

PUBLIC DISCLOSURE

June 2, 2025

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

Bank Michigan
RSSD# 382742

417 South Main Street
Brooklyn, Michigan 49230

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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BANK'S CRA RATING

Bank Michigan is rated Satisfactory.

Bank Michigan is meeting the credit needs of its assessment area based on an analysis of the bank's lending activities and information obtained from community representatives. The bank's average loan-to-deposit (LTD) ratio is reasonable given the bank's size, financial condition, and assessment area credit needs. A majority of the bank's loans are originated outside the assessment area. The geographic distribution of loans reflects reasonable dispersion throughout the assessment area, and lending activity reflects reasonable penetration to businesses of different sizes. There were no Community Reinvestment Act (CRA) related complaints received by the institution or by this Reserve Bank since the previous evaluation.

SCOPE OF EXAMINATION

Bank Michigan's CRA performance was evaluated using the Small Institution CRA Examination Procedures issued by the Federal Financial Institutions Examinations Council's (FFIEC). The evaluation considered the bank's asset size, financial condition, CRA performance context, business strategy, competition, assessment area demographics, economic characteristics, and credit needs. For this evaluation, the bank's small business lending performance was reviewed based on a sample of loans originated from April 5, 2021, through December 31, 2024. Bank Michigan delineates three assessment areas including the Jackson, MI Metropolitan Statistical Area (MSA) #27100; the Ann Arbor, MI MSA #11460; and the Non MSA Michigan. The evaluation included full-scope reviews of the following two assessment areas: Jackson, MI MSA #27100 and Ann Arbor, MI MSA #11460. A limited scope-review was performed for Non-MSA Michigan (Lenawee County).

Performance within the designated assessment areas was evaluated using small bank examination procedures based on the following performance criteria:

- ***Loan-to-Deposit Ratio*** – A 17-quarter average loan-to-deposit ratio was calculated for the bank, from March 31, 2021, through March 31, 2025, and compared to a sample of local competitors.
- ***Lending in the Assessment Area*** – A sample of the bank's small business loans originated in the assessment area, from April 5, 2021, through December 31, 2024, was reviewed to determine the percentage of loans originated in the assessment area.
- ***Geographic Distribution of Lending in the Assessment Area*** – A sample of the bank's small business loans originated in the assessment area, from April 5, 2021, through December 31, 2024, was analyzed to determine the extent to which the bank is making loans in geographies of different income levels, particularly those designated as low- and moderate-income.

- ***Lending to Businesses of Different Sizes*** – A sample of the bank’s small business loans originated in the assessment area, from April 5, 2021, through December 31, 2024, was reviewed to determine the distribution of lending among businesses of different sizes.
- ***Response to Substantiated Complaints*** – Complaints were reviewed to determine if any were related to the bank’s record of helping to meet community credit needs and its responses to any received were evaluated for appropriateness.

In addition, two community representatives were contacted in connection with this examination to provide information regarding local economic and socio-economic conditions in the assessment areas. The organizations contacted focused on economic development.

DESCRIPTION OF INSTITUTION

Bank Michigan is an intrastate, small community bank headquartered in Brooklyn, Michigan. The bank is a wholly owned subsidiary of Bank Financial Corporation (BMFC), a single bank holding company.

The bank operates within three assessment areas. Specifically, the Jackson, MI MSA #27100 assessment area which includes the entirety of Jackson County and contains the bank’s main office and one full-service automated teller machine (ATM); the Ann Arbor MI MSA #11460 assessment area which includes the entirety of Washtenaw County and contains one branch office and one full-service ATM; and the Non-MSA Michigan assessment area which includes the entirety of Lenawee County, and includes one branch office and one full-service ATM. Since the last examination, the institution closed a stand-alone ATM located in Clarklake, MI on April 20, 2021.

According to the Uniform Bank Performance Report (UBPR), the bank reported total assets of \$132.1 million as of December 31, 2024. Bank Michigan is primarily a commercial lender, representing 89.0 percent of the loan portfolio. The bank offers traditional, non-complex loan and deposit products and services. Bank Michigan maintains a website (www.bankmichigan.bank) which provides information on loan and deposit products, as well as access to basic, online banking capabilities. Details of the allocation of the bank’s loan portfolio are provided in the following table.

Composition of Loan Portfolio as of March 31, 2025 (000's)		
Type	\$	%
Agriculture	316	0.3
Commercial	93,739	89.0
Residential Real Estate	8,666	8.2
Consumer	2,644	2.5
Other	0	0.0
Total	105,365	100.0
<i>Note: Percentages may not total 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.

The bank was rated Satisfactory under the CRA at its previous evaluation conducted on April 5, 2021.

DESCRIPTION OF ASSESSMENT AREAS

Bank Michigan maintains three assessment areas. First, the Jackson MI MSA #27100 (Jackson MI MSA) includes the entirety of Jackson County, Michigan. Jackson County is comprised of 46 census tracts, of which 3 are low-income, 14 are moderate-income, 15 are middle-income, 12 are upper-income and 2 are unknown income. The Non MSA MI assessment area includes Lenawee County, Michigan in its entirety. Lenawee County is comprised of 25 census tracts, of which 5 are moderate-income, 12 are middle-income, and 8 are upper income. There are no census tracts designated as distressed or underserved. Finally, the Ann Arbor, Michigan MSA #11460 (Ann Arbor MI MSA) includes the entirety of Washtenaw County, Michigan. Washtenaw County is comprised of 107 census tracts, of which 13 are low-income, 13 are moderate-income, 40 are middle-income, 30 are upper-income, and 11 are unknown. The assessment areas have not changed since the previous evaluation. A map of the combined assessment area is available in the Appendix A of this performance evaluation.

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA

Loan-to-Deposit Ratio

Bank Michigan's loan-to-deposit (LTD) ratio is reasonable given the bank's size, financial condition, and credit needs of its assessment area. As of March 31, 2025, the bank's LTD ratio for the 17-quarter average LTD ratio beginning March 31, 2021, was 89.0 percent. Similarly situated competitors were selected based on their asset size, branching location, and market share within or near the bank's assessment area. The bank's performance also represents a 4.5 percent increase in the bank's average LTD ratio since the previous examination when the bank had an 84.5 percent

LTD ratio over a 20-quarter period. The following table presents the bank's 17-quarter average LTD ratio from March 31, 2021, to March 31, 2025, in comparison to local competitors, a majority of whom are similar in asset size and operate within or near the same market areas.

Comparative Loan-to-Deposit Ratios	
Institution	Loan-to-Deposit Ratio (%)
	17 – Quarter Average
Bank Michigan	89.0
Local Peer Average	68.9
Competitors	
Homestead Savings Bank	70.9
Blissfield State Bank	50.1
Chelsea State Bank	61.1
University Bank	93.4

Assessment Area Concentration

A majority of loans were originated outside the assessment area. During the evaluation, Bank Michigan originated 30.1 percent of total loans by number and 29.3 percent of loans by dollar volume inside the three combined assessment areas. Within each assessment area, Bank Michigan's highest percentage of deposit market share is 2.0 percent, with one office location in each area. Such limited presence impacts general visibility and lending opportunities among competition that holds greater deposits and operates more branches.

The high proportion of lending outside the combined assessment area is attributed to the bank's status as a Small Business Administration (SBA) Preferred Lender. These loans, in particular, impacted lending outside the combined assessment area to a greater extent than during the previous CRA examination due to the evaluation timeframe of 45 months, from April 5, 2021, to December 31, 2024, compared to the previous CRA examination's evaluation period of 12 months. Approximately four total SBA loans were originated during the previous CRA examination, which would have a smaller impact on the 100 loans evaluated within that assessment area concentration performance. Within the 73 loans sampled for this evaluation, 12 (16.4 percent) were SBA loans extended to small businesses outside the combined assessment area. Broader SBA lending that is outside delineated areas has a greater impact on percentages as overall loan volume decreases. However, SBA lending that the bank provides is an important financing method for small businesses, both inside and outside the bank's assessment areas. The following table displays Bank Michigan's lending inside and outside of its assessment area for a sample of small business loans from April 5, 2021, through December 31, 2024.

Loan Types	Inside				Outside			
	#	%	\$(000s)	%	#	%	\$(000s)	%
Small Business	22	30.1	\$7,578	29.3	51	69.9	\$18,292	70.7
Total Small Bus. related	22	30.1	\$7,578	29.3	51	69.9	\$18,292	70.7
TOTAL LOANS	22	30.1	\$7,578	29.3	51	69.9	\$18,292	70.7

Geographic and Borrower Distribution

The bank's geographic distribution of small business loans reflects reasonable dispersion throughout the assessment areas. In addition, the borrower distribution reflects reasonable penetration among businesses of different sizes. Additional information regarding the bank's geographic and borrower distribution is found within the respective assessment area sections below.

Response to Complaints

Neither the bank nor this Reserve Bank have received any CRA-related complaints since the previous examination.

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.

JACKSON, MI MSA – FULL REVIEW

SCOPE OF EXAMINATION

Full scope examination procedures were used to evaluate the bank's performance in the Jackson, MI MSA assessment area. The scope of the examination is consistent with that which was defined for the entire review. Please refer to the more detailed description of the scope contained in the introduction section.

DESCRIPTION OF INSTITUTION'S OPERATIONS IN JACKSON, MI MSA

Bank Michigan operates its main office and once full-service ATM in Jackson, Michigan, both located in upper-income census tracts. Since the previous evaluation, the bank closed a cash-only ATM located in Clarklake, MI on April 30, 2021; this ATM was located in an upper-income census tract.

The Jackson, MI MSA assessment area includes Jackson County in its entirety. Since the previous examination, census tract designation changes have occurred. The number of census tracts increased from 38 to 46 due to changes in the 2020 Decennial Census and the American Community Survey for the period of 2016-2020. Within the bank's assessment area, 37.0 percent of census tracts are designated as low- or moderate-income. Despite the census tract changes, the assessment area's geographic footprint remains unchanged since the previous evaluation. Please refer to the following Census Tract Designation Changes table for details.

According to the June 30, 2024, FDIC Deposit Market Share Report, Bank Michigan is ranked 8th out of 12 FDIC-insured financial institutions operating within the assessment area. The bank, which operates one branch, held \$46.6 million in deposits, which represents 2.0 percent of the total deposit market share. In comparison, the first and ranked institutions include Flagstar Bank N.A, and Comerica Bank, with 30.0 and 20.0 percent deposit market shares, respectively.

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	3	-3
Moderate	9	14	+5
Middle	14	15	+1
Upper	8	12	+4
Unknown	1	2	+1
Total	38	46	+8
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			

Additional assessment area demographic information for the Jackson, MI MSA assessment area is provided in the following table. Please refer to Appendix B for demographic information within this assessment area for the years 2021, 2022, and 2023.

