year										Total Farms %
	2022						2023*				
	Bank		Agg	Bank		Agg	Bank				
	#	#%	#%	\$(000)	\$%	\$%	#	#%	\$(000)	\$%	
Low	0	0.0	0.0	0	0.0	0.0	0	0.0	0	0.0	1.4
Moderate	2	8.7	9.0	270	5.5	12.0	2	11.8	110	2.9	8.8
Middle	20	87.0	63.0	4,464	90.3	73.0	15	88.2	3,710	97.1	55.9
Upper	1	4.3	27.0	210	4.2	14.8	0	0.0	0	0.0	32.9
Unknown	0	0.0	1.0	0	0.0	0.2	0	0.0	0	0.0	1.0
Tract-Unk	0	0.0	0.0	0	0.0	0.0	0	0.0	0	0.0	0.0
Total	23	100.0	100.0	4,944	100.0	100.0	17	100.0	3,820	100.0	100.0
Source: 2023 FFIEC Census Data 2023 Dun & Bradstreet Data 2016-2020 U.S. Census Bureau: American Community Survey											
Note: Percentages may not total 100.0 percent due to rounding. *Aggregate data is not currently available.											

## **Lending to Borrowers of Different Income Levels and Lending to Businesses and Farms of Different Sizes**

ChoiceOne's lending activities reflect good distribution, particularly in its assessment area, of loans among individuals of different income levels and businesses (including farms) of different sizes, given the product lines offered by the bank. The bank's lending to individuals of different income levels was given more weight considering the bank's overall volume and the need for affordable housing in the assessment area, as identified by community representatives.

A breakdown of the bank's borrower distribution for HMDA- and CRA-reportable lending is discussed in more detail below by individual products. Specific to HMDA-reportable lending, multifamily loans are not included in the borrower distribution analysis tables below and, therefore, are not discussed or included in the applicable percentage calculations below.

### HMDA – Reportable Lending

#### *Home Purchase Loans*

In 2023, the bank originated 8.9 percent of its home purchase loans to low-income borrowers, which was above the aggregate of lenders but significantly below the percentage of low-income families located in the assessment area at 7.0 and 19.2 percent, respectively. Among moderate-income borrowers, the bank originated 24.4 percent of its home purchase loans, which was slightly above the aggregate of lenders at 22.6 percent and above the percentage of moderate-income families located in the assessment area at 18.2 percent. Home purchase loans to middle-income borrowers at 31.1 percent was above the aggregate lenders at 22.3 percent, as well as the percentage of middle-income families at 22.9 percent. The bank made 33.3 percent of its home purchase loans to upper-income borrowers, which was slightly above the aggregate of lenders at 32.2 percent and below the percentage of upper-income families in the assessment area at 39.7 percent.

In 2022, the bank's performance relative to home purchase lending was consistent 2023, with the most noticeable difference being the increase in lending to moderate-income individuals. The bank originated 9.5 percent of its home purchase loans to low-income borrowers, which was slightly above aggregate of lenders and below the percentage of low-income families located in the assessment area at 8.4 and 19.2 percent, respectively. Among moderate-income borrowers, the bank originated 35.8 percent of its home purchase loans, which was above the aggregate of lenders at 23.7 percent and the percentage of moderate-income families located in the assessment area at 18.2 percent. Home purchase loans to middle-income borrowers at 17.9 percent was below the aggregate of lenders at 21.6 percent, as well as the percentage of middle-income families in the assessment area at 22.9 percent. The bank made 33.7 percent of its home purchase loans to upper-income borrowers which was slightly above the aggregate of lenders at 32.9 percent, but below the percentage of upper-income families in assessment area at 39.7 percent.

### *Refinance Loans*

In 2023, the bank originated 10.6 percent of its refinance loans to low-income borrowers, which was below the aggregate of lenders at 13.6 percent, and below the percentage of low-income families located in the assessment area at 19.2 percent. Among moderate-income borrowers, the bank originated 31.9 percent of its refinance loans, which was above the aggregate of lenders 24.1 percent and significantly above the percentage of moderate-income families located in the assessment area at 18.2 percent. Among middle-income borrowers, the bank originated 27.7 percent of its refinance loans, which was above the aggregate lenders at 24.1 percent, as well as the percentage of middle-income families at 22.9 percent. The bank made 23.4 percent of its refinance loans to upper-income borrowers, which was below the aggregate of lenders at 30.6 percent, and significantly below the percentage of upper-income families in the assessment area at 39.7 percent.

In 2022, the bank's performance relative to home purchase lending was, overall, consistent with 2023. The bank originated 20.0 percent of its refinance loans to low-income borrowers, which was above the performance of aggregate lenders at 16.1 percent and slightly above the percentage of low-income families located in the assessment area at 19.2 percent. Among moderate-income borrowers, the bank originated 23.3 percent of its refinance loans, which was slightly below the aggregate of lenders at 25.8 percent, but above the 18.2 percent of moderate-income families located in the assessment area. Refinance loans originated to middle-income borrowers at 21.7 percent was slightly below the aggregate lenders at 21.8 percent, as well as the percentage of middle-income families in the assessment area at 22.9 percent. Among upper-income borrowers, the bank's performance of 23.3 percent was below the aggregate of lenders at 27.7 percent and significantly below the percentage of upper-income families in assessment area demographics at 39.7 percent.

### *Home Improvement Loans*

In 2023, the bank originated 14.0 percent of its home improvement loans to low-income borrowers, which was above the aggregate of lenders at 10.3 percent and below the percentage of low-income families located in the assessment area at 19.2 percent. Among moderate-income borrowers, the bank originated 18.0 percent of its home improvement loans, which was below the aggregate of lenders at 22.7 percent and slightly below the percentage of moderate-income families located in the assessment area at 18.2 percent. Home improvement loans to middle-income borrowers at 34.0 percent was above the aggregate lenders at 26.6 percent, and above the percentage of middle-income families at 22.9 percent. The bank made 28.0 percent of its home improvement loans to upper-income borrowers, which was below the aggregate of lenders at 37.9 percent, and significantly below the percentage of upper-income families in the assessment area at 39.7 percent.

In 2022, the bank originated 13.6 percent of its home improvement loans to low-income borrowers, which was above the aggregate of lenders at 8.5 percent and below the percentage of low-income families located in the assessment area at 19.2 percent. Among moderate-income borrowers, the



bank originated 18.2 percent of its home improvement loans, which was below the aggregate of lenders at 21.4 percent and consistent with the percentage of moderate-income families located in

the assessment area at 18.2 percent. Home improvement loans to middle-income borrowers at 31.8 percent was above the aggregate lenders at 26.6 percent, and above the percentage of middle-income families at 22.9 percent. The bank made 34.4 percent of its home improvement loans to upper-income borrowers, which was below the aggregate of lenders at 41.1 percent, and below the percentage of upper-income families in the assessment area at 39.7 percent.

The following table presents the borrower distribution of HMDA-reportable loans in the assessment area in 2022 and 2023.

Distribution of 2022 and 2023 Home Mortgage Lending By Borrower Income Level													
Assessment Area: Grand Rapids-Kentwood, MI MSA 24340													
Borrower Income Level	Bank And Aggregate Loans By Year												Families by Family Income %
	2022						2023						
	Bank		Agg	Bank		Agg	Bank		Agg	Bank		Agg	
	#	%	%	\$(000)	\$%	\$%	#	%	%	\$(000)	\$%	\$%	
Home Purchase Loans													
Low	9	9.5	8.4	1,507	6.3	4.4	8	8.9	7.0	1,186	4.6	3.5	19.2
Moderate	34	35.8	23.7	6,080	25.5	17.2	22	24.4	22.6	4,366	16.9	16.1	18.2
Middle	17	17.9	21.6	3,088	13.0	19.6	28	31.1	22.3	7,168	27.7	20.4	22.9
Upper	32	33.7	32.9	12,412	52.1	46.3	30	33.3	32.2	12,713	49.2	45.7	39.7
Unknown	3	3.2	13.4	753	3.2	12.5	2	2.2	16.0	429	1.7	14.4	0.0
Total	95	100.0	100.0	23,840	100.0	100.0	90	100.0	100.0	25,862	100.0	100.0	100.0
Refinance Loans													
Low	12	20.0	16.1	1,055	11.3	9.8	5	10.6	13.6	410	5.5	8.0	19.2
Moderate	14	23.3	25.8	1,581	17.0	20.8	15	31.9	24.1	1,541	20.7	19.8	18.2
Middle	13	21.7	21.8	1,610	17.3	20.9	13	27.7	24.1	1,877	25.2	22.0	22.9
Upper	14	23.3	27.7	3,829	41.1	38.7	11	23.4	30.6	3,217	43.3	41.0	39.7
Unknown	7	11.7	8.5	1,238	13.3	9.8	3	6.4	7.6	393	5.3	9.2	0.0
Total	60	100.0	100.0	9,313	100.0	100.0	47	100.0	100.0	7,438	100.0	100.0	100.0
Home Improvement Loans													
Low	3	13.6	8.5	188	14.7	4.5	7	14.0	10.3	163	5.1	6.4	19.2
Moderate	4	18.2	21.4	224	17.5	16.0	9	18.0	22.7	516	16.0	16.2	18.2
Middle	7	31.8	26.6	404	31.5	22.3	17	34.0	26.6	966	30.0	23.6	22.9
Upper	8	36.4	41.1	467	36.4	54.6	14	28.0	37.9	1,249	38.8	50.5	39.7
Unknown	0	0.0	2.4	0	0.0	2.6	3	6.0	2.5	327	10.2	3.3	0.0
Total	22	100.0	100.0	1,283	100.0	100.0	50	100.0	100.0	3,221	100.0	100.0	100.0
Total Home Mortgage Loans													
Low	24	13.6	10.9	2,750	8.0	5.9	20	10.7	9.1	1,759	4.8	4.4	19.2
Moderate	52	29.4	23.7	7,885	22.9	17.9	46	24.6	22.7	6,423	17.6	16.6	18.2
Middle	37	20.9	22.4	5,102	14.8	20.0	58	31.0	23.6	10,011	27.4	20.7	22.9
Upper	54	30.5	32.7	16,708	48.5	44.9	55	29.4	32.9	17,179	47.0	45.5	39.7
Unknown	10	5.6	10.3	1,991	5.8	11.2	8	4.3	11.6	1,149	3.1	12.8	0.0
Total	177	100.0	100.0	34,436	100.0	100.0	187	100.0	100.0	36,521	100.0	100.0	100.0
Source: 2023 FFIEC Census Data													
2016-2020 U.S. Census Bureau: American Community Survey													
Note: Percentages may not total 100.0 percent due to rounding.													
Multifamily loans are not included in the borrower distribution analysis.													

## CRA-Reportable

### *Small Business Loans*

The borrower distribution of small business loans reflects good penetration among businesses of different sizes.

The aggregate lending data is not currently available for 2023, and therefore the evaluation of the bank's borrower distribution of small business lending will focus mainly on the bank's 2022 performance.

In 2022, the bank originated 39 loans or 28.3 percent of small business loans to businesses with revenues of \$1 million or less. This rate was significantly below the aggregate lender rate of 47.0 percent and the percentage of total businesses with revenues of \$1 million or less in the assessment area at 89.0 percent. When evaluating by total dollar amount, the bank originated 26.2 percent of its total loans to businesses with \$1 million or less in revenue, which was above the aggregate percentage at 23.6 percent. Lower dollar loans, particularly those with a loan amount of \$100,000 or less, are the most responsive to the smallest businesses. Of the 39 total small business loans, 25.6 percent were made in amounts of \$100,000 or less.

The bank's distribution of lending to businesses of different revenue sizes in 2023 was consistent with the distribution of loans in 2022. The table below presents the borrower distribution of small business loans in the assessment area for both years.

Distribution of 2022 and 2023 Small Business Lending By Revenue Size of Businesses											
Assessment Area: Grand Rapids-Kentwood, MI MSA 24340											
	Bank And Aggregate Loans By Year										Total Businesses %
	2022						2023*				
	Bank		Agg	Bank		Agg	Bank				
	#	№%	№%	\$(000)	№%	№%	#	№%	\$(000)	№%	
By Revenue											
\$1 Million or Less	39	28.3	47.0	11,485	26.2	23.6	19	26.0	4,680	25.8	89.0
Over \$1 Million	98	71.0		31,996	73.1		54	74.0	13,461	74.2	10.3
Revenue Unknown	1	0.7		300	0.7		0	0.0	0	0.0	0.8
Total	138	100.0		43,781	100.0		73	100.0	18,141	100.0	100.0
By Loan Size											
\$100,000 or Less	38	27.5	86.9	2,103	4.8	21.4	28	38.4	1,432	7.9	
\$100,001 - \$250,000	36	26.1	6.0	6,160	14.1	16.2	13	17.8	2,470	13.6	
\$250,001 - \$1 Million	64	46.4	7.0	35,518	81.1	62.4	32	43.8	14,239	78.5	
Total	138	100.0	100.0	43,781	100.0	100.0	73	100.0	18,141	100.0	
By Loan Size and Revenues \$1 Million or Less											
\$100,000 or Less	10	25.6		397	3.5		7	36.8	283	6.0	
\$100,001 - \$250,000	11	28.2		1,972	17.2		5	26.3	908	19.4	
\$250,001 - \$1 Million	18	46.2		9,116	79.4		7	36.8	3,489	74.6	
Total	39	100.0		11,485	100.0		19	100.0	4,680	100.0	
Source: 2023 FFIEC Census Data											
2023 Dun & Bradstreet Data											
2016-2020 U.S. Census Bureau: American Community Survey											
Note: Percentages may not total 100.0 percent due to rounding. *Aggregate data is not currently available.											

### Small Farm Loans

The borrower distribution of small farm loans reflects adequate penetration among farms of different sizes.

The aggregate lending data is not currently available for 2023, and therefore the evaluation of the bank's distribution of small farm lending will focus on the bank's 2022 performance.

In 2022, the bank originated 23 total small farm loans. Of those loans, 47.8 percent were to farms with \$1 million in revenue or less. This performance is below the aggregate performance of 51.5 percent and significantly below the percentage of small farms in the assessment area at 93.9 percent. By dollar amount, the bank originated 38.3 percent of its loans to small farms with \$1 million in revenue or less, which was slightly above the aggregate at 37.1 percent. Further, 36.4 percent of those loans were in amounts of \$100,000 or less, which are considered the most beneficial to small farms, indicating the bank's willingness to meet the credit needs of small farms.

The bank's distribution of lending to farms of different sizes revenue sizes in 2023 was consistent with the distribution of loans in 2022. The following table presents the borrower distribution of small farms loans in the assessment area in 2022 and 2023.

