

PUBLIC DISCLOSURE

October 30, 2023

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

Independent Bank
RSSD# 636771

4200 East Beltline Ave
Grand Rapids, Michigan 49525

Federal Reserve Bank of Chicago

230 South LaSalle Street
Chicago, Illinois 60604-1413

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

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INSTITUTION'S CRA RATING

Independent Bank Overall CRA Rating: Satisfactory

Performance Test Rating Table

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

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

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

Summary of Major Factors that Support the Rating

Lending Test:

- The bank's lending levels reflect excellent responsiveness to credit needs in its assessment areas;
- A high percentage of loans were made in the bank's assessment areas;
- The geographic distribution of loans reflects adequate penetration throughout the bank's assessment areas;
- The distribution of borrowers reflects, given the product lines offered, good penetration among customers of different income levels and businesses of different sizes;
- Lending exhibits a good record of serving the credit needs of highly economically

disadvantaged areas in its assessment areas, low-income individuals, and businesses with gross annual revenues of \$1.0 million or less, consistent with safe and sound operations;

- The bank is a leader in making community development loans; and
- The bank makes use of innovative and flexible lending practices in a safe and sound manner to address the credit needs of low- and moderate-income individuals and geographies.

Investment Test:

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

Service Test:

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

INDEPENDENT BANK

DESCRIPTION OF INSTITUTION

Independent Bank is an intrastate community bank headquartered in Grand Rapids, Michigan and is the sole banking subsidiary of the Independent Bank Corporation holding company. Operations across Michigan's Lower Peninsula include the main office in Grand Rapids, 58 bank branches, 69 full-service automated teller machines (ATMs), and two cash-only ATMs. The bank also maintained 19 locations categorized as loan production offices (LPOs) during the examination period, with two of the 19 closing within the period. These LPOs are a combination of single-lender desks or full loan offices and are located within and beyond the bank's assessment areas across Michigan, with one in the Akron, Ohio area. The LPOs do not impact this CRA evaluation. Since the previous CRA performance evaluation dated March 29, 2021, the bank opened one branch with a full-service ATM and relocated one branch with a full-service ATM. In addition, four branches were closed, along with five full-service ATMs and two cash-only ATMs. Of the

closures, two branches and two full-service ATMs were in moderate-income census tracts. Individual assessment area discussions will provide additional detail of these changes.

As of June 30, 2023, the bank reported total assets of just over \$5.1 billion. Independent Bank provides a broad range of banking and related financial services including loan products such as commercial, residential real estate, agricultural, and consumer loans. A variety of standard, non-complex deposit products include business and personal checking accounts, savings and individual retirement accounts, time deposit instruments, debit cards, and safe deposit box services. In addition to its bank branch and ATM presence, online and mobile banking offer customers alternative delivery of personal and business transactions.

The following table shows Independent Bank's loan portfolio composition as of June 30, 2023. While primarily a commercial lender with loan volume comprising 44.6 percent of the portfolio, residential real estate lending is also significant at 33.8 percent. Consumer lending is the third largest portion with 21.1 percent of loan volume.

Loan Portfolio Composition as of June 30, 2023		
Loan Type	Dollar Volume (\$ in 000s)	% of Portfolio
Commercial Lending	1,628,872	44.6
Residential Real Estate	1,236,132	33.8
Agricultural Lending	4,622	0.1
Consumer	769,334	21.1
Other	14,189	0.4
Total	3,653,149	100.0
<i>Note: Percentages may not add to 100.0 percent due to rounding.</i>		

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

At its previous evaluation conducted on March 29, 2021, the bank was rated **Satisfactory** under the CRA.

SCOPE OF THE EXAMINATION

Independent Bank's CRA performance was evaluated using the Federal Financial Institutions Examination Council's Large Institution CRA Examination Procedures. Performance was evaluated in the context of information about the institution and its assessment areas, including the bank's asset size, financial condition, competition, and the economic and demographic characteristics of the assessment area.

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

- ***Lending Activity*** – HMDA-reportable and CRA-reportable small business loans were reviewed to determine the bank's responsiveness to credit needs in the bank's assessment area from January 1, 2021 to December 31, 2022.
- ***Lending in the Assessment Area*** – HMDA-reportable and CRA-reportable small business loans were reviewed to determine the percentage of loans originated in the assessment area from January 1, 2021 to December 31, 2022.
- ***Geographic Distribution of Lending in the Assessment Area*** – HMDA-reportable and CRA-reportable small business loans were analyzed to determine the extent to which the bank is making loans in census tracts of different income levels, including those designated as low- or moderate-income, from January 1, 2021 to December 31, 2022.
- ***Lending to Borrowers of Different Incomes and Businesses of Different Sizes*** – HMDA-reportable and CRA-reportable small business loans were analyzed to determine the loan distribution among borrowers of different income and businesses of different revenue sizes from January 1, 2021 to December 31, 2022.
- ***Community Development Lending*** – The number, volume, innovativeness, and complexity of community development loans were reviewed from March 30, 2021 to October 30, 2023.
- ***Innovative or Flexible Lending Practices*** – The degree to which the bank uses innovative and flexible lending practices to address the credit needs of low- and moderate-income individuals, small businesses, and geographies.
- ***Investments*** – Qualified investments from March 30, 2021 to October 30, 2023 were reviewed to determine the bank's responsiveness to community development needs. Qualified investments were also evaluated to determine the bank's use of innovative or complex investments.
- ***Services*** – The distribution of the bank's branch offices, banking services, hours of operation, availability of loan and deposit products, and the extent and innovativeness of community development services were reviewed from March 30, 2021 to October 30, 2023.

Full-scope examination procedures were conducted for designated assessment areas, which were selected based on several factors including deposit market share, office and ATM concentration, volume of HMDA- and CRA reportable lending, economic and demographic characteristics, community development needs, and length of time since the previous full-scope review. The

following assessment areas received full reviews:

Full Review Assessment Areas:

- Grand Rapids-Kentwood, MI Metropolitan Statistical Area #24340
- Detroit-Warren-Dearborn, MI Metropolitan Statistical Area #19820
- Lansing-East Lansing, MI Metropolitan Statistical Area #29620
- Bay City, MI Metropolitan Statistical Area #13020
- Saginaw, MI Metropolitan Statistical Area #40980
- Northwest MI Non-Metropolitan Statistical Area (Grand Traverse and Leelanau)

Assessment areas under limited review were evaluated for consistency with the bank's overall performance. Performance in assessment areas under limited review does not affect the overall rating. The following assessment areas received limited reviews:

Limited Review Assessment Areas:

- Flint, MI Metropolitan Statistical Area #22420
- Jackson, MI Metropolitan Statistical Area #27100
- Muskegon, MI Metropolitan Statistical Area #34740
- Central, MI Non-Metropolitan Statistical Area (Isabella, Mecosta, and Newaygo)
- Eastern, MI Non-Metropolitan Statistical Area (Huron, Sanilac, and Tuscola)
- Northern, MI Non-Metropolitan Statistical Area (Arenac)

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA

LENDING TEST

Independent Bank's performance relative to the lending test is rated **high satisfactory** based on its performance across the combined assessment area. Factors contributing to the rating include: lending levels reflect excellent responsiveness to assessment area credit needs; a high percentage of loans are made in the bank's assessment area; loans reflect adequate geographic distribution throughout the bank's assessment area, including low- and moderate-income geographies; the bank demonstrates a good distribution of loans among individuals of different income levels and businesses of different sizes; the bank makes use of innovative and/or flexible lending practices to address the credit needs of low- or moderate-income individuals or geographies; the bank exhibits a good record of serving the credit needs of highly economically disadvantaged areas in its assessment areas, low-income individuals, or businesses with gross annual revenues of \$1 million or less, consistent with safe and sound operations; and the bank is a leader in making community development loans.

Level of Lending Activity

The bank's lending levels reflect good responsiveness to credit needs in its assessment area, considering the number and amount of home mortgage and small business loans extended in its assessment area. During the review period, the bank's HMDA-reportable and CRA-reportable small business lending activity resulted in 13,620 loans for a total of almost \$3.4 billion. The level of lending activity increased since the previous CRA evaluation, during which the bank originated 10,411 loans, totaling approximately \$2.2 billion.

The following table summarizes the bank's lending activity from January 1, 2021, to December 31, 2022.

Summary of Lending Activity January 1, 2021 – December 31, 2022				
Loan Type	#	%	\$(000s)	%
Home Improvement	789	5.8	84,950	2.5
Home Purchase	5,818	42.7	1,855,136	54.6
Multi-Family Housing	13	0.1	40,564	1.2
Refinancing	4,165	30.6	928,220	27.3
Total HMDA Reportable	10,785	79.2	2,908,870	85.6
Total Small Business Reportable	2,835	20.8	489,905	14.4
Total Loans	13,620	100.0	3,398,775	100.0
<i>Note: Percentages may not total to 100.0 percent due to rounding.</i>				

Assessment Area Concentration

Independent Bank made a high percentage of loans in its combined assessment area. The bank originated 77.3 percent of its loans by number, and 73.5 percent by dollar volume, within the bank's combined assessment area. During the review period, 73.8 percent by number, and 71.2 percent by dollar volume, of the bank's HMDA-reportable loans were originated within the combined assessment area. Further, 90.7 percent by number and 87.5 percent by dollar volume of the bank's small business loans were originated within the combined assessment area during the same time period. The performance during this review period represents an increase compared to the previous CRA evaluation during which the bank originated 71.7 percent by number and 68.1 percent by dollar volume of total loans within the assessment area.

The following table summarizes the bank's lending inside and outside its combined assessment area for HMDA-reportable and CRA-reportable small business loans from January 1, 2021, to December 31, 2022.

Lending Inside and Outside the Assessment Area								
Loan Type	Inside				Outside			
	#	%	\$(000s)	%	#	%	\$(000s)	%
Home Improvement	650	82.4	70,503	83.0	139	17.6	14,447	17.0
Home Purchase – Conventional	3,799	70.1	1,214,352	68.2	1,623	29.9	567,321	31.8
Home Purchase – FHA	251	75.8	42,124	74.9	80	24.2	14,113	25.1
Home Purchase – VA	49	75.4	13,114	76.1	16	24.6	4,112	23.9
Multi-Family Housing	12	92.3	39,564	97.5	1	7.7	1,000	2.5
Refinancing	3,203	76.9	690,701	74.4	962	23.1	237,519	25.6
Total HMDA Reportable	7,964	73.8	2,070,358	71.2	2,821	26.2	838,512	28.8
Total Small Bus. Reportable	2,570	90.7	428,751	87.5	265	9.3	61,154	12.5
Total Loans	10,534	77.3	2,499,109	73.5	3,086	22.7	899,666	26.5
<i>Note: Percentages may not total to 100.0 percent due to rounding.</i>								

Geographic and Borrower Distribution

Independent Bank's lending activities reflect adequate distribution throughout the assessment area. In addition, lending activities reflect good distribution, particularly in its assessment areas, of loans among individuals of different income levels and businesses of different sizes, given the product lines offered by the bank. Detailed discussion of geographic and borrower distribution performance and data can be found in the individual assessment area analyses.

Independent Bank makes use of innovative or flexible lending practices in a safe and sound manner to address the credit needs of low- or moderate-income individuals or geographies. Among other, ongoing, flexible lending programs included in the following table, Independent Bank sponsored three successful Affordable Housing Program (AHP) grant applications from the Federal Home Loan Bank of Indianapolis (FHLBI) in 2023 and also participated for the first time in FHLBI's Neighborhood Impact Program (NIP) and the Accessibility Modification Program (AMP).

The NIP is designed to assist income-eligible homeowners with home repairs and accessibility modification. To qualify for NIP funds, the homeowner must have total household income at or below 80.0 percent of area median income (moderate-income). As one of the top three participants out of over 50 financial institutions, Independent Bank accessed over \$500,000 of this funding for 56 low- and moderate-income households in 2023.

The Affordable Housing Program issues grants of up to \$600,000 to support the acquisition, construction, or rehabilitation of properties for use as affordable homes. Independent Bank's grant application sponsorship resulted in three awarded grants for projects in Detroit, Michigan. Combined, the three projects will total 145 new, affordable units targeted to a maximum income of 80.0 percent of area median income, meeting the definition of moderate-income under CRA. One project building will include such amenities as a bike share docking station from a Detroit-based bike share nonprofit. Residents of the affordable units in the building will be provided with free

membership to the bike sharing. Another project will provide permanent supportive housing units for homeless individuals in Detroit, along with additional units dedicated to short-term recovery housing.

Community Development Lending

Independent Bank is a leader in making community development loans and makes use of innovative and/or flexible lending practices in serving assessment area credit needs. During the review period, the bank originated 144 qualified community development loans totaling \$516.6 million, of which 125 loans totaling \$448.1 million were originated within the full review assessment areas. The majority of community development loans were towards revitalization and stabilization efforts representing 59.7 percent by number and 57.9 percent by dollar volume. The bank's community development lending declined by 5.3 percent by number and increased 56.8 percent by dollar volume when compared to the previous evaluation during which time the bank originated 152 community development loans for approximately \$329.5 million. Please refer to the individual assessment areas for more information.