2024 Jackson, MI MSA 27100 AA Demographics								
Income Categories	Tract Distribution		Families by Tract Income		Families < Poverty Level as % of Families by Tract		Families by Family Income	
	#	%	#	%	#	%	#	%
Low	3	6.5	1,363	3.4	588	43.1	7,477	18.7
Moderate	14	30.4	10,314	25.8	1,558	15.1	7,599	19.0
Middle	15	32.6	16,650	41.7	898	5.4	8,365	21.0
Upper	12	26.1	11,451	28.7	343	3.0	16,467	41.3
Unknown	2	4.3	130	0.3	41	31.5	0	0.0
Total AA	46	100.0	39,908	100.0	3,428	8.6	39,908	100.0
	Housing Units by Tract	Housing Type by Tract						
		Owner-occupied			Rental		Vacant	
		#	% by tract	% by unit	#	% by unit	#	% by unit
Low	3,196	814	1.8	25.5	1,810	56.6	572	17.9
Moderate	20,487	10,871	23.5	53.1	7,666	37.4	1,950	9.5
Middle	26,856	19,868	43.0	74.0	4,636	17.3	2,352	8.8
Upper	18,320	14,638	31.7	79.9	1,325	7.2	2,357	12.9
Unknown	860	40	0.1	4.7	548	63.7	272	31.6
Total AA	69,719	46,231	100.0	66.3	15,985	22.9	7,503	10.8
	Total Businesses by Tract		Businesses by Tract & Revenue Size					
			Less Than or = \$1 Million		Over \$1 Million		Revenue Not Reported	
	#	%	#	%	#	%	#	%
Low	183	3.6	154	3.4	28	5.7	1	2.0
Moderate	1,552	30.6	1,340	29.6	209	42.4	3	6.0
Middle	1,907	37.6	1,735	38.3	146	29.6	26	52.0
Upper	1,113	21.9	1,033	22.8	64	13.0	16	32.0
Unknown	318	6.3	268	5.9	46	9.3	4	8.0
Total AA	5,073	100.0	4,530	100.0	493	100.0	50	100.0
Percentage of Total Businesses:			89.3		9.7		1.0	
	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	7	3.8	7	3.9	0	0.0	0	0.0
Middle	113	61.4	111	61.7	2	50.0	0	0.0
Upper	63	34.2	61	33.9	2	50.0	0	0.0
Unknown	1	0.5	1	0.6	0	0.0	0	0.0
Total AA	184	100.0	180	100.0	4	100.0	0	0.0
Percentage of Total Farms:			97.8		2.2		0.0	
Source: 2024 FFIEC Census Data 2024 Dun & Bradstreet Data 2016-2020 U.S. Census Bureau: American Community Survey Note: Percentages may not total 100.0 percent due to rounding.								

The following presentation of key demographics used to help inform the evaluation of bank activity in its assessment area is based on a comparison of two sets of ACS data, 2011-2015 and 2016-2020.

Population Characteristics

According to the U.S Census Bureau demographic data, population in the assessment area has been relatively stable, experiencing a 0.4 percent increase from 2015 to 2020. This growth is lower than the state of Michigan's population increase of 1.8 percent. A community representative indicated that slow population growth within the assessment area can be attributed to a lack of new housing units; however, the representative added that areas within Jackson County are making efforts to supply affordable housing opportunities. The representative also noted that the numerous Department of Corrections facilities within the area makes it less attractive than larger metropolitan areas such as Detroit and Grand Rapids. The following table presents the population trends for the assessment area and the state of Michigan from 2015 to 2020.

Population Change			
Area	2015 Population	2020 Population	Percentage Change (%)
Jackson, MI MSA 27100	159,759	160,366	0.4
Michigan	9,900,571	10,077,331	1.8
Source: 2020—U.S. Census Bureau: Decennial Census 2011-2015—U.S. Census Bureau: American Community Survey			

Income Characteristics

According to the U.S. Census Bureau, the assessment area is comprised of 39,908 families, with 18.7 percent of families designated as low-income, 19.0 percent as moderate-income, 21.0 percent as middle-income, and 41.3 percent as upper-income. Families living below the poverty level within the assessment area account for 8.6 percent, which is below the state of Michigan's poverty rate of 9.2 percent.

According to the American Community Survey, the assessment area had a median family income (MFI) of \$67,657, which is less than the MFI for the state of Michigan at \$75,470. This figure represents an increase in MFI (6.0 percent) from 2015 to 2020 but is lower than the increase in MFI for the state of Michigan (11.0 percent). Community representatives expressed that the area's MFI can be attributed to higher wage jobs, particularly tied to manufacturing and service industry employment opportunities. The following table presents the MFI trends for the assessment area and the state of Michigan from 2015 to 2020.

Median Family Income Change			
Area	2015 Median Family Income (\$)	2020 Median Family Income (\$)	Percentage Change (%)
Jackson, MI MSA 27100	63,841	67,657	6.0
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

According to the 2020 U.S. Census Bureau, there are a total of 69,719 housing units in the assessment area. The majority of housing units are owner-occupied at 66.3 percent, while 22.9 percent are rental units, and 10.8 percent of housing units are vacant. The percentage of vacant housing units in the assessment area is slightly lower than the percentage of vacant units for the state of Michigan at 13.7 percent.

A community representative stated that affordable housing is a primary need in the assessment area, particularly in the city of Jackson. However, the city has made great efforts to provide more affordable housing units for its residents by partnering with nearby organizations that specialize in economic development and affordable housing. Other areas of Jackson County have also created similar measures to provide residents with affordable housing opportunities. The representative also indicated that interest rates remain high, making it difficult for consumers to purchase homes within the area.

The following table presents housing cost burden data within the assessment area and the state of Michigan. A resident is considered housing cost burdened when they spend 30.0 percent or more of their income on housing costs. When a resident is experiencing housing cost burden, it may limit their ability to spend their remaining income on other essential needs such as transportation, food, health care, and childcare, or risk increasing debt. As evidenced in the table, 40.8 percent of all renters in the assessment area are considered housing cost burdened. Of the cost burdened renters, 73.9 percent are low-income, and 35.2 percent are moderate-income. For homeowners, 16.3 percent are experiencing housing cost burden within the assessment area; however, similar to renters, the majority are low- and moderate-income owners at 67.5 percent and 24.4 percent, respectively.

Housing Cost Burden						
Area	Cost Burden (%) - Renters			Cost Burden (%) - Owners		
	Low Income	Moderate Income	All Renters	Low Income	Moderate Income	All Owners
Jackson, MI MSA 27100	73.9	35.2	40.8	67.5	24.4	16.3
Michigan	75.3	35.6	42.9	62.1	27.2	17.5
Cost Burden is housing cost that equals 30 percent or more of household income Source: U.S. Department of Housing and Urban Development (HUD), 2017-2021 Comprehensive Housing Affordability Strategy						

Employment Conditions

According to data from the Bureau of Labor statistics, in 2023 unemployment rates in the assessment area and the state of Michigan continued to stabilize. Unemployment remained low until it peaked in 2020 at the height of the COVID-19 pandemic, then trended downward in 2021, 2022 and 2023. Unemployment rates remained comparable throughout the five-year period, with the state of Michigan having the highest unemployment rates in 2020 and 2021. Trends in unemployment rates show that the area has continued to recover from unemployment increases caused by the COVID-19 pandemic in 2020. The following table presents the unemployment trends for the assessment area and the state of Michigan from 2019 to 2023.

Unemployment Rates (%)					
Area	2019	2020	2021	2022	2023
Jackson, MI MSA 27100	3.8	9.3	5.6	4.4	4.0
Michigan	4.1	10.0	5.7	4.1	3.9
Source: Bureau of Labor Statistics (BLS), Local Area Unemployment Statistics					

Industry Conditions

Data from the U.S Bureau of Labor Statistics shows that the assessment area contains an employment base that is most heavily impacted by the industries of health care, retail trade, construction, and other services not involving public administration. The community representative emphasized that inflation, rising cost of goods, and the current nature of tariff uncertainty have negatively impacted the employment industry within the county. There is also a workforce skills gap, particularly a shortage of skilled workers within the following industries and opportunities: commercial drivers, in addition to tool and die, and IT related fields.

Community Representative

One community representative was contacted to provide information regarding local economic and demographic conditions. In addition to the perspectives provided in the preceding discussion, the representative indicated that the area needs micro-lending, even though it is not a traditional product offered by financial institutions. This would encourage small businesses to revitalize the

economy, despite the skilled worker shortages and the economic uncertainty the county is facing. Overall, the representative believes that local financial institutions are meeting the general banking and credit needs of the community. The representative also indicated that branch facilities within the area are usually acquired by new or large financial institutions that have recently entered the market area.

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS IN JACKSON, MI MSA

LENDING TEST

Geographic Distribution of Loans

For the purposes of this review, loans made in calendar years up to and including 2021 were analyzed based on income designations from the 2011-2015 American Community Survey data¹. Loans made in calendar years 2022 and after were analyzed based on income designations from the 2016-2020 American Community Survey data.

Due to low loan volumes, the analysis of lending percentages is significantly impacted. Overall, the bank's lack of lending in the assessment area does not reflect a willingness to lend and is reasonable considering the bank's deposit market share and its lending activity during difficult economic circumstances. A gap analysis was also conducted as part of the evaluation. Overall, no substantial disparities were noted. The gap analysis indicates that although volume is low, the bank is lending in the census tracts within its assessment area.

The review focused on the bank's performance in 2023 and 2024, while the bank's performance in 2022 and 2021 was used for comparison purposes. A detailed discussion of small business lending in relation to census demographics is provided below.

Small Business Loans

Small business lending reflects a reasonable dispersion throughout the assessment area. In 2024, Bank Michigan did not originate small business loans in low- and moderate-income census tracts. However, in 2023, the bank originated 50.0 percent of its small business loans in the moderate-income census tract, above the percentage of small business loans located in that tract (30.6 percent). Considering the low volume of loans, economic circumstances, and strong competition, the bank's performance is deemed reasonable. The bank's performance is further supported by its LTD ratio (89.0 percent), which demonstrates the bank's willingness to lend.

¹ The median family income levels (MFI) for census tracts are calculated using income data from the U.S. Census Bureau's American Community Survey and geographic designations from the Office of Management and Budget and are updated approximately every five years. (.12(m) Income Levels)

Small business lending in 2023 and 2024 was consistent with the bank's performance in 2021 and 2022. Please refer to Appendix B for the 2021 and 2022 geographic distribution table detailing the bank's small business lending performance. The following table presents the bank's geographic distribution of small business loans in 2023 and 2024.

Distribution of 2023 and 2024 Small Business Lending By Income Level of Geography									
Assessment Area: Jackson, MI MSA 27100									
Geographic Income Level	Bank Loans By Year								Total Businesses %
	2023				2024				
	#	%	\$(000)	\$%	#	%	\$(000)	\$%	
Low	0	0.0	0	0.0	0	0.0	0	0.0	3.6
Moderate	1	50.0	250	51.5	0	0.0	0	0.0	30.6
Middle	0	0.0	0	0.0	2	100.0	745	100.0	37.6
Upper	1	50.0	235	48.5	0	0.0	0	0.0	21.9
Unknown	0	0.0	0	0.0	0	0.0	0	0.0	6.3
Tract-Unk	0	0.0	0	0.0	0	0.0	0	0.0	
Total	2	100.0	485	100.0	2	100.0	745	100.0	100.0
Source: 2024 FFIEC Census Data 2024 Dun & Bradstreet Data 2016-2020 U.S. Census Bureau: American Community Survey Note: Percentages may not total 100.0 percent due to rounding.									