Distribution of 2022 and 2023 Small Farm Lending By Revenue Size of Farms											
Assessment Area: Grand Rapids-Kentwood, MI MSA 24340											
	Bank And Aggregate Loans By Year										Total Farms %
	2022						2023*				
	Bank		Agg	Bank		Agg	Bank				
	#	#%	#%	\$(000)	%	%	#	#%	\$(000)	%	
By Revenue											
\$1 Million or Less	11	47.8	51.5	1,896	38.3	37.1	9	52.9	1,059	27.7	93.9
Over \$1 Million	12	52.2		3,048	61.7		8	47.1	2,761	72.3	6.1
Revenue Unknown	0	0.0		0	0.0		0	0.0	0	0.0	
Total	23	100.0		4,944	100.0		17	100.0	3,820	100.0	100.0
By Loan Size											
\$100,000 or Less	7	30.4	89.0	430	8.7	27.7	8	47.1	485	12.7	
\$100,001 - \$250,000	10	43.5	6.5	2,036	41.2	31.7	1	5.9	231	6.0	
\$250,001 - \$500,000	6	26.1	4.5	2,478	50.1	40.6	8	47.1	3,104	81.3	
Total	23	100.0	100.0	4,944	100.0	100.0	17	100.0	3,820	100.0	
By Loan Size and Revenues \$1 Million or Less											
\$100,000 or Less	4	36.4		270	14.2		7	77.8	385	36.4	
\$100,001 - \$250,000	6	54.5		1,126	59.4		0	0.0	0	0.0	
\$250,001 - \$500,000	1	9.1		500	26.4		2	22.2	674	63.6	
Total	11	100.0	1,896	100.0	9	100.0	1,059	100.0			
Source: 2023 FFIEC Census Data											
2023 Dun & Bradstreet Data											
2016-2020 U.S. Census Bureau: American Community Survey											
Note: Percentages may not total 100.0 percent due to rounding. *Aggregate data is not currently available.											

## Community Development Lending

ChoiceOne Bank makes an adequate level community development loans. During the review period, the bank made four such loans for approximately \$9.2 million in the assessment area. When compared to the previous evaluation of four loans totaling \$6.4 million, the bank increased the dollar volume of qualified loans by 43.8 percent. Of the bank's qualified community development loans, all four were made towards the purpose of economic development and helped to retain staff for businesses located within moderate-income census tracts. The following table presents the bank's community development loans in the assessment area during the review period.

Community Development Loans August 17, 2021, to October 21, 2024 (Dollars in 000s)										
Assessment Area	Affordable Housing		Community Service		Economic Development		Revitalization and Stabilization		Total	
	#	\$	#	\$	#	\$	#	\$	#	\$
Grand Rapids-Kentwood, MI MSA 24340	0	0	0	0	4	9,184	0	0	4	9,184
Note: Dollar amounts are rounded										

## INVESTMENT TEST

ChoiceOne Bank made an adequate level of qualified community development investments and grants, particularly those not routinely provided by private investors, rarely in a leadership position. The bank makes occasional use of innovative and/or complex investments to support community initiatives. The bank demonstrates adequate responsiveness to credit and community development needs.

During the evaluation period, ChoiceOne made 19 qualified investments, consisting of \$10.9 million current period and \$5.4 million prior period for a total of \$16.3 million. This represents a significant increase of 89.5 percent increase by dollar amount from the previous evaluation where the bank made a total of 18 investments for \$8.6 million. Qualified investments in the current evaluation period include school and municipal bonds, with the community development purpose of providing community services for low- to moderate-income students and to revitalize and stabilize for low- to moderate-income geographies.

Community Development Investments August 17, 2021, to October 21, 2024 (Dollars in 000s)										
Grand Rapids-Kentwood, MI MSA 24340	Affordable Housing		Community Services		Economic Development		Revitalization and Stabilization		Total	
	#	\$	#	\$	#	\$	#	\$	#	\$
Current Investments	6	1,591	7	9,350	0	0	0	0	13	10,941
Prior Investments	0	0	4	4,788	0	0	2	589	6	5,376
Total Investments	6	1,591	11	14,318	0	0	2	589	19	16,317
<i>Note: Dollar amounts are rounded</i>										

ChoiceOne also distributed a total of \$218,685 in qualified donations in the current evaluation period. Most dollars were to organizations providing community services. The bank's total qualified donations decreased by dollar amount from the prior period by 496 percent, when donations totaled approximately \$434,000. Despite this significant decrease from the previous evaluation, the overall community development donation activity within this assessment area is considered adequate.

Community Development Grants and Donations August 17, 2021, to October 21, 2024 (Dollars in 000s)										
Assessment Area	Affordable Housing		Community Services		Economic Development		Revitalization and Stabilization		Total	
	#	\$	#	\$	#	\$	#	\$	#	\$
Grand Rapids-Kentwood, MI MSA 24340	13	35	80	111	19	73	0	0	112	219
<i>Note: Dollar amounts are rounded</i>										

## SERVICE TEST

The bank's delivery systems are readily accessible to the bank's geographies and individuals of different income levels in the assessment area. The bank's record of opening and closing branches has not adversely affected the accessibility of its delivery systems, particularly to LMI geographies and individuals. Services do not vary in a way that inconveniences the bank's assessment area, particularly to LMI geographies and individuals. ChoiceOne Bank provides an adequate level of community development services to the assessment area.

## Retail Services

ChoiceOne Bank's retail delivery services are readily accessible to geographies and individuals of different income levels in its assessment area. The bank operates its main office and eight branch offices and two cash-only ATMs in the assessment area. The main office, three branches, and a drive thru ATM are in a moderate-income census tract and four branches are in middle-income

census tract. Alternative delivery systems include phone, internet, and mobile banking.

To the extent changes have been made, its record of opening and closing branches has not adversely affected the accessibility of its delivery systems, particularly in low- or moderate-income geographies or to low- or moderate-income individuals. During the review period, the bank closed a branch located within an upper-income census tract and opened a LPO in a middle-income census tract.

Its services (including, where appropriate, business hours) do not vary in a way that inconveniences its assessment area, particularly low- or moderate-income geographies or low- or moderate-income individuals. Office hours are typically 9:00 a.m. to 5:00 p.m., Monday through Friday. Multiple locations also provide drive-up services and appointments on Saturdays. Applications for loan and deposit products are accepted at each location. Additionally, mortgage and consumer applications, along with deposit accounts are available online through the bank's website.

Branch Location Census Tract Designation												
Grand Rapids-Kentwood, MI MSA 24340	Low- Income		Moderate- Income		Middle- Income		Upper- Income		Unknown- Income		Total	
	#	%	#	%	#	%	#	%	#	%	#	%
Branches	0	0	5	55.6	4	44.4	0	0	0	0	9	100.0
ATMs	0	0	5	45.5	5	45.5	1	9.0	0	0	11	100.0
<i>Note: Percentages may not add to 100.0 percent due to rounding</i>												

## Community Development Services

ChoiceOne Bank's provides an adequate level of community development services. Bank employees provided 1,010 hours, or 39.1 percent, of the total hours of qualified community development services within the assessment area. The service hours were primarily directed towards providing financial literacy education to low- and moderate-income individuals. Overall, the bank's performance has decreased by 28.9 percent since the previous evaluation's community development service hours, which totaled 1,420 hours.

Qualified Community Development Services August 17, 2021, to October 21, 2024										
Assessment Area	Affordable Housing		Community Services		Economic Development		Revitalization and Stabilization		Total	
	#	Hours	#	Hours	#	Hours	#	Hours	#	Hours
Grand Rapids-Kentwood, MI MSA	7	74	46	553	14	363	1	20	68	1,010

## WARREN-TROY-FARMINGTON HILLS, MICHIGAN, MD #47664 - Full Review

### SCOPE OF THE EXAMINATION

Full scope examination procedures were used to evaluate the bank's performance in the Warren-Troy-Farmington Hills, Michigan, MD #47664 assessment area. The scope is consistent with the scope of the examination described within the scope presented in the overall section of the Performance Evaluation.

### DESCRIPTION OF INSTITUTION'S OPERATIONS IN WARREN-TROY-FARMINGTON HILLS, MICHIGAN, MD #47664

The assessment area consists of the entireties of Lapeer, Macomb, and St. Clair Counties. The assessment area excludes Livingston and Oakland Counties within the MD in their entireties. The bank operates twelve branch locations, two LPOs, and 14 full-service ATMs within the assessment area. Of the bank's existing operations, two branches are located within low-income census tracts, five branches and one LPO are located within moderate-income census tracts, and five branches and one LPO are located within middle-income census tracts. Since the previous evaluation, the bank has closed its Emmet Branch location within a middle-income census tract. Additionally, the assessment area reflects a change from the prior evaluation. The bank now includes the remaining portion of Macomb County that it previously excluded, as well as removed the two census tracts in contiguous non-MSA Sanilac County. As a result of the assessment area delineation changes, and the changes in the 2020 Decennial Census and the American Community Survey for the period of 2016-2020, the number of census tracts within the assessment area increased from 89 to 319. Further, the number of low- and moderate-income census tracts increased from 39 to 143.

The below table further outlines the tract designation changes within this assessment area.

#### *Tract Designation Change Data*

*The median family income levels (MFI) for census tracts are calculated using the income data from the United States Census Bureau's American Community Survey and geographic definitions from the Office of Management and Budget (OMB) and are updated approximately every five years (.12(m) Income Level). The income data used to calculate geographic income designations changed between 2021 and 2022. Accordingly, lending activity that took place in calendar years up to and including 2021 are evaluated based on ACS income level definitions from the five-year survey data set 2011-2015. Lending activity performed in 2022 and beyond are evaluated based on ACS income level definitions from the five-year survey data set 2016-2020.*



Census Tract Designation Changes American Community Survey Data (ACS)			
Tract Income Designation	2021 Designations (#)	2022 Designations (#)	Net Change (#)
Low	6	19	+13
Moderate	33	124	+91
Middle	45	130	+85
Upper	3	33	+30
Unknown	2	13	+11
Total	89	319	+230
Source: U. S. Census Bureau: Decennial Census: American Community Survey Data: 2011-2015 U.S. Census Bureau: Decennial Census: American Community Survey Data: 2016-2020			

According to the June 30, 2023, FDIC Deposit Market Share Report, ChoiceOne ranked 9th among 16 FDIC-insured financial institutions operating in the assessment area with 3.4 percent of market share. Leaders in market share include JPMorgan Chase Bank (19.5 percent), The Huntington National Bank (19.2 percent), and Comerica Bank (14.2 percent). The 15 banks competing for deposits and loans with ChoiceOne have 198 offices in the assessment area. In 2023, the bank ranked 24<sup>th</sup> among 425 HMDA reporting institutions and in 2022, 22<sup>nd</sup> among 128 CRA reporting institutions. This data suggests there is moderate competition for loans and deposits in the assessment area. The following presentation of key demographics in the below table was used to help inform the evaluation of bank activity in its assessment area.

2023 Warren-Troy-Farmington Hills, MI MD 47664 AA Demographics								
Income Categories	Tract Distribution		Families by Tract Income		Families < Poverty Level as % of Families by Tract		Families by Family Income	
	#	%	#	%	#	%	#	%
Low	19	6.0	14,049	4.8	3,492	24.9	75,130	25.5
Moderate	124	38.9	109,330	37.0	11,516	10.5	62,026	21.0
Middle	130	40.8	131,262	44.5	6,386	4.9	65,361	22.1
Upper	33	10.3	40,268	13.6	1,169	2.9	92,598	31.4
Unknown	13	4.1	206	0.1	105	51.0	0	0.0
Total AA	319	100.0	295,115	100.0	22,668	7.7	295,115	100.0
	Housing Units by Tract	Housing Type by Tract						
		Owner-occupied			Rental		Vacant	
		#	% by tract	% by unit	#	% by unit	#	% by unit
Low	25,955	12,019	3.5	46.3	11,577	44.6	2,359	9.1
Moderate	191,073	118,502	34.9	62.0	59,867	31.3	12,704	6.6
Middle	205,563	160,534	47.2	78.1	33,626	16.4	11,403	5.5
Upper	53,774	48,451	14.3	90.1	3,989	7.4	1,334	2.5
Unknown	531	292	0.1	55.0	192	36.2	47	8.9
Total AA	476,896	339,798	100.0	71.3	109,251	22.9	27,847	5.8
	Total Businesses by Tract		Businesses by Tract & Revenue Size					
			Less Than or = \$1 Million		Over \$1 Million		Revenue Not Reported	
	#	%	#	%	#	%	#	%
Low	3,067	6.5	2,627	6.1	416	11.6	24	6.8
Moderate	17,684	37.7	16,162	37.6	1,392	38.7	130	36.6
Middle	19,619	41.8	18,275	42.5	1,194	33.2	150	42.3
Upper	5,754	12.3	5,370	12.5	342	9.5	42	11.8
Unknown	838	1.8	580	1.3	249	6.9	9	2.5
Total AA	46,962	100.0	43,014	100.0	3,593	100.0	355	100.0
Percentage of Total Businesses:				91.6		7.7		0.8
	Total Farms by Tract		Farms by Tract & Revenue Size					
			Less Than or = \$1 Million		Over \$1 Million		Revenue Not Reported	
	#	%	#	%	#	%	#	%
Low	10	1.6	10	1.6	0	0.0	0	0.0
Moderate	179	28.5	177	28.9	2	11.8	0	0.0
Middle	380	60.4	370	60.5	10	58.8	0	0.0
Upper	58	9.2	53	8.7	5	29.4	0	0.0
Unknown	2	0.3	2	0.3	0	0.0	0	0.0
Total AA	629	100.0	612	100.0	17	100.0	0	0.0
Percentage of Total Farms:				97.3		2.7		0.0
Source: 2023 FFIEC Census Data 2023 Dun & Bradstreet Data 2016-2020 U.S. Census Bureau: American Community Survey Note: Percentages may not total 100.0 percent due to rounding.								

## Population Characteristics

The following table presents the population trends for the assessment area (“2023 Warren-Troy-Farmington Hills, MI MD 47664”), Lapeer, Macomb, and St. Clair Counties, the entirety Warren-Troy-Farmington Hills, MI MD, and the state of Michigan. Between the 2011-2015 American Community Survey (ACS) and 2020 U.S. Census Bureau, the assessment area’s population increased by 2.4 percent, which was slightly lower than the Warren-Troy-Farmington Hills, MI MD, and slightly higher than the state of Michigan (1.8 percent). Community representatives noted that regarding the population growth seen in Macomb County is largely due to some of the expanding manufacturing and aerospace jobs within the Detroit, Michigan area. Both Lapeer and St. Clair Counties are more rural, and present more limited job opportunities in these areas. Additionally, Macomb County is seeing growth outside of Detroit, as the surrounding metropolitan areas continue to expand.

2023 Warren-Troy-Farmington Hills, MI MD 47664 Population Change			
Area	2015 Population	2020 Population	Percent Change
2023 Warren-Troy-Farmington Hills, MI MD 47664	1,103,353	1,130,219	2.4%
Lapeer County, MI	88,235	88,619	0.4%
Macomb County, MI	854,689	881,217	3.1%
St. Clair County, MI	160,429	160,383	0.0%
Warren-Troy-Farmington Hills, MI MD	2,517,447	2,598,480	3.2%
Michigan	9,900,571	10,077,331	1.8%
Source: 2011-2015 U.S. Census Bureau American Community Survey 2020 U.S. Census Bureau Decennial Census			

## Income Characteristics

The following table compares the median family income (MFI) for the assessment area, Lapeer, Macomb, and St. Clair Counties, the entirety Warren-Troy-Farmington Hills, MI MD, and the state of Michigan. According to 2023 FFIEC census data, the assessment area is comprised of 295,115 families, of which 25.5 percent are designated as low-, 21.0 percent are moderate-, 22.1 percent are middle-, and 31.4 percent are upper-income. Only 7.7 percent of families residing within the assessment area live below the poverty line.

According to 2016-2020 ACS data, the median family income (MFI) for the assessment area was \$78,239, increasing 9.0 percent since 2011-2015 ACS survey. This growth was slightly lower than the entirety of Warren-Troy-Farmington Hills, MI MD (10.2 percent) and below the state of Michigan (11.0 percent). Lapeer County experienced the highest growth in MFI in the assessment area at 10.5 percent. Community representatives noted that even though Lapeer and St. Clair

Counties have seen greater growth in income, the highest MFI is still in Macomb County, which is driven by the economic opportunities in the Detroit metropolitan area. Additionally, some of the income growth within Lapeer and St. Clair Counties can be attributed to the increase in remote work options, as people are moving to these more rural counties and working remotely or commuting to the more urban Macomb County area.