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

Community Development Loans March 30, 2021, through October 30, 2023										
Assessment Area	Affordable Housing		Community Services		Economic Development		Revitalize/ Stabilize		Total #	Total \$(000s)
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)		
Full Review Assessment Areas										
Grand Rapids, MI MSA #24340	2	13,288	5	13,500	10	48,029	34	125,977	51	200,793
Detroit, MI MSA #19820	3	15,490	3	19,010	4	19,100	35	134,018	45	187,618
Lansing, MI MSA #29620	4	4,573	0	0	1	4,700	1	3,774	6	13,047
Bay City, MI MSA #13020	1	194	1	120	1	516	2	3,420	5	4,250
Saginaw, MI MSA #40980	0	0	2	236	0	0	1	1,661	3	1,897
Northwest, MI NonMSA	3	14,354	0	0	4	7,450	8	18,680	15	40,484
Full Review Total	13	47,899	11	32,866	20	79,795	81	287,530	125	448,089
Limited Review Assessment Areas										
Flint, MI MSA #22420	0	0	1	614	0	0	0	0	1	614
Jackson, MI MSA #27100	0	0	0	0	0	0	0	0	0	0
Muskegon, MI MSA #34740	1	12,500	1	206	2	7,264	2	6,200	6	26,170
Central, MI NonMSA	0	0	3	402	0	0	1	1,340	4	1,742
Eastern, MI NonMSA	0	0	0	0	0	0	1	3,407	1	3,407
Northern, MI NonMSA	0	0	0	0	0	0	0	0	0	0
Limited Review Total	1	12,500	5	1,223	2	7,264	4	10,947	12	31,934
Other										
Regional	0	0	0	0	6	36,047	1	560	7	36,607
Grand Total	14	60,399	16	34,088	28	123,105	86	299,036	144	516,630

INVESTMENT TEST

Independent Bank's performance relative to the Investment Test is High Satisfactory based on a significant level of qualified community development investments and grants, particularly those not routinely provided by private investors, occasionally in a leadership position. In addition, the bank makes occasional use of innovative or complex investments to support community development initiatives and exhibits good responsiveness to credit and community development needs.

The bank made or maintained 43 investments totaling \$47.1 million with some benefitting multiple assessment areas which was a modest increase over the prior performance evaluation with 43 investments amounting to \$39.6 million. There were \$33.1 million in the six full-review assessment areas, \$6.2 million in the limited assessment areas, and \$7.8 million that benefited the state of Michigan including the bank's assessment areas.

Community Development Investments March 30, 2021, through October 30, 2023											
Assessment Area		Affordable Housing		Community Services		Economic Development		Revitalize/ Stabilize		Total #	Total \$(000s)
		#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)		
Full Review Assessment Areas											
Grand Rapids, MI MSA #24340	Current	4	9,559	1	3,435	0	0	0	0	5	12,994
	Prior	1	709	2	2,350	0	0	0	0	3	3,059
Detroit, MI MSA #19820	Current	4	3,343	0	0	0	0	0	0	4	3,343
	Prior	1	355	1	1,206	0	0	0	0	2	1,561
Lansing, MI MSA #29620	Current	3	6,321	1	1,300	0	0	0	0	4	7,621
	Prior	1	177	0	0	0	0	0	0	1	177
Bay City, MI MSA #13020	Current	0	0	0	0	0	0	0	0	0	0
	Prior	0	0	1	1,116	0	0	0	0	1	1,116
Saginaw, MI MSA #40980	Current	1	1,000	0	0	0	0	0	0	1	1,000
	Prior	1	137	0	0	0	0	0	0	1	137
Northwest, MI NonMSA	Current	1	1,910	0	0	0	0	0	0	1	1,910
	Prior	1	177	0	0	0	0	0	0	1	177
Full Review Total	Current	13	22,133	2	4,735	0	0	0	0	15	26,868
	Prior	5	1,556	4	4,673	0	0	0	0	9	6,229
Limited Review Assessment Areas											
Flint, MI MSA #22420	Current	0	0	0	0	0	0	0	0	0	0
	Prior	0	0	0	0	0	0	0	0	0	0
Jackson, MI MSA #27100	Current	2	623	0	0	0	0	0	0	2	623
	Prior	1	222	0	0	0	0	0	0	1	222
Muskegon, MI MSA #34740	Current	1	152	1	120	0	0	0	0	2	272
	Prior	1	144	0	0	0	0	0	0	1	144
Central, MI NonMSA	Current	0	0	2	145	0	0	0	0	2	145
	Prior	2	172	2	90	0	0	1	1,689	4	1,951
Eastern, MI NonMSA	Current	0	0	0	0	0	0	2	2,658	2	2,658
	Prior	1	177	1	8	0	0	0	0	2	185
Northern, MI NonMSA	Current	0	0	0	0	0	0	0	0	0	0
	Prior	0	0	0	0	0	0	0	0	0	0
Limited Review Total	Current	3	775	3	265	0	0	2	2,658	8	3,698
	Prior	5	716	3	98	0	0	1	1,689	9	2,502
Other											
Regional	Current	0	0	0	0	0	0	0	0	0	0
	Prior	1	3,950	0	0	0	0	1	3,858	2	7,808
Grand Total	Current	16	22,908	5	5,000	0	0	2	2,658	23	30,566
	Prior	11	6,221	7	4,770	0	0	2	5,547	20	16,539
Note: Dollar amounts are rounded and not reflective of exact figures.											

Additionally, the bank made 306 donations totaling approximately \$926,239 to organizations during the evaluation period. Donations were made to a variety of organizations with the majority

of donations, by dollar volume, towards community service efforts targeting low- and moderate-income individuals and communities (52.0 percent) and economic development (37.1 percent). The bank's community development donations decreased 14.3 percent by number and increased 20.0 percent by dollar volume when compared to the previous evaluation during which time the bank made 240 community development donations totaling \$586,218.

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

Community Development Donations March 30, 2021, through October 30, 2023										
Assessment Area	Affordable Housing		Community Services		Economic Development		Revitalize/ Stabilize		Total #	Total \$
	#	\$	#	\$	#	\$	#	\$		
Full Review Assessment Areas										
Grand Rapids, MI MSA #24340	16	29,719	74	238,858	22	256,710	1	1,500	113	526,787
Detroit, MI MSA #19820	6	35,385	22	86,515	5	14,750	0	0	33	136,650
Lansing, MI MSA #29620	3	15,000	23	25,436	2	10,000	0	0	28	50,436
Bay City, MI MSA #13020	0	0	35	41,992	5	34,345	0	0	40	76,337
Saginaw, MI MSA #40980	1	1,000	17	24,710	4	16,750	0	0	22	42,460
Northwest, MI NonMSA	6	12,500	14	20,872	5	8,260	0	0	25	41,632
Full Review Total	32	93,604	185	438,383	43	340,815	1	1,500	261	874,302
Limited Review Assessment Areas										
Flint, MI MSA #22420	1	1,000	2	2,000	0	0	0	0	3	3,000
Jackson, MI MSA #27100	0	0	4	3,385	3	3,000	0	0	7	6,385
Muskegon, MI MSA #34740	1	5,000	2	5,000	0	0	0	0	3	10,000
Central, MI NonMSA	0	0	9	6,788	0	0	0	0	9	6,788
Eastern, MI NonMSA	0	0	17	15,125	0	0	0	0	17	15,125
Northern, MI NonMSA	0	0	3	3,885	0	0	0	0	3	3,885
Limited Review Total	2	6,000	37	36,183	3	3,000	0	0	42	45,183
Other										
Regional	0	0	3	6,754	0	0	0	0	3	6,754
Grand Total	34	99,604	225	481,320	46	343,815	1	1,500	306	926,239
Note: Dollar amounts are rounded and not reflective of exact figures.										

SERVICE TEST

Independent Bank's performance relative to the Service Test is High Satisfactory based on delivery systems that are accessible to the bank's geographies and individuals of different income levels in the assessment area. The bank's record of opening and closing branches has not adversely affected the accessibility of its delivery systems, particularly low- and moderate-income geographies and to low- and moderate-income individuals. Services do not vary in a way that inconveniences its

assessment area, particularly in low- and moderate-income geographies and low- and moderate-income individuals. The bank provides a relatively high level of community development services.

Retail Services

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

The bank's retail services are provided through its network of the bank's main office and 58 branches, 69 full-service ATMs, two cash only ATMs, 19 locations categorized as LPOs, telephone, online and mobile banking activities. The bank's online offerings include the ability to apply for consumer loans, residential real estate mortgages, and to open consumer deposit accounts. All branches offer consumer, mortgage, and commercial products and services. Branches are typically open Monday through Thursday from 9:00 a.m. to 5:00 p.m., on Fridays until 6:00 p.m., and Saturday from 9:00 a.m. to 12:00 p.m. In addition to branch hours, appointments with lenders for loan applications at the applicant's convenience and internet, phone, and mobile banking services make the bank's products and services accessible to low- and moderate-income individuals and in low- and moderate-income census tracts.

The bank does not operate any branches or full-service ATMs in low-income census tracts. The bank operates 13 branch offices and 14 full-service ATMs in moderate-income census tracts throughout the combined assessment areas. The bank's remaining 45 branch offices, the main office, and 55 full-service ATMs are located in either middle- or upper-income census tracts. Further, as of 2022, the bank operated three branch offices with full-service ATMs, as well as one standalone full-service ATM, located within distressed and/or underserved non-metropolitan middle-income census tracts. There were four branches, and five full-service ATMs closed during the evaluation period. Of the branches and ATMs closed, two of the branches and ATMs were located in moderate-income census tracts, while one standalone full-service ATM was closed in a middle-income census tract that was considered distressed. The bank opened one branch with a full-service ATM in a middle-income census tract, and also relocated one branch with a full-service ATM within the same middle-income census tract, during the evaluation period.

Distribution of Branches and ATMs				
Tract Income Level	# of Branches	% of Branches	# of ATMs	% of ATMs
Low	0	0.0	0	0.0
Moderate	13	22.0	14	20.6
Middle	32	54.2	41	60.3
Upper	14	23.7	13	19.1
Unknown	0	0.0	0	0.0
Total	59	100.0	68	100.0

Community Development Services

Independent Bank provides a relatively high level of community development services in the assessment area. During the evaluation period, the bank provided 6,749 hours of services to full scope assessment areas, and 7,700 hours of services in total, compared to 7,122 hours provided in total at the previous evaluation. The vast majority of the hours were dedicated to organizations that conduct community services. Further, the Grand Rapids MSA assessment area, which contains the highest number of locations and is where the bank's main office is located, had the most community development services hours. Total service hours increased by 8.1 percent since the previous evaluation despite the bank having fewer branches for this evaluation.

Community Development Services March 30, 2021, through October 30, 2023					
Assessment Area	Affordable Housing	Community Services	Economic Development	Revitalize/ Stabilize	Total Hours
	Hours	Hours	Hours	Hours	
Full Review Assessment Areas					
Grand Rapids, MI MSA #24340	574	2,291	239	150	3,254
Detroit, MI MSA #19820	375	669	120	6	1,170
Lansing, MI MSA #29620	92	793	104	0	989
Bay City, MI MSA #13020	0	407	265	57	729
Saginaw, MI MSA #40980	27	229	59	0	315
Northwest, MI NonMSA	90	202	0	0	292
Full Review Total	1,158	4,591	787	213	6,749
Limited Review Assessment Areas					
Flint, MI MSA #22420	31	14	29	0	74
Jackson, MI MSA #27100	0	25	6	0	31
Muskegon, MI MSA #34740	71	39	0	0	110
Central, MI NonMSA	56	176	0	36	268
Eastern, MI NonMSA	0	317	2	38	357
Northern, MI NonMSA	0	16	80	15	111
Limited Review Total	158	587	117	89	951
Grand Total	1,316	5,178	904	302	7,700

FAIR LENDING OR OTHER ILLEGAL CREDIT PRACTICES REVIEW

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

**GRAND RAPIDS-KENTWOOD, MICHIGAN METROPOLITAN STATISTICAL AREA (MSA)
#24340 - Full Review**

SCOPE OF THE EXAMINATION

The scope for this assessment area is consistent with the scope presented in the overall section of the Performance Evaluation.

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

Independent Bank's Grand Rapids-Kentwood, Michigan MSA #24340 assessment area (Grand Rapids MSA) consists of the entirety of the delineated MSA at the time of this analysis, which is comprised of four counties: Ionia, Kent, Montcalm, and Ottawa. Due to updates from the 2020 Decennial Census and the 2016-2020 American Community Survey (ACS), the census tracts comprising the assessment changed in number and income designation. In particular, total census tracts increased from 208 to 240. In addition, the number of low-income census tracts decreased from 12 to 11, while moderate-income census tracts increased from 47 to 53. The following table compares the changes between 2021 and 2022 within the Grand Rapids 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	12	11	-1
Moderate	47	53	+6
Middle	100	118	+18
Upper	47	53	+6
Unknown	2	5	+3
Total	208	240	+32
<i>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</i>			

The assessment area contains the bank's main office and 16 branch locations, along with 19 full-service ATMs. Operational changes include the closure of one branch with one full-service ATM in a moderate-income census tract; one branch and full-service ATM were also opened in a middle-income census tract. Due to the census tract designation changes discussed previously, the census tract for one branch with a full-service ATM changed designation from upper-income in 2021 to middle-income in 2022.

According to the Federal Deposit Insurance Corporation's (FDIC) Summary of Deposits dated June 30, 2022, Independent Bank ranked seventh with 5.4 percent market share among 27 financial institutions holding deposits in the Grand Rapids MSA market. The Huntington National Bank was the market leader holding 20.0 percent market share among its 41 branches in the MSA. Among 466 other HMDA reporters in the MSA, Independent Bank ranks eighth in 2022, having originated or purchased 884 HMDA-reportable loans compared to the top-ranked HMDA lender, Lake Michigan Credit Union with 7,172 HMDA-reportable loans. According to the most recent available data from 2021 for CRA reporters in the MSA, Independent Bank ranks 15th among 135 total reporters with 398 CRA-reportable loans. Top reporter JPMorgan Chase Bank had 3,636 reported loans. This data supports a strong, competitive market for Independent Bank's headquarters, which includes large national lenders. The following table includes additional 2021 assessment area demographic information.

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.