Lending to Businesses of Different Sizes

For the purposes of this review, loans made in calendar year 2021 or before were analyzed based on 2011-2015 American Community Survey income designations for individuals². Loans made in calendar year 2022 or after were analyzed based on 2016-2020 American Community Survey income designations for individuals.

The bank's distribution of small business loans among businesses of different revenue sizes reflects reasonable dispersion throughout the assessment area. The review focused on small business lending as it is the primary business line of the bank.

Due to low loan volumes, the analysis of lending percentages is significantly impacted. Overall, the bank's lack of lending in the assessment area does not reflect a lack of willingness to lend and is reasonable considering the bank's deposit market share and its lending activity during exceptionally difficult economic circumstances.

The review focused on small business lending as it is the primary business line of the bank. The review focused on the bank's performance in 2023 and 2024, while the bank's performance in 2022 and 2021 was used for comparison purposes. A detailed discussion of small business lending in relation to businesses of different revenue sizes is provided below.

² Income levels for individuals are calculated annually by the FFIEC using geographic definitions from the OMB, income data from the ACS and the Consumer Price Index from the Congressional Budget Office (.12(m) Income Levels).

The distribution of small business loans reflects reasonable penetration among businesses of different revenue sizes. In 2024, no loans were originated to businesses with gross revenues of \$1 million or less and no loans originated were in amounts of \$100,00 or less. In 2023, the bank originated 50.0 percent of its small business loans by number and 48.5 percent by dollar amount to small businesses with annual revenues of \$1 million or less. The bank's performance is below the percentage of total small businesses operating in the assessment area at 89.3 percent. Considering the low volume of loans and strong competition, this performance is reasonable. Also, as previously mentioned, the bank's performance is deemed reasonable as supported by its LTD ratio (89.0 percent) which demonstrates the bank's willingness to lend.

Analyses of the years 2021 and 2022 indicate consistent performance of small business lending activity to small businesses with revenues of \$1 million or less when compared to the bank's performance in 2023 and 2024. Please refer to Appendix B for the 2021 and 2022 borrower distribution table for small business lending.

The following table presents the bank's distribution of small business loans by revenue and loan size in 2023 and 2024.

Distribution of 2023 and 2024 Small Business Lending By Revenue Size of Businesses									
Assessment Area: Jackson, MI MSA 27100									
	Bank Loans By Year								Total Businesses %
	2023				2024				
	#	%	\$(000)	\$%	#	%	\$(000)	\$%	
By Revenue									
\$1 Million or Less	1	50.0	235	48.5	0	0.0	0	0.0	89.3
Over \$1 Million	1	50.0	250	51.5	2	100.0	745	100.0	9.7
Revenue Unknown	0	0.0	0	0.0	0	0.0	0	0.0	1.0
Total	2	100.0	485	100.0	2	100.0	745	100.0	100.0
By Loan Size									
\$100,000 or Less	0	0.0	0	0.0	0	0.0	0	0.0	
\$100,001 - \$250,000	2	100.0	485	100.0	1	50.0	124	16.6	
\$250,001 - \$1 Million	0	0.0	0	0.0	1	50.0	620	83.2	
Total	2	100.0	485	100.0	2	100.0	745	100.0	
By Loan Size and Revenue \$1 Million or Less									
\$100,000 or Less	0	0.0	0	0.0	0	0.0	0	0.0	
\$100,001 - \$250,000	1	100.0	235	100.0	0	0.0	0	0.0	
\$250,001 - \$1 Million	0	0.0	0	0.0	0	0.0	0	0.0	
Total	1	100.0	235	100.0	0	0.0	0	0.0	
Source: 2024 FFIEC Census Data 2024 Dun & Bradstreet Data 2016-2020 U.S. Census Bureau: American Community Survey									
Note: Percentages may not total 100.0 percent due to rounding.									

ANN ARBOR, MI MSA – FULL REVIEW

SCOPE OF EXAMINATION

Full scope examination procedures were used to evaluate the bank's performance in the Ann Arbor, MI MSA assessment area. The scope of examination is consistent with that which was defined for the entire review. Please refer to the more detailed description of the scope contained in the introduction section.

DESCRIPTION OF INSTITUTION'S OPERATIONS IN ANN ARBOR, MI MSA

Bank Michigan operates one branch and one full-service ATM in Ann Arbor, Michigan. Both are located in a moderate-income census tract in the assessment area. The Ann Arbor, MI MSA assessment area includes Washtenaw County in its entirety. Since the previous examination census tract designation changes occurred. Specifically, according to the 2020 Decennial Census and the American Community Survey for the period of 2016-2020, the number of census tracts increased from 100 to 107. Most notably, the bank's assessment area lost six low-and moderate-income census tracts and gained eight middle-and upper income tracts. Please refer to the following Census Tract Designation Changes Table. Overall, the assessment area remains unchanged since the previous evaluation.

According to the Federal Deposit Insurance Corporation (FDIC) Market Share Report as of June 30, 2024, Bank Michigan ranked 16th out of 17 financial institutions operating in the assessment area. The bank held \$34.4 million in total deposits, representing a market share of 0.3 percent. The prominent market leaders are J.P Morgan Chase Bank, N.A. and Bank of Ann Arbor, with 20.1 percent and 11.9 percent deposit market shares, respectively. At the previous evaluation the bank ranked 18th of 19 financial institutions in the Ann Arbor, MI MSA.

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	16	13	-3
Moderate	16	13	-3
Middle	37	40	+3
Upper	25	30	+5
Unknown	6	11	+5
Total	100	107	+7
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			

Additional assessment area demographic information for the Ann Arbor, MI MSA assessment area is provided in the following table. Please refer to Appendix B for demographic information within this assessment area for the years 2021, 2022, and 2023.

2024 Ann Arbor, MI MSA 11460 AA Demographics								
Income Categories	Tract Distribution		Families by Tract Income		Families < Poverty Level as % of Families by Tract		Families by Family Income	
	#	%	#	%	#	%	#	%
Low	13	12.1	6,681	8.2	1,746	26.1	16,915	20.8
Moderate	13	12.1	8,250	10.1	1,081	13.1	14,355	17.7
Middle	40	37.4	35,113	43.2	1,354	3.9	17,415	21.4
Upper	30	28.0	30,648	37.7	772	2.5	32,607	40.1
Unknown	11	10.3	600	0.7	169	28.2	0	0.0
Total AA	107	100.0	81,292	100.0	5,122	6.3	81,292	100.0
	Housing Units by Tract	Housing Type by Tract						
		Owner-occupied			Rental		Vacant	
		#	% by tract	% by unit	#	% by unit	#	% by unit
Low	18,022	4,152	4.7	23.0	12,606	69.9	1,264	7.0
Moderate	18,144	7,606	8.6	41.9	9,361	51.6	1,177	6.5
Middle	61,211	41,259	46.9	67.4	16,959	27.7	2,993	4.9
Upper	47,883	34,598	39.3	72.3	10,746	22.4	2,539	5.3
Unknown	6,493	323	0.4	5.0	5,430	83.6	740	11.4
Total AA	151,753	87,938	100.0	57.9	55,102	36.3	8,713	5.7
	Total Businesses by Tract		Businesses by Tract & Revenue Size					
			Less Than or = \$1 Million		Over \$1 Million		Revenue Not Reported	
	#	%	#	%	#	%	#	%
Low	1,234	7.5	1,124	7.5	102	7.9	8	5.9
Moderate	1,486	9.0	1,408	9.4	72	5.5	6	4.4
Middle	6,830	41.5	6,218	41.4	541	41.7	71	52.2
Upper	6,361	38.6	5,790	38.5	523	40.3	48	35.3
Unknown	551	3.3	488	3.2	60	4.6	3	2.2
Total AA	16,462	100.0	15,028	100.0	1,298	100.0	136	100.0
Percentage of Total Businesses:				91.3		7.9		0.8
	Total Farms by Tract		Farms by Tract & Revenue Size					
			Less Than or = \$1 Million		Over \$1 Million		Revenue Not Reported	
	#	%	#	%	#	%	#	%
Low	6	1.8	6	1.8	0	0.0	0	0.0
Moderate	9	2.7	9	2.7	0	0.0	0	0.0
Middle	218	64.7	215	64.6	3	100.0	0	0.0
Upper	104	30.9	103	30.9	0	0.0	1	100.0
Unknown	0	0.0	0	0.0	0	0.0	0	0.0
Total AA	337	100.0	333	100.0	3	100.0	1	100.0
Percentage of Total Farms:				98.8		0.9		0.3
Sources: 2024 FFIEC Census Data 2024 Dun & Bradstreet Data 2016-2020 U.S. Census Bureau: American Community Survey Note: Percentages may not total 100.0 percent due to rounding.								

The following presentation of key demographics used to help inform the evaluation of bank activity in its assessment area is based on a comparison of two sets of ACS data, 2011-2015 and 2016-2020.

Population Characteristics

According to U.S Census Bureau demographic data, the assessment area's population increased by 5.1 percent since 2015, which is a greater increase compared to the state of Michigan's population increase of 1.8 percent. A community representative stated that the area is noted for having a high college graduate population. Within the area, there are three universities and colleges including the University of Michigan, Eastern Michigan University, and Prairie College. The representative noted that these institutions attract young people into the area who are pursuing higher education opportunities and who often remain within the area to pursue other professional opportunities. The following table presents the population trends for the assessment area and the state of Michigan from 2015 to 2020.

Population Change			
Area	2015 Population	2020 Population	Percentage Change (%)
Ann Arbor, MI MSA 11460	354,092	372,258	5.1
Michigan	9,900,571	10,077,331	1.8
Source: 2020—U.S. Census Bureau: Decennial Census 2011-2015—U.S. Census Bureau: American Community Survey			

Income Characteristics

According to the U.S. Census Bureau, the assessment area is comprised of 81,292 families, with 20.8 percent of families designated as low-income, 17.6 percent as moderate-income, 21.4 percent as middle-income, and 40.1 percent as upper-income. Families living below the poverty level within the assessment area account for 6.3 percent, which is below the state of Michigan's poverty rate of 9.2 percent.

According to the American Community Survey, the assessment area had a median family income (MFI) of \$105,224, which is higher than the MFI for the state of Michigan at \$75,470. This figure represents a significant increase in MFI (10.3 percent) from 2015 to 2020 and is consistent with the increase in MFI for the state of Michigan (11.0 percent). According to the community representative, the assessment area's high MFI can be attributed to the proximity of universities and colleges in the area. Specifically, families who can afford the high costs of higher education play a notable role in maintaining the area's high MFI. The following table presents the MFI trends for the assessment area and the state of Michigan from 2015 to 2020.

Median Family Income Change			
Area	2015 Median Family Income (\$)	2020 Median Family Income (\$)	Percentage Change (%)
Ann Arbor, MI MSA 11460	95,416	105,224	10.3
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

According to the 2020 U.S. Census Bureau, there are a total of 151,753 housing units in the assessment area. The majority of housing units are owner-occupied at 57.9 percent, while 36.3 percent are rental units, and 5.7 percent of housing units are vacant. The percentage of vacant housing units in the assessment area is slightly lower than the percentage of vacant units for the state of Michigan at 13.7 percent. According to community representatives, the high percentage of owner-occupied housing units is attributed to a supply of affordable housing options for low- and moderate-income individuals. The representative noted that numerous local organizations exist that specialize in meeting the needs of the community and help offer assistance and opportunities to acquire affordable housing units.