2023 Warren-Troy-Farmington Hills, MI MD 47664 Median Family Income Change			
Area	2015 Median Family Income	2020 Median Family Income	Percent Change
2023 Warren-Troy-Farmington Hills, MI MD 47664	\$71,799	\$78,239	9.0%
Lapeer County, MI	\$67,575	\$74,675	10.5%
Macomb County, MI	\$74,060	\$80,371	8.5%
St. Clair County, MI	\$67,574	\$73,484	8.7%
Warren-Troy-Farmington Hills, MI MD	\$83,843	\$92,419	10.2%
Michigan	\$68,010	\$75,470	11.0%
<i>Source: 2011 - 2015 U.S. Census Bureau American Community Survey 2016 - 2020 U.S. Census Bureau American Community Survey Median Family Incomes have been inflation-adjusted and are expressed in 2020 dollars.</i>			

## Housing Characteristics

The following table presents the recent housing cost burden within the assessment area, Lapeer, Macomb, and St. Clair Counties, the entirety Warren-Troy-Farmington Hills, MI MD, and the state of Michigan. The cost burden is a measure of affordability via a comparative analysis of individuals of different income levels that spend 30.0 percent or more of their income on housing costs.

Renters across all income levels in the assessment area experience this burden at 44.0 percent. Macomb County has the highest rates of housing cost burden for low- and moderate-income renters when compared to Lapeer County, St. Clair County, and the state of Michigan. Additionally, the housing cost burden for homeowners in Macomb County is slightly higher than Lapeer County, St. Clair County. As such, the affordability ratios suggest that housing within the assessment area is slightly less affordable when compared the state of Michigan as a whole, as the percentage of both renters and owners experience housing cost burden at a higher rate.

According to FFIEC HMDA loan and application records, home mortgage trends reflect increases in home mortgage activity in recent years across the assessment area's counties and the broader region. According to community representatives, Macomb County provides more of a mix of affordable housing options, as there has been more of an investment in housing in the Detroit Metropolitan area. Additionally, as the population continues to expand outside of the Detroit area,

there will continue to be stress on this housing stock. Lapeer and St. Clair Counties are more rural and there is more limited housing stock available in these areas.

2023 Warren-Troy-Farmington Hills, MI MD 47664 Housing Cost Burden						
Area	Cost Burden - Renters			Cost Burden - Owners		
	Low Income	Moderate Income	All Renters	Low Income	Moderate Income	All Owners
2023 Warren-Troy-Farmington Hills, MI MD 47664	79.5%	34.5%	44.0%	63.5%	27.9%	18.7%
Lapeer County, MI	72.7%	21.3%	46.1%	63.8%	20.5%	17.1%
Macomb County, MI	81.3%	36.6%	43.6%	63.9%	30.2%	18.8%
St. Clair County, MI	72.9%	25.3%	45.5%	61.5%	22.6%	18.7%
Warren-Troy-Farmington Hills, MI MD	79.0%	39.7%	40.9%	65.4%	30.5%	18.1%
Michigan	74.8%	32.5%	43.0%	61.2%	26.1%	17.7%
<i>Cost Burden is housing cost that equals 30 percent or more of household income</i>						
<i>Source: U.S. Department of Housing and Urban Development (HUD), 2016-2020 Comprehensive Housing Affordability Strategy</i>						

## Employment Characteristics

The following table presents the unemployment rates within the assessment area, Lapeer, Macomb, and St. Clair Counties, the entirety Warren-Troy-Farmington Hills, MI MD, and the state of Michigan. Overall, all regions experienced low and stable unemployment rates between 2018 and 2022, with a notable increase in 2020 due to the widespread economic downturn caused by the COVID-19 pandemic. Community representatives confirmed that employment has remained steady in the area since 2020. Representatives also noted that there is a shortage of workers in the area, and there is a need for more skilled trade and manufacture workers.

2023 Warren-Troy-Farmington Hills, MI MD 47664 Unemployment Rates					
Area	2018	2019	2020	2021	2022
2023 Warren-Troy-Farmington Hills, MI MD 47664	4.3%	4.3%	11.8%	5.9%	3.8%
Lapeer County, MI	5.2%	5.3%	12.2%	6.0%	4.3%
Macomb County, MI	4.1%	4.2%	11.7%	5.9%	3.7%
St. Clair County, MI	4.8%	4.8%	11.7%	5.9%	3.9%
Warren-Troy-Farmington Hills, MI MD	3.7%	3.8%	10.2%	5.1%	3.3%
Michigan	4.2%	4.1%	10.0%	5.8%	4.2%
<i>Source: Bureau of Labor Statistics (BLS), Local Area Unemployment Statistics</i>					

## **Industry Characteristics**

According to data maintained by the U.S. Bureau of Labor Statistics, the assessment area has many employees in the fields of manufacturing, healthcare and administrative services, retail trade and government. Major employers in the area include Gentex Corporation, Herman Miller, Corewell Health, and Meijer, Inc. A community representative confirmed the region is home to a diverse range of industries. Community resources include several local volunteer groups, although Macomb County has a greater need for funding of community development projects, as there are fewer non-profits in the county compared to surrounding areas.

## **Community Representatives**

Two community representatives, with a focus on affordable housing and economic development were contacted to increase understanding of the credit needs and market conditions within the assessment area. Overall, the representatives noted that the economy has bounced back strong since the COVID-19 pandemic. More affordable housing options continues to be a need throughout the assessment area. Other needs within the assessment area are centered around workforce development, the need for higher-paying jobs, and relief from the existing labor shortage. Representatives noted that local banks have been responsive to the credit needs of the community, particularly in Macomb County.

## **CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS WARREN-TROY-FARMINGTON HILLS, MI MD #47664**

### **LENDING TEST**

The geographic distribution of loans reflects excellent penetration throughout the assessment area. The distribution of borrowers reflects, given the product lines offered, excellent penetration among individuals of different income levels, good penetration among businesses of different sizes, and good penetration among farms of different sizes. ChoiceOne Bank exhibits a good record of serving the credit needs of low-income individuals and areas and small businesses and farms. The bank makes an adequate level of community development loans, and the bank makes use of innovative and flexible lending practices in serving assessment area credit needs. Finally, when determining performance, the comparison to aggregate lender data was weighted more heavily than the assessment area demographics as it is a better measure of a bank's true performance in relation to external variables.

### **Geographic Distribution of Loans**

The bank's lending activities reflect excellent distribution throughout the assessment area. There were no conspicuous gaps in HMDA-reportable lending across the bank's assessment area, as the bank reached its low-income census tracts at a higher rate than any other income-tract level. ChoiceOne originated HMDA-reportable loans in 18.2 percent of the total 319 census tracts in the assessment area in 2023. This percentage includes loans in 42.1 percent of the low-income census tracts and 19.4 of the moderate-income census tracts in the assessment area. Additionally, in 2023 the originated HMDA-reportable loans in 19.2 percent of its middle-income census tracts, and 3.0 percent of its upper-income census tracts. This performance was comparable to the HMDA-lending gap analysis in 2022.

There were also no conspicuous gaps in the bank's CRA lending performance. In 2023, the bank originated CRA loans in 12.5 percent of its total census tracts. Of those originations, the bank makes loans in 15.8 percent of its low-income tracts, 11.3 percent of its middle-income tracts, 14.6 percent of its middle-income tracts, and 9.1 percent of its upper-income tracts.

A detailed discussion of HMDA-reportable and CRA-reportable small business and small farm lending in relation to aggregate and census demographics is provided below. Specific to HMDA-reportable lending, multifamily loans will not be discussed as originations were too low for a meaningful analysis to be conducted. When determining performance, the comparison to aggregate of lender data were weighted more heavily than assessment area demographics (i.e., percentage of owner-occupied housing units) as it is a better measure of loan demand.

## HMDA – Reportable Lending

ChoiceOne Bank’s geographic distribution of HMDA-reportable loans reflects excellent penetration throughout the assessment area.

In 2023, 7.9 percent of the bank’s HMDA-reportable loans were made in low-income census tracts. This performance is above the aggregate at 5.5 percent and above the percentage of owner-occupied units in low-income census tracts at 3.5 percent. The bank originated 42.1 percent of total HMDA-reportable loans in moderate-income census tracts, performing above the aggregate and the percentage of owner-occupied units at 35.8 percent and 34.9 percent, respectively. The bank originated 49.0 percent of its HMDA-reportable loans in middle-income census tracts, which was above the aggregate at 45.2 percent, and below the percentage of owner-occupied units in middle-income tracts at 47.2 percent. Finally, the bank originated 1.0 percent of HMDA-reportable loans in upper-income census tracts which was significantly below the aggregate of lenders performance of 13.5 percent and the percentage of owner-occupied units in those tracts at 14.3 percent.

The bank’s distribution of lending across geographies of different income levels in 2022 within HMDA-reportable loans was consistent with the distribution of loans in 2023. A further breakdown

### *Home Purchase Loans*

In 2023, home purchase loans represented 38.6 percent of the bank’s HMDA-reportable loans originated in the assessment area. Within low-income census tracts, the bank originated 12.8 percent by number, which is above the 6.6 percent for the aggregate of lenders, and the 3.5 percent of owner-occupied housing units located in low-income tracts. Within moderate-income census tracts, the bank originated 38.5 percent of its home purchase loans, which is slightly above the aggregate of lenders at 38.0 percent, and above the percentage owner-occupied housing units at 34.9 percent. Within middle-income census tracts, the bank originated 47.4 percent of its home purchase loans. The bank’s performance is above the aggregate lender rate of 43.4 percent and slightly above the 47.2 percent of owner-occupied units located in middle-income census tracts. The bank originated 1.3 percent of its home purchase loans in upper- income tracts, significantly below the aggregate of lenders at 11.9 percent as well as the percentage owner-occupied housing units located in upper-income tracts at 14.3 percent.

In 2022, the bank’s performance relative to home purchase lending, overall, was consistent with 2023. Home purchase loans represented 55.1 percent of the bank’s HMDA-reportable loans originated in the assessment area. Within low-income census tracts, the bank originated 14.2 percent of its home purchase loans, which was above the performance of aggregate lenders at 6.2 percent, and above the 3.5 percent of the owner-occupied housing units located in low-income tracts. Within moderate-income census tracts, the bank originated 40.7 percent of home purchase loans, which was above the aggregate of lenders at 37.3 percent as well as the percentage of owner-



occupied housing units at 34.9 percent. Within middle-income census tracts, the bank originated 44.2 percent of its home purchase loans. The bank's performance was slightly above the aggregate lender rate of 44.0 percent and below the 47.2 percent of owner-occupied units located in middle-income census tracts. The bank originated 0.9 percent of its home purchase loans in upper-income tracts, which is significantly below the aggregate of lenders at 12.5 percent as well as the percentage owner-occupied housing units located in upper-income tracts at 14.3 percent.

### *Refinance Loans*

In 2023, refinanced home loans represented 25.2 percent of the bank's HMDA-reportable loans located in the assessment area. Within low-income census tracts, ChoiceOne originated 9.8 percent of refinance loans, which is above the performance of the aggregate of lenders at 4.6 percent, and the percentage of owner-occupied housing at 3.5 percent. The bank's percentage of refinance loans in moderate-income tracts at 39.2 percent was above the aggregate of lenders at 34.2 percent and the 34.9 percent of owner-occupied housing units located in moderate-income census tracts. Within middle-income census tracts, the bank originated 49.0 percent of its refinanced home loans. The bank's performance was above the aggregate lender rate of 47.0 percent and the 47.2 percent of owner-occupied units located in middle-income census tracts. The bank originated 2.0 percent of its refinance loans in upper-income census tracts, which was significantly below the aggregate of lenders at 14.3 percent as well as the owner-occupied units located in upper-income tracts at 14.3 percent.

In 2022, the bank's performance relative to refinance lending, overall, was consistent with 2023. Refinanced loans represented 33.7 of the bank's HMDA-reportable loans located in the assessment area. Within low-income census tracts, ChoiceOne originated 5.8 percent of all refinance loans, which is above both the aggregate of lenders and the percentage of owner-occupied housing at 3.4 percent and 3.5 percent, respectively. The bank's percentage of refinance loans in moderate-income tracts at 40.6 percent was above the aggregate of lenders at 33.1 percent and above the 34.9 percent of owner-occupied housing units located in moderate-income census tracts. Within middle-income census tracts, the bank originated 50.7 percent of its refinanced home loans. The bank's performance was above the aggregate lender rate of 48.2 percent and the 47.2 percent of owner-occupied units located in middle-income census tracts. The bank originated 2.9 percent of its refinance loans in upper-income census tracts, which was significantly below the aggregate of lenders at 15.2 percent as well as the owner-occupied units located in upper-income tracts at 14.3 percent.

### *Home Improvement*

In 2023, home improvement loans represented 33.7 percent of the bank's HMDA-reportable loans located in the assessment area. ChoiceOne originated 1.5 percent of its home improvement loans within a low-income census tract, which is below the aggregate performance at 3.2 percent and the percentage of owner-occupied housing at 3.5 percent. The bank's percentage of home

improvement loans in moderate-income tracts at 44.1 percent was significantly above the aggregate of lenders at 30.8 percent and above the 34.9 percent of owner-occupied housing units located in moderate-income census tracts. Within middle-income census tracts, the bank originated 54.4 percent of its home improvement loans. The bank's performance was above the aggregate lender rate of 48.2 percent and the 47.2 percent of owner-occupied units located in middle-income census tracts. The bank did not originate any of its home improvement loans in upper-income census tracts, which was significantly below the aggregate of lenders at 17.9 percent and the owner-occupied units located in upper-income tracts at 14.3 percent.

In 2022, home improvement loans represented 9.3 percent of the bank's total HMDA-reportable loans located in the assessment area. ChoiceOne originated 5.3 percent of its home improvement loans within a low-income census tract, which is above the aggregate performance at 2.6 percent, and the percentage of owner-occupied housing at 3.5 percent. The bank's percentage of home improvement loans in moderate-income tracts at 78.9 percent was significantly above the aggregate of lenders at 27.4 percent and significantly above the 34.9 percent of owner-occupied housing units located in moderate-income census tracts. Within middle-income census tracts, the bank originated 15.8 percent of its home improvement loans. This was significantly below the aggregate lender rate of 47.5 percent and the 47.2 percent of owner-occupied units located in middle-income census tracts. The bank did not originate any of its home improvement loans in upper-income census tracts, which was significantly below the aggregate of lenders at 22.4 percent and the owner-occupied units located in upper-income tracts at 14.3 percent.

The following table presents the geographic distribution of HMDA-reportable loans in the assessment area in 2022 and 2023.