2021 Grand Rapids-Kentwood, MI MSA 24340 AA Demographics								
Income Categories	Tract Distribution		Families by Tract Income		Families < Poverty Level as % of Families by Tract		Families by Family Income	
	#	%	#	%	#	%	#	%
Low	12	5.8	7,778	3.0	3,245	41.7	50,390	19.6
Moderate	47	22.6	48,967	19.0	8,743	17.9	46,090	17.9
Middle	100	48.1	130,840	50.9	9,866	7.5	57,648	22.4
Upper	47	22.6	69,618	27.1	2,420	3.5	103,075	40.1
Unknown	2	1.0	0	0.0	0	0.0	0	0.0
Total AA	208	100.0	257,203	100.0	24,274	9.4	257,203	100.0
	Housing Units by Tract	Housing Type by Tract						
		Owner-occupied			Rental		Vacant	
		#	% by tract	% by unit	#	% by unit	#	% by unit
Low	15,395	4,718	1.7	30.6	8,400	54.6	2,277	14.8
Moderate	88,989	45,644	16.9	51.3	34,378	38.6	8,967	10.1
Middle	206,007	142,330	52.7	69.1	49,637	24.1	14,040	6.8
Upper	94,441	77,326	28.6	81.9	12,187	12.9	4,928	5.2
Unknown	0	0	0.0	0.0	0	0.0	0	0.0
Total AA	404,832	270,018	100.0	66.7	104,602	25.8	30,212	7.5
	Total Businesses by Tract		Businesses by Tract & Revenue Size					
			Less Than or = \$1 Million		Over \$1 Million		Revenue Not Reported	
	#	%	#	%	#	%	#	%
Low	1,362	3.2	1,098	2.9	258	5.9	6	1.6
Moderate	7,393	17.4	6,519	17.3	816	18.6	58	15.3
Middle	20,817	49.1	18,464	49.0	2,159	49.3	194	51.1
Upper	12,851	30.3	11,581	30.7	1,149	26.2	121	31.8
Unknown	3	0.0	2	0.0	0	0.0	1	0.3
Total AA	42,426	100.0	37,664	100.0	4,382	100.0	380	100.0
Percentage of Total Businesses				88.8		10.3		0.9
	Total Farms by Tract		Farms by Tract & Revenue Size					
			Less Than or = \$1 Million		Over \$1 Million		Revenue Not Reported	
	#	%	#	%	#	%	#	%
Low	4	0.4	4	0.4	0	0.0	0	0.0
Moderate	162	14.3	149	14.1	13	18.3	0	0.0
Middle	667	59.0	620	58.5	47	66.2	0	0.0
Upper	297	26.3	286	27.0	11	15.5	0	0.0
Unknown	0	0.0	0	0.0	0	0.0	0	0.0
Total AA	1,130	100.0	1,059	100.0	71	100.0	0	0.0
Percentage of Total Farms				93.7		6.3		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.								

Population Characteristics

Each county within the MSA, and the MSA as a whole, experienced population growth in greater amounts than the state of Michigan between 2015 and 2020. While the entire MSA grew by 6.3 percent between those years, the state increased by only 1.8 percent. Leading the growth in the MSA is Ottawa County, a county to the immediate west of the City of Grand Rapids, with a complete western border of shoreline along Lake Michigan. According to a community representative, the area has created business policies attractive to new companies to the area, improving quality of life. Specifically, Michigan State University has opened a Grand Rapids campus, helping to attract young workers. The following table presents population changes from 2015 to 2020, comparing each county in the MSA to the MSA as a whole and to the state of Michigan.

Population Change			
Area	2015 Population	2020 Population	Percent Change (%)
2022 Grand Rapids-Kentwood, MI MSA 24340	1,022,794	1,087,592	6.3
Ionia County, MI	64,064	66,804	4.3
Kent County, MI	622,590	657,974	5.7
Montcalm County, MI	63,004	66,614	5.7
Ottawa County, MI	273,136	296,200	8.4
State of Michigan	9,900,571	10,077,331	1.8
Source: 2011-2015 U.S. Census Bureau American Community Survey 2020 U.S. Census Bureau Decennial Census			

Income Characteristics and Unemployment

Comparison in the following table of median family incomes and income changes across the same geographies as those in the population table also show an MSA outpacing the state, with the exception of Ionia County. While the MSA experienced a median family income increase of 14.5 percent between 2015 and 2020, the state of Michigan experienced a smaller 11.0 percent increase. Within the MSA, Ionia County had the smallest increase among the four counties of 9.9 percent. As the significantly smaller counties by population compared to the others in the MSA, Ionia County and Montcalm County incomes are lower than Kent and Ottawa Counties, and lag behind them in income increases. Ionia and Montcalm are to the east of Kent County, lacking a larger city like that of Grand Rapids, and without the shoreline advantage of Ottawa County. In addition, Montcalm County maintains the highest percentage of population age 65 and older among all MSA counties, holds the highest percentage of families below poverty, and consistently trends higher in unemployment rates.

The first of the following tables shows median family income levels and income changes in the

whole Grand Rapids MSA, in each county within the overall MSA, and the state of Michigan. It is immediately followed by a table of unemployment rates for the same geographies from 2019 through August 2022, supporting the consistently higher trend in unemployment for Montcalm County when compared to the other MSA counties.

Median Family Income Change			
Area	2015 Median Family Income (\$)	2020 Median Family Income (\$)	Percent Change (%)
2022 Grand Rapids-Kentwood, MI MSA 24340	70,467	80,705	14.5
Ionia County, MI	62,998	69,230	9.9
Kent County, MI	71,334	81,007	13.6
Montcalm County, MI	54,019	60,545	12.1
Ottawa County, MI	76,893	86,866	13.0
Michigan	68,010	75,470	11.0
<p>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.</p>			

Unemployment Rates (%)				
Area	2019	2020	2021	2022*
2022 Grand Rapids-Kentwood, MI MSA 24340	3.0	7.8	4.6	3.6
Ionia County, MI	3.5	8.3	4.8	4.0
Kent County, MI	2.9	7.9	4.7	3.6
Montcalm County, MI	4.2	9.5	5.6	4.6
Ottawa County, MI	2.8	7.1	4.1	3.3
Michigan	4.1	10.0	5.9	4.6
<p>Source: Bureau of Labor Statistics (BLS), Local Area Unemployment Statistics *2022 annual average based on data through August 2022.</p>				

Housing Characteristics

As seen in the previously presented 2021 assessment area demographics table, there were almost 405,000 housing units in the Grand Rapids MSA, of which 66.7 percent were owner-occupied, 25.8 percent were rental units, and the remaining 7.5 percent were vacant. However, the distribution of housing types differs when focusing on only those units in the 12 low-income census tracts, in which only 30.6 percent of all housing was owner-occupied, while 54.6 percent of units were rental, and 14.8 percent were vacant. Housing in moderate-income census tracts included a greater proportion of owner-occupied units at 51.3 percent, and a smaller percentage of rental and vacant

units at 38.6 percent and 10.1 percent, respectively. As owner-occupied units decrease, so too does the home mortgage lending opportunity for area financial institutions.

The following table displays housing cost burden data within the Grand Rapids MSA. A resident is housing cost burdened when they spend 30.0 percent or more of their income on housing costs. As evidenced in the table, low-income renters and owners are impacted by cost burden at a higher rate than moderate-income residents. Kent County had the greatest percentage of low-income renters in the assessment area who were cost burdened at 76.5 percent, while Ionia County had the greatest percentage of low-income owners (63.8 percent) who were cost burdened. These percentages are reflective of the housing types available in each county. Kent County had a greater proportion of units that are typically rented, such as apartment buildings, while Ionia County had a greater portion of housing that is typically owned, such as single-family homes. Housing summaries from the 2022 FFIEC Census Data show Kent County with the highest percentage in the assessment area of housing units in buildings with five or more units at 16.4 percent, compared to 7.6 percent in Ionia County, indicating greater availability of rental stock. Housing units in multi-unit buildings are typically available for rent, rather than ownership. The reverse is seen in single-family home numbers in which Kent County housing was comprised of the lowest percentage of single-unit housing across assessment area counties at 72.4 percent, compared to Ionia County with 75.2 percent. Single-unit housing is more frequently owned, rather than rented, supporting the resulting higher cost burden percentages for owners in Ionia County. In general, across the assessment area, all renters and all owners experienced a lower percentage of cost burden than those in across the state of Michigan. For the whole MSA, 41.7 percent of renters were housing cost burdened, which was slightly less than the 43.2 percent of renters in the state. Owners in the Grand Rapids MSA experienced cost burden at a percentage of 15.4, while 18.2 percent of owners in Michigan were cost burdened.

Despite lower median family incomes, smaller income increases, and higher unemployment rate trends in Ionia and Montcalm Counties, housing is more affordable when considering median household incomes and median housing values. The calculation to reflect housing affordability is the affordability ratio. As defined in the glossary, this ratio is calculated by dividing median household income by median housing value. It 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. In a comparison of affordability ratios across the counties in the Grand Rapids MSA, housing in Ionia County and Montcalm County is more affordable than housing in Kent County and Ottawa County. Ionia County's affordability ratio is 42.71 and Montcalm County has a 43.01 ratio, while Kent County is notably lower at 34.87 and Ottawa County is the least affordable with a ratio of 34.58.

Housing Cost Burden						
Area	Cost Burden – Renters (%)			Cost Burden – Owners (%)		
	Low Income	Moderate Income	All Renters	Low Income	Moderate Income	All Owners
2022 Grand Rapids-Kentwood, MI MSA 24340	75.9	28.6	41.7	59.1	24.5	15.4
Ionia County, MI	68.1	26.2	32.8	63.8	33.0	17.0
Kent County, MI	76.5	29.6	42.9	59.2	24.9	15.5
Montcalm County, MI	73.4	32.5	43.7	61.1	24.1	17.6
Ottawa County, MI	76.2	25.1	39.5	57.5	22.0	14.4
Michigan	74.2	31.3	43.2	61.7	26.5	18.2
<i>Cost Burden is housing cost that equals 30 percent or more of household income</i>						
<i>Source: U.S. Department of Housing and Urban Development (HUD), 2015-2019 Comprehensive Housing Affordability Strategy</i>						

Industry Characteristics

Major industries identified by employee numbers in the Grand Rapids MSA reflect manufacturing as the top industry for workers in the area with over 110,000 employees in the second financial quarter of 2022. A concentration of employment in that field subjects the area to economic impact during events such as the COVID-19 pandemic, which resulted in unprecedented supply chain delays, increased costs for raw materials due to limited supply, and challenging factory working conditions during periods of public health measures to distance people from each other to help stop viral spread. Additional top industries by employee count include health care and social assistance with over 74,000 workers and administrative and waste services with almost 60,000 employees. As identified in the Current Population Survey (CPS), a nationwide household survey conducted jointly by the U.S. Census Bureau and the Bureau of Labor Statistics (BLS), health care workers were impacted to a great extent during the COVID-19 pandemic, resulting in a widespread exit from the industry and a resulting shortage for skilled workers in that field in the following years.

Community Representatives

A community representative was contacted during the evaluation to provide information regarding local economic, housing, and demographic conditions. The representative discussed the area's growing population driven by successful business policies in place to attract companies to the area. Other development, such as the new Michigan State University medical school campus, also supports the attraction to the area from outsiders, as well as supporting increasing income levels. Population growth has led to housing stock shortages, which has resulted in concentrated efforts to increase affordable units and rental units. Local businesses report a worker shortage, particularly in the highly skilled jobs, such as engineering. Manufacturing employers express worker shortages, as well. Some financial institutions are strong community partners and new bank branches have been opened as the community grows.

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

LENDING TEST

The geographic distribution of loans reflects good penetration throughout the assessment area. The distribution of borrowers reflects, given the product lines offered, good penetration among customers of different income levels and businesses of different sizes. The bank is a leader in making community development loans and makes use of innovative and flexible lending practices in serving assessment area needs.

Geographic Distribution of Loans

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

Independent Bank's lending activities reflect good distribution throughout the assessment area.

Originations of the bank's 2021 HMDA-reportable and CRA-reportable loans reach 92.3 percent of the 208 census tracts within the Grand Rapids MSA assessment area. Lending occurred in eight of the 12 low-income census tracts and 43 of 47 moderate-income census tracts in this assessment area. The 2021 dispersion of loans is slightly stronger than lending in 2022, in which 82.9 percent of the 240 census tracts had reported loans from the same loan categories, reaching six of the 11 low-income census tracts and 42 of the 53 moderate-income census tracts. There were no conspicuous gaps in HMDA- and CRA-reportable lending across the assessment area.

The following discussion is primarily based on 2021 lending performance and the discussion details the individual HMDA-reportable products of home purchase loans, refinance loans, and home improvement loans. Multifamily loans will not be discussed due to low volume. CRA-reportable products include small business loans only. Lending tables reflecting 2022 performance can be found in Appendix B. Due to the lack of available aggregate lender data at the time of this report, 2022 small business tables will only include a comparison to demographic data.

HMDA-Reportable Lending

Home Purchase Loans

The bank's 2021 home purchase loans in low-income census tracts exceeded the percentage of

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)

owner-occupied units in those tracts. Of all home purchase loans in the assessment area, 2.2 percent were in low-income census tracts, which was slightly below aggregate lender activity of 3.0 percent, and greater than the 1.7 percent of owner-occupied housing units in those census tracts. Owner-occupied units are one measure of available home mortgage loan opportunity. Of all owner-occupied housing in the assessment area, only 1.7 percent of such units are in low-income census tracts, limiting lending opportunities. Opportunity is further limited by the small percentage of families (3.0 percent) living in those low-income census tracts who may be seeking a home mortgage loan.

Home purchase lending in moderate-income census tracts at 15.2 percent for the bank also falls below the 19.6 percent of home purchase loans made in those census tracts by aggregate lenders. The bank's lending level is approaching the portion of owner-occupied housing units in moderate-income census tracts of 16.9 percent.

Lending in higher income areas shows 48.5 percent of bank loans in middle-income census tracts compared to 51.2 percent by aggregate lenders and 52.7 percent of owner-occupied housing units in those tracts. The bank originated 34.1 percent of home purchase loans in upper-income census tracts, exceeding aggregate lender originations of 26.2 percent and owner-occupied units of 28.6 percent.

Home purchase lending performance in 2022 is similar to 2021 bank performance. Geographic distribution performance tables for all 2022 HMDA-reportable lending can be found in Appendix B.