The following table presents housing cost burden data within the assessment area and the state of Michigan. A resident is considered housing cost burdened when they spend 30.0 percent or more of their income on housing costs. When a resident is experiencing housing cost burden, it may limit their ability to spend their remaining income on other essential needs such as transportation, food, health care, and childcare, or may increase their risk of accumulating debt. As evidenced in the following table, 46.9 percent of all renters in the assessment area are considered housing cost-burdened. Of the cost burdened renters, 78.6 percent are low-income, and 32.1 percent are moderate-income. For homeowners, 17.6 percent are experiencing a housing cost burden within the assessment area; however, similar to renters, the majority are low- and moderate-income owners at 63.4 percent and 29.8 percent, respectively.

Housing Cost Burden						
Area	Cost Burden (%) - Renters			Cost Burden (%) - Owners		
	Low Income	Moderate Income	All Renters	Low Income	Moderate Income	All Owners
Ann Arbor, MI MSA 11460	78.6	32.1	46.9	63.4	29.8	17.6
Michigan	75.3	35.6	42.9	62.1	27.2	17.5
<i>Cost Burden is housing cost that equals 30 percent or more of household income Source: U.S. Department of Housing and Urban Development (HUD), 2017-2021 Comprehensive Housing Affordability Strategy</i>						

Employment Conditions

According to data from the Bureau of Labor statistics, in 2023 unemployment rates in the assessment area and the state of Michigan are continuing to stabilize. Unemployment remained low until it peaked in 2020 at the height of the COVID-19 pandemic, then trended downward in 2021, 2022 and 2023. Amongst the two geographies, unemployment rates remained comparable throughout the five-year period, with the state of Michigan having the highest unemployment rates in 2020 and 2021. Overall, trends in unemployment rates show that the area has continued to recover from unemployment increases caused by the COVID-19 pandemic in 2020. The following table presents the unemployment trends for the assessment area and the state of Michigan from 2019 to 2023.

Unemployment Rates (%)					
Area	2019	2020	2021	2022	2023
Assessment Area	2.9	6.7	4.3	3.5	3.3
Michigan	4.1	10.0	5.7	4.1	3.9
Source: Bureau of Labor Statistics (BLS), Local Area Unemployment Statistics					

Industry Conditions

Data from the U.S Bureau of Labor Statistics shows that the assessment area contains an employment base that is heavily impacted by the industries of professional and technical services, health care, and retail trade. Community representatives emphasized that a lack of affordable childcare and high transportation costs are notable factors that have made it difficult to find adequate employment opportunities within the assessment area, particularly for low- to moderate-income individuals. Residents usually drive long distances to commute to their place of employment but also to daycare centers before work. Additionally, the representative noted that there is a shortage of skilled workers, particularly commercial drivers, since barriers of employment usually include lengthy and difficult processes to obtain necessary credentials. Other skilled trade industries have also struggled to find qualified workers to fill employment positions.

Community Representative

One community representative was contacted to provide information regarding local economic and demographic conditions. According to the representative, since the COVID-19 pandemic, many small businesses were forced to close. The representative indicated that financial institutions should continue to originate small business loans and host events for microenterprises to revitalize the economy in the small business sector. Additionally, the representative noted that many residents, particularly low- and moderate-income individuals, do not understand basic banking products or services offered by financial institutions; financial institutions should offer more financial literacy programs to these individuals as it would be beneficial for the community.

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS IN ANN ARBOR, MI MSA

LENDING TEST

Geographic Distribution of Loans

For the purposes of this review, loans made in calendar years up to and including 2021 were analyzed based on income designations from the 2011-2015 American Community Survey data³. Loans made in calendar years 2022 and after were analyzed based on income designations from the 2016-2020 American Community Survey data.

The bank's geographic distribution of small business loans reflects reasonable dispersion throughout the bank's assessment area. The review focused on small business lending as this is the primary business line of the bank.

Due to low loan volumes, the analysis of lending percentages is significantly impacted. Overall, the bank's lack of lending in the assessment area does not reflect a lack of willingness to lend and is reasonable considering the bank's deposit market share and its lending activity during exceptionally difficult economic circumstances. A gap analysis was conducted as a part of the evaluation. Overall, no substantial gaps were noted. The gap analysis indicates that although volume is low, the bank is making efforts to lend in the census tracts within its assessment area.

The review focused on the bank's performance in 2023 and 2024, while the bank's performance in 2022 and 2021 was used for comparison purposes. A detailed discussion of small business lending in relation to census demographics is provided below.

Small business lending reflects a reasonable dispersion throughout the assessment area. In 2024, Bank Michigan did not originate small business loans in low- and moderate-income census tracts. In 2023, Bank Michigan did not originate small business loans in any of the assessment area's income census tracts. Considering the low volume of loans, economic circumstances, and strong competition, the bank's performance is deemed reasonable. The bank's performance is further supported by its LTD ratio (89.0 percent), which demonstrates the bank's willingness to lend.

Small business lending in the low- and moderate-income census tracts for 2021 and 2022 is consistent with the bank's performance in 2024. Please refer to Appendix B for the 2021 and 2022 geographic distribution table detailing the bank's small business lending performance.

The following table presents the bank's geographic distribution of small business loans in 2023 and 2024.

³ The median family income levels (MFI) for census tracts are calculated using income data from the U.S. Census Bureau's American Community Survey and geographic designations from the Office of Management and Budget and are updated approximately every five years. (.12(m) Income Levels)

Distribution of 2023 and 2024 Small Business Lending By Income Level of Geography									
Assessment Area: Ann Arbor, MI MSA 11460									
Geographic Income Level	Bank Loans By Year								Total Businesses %
	2023				2024				
	#	%	\$(000)	\$%	#	%	\$(000)	\$%	
Low	0	0.0	0	0.0	0	0.0	0	0.0	7.5
Moderate	0	0.0	0	0.0	0	0.0	0	0.0	9.0
Middle	0	0.0	0	0.0	2	66.7	738	88.1	41.5
Upper	0	0.0	0	0.0	1	33.3	100	11.9	38.6
Unknown	0	0.0	0	0.0	0	0.0	0	0.0	3.3
Tract-Unk	0	0.0	0	0.0	0	0.0	0	0.0	
Total	0	0.0	0	0.0	3	100.0	838	100.0	100.0
Source: 2024 FFIEC Census Data 2024 Dun & Bradstreet Data 2016-2020 U.S. Census Bureau: American Community Survey Note: Percentages may not total 100.0 percent due to rounding.									

Lending to Businesses of Different Sizes

For the purposes of this review, loans made in calendar year 2021 or before were analyzed based on 2011-2015 American Community Survey income designations for individuals⁴. Loans made in calendar year 2022 or after were analyzed based on 2016-2020 American Community Survey income designations for individuals.

Bank Michigan's distribution of small business loans among businesses of different revenue sizes reflects reasonable penetration throughout the assessment area. The penetration among businesses of different sizes in the assessment area was reviewed to determine if the bank is serving the credit needs in the assessment area. The review focused on small business lending as it is the primary business line of the bank. The review focused on the bank's performance in 2023 and 2024, while the bank's performance in 2022 and 2021 was used for comparison purposes. A detailed discussion of small business lending in relation to businesses of different revenue sizes is provided below.

Small Business Loans

The distribution of small business loans reflects reasonable penetration among businesses of different revenue sizes. In 2024, the bank originated 66.7 percent of small business loans by number and 40.3 percent by dollar amount to businesses with annual revenues of \$1 million or less. The bank's performance is below the 91.3 percent of total small businesses operating in the assessment area. However, of the loans originated to small businesses with revenues of \$1 million or less, 50.0 percent were in amounts of \$100,000 or less, which are considered most beneficial to small businesses. This demonstrates the bank's ability to meet the credit needs of small businesses. In 2023, the bank originated did not originate small business loans to businesses of any revenue

⁴ Income levels for individuals are calculated annually by the FFIEC using geographic definitions from the OMB, income data from the ACS and the Consumer Price Index from the Congressional Budget Office (.12(m) Income Levels).

size. Considering the low volume of loans and strong competition, this performance is reasonable. The bank's performance is further supported by its LTD ratio (89.0 percent), which demonstrates the bank's willingness to lend.

Analyses of the years 2021 and 2022 indicate consistent performance of small business lending activity to small businesses with revenues of \$1 million or less when compared to the bank's performance in 2024. Please refer to Appendix B for the 2021 and 2022 borrower distribution table for small business lending. The following table presents the bank's distribution of small business loans by revenue and loan size in 2023 and 2024.

Distribution of 2023 and 2024 Small Business Lending By Revenue Size of Businesses									
Assessment Area: Ann Arbor, MI MSA 11460									
	Bank Loans By Year								Total Businesses %
	2023				2024				
	#	%	\$(000)	\$%	#	%	\$(000)	\$%	
By Revenue									
\$1 Million or Less	0	0.0	0	0.0	2	66.7	338	40.3	91.3
Over \$1 Million	0	0.0	0	0.0	1	33.3	500	59.7	7.9
Revenue Unknown	0	0.0	0	0.0	0	0.0	0	0.0	0.8
Total	0	0.0	0	0.0	3	100.0	838	100.0	100.0
By Loan Size									
\$100,000 or Less	0	0.0	0	0.0	1	33.3	100	11.9	
\$100,001 - \$250,000	0	0.0	0	0.0	1	33.3	238	28.4	
\$250,001 - \$1 Million	0	0.0	0	0.0	1	33.3	500	59.7	
Total	0	0.0	0	0.0	3	100.0	838	100.0	
By Loan Size and Revenue \$1 Million or Less									
\$100,000 or Less	0	0.0	0	0.0	1	50.0	100	29.6	
\$100,001 - \$250,000	0	0.0	0	0.0	1	50.0	238	70.4	
\$250,001 - \$1 Million	0	0.0	0	0.0	0	0.0	0	0.0	
Total	0	0.0	0	0.0	2	100.0	338	100.0	
Source: 2024 FFIEC Census Data 2024 Dun & Bradstreet Data 2016-2020 U.S. Census Bureau: American Community Survey									
Note: Percentages may not total 100.0 percent due to rounding.									

NON MSA MICHIGAN – LIMITED REVIEW

SCOPE OF EXAMINATION

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

DESCRIPTION OF INSTITUTION'S OPERATIONS IN NON-MSA MICHIGAN

Bank Michigan operates one branch and one full-service ATM in Onsted, Michigan, both are located in an upper-income census tract in the assessment area. The Non-MSA MI assessment area includes Lenawee County in its entirety. Census tracts designation changes have occurred since the previous exam. Specifically, changes in the 2020 Decennial Census and the American Community Survey for the period of 2016-2020, resulted in an increased from 23 to 25 census tracts. Please refer to the following Census Tract Designation Change Table. Despite the increase, the assessment area remains unchanged since the previous evaluation.