Distribution of 2022 and 2023 Home Mortgage Lending By Income Level of Geography													
Assessment Area: Warren-Troy-Farmington Hills, MI MD 47664													
Geographic Income Level	Bank And Aggregate Loans By Year												Owner Occupied Units %
	2022						2023						
	Bank		Agg	Bank		Agg	Bank		Agg	Bank		Agg	
	#	%	%	\$(000)	\$%	\$%	#	%	%	\$(000)	\$%	\$%	
Home Purchase Loans													
Low	16	14.2	6.2	2,150	9.1	3.2	10	12.8	6.6	1,273	8.9	3.5	3.5
Moderate	46	40.7	37.3	8,844	37.6	30.4	30	38.5	38.0	4,840	34.0	31.0	34.9
Middle	50	44.2	44.0	12,398	52.7	46.7	37	47.4	43.4	7,392	51.9	46.7	47.2
Upper	1	0.9	12.5	155	0.7	19.7	1	1.3	11.9	726	5.1	18.8	14.3
Unknown	0	0.0	0.0	0	0.0	0.0	0	0.0	0.1	0	0.0	0.0	0.1
Tract-Unk	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	
Total	113	100.0	100.0	23,547	100.0	100.0	78	100.0	100.0	14,231	100.0	100.0	100.0
Refinance Loans													
Low	4	5.8	3.4	411	3.9	1.9	5	9.8	4.6	388	7.1	2.1	3.5
Moderate	28	40.6	33.1	3,951	37.1	27.5	20	39.2	34.2	1,981	36.1	27.2	34.9
Middle	35	50.7	48.2	5,931	55.8	49.4	25	49.0	47.0	2,842	51.8	40.0	47.2
Upper	2	2.9	15.2	344	3.2	21.1	1	2.0	14.3	280	5.1	30.8	14.3
Unknown	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0.1
Tract-Unk	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	
Total	69	100.0	100.0	10,637	100.0	100.0	51	100.0	100.0	5,491	100.0	100.0	100.0
Home Improvement Loans													
Low	1	5.3	2.6	126	8.4	1.6	1	1.5	3.2	40	0.9	2.0	3.5
Moderate	15	78.9	27.4	1,001	66.4	22.9	30	44.1	30.8	1,421	32.1	25.3	34.9
Middle	3	15.8	47.5	381	25.3	47.2	37	54.4	48.2	2,965	67.0	48.8	47.2
Upper	0	0.0	22.4	0	0.0	28.3	0	0.0	17.9	0	0.0	23.9	14.3
Unknown	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0.1
Tract-Unk	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	
Total	19	100.0	100.0	1,508	100.0	100.0	68	100.0	100.0	4,426	100.0	100.0	100.0
Multifamily Loans													Multi-family Units %
Low	0	0.0	13.8	0	0.0	3.1	0	0.0	6.3	0	0.0	0.5	5.9
Moderate	2	50.0	55.2	2,125	65.9	54.2	5	100.0	70.8	6,528	100.0	64.5	56.0
Middle	2	50.0	27.6	1,099	34.1	28.9	0	0.0	20.8	0	0.0	28.4	33.5
Upper	0	0.0	3.4	0	0.0	13.7	0	0.0	2.1	0	0.0	6.6	4.6
Unknown	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0.1
Tract-Unk	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	
Total	4	100.0	100.0	3,224	100.0	100.0	5	100.0	100.0	6,528	100.0	100.0	100.0
Total Home Mortgage Loans													Owner Occupied Units %
Low	21	10.2	4.7	2,687	6.9	2.8	16	7.9	5.5	1,701	5.5	2.9	3.5
Moderate	91	44.4	34.4	15,921	40.9	30.3	85	42.1	35.8	14,770	48.1	31.3	34.9
Middle	90	43.9	45.9	19,809	50.9	46.6	99	49.0	45.2	13,199	43.0	44.7	47.2
Upper	3	1.5	14.9	499	1.3	20.3	2	1.0	13.5	1,006	3.3	21.1	14.3
Unknown	0	0.0	0.0	0	0.0	0.0	0	0.0	0.1	0	0.0	0.0	0.1
Tract-Unk	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	
Total	205	100.0	100.0	38,916	100.0	100.0	202	100.0	100.0	30,676	100.0	100.0	100.0
Source: 2023 FFIEC Census Data													
2016-2020 U.S. Census Bureau: American Community Survey													
Note: Percentages may not total 100.0 percent due to rounding.													

## Small Business Loans

The geographic distribution of small business loans reflects good penetration throughout the assessment area. The aggregate lending data is not currently available for 2023, and therefore the evaluation of the bank's geographic distribution of small business lending will focus on the bank's 2022 performance.

In 2022, ChoiceOne originated 5.4 percent of its small business loans in low-income census tracts, slightly above the aggregate at 5.1 percent and slightly below the percentage of total businesses located in low-income census tracts at 6.5 percent. ChoiceOne originated 41.3 percent of its small business loans in moderate-income census tracts which was above with the aggregate at 33.3 percent and the percentage of total businesses located in moderate-income census tracts at 37.7 percent. The bank originated 44.6 percent of small business loans in middle-income census tracts, which was slightly above both the aggregate at 44.0 percent, and the percentage of businesses in middle-income census tracts at 41.8 percent. Lastly, the bank originated 6.5 percent of small business loans in upper-income census tracts which was below the aggregate of 15.3 percent and the 12.3 percent of small businesses in upper-income census tracts.

The bank's distribution of small business lending across geographies of different income levels in 2023 was consistent with the distribution of loans in 2022. The following table presents the geographic distribution of small business loans in the assessment area.

Distribution of 2022 and 2023 Small Business Lending By Income Level of Geography											
Assessment Area: Warren-Troy-Farmington Hills, MI MD 47664											
Geographic Income Level	Bank And Aggregate Loans By Year										Total Businesses %
	2022						2023*				
	Bank		Agg	Bank		Agg	Bank				
	#	#%	#%	\$(000)	%	%	#	#%	\$(000)	%	
Low	5	5.4	5.1	984	4.4	7.5	4	6.3	1,716	11.8	6.5
Moderate	38	41.3	33.3	9,516	42.4	33.5	21	33.3	3,771	25.9	37.7
Middle	41	44.6	44.0	8,576	38.2	39.8	33	52.4	7,792	53.6	41.8
Upper	6	6.5	15.3	3,245	14.4	13.4	4	6.3	1,197	8.2	12.3
Unknown	2	2.2	2.0	147	0.7	5.7	1	1.6	67	0.5	1.8
Tract-Unk	0	0.0	0.3	0	0.0	0.1	0	0.0	0	0.0	0.0
Total	92	100.0	100.0	22,468	100.0	100.0	63	100.0	14,543	100.0	100.0
Source: 2023 FFIEC Census Data											
2023 Dun & Bradstreet Data											
2016-2020 U.S. Census Bureau: American Community Survey											
Note: Percentages may not total 100.0 percent due to rounding. *Aggregate data is not currently available.											

## Small Farm

The geographic distribution of small farm loans reflects good dispersion throughout the assessment area. The aggregate lending data is not currently available for 2023, and therefore the evaluation of the bank's geographic distribution of small farm lending will focus on the bank's 2022 performance. Additionally, only a limited analysis could be conducted on small farm loans as there were only ten total originations within the review period.

In 2022, the bank only originated six small farms loans within the assessment area. Of those six loans, ChoiceOne originated no small farm loans in low-income census tracts, below the aggregate lenders at 1.3 percent, and the percent of total farms located in low-income tracts at 1.6 percent. The bank originated 50.0 percent of its small farm loans in moderate-income census tracts which was significantly above the aggregate at 31.3 percent and the percentage of total farms located in moderate- income census tracts at 28.5 percent. The bank originated the remaining 50.0 percent of its small farm loans in middle-income census tracts, which was below both the aggregate at 58.8 percent and the percentage of farms in middle-income census tracts at 60.4 percent. Lastly, the bank did not originate any small farm loans in its upper-income census tracts, which was below the aggregate at 8.8 percent and the percentage of total farms at 9.2 percent.

The bank's distribution of small farm lending across geographies of different income levels in 2023 was relatively consistent with the distribution of loans in 2022, given the low overall volume of lending. However, the bank did not originate any loans within its moderate-income census tracts in 2023. The following table presents the geographic distribution of small business loans in the assessment area.

Distribution of 2022 and 2023 Small Farm Lending By Income Level of Geography Assessment Area: Warren-Troy-Farmington Hills, MI MD 47664											
Geographic Income Level	Bank And Aggregate Loans By Year										Total Farms %
	2022						2023*				
	Bank		Agg	Bank		Agg	Bank				
	#	#%	#%	\$(000)	\$%	\$%	#	#%	\$(000)	\$%	
Low	0	0.0	1.3	0	0.0	0.3	0	0.0	0	0.0	1.6
Moderate	3	50.0	31.3	510	51.3	22.5	0	0.0	0	0.0	28.5
Middle	3	50.0	58.8	484	48.7	72.9	4	100.0	839	100.0	60.4
Upper	0	0.0	8.8	0	0.0	4.4	0	0.0	0	0.0	9.2
Unknown	0	0.0	0.0	0	0.0	0.0	0	0.0	0	0.0	0.3
Tract-Unk	0	0.0	0.0	0	0.0	0.0	0	0.0	0	0.0	0.0
Total	6	100.0	100.0	994	100.0	100.0	4	100.0	839	100.0	100.0
Source: 2023 FFIEC Census Data 2023 Dun & Bradstreet Data 2016-2020 U.S. Census Bureau: American Community Survey Note: Percentages may not total 100.0 percent due to rounding. *Aggregate data is not currently available.											

## **Lending to Borrowers of Different Income Levels and Lending to Businesses and Farms of Different Sizes**

ChoiceOne's lending activities reflect excellent distribution of loans among individuals of different income levels, and good distribution of loans to businesses and farms of different sizes, given the product lines offered by the bank.

A breakdown of the bank's borrower distribution for HMDA- and CRA-reportable lending is discussed in more detail below by individual products. Specific to HMDA-reportable lending, multifamily loans are not included in the borrower distribution analysis tables below and, therefore, are not discussed or included in the applicable percentage calculations below.

### HMDA – Reportable Lending

#### *Home Purchase Loans*

In 2023, the bank originated 17.9 percent of its home purchase loans to low-income borrowers, which was slightly below the aggregate of lenders at 18.7 percent and below the percentage of low-income families located in the assessment area 25.5. Among moderate-income borrowers, the bank originated 34.6 percent of its home purchase loans, which was above to the aggregate of lenders at 28.8 percent and significantly above the percentage of moderate-income families located in the assessment area at 21.0 percent. Home purchase loans to middle-income borrowers at 20.5 percent was slightly above the aggregate lenders at 20.3 percent, and slightly below the percentage of middle-income families at 22.1 percent. The bank made 20.5 percent of its home purchase loans to upper-income borrowers which was above the aggregate of lenders at 17.3 percent, and below the percentage of upper-income families in the assessment area at 31.4 percent.

In 2022, the bank's performance relative to home purchase lending was largely consistent 2023, with the most noticeable difference occurring in the bank's lending to low-income borrowers. The bank originated 38.1 percent of its home purchase loans to low-income borrowers, which was significantly above aggregate of lenders and the percentage of low-income families located in the assessment area at 20.5 and 25.5 percent, respectively. Among moderate-income borrowers, the bank originated 20.4 percent of its home purchase loans, which was below the aggregate of lenders at 29.2 percent and slightly below the percentage of moderate-income families located in the assessment area at 21.0 percent. Home purchase loans to middle-income borrowers at 15.9 percent was below the aggregate of lenders at 20.4 percent, as well as the percentage of middle-income families in the assessment area at 22.1 percent. The bank made 21.2 percent of its home purchase loans to upper-income borrowers which was above the aggregate of lenders at 16.1 percent, and significantly below the percentage of upper-income families in assessment area at 31.4 percent.

### *Refinance Loans*

In 2023, the bank originated 27.5 percent of its refinance loans to low-income borrowers, which was above the aggregate of lenders at 22.5 percent, and above the percentage of low-income families located in the assessment area at 25.5 percent. Among moderate-income borrowers, the bank originated 21.6 percent of its refinance loans, which was below the aggregate of lenders at 27.9 percent, and slightly above the percentage of moderate-income families located in the assessment area at 21.0 percent. Refinance loans to middle-income borrowers at 19.6 percent was below the aggregate lenders at 21.8 percent, as well as the percentage of middle-income families at 22.1 percent. The bank made 13.7 percent of its refinance loans to upper-income borrowers which was below the aggregate of lenders at 18.8 percent, and the percentage of upper-income families in the assessment area at 31.4 percent.

In 2022, the bank originated 27.5 percent of its refinance loans to low-income borrowers, which was above the aggregate of lenders at 22.6 percent, and above the percentage of low-income families located in the assessment area at 25.5 percent. Among moderate-income borrowers, the bank originated 23.2 percent of its refinance loans, which was below the aggregate of lenders at 29.4 percent, and above the percentage of moderate-income families located in the assessment area at 21.0 percent. Refinance loans to middle-income borrowers at 17.4 percent was below the aggregate lenders at 22.9 percent, as well as the percentage of middle-income families at 22.1 percent. The bank made 20.3 percent of its refinance loans to upper-income borrowers which was above the aggregate of lenders at 16.7 percent, and the percentage of upper-income families in the assessment area at 31.4 percent.

### *Home Improvement Loans*

In 2023, the bank originated 27.9 percent of its home improvement loans to low-income borrowers, which was significantly above the aggregate of lenders at 17.1 percent and above the percentage of low-income families located in the assessment area at 25.5 percent. Among moderate-income borrowers, the bank originated 33.8 percent of its home improvement loans, which was above the aggregate of lenders at 28.2 and significantly above the percentage of moderate-income families located in the assessment area at 21.0 percent. Home improvement loans to middle-income borrowers at 19.1 percent was below the aggregate lenders at 26.5 percent, as well as the percentage of middle-income families at 22.1 percent. The bank made 19.1 percent of its home improvement loans to upper-income borrowers which was below the aggregate of lenders at 26.4 percent, and significantly below the percentage of upper-income families in the assessment area at 31.4 percent.

In 2022, the bank originated 15.8 percent of its home improvement loans to low-income borrowers, which was slightly above the aggregate of lenders at 14.9 percent and below the percentage of low-income families located in the assessment area at 25.5 percent. Among moderate-income borrowers, the bank originated 10.5 percent of its home improvement loans, which was

significantly below the aggregate of lenders at 25.6 and significantly below the percentage of moderate-income families located in the assessment area at 21.0 percent. Home improvement loans to middle-income borrowers at 36.8 percent was above the aggregate lenders at 29.5 percent, as well as the percentage of middle-income families at 22.1 percent. The bank made 31.6 percent of its home improvement loans to upper-income borrowers which was above the aggregate of lenders at 28.0 percent, and slightly above the percentage of upper-income families in the assessment area at 31.4 percent.