Refinance Loans

The bank originated 0.9 percent of its 2021 refinance loans in low-income census tracts. In comparison, aggregate lenders in the Grand Rapids MSA originated 1.3 percent of their refinance loans in low-income census tracts. These lending percentages are compared to the 1.7 percent of owner-occupied units in low-income census tracts that serve as a reflection of potential lending opportunity. In moderate-income census tracts, the bank originated 14.6 percent of all refinance loans in the Grand Rapids MSA, which is comparable to 14.3 percent of loans by aggregate lenders in the same census tracts and just below the 16.9 percent of owner-occupied housing in those tracts.

Refinance lending in middle-income census tracts resulted in 52.1 percent of all refinance loans, which exceeds the 50.9 percent of aggregate lender activity and is similar to the demographic of owner-occupied units at 52.7 percent. In upper-income census tracts, the bank originated 32.3 percent of this loan type, compared to 33.5 percent by aggregate lenders and 28.6 percent of owner-occupied units in those census tracts.

Refinance lending performance in 2022 is similar to 2021 bank performance. Geographic

distribution performance tables for all 2022 HMDA-reportable lending can be found in Appendix B.

Home Improvement

In low-income census tracts, the bank had comparable activity to aggregate lenders in home improvement lending with 1.1 percent of the bank's loans compared to 1.4 percent by the aggregate. This lending activity was on par with the 1.7 percent of owner-occupied units, demonstrating notable performance given the limited lending opportunities due to so few units available and the expected lower number of homeowners in low-income census tracts, resulting in decreased demand for this loan type. Bank performance in moderate-income census tracts of 15.4 percent outperformed aggregate lender activity of 11.1 percent, and nearly reached the demographic percentage of 16.9 percent of owner-occupied units in those tracts.

Home improvement lending in middle-income census tracts resulted in 44.0 percent of the bank's lending in the Grand Rapids MSA, compared to 51.0 percent by aggregate lenders and 52.7 percent of owner-occupied units. The bank exceeded aggregate lenders with 39.6 percent of home improvement loans in upper-income census tracts versus the aggregate's 36.5 percent; both percentages were higher than the 28.6 percent of owner-occupied units in those tracts.

Home improvement lending performance in 2022 is stronger than 2021 bank performance due to increased loan counts in both low- and moderate-income census tracts, increased percentages of loans reaching those tracts, and continued outperformance of aggregate lenders. Geographic distribution performance tables for all 2022 HMDA-reportable lending can be found in Appendix B.

Distribution of 2021 Home Mortgage Lending By Income Level of Geography Assessment Area: Grand Rapids-Kentwood, MI MSA 24340							
Geographic Income Level	Bank And Aggregate Loans						Owner Occupied Units %
	Bank		Agg	Bank		Agg	
	#	%	%	\$ (000)	%	%	
Home Purchase Loans							
Low	14	2.2	3.0	2,128	1.2	1.9	1.7
Moderate	95	15.2	19.6	18,027	10.1	14.2	16.9
Middle	303	48.5	51.2	79,009	44.1	48.9	52.7
Upper	213	34.1	26.2	79,982	44.6	35.0	28.6
Unknown	0	0.0	0.0	0	0.0	0.0	0.0
Tract-Unk	0	0.0	0.0	0	0.0	0.0	
Total	625	100.0	100.0	179,146	100.0	100.0	100.0
Refinance Loans							
Low	8	0.9	1.3	850	0.5	0.8	1.7
Moderate	130	14.6	14.3	17,224	9.4	10.0	16.9
Middle	463	52.1	50.9	83,258	45.3	47.0	52.7
Upper	287	32.3	33.5	82,429	44.9	42.3	28.6
Unknown	0	0.0	0.0	0	0.0	0.0	0.0
Tract-Unk	0	0.0	0.0	0	0.0	0.0	
Total	888	100.0	100.0	183,761	100.0	100.0	100.0
Home Improvement Loans							
Low	1	1.1	1.4	49	0.5	1.0	1.7
Moderate	14	15.4	11.1	1,060	10.5	9.2	16.9
Middle	40	44.0	51.0	3,372	33.4	46.7	52.7
Upper	36	39.6	36.5	5,614	55.6	43.2	28.6
Unknown	0	0.0	0.0	0	0.0	0.0	0.0
Tract-Unk	0	0.0	0.0	0	0.0	0.0	
Total	91	100.0	100.0	10,095	100.0	100.0	100.0
Multifamily Loans							Multi-family Units %
Low	0	0.0	6.7	0	0.0	11.3	4.2
Moderate	0	0.0	31.1	0	0.0	24.1	31.7
Middle	0	0.0	46.2	0	0.0	37.2	50.4
Upper	0	0.0	16.0	0	0.0	27.4	13.7
Unknown	0	0.0	0.0	0	0.0	0.0	0.0
Tract-Unk	0	0.0	0.0	0	0.0	0.0	
Total	0	0.0	100.0	0	0.0	100.0	100.0
Total Home Mortgage Loans							Owner Occupied Units %
Low	23	1.4	1.9	3,027	0.8	1.7	1.7
Moderate	241	15.0	16.0	36,537	9.8	12.2	16.9
Middle	811	50.3	51.0	166,372	44.5	47.3	52.7
Upper	537	33.3	31.1	168,235	45.0	38.8	28.6
Unknown	0	0.0	0.0	0	0.0	0.0	0.0
Tract-Unk	0	0.0	0.0	0	0.0	0.0	
Total	1,612	100.0	100.0	374,171	100.0	100.0	100.0
Source: 2021 FFIEC Census Data 2011-2015 U.S. Census Bureau: American Community Survey Note: Percentages may not total 100.0 percent due to rounding.							

CRA-Reportable Lending

Small Business Loans

Independent Bank originated 2.3 percent of its 2021 small business loans in the Grand Rapids MSA in low-income census tracts. This performance is comparable to both aggregate lender originations in the same census tracts at 3.3 percent and to the 3.2 percent of small businesses operating in those tracts. By loan amount, the bank lent 5.8 percent of its small business loan dollars in low-income census tracts, exceeding the dollars lent by aggregate lenders and strengthening bank performance. Within moderate-income census tracts, the bank originated 21.6 percent of small business loans, exceeding aggregate lender activity of 15.6 percent and the percentage of small businesses in those tracts at 17.4 percent. Small business lending in middle-income census tracts resulted in 48.7 percent of the bank's loans, on par with 48.3 percent by aggregate lenders and 49.1 percent of small businesses in the assessment area. Finally, the bank originated 27.4 percent of loans to small businesses in upper-income census tracts, compared to 32.4 percent from aggregate lenders and 30.3 percent of businesses.

The 2022 geographic distribution of small business loans in the Grand Rapids MSA was similar to the 2021 performance.

The following table displays the 2021 geographic distribution of CRA-reportable small business loans within the Grand Rapids MSA assessment area. The table presenting the geographic distribution of 2022 CRA-reportable small business loans is in Appendix B. Aggregate lender data for CRA-reporters was not available for comparison at the time of this report.

Distribution of 2021 Small Business Lending By Income Level of Geography							
Assessment Area: Grand Rapids-Kentwood, MI MSA 24340							
Geographic Income Level	Bank And Aggregate Loans						Total Businesses %
	Bank		Agg	Bank		Agg	
	#	%	%	\$ (000)	\$%	\$%	
Low	9	2.3	3.3	3,438	5.8	4.6	3.2
Moderate	86	21.6	15.6	9,645	16.3	17.4	17.4
Middle	194	48.7	48.3	28,029	47.3	47.6	49.1
Upper	109	27.4	32.4	18,208	30.7	30.3	30.3
Unknown	0	0.0	0.0	0	0.0	0.0	0.0
Tract-Unk	0	0.0	0.3	0	0.0	0.0	
Total	398	100.0	100.0	59,320	100.0	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.							

Lending to Borrowers of Different Income Levels and Lending to Businesses of Different Sizes

For the purposes of this review, loans made in calendar year 2021 or prior 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.

Independent Bank's lending activities reflect good distribution, particularly in its assessment area, of loans among individuals of different income levels and businesses of different sizes, given the product lines offered by the bank.

The following discussion is primarily based on 2021 lending performance and the discussion details the individual HMDA-reportable products of home purchase loans, refinance loans, and home improvement loans. Multifamily loans will not be discussed due to low volume. CRA-reportable products include small business loans only. Lending tables reflecting 2022 performance can be found in Appendix B. Due to the lack of available aggregate lender data at the time of this report, 2022 small business tables will only include a comparison to demographic data.

HMDA-Reportable Lending

Home Purchase Loans

In 2021, the bank originated 9.1 percent of home purchase loans to low-income borrowers in the Grand Rapids MSA, outperforming aggregate lenders who originated 8.8 percent of their home purchase loans to low-income borrowers. Although this lending activity is below the percentage of low-income families in the assessment area of 19.6 percent, this performance outpaces competitors while holding a relatively small market share and lower HMDA-lender ranking within this assessment area. In addition, 9.4 percent of families in the assessment area live below the poverty level, reducing the portion of low-income families who are financially positioned for homeownership. This performance demonstrates a commitment to moving low-income Grand Rapids borrowers into home ownership. Home purchase lending to moderate-income borrowers resulted in 16.8 percent of all home purchase loans in the assessment area. While below the aggregate lender activity of 23.1 percent, the bank's portion of lending at this income level is approaching the 17.9 percent of moderate-income families who live in the assessment area.

The bank originated 23.0 percent of home purchase loans to middle-income borrowers, similar to the 22.3 percent by aggregate lenders and 22.4 percent demographic. For upper-income borrowers, lending resulted in 48.8 percent of home purchase loans, surpassing aggregate lenders at 32.4 percent and 40.1 percent of upper-income families living in the Grand Rapids MSA.

Home purchase lending in 2022 resulted in a slightly weaker performance based on a lower

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).

percentage of loans to low-income borrowers in comparison to aggregate lenders and demographics, however not to a great extent. Borrower distribution performance tables for all 2022 HMDA-reportable lending can be found in Appendix B.

Refinance Loans

In 2021, the bank originated 8.1 percent of refinance loans to assessment area low-income borrowers, similar to aggregate lenders who originated 9.0 percent of their refinance loans to low-income borrowers. This lending activity is compared to the percentage of low-income families in the assessment area of 19.6 percent. Refinance lending to moderate-income borrowers resulted in 22.6 percent of all refinance loans in the assessment area, outperforming both the aggregate lender activity of 21.8 percent and surpassing the 17.9 percent of moderate-income families who live in the assessment area.

The bank originated 23.0 percent of refinance loans to middle-income borrowers, similar to the 23.9 percent by aggregate lenders and 22.4 percent demographic. For upper-income borrowers, lending resulted in 42.5 percent of refinance loans, surpassing aggregate lenders at 33.9 percent and 40.1 percent of upper-income families living in the Grand Rapids MSA.

Refinance lending in 2022 demonstrated stronger performance due to the bank far exceeding aggregate lenders for refinance loans to moderate-income borrowers. Borrower distribution performance tables for all 2022 HMDA-reportable lending can be found in Appendix B.

The following table presents the 2021 borrower distribution of HMDA-reportable loans in the assessment area. The 2022 borrower distribution of HMDA-reportable loans is displayed in Appendix B.

Home Improvement

Home improvement lending resulted in 9.9 percent going to low-income borrowers, exceeding aggregate lenders at 6.4 percent. Similar to refinance loans, neither the bank nor aggregate lenders attained a percentage of lending to match that of low-income families at 19.6 percent, which is not expected due to lower rates of homeownership by low-income families. Loans to moderate-income borrowers led to 12.1 percent of all home improvement lending, which was significantly less than the 19.8 percent originated by aggregate lenders. Moderate-income families comprise 17.9 percent of the assessment area.

Home improvement lending to middle-income borrowers resulted in 17.6 percent of the bank's lending in the Grand Rapids MSA, compared to 25.8 percent by aggregate lenders and 22.4 percent of middle-income families in the area. The bank exceeded aggregate lenders with 56.0 percent of home improvement loans to upper-income borrowers versus the aggregate's 45.5 percent, with both percentages higher than the 40.1 percent of upper-income families in that area.

Home improvement lending performance is strengthened based on 2022 lending activity. A greater volume of loans went to low- and moderate-income borrowers and the percentage of home improvement loans to moderate-income borrowers also increased, resulting in activity much closer to the aggregate lender percentage and on par with demographics.

The following table presents the 2021 borrower distribution of HMDA-reportable loans in the assessment area. The 2022 borrower distribution of HMDA-reportable loans is displayed in Appendix B.

Distribution of 2021 Home Mortgage Lending By Borrower Income Level Assessment Area: Grand Rapids-Kentwood, MI MSA 24340							
Borrower Income Level	Bank And Aggregate Loans						Families by Family Income %
	Bank		Agg	Bank		Agg	
	#	%	%	\$(000)	%	%	
Home Purchase Loans							
Low	57	9.1	8.8	7,681	4.3	5.0	19.6
Moderate	105	16.8	23.1	19,330	10.8	17.1	17.9
Middle	144	23.0	22.3	33,999	19.0	20.5	22.4
Upper	305	48.8	32.4	116,069	64.8	44.6	40.1
Unknown	14	2.2	13.4	2,067	1.2	12.8	0.0
Total	625	100.0	100.0	179,146	100.0	100.0	100.0
Refinance Loans							
Low	72	8.1	9.0	6,387	3.5	5.1	19.6
Moderate	201	22.6	21.8	28,622	15.6	16.1	17.9
Middle	204	23.0	23.9	35,296	19.2	21.5	22.4
Upper	377	42.5	33.9	107,448	58.5	45.3	40.1
Unknown	34	3.8	11.3	6,008	3.3	12.0	0.0
Total	888	100.0	100.0	183,761	100.0	100.0	100.0
Home Improvement Loans							
Low	9	9.9	6.4	479	4.7	4.4	19.6
Moderate	11	12.1	19.8	663	6.6	15.5	17.9
Middle	16	17.6	25.8	1,514	15.0	22.2	22.4
Upper	51	56.0	45.5	7,014	69.5	55.1	40.1
Unknown	4	4.4	2.5	425	4.2	2.8	0.0
Total	91	100.0	100.0	10,095	100.0	100.0	100.0
Total Home Mortgage Loans							
Low	138	8.6	8.7	14,547	3.9	5.0	19.6
Moderate	317	19.7	21.9	48,615	13.0	16.4	17.9
Middle	364	22.6	23.4	70,809	18.9	21.0	22.4
Upper	733	45.5	34.3	230,531	61.6	45.4	40.1
Unknown	60	3.7	11.7	9,669	2.6	12.2	0.0
Total	1,612	100.0	100.0	374,171	100.0	100.0	100.0
Source: 2021 FFIEC Census Data 2011-2015 U.S. Census Bureau; American Community Survey							
Note: Percentages may not total 100.0 percent due to rounding. Multifamily loans are not included in the borrower distribution analysis.							