According to the Federal Deposit Insurance Corporation (FDIC) Market Share Report as of June 30, 2024, Bank Michigan ranked 8th out of 8 financial institutions operating in the assessment area. The bank held \$25.2 million in total deposits, representing a market share of 1.7 percent. The market is controlled by competitors Premier Bank and Old National Bank with 31.7 percent and 25.0 percent deposit market shares, respectively.

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	0	0	0
Moderate	4	5	+1
Middle	13	12	-1
Upper	6	8	+2
Unknown	0	0	0
Total	23	25	+2
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			

Additional assessment area demographic information for the Michigan Non-MSA assessment area is provided in the following table. Please refer to Appendix B for demographic information within this assessment area for the years 2021, 2022, and 2023.

2024 MI Non MSA 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	3,830	14.8
Moderate	5	20.0	4,184	16.2	894	21.4	4,762	18.4
Middle	12	48.0	10,562	40.9	778	7.4	5,512	21.3
Upper	8	32.0	11,105	43.0	371	3.3	11,747	45.4
Unknown	0	0.0	0	0.0	0	0.0	0	0.0
Total AA	25	100.0	25,851	100.0	2,043	7.9	25,851	100.0
	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	8,883	4,407	14.6	49.6	3,443	38.8	1,033	11.6
Middle	18,507	12,629	41.9	68.2	3,407	18.4	2,471	13.4
Upper	16,504	13,080	43.4	79.3	1,727	10.5	1,697	10.3
Unknown	0	0	0.0	0.0	0	0.0	0	0.0
Total AA	43,894	30,116	100.0	68.6	8,577	19.5	5,201	11.8
	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	775	22.9	699	22.4	72	32.3	4	8.3
Middle	1,388	40.9	1,281	41.1	87	39.0	20	41.7
Upper	1,228	36.2	1,140	36.5	64	28.7	24	50.0
Unknown	0	0.0	0	0.0	0	0.0	0	0.0
Total AA	3,391	100.0	3,120	100.0	223	100.0	48	100.0
Percentage of Total Businesses:				92.0		6.6		1.4
	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	2	0.6	2	0.7	0	0.0	0	0.0
Middle	169	54.3	165	54.5	4	50.0	0	0.0
Upper	140	45.0	136	44.9	4	50.0	0	0.0
Unknown	0	0.0	0	0.0	0	0.0	0	0.0
Total AA	311	100.0	303	100.0	8	100.0	0	0.0
Percentage of Total Farms:				97.4		2.6		0.0
Source: 2024 FFIEC Census Data 2024 Data & Broadstreet 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 IN NON-MSA MICHIGAN

LENDING TEST

Bank Michigan's lending performance in the assessment area is consistent with the institution's lending performance overall.

Geographic Distribution of Loans

The following table presents the bank's geographic distribution of small business loans in 2024 within the Michigan Non-MSA assessment area. Please refer to Appendix B for the 2021, 2022, and 2023 geographic distribution table detailing the bank's small business lending performance.

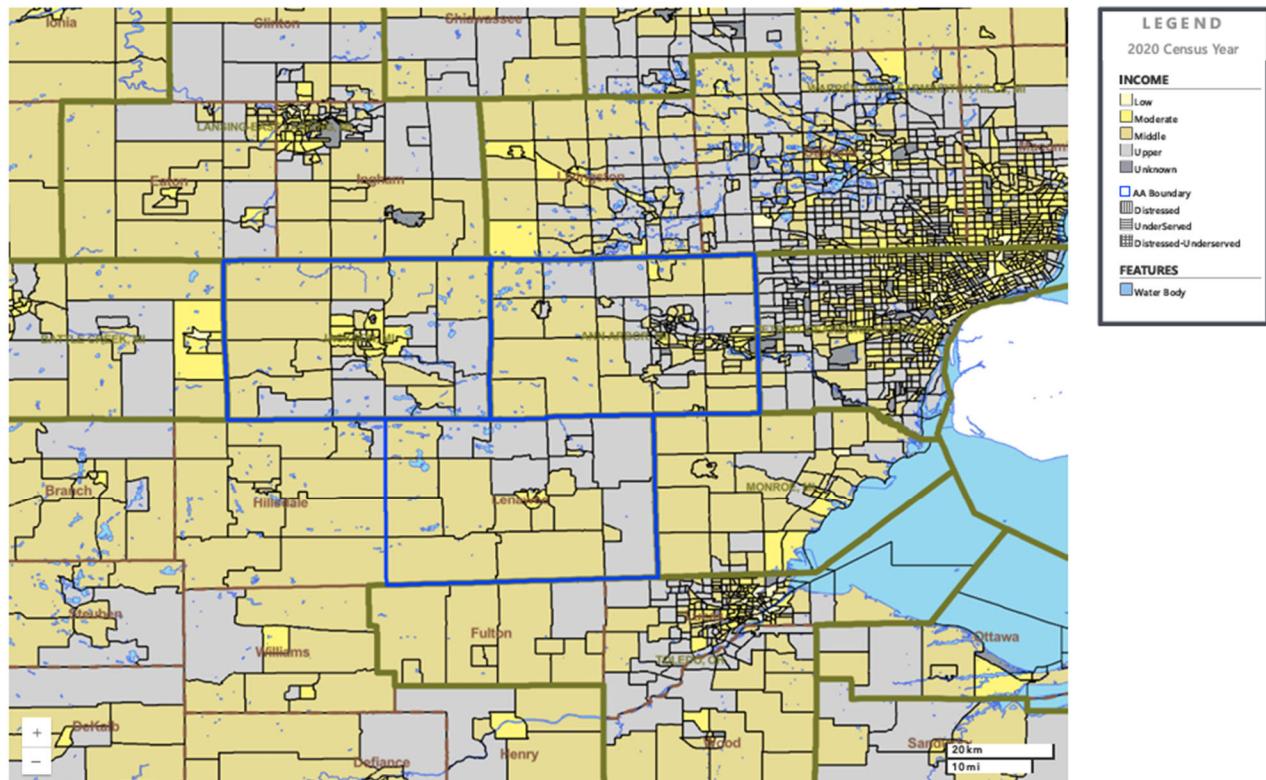
Distribution of 2024 Small Business Lending By Income Level of Geography					
Assessment Area: MI Non MSA					
Geographic Income Level	Bank Loans				Total Businesses %
	#	#%	\$(000)	\$%	
Low	0	0.0	0	0.0	0.0
Moderate	1	100.0	1,000	100.0	22.9
Middle	0	0.0	0	0.0	40.9
Upper	0	0.0	0	0.0	36.2
Unknown	0	0.0	0	0.0	0.0
Tract-Unk	0	0.0	0	0.0	
Total	1	100.0	1,000	100.0	100.0
Source: 2024 FFIEC Census Data 2024 Dun & Bradstreet Data 2016-2020 U.S. Census Bureau: American Community Survey Note: Percentages may not total 100.0 percent due to rounding.					

Lending to Businesses of Different Sizes

The following tables presents the bank's lending to businesses of different sizes in 2024 within the Michigan Non-MSA assessment area. Please refer to Appendix B for the 2021, 2022, and 2023 borrower distribution tables for small business lending.

Distribution of 2024 Small Business Lending By Revenue Size of Businesses					
Assessment Area: MI Non MSA					
	Bank Loans				Total Businesses %
	#	#%	\$(000)	\$%	
By Revenue					
\$1 Million or Less	1	100.0	1,000	100.0	92.0
Over \$1 Million	0	0.0	0	0.0	6.6
Revenue Unknown	0	0.0	0	0.0	1.4
Total	1	100.0	1,000	100.0	100.0
By Loan Size					
\$100,000 or Less	0	0.0	0	0.0	
\$100,001 - \$250,000	0	0.0	0	0.0	
\$250,001 - \$1 Million	1	100.0	1,000	100.0	
Total	1	100.0	1,000	100.0	
By Loan Size and Revenues \$1 Million or Less					
\$100,000 or Less	0	0.0	0	0.0	
\$100,001 - \$250,000	0	0.0	0	0.0	
\$250,001 - \$1 Million	1	100.0	1,000	100.0	
Total	1	100.0	1,000	100.0	
Source: 2024 FFIEC Census Data 2024 Dun & Bradstreet Data 2016-2020 U.S. Census Bureau: American Community Survey					
Note: Percentages may not total 100.0 percent due to rounding.					

Bank Michigan 382742
Combined Assessment Area



APPENDIX B – Additional Lending and Demographics Table

2023 Jackson, MI MSA 27100 AA Demographics								
Income Categories	Tract Distribution		Families by Tract Income		Families < Poverty Level as % of Families by Tract		Families by Family Income	
	#	%	#	%	#	%	#	%
Low	3	6.5	1,363	3.4	588	43.1	7,477	18.7
Moderate	14	30.4	10,314	25.8	1,558	15.1	7,599	19.0
Middle	15	32.6	16,650	41.7	898	5.4	8,365	21.0
Upper	12	26.1	11,451	28.7	343	3.0	16,467	41.3
Unknown	2	4.3	130	0.3	41	31.5	0	0.0
Total AA	46	100.0	39,908	100.0	3,428	8.6	39,908	100.0
	Housing Units by Tract	Housing Type by Tract						
		Owner-occupied			Rental		Vacant	
		#	% by tract	% by unit	#	% by unit	#	% by unit
Low	3,196	814	1.8	25.5	1,810	56.6	572	17.9
Moderate	20,487	10,871	23.5	53.1	7,666	37.4	1,950	9.5
Middle	26,856	19,868	43.0	74.0	4,636	17.3	2,352	8.8
Upper	18,320	14,638	31.7	79.9	1,325	7.2	2,357	12.9
Unknown	860	40	0.1	4.7	548	63.7	272	31.6
Total AA	69,719	46,231	100.0	66.3	15,985	22.9	7,503	10.8
	Total Businesses by Tract		Businesses by Tract & Revenue Size					
			Less Than or = \$1 Million		Over \$1 Million		Revenue Not Reported	
	#	%	#	%	#	%	#	%
Low	177	3.2	148	3.0	28	5.4	1	1.8
Moderate	1,680	30.7	1,448	29.6	226	43.5	6	10.7
Middle	2,058	37.6	1,879	38.4	152	29.2	27	48.2
Upper	1,240	22.7	1,153	23.6	69	13.3	18	32.1
Unknown	316	5.8	267	5.5	45	8.7	4	7.1
Total AA	5,471	100.0	4,895	100.0	520	100.0	56	100.0
Percentage of Total Businesses:			89.5		9.5		1.0	
	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	7	3.6	7	3.6	0	0.0	0	0.0
Middle	120	61.2	118	61.1	2	66.7	0	0.0
Upper	68	34.7	67	34.7	1	33.3	0	0.0
Unknown	1	0.5	1	0.5	0	0.0	0	0.0
Total AA	196	100.0	193	100.0	3	100.0	0	0.0
Percentage of Total Farms:			98.5		1.5		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.								