Distribution of 2022 and 2023 Home Mortgage Lending By Borrower Income Level													
Assessment Area: Warren-Troy-Farmington Hills, MI MD 47664													
Borrower Income Level	Bank And Aggregate Loans By Year												Families by Family Income %
	2022						2023						
	Bank		Agg	Bank		Agg	Bank		Agg	Bank		Agg	
	#	%	%	\$(000)	\$%	\$%	#	%	%	\$(000)	\$%	\$%	
Home Purchase Loans													
Low	43	38.1	20.5	5,559	23.6	12.6	14	17.9	18.7	1,524	10.7	11.1	25.5
Moderate	23	20.4	29.2	3,508	14.9	25.9	27	34.6	28.8	4,538	31.9	25.0	21.0
Middle	18	15.9	20.4	3,960	16.8	23.2	16	20.5	20.3	3,045	21.4	22.9	22.1
Upper	24	21.2	16.1	8,863	37.6	24.9	16	20.5	17.3	4,366	30.7	26.8	31.4
Unknown	5	4.4	13.8	1,657	7.0	13.4	5	6.4	14.9	758	5.3	14.2	0.0
Total	113	100.0	100.0	23,547	100.0	100.0	78	100.0	100.0	14,231	100.0	100.0	100.0
Refinance Loans													
Low	19	27.5	22.6	1,679	15.8	15.6	14	27.5	22.5	945	17.2	10.8	25.5
Moderate	16	23.2	29.4	2,396	22.5	26.9	11	21.6	27.9	1,487	27.1	17.5	21.0
Middle	12	17.4	22.9	2,372	22.3	25.3	10	19.6	21.8	1,026	18.7	15.5	22.1
Upper	14	20.3	16.7	3,066	28.8	23.1	7	13.7	18.8	1,159	21.1	16.6	31.4
Unknown	8	11.6	8.4	1,124	10.6	9.1	9	17.6	9.0	874	15.9	39.5	0.0
Total	69	100.0	100.0	10,637	100.0	100.0	51	100.0	100.0	5,491	100.0	100.0	100.0
Home Improvement Loans													
Low	3	15.8	14.9	121	8.0	10.8	19	27.9	17.1	684	15.5	12.0	25.5
Moderate	2	10.5	25.6	118	7.8	21.5	23	33.8	28.2	1,199	27.1	22.3	21.0
Middle	7	36.8	29.5	623	41.3	28.9	13	19.1	26.5	1,132	25.6	26.6	22.1
Upper	6	31.6	28.0	596	39.5	37.2	13	19.1	26.4	1,411	31.9	37.5	31.4
Unknown	1	5.3	1.9	50	3.3	1.7	0	0.0	1.9	0	0.0	1.6	0.0
Total	19	100.0	100.0	1,508	100.0	100.0	68	100.0	100.0	4,426	100.0	100.0	100.0
Total Home Mortgage Loans													
Low	65	32.3	20.1	7,359	20.6	13.3	47	23.9	19.1	3,153	13.1	11.1	25.5
Moderate	41	20.4	28.6	6,022	16.9	25.8	61	31.0	28.4	7,224	29.9	23.1	21.0
Middle	37	18.4	22.5	6,955	19.5	24.0	39	19.8	21.8	5,203	21.5	21.4	22.1
Upper	44	21.9	18.2	12,525	35.1	25.2	36	18.3	19.2	6,936	28.7	25.2	31.4
Unknown	14	7.0	10.6	2,831	7.9	11.6	14	7.1	11.5	1,632	6.8	19.2	0.0
Total	201	100.0	100.0	35,692	100.0	100.0	197	100.0	100.0	24,148	100.0	100.0	100.0
Source: 2023 FFIEC Census Data													
2016-2020 U.S. Census Bureau: American Community Survey													
Note: Percentages may not total 100.0 percent due to rounding.													
Multifamily loans are not included in the borrower distribution analysis.													

## CRA-Reportable Lending

### Small Business Loans

The borrower distribution of small business loans reflects good penetration among businesses of different sizes.

The aggregate lending data is not currently available for 2023, and therefore the evaluation of the bank's borrower distribution of small business lending will focus mainly on the bank's 2022 performance.

In 2022, the bank originated 51 loans, or 55.4 percent, of small business loans to businesses with revenues of \$1 million or less. This rate was above the aggregate lender rate of 51.8 percent and significantly below the percentage of total businesses with revenues of \$1 million or less in the assessment area at 90.5 percent. Lower dollar loans, particularly those with a loan amount of \$100,000 or less, are the most responsive to the smallest businesses. Of the 51 small business loans, 39.2 percent were made in amounts of \$100,000 or less.

The bank's distribution of lending to businesses of different revenue sizes in 2023 was consistent with the distribution of loans in 2022. The table below presents the borrower distribution of small business loans in the assessment area for both years.

Distribution of 2022 and 2023 Small Business Lending By Revenue Size of Businesses											
Assessment Area: Warren-Troy-Farmington Hills, MI MD 47664											
	Bank And Aggregate Loans By Year										Total Businesses %
	2022						2023*				
	Bank		Agg	Bank		Agg	Bank				
	#	%	%	\$(000)	%	\$(000)	#	%	\$(000)	%	
By Revenue											
\$1 Million or Less	51	55.4	51.8	12,075	53.7	28.7	37	58.7	10,323	71.0	91.6
Over \$1 Million	41	44.6		10,393	46.3		26	41.3	4,220	29.0	7.7
Revenue Unknown	0	0.0		0	0.0		0	0.0	0.8		
Total	92	100.0		22,468	100.0		63	100.0	14,543	100.0	100.0
By Loan Size											
\$100,000 or Less	35	38.0	94.0	1,998	8.9	38.3	29	46.0	1,766	12.1	
\$100,001 - \$250,000	26	28.3	3.2	4,601	20.5	15.7	14	22.2	2,361	16.2	
\$250,001 - \$1 Million	31	33.7	2.8	15,869	70.6	46.0	20	31.7	10,416	71.6	
Total	92	100.0	100.0	22,468	100.0	100.0	63	100.0	14,543	100.0	
By Loan Size and Revenues \$1 Million or Less											
\$100,000 or Less	20	39.2		1,117	9.3		13	35.1	793	7.7	
\$100,001 - \$250,000	13	25.5		2,193	18.2		11	29.7	1,862	18.0	
\$250,001 - \$1 Million	18	35.3		8,765	72.6		13	35.1	7,668	74.3	
Total	51	100.0		12,075	100.0		37	100.0	10,323	100.0	
Source: 2023 FFIEC Census Data 2023 Dun & Bradstreet Data 2016-2020 U.S. Census Bureau: American Community Survey											
Note: Percentages may not total 100.0 percent due to rounding. *Aggregate data is not currently available.											

### Small Farm Loans

The borrower distribution of small farm lending reflects good penetration among farms of different sizes. The bank originated a total of ten small farm loans within the review period. In 2022, the bank originated six total small farm loans, of which 83.3 percent were to farms with \$1 million in revenue or less. This performance is significantly above the aggregate performance of

48.8 percent and below the percentage of small farms in the assessment area, at 97.3 percent. Further, 80.0 percent of those were in amounts of \$100,000 or less, which are considered the most beneficial to small farms, indicating the bank's willingness to meet the credit needs of small farms.

The bank's distribution of lending to farms of different sizes revenue sizes in 2023 was consistent with the distribution of loans in 2022. The following table presents the borrower distribution of small farms loans in the assessment area in 2022 and 2023.

Distribution of 2022 and 2023 Small Farm Lending By Revenue Size of Farms											
Assessment Area: Warren-Troy-Farmington Hills, MI MD 47664											
	Bank And Aggregate Loans By Year										Total Farms %
	2022						2023*				
	Bank		Agg	Bank		Agg	Bank				
	#	#%	#%	\$(000)	\$%	\$%	#	#%	\$(000)	\$%	
By Revenue											
\$1 Million or Less	5	83.3	48.8	638	64.2	45.1	3	75.0	339	40.4	97.3
Over \$1 Million	1	16.7		356	35.8		1	25.0	500	59.6	2.7
Revenue Unknown	0	0.0		0	0.0		0	0.0	0		
Total	6	100.0		994	100.0		4	100.0	839	100.0	100.0
By Loan Size											
\$100,000 or Less	4	66.7	95.6	238	23.9	51.8	2	50.0	122	14.5	
\$100,001 - \$250,000	0	0.0	1.3	0	0.0	6.8	1	25.0	217	25.9	
\$250,001 - \$500,000	2	33.3	3.1	756	76.1	41.4	1	25.0	500	59.6	
Total	6	100.0	100.0	994	100.0	100.0	4	100.0	839	100.0	
By Loan Size and Revenues \$1 Million or Less											
\$100,000 or Less	4	80.0		238	37.3		2	66.7	122	36.0	
\$100,001 - \$250,000	0	0.0		0	0.0		1	33.3	217	64.0	
\$250,001 - \$500,000	1	20.0		400	62.7		0	0.0	0	0.0	
Total	5	100.0		638	100.0		3	100.0	339	100.0	
Source: 2023 FFIEC Census Data 2023 Dun & Bradstreet Data 2016-2020 U.S. Census Bureau: American Community Survey											
Note: Percentages may not total 100.0 percent due to rounding. *Aggregate data is not currently available.											

## Community Development Lending

ChoiceOne Bank makes an adequate level community development loans. During the review period, the bank made ten such loans totaling approximately \$23.6 million in the assessment area. When compared to the previous evaluation of six loans totaling \$9.5 million, the bank increased the dollar volume of qualified loans by 148.4 percent. Of the bank's qualified community development loans, the bank made two loans that qualified for the purpose of affordable housing. These loans are the most beneficial to the assessment area, as local community representatives noted the need for more affordable housing options in the area. The following table presents the bank's community development loans in the assessment area during the review period.

Community Development Loans August 17, 2021, to October 21, 2024 (Dollars in 000s)										
Assessment Area	Affordable Housing		Community Services		Economic Development		Revitalization and Stabilization		Total	
	#	\$	#	\$	#	\$	#	\$	#	\$
Warren-Troy-Farmington Hills MI MD	2	7,525	0	0	2	2,458	6	13,661	10	23,644
Note: Dollar amounts are rounded										

## INVESTMENT TEST

ChoiceOne Bank made an adequate level of qualified community development investments and grants, particularly those not routinely provided by private investors, rarely in a leadership position. The bank makes occasional use of innovative and/or complex investments to support community initiatives. The bank demonstrates adequate responsiveness to credit and community development needs.

During the evaluation period, ChoiceOne made 21 qualified investments consisting of \$6.6 million in the current period as well as \$9.5 million made in the prior period for a total of \$16.1 million. This represents a decrease from the previous evaluation where the bank made a total of 23 investments for \$18.2 million. Qualified investments in the current evaluation period include school and municipal bonds, with the community development purpose of providing community services for low- to moderate-income students and to revitalize and stabilize for low- to moderate-income geographies. Additionally, the bank purchased multiple bonds comprised of home mortgages made to low-and-moderate income individuals and multi-family rental properties reserved primarily for low-and moderate-income residents. These areas of investment are considered to be responsive to the needs of the assessment area, as community representatives noted the community is in need of more affordable housing, and the multi-family rental properties reserved primarily for low- and moderate-income residents are considered to be particularly adapt in meeting those needs.

Community Development Investments August 17, 2021, to October 21, 2024 (Dollars in 000s)										
Assessment Area	Affordable Housing		Community Services		Economic Development		Revitalization and Stabilization		Total	
	#	\$	#	\$	#	\$	#	\$	#	\$
Current Investments	19	5,090	1	820	0	0	1	700	21	6,610
Prior Investments	0	0	2	4,357	0	0	7	4,306	12	9,503
Total Investments	19	5,090	3	5,177	0	0	8	5,006	33	16,113
Note: Dollar amounts are rounded										

ChoiceOne distributed a total of \$165,590 in qualified donations in the current evaluation period. Most dollars were to organizations providing community services. The bank's total qualified donations increased substantially from the prior period, when donations totaled approximately \$77,000.

The table below presents the bank's community development grants and donations in the assessment area during the review period.

Community Development Grants and Donations August 17, 2021, to October 21, 2024 (Dollars in 000s)										
Assessment Area	Affordable Housing		Community Services		Economic Development		Revitalization and Stabilization		Total	
	#	\$	#	\$	#	\$	#	\$	#	\$
Warren-Troy-Farmington Hills MI MD	9	7	36	104	24	53	1	3	70	166
Note: Dollar amounts are rounded										

## SERVICE TEST

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

## Retail Services

ChoiceOne Bank's retail delivery services are readily accessible to geographies and individuals of different income levels in its assessment area. The bank operates 12 branches and 14 ATMs within the assessment area. Two branches are in low-income census tracts, five are in moderate-income census tracts, and five branches are in middle-income census tracts. Alternative delivery systems include phone, internet, and mobile banking.

To the extent changes have been made, its record of opening and closing branches has not adversely affected the accessibility of its delivery systems, particularly in low- or moderate-income geographies or to low- or moderate-income individuals. During the review period, the bank closed a branch with an ATM located within a middle-income census tract.

Its services (including, where appropriate, business hours) do not vary in a way that inconveniences its assessment area, particularly low- or moderate-income geographies or low- or moderate-income individuals. Office hours are typically 9:00 a.m. to 5:00 p.m., Monday through

Friday. Multiple locations also provide drive-up services and appointments on Saturdays.

Applications for loan and deposit products are accepted at each location. Additionally, mortgage and consumer applications, along with deposit accounts are available online through the bank's website.

Branch Location Census Tract Designation												
Warren-Troy-Farmington Hills MI MD	Low-Income		Moderate-Income		Middle-Income		Upper-Income		Unknown-Income		Total	
	#	%	#	%	#	%	#	%	#	%	#	%
Branches	2	16.7	5	41.6	5	41.7	0	0	0	0	12	100.0
ATMs	2	14.3	7	50.0	5	35.7	0	0	0	0	14	100.0

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

### Community Development Services

ChoiceOne Bank's provides an adequate level of community development services. Bank employees provided 1,326 hours, or 51.4 percent, of the total hours of qualified community development services within the assessment area. The service hours were primarily directed towards providing financial literacy education to low- and moderate-income individuals and included 33 organizations through which bank staff provided these services. Overall, the bank's performance is a decrease over the previous evaluation's community development service hours, which totaled 1,473 hours.

Community Development Services August 17, 2021, to October 21, 2024										
Assessment Area	Affordable Housing		Community Services		Economic Development		Revitalization and Stabilization		Total	
	#	Hours	#	Hours	#	Hours	#	Hours	#	Hours
Warren-Troy-Farmington Hills MI MD	7	37	33	745	12	544	0	0	52	1,326

*Note: Dollar amounts are rounded*

## MUSKEGON, MICHIGAN, MSA 34740 – Limited Review

### SCOPE OF THE EXAMINATION

Limited scope examination procedures were used to evaluate the bank's performance in the Muskegon, Michigan, MSA 34740 assessment area. The scope is consistent with the scope of examination described within the institution summary. For further information, refer to the "Scope of the Examination" section for details.

### DESCRIPTION OF INSTITUTION'S OPERATIONS IN MUSKEGON, MICHIGAN, MSA 34740

The assessment area consists of Muskegon County in its entirety, which is the entirety of the Muskegon, MI MSA #34740. There have been no changes to the assessment area since the previous evaluation. The bank's operations in the assessment area include five branches, each with a full-service ATM. One branch is in a moderate-income census tract, three branches are in middle-income census tract, and one branch is in an upper-income census tract. Since the previous evaluation, the bank has not opened or closed any branches or ATM locations.

In 2021, the assessment area consisted of 43 census tracts, five of which were low-, 11 were moderate-, 14 were middle-, 12 were upper, and one was an unknown-income census tract. The unknown-income census tract encompasses a section of Lake Michigan. Due to changes in the 2020 Decennial Census and the American Community Survey for the period of 2016-2020 the number of census tracts increased from 43 to 46. In addition, the number of LMI census tracts decreased from 16 to 13. The following table further summarizes the changes between the two years.

#### *Tract Designation Change Data*

*The median family income levels (MFI) for census tracts are calculated using the income data from the United States Census Bureau's American Community Survey and geographic definitions from the Office of Management and Budget (OMB) and are updated approximately every five years (.12(m) Income Level). The income data used to calculate geographic income designations changed between 2021 and 2022. Accordingly, lending activity that took place in calendar years up to and including 2021 are evaluated based on ACS income level definitions from the five-year survey data set 2011-2015. Lending activity performed in 2022 and beyond are evaluated based on ACS income level definitions from the five-year survey data set 2016-2020.*

Census Tract Designation Changes American Community Survey Data (ACS)			
Tract Income Designation	2021 Designations (#)	2022 Designations (#)	Net Change (#)
Low	5	5	0
Moderate	11	8	-3
Middle	14	21	+7
Upper	12	11	-1
Unknown	1	1	0
<b>Total</b>	<b>43</b>	<b>46</b>	<b>+3</b>
Source: U. S. Census Bureau: Decennial Census: American Community Survey Data: 2011-2015 U.S. Census Bureau: Decennial Census: America Community Survey Data: 2016-2020			

According to the June 30, 2023, FDIC Deposit Market Share Report, ChoiceOne ranked third among eight FDIC-insured financial institutions operating in the assessment area with 16.8 percent of market share. Other leaders in market share include Fifth Third Bank (24.3 percent) and PNC Bank (21.2 percent). The seven banks competing for deposits and loans with ChoiceOne have 21 offices in the assessment area. In 2023, the bank ranked eighth among 204 HMDA reporting institutions and in 2022, 10<sup>th</sup> among 63 CRA reporting institutions. This data suggests there is moderate competition for loans and deposits in the assessment area.