CRA-Reportable Lending

Small Business Loans

Of 398 small business loans originated in 2021 within the Grand Rapids MSA, 9.5 percent were to businesses with gross annual revenues of \$1.0 million or less. While falling well below aggregate lenders' 44.3 percent of loans to this same category of small businesses, an additional 275 loans, or 69.1 percent, of small business loans were to businesses with revenue unknown. These 275 loans were driven by Independent Bank's participation in the 2021 Second Draw Paycheck Protection Program (PPP) by the U.S. Small Business Administration (SBA) in response to the COVID-19 pandemic, in which applicant revenue documentation was not required. When dividing all 398 loans by loan size, 65.8 percent were in dollar amounts of \$100,000 or less. Compared to 84.2 percent of loans by aggregate lenders in this dollar range, bank performance is more comparable. Indeed, loans within this smallest dollar range are viewed as the most responsive to the smallest businesses.

Small business lending performance in 2022 fell below the performance in 2021. Several factors impacted lending in general, creating market differences between the two years. PPP lending ended in 2021, and interest rates increased significantly throughout 2022 from the 2021 historic lows, resulting in overall lower lending activity. Independent Bank originated 150 small business loans in the Grand Rapids MSA in 2022. Of the 150 loans, 42 loans, or 28.0 percent, were to businesses with revenues of \$1.0 million or less, compared to a reported 88.8 percent of total businesses in the assessment area in the same revenue category. The bank originated 69.3 percent of small business loans to businesses with revenues over \$1.0 million. When dividing the 42 loans to businesses with revenues of \$1.0 million or less by loan size, fewer than half, or 47.6 percent, were in the smallest dollar range of \$100,000 or less.

The following table presents the 2021 borrower distribution of small business loans in the assessment area. The 2022 borrower distribution of small business loans is displayed in Appendix B.

Distribution of 2021 Small Business Lending By Revenue Size of Businesses							
Assessment Area: Grand Rapids-Kentwood, MI MSA 24340							
	Bank And Aggregate Loans						Total Businesses %
	Bank		Agg	Bank		Agg	
	#	%	%	\$(000)	%	%	
By Revenue							
\$1 Million or Less	38	9.5	44.3	10,761	18.1	23.7	88.8
Over \$1 Million	85	21.4		34,563	58.3		10.3
Revenue Unknown	275	69.1		13,996	23.6		0.9
Total	398	100.0		59,320	100.0		100.0
By Loan Size							
\$100,000 or Less	262	65.8	84.2	7,046	11.9	21.4	
\$100,001 - \$250,000	61	15.3	7.6	10,483	17.7	17.7	
\$250,001 - \$1 Million	75	18.8	8.1	41,791	70.5	60.9	
Total	398	100.0	100.0	59,320	100.0	100.0	
By Loan Size and Revenues \$1 Million or Less							
\$100,000 or Less	9	23.7		501	4.7		
\$100,001 - \$250,000	13	34.2		2,369	22.0		
\$250,001 - \$1 Million	16	42.1		7,891	73.3		
Total	38	100.0		10,761	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.							

Community Development Lending

Independent Bank is a leader in making community development loans and makes use of innovative and/or flexible lending practices in serving assessment area credit needs. During the review period, the bank originated 51 community development loans totaling approximately \$200.8 million. The substantial portion of community development loans were focused on revitalization and stabilization efforts primarily benefiting low- and moderate-income geographies. Further, the bank originated one innovative and flexible community development loan for \$12.8 million leveraging Low-Income Housing Tax Credits to construct a 55-unit affordable housing complex primarily benefiting low- and moderate-income individuals and families. This loan was particularly responsive as affordable housing, especially for low- and moderate-income families, which was a critical need identified within the assessment area. These loans demonstrate an excellent record of serving the credit needs of highly economically disadvantaged areas in this assessment area, low-income individuals, or businesses with gross annual revenues of \$1 million or less, consistent with safe and sound operations. During the previous evaluation the bank originated 48 community development loans totaling approximately \$137.2 million.

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

Community Development Loans March 30, 2021 through October 30, 2023										
Assessment Area	Affordable Housing		Community Services		Economic Development		Revitalize/ Stabilize		Total #	Total \$(000s)
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)		
Grand Rapids, MI MSA #24340	2	13,288	5	13,500	10	48,029	34	125,977	51	200,793

INVESTMENT TEST

Independent Bank's record of performance in this assessment area demonstrates an excellent level of qualified investments in the assessment area, particularly those that are not routinely provided by private investors, often in a leadership position. These investments demonstrate the significant use of innovative or complex qualified investments and provide good responsiveness to the credit and community development needs of the assessment area. Independent Bank made eight qualified investments, consisting of \$13.0 million current period and \$3.1 million prior period for an approximate total of \$16.1 million. This is consistent with the number of investments made during the previous examination, and an increase of 81.9 percent by dollar amount. New investments in the current evaluation period include mortgage-backed securities for affordable home loan financing and Low-Income Housing Tax Credits (LIHTC). The following table presents the bank's community development investments throughout its assessment area during the review period.

Community Development Investments March 30, 2021 through October 30, 2023											
Assessment Area		Affordable Housing		Community Services		Economic Development		Revitalize/ Stabilize		Total #	Total \$(000s)
		#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)		
Grand Rapids, MI MSA #24340	Current	4	9,559	1	3,435	0	0	0	0	5	12,994
	Prior	1	709	2	2,350	0	0	0	0	3	3,059
	Total	5	10,269	3	5,785	0	0	0	0	8	16,054

The bank made a total of 113 qualified donations worth \$526,787 in the current evaluation period. The donations were made to organizations who serve a variety of purposes including those focused on affordable housing, community service, and economic development. When compared to the previous evaluation of 78 qualified donations totaling \$353,213, the bank increased the number of donations by 44.9 percent and increased the dollar amount by 49.1 percent. The following table presents the bank's community development donations throughout its assessment area during the review period.

Community Development Donations March 30, 2021, through October 30, 2023										
Assessment Area	Affordable Housing		Community Services		Economic Development		Revitalize/Stabilize		Total #	Total \$
	#	\$	#	\$	#	\$	#	\$		
Grand Rapids, MI MSA #24340	16	29,719	74	238,858	22	256,710	1	1,500	113	526,787

SERVICE TEST

Delivery systems are accessible to the bank's geographies and individuals of different income levels in the assessment area. The bank's record of opening and closing branches has generally not adversely affected the accessibility of its delivery systems, particularly to LMI geographies and individuals. Services do not vary in a way that inconveniences the bank's assessment area, particularly to LMI geographies and individuals. Independent Bank is a leader in providing community development services to the assessment area.

Retail Services

The bank's retail delivery services are accessible to geographies and individuals of different income levels in its assessment area. The bank maintains five of 17 branches in the assessment area in moderate-income census tracts. To the extent changes have been made, its record of opening and closing branches has generally not adversely affected the accessibility of its delivery systems, particularly in low- or moderate-income geographies or to low- or moderate-income individuals. Since the previous evaluation, the bank closed one branch and one full-service ATM in a moderate-income census tract, while opening a branch with a full-service ATM in a middle-income census tract.

Its services do not vary in a way that inconveniences its assessment area, particularly low- or moderate-income geographies or low- or moderate-income individuals. The bank offers a standard range of products and services at all locations. Bank employees are available to meet with individuals as necessary, and the bank's ATM, telephone, mobile, and internet banking options expand the availability of services beyond the branch's regular operating hours, which typically range from 9:00 a.m. to 5:00 p.m. Monday through Thursday, 9:00 a.m. to 5:00 p.m. Friday, and 9:00 a.m. to 12:00 p.m. on Saturday.

Community Development Services

The bank is a leader in providing community development services to its assessment area. The bank contributed 3,254 hours of service to the Grand Rapids MSA. This is a 45.9 percent increase in

hours contributed since the previous evaluation, during which time the bank contributed 2,231 hours of service to its community. However, it should be noted that during the previous evaluation the bank faced challenges as a result of the COVID-19 pandemic that started in 2020, which limited opportunities for the bank to provide many of the services that they would have previously provided in an in-person environment. Even with this taken into account, the bank was able to significantly increase services hours in the assessment area while keeping the total number of branches in the area the same.

The vast majority of hours served, 2,291, fell into the community services designation. Bank employees served on nonprofit boards of directors, donating their time and technical knowledge to these local organizations. An additional 574 hours of community development services went to organizations focused on affordable housing.

The following table displays community development services in the assessment area during the review period.

Community Development Services March 30, 2021 through October 30, 2023					
Assessment Area	Affordable Housing	Community Services	Economic Development	Revitalize/ Stabilize	Total Hours
	Hours	Hours	Hours	Hours	
Grand Rapids, MI MSA #24340	574	2,291	239	150	3,254

DETROIT-WARREN-DEARBORN, MICHIGAN METROPOLITAN STATISTICAL AREA (MSA) #19820 - Full Review

SCOPE OF THE EXAMINATION

The scope for this assessment area is consistent with the scope presented in the overall section of the Performance Evaluation.

DESCRIPTION OF INSTITUTION'S OPERATIONS IN DETROIT-WARREN-DEARBORN, MICHIGAN MSA #19820³

Independent Bank's Detroit-Warren-Dearborn, Michigan MSA #19820 assessment area (Detroit MSA) includes two Metropolitan Divisions (MDs). The Detroit-Dearborn-Livonia, MI MD #19804 (Detroit MD) is a one-county MD comprised of Wayne County. The Warren-Troy-Farmington Hills, MI MD #47664 (Warren MD) has five counties, of which the bank includes four in its Detroit MSA assessment area: Lapeer County, Livingston County, Macomb County, and Oakland County. The assessment area's core is the City of Detroit, expanding to the suburban north until reaching the adjoining Flint MSA and the bank's Eastern, MI NonMSA assessment area in the "Thumb" region of the state. The Detroit MSA assessment area remains unchanged since the previous CRA evaluation with the same five counties. While the included counties remain the same, the internal composition of census tracts within the counties changed in number and income designation due to updates from the 2020 Decennial Census and the 2016-2020 American Community Survey (ACS). In particular, total census tracts increased from 1,251 to 1,305. In addition, the number of low-income census tracts decreased by 49, from 170 to 121, while moderate-income census tracts increased by 19 from 315 to 334. The following table compares the changes between 2021 and 2022 within the Detroit 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.

³ Census tract designations are based on American Community Survey income data. For years 2022 and after, the designations are based on 2016-2020 ACS data. For years 2021 and before, the designations are based on 2011-2015 ACS data. For examinations that include performance before and after 2022, both sets of data have been used to perform the analysis of bank activity in the respective timeframes.

Census Tract Designation Changes American Community Survey Data (ACS)			
Tract Income Designation	2021 Designations (#)	2022 Designations (#)	Net Change (#)
Low	170	121	-49
Moderate	315	334	+19
Middle	385	382	-3
Upper	357	384	+27
Unknown	24	84	+60
Total	1251	1305	54
Source: U. S. Census Bureau: Decennial Census: American Community Survey Data: 2011-2015 U.S. Census Bureau: Decennial Census: American Community Survey Data: 2016-2020			

The assessment area contains eight branch locations, along with seven full-service ATMs and one cash only ATM. Operational changes include the closure of one branch and one full-service ATM in a moderate-income census tract and one branch and one full-service ATM in an upper-income census tract. Due to the census tract designation changes discussed previously, the census tracts for two branches and two full-service ATMs changed designation from moderate-income in 2021 to middle-income in 2022.

Across the entire Detroit MSA, the June 30, 2023 FDIC Summary of Deposits Report shows Independent Bank maintained a 0.4 percent deposit market share, ranking 14th among 39 institutions in the market. The greatest market share belongs to top-ranking JPMorgan Chase, with 31.4 percent derived from 108 locations in the MSA. When isolating only Wayne County, in which the City of Detroit is located, Independent Bank is similarly ranked 14th in deposit market share, but with only 0.1 percent of deposits in the county among 17 institutions. Again, JPMorgan Chase holds the highest rank of market share with 51.7 percent of the deposits in Wayne County.

Data from HMDA- and CRA-reporters is available at the MD level and demonstrates extensive market competition from other lenders. Among 553 HMDA-reporters in Wayne County (Detroit MD), Independent Bank ranked 32nd with 489 originations and purchases in 2021. The top-ranked HMDA-reporter in Wayne County is the non-bank mortgage lender, Rocket Mortgage, LLC, with almost 12,000 HMDA-reportable loans in 2021. Similarly, within the multi-county Warren MD, Independent Bank ranked 26th out of 650 reporters in the market based on 1,304 HMDA-reportable loans in 2021, compared to over 23,600 originations and purchases from Rocket Mortgage, LLC.

CRA-reportable lending in 2021 resulted in an Independent Bank ranking of 36th, based on 85 originations, among 161 CRA-reporters in Wayne County (Detroit MD) alone. The 1st ranked CRA-reporter, American Express NB, originated over 6,900 loans. The suburban Warren MD had 207 CRA-reporters in 2021, ranking Independent Bank at 23rd due to 354 originations, again competing with over 13,800 originations by American Express NB.