2022 Jackson, MIMSA 27100 AA Demographics								
Income Categories	Tract Distribution		Families by Tract Income		Families < Poverty Level as % of Families by Tract		Families by Family Income	
	#	%	#	%	#	%	#	%
Low	3	6.5	1,363	3.4	588	43.1	7,477	18.7
Moderate	14	30.4	10,314	25.8	1,558	15.1	7,599	19.0
Middle	15	32.6	16,650	41.7	898	5.4	8,365	21.0
Upper	12	26.1	11,451	28.7	343	3.0	16,467	41.3
Unknown	2	4.3	130	0.3	41	31.5	0	0.0
Total AA	46	100.0	39,908	100.0	3,428	8.6	39,908	100.0
	Housing Units by Tract	Housing Type by Tract						
		Owner-occupied			Rental		Vacant	
		#	% by tract	% by unit	#	% by unit	#	% by unit
Low	3,196	814	1.8	25.5	1,810	56.6	572	17.9
Moderate	20,487	10,871	23.5	53.1	7,666	37.4	1,950	9.5
Middle	26,856	19,868	43.0	74.0	4,636	17.3	2,352	8.8
Upper	18,320	14,638	31.7	79.9	1,325	7.2	2,357	12.9
Unknown	860	40	0.1	4.7	548	63.7	272	31.6
Total AA	69,719	46,231	100.0	66.3	15,985	22.9	7,503	10.8
	Total Businesses by Tract		Businesses by Tract & Revenue Size					
			Less Than or = \$1 Million		Over \$1 Million		Revenue Not Reported	
	#	%	#	%	#	%	#	%
Low	172	3.2	144	3.0	27	5.0	1	1.8
Moderate	1,666	30.8	1,424	29.5	236	44.1	6	10.7
Middle	2,038	37.6	1,855	38.5	155	29.0	28	50.0
Upper	1,226	22.6	1,138	23.6	71	13.3	17	30.4
Unknown	313	5.8	263	5.5	46	8.6	4	7.1
Total AA	5,415	100.0	4,824	100.0	535	100.0	56	100.0
Percentage of Total Businesses:				89.1		9.9		1.0
	Total Farms by Tract		Farms by Tract & Revenue Size					
			Less Than or = \$1 Million		Over \$1 Million		Revenue Not Reported	
	#	%	#	%	#	%	#	%
Low	1	0.5	1	0.5	0	0.0	0	0.0
Moderate	7	3.6	7	3.6	0	0.0	0	0.0
Middle	118	60.2	116	60.1	2	66.7	0	0.0
Upper	69	35.2	68	35.2	1	33.3	0	0.0
Unknown	1	0.5	1	0.5	0	0.0	0	0.0
Total AA	196	100.0	193	100.0	3	100.0	0	0.0
Percentage of Total Farms:				98.5		1.5		0.0
Source: 2022 FFIEC Census Data 2022 Data & Bradstreet Data 2016-2020 U.S. Census Bureau: American Community Survey Note: Percentages may not total 100.0 percent due to rounding.								

2021 Jackson, MI MSA 27100 AA Demographics								
Income Categories	Tract Distribution		Families by Tract Income		Families < Poverty Level as % of Families by Tract		Families by Family Income	
	#	%	#	%	#	%	#	%
Low	6	15.8	3,504	8.8	1,654	47.2	8,910	22.3
Moderate	9	23.7	7,028	17.6	1,361	19.4	6,996	17.5
Middle	14	36.8	20,124	50.4	1,772	8.8	8,057	20.2
Upper	8	21.1	9,274	23.2	371	4.0	15,967	40.0
Unknown	1	2.6	0	0.0	0	0.0	0	0.0
Total AA	38	100.0	39,930	100.0	5,158	12.9	39,930	100.0
	Housing Units by Tract	Housing Type by Tract						
		Owner-occupied			Rental		Vacant	
		#	% by tract	% by unit	#	% by unit	#	% by unit
Low	6,780	2,485	5.7	36.7	3,214	47.4	1,081	15.9
Moderate	14,319	6,790	15.6	47.4	5,487	38.3	2,042	14.3
Middle	32,454	23,375	53.7	72.0	5,948	18.3	3,131	9.6
Upper	15,568	10,905	25.0	70.0	2,387	15.3	2,276	14.6
Unknown	0	0	0.0	0.0	0	0.0	0	0.0
Total AA	69,121	43,555	100.0	63.0	17,036	24.6	8,530	12.3
	Total Businesses by Tract	Businesses by Tract & Revenue Size						
		Less Than or = \$1 Million		Over \$1 Million		Revenue Not Reported		
		#	%	#	%	#	%	
Low	535	9.9	430	8.9	99	18.4	6	10.5
Moderate	1,543	28.4	1,330	27.5	204	38.0	9	15.8
Middle	2,224	41.0	2,035	42.1	159	29.6	30	52.6
Upper	1,119	20.6	1,032	21.4	75	14.0	12	21.1
Unknown	4	0.1	4	0.1	0	0.0	0	0.0
Total AA	5,425	100.0	4,831	100.0	537	100.0	57	100.0
Percentage of Total Businesses:				89.1		9.9		1.1
	Total Farms by Tract	Farms by Tract & Revenue Size						
		Less Than or = \$1 Million		Over \$1 Million		Revenue Not Reported		
		#	%	#	%	#	%	
Low	2	1.0	2	1.0	0	0.0	0	0.0
Moderate	7	3.4	7	3.5	0	0.0	0	0.0
Middle	139	67.5	136	67.3	3	75.0	0	0.0
Upper	58	28.2	57	28.2	1	25.0	0	0.0
Unknown	0	0.0	0	0.0	0	0.0	0	0.0
Total AA	206	100.0	202	100.0	4	100.0	0	0.0
Percentage of Total Farms:				98.1		1.9		0.0
Source: 2021 FFIEC Census Data 2021 Data & Bradstreet Data 2011-2015 U.S. Census Bureau: American Community Survey								
Note: Percentages may not total 100.0 percent due to rounding.								

Distribution of 2022 Small Business Lending By Income Level of Geography					
Assessment Area: Jackson, MI MSA 27100					
Geographic Income Level	Bank Loans				Total Businesses %
	#	%	\$(000)	\$%	
Low	0	0.0	0	0.0	3.2
Moderate	1	50.0	173	21.0	30.8
Middle	0	0.0	0	0.0	37.6
Upper	1	50.0	649	79.0	22.6
Unknown	0	0.0	0	0.0	5.8
Tract-Unk	0	0.0	0	0.0	
Total	2	100.0	822	100.0	100.0
Source: 2022 FFIEC Census Data 2022 Data & Bradstreet Data 2016-2020 U.S. Census Bureau: American Community Survey					
Note: Percentages may not total 100.0 percent due to rounding.					

Distribution of 2022 Small Business Lending By Revenue Size of Businesses					
Assessment Area: Jackson, MI MSA 27100					
	Bank Loans				Total Businesses %
	#	%	\$(000)	%	
By Revenue					
\$1 Million or Less	0	0.0	0	0.0	89.1
Over \$1 Million	2	100.0	822	100.0	9.9
Revenue Unknown	0	0.0	0	0.0	1.0
Total	2	100.0	822	100.0	100.0
By Loan Size					
\$100,000 or Less	0	0.0	0	0.0	
\$100,001 - \$250,000	1	50.0	173	21.0	
\$250,001 - \$1 Million	1	50.0	649	79.0	
Total	2	100.0	822	100.0	
By Loan Size and Revenues \$1 Million or Less					
\$100,000 or Less	0	0.0	0	0.0	
\$100,001 - \$250,000	0	0.0	0	0.0	
\$250,001 - \$1 Million	0	0.0	0	0.0	
Total	0	0.0	0	0.0	
Source: 2022 FFIEC Census Data 2022 Dun & Bradstreet Data 2016-2020 U.S. Census Bureau: American Community Survey					
Note: Percentages may not total 100.0 percent due to rounding.					

Distribution of 2021 Small Business Lending By Income Level of Geography					
Assessment Area: Jackson, MI MSA 27100					
Geographic Income Level	Bank Loans				Total Businesses %
	#	%	\$(000)	\$%	
Low	0	0.0	0	0.0	9.9
Moderate	5	100.0	1,745	100.0	28.4
Middle	0	0.0	0	0.0	41.0
Upper	0	0.0	0	0.0	20.6
Unknown	0	0.0	0	0.0	0.1
Tract-Unk	0	0.0	0	0.0	
Total	5	100.0	1,745	100.0	100.0
Source: 2021 FFIEC Census Data 2021 Data & Bradstreet Data 2011-2015 U.S. Census Bureau: American Community Survey					
Note: Percentages may not total 100.0 percent due to rounding.					

Distribution of 2021 Small Business Lending By Revenue Size of Businesses					
Assessment Area: Jackson, MI MSA 27100					
	Bank Loans				Total Businesses %
	#	%	\$(000)	\$%	
By Revenue					
\$1 Million or Less	1	20.0	217	12.4	89.1
Over \$1 Million	4	80.0	1,528	87.6	9.9
Revenue Unknown	0	0.0	0	0.0	1.1
Total	5	100.0	1,745	100.0	100.0
By Loan Size					
\$100,000 or Less	0	0.0	0	0.0	
\$100,001 - \$250,000	2	40.0	417	23.9	
\$250,001 - \$1 Million	3	60.0	1,328	76.1	
Total	5	100.0	1,745	100.0	
By Loan Size and Revenues \$1 Million or Less					
\$100,000 or Less	0	0.0	0	0.0	
\$100,001 - \$250,000	1	100.0	217	100.0	
\$250,001 - \$1 Million	0	0.0	0	0.0	
Total	1	100.0	217	100.0	
Source: 2021 FFIEC Census Data 2021 Dun & Bradstreet Data 2011-2015 U.S. Census Bureau: American Community Survey					
Note: Percentages may not total 100.0 percent due to rounding.					

2023 Ann Arbor, MI MSA 11460 AA Demographics								
Income Categories	Tract Distribution		Families by Tract Income		Families < Poverty Level as % of Families by Tract		Families by Family Income	
	#	%	#	%	#	%	#	%
Low	13	12.1	6,681	8.2	1,746	26.1	16,915	20.8
Moderate	13	12.1	8,250	10.1	1,081	13.1	14,355	17.7
Middle	40	37.4	35,113	43.2	1,354	3.9	17,415	21.4
Upper	30	28.0	30,648	37.7	772	2.5	32,607	40.1
Unknown	11	10.3	600	0.7	169	28.2	0	0.0
Total AA	107	100.0	81,292	100.0	5,122	6.3	81,292	100.0
	Housing Units by Tract	Housing Type by Tract						
		Owner-occupied			Rental		Vacant	
		#	% by tract	% by unit	#	% by unit	#	% by unit
Low	18,022	4,152	4.7	23.0	12,606	69.9	1,264	7.0
Moderate	18,144	7,606	8.6	41.9	9,361	51.6	1,177	6.5
Middle	61,211	41,259	46.9	67.4	16,959	27.7	2,993	4.9
Upper	47,883	34,598	39.3	72.3	10,746	22.4	2,539	5.3
Unknown	6,493	323	0.4	5.0	5,430	83.6	740	11.4
Total AA	151,753	87,938	100.0	57.9	55,102	36.3	8,713	5.7
	Total Businesses by Tract	Businesses by Tract & Revenue Size						
		Less Than or = \$1 Million		Over \$1 Million		Revenue Not Reported		
		#	%	#	%	#	%	
Low	1,332	7.5	1,220	7.6	102	7.5	10	6.7
Moderate	1,547	8.8	1,465	9.1	75	5.5	7	4.7
Middle	7,370	41.7	6,723	41.6	570	42.1	77	51.3
Upper	6,817	38.6	6,223	38.5	540	39.9	54	36.0
Unknown	588	3.3	519	3.2	67	4.9	2	1.3
Total AA	17,654	100.0	16,150	100.0	1,354	100.0	150	100.0
Percentage of Total Businesses:				91.5		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	8	2.3	8	2.3	0	0.0	0	0.0
Moderate	11	3.1	11	3.2	0	0.0	0	0.0
Middle	228	64.8	225	64.7	3	100.0	0	0.0
Upper	105	29.8	104	29.9	0	0.0	1	100.0
Unknown	0	0.0	0	0.0	0	0.0	0	0.0
Total AA	352	100.0	348	100.0	3	100.0	1	100.0
Percentage of Total Farms:				98.9		0.9		0.3
Source: 2023 FFIEC Census Data 2023 Data & Bradstreet Data 2016-2020 U.S. Census Bureau: American Community Survey Note: Percentages may not total 100.0 percent due to rounding.								