Additional demographic information about the assessment is provided in the following tables.



2023 Muskegon, MI MSA 34740 AA Demographics								
Income Categories	Tract Distribution		Families by Tract Income		Families < Poverty Level as % of Families by Tract		Families by Family Income	
	#	%	#	%	#	%	#	%
Low	5	10.9	3,618	8.2	1,197	33.1	9,041	20.4
Moderate	8	17.4	5,626	12.7	1,117	19.9	8,299	18.7
Middle	21	45.7	22,575	50.9	1,827	8.1	9,396	21.2
Upper	11	23.9	12,571	28.3	429	3.4	17,654	39.8
Unknown	1	2.2	0	0.0	0	0.0	0	0.0
<b>Total AA</b>	<b>46</b>	<b>100.0</b>	<b>44,390</b>	<b>100.0</b>	<b>4,570</b>	<b>10.3</b>	<b>44,390</b>	<b>100.0</b>
	Housing Units by Tract	Housing Type by Tract						
		Owner-occupied			Rental		Vacant	
		#	% by tract	% by unit	#	% by unit	#	% by unit
Low	8,134	2,962	5.9	36.4	3,639	44.7	1,533	18.8
Moderate	9,909	5,299	10.5	53.5	3,388	34.2	1,222	12.3
Middle	37,465	26,613	52.8	71.0	7,319	19.5	3,533	9.4
Upper	18,827	15,488	30.8	82.3	1,356	7.2	1,983	10.5
Unknown	0	0	0.0	0.0	0	0.0	0	0.0
<b>Total AA</b>	<b>74,335</b>	<b>50,362</b>	<b>100.0</b>	<b>67.8</b>	<b>15,702</b>	<b>21.1</b>	<b>8,271</b>	<b>11.1</b>
	Total Businesses by Tract		Businesses by Tract & Revenue Size					
			Less Than or = \$1 Million		Over \$1 Million		Revenue Not Reported	
	#	%	#	%	#	%	#	%
Low	732	12.1	652	12.0	76	14.1	4	8.2
Moderate	1,047	17.3	853	15.7	189	35.1	5	10.2
Middle	2,699	44.7	2,481	45.5	188	34.9	30	61.2
Upper	1,557	25.8	1,461	26.8	86	16.0	10	20.4
Unknown	0	0.0	0	0.0	0	0.0	0	0.0
<b>Total AA</b>	<b>6,035</b>	<b>100.0</b>	<b>5,447</b>	<b>100.0</b>	<b>539</b>	<b>100.0</b>	<b>49</b>	<b>100.0</b>
Percentage of Total Businesses:				90.3		8.9		0.8
	Total Farms by Tract		Farms by Tract & Revenue Size					
			Less Than or = \$1 Million		Over \$1 Million		Revenue Not Reported	
	#	%	#	%	#	%	#	%
Low	0	0.0	0	0.0	0	0.0	0	0.0
Moderate	5	3.8	5	4.0	0	0.0	0	0.0
Middle	99	75.6	95	76.0	4	66.7	0	0.0
Upper	27	20.6	25	20.0	2	33.3	0	0.0
Unknown	0	0.0	0	0.0	0	0.0	0	0.0
<b>Total AA</b>	<b>131</b>	<b>100.0</b>	<b>125</b>	<b>100.0</b>	<b>6</b>	<b>100.0</b>	<b>0</b>	<b>0.0</b>
Percentage of Total Farms:				95.4		4.6		0.0
Source: 2023 FFIEC Census Data 2023 Dun & Bradstreet Data 2016-2020 U.S. Census Bureau: American Community Survey Note: Percentages may not total 100.0 percent due to rounding.								

## CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS

Assessment Area	Lending Test	Investment Test	Service Test
Muskegon, MI MSA 34740	Consistent	Consistent	Consistent

The institution's lending and service performance in the area is consistent with the institution's lending and service performance overall. The following tables present the bank's geographic and borrower distribution of HMDA-and CRA reportable lending in 2023 and 2022, as well as community development loans, qualified investments and donations, and community development services.

Distribution of 2022 and 2023 Home Mortgage Lending By Income Level of Geography													
Assessment Area: Muskegon, MI MSA 34740													
Geographic Income Level	Bank And Aggregate Loans By Year												Owner Occupied Units %
	2022						2023						
	Bank		Agg	Bank		Agg	Bank		Agg	Bank		Agg	
	#	%	%	\$(000)	\$%	\$%	#	%	%	\$(000)	\$%	\$%	
Home Purchase Loans													
Low	4	7.3	7.6	635	5.3	4.4	10	19.6	11.0	1,178	11.7	7.2	5.9
Moderate	10	18.2	15.1	1,075	9.0	9.6	9	17.6	13.9	1,337	13.3	10.6	10.5
Middle	33	60.0	50.7	8,115	68.2	52.3	24	47.1	50.0	5,153	51.4	49.2	52.8
Upper	8	14.5	26.6	2,072	17.4	33.6	8	15.7	25.0	2,367	23.6	33.0	30.8
Unknown	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0.0
Tract-Unk	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	
Total	55	100.0	100.0	11,897	100.0	100.0	51	100.0	100.0	10,035	100.0	100.0	100.0
Refinance Loans													
Low	1	3.2	3.2	171	3.3	2.5	0	0.0	4.9	0	0.0	3.0	5.9
Moderate	1	3.2	9.9	38	0.7	7.4	2	7.1	9.0	605	21.1	7.3	10.5
Middle	18	58.1	53.5	2,355	45.0	50.9	17	60.7	53.8	1,597	55.8	53.4	52.8
Upper	11	35.5	33.4	2,666	51.0	39.2	9	32.1	32.3	660	23.1	36.3	30.8
Unknown	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0.0
Tract-Unk	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	
Total	31	100.0	100.0	5,230	100.0	100.0	28	100.0	100.0	2,862	100.0	100.0	100.0
Home Improvement Loans													
Low	0	0.0	3.4	0	0.0	2.8	3	10.0	6.7	87	4.5	5.0	5.9
Moderate	0	0.0	8.2	0	0.0	5.9	1	3.3	6.9	15	0.8	5.3	10.5
Middle	12	92.3	48.6	879	98.3	44.9	17	56.7	49.8	1,065	54.6	51.8	52.8
Upper	1	7.7	39.8	15	1.7	46.3	9	30.0	36.6	783	40.2	37.9	30.8
Unknown	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0.0
Tract-Unk	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	
Total	13	100.0	100.0	894	100.0	100.0	30	100.0	100.0	1,950	100.0	100.0	100.0
Multifamily Loans													Multi-family Units %
Low	0	0.0	25.0	0	0.0	15.9	1	100.0	40.0	2,310	100.0	21.4	20.0
Moderate	0	0.0	20.0	0	0.0	36.1	0	0.0	10.0	0	0.0	35.6	21.8
Middle	1	100.0	40.0	322	100.0	22.8	0	0.0	20.0	0	0.0	14.8	52.0
Upper	0	0.0	15.0	0	0.0	25.2	0	0.0	30.0	0	0.0	28.2	6.3
Unknown	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0.0
Tract-Unk	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	
Total	1	100.0	100.0	322	100.0	100.0	1	100.0	100.0	2,310	100.0	100.0	100.0
Total Home Mortgage Loans													Owner Occupied Units %
Low	5	5.0	5.6	806	4.4	4.2	14	12.7	8.6	3,575	20.8	6.8	5.9
Moderate	11	11.0	12.9	1,113	6.1	9.8	12	10.9	11.5	1,957	11.4	10.6	10.5
Middle	64	64.0	51.2	11,671	63.6	50.3	58	52.7	51.1	7,815	45.5	48.6	52.8
Upper	20	20.0	30.3	4,753	25.9	35.7	26	23.6	28.8	3,810	22.2	34.0	30.8
Unknown	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0.0
Tract-Unk	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	
Total	100	100.0	100.0	18,343	100.0	100.0	110	100.0	100.0	17,157	100.0	100.0	100.0
Source: 2023 FFIEC Census Data													
2016-2020 U.S. Census Bureau: American Community Survey													
Note: Percentages may not total 100.0 percent due to rounding.													

Distribution of 2022 and 2023 Home Mortgage Lending By Borrower Income Level													
Assessment Area: Muskegon, MI MSA 34740													
Borrower Income Level	Bank And Aggregate Loans By Year												Families by Family Income %
	2022						2023						
	Bank		Agg	Bank		Agg	Bank		Agg	Bank		Agg	
	#	#%	#%	\$(000)	\$%	\$%	#	#%	#%	\$(000)	\$%	\$%	
Home Purchase Loans													
Low	6	10.9	9.5	640	5.4	5.4	7	13.7	6.5	720	7.2	3.2	20.4
Moderate	15	27.3	24.2	2,267	19.1	18.9	14	27.5	23.1	1,850	18.4	16.9	18.7
Middle	10	18.2	21.9	2,142	18.0	21.8	13	25.5	23.6	2,478	24.7	22.0	21.2
Upper	22	40.0	26.4	6,401	53.8	37.9	16	31.4	27.9	4,802	47.9	40.5	39.8
Unknown	2	3.6	17.8	447	3.8	16.0	1	2.0	19.0	185	1.8	17.3	0.0
Total	55	100.0	100.0	11,897	100.0	100.0	51	100.0	100.0	10,035	100.0	100.0	100.0
Refinance Loans													
Low	0	0.0	13.5	0	0.0	7.9	1	3.6	9.0	35	1.2	5.0	20.4
Moderate	9	29.0	26.9	845	16.2	22.0	8	28.6	24.6	430	15.0	20.0	18.7
Middle	6	19.4	25.7	1,045	20.0	25.4	5	17.9	26.0	456	15.9	25.6	21.2
Upper	13	41.9	24.9	2,962	56.6	34.8	11	39.3	30.5	1,560	54.5	38.5	39.8
Unknown	3	9.7	9.1	378	7.2	10.0	3	10.7	9.9	381	13.3	10.9	0.0
Total	31	100.0	100.0	5,230	100.0	100.0	28	100.0	100.0	2,862	100.0	100.0	100.0
Home Improvement Loans													
Low	0	0.0	7.6	0	0.0	4.4	5	16.7	8.7	113	5.8	5.1	20.4
Moderate	4	30.8	18.9	121	13.5	13.4	4	13.3	19.1	170	8.7	15.7	18.7
Middle	4	30.8	25.3	167	18.7	21.5	9	30.0	27.8	397	20.4	24.5	21.2
Upper	5	38.5	45.7	606	67.8	57.9	11	36.7	41.9	1,208	61.9	52.0	39.8
Unknown	0	0.0	2.5	0	0.0	2.8	1	3.3	2.4	62	3.2	2.7	0.0
Total	13	100.0	100.0	894	100.0	100.0	30	100.0	100.0	1,950	100.0	100.0	100.0
Total Home Mortgage Loans													
Low	6	6.1	10.4	640	3.6	6.0	13	11.9	7.6	868	5.8	3.8	20.4
Moderate	28	28.3	24.0	3,233	17.9	19.4	26	23.9	22.9	2,450	16.5	17.4	18.7
Middle	20	20.2	23.1	3,354	18.6	22.5	27	24.8	24.5	3,331	22.4	22.5	21.2
Upper	40	40.4	28.1	9,969	55.3	38.2	38	34.9	31.0	7,570	51.0	41.3	39.8
Unknown	5	5.1	14.4	825	4.6	13.9	5	4.6	14.0	628	4.2	15.0	0.0
Total	99	100.0	100.0	18,021	100.0	100.0	109	100.0	100.0	14,847	100.0	100.0	100.0
Source: 2023 FFIEC Census Data													
2016-2020 U.S. Census Bureau: American Community Survey													
Note: Percentages may not total 100.0 percent due to rounding.													
Multifamily loans are not included in the borrower distribution analysis.													

Distribution of 2022 and 2023 Small Business Lending By Income Level of Geography											
Assessment Area: Muskegon, MI MSA 34740											
Geographic Income Level	Bank And Aggregate Loans By Year										Total Businesses %
	2022						2023*				
	Bank		Agg	Bank		Agg	Bank				
	#	#%	#%	\$(000)	%	%	#	#%	\$(000)	%	
Low	8	12.7	9.7	1,792	11.9	8.4	9	20.0	1,111	9.4	12.1
Moderate	20	31.7	20.1	4,523	30.1	32.9	15	33.3	4,590	39.0	17.3
Middle	30	47.6	44.7	7,421	49.5	36.1	14	31.1	4,323	36.7	44.7
Upper	5	7.9	25.1	1,270	8.5	22.4	7	15.6	1,744	14.8	25.8
Unknown	0	0.0	0.0	0	0.0	0.0	0	0.0	0	0.0	0.0
Tract-Unk	0	0.0	0.3	0	0.0	0.1	0	0.0	0	0.0	0.0
Total	63	100.0	100.0	15,006	100.0	100.0	45	100.0	11,768	100.0	100.0
Source: 2023 FFIEC Census Data											
2023 Dun & Bradstreet Data											
2016-2020 U.S. Census Bureau: American Community Survey											
Note: Percentages may not total 100.0 percent due to rounding. *Aggregate data is not currently available.											

Distribution of 2022 and 2023 Small Business Lending By Revenue Size of Businesses											
Assessment Area: Muskegon, MI MSA 34740											
	Bank And Aggregate Loans By Year										Total Businesses %
	2022						2023*				
	Bank		Agg	Bank		Agg	Bank				
	#	#%	#%	\$(000)	%	\$(000)	#	#%	\$(000)	%	
By Revenue											
\$1 Million or Less	28	44.4	50.1	4,959	33.0	27.4	16	35.6	1,424	12.1	90.3
Over \$1 Million	35	55.6		10,047	67.0		29	64.4	10,344	87.9	8.9
Revenue Unknown	0	0.0		0	0.0		0	0.0	0.8		
Total	63	100.0		15,006	100.0		45	100.0	11,768	100.0	100.0
By Loan Size											
\$100,000 or Less	25	39.7	89.0	1,265	8.4	24.9	18	40.0	991	8.4	
\$100,001 - \$250,000	15	23.8	5.4	2,577	17.2	18.2	9	20.0	1,628	13.8	
\$250,001 - \$1 Million	23	36.5	5.6	11,164	74.4	56.9	18	40.0	9,149	77.7	
Total	63	100.0	100.0	15,006	100.0	100.0	45	100.0	11,768	100.0	
By Loan Size and Revenues \$1 Million or Less											
\$100,000 or Less	16	57.1		655	13.2		13	81.3	677	47.5	
\$100,001 - \$250,000	4	14.3		685	13.8		1	6.3	220	15.4	
\$250,001 - \$1 Million	8	28.6		3,619	73.0		2	12.5	527	37.0	
Total	28	100.0		4,959	100.0		16	100.0	1,424	100.0	
Source: 2023 FFIEC Census Data											
2023 Dun & Bradstreet Data											
2016-2020 U.S. Census Bureau: American Community Survey											
Note: Percentages may not total 100.0 percent due to rounding. *Aggregate data is not currently available.											