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.

2021 Detroit-Warren-Dearborn, MI MSA 19820 AA Demographics								
Income Categories	Tract Distribution		Families by Tract Income		Families < Poverty Level as % of Families by Tract		Families by Family Income	
	#	%	#	%	#	%	#	%
Low	170	13.6	89,261	8.6	38,094	42.7	236,842	22.7
Moderate	315	25.2	224,494	21.6	49,928	22.2	171,317	16.5
Middle	385	30.8	355,029	34.2	29,622	8.3	194,851	18.8
Upper	357	28.5	367,439	35.4	14,878	4.0	435,805	42.0
Unknown	24	1.9	1,592	0.2	599	37.6	0	0.0
Total AA	1,251	100.0	1,037,815	100.0	133,121	12.8	1,037,815	100.0
	Housing Units by Tract	Housing Type by Tract						
		Owner-occupied			Rental		Vacant	
		#	% by tract	% by unit	#	% by unit	#	% by unit
Low	219,705	66,878	6.1	30.4	93,384	42.5	59,443	27.1
Moderate	455,152	213,581	19.4	46.9	161,487	35.5	80,084	17.6
Middle	594,357	399,322	36.3	67.2	148,286	24.9	46,749	7.9
Upper	543,945	418,763	38.1	77.0	93,215	17.1	31,967	5.9
Unknown	6,352	1,466	0.1	23.1	2,423	38.1	2,463	38.8
Total AA	1,819,511	1,100,010	100.0	60.5	498,795	27.4	220,706	12.1
	Total Businesses by Tract		Businesses by Tract & Revenue Size					
			Less Than or = \$1 Million		Over \$1 Million		Revenue Not Reported	
	#	%	#	%	#	%	#	%
Low	15,877	8.0	14,015	7.7	1,762	10.8	100	7.2
Moderate	42,283	21.3	37,975	21.0	4,027	24.8	281	20.1
Middle	61,517	31.0	57,012	31.5	4,103	25.2	402	28.8
Upper	77,948	39.2	71,239	39.3	6,104	37.5	605	43.4
Unknown	1,126	0.6	859	0.5	260	1.6	7	0.5
Total AA	198,751	100.0	181,100	100.0	16,256	100.0	1,395	100.0
Percentage of Total Businesses:				91.1		8.2		0.7
	Total Farms by Tract		Farms by Tract & Revenue Size					
			Less Than or = \$1 Million		Over \$1 Million		Revenue Not Reported	
	#	%	#	%	#	%	#	%
Low	35	3.0	34	3.0	1	3.2	0	0.0
Moderate	229	19.4	224	19.5	5	16.1	0	0.0
Middle	534	45.3	523	45.6	11	35.5	0	0.0
Upper	381	32.3	366	31.9	14	45.2	1	100.0
Unknown	0	0.0	0	0.0	0	0.0	0	0.0
Total AA	1,179	100.0	1,147	100.0	31	100.0	1	100.0
Percentage of Total Farms:				97.3		2.6		0.1
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.								

Population Characteristics

As seen in the following table, Wayne County, in which the City of Detroit is located, holds a large portion of the population within the bank's Detroit MSA assessment area. Based on data from the 2020 U.S. Census, Wayne County showed a generally consistent population from 2015 with 0.8 percent increase, compared to growth in nearby suburban counties of Livingston with 5.0 percent growth and Oakland of 3.7 percent growth over the same time period. However, a community representative indicated more recent data has shown a population loss in Wayne County and Detroit, and confirmed the reflected growth of the suburban counties as Detroiters move from the City's core out to counties such as Livingston, Macomb, and Oakland. Comments are rooted in a regional study the representative cited by the Southeast Michigan Council of Governments (SEMCOG) that found the out-migration from Detroit resulted in a move of no more than 50 to 75 miles. The representative's comments are supported in annual U.S. Census estimates of Wayne County showing a population decline from 2020 to 2023 of 2.4 percent. The following table compares each county in the Detroit MSA assessment area to each MD and to the state of Michigan.

Population Change			
Area	2015 Population	2020 Population	Percent Change (%)
Wayne County, MI	1,778,969	1,793,561	0.8
Lapeer County, MI	88,235	88,619	0.4
Livingston County, MI	184,591	193,866	5.0
Macomb County, MI	854,689	881,217	3.1
Oakland County, MI	1,229,503	1,274,395	3.7
2022 Warren-Troy-Farmington Hills, MI MD 47664	2,357,018	2,438,097	3.4
2022 Detroit-Dearborn-Livonia, MI MD 19804	1,778,969	1,793,561	0.8
Michigan	9,900,571	10,077,331	1.8
Source: 2011-2015 U.S. Census Bureau American Community Survey 2020 U.S. Census Bureau Decennial Census			

Income Characteristics

Counties across the assessment area showed consistent increases in median family income (MFI) from 2015 to 2020. Although Livingston County had the smallest increase at 7.5 percent, it holds the second highest median income of over \$100,000, following only Oakland County. Growth in MFI across the Detroit MSA varies but is overall consistent with MFI increases in the state of Michigan. Although Wayne County shows growth consistent with the rest of the MSA, the MFI is notably lower, at \$63,896 in 2020, than all other counties. However, contributing to the important income growth are initiatives such as "Detroit at Work," part of the U.S. Department of Labor's system of American Job Centers, connecting applicants to job opportunities and providing free foundational skills workshops for those seeking training in construction and skilled trades;

healthcare; information technology; and manufacturing.

Median Family Income Change			
Area	2015 Median Family Income (\$)	2020 Median Family Income (\$)	Percent Change (%)
Wayne County, MI	57,615	63,896	10.9
Lapeer County, MI	67,575	74,675	10.5
Livingston County, MI	93,625	100,663	7.5
Macomb County, MI	74,060	80,371	8.5
Oakland County, MI	95,290	106,060	11.3
2022 Detroit-Dearborn-Livonia, MI MD 19804	57,615	63,896	10.9
2022 Warren-Troy-Farmington Hills, MI MD 47664	84,833	93,429	10.1
Michigan	68,010	75,470	11.0
<i>Source: 2011 - 2015 U.S. Census Bureau American Community Survey</i> <i>2016 - 2020 U.S. Census Bureau American Community Survey</i> <i>Median Family Incomes have been inflation-adjusted and are expressed in 2020 dollars.</i>			

Housing Characteristics

As reflected previously in the 2021 demographics table for the Detroit MSA, the assessment area had over 1.8 million housing units, of which 60.5 percent were owner-occupied, 27.4 percent were rental, and 12.1 percent were vacant. The housing landscape differs when viewing housing stock for Wayne County (Detroit MD) only, which holds over 817,000 units of the assessment area's 1.8 million. There, owner-occupied units comprise 51.4 percent of housing, while rental unit percentages are similar to the entire MSA at 30.2 percent and vacant units are a greater portion at 18.4 percent. The remaining 1 million housing units in the assessment area are spread across the other four counties in the suburban Warren MD. Owner-occupied units are in greater availability in the Warren MD, at 67.8 percent when compared to Wayne County, while 25.1 percent of housing is rental units, and vacant units fall to 7.0 percent. A community representative exemplified the blighted conditions of some of Detroit's housing stock, referencing an example of a house in extensive disrepair, thereby depressing the appraised value too low for a traditional loan and resulting in a homeowner using unregulated, high-risk products such as payday loans to pay for repairs, such as a new roof. The representative stated that while a Detroiter may be a homeowner, they may not have additional funds to invest in improvements and while they could sell, they could not subsequently afford any other homes currently on the market.

The following table presents housing cost burden data within the Detroit MSA. A resident is housing cost burdened when they spend 30.0 percent or more of their income on housing costs. Being housing cost burdened limits the ability for a resident to spend remaining income on other essential needs such as transportation, food, health care, and childcare, or risk increasing debt. As evidenced in the table, low-income renters and owners in the Detroit MSA are impacted by cost

burden at a higher rate than moderate-income residents. In particular, Wayne County renters, at 47.7 percent, and owners, at 21.1 percent, suffer from cost burden by greater percentages than residents in other MSA counties, as well as those who are cost burdened generally within the state of Michigan, with 43.2 percent and 18.2 percent of renters and owners, respectively. This data supports comments from an area representative who cited one in ten Detroit renters are evicted at least once per year. The highest percentage of low-income renters in Macomb County experience cost burden of all counties in the MSA at 80.3 percent, whereas the greatest portion of moderate-income renters (45.4 percent), and both low- (70.0 percent) and moderate-income owners (36.5 percent) in Oakland County are housing cost burdened.

Housing Cost Burden						
Area	Cost Burden – Renters (%)			Cost Burden – Owners (%)		
	Low Income	Moderate Income	All Renters	Low Income	Moderate Income	All Owners
Wayne County, MI	73.2	29.8	47.7	58.9	23.0	21.1
Lapeer County, MI	69.8	20.3	44.0	62.0	24.9	18.6
Livingston County, MI	72.7	19.5	38.5	61.3	28.1	17.6
Macomb County, MI	80.3	36.2	43.6	64.1	29.1	18.9
Oakland County, MI	77.6	45.4	38.9	70.0	36.5	18.1
2022 Detroit-Dearborn-Livonia, MI MD 19804	73.2	29.8	47.7	58.9	23.0	21.1
2022 Warren-Troy-Farmington Hills, MI MD 47664	78.2	40.0	40.7	66.3	31.9	18.4
Michigan	74.2	31.3	43.2	61.7	26.5	18.2
<i>Cost Burden is housing cost that equals 30 percent or more of household income</i>						
<i>Source: U.S. Department of Housing and Urban Development (HUD), 2015-2019 Comprehensive Housing Affordability Strategy</i>						

Employment Characteristics

Using BLS employee count as a measure of industry presence, the largest industries across the Detroit MSA during the second financial quarter of 2022 are health care and social assistance; manufacturing; retail trade; and professional and technical services. The health care and manufacturing industries, with over 255,000 workers and 235,000 workers, respectively, were severely impacted by the COVID-19 pandemic, which is reflected in part by unemployment rates across the assessment area that peaked in 2020 and have fallen since that time, although Wayne County continues on its path toward pre-pandemic levels, driven by the City of Detroit rates. Detroit government officials emphasized the falling unemployment in January 2023, while University of Michigan economists suggested part of the reason for lower unemployment in Detroit is due to a smaller labor force from people dropping out of the job market, rather than fully based on an increase in jobs.

Unemployment Rates (%)				
Area	2019	2020	2021	2022*
Wayne County, MI	5.0	13.5	8.0	5.8
Lapeer County, MI	5.3	12.2	6.1	4.9
Livingston County, MI	3.2	8.6	4.2	3.1
Macomb County, MI	4.2	11.8	5.9	4.2
Oakland County, MI	3.4	9.1	4.7	3.3
2022 Detroit-Dearborn-Livonia, MI MD 19804	5.0	13.5	8.0	5.8
2022 Warren-Troy-Farmington Hills, MI MD 47664	3.7	10.1	5.1	3.7
Michigan	4.1	10.0	5.9	4.6
Source: Bureau of Labor Statistics (BLS), Local Area Unemployment Statistics *2022 annual average based on data through August 2022.				

Community Representatives

A community representative was contacted during the evaluation to provide information regarding local economic, housing, and demographic conditions. The representative discussed the new, statewide housing plan, which the state of Michigan has never had before, but is needed to forward existing efforts for more affordable and accessible housing. The area is experiencing housing challenges in both quantity and quality, as existing housing stock is owned by residents without the funds to invest in upkeep or improvements, resulting in non-traditional financing, such as payday loans, to fund emergency housing repairs. In addition, the inner ring around Detroit is experiencing school closures and empty storefronts, as opportunities extend further from the City of Detroit, which is the core of the larger community. More suburban areas of Wayne County are receiving new water lines and new, larger schools, while Detroit has 120-year-old water lines and closing schools. The suburban investments are contributing to recent years of population loss within Detroit, as residents move to the outskirts and nearby surrounding counties. The region would benefit from public transportation connecting the suburbs and Detroit. Financial institutions have opportunities to support new housing developments, home improvement financing, and involvement directly in Detroit.

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS IN DETROIT-WARREN-DEARBORN, MICHIGAN MSA #19820

LENDING TEST

The geographic distribution of loans reflects adequate penetration throughout the assessment area. The distribution of borrowers reflects, given product lines offered, adequate penetration among customers of different income levels and businesses of different sizes. The bank is a leader in making community development loans and makes limited use of innovative and/or flexible lending practices in service assessment area credit needs.

Geographic Distribution of Loans

For the purposes of this review, loans made in calendar 2021 and prior were analyzed based on the 2011-2015 American Community Survey income designations data⁴. Loans made in calendar years 2022 and after were analyzed based on income designations from the 2016-2020 American Community Survey data.

Independent Bank's lending activities reflect adequate distribution throughout the assessment area.

Analysis of 2021 HMDA-reportable and CRA-reportable lending in the Detroit MSA shows the bank reached 55.6 percent of the 1,251 census tracts from loans in all categories. Loans penetrated 24.7 percent of all low-income census tracts in the assessment area and 36.8 percent of all moderate-income census tracts. Considering the bank holds 0.4 percent of the deposit market share and the presence of high-volume HMDA- and CRA-reporting competitors in the market, this dispersion of loans is reasonable. The 2021 dispersion of loans is slightly stronger than lending in 2022, in which 41.6 percent of the 1,305 census tracts had reported loans from the same loan categories, reaching 20.7 percent of low-income census tracts and 32.0 percent of moderate-income census tracts. There were no conspicuous gaps in HMDA- and CRA-reportable lending across the assessment area that were not explained by performance context.

The following discussion is primarily based on 2021 lending performance and the discussion details the individual HMDA-reportable products of home purchase loans, refinance loans, and home improvement loans. Multifamily loans will not be discussed due to low volume. CRA-reportable products include small business loans only. Lending tables reflecting 2022 performance can be found in Appendix B. Due to the lack of available aggregate lender data at the time of this report, 2022 small business tables will only include a comparison to demographic data.