2022 Ann Arbor, MI, MSA 11460 AA Demographics								
Income Categories	Tract Distribution		Families by Tract Income		Families < Poverty Level as % of Families by Tract		Families by Family Income	
	#	%	#	%	#	%	#	%
Low	13	12.1	6,681	8.2	1,746	26.1	16,915	20.8
Moderate	13	12.1	8,250	10.1	1,081	13.1	14,355	17.7
Middle	40	37.4	35,113	43.2	1,354	3.9	17,415	21.4
Upper	30	28.0	30,648	37.7	772	2.5	32,607	40.1
Unknown	11	10.3	600	0.7	169	28.2	0	0.0
Total AA	107	100.0	81,292	100.0	5,122	6.3	81,292	100.0
	Housing Units by Tract	Housing Type by Tract						
		Owner-occupied			Rental		Vacant	
		#	% by tract	% by unit	#	% by unit	#	% by unit
Low	18,022	4,152	4.7	23.0	12,606	69.9	1,264	7.0
Moderate	18,144	7,606	8.6	41.9	9,361	51.6	1,177	6.5
Middle	61,211	41,259	46.9	67.4	16,959	27.7	2,993	4.9
Upper	47,883	34,598	39.3	72.3	10,746	22.4	2,539	5.3
Unknown	6,493	323	0.4	5.0	5,430	83.6	740	11.4
Total AA	151,753	87,938	100.0	57.9	55,102	36.3	8,713	5.7
	Total Businesses by Tract	Businesses by Tract & Revenue Size						
		Less Than or = \$1 Million		Over \$1 Million		Revenue Not Reported		
		#	%	#	%	#	%	
Low	1,285	7.4	1,170	7.4	107	7.7	8	5.5
Moderate	1,479	8.5	1,394	8.8	78	5.6	7	4.8
Middle	7,272	41.8	6,617	41.7	581	42.1	74	51.0
Upper	6,789	39.0	6,189	39.0	546	39.5	54	37.2
Unknown	582	3.3	511	3.2	69	5.0	2	1.4
Total AA	17,407	100.0	15,881	100.0	1,381	100.0	145	100.0
Percentage of Total Businesses:				91.2		7.9		0.8
	Total Farms by Tract	Farms by Tract & Revenue Size						
		Less Than or = \$1 Million		Over \$1 Million		Revenue Not Reported		
		#	%	#	%	#	%	
Low	7	2.0	7	2.1	0	0.0	0	0.0
Moderate	9	2.6	9	2.6	0	0.0	0	0.0
Middle	226	65.7	223	65.6	3	100.0	0	0.0
Upper	102	29.7	101	29.7	0	0.0	1	100.0
Unknown	0	0.0	0	0.0	0	0.0	0	0.0
Total AA	344	100.0	340	100.0	3	100.0	1	100.0
Percentage of Total Farms:				98.8		0.9		0.3
Source: 2022 FFIEC Census Data 2022 Data & Bradstreet Data 2016-2020 U.S. Census Bureau: American Community Survey Note: Percentages may not total 100.0 percent due to rounding.								

2021 Ann Arbor, MI MSA 11460 AA Demographics								
Income Categories	Tract Distribution		Families by Tract Income		Families < Poverty Level as % of Families by Tract		Families by Family Income	
	#	%	#	%	#	%	#	%
Low	16	16.0	8,921	11.2	2,461	27.6	18,032	22.7
Moderate	16	16.0	10,689	13.5	1,261	11.8	13,501	17.0
Middle	37	37.0	33,861	42.7	2,054	6.1	15,572	19.6
Upper	25	25.0	25,698	32.4	484	1.9	32,268	40.7
Unknown	6	6.0	204	0.3	67	32.8	0	0.0
Total AA	100	100.0	79,373	100.0	6,327	8.0	79,373	100.0
	Housing Units by Tract	Housing Type by Tract						
		Owner-occupied			Rental		Vacant	
		#	% by tract	% by unit	#	% by unit	#	% by unit
Low	23,605	5,440	6.6	23.0	15,959	67.6	2,206	9.3
Moderate	21,049	9,873	12.0	46.9	9,787	46.5	1,389	6.6
Middle	60,457	36,901	44.7	61.0	19,025	31.5	4,531	7.5
Upper	40,983	30,117	36.5	73.5	8,317	20.3	2,549	6.2
Unknown	3,004	194	0.2	6.5	2,454	81.7	356	11.9
Total AA	149,098	82,525	100.0	55.3	55,542	37.3	11,031	7.4
	Total Businesses by Tract	Businesses by Tract & Revenue Size						
		Less Than or = \$1 Million		Over \$1 Million		Revenue Not Reported		
		#	%	#	%	#	%	
Low	1,545	8.9	1,415	8.9	124	8.9	6	5.3
Moderate	1,629	9.4	1,532	9.7	89	6.4	8	7.0
Middle	7,656	44.2	6,956	44.0	649	46.5	51	44.7
Upper	5,522	31.9	5,069	32.0	410	29.4	43	37.7
Unknown	983	5.7	854	5.4	123	8.8	6	5.3
Total AA	17,335	100.0	15,826	100.0	1,395	100.0	114	100.0
Percentage of Total Businesses:				91.3		8.0		0.7
	Total Farms by Tract	Farms by Tract & Revenue Size						
		Less Than or = \$1 Million		Over \$1 Million		Revenue Not Reported		
		#	%	#	%	#	%	
Low	1	0.3	1	0.3	0	0.0	0	0.0
Moderate	16	4.6	15	4.4	1	33.3	0	0.0
Middle	223	64.6	221	64.8	2	66.7	0	0.0
Upper	105	30.4	104	30.5	0	0.0	1	100.0
Unknown	0	0.0	0	0.0	0	0.0	0	0.0
Total AA	345	100.0	341	100.0	3	100.0	1	100.0
Percentage of Total Farms:				98.8		0.9		0.3
Source: 2021 FFIEC Census Data 2021 Data & Bradstreet Data 2011-2015 U.S. Census Bureau: American Community Survey Note: Percentages may not total 100.0 percent due to rounding.								

Distribution of 2022 Small Business Lending By Income Level of Geography					
Assessment Area: Ann Arbor, MI, MSA 11460					
Geographic Income Level	Bank Loans				Total Businesses %
	#	%	\$(000)	\$%	
Low	0	0.0	0	0.0	7.4
Moderate	0	0.0	0	0.0	8.5
Middle	1	33.3	512	52.1	41.8
Upper	2	66.7	470	47.9	39.0
Unknown	0	0.0	0	0.0	3.3
Tract-Unk	0	0.0	0	0.0	
Total	3	100.0	982	100.0	100.0
Source: 2022 FFIEC Census Data 2022 Dun & Bradstreet Data 2016-2020 U.S. Census Bureau: American Community Survey					
Note: Percentages may not total 100.0 percent due to rounding.					

Distribution of 2022 Small Business Lending By Revenue Size of Businesses					
Assessment Area: Ann Arbor, MI, MSA 11460					
	Bank Loans				Total Businesses %
	#	%	\$(000)	%	
By Revenue					
\$1 Million or Less	2	66.7	612	62.3	91.2
Over \$1 Million	1	33.3	370	37.7	7.9
Revenue Unknown	0	0.0	0	0.0	0.8
Total	3	100.0	982	100.0	100.0
By Loan Size					
\$100,000 or Less	1	33.3	100	10.2	
\$100,001 - \$250,000	0	0.0	0	0.0	
\$250,001 - \$1 Million	2	66.7	882	89.8	
Total	3	100.0	982	100.0	
By Loan Size and Revenues \$1 Million or Less					
\$100,000 or Less	1	50.0	100	16.3	
\$100,001 - \$250,000	0	0.0	0	0.0	
\$250,001 - \$1 Million	1	50.0	512	83.7	
Total	2	100.0	612	100.0	
Source: 2022 FFIEC Census Data 2022 Dun & Bradstreet Data 2016-2020 U.S. Census Bureau: American Community Survey					
Note: Percentages may not total 100.0 percent due to rounding.					

Distribution of 2021 Small Business Lending By Income Level of Geography					
Assessment Area: Ann Arbor, MI MSA 11460					
Geographic Income Level	Bank Loans				Total Businesses %
	#	%	\$(000)	\$%	
Low	0	0.0	0	0.0	8.9
Moderate	0	0.0	0	0.0	9.4
Middle	1	50.0	250	38.5	44.2
Upper	1	50.0	400	61.5	31.9
Unknown	0	0.0	0	0.0	5.7
Tract-Unk	0	0.0	0	0.0	
Total	2	100.0	650	100.0	100.0
Source: 2021 FFIEC Census Data 2021 Dun & Bradstreet Data 2011-2015 U.S. Census Bureau: American Community Survey					
Note: Percentages may not total 100.0 percent due to rounding.					

Distribution of 2021 Small Business Lending By Revenue Size of Businesses					
Assessment Area: Ann Arbor, MI MSA 11460					
	Bank Loans				Total Businesses %
	#	%	\$(000)	\$%	
By Revenue					
\$1 Million or Less	2	100.0	650	100.0	91.3
Over \$1 Million	0	0.0	0	0.0	8.0
Revenue Unknown	0	0.0	0	0.0	0.7
Total	2	100.0	650	100.0	100.0
By Loan Size					
\$100,000 or Less	0	0.0	0	0.0	
\$100,001 - \$250,000	1	50.0	250	38.5	
\$250,001 - \$1 Million	1	50.0	400	61.5	
Total	2	100.0	650	100.0	
By Loan Size and Revenues \$1 Million or Less					
\$100,000 or Less	0	0.0	0	0.0	
\$100,001 - \$250,000	1	50.0	250	38.5	
\$250,001 - \$1 Million	1	50.0	400	61.5	
Total	2	100.0	650	100.0	
Source: 2021 FFIEC Census Data 2021 Dun & Bradstreet Data 2011-2015 U.S. Census Bureau: American Community Survey					
Note: Percentages may not total 100.0 percent due to rounding.					