Distribution of 2022 and 2023 Small Farm Lending By Income Level of Geography											
Assessment Area: Muskegon, MI MSA 34740											
Geographic Income Level	Bank And Aggregate Loans By Year										Total Farms %
	2022						2023*				
	Bank		Agg	Bank		Agg	Bank				
	#	#%	#%	\$(000)	\$%	\$%	#	#%	\$(000)	\$%	
Low	0	0.0	0.0	0	0.0	0.0	0	0.0	0	0.0	0.0
Moderate	0	0.0	0.0	0	0.0	0.0	0	0.0	0	0.0	3.8
Middle	3	100.0	82.1	765	100.0	92.0	0	0.0	0	0.0	75.6
Upper	0	0.0	17.9	0	0.0	8.0	0	0.0	0	0.0	20.6
Unknown	0	0.0	0.0	0	0.0	0.0	0	0.0	0	0.0	0.0
Tract-Unk	0	0.0	0.0	0	0.0	0.0	0	0.0	0	0.0	0.0
Total	3	100.0	100.0	765	100.0	100.0	0	0.0	0	0.0	100.0
Source: 2023 FFIEC Census Data 2023 Dun & Bradstreet Data 2016-2020 U.S. Census Bureau: American Community Survey											
Note: Percentages may not total 100.0 percent due to rounding. *Aggregate data is not currently available.											

Distribution of 2022 and 2023 Small Farm Lending By Revenue Size of Farms											
Assessment Area: Muskegon, MI MSA 34740											
	Bank And Aggregate Loans By Year										Total Farms %
	2022						2023*				
	Bank		Agg	Bank		Agg	Bank				
	#	#%	#%	\$(000)	\$%	\$%	#	#%	\$(000)	\$%	
By Revenue											
\$1 Million or Less	0	0.0	32.1	0	0.0	11.0	0	0.0	0	0.0	95.4
Over \$1 Million	3	100.0		765	100.0		0	0.0	0	0.0	4.6
Revenue Unknown	0	0.0		0	0.0		0	0.0	0.0		
Total	3	100.0		765	100.0		0	0.0	0	0.0	100.0
By Loan Size											
\$100,000 or Less	0	0.0	78.6	0	0.0	21.4	0	0.0	0	0.0	
\$100,001 - \$250,000	2	66.7	14.3	365	47.7	37.5	0	0.0	0	0.0	
\$250,001 - \$500,000	1	33.3	7.1	400	52.3	41.2	0	0.0	0	0.0	
Total	3	100.0	100.0	765	100.0	100.0	0	0.0	0	0.0	
By Loan Size and Revenues \$1 Million or Less											
\$100,000 or Less	0	0.0		0	0.0		0	0.0	0	0.0	
\$100,001 - \$250,000	0	0.0		0	0.0		0	0.0			
\$250,001 - \$500,000	0	0.0		0	0.0		0	0.0			
Total	0	0.0		0	0.0		0	0.0			
Source: 2023 FFIEC Census Data 2023 Dun & Bradstreet Data 2016-2020 U.S. Census Bureau: American Community Survey											
Note: Percentages may not total 100.0 percent due to rounding. *Aggregate data is not currently available.											

Community Development Loans August 17, 2021, to October 21, 2024 (Dollars in 000s)										
Assessment Area	Affordable Housing		Community Services		Economic Development		Revitalization and Stabilization		Total	
	#	\$	#	\$	#	\$	#	\$	#	\$
Muskegon, MI MSA 34740	0	0	0	0	2	4,149	3	13,023	5	17,172
Note: Dollar amounts are rounded										

Qualified Investments August 17, 2021, to October 21, 2024 (Dollars in 000s)										
Assessment Area	Affordable Housing		Economic Development		Revitalization and Stabilization		Community Services		Total	
	#	\$	#	\$	#	\$	#	\$	#	\$
Muskegon, MI MSA 34740	8	977	0	0	5	101	25	3,624	38	4,702
Note: Dollar amounts are rounded										

Community Development Grants/Donations August 17, 2021, to October 21, 2024 (Dollars in 000s)										
Assessment Area	Affordable Housing		Economic Development		Revitalization and Stabilization		Community Services		Total	
	#	\$	#	\$	#	\$	#	\$	#	\$
Muskegon, MI MSA 34740	1	.5	5	9	4	5	32	25	42	39
Note: Dollar amounts are rounded										

Community Development Services August 17, 2021, to October 21, 2024										
Assessment Area	Affordable Housing		Community Services		Economic Development		Revitalization and Stabilization		Total	
	#	Hours	#	Hours	#	Hours	#	Hours	#	Hours
Muskegon, MI MSA 34740	0	0	15	171	1	24	0	0	16	195

## MICHIGAN NON-MSA, NEWAGO COUNTY – Limited Review

### SCOPE OF THE EXAMINATION

Limited scope examination procedures were used to evaluate the bank's performance in the Michigan Non-MSA, Newago County assessment area. The scope is consistent with the scope of examination described within the institution summary. For further information, refer to the "Scope of the Examination" section for details.

### DESCRIPTION OF INSTITUTION'S OPERATIONS IN *MICHIGAN NON-MSA, NEWAGO COUNTY*

The assessment area consists of the partial non-MSA county of Newaygo, Michigan. The assessment area remains unchanged from the previous evaluation of August 16, 2021, and is comprised of nine of the county's 11 census tracts. The excluded portion of the county is mostly covered by the Manistee National Forest, justifying the partial county delineation. Reflecting the previous evaluation, the assessment area is comprised of eight middle-income census tracts and one moderate-income census tract. Further, there are no distressed and/or underserved nonmetropolitan middle-income census tracts.

The bank operates three branch locations each with a full-service ATM within the assessment area. Of the bank's existing operations, all locations reside within middle-income census tracts. Since the previous performance evaluation, the bank has not closed or opened any branches or ATMs within the assessment area.

According to the June 30, 2023, FDIC Deposit Market Share Report, ChoiceOne ranked first among six FDIC-insured financial institutions operating in the assessment area with 31.4 percent of market share. Other leaders in market share include Independent Bank (28.1 percent) and The Huntington National Bank (16.1 percent). The five banks competing for deposits and loans with ChoiceOne have seven offices in the assessment area. In 2023, the bank ranked 2<sup>nd</sup> among 135 HMDA reporting institutions and in 2022, 6<sup>th</sup> among 39 CRA reporting institutions. This data suggests there is moderate competition for loans and deposits in the assessment area.

Additional demographic information about the assessment is provided in the following tables.



2023 MI Non MSA Newaygo County AA Demographics								
Income Categories	Tract Distribution		Families by Tract Income		Families < Poverty Level as % of Families by Tract		Families by Family Income	
	#	%	#	%	#	%	#	%
Low	0	0.0	0	0.0	0	0.0	2,179	19.6
Moderate	1	11.1	973	8.8	186	19.1	2,156	19.4
Middle	8	88.9	10,125	91.2	1,015	10.0	2,708	24.4
Upper	0	0.0	0	0.0	0	0.0	4,055	36.5
Unknown	0	0.0	0	0.0	0	0.0	0	0.0
<b>Total AA</b>	<b>9</b>	<b>100.0</b>	<b>11,098</b>	<b>100.0</b>	<b>1,201</b>	<b>10.8</b>	<b>11,098</b>	<b>100.0</b>
	Housing Units by Tract	Housing Type by Tract						
		Owner-occupied			Rental		Vacant	
		#	% by tract	% by unit	#	% by unit	#	% by unit
Low	0	0	0.0	0.0	0	0.0	0	0.0
Moderate	1,990	1,203	9.0	60.5	337	16.9	450	22.6
Middle	17,273	12,111	91.0	70.1	2,290	13.3	2,872	16.6
Upper	0	0	0.0	0.0	0	0.0	0	0.0
Unknown	0	0	0.0	0.0	0	0.0	0	0.0
<b>Total AA</b>	<b>19,263</b>	<b>13,314</b>	<b>100.0</b>	<b>69.1</b>	<b>2,627</b>	<b>13.6</b>	<b>3,322</b>	<b>17.2</b>
	Total Businesses by Tract		Businesses by Tract & Revenue Size					
			Less Than or = \$1 Million		Over \$1 Million		Revenue Not Reported	
	#	%	#	%	#	%	#	%
Low	0	0.0	0	0.0	0	0.0	0	0.0
Moderate	113	8.1	99	7.7	9	11.3	5	18.5
Middle	1,274	91.9	1,181	92.3	71	88.8	22	81.5
Upper	0	0.0	0	0.0	0	0.0	0	0.0
Unknown	0	0.0	0	0.0	0	0.0	0	0.0
<b>Total AA</b>	<b>1,387</b>	<b>100.0</b>	<b>1,280</b>	<b>100.0</b>	<b>80</b>	<b>100.0</b>	<b>27</b>	<b>100.0</b>
Percentage of Total Businesses:				92.3		5.8		1.9
	Total Farms by Tract		Farms by Tract & Revenue Size					
			Less Than or = \$1 Million		Over \$1 Million		Revenue Not Reported	
	#	%	#	%	#	%	#	%
Low	0	0.0	0	0.0	0	0.0	0	0.0
Moderate	6	4.3	6	4.4	0	0.0	0	0.0
Middle	134	95.7	130	95.6	4	100.0	0	0.0
Upper	0	0.0	0	0.0	0	0.0	0	0.0
Unknown	0	0.0	0	0.0	0	0.0	0	0.0
<b>Total AA</b>	<b>140</b>	<b>100.0</b>	<b>136</b>	<b>100.0</b>	<b>4</b>	<b>100.0</b>	<b>0</b>	<b>0.0</b>
Percentage of Total Farms:				97.1		2.9		0.0
Source: 2023 FFIEC Census Data 2023 Dun & Bradstreet Data 2016-2020 U.S. Census Bureau: American Community Survey Note: Percentages may not total 100.0 percent due to rounding.								

## CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS

Assessment Area	Lending Test	Investment Test	Service Test
Michigan Non-MSA, Newaygo County	Consistent	Consistent	Consistent

The institution's lending, investment, and service performance in the area is consistent with the institution's performance overall.

The following tables present the bank's geographic and borrower distribution of HMDA-and CRA reportable lending in 2023 and 2022, as well as community development loans, qualified investments and donations, and community development services.

Distribution of 2022 and 2023 Home Mortgage Lending By Income Level of Geography													
Assessment Area: MI Non MSA Newaygo County													
Geographic Income Level	Bank And Aggregate Loans By Year												Owner Occupied Units %
	2022						2023						
	Bank		Agg	Bank		Agg	Bank		Agg	Bank		Agg	
	#	%	%	\$(000)	\$%	\$%	#	%	%	\$(000)	\$%	\$%	
Home Purchase Loans													
Low	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0.0
Moderate	4	8.7	10.7	681	7.8	8.2	3	10.7	10.5	318	5.3	8.7	9.0
Middle	42	91.3	89.3	8,067	92.2	91.8	25	89.3	89.5	5,667	94.7	91.3	91.0
Upper	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0.0
Unknown	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0.0
Tract-Unk	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	
Total	46	100.0	100.0	8,748	100.0	100.0	28	100.0	100.0	5,985	100.0	100.0	100.0
Refinance Loans													
Low	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0.0
Moderate	1	4.3	8.2	99	3.2	7.2	1	5.0	5.6	100	5.5	5.0	9.0
Middle	22	95.7	91.8	2,953	96.8	92.8	19	95.0	94.4	1,729	94.5	95.0	91.0
Upper	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0.0
Unknown	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0.0
Tract-Unk	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	
Total	23	100.0	100.0	3,052	100.0	100.0	20	100.0	100.0	1,829	100.0	100.0	100.0
Home Improvement Loans													
Low	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0.0
Moderate	0	0.0	3.8	0	0.0	2.5	1	5.9	3.8	95	8.1	3.6	9.0
Middle	8	100.0	96.2	404	100.0	97.5	16	94.1	96.2	1,071	91.9	96.4	91.0
Upper	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0.0
Unknown	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0.0
Tract-Unk	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	
Total	8	100.0	100.0	404	100.0	100.0	17	100.0	100.0	1,166	100.0	100.0	100.0
Multifamily Loans													Multi-family Units %
Low	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0.0
Moderate	0	0.0	0.0	0	0.0	0.0	0	0.0	33.3	0	0.0	28.1	12.6
Middle	0	0.0	100.0	0	0.0	100.0	0	0.0	66.7	0	0.0	71.9	87.4
Upper	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0.0
Unknown	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0.0
Tract-Unk	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	
Total	0	0.0	100.0	0	0.0	100.0	0	0.0	100.0	0	0.0	100.0	100.0
Total Home Mortgage Loans													Owner Occupied Units %
Low	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0.0
Moderate	5	6.5	9.0	780	6.4	7.5	5	7.7	8.3	513	5.7	7.8	9.0
Middle	72	93.5	91.0	11,424	93.6	92.5	60	92.3	91.7	8,467	94.3	92.2	91.0
Upper	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0.0
Unknown	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0.0
Tract-Unk	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	
Total	77	100.0	100.0	12,204	100.0	100.0	65	100.0	100.0	8,980	100.0	100.0	100.0
Source: 2023 FFIEC Census Data													
2016-2020 U.S. Census Bureau: American Community Survey													
Note: Percentages may not total 100.0 percent due to rounding.													

Distribution of 2022 and 2023 Home Mortgage Lending By Borrower Income Level													
Assessment Area: MI Non MSA Newaygo County													
Borrower Income Level	Bank And Aggregate Loans By Year												Families by Family Income %
	2022						2023						
	Bank		Agg	Bank		Agg	Bank		Agg	Bank		Agg	
	#	%	%	\$(000)	\$%	\$%	#	%	%	\$(000)	\$%	\$%	
Home Purchase Loans													
Low	2	4.3	6.1	200	2.3	3.2	2	7.1	5.3	192	3.2	2.6	19.6
Moderate	17	37.0	26.2	2,284	26.1	18.3	5	17.9	21.2	511	8.5	15.0	19.4
Middle	10	21.7	23.7	1,935	22.1	22.8	8	28.6	25.0	1,552	25.9	24.1	24.4
Upper	16	34.8	27.3	4,113	47.0	39.6	13	46.4	26.4	3,730	62.3	37.4	36.5
Unknown	1	2.2	16.7	216	2.5	16.0	0	0.0	22.1	0	0.0	20.9	0.0
Total	46	100.0	100.0	8,748	100.0	100.0	28	100.0	100.0	5,985	100.0	100.0	100.0
Refinance Loans													
Low	3	13.0	9.3	200	6.6	6.3	4	20.0	12.6	279	15.3	6.6	19.6
Moderate	6	26.1	25.7	834	27.3	23.1	3	15.0	24.2	235	12.8	18.9	19.4
Middle	7	30.4	24.9	955	31.3	24.6	7	35.0	27.8	669	36.6	30.8	24.4
Upper	7	30.4	32.1	1,063	34.8	38.1	6	30.0	26.3	646	35.3	32.5	36.5
Unknown	0	0.0	8.0	0	0.0	8.0	0	0.0	9.1	0	0.0	11.1	0.0
Total	23	100.0	100.0	3,052	100.0	100.0	20	100.0	100.0	1,829	100.0	100.0	100.0
Home Improvement Loans													
Low	0	0.0	7.7	0	0.0	5.4	0	0.0	6.8	0	0.0	4.0	19.6
Moderate	2	25.0	19.2	176	43.6	12.7	2	11.8	21.2	75	6.4	14.8	19.4
Middle	1	12.5	20.0	21	5.2	16.5	8	47.1	28.0	456	39.1	22.7	24.4
Upper	5	62.5	50.8	207	51.2	62.8	7	41.2	42.4	635	54.5	56.6	36.5
Unknown	0	0.0	2.3	0	0.0	2.6	0	0.0	1.5	0	0.0	2.0	0.0
Total	8	100.0	100.0	404	100.0	100.0	17	100.0	100.0	1,166	100.0	100.0	100.0
Total Home Mortgage Loans													
Low	5	6.5	7.5	400	3.3	4.3	6	9.2	7.4	471	5.2	3.5	19.6
Moderate	25	32.5	24.9	3,294	27.0	19.4	10	15.4	21.9	821	9.1	15.6	19.4
Middle	18	23.4	23.9	2,911	23.9	22.9	23	35.4	25.9	2,677	29.8	24.9	24.4
Upper	28	36.4	31.6	5,383	44.1	40.5	26	40.0	29.8	5,011	55.8	38.6	36.5
Unknown	1	1.3	12.0	216	1.8	13.0	0	0.0	15.1	0	0.0	17.3	0.0
Total	77	100.0	100.0	12,204	100.0	100.0	65	100.0	100.0	8,980	100.0	100.0	100.0
Source: 2023 FFIEC Census Data													
2016-2020 U.S. Census Bureau: American Community Survey													
Note: Percentages may not total 100.0 percent due to rounding.													
Multifamily loans are not included in the borrower distribution analysis.													