⁴ 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)

HMDA-Reportable Lending

Home Purchase Loans

Independent Bank originated or purchased 4.5 percent of its 2021 home purchase loans in low-income census tracts, outperforming aggregate lenders at 3.8 percent and comparing reasonably to the demographic measure of owner-occupied units in those census tracts at 6.1 percent. The previous 2021 table of demographics for the Detroit MSA assessment area shows that the majority of housing units in low-income census tracts are either rental units or vacant, at 42.5 percent and 27.1 percent, respectively, leaving only 30.4 percent of housing in these tracts available for home mortgage lending, indicating limited opportunity for banks. The bank's lending in moderate-income census tracts at 11.0 percent fell short of the 17.7 percent reported by aggregate lenders and the 19.4 percent of owner-occupied units in moderate-income census tracts. While still less than half, owner-occupied units in moderate-income census tracts comprise 46.9 percent of all housing in those tracts, indicating greater opportunity for home mortgage lending.

The bank made 35.6 percent of its home purchase loans in middle-income census tracts, compared to the aggregate lender percentage in these tracts of 38.3 and owner-occupied units of 36.3 percent. Loans in upper-income census tracts made up 48.8 percent of all home purchase loans in the area, exceeding 40.2 percent by aggregate lenders and 38.1 percent of the demographic measure.

Home purchase lending performance in 2022 was similar to 2021. Geographic distribution performance tables for all 2022 HMDA-reportable lending can be found in Appendix B.

Refinance Loans

The bank originated 1.3 percent of its 2021 refinance loans in low-income census tracts. In comparison, aggregate lenders in the assessment area originated 1.6 percent of their refinance loans in low-income census tracts. These lending percentages are below the 6.1 percent of owner-occupied units in low-income census tracts that serve as a reflection of potential lending opportunity. In moderate-income census tracts, the bank originated 8.5 percent of all refinance loans in the Detroit MSA, which is slightly below aggregate lender refinance lending of 11.9 percent in the same census tracts. Both the bank and aggregate are well below the 19.4 percent of owner-occupied housing in those tracts.

Refinance lending in middle-income census tracts resulted in 35.2 percent of all refinance loans, on par with 37.3 percent by aggregate lenders and the demographic of owner-occupied units at 36.3 percent. In upper-income census tracts, the bank originated 54.4 percent of this loan type, compared to 49.2 percent by aggregate lenders and 38.1 percent of owner-occupied units in those census tracts.

Refinance lending performance in 2022 is similar to 2021 bank performance. Geographic distribution performance tables for all 2022 HMDA-reportable lending can be found in Appendix B.

Home Improvement

In low-income census tracts, the bank outperformed aggregate lenders in home improvement lending with 3.2 percent of the bank's loans compared to 2.5 percent by the aggregate. This lending activity compares reasonably to the 6.1 percent of owner-occupied units in low-income census tracts due to the nature of home improvement loans requiring homeownership, which is unlikely to pertain to the full population within low-income census tracts. Bank performance in moderate-income census tracts of 9.5 percent is also similar to aggregate lender activity of 11.7 percent, however, both fall well below the 19.4 percent of owner-occupied units in those tracts.

Home improvement lending in middle-income census tracts resulted in 33.3 percent of the bank's lending in the Detroit MSA, compared to 35.5 percent by aggregate lenders and 36.3 percent of owner-occupied units. The bank exceeded aggregate lenders with 54.0 percent of home improvement loans in upper-income census tracts versus the aggregate's 50.3 percent, with both percentages higher than the 38.1 percent of owner-occupied units in those tracts.

Home improvement lending performance in 2022 is slightly stronger than 2021 bank performance due to increased activity in moderate-income census tracts. Geographic distribution performance tables for all 2022 HMDA-reportable lending can be found in Appendix B.

Distribution of 2021 Home Mortgage Lending By Income Level of Geography Assessment Area: Detroit-Warren-Dearborn, MI MSA 19820							
Geographic Income Level	Bank And Aggregate Loans						Owner Occupied Units %
	Bank		Agg	Bank		Agg	
	#	%	%	\$(000)	\$%	\$%	
Home Purchase Loans							
Low	42	4.5	3.8	9,260	2.8	2.1	6.1
Moderate	102	11.0	17.7	20,555	6.2	11.5	19.4
Middle	329	35.6	38.3	93,371	28.2	34.3	36.3
Upper	451	48.8	40.2	207,779	62.8	52.2	38.1
Unknown	0	0.0	0.1	0	0.0	0.0	0.1
Tract-Unk	0	0.0	0.0	0	0.0	0.0	
Total	924	100.0	100.0	330,965	100.0	100.0	100.0
Refinance Loans							
Low	10	1.3	1.6	2,454	1.1	0.8	6.1
Moderate	63	8.5	11.9	9,983	4.4	8.0	19.4
Middle	261	35.2	37.3	60,066	26.6	32.0	36.3
Upper	403	54.4	49.2	152,691	67.7	59.2	38.1
Unknown	4	0.5	0.0	435	0.2	0.0	0.1
Tract-Unk	0	0.0	0.0	0	0.0	0.0	
Total	741	100.0	100.0	225,629	100.0	100.0	100.0
Home Improvement Loans							
Low	2	3.2	2.5	160	1.3	1.4	6.1
Moderate	6	9.5	11.7	739	5.9	8.0	19.4
Middle	21	33.3	35.5	3,281	26.1	31.3	36.3
Upper	34	54.0	50.3	8,402	66.8	59.3	38.1
Unknown	0	0.0	0.1	0	0.0	0.0	0.1
Tract-Unk	0	0.0	0.0	0	0.0	0.0	
Total	63	100.0	100.0	12,582	100.0	100.0	100.0
Multifamily Loans							Multi-family Units %
Low	0	0.0	12.7	0	0.0	4.4	16.8
Moderate	1	50.0	34.3	946	77.1	16.7	29.2
Middle	1	50.0	32.1	281	22.9	49.1	31.3
Upper	0	0.0	20.9	0	0.0	29.8	22.0
Unknown	0	0.0	0.0	0	0.0	0.0	0.7
Tract-Unk	0	0.0	0.0	0	0.0	0.0	
Total	2	100.0	100.0	1,227	100.0	100.0	100.0
Total Home Mortgage Loans							Owner Occupied Units %
Low	54	3.1	2.4	11,874	2.1	1.4	6.1
Moderate	172	9.9	13.8	32,223	5.6	9.6	19.4
Middle	613	35.4	37.6	157,132	27.5	33.5	36.3
Upper	889	51.3	46.2	368,949	64.7	55.5	38.1
Unknown	4	0.2	0.0	435	0.1	0.0	0.1
Tract-Unk	0	0.0	0.0	0	0.0	0.0	
Total	1,732	100.0	100.0	570,613	100.0	100.0	100.0
Source: 2021 FFIEC Census Data							
2011-2015 U.S. Census Bureau: American Community Survey							
Note: Percentages may not total 100.0 percent due to rounding.							

CRA-Reportable Lending

Small Business Loans

Independent Bank originated 6.2 percent of its 2021 small business loans in the Detroit MSA in low-income census tracts. This performance is comparable to both aggregate lender originations in the same census tracts at 7.6 percent and to the 8.0 percent of small businesses operating in those tracts. Within moderate-income census tracts, the bank originated 25.1 percent of small business loans, exceeding aggregate lender activity of 20.5 percent and the percentage of small businesses in those tracts at 21.3 percent. Small business lending in middle-income census tracts resulted in 24.8 percent of the bank's loans, below the 30.3 percent by aggregate lenders and 31.0 percent of small businesses in the assessment area. Finally, the bank originated 41.5 percent of loans to small businesses in upper-income census tracts, compared to 40.8 percent from aggregate lenders and 39.2 percent of businesses.

Geographic distribution of small business loans in 2022 is slightly stronger than the bank's 2021 performance due to lending that exceeded businesses percentages in both low- and moderate-income census tracts.

The following table displays the 2021 geographic distribution of CRA-reportable small business loans within the Detroit MSA assessment area. The table presenting the geographic distribution of 2022 CRA-reportable small business loans is in Appendix B. Aggregate lender data for CRA-reporters was not available for comparison at the time of this report.

Distribution of 2021 Small Business Lending By Income Level of Geography							
Assessment Area: Detroit-Warren-Dearborn, MI MSA 19820							
Geographic Income Level	Bank And Aggregate Loans						Total Businesses %
	Bank		Agg	Bank		Agg	
	#	%	%	\$(000)	\$%	\$%	
Low	27	6.2	7.6	5,051	6.3	8.4	8.0
Moderate	110	25.1	20.5	21,854	27.3	21.5	21.3
Middle	109	24.8	30.3	21,195	26.5	27.5	31.0
Upper	182	41.5	40.8	29,638	37.1	41.5	39.2
Unknown	11	2.5	0.6	2,224	2.8	1.1	0.6
Tract-Unk	0	0.0	0.2	0	0.0	0.1	
Total	439	100.0	100.0	79,962	100.0	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.							

Lending to Borrowers of Different Income Levels and Lending to Businesses of Different Sizes

For the purposes of this review, loans made in calendar year 2021 or prior were analyzed based on 2011-2015 American Community Survey income designations for individuals⁵. Loans made in calendar year 2022 or after were analyzed based on 2016-2020 American Community Survey income designations for individuals.

Independent Bank's lending activities reflect adequate distribution, particularly in its assessment areas, of loans among individuals of different income levels and businesses of different sizes, given the product lines offered by the bank.

The following discussion is primarily based on 2021 lending performance and the discussion details the individual HMDA-reportable products of home purchase loans, refinance loans, and home improvement loans. Multifamily loans will not be discussed due to low volume. CRA-reportable products include small business loans only. Lending tables reflecting 2022 performance can be found in Appendix B. Due to the lack of available aggregate lender data at the time of this report, 2022 small business tables will only include a comparison to demographic data.

HMDA-Reportable Lending

Home Purchase Loans

Home purchase lending in 2021 shows the bank originating 4.3 percent of its Detroit MSA loans to low-income borrowers. This percentage is significantly below that of aggregate lenders at 11.2 percent; aggregate lending is viewed as one measure of loan demand in the market. While neither the bank, nor aggregate lenders reach the demographic percentage of 22.7 percent of low-income families in the assessment area, this is not expected based on a more limited financial readiness for home ownership in this income category. Moderate-income borrowers received 13.6 percent of the bank's home purchase loans, falling below aggregate lenders' 23.0 percent. The bank more closely met the demographic measure of 16.5 percent of moderate-income families in the assessment area.

Home purchase loans to middle-income borrowers was 18.3 percent, which was less than the 22.8 percent by aggregate lenders, but on par with the 18.8 percent of families in the assessment area who were middle-income. Upper-income borrowers attained 57.3 percent of home purchase loans in the assessment area, compared to 30.2 percent of loans by aggregate lenders and 42.0 percent of upper-income families.

Home purchase lending performance in 2022 was similar to that in 2021. Borrower distribution performance tables for all 2022 HMDA-reportable lending can be found in Appendix B.

Refinance Loans

⁵ 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).

Refinance lending in 2021 resulted in 6.6 percent of loans going to low-income borrowers, which falls slightly below the 8.5 percent of refinance lending by aggregate lenders in the market. While the bank and aggregate lenders did not attain the same percentage levels as that of low-income families in the assessment area, which is 22.7 percent, this was not expected considering refinance loans are products available to current home mortgage holders, which are likely in fewer number among low-income families. Performance for refinance loans to moderate-income borrowers at 13.6 percent was also below aggregate lender activity at 18.5 percent. The assessment area was comprised of 16.5 percent moderate-income families.

The bank originated 20.6 percent of refinance loans to middle-income borrowers, below the 23.5 percent by aggregate lenders, but exceeding the 18.8 percent demographic. For upper-income borrowers, lending resulted in 51.0 percent of refinance loans, surpassing aggregate lenders at 37.0 percent and 42.0 percent of upper-income families living in the Detroit MSA.

Refinance lending in 2022 demonstrated somewhat weaker performance in comparison to aggregate lenders who reached a greater percentage of both low- and moderate-income borrowers, but not to a great extent, considering the relative size and resources of Independent Bank in comparison to other lenders in the market. Borrower distribution performance tables for all 2022 HMDA-reportable lending can be found in Appendix B.

Home Improvement

Home improvement lending resulted in 6.3 percent going to low-income borrowers in comparison to 8.5 percent by aggregate lenders. Similar to refinance loans, neither the bank nor aggregate lenders attained a percentage of lending to match that of low-income families at 22.7 percent, which is not expected due to lower rates of homeownership by low-income families. Loans to moderate-income borrowers also led to 6.3 percent of all home improvement lending, which was significantly less than the 16.8 percent originated by aggregate lenders. Families in the assessment area are 16.5 percent moderate-income. As indicated by a community representative, housing stock in Detroit is in great disrepair, with conditions from lack of up-keep impacting appraised values and a homeowner's resulting inability to attain a traditional, regulated loan for home improvement. This category of HMDA loans is seen as responsive to area needs.

Home improvement lending to middle-income borrowers resulted in 12.7 percent of the bank's lending in the Detroit MSA, compared to 24.2 percent by aggregate lenders and 18.8 percent of middle-income families in the area. The bank exceeded aggregate lenders with 63.5 percent of home improvement loans to upper-income borrowers versus the aggregate's 48.6 percent, with both percentages higher than the 42.0 percent of upper-income families in that area.

Home improvement lending performance in 2022 shows a lower percentage of lending to low-income borrowers when compared to aggregate lenders, but loans to moderate-income borrowers

resulted in a closer percentage to aggregate lenders. By loan count, the bank originated 17 total loans to low- and moderate-income borrowers, which was an increase over eight loans in 2021.

The following table presents the 2021 borrower distribution of HMDA-reportable loans in the assessment area. The 2022 borrower distribution of HMDA-reportable loans is displayed in Appendix B.