2023 MI Non MSA 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	4,048	15.7
Moderate	5	20.0	4,184	16.2	894	21.4	4,905	19.0
Middle	14	56.0	13,669	52.9	873	6.4	5,581	21.6
Upper	6	24.0	7,998	30.9	276	3.5	11,317	43.8
Unknown	0	0.0	0	0.0	0	0.0	0	0.0
Total AA	25	100.0	25,851	100.0	2,043	7.9	25,851	100.0
	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	8,883	4,407	14.6	49.6	3,443	38.8	1,033	11.6
Middle	22,886	16,101	53.5	70.4	4,135	18.1	2,650	11.6
Upper	12,125	9,608	31.9	79.2	999	8.2	1,518	12.5
Unknown	0	0	0.0	0.0	0	0.0	0	0.0
Total AA	43,894	30,116	100.0	68.6	8,577	19.5	5,201	11.8
	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	811	22.2	733	21.7	73	31.2	5	9.8
Middle	1,893	51.8	1,755	52.1	114	48.7	24	47.1
Upper	952	26.0	883	26.2	47	20.1	22	43.1
Unknown	0	0.0	0	0.0	0	0.0	0	0.0
Total AA	3,656	100.0	3,371	100.0	234	100.0	51	100.0
Percentage of Total Businesses:				92.2		6.4		1.4
	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	2	0.6	2	0.6	0	0.0	0	0.0
Middle	184	58.0	180	58.3	4	50.0	0	0.0
Upper	131	41.3	127	41.1	4	50.0	0	0.0
Unknown	0	0.0	0	0.0	0	0.0	0	0.0
Total AA	317	100.0	309	100.0	8	100.0	0	0.0
Percentage of Total Farms:				97.5		2.5		0.0
Source: 2023 FFIEC Census Data 2023 Data & Broadstreet Data 2016-2020 U.S. Census Bureau: American Community Survey Note: Percentages may not total 100.0 percent due to rounding.								

2022 MI Non MSA 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	4,048	15.7
Moderate	5	20.0	4,184	16.2	894	21.4	4,905	19.0
Middle	14	56.0	13,669	52.9	873	6.4	5,581	21.6
Upper	6	24.0	7,998	30.9	276	3.5	11,317	43.8
Unknown	0	0.0	0	0.0	0	0.0	0	0.0
Total AA	25	100.0	25,851	100.0	2,043	7.9	25,851	100.0
	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	8,883	4,407	14.6	49.6	3,443	38.8	1,033	11.6
Middle	22,886	16,101	53.5	70.4	4,135	18.1	2,650	11.6
Upper	12,125	9,608	31.9	79.2	999	8.2	1,518	12.5
Unknown	0	0	0.0	0.0	0	0.0	0	0.0
Total AA	43,894	30,116	100.0	68.6	8,577	19.5	5,201	11.8
	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	800	22.2	724	21.8	70	30.8	6	11.5
Middle	1,871	51.9	1,737	52.2	110	48.5	24	46.2
Upper	936	25.9	867	26.1	47	20.7	22	42.3
Unknown	0	0.0	0	0.0	0	0.0	0	0.0
Total AA	3,607	100.0	3,328	100.0	227	100.0	52	100.0
Percentage of Total Businesses:				92.3		6.3		1.4
	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	2	0.6	2	0.6	0	0.0	0	0.0
Middle	187	58.6	183	58.8	4	50.0	0	0.0
Upper	130	40.8	126	40.5	4	50.0	0	0.0
Unknown	0	0.0	0	0.0	0	0.0	0	0.0
Total AA	319	100.0	311	100.0	8	100.0	0	0.0
Percentage of Total Farms:				97.5		2.5		0.0
Source: 2022 FFIEC Census Data 2022 Data & Broadstreet Data 2016-2020 U.S. Census Bureau: American Community Survey Note: Percentages may not total 100.0 percent due to rounding.								

2021 MI Non MSA 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	4,132	16.4
Moderate	4	17.4	3,035	12.1	793	26.1	4,368	17.4
Middle	13	56.5	13,842	55.1	1,186	8.6	5,202	20.7
Upper	6	26.1	8,257	32.9	438	5.3	11,432	45.5
Unknown	0	0.0	0	0.0	0	0.0	0	0.0
Total AA	23	100.0	25,134	100.0	2,417	9.6	25,134	100.0
	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	6,694	2,963	10.2	44.3	2,935	43.8	796	11.9
Middle	24,176	16,447	56.4	68.0	4,005	16.6	3,724	15.4
Upper	12,542	9,770	33.5	77.9	1,844	14.7	928	7.4
Unknown	0	0	0.0	0.0	0	0.0	0	0.0
Total AA	43,412	29,180	100.0	67.2	8,784	20.2	5,448	12.5
	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	650	17.8	591	17.6	57	24.1	2	4.1
Middle	1,973	54.1	1,824	54.2	123	51.9	26	53.1
Upper	1,026	28.1	948	28.2	57	24.1	21	42.9
Unknown	0	0.0	0	0.0	0	0.0	0	0.0
Total AA	3,649	100.0	3,363	100.0	237	100.0	49	100.0
Percentage of Total Businesses:				92.2		6.5		1.3
	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	2	0.6	2	0.6	0	0.0	0	0.0
Middle	201	62.8	196	63.0	4	50.0	1	100.0
Upper	117	36.6	113	36.3	4	50.0	0	0.0
Unknown	0	0.0	0	0.0	0	0.0	0	0.0
Total AA	320	100.0	311	100.0	8	100.0	1	100.0
Percentage of Total Farms:				97.2		2.5		0.3
Source: 2021 FFIEC Census Data 2021 Dun & Bradstreet Data 2011-2015 U.S. Census Bureau: American Community Survey Note: Percentages may not total 100.0 percent due to rounding.								

Distribution of 2022 and 2023 Small Business Lending By Income Level of Geography									
Assessment Area: MI Non MSA									
Geographic Income Level	Bank Loans By Year								Total Businesses %
	2022				2023				
	#	%	\$(000)	\$%	#	%	\$(000)	\$%	
Low	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	22.2
Middle	0	0.0	0	0.0	0	0.0	0	0.0	51.8
Upper	0	0.0	0	0.0	1	100.0	135	100.0	26.0
Unknown	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	
Total	0	0.0	0	0.0	1	100.0	135	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.									

Distribution of 2022 and 2023 Small Business Lending By Revenue Size of Businesses									
Assessment Area: MI Non MSA									
	Bank Loans By Year								Total Businesses %
	2022				2023				
	#	#%	\$(000)	\$%	#	#%	\$(000)	\$%	
By Revenue									
\$1 Million or Less	0	0.0	0	0.0	1	100.0	135	100.0	92.2
Over \$1 Million	0	0.0	0	0.0	0	0.0	0	0.0	6.4
Revenue Unknown	0	0.0	0	0.0	0	0.0	0	0.0	1.4
Total	0	0.0	0	0.0	1	100.0	135	100.0	100.0
By Loan Size									
\$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	1	100.0	135	100.0	
\$250,001 - \$1 Million	0	0.0	0	0.0	0	0.0	0	0.0	
Total	0	0.0	0	0.0	1	100.0	135	100.0	
By Loan Size and Revenue \$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	1	100.0	135	100.0	
\$250,001 - \$1 Million	0	0.0	0	0.0	0	0.0	0	0.0	
Total	0	0.0	0	0.0	1	100.0	135	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.									

Distribution of 2021 Small Business Lending By Income Level of Geography					
Assessment Area: MI Non MSA					
Geographic Income Level	Bank Loans				Total Businesses %
	#	%	\$(000)	\$%	
Low	0	0.0	0	0.0	0.0
Moderate	0	0.0	0	0.0	17.8
Middle	0	0.0	0	0.0	54.1
Upper	1	100.0	176	100.0	28.1
Unknown	0	0.0	0	0.0	0.0
Tract-Unk	0	0.0	0	0.0	
Total	1	100.0	176	100.0	100.0
Source: 2021 FFIEC Census Data 2021 Data & Bradstreet Data 2011-2015 U.S. Census Bureau: American Community Survey					
Note: Percentages may not total 100.0 percent due to rounding.					

Distribution of 2021 Small Business Lending By Revenue Size of Businesses					
Assessment Area: MI Non MSA					
	Bank Loans				Total Businesses %
	#	%	\$(000)	%	
By Revenue					
\$1 Million or Less	1	100.0	176	100.0	92.2
Over \$1 Million	0	0.0	0	0.0	6.5
Revenue Unknown	0	0.0	0	0.0	1.3
Total	1	100.0	176	100.0	100.0
By Loan Size					
\$100,000 or Less	0	0.0	0	0.0	
\$100,001 - \$250,000	1	100.0	176	100.0	
\$250,001 - \$1 Million	0	0.0	0	0.0	
Total	1	100.0	176	100.0	
By Loan Size and Revenues \$1 Million or Less					
\$100,000 or Less	0	0.0	0	0.0	
\$100,001 - \$250,000	1	100.0	176	100.0	
\$250,001 - \$1 Million	0	0.0	0	0.0	
Total	1	100.0	176	100.0	
Source: 2021 FFIEC Census Data 2021 Dun & Bradstreet Data 2011-2015 U.S. Census Bureau: American Community Survey					
Note: Percentages may not total 100.0 percent due to rounding.					

APPENDIX C – Scope of Examination

SCOPE OF EXAMINATION			
TIME PERIOD REVIEWED	- A sample of Small Business Loans – April 5, 2021 – December 31, 2024 - Loan-to-Deposit Ratio – March 31, 2021 – March 31, 2025		
FINANCIAL INSTITUTION			PRODUCTS REVIEWED
Bank Michigan			Small Business Loans
AFFILIATE(S)	AFFILIATE RELATIONSHIP		PRODUCTS REVIEWED
None	N/A		N/A
LIST OF ASSESSMENT AREAS AND TYPE OF EXAMINATION			
ASSESSMENT AREA	TYPE OF EXAMINATION	BRANCHES VISITED	OTHER INFORMATION
Jackson, Michigan MSA #27100	Full Scope Review	N/A	N/A
Ann Arbor Michigan, MSA #11460	Full Scope Review	N/A	N/A
Michigan Non-MSA – Lenawee County	Limited Scope Review	N/A	N/A

APPENDIX D – Glossary

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

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

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

American Community Survey Data (ACS): The American Community Survey (ACS) data is based on a nationwide survey designed to provide local communities with reliable and timely demographic, social, economic, and housing data each year. The Census Bureau first released data for geographies of all sizes in 2010. This data is known as the “five-year estimate data.” The five-year estimate data is used by the FFIEC as the base file for data used in conjunction with consumer compliance and CRA examinations.⁵

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

⁵ 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 non metropolitan median income figure.

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

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

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

- 1) Low- or moderate-income geographies;
- 2) Designated disaster areas; or
- 3) Distressed or underserved nonmetropolitan middle-income geographies

designated by the Board, Federal Deposit Insurance Corporation and Office of the Comptroller of the Currency based on:

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

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

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

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

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

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

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

Fair market rent: Fair market rents (FMRs) are gross rent estimates. They include the shelter rent plus the cost of all tenant-paid utilities, except telephones, cable or satellite television service, and internet service. HUD sets FMRs to assure that a sufficient supply of rental housing is available to their program participants. To accomplish this objective, FMRs must be both high enough to

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

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

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

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

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

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

Income Level: Income level means:

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

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

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

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

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

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

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

Loan production office: 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).