Distribution of 2022 and 2023 Small Business Lending By Income Level of Geography											
Assessment Area: MI Non MSA Newaygo County											
Geographic Income Level	Bank And Aggregate Loans By Year										Total Businesses %
	2022						2023*				
	Bank		Agg	Bank		Agg	Bank				
	#	#%	#%	\$(000)	\$%	\$%	#	#%	\$(000)	\$%	
Low	0	0.0	0.0	0	0.0	0.0	0	0.0	0	0.0	0.0
Moderate	0	0.0	8.1	0	0.0	3.9	0	0.0	0	0.0	8.1
Middle	27	100.0	91.9	2,381	100.0	96.1	23	100.0	2,911	100.0	91.9
Upper	0	0.0	0.0	0	0.0	0.0	0	0.0	0	0.0	0.0
Unknown	0	0.0	0.0	0	0.0	0.0	0	0.0	0	0.0	0.0
Tract-Unk	0	0.0	0.0	0	0.0	0.0	0	0.0	0	0.0	0.0
Total	27	100.0	100.0	2,381	100.0	100.0	23	100.0	2,911	100.0	100.0
Source: 2023 FFIEC Census Data											
2023 Dun & Bradstreet Data											
2016-2020 U.S. Census Bureau: American Community Survey											
Note: Percentages may not total 100.0 percent due to rounding. *Aggregate data is not currently available.											

Distribution of 2022 and 2023 Small Business Lending By Revenue Size of Businesses											
Assessment Area: MI Non MSA Newaygo County											
	Bank And Aggregate Loans By Year										Total Businesses %
	2022						2023*				
	Bank		Agg	Bank		Agg	Bank				
	#	%	%	\$(000)	%	\$%	#	%	\$(000)	%	
By Revenue											
\$1 Million or Less	7	25.9	54.0	854	35.9	41.9	5	21.7	138	4.7	92.3
Over \$1 Million	20	74.1		1,527	64.1		18	78.3	2,773	95.3	5.8
Revenue Unknown	0	0.0		0	0.0		0	0.0	1.9		
Total	27	100.0		2,381	100.0		23	100.0	2,911	100.0	100.0
By Loan Size											
\$100,000 or Less	19	70.4	92.3	984	41.3	42.7	16	69.6	857	29.4	
\$100,001 - \$250,000	6	22.2	5.6	765	32.1	24.3	4	17.4	584	20.1	
\$250,001 - \$1 Million	2	7.4	2.1	632	26.5	33.1	3	13.0	1,470	50.5	
Total	27	100.0	100.0	2,381	100.0	100.0	23	100.0	2,911	100.0	
By Loan Size and Revenues \$1 Million or Less											
\$100,000 or Less	3	42.9		153	17.9		5	100.0	138	100.0	
\$100,001 - \$250,000	3	42.9		355	41.6		0	0.0	0	0.0	
\$250,001 - \$1 Million	1	14.3		346	40.5		0	0.0	0	0.0	
Total	7	100.0		854	100.0		5	100.0	138	100.0	
Source: 2023 FFIEC Census Data 2023 Dun & Bradstreet Data 2016-2020 U.S. Census Bureau: American Community Survey											
Note: Percentages may not total 100.0 percent due to rounding. *Aggregate data is not currently available.											

Distribution of 2022 and 2023 Small Farm Lending By Income Level of Geography											
Assessment Area: MI Non MSA Newaygo County											
Geographic Income Level	Bank And Aggregate Loans By Year										Total Farms %
	2022						2023*				
	Bank		Agg	Bank		Agg	Bank				
	#	#%	#%	\$(000)	\$%	\$%	#	#%	\$(000)	\$%	
Low	0	0.0	0.0	0	0.0	0.0	0	0.0	0	0.0	0.0
Moderate	4	57.1	10.8	684	52.9	34.4	0	0.0	0	0.0	4.3
Middle	3	42.9	89.2	608	47.1	65.6	2	100.0	290	100.0	95.7
Upper	0	0.0	0.0	0	0.0	0.0	0	0.0	0	0.0	0.0
Unknown	0	0.0	0.0	0	0.0	0.0	0	0.0	0	0.0	0.0
Tract-Unk	0	0.0	0.0	0	0.0	0.0	0	0.0	0	0.0	0.0
Total	7	100.0	100.0	1,292	100.0	100.0	2	100.0	290	100.0	100.0
Source: 2023 FFIEC Census Data											
2023 Dun & Bradstreet Data											
2016-2020 U.S. Census Bureau: American Community Survey											
Note: Percentages may not total 100.0 percent due to rounding. *Aggregate data is not currently available.											

Distribution of 2022 and 2023 Small Farm Lending By Revenue Size of Farms											
Assessment Area: MI Non MSA Newaygo County											
	Bank And Aggregate Loans By Year										Total Farms %
	2022						2023*				
	Bank		Agg	Bank		Agg	Bank				
	#	#%	#%	\$(000)	\$%	\$%	#	#%	\$(000)	\$%	
By Revenue											
\$1 Million or Less	2	28.6	48.6	108	8.4	26.4	2	100.0	290	100.0	97.1
Over \$1 Million	5	71.4		1,184	91.6		0	0.0	0	0.0	2.9
Revenue Unknown	0	0.0		0	0.0		0	0.0	0.0		
Total	7	100.0		1,292	100.0		2	100.0	290	100.0	100.0
By Loan Size											
\$100,000 or Less	3	42.9	89.2	169	13.1	43.5	1	50.0	40	13.8	
\$100,001 - \$250,000	2	28.6	5.4	273	21.1	13.7	1	50.0	250	86.2	
\$250,001 - \$500,000	2	28.6	5.4	850	65.8	42.8	0	0.0	0	0.0	
Total	7	100.0	100.0	1,292	100.0	100.0	2	100.0	290	100.0	
By Loan Size and Revenues \$1 Million or Less											
\$100,000 or Less	2	100.0		108	100.0		1	50.0	40	13.8	
\$100,001 - \$250,000	0	0.0		0	0.0		1	50.0	250	86.2	
\$250,001 - \$500,000	0	0.0		0	0.0		0	0.0	0	0.0	
Total	2	100.0		108	100.0		2	100.0	290	100.0	
Source: 2023 FFIEC Census Data 2023 Dun & Bradstreet Data 2016-2020 U.S. Census Bureau: American Community Survey											
Note: Percentages may not total 100.0 percent due to rounding. *Aggregate data is not currently available.											

Community Development Loans August 17, 2021, to October 21, 2024 (Dollars in 000s)										
Assessment Area	Affordable Housing		Community Services		Economic Development		Revitalization and Stabilization		Total	
	#	\$	#	\$	#	\$	#	\$	#	\$
Michigan Non-MSA, Newaygo County	0	0	0	0	0	0	0	0	0	0

Qualified Investments August 17, 2021, to October 21, 2024 (Dollars in 000s)										
Assessment Area	Affordable Housing		Economic Development		Revitalization and Stabilization		Community Services		Total	
	#	\$	#	\$	#	\$	#	\$	#	\$
Michigan Non-MSA, Newaygo County	0	0	0	0	4	127	4	975	8	1,101

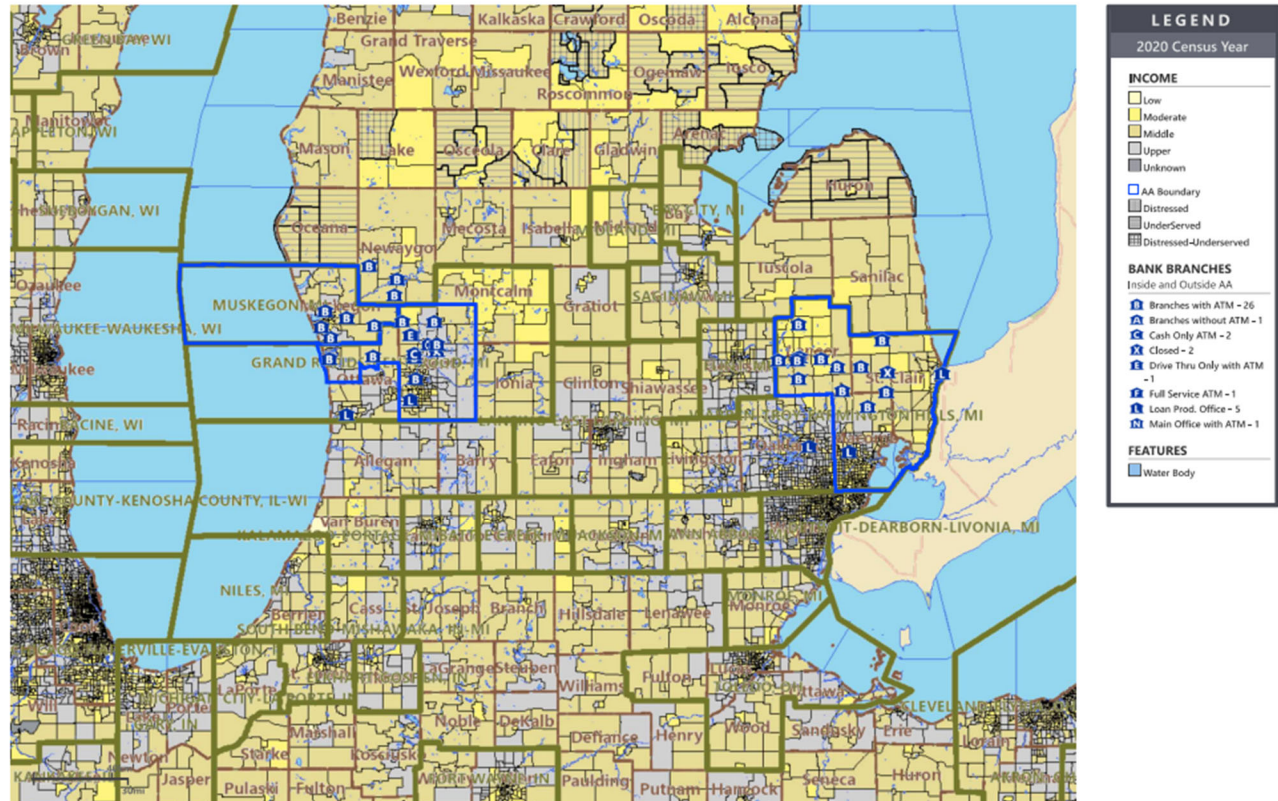
Note: Dollar amounts are rounded

Community Development Grants/Donations August 17, 2021, to October 21, 2024 (Dollars in 000s)										
Assessment Area	Affordable Housing		Economic Development		Revitalization and Stabilization		Community Services		Total	
	#	\$	#	\$	#	\$	#	\$	#	\$
Michigan Non-MSA, Newaygo County	0	0	4	3	0	0	7	32	11	35

Note: Dollar amounts are rounded

Community Development Services August 17, 2021, to October 21, 2024										
Assessment Area	Affordable Housing		Community Services		Economic Development		Revitalization and Stabilization		Total	
	#	Hours	#	Hours	#	Hours	#	Hours	#	Hours
Michigan Non-MSA, Newaygo County	0	0	1	27	0	0	0	0	1	27

**ChoiceOne Bank 324340**  
Combined Assessment Area





## APPENDIX B – Scope of Examination

SCOPE OF EXAMINATION			
<b>TIME PERIOD REVIEWED</b>	Lending activities January 1, 2022, through December 31, 2023 Community development activities from August 17, 2021, through October 21, 2024.		
<b>FINANCIAL INSTITUTION</b>  ChoiceOne Bank			<b>PRODUCTS REVIEWED</b>  <ul style="list-style-type: none"> <li>HMDA- and CRA- Reportable Small Business and Small Farm Loans</li> <li>Community Development Loans, Investments and Services</li> </ul>
<b>AFFILIATE(S)</b>	<b>AFFILIATE RELATIONSHIP</b>		<b>PRODUCTS REVIEWED</b>
None	None		None
LIST OF ASSESSMENT AREAS AND TYPE OF EXAMINATION			
ASSESSMENT AREA	TYPE OF EXAMINATION	BRANCHES VISITED	OTHER INFORMATION
1. Grand Rapids-Kentwood, MI MSA #24340 2. Warren-Troy-Farmington Hills MI MD #47664	Full Scope Review	N/A	None
1. Muskegon, MI MSA #34740 2. Non-Metropolitan Michigan-Newaygo County	Limited Scope Review	N/A	None

## APPENDIX C – Glossary

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

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

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

**American Community Survey Data (ACS):** The American Community Survey (ACS) data is based on a nationwide survey designed to provide local communities with reliable and timely demographic, social, economic, and housing data each year. The Census Bureau first released data for geographies of all sizes in 2010. This data is known as the “five-year estimate data.” The five-year estimate data is used by the FFIEC as the base file for data used in conjunction with consumer compliance and CRA examinations.<sup>1</sup>

**Area Median Income (AMI):** AMI means –

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

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

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

**Bank:** Bank means a state member as that term is defined in section 3(d)(2) of the Federal Deposit Insurance Act (12 USC 1813(d)(2)), except as provided in section 228.11(c)(3), and includes an

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<sup>1</sup> Source: FFIEC press release dated October 19, 2011.

uninsured state branch (other than a limited branch) of a foreign bank described in section 228.11(c)(2).

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

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

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

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

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

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

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

of the Comptroller of the Currency based on:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

**Income Level:** Income level means:

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

- 4) Upper-income – an individual income that is at least 120 percent of the area median income, or a median family income that is at least 120 percent in the case of a census tract.

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

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

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

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

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

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

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

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

**Metropolitan Area:** A metropolitan statistical area (MSA) or a metropolitan division (MD) as defined by the Office of Management and Budget. A MSA is a core area containing at least one urbanized area of 50,000 or more inhabitants, together with adjacent communities having a high degree of economic and social integration with that core. A MD is a division of a MSA based on

specific criteria including commuting patterns. Only a MSA that has a single core population of at least 2.5 million may be divided into MDs. A metropolitan statistical area that crosses into two or more bordering states is called a multistate metropolitan statistical area.

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

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

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

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

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

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

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

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

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

and other loans to farmers.

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