Distribution of 2021 Home Mortgage Lending By Borrower Income Level Assessment Area: Detroit-Warren-Dearborn, MI MSA 19820							
Borrower Income Level	Bank And Aggregate Loans						Families by Family Income %
	Bank		Agg	Bank		Agg	
	#	%	%	\$(000)	%	%	
Home Purchase Loans							
Low	40	4.3	11.2	6,122	1.8	6.1	22.7
Moderate	126	13.6	23.0	26,222	7.9	16.8	16.5
Middle	169	18.3	22.8	44,582	13.5	21.6	18.8
Upper	529	57.3	30.2	239,341	72.3	42.9	42.0
Unknown	60	6.5	12.8	14,698	4.4	12.5	0.0
Total	924	100.0	100.0	330,965	100.0	100.0	100.0
Refinance Loans							
Low	49	6.6	8.5	5,706	2.5	4.7	22.7
Moderate	101	13.6	18.5	17,573	7.8	13.3	16.5
Middle	153	20.6	23.5	32,785	14.5	21.0	18.8
Upper	378	51.0	37.0	156,636	69.4	48.2	42.0
Unknown	60	8.1	12.5	12,929	5.7	12.7	0.0
Total	741	100.0	100.0	225,629	100.0	100.0	100.0
Home Improvement Loans							
Low	4	6.3	8.5	235	1.9	5.9	22.7
Moderate	4	6.3	16.8	328	2.6	12.8	16.5
Middle	8	12.7	24.2	528	4.2	20.3	18.8
Upper	40	63.5	49.6	10,463	83.2	58.9	42.0
Unknown	7	11.1	1.9	1,028	8.2	2.0	0.0
Total	63	100.0	100.0	12,582	100.0	100.0	100.0
Total Home Mortgage Loans							
Low	93	5.4	9.4	12,063	2.1	5.3	22.7
Moderate	231	13.4	19.7	44,123	7.7	14.5	16.5
Middle	330	19.1	23.1	77,895	13.7	21.1	18.8
Upper	947	54.7	35.4	406,440	71.4	46.6	42.0
Unknown	129	7.5	12.4	28,865	5.1	12.6	0.0
Total	1,730	100.0	100.0	569,386	100.0	100.0	100.0
Source: 2021 FFIEC Census Data 2011-2015 U.S. Census Bureau: American Community Survey Note: Percentages may not total 100.0 percent due to rounding. Multifamily loans are not included in the borrower distribution analysis.							

CRA-Reportable Lending

Small Business Loans

Of 439 small business loans originated in 2021 within the Detroit MSA, 13.4 percent were to businesses with gross annual revenues of \$1.0 million or less. While falling well below aggregate lenders' 46.0 percent of loans to this same category of small businesses, an additional 310 loans, or 70.6 percent, of small business loans were to businesses with revenue unknown. These 310 loans were driven by Independent Bank's participation in the 2021 Second Draw Paycheck Protection Program (PPP) by the U.S. Small Business Administration (SBA) in response to the COVID-19 pandemic, in which applicant revenue documentation was not required. When dividing all 439 loans by loan size, 53.5 percent were in dollar amounts of \$100,000 or less, which can be compared to 90.6 percent of loans by aggregate lenders in this dollar range. Loans within this smallest dollar range are viewed as the most responsive to the smallest businesses.

Small business lending performance in 2022 fell below the performance in 2021. Several factors impacted lending in general, creating market differences between the two years. PPP lending ended in 2021, and interest rates increased significantly throughout 2022 from the 2021 historic lows, resulting in overall lower lending activity. Independent Bank originated 157 small business loans in the Detroit MSA in 2022. Of the 157 loans, 56, or 35.7 percent, were to businesses with revenues of \$1.0 million or less, compared to a reported 91.3 percent of total businesses in the assessment area in the same revenue category. The bank originated 59.9 percent of small business loans to businesses with revenues over \$1.0 million. When dividing the 56 loans to businesses with revenues of \$1.0 million or less by loan size, fewer than half, or 44.6 percent, were in the smallest dollar range of \$100,000 or less.

The following table presents the 2021 borrower distribution of small business loans in the assessment area. The 2022 borrower distribution of small business loans is displayed in Appendix B.

Distribution of 2021 Small Business Lending By Revenue Size of Businesses							
Assessment Area: Detroit-Warren-Dearborn, MIMSA 19820							
	Bank And Aggregate Loans						Total
	Bank		Agg	Bank		Agg	Businesses
	#	%	%	\$(000)	\$%	\$%	
By Revenue							
\$1 Million or Less	59	13.4	46.0	20,542	25.7	25.8	91.1
Over \$1 Million	70	15.9		23,062	28.8		8.2
Revenue Unknown	310	70.6		36,358	45.5		0.7
Total	439	100.0		79,962	100.0		100.0
By Loan Size							
\$100,000 or Less	235	53.5	90.6	8,494	10.6	32.1	
\$100,001 - \$250,000	95	21.6	5.2	15,564	19.5	19.2	
\$250,001 - \$1 Million	109	24.8	4.1	55,904	69.9	48.7	
Total	439	100.0	100.0	79,962	100.0	100.0	
By Loan Size and Revenues \$1 Million or Less							
\$100,000 or Less	18	30.5		837	4.1		
\$100,001 - \$250,000	10	16.9		1,789	8.7		
\$250,001 - \$1 Million	31	52.5		17,916	87.2		
Total	59	100.0		20,542	100.0		
Source: 2021 FFIEC Census Data 2021 Data & Brochure Data 2011-2015 U.S. Census Bureau: American Community Survey							
Note: Percentages may not total 100.0 percent due to rounding.							

Community Development Lending

Independent Bank is a leader in making community development loans and makes limited use of innovative and/or flexible lending practices in serving assessment area credit needs. During the review period, the bank originated 45 community development loans totaling approximately \$187.6 million. The substantial portion of community development loans were focused on revitalization and stabilization efforts primarily benefiting low- and moderate-income geographies. Of note, the bank originated one community development loan for \$1.8 million supporting a school in which a significant majority of the students qualify for free or reduced-price meals under the U.S. Department of Agriculture's National School Lunch Program. In addition, the bank originated two associated community development loans totaling approximately \$22.4 million to construct an 82-bed assisted living facility which will also help provide permanent job creation particularly benefiting low- and moderate-income individuals. Through this lending, the bank demonstrates a good record of serving the credit needs of highly economically disadvantaged areas in this assessment area, low-income individuals, or businesses with gross annual revenues of \$1 million or less, consistent with safe and sound operations. During the

previous evaluation the bank originated 53 community development loans totaling approximately \$116.0 million.

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

Community Development Loans March 30, 2021 through October 30, 2023										
Assessment Area	Affordable Housing		Community Services		Economic Development		Revitalize/Stabilize		Total #	Total \$(000s)
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)		
Detroit-Warren-Dearborn, MI MSA #19820	3	15,490	3	19,010	4	19,100	35	134,018	45	187,618

INVESTMENT TEST

Independent Bank's record of performance in this assessment area demonstrates an adequate level of qualified investments in the assessment area, particularly those that are not routinely provided by private investors, although rarely in a leadership position. These investments demonstrate the occasional use of innovative or complex qualified investments and provide adequate responsiveness to the credit and community development needs of the assessment area.

Independent Bank made six qualified investments, consisting of \$3.3 million current period and \$1.6 million prior period for an approximate total of \$4.9 million. This is consistent with the number of investments made during the previous examination, and an increase of 63.3 percent by dollar amount. New investments in the current evaluation period include mortgage-backed securities for affordable home loan financing and LIHTC.

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

Community Development Investments March 30, 2021 through October 30, 2023											
Assessment Area		Affordable Housing		Community Services		Economic Development		Revitalize/Stabilize		Total #	Total \$(000s)
		#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)		
Detroit, MI MSA #19820	Current	4	3,343	0	0	0	0	0	0	4	3,343
	Prior	1	355	1	1,206	0	0	0	0	2	1,561
	Total	5	3,697	1	1,206	0	0	0	0	6	4,904

The bank made a total of 33 qualified donations worth \$136,650 in the current evaluation period. The donations were made to organizations who serve a variety of purposes including those

focused on affordable housing, community service, and economic development. When compared to the previous evaluation of 53 qualified donations totaling \$127,450, the bank decreased the number of donations by 37.7 percent and increased the dollar amount by 7.2 percent.

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

Community Development Donations March 30, 2021 through October 30, 2023										
Assessment Area	Affordable Housing		Community Services		Economic Development		Revitalize/Stabilize		Total #	Total \$
	#	\$	#	\$	#	\$	#	\$		
Detroit, MI MSA #19820	6	35,385	22	86,515	5	14,750	0	0	33	136,650

SERVICE TEST

Delivery systems are accessible to the bank's geographies and individuals of different income levels in the assessment area. The bank's record of opening and closing branches has generally not adversely affected the accessibility of its delivery systems, particularly to LMI geographies and individuals. Services do not vary in a way that inconveniences the bank's assessment area, particularly to LMI geographies and individuals. Independent Bank is a leader in providing community development services to the assessment area.

Retail Services

The bank's retail delivery services are accessible to geographies and individuals of different income levels in its assessment area. The bank operates eight branches, seven full-service ATMs, and one cash-only ATM in the assessment area, with two of the eight branches being located in moderate-income census tracts. To the extent changes have been made, its record of opening and closing branches has generally not adversely affected the accessibility of its delivery systems, particularly in low- or moderate-income geographies or to low- or moderate-income individuals. Since the previous examination, the bank closed one branch with a full-service ATM that was located in a moderate-income census tract, and also another branch with a full-service ATM located in an upper-income census tract.

Services do not vary in a way that inconveniences its assessment area, particularly low- or moderate-income geographies or low- or moderate-income individuals. The bank offers a standard range of products and services at all locations. Bank employees are available to meet with individuals as necessary, and the bank's ATM, telephone, mobile, and internet banking options expand the availability of services beyond the branch's regular operating hours, which typically range from 9:00 a.m. to 5:00 p.m. Monday through Thursday, 9:00 a.m. to 5:30 p.m. Friday, and 9:00 a.m. to 12:00 p.m. on Saturday.

Community Development Services

The bank is a leader in providing community development services to its assessment area. The bank contributed 1,170 hours of service to the Detroit MSA. This is in alignment with the bank's performance during the previous evaluation, during which time the bank contributed 1,220 hours of service to its community.

The vast majority of hours, 669, were designated as community services. Bank employees served on nonprofit boards of directors, donating their time and technical knowledge to these local organizations. An additional 375 hours of community development services went to organizations focused on affordable housing, with employees primarily serving on those organizations board of directors.

The following table displays community development services in the assessment area during the review period.

Community Development Services March 30, 2021 through October 30, 2023					
Assessment Area	Affordable Housing	Community Services	Economic Development	Revitalize/ Stabilize	Total Hours
	Hours	Hours	Hours	Hours	
Detroit, MI MSA #19820	375	669	120	6	1,170

**LANSING-EAST LANSING, MICHIGAN METROPOLITAN STATISTICAL AREA (MSA)
#29620 - Full Review**

SCOPE OF THE EXAMINATION

The scope for this assessment area is consistent with the scope presented in the overall section of the Performance Evaluation.

**DESCRIPTION OF INSTITUTION'S OPERATIONS IN LANSING-EAST LANSING,
MICHIGAN MSA #29620**

The Lansing-East Lansing, Michigan MSA #29620 (Lansing MSA) is comprised of Eaton, Ingham, Shiawassee, and Clinton Counties. The bank delineates Eaton and Ingham Counties in their entirety, excluding Shiawassee and Clinton Counties.

The assessment area is currently comprised of 113 total census tracts. Due to updates from the 2020 Decennial Census and the 2016-2020 American Community Survey (ACS), the census tracts comprising the assessment changed in number and income designation since the previous CRA examination on March 29, 2021. In particular, total census tracts increased from 109 to 113. In addition, the number of low-income census tracts decreased by two, from nine to seven, while moderate-income census tracts remained the same at 24. The following table compares the changes between 2021 and 2022 within the Lansing 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	9	7	-2
Moderate	24	24	-
Middle	42	46	+4
Upper	25	25	-
Unknown	9	11	+2
Total	109	113	+4
Source: U. S. Census Bureau: Decennial Census: American Community Survey Data: 2011-2015 U.S. Census Bureau: Decennial Census: American Community Survey Data: 2016-2020			

The assessment area contains eight branch locations and 11 full-service ATMs. Operational changes include the relocation of one branch with one ATM within the same middle-income census tract. Due to the census tract designation changes discussed previously, the census tract for one branch with a full-service ATM changed designation from upper-income in 2021 to middle-income in 2022.

The FDIC's 2022 Summary of Deposits Report ranks Independent Bank ninth among 20 FDIC-insured institutions operating in the assessment area. The bank holds a 4.4 percent market share, compared to the market leader, First National Bank of America, which holds 19.3 percent of the assessment area's deposits.

Independent Bank ranks 12th out of 344 aggregate lenders in 2022 HMDA-reportable transactions. The bank reported 160 originations and purchase transactions compared to 1,803 reported by market leader Michigan State University Federal Credit Union. The most recent available data from 2021 for CRA reporters ranked the bank eighth out of 98 reporters. The bank originated or purchased 282 CRA-reportable loans, whereas the first ranked institution, American Express NB, originated or purchased 947 loans in the assessment area. Independent Bank is competitive in this market against large national commercial banks and non-bank mortgage lenders. Additional 2021 assessment area demographic information is provided in the following table.

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.

2021 Lansing-East Lansing, MI MSA 29620 AA Demographics								
Income Categories	Tract Distribution		Families by Tract Income		Families < Poverty Level as % of Families by Tract		Families by Family Income	
	#	%	#	%	#	%	#	%
Low	9	8.3	4,657	5.2	1,915	41.1	19,520	21.8
Moderate	24	22.0	19,014	21.3	4,329	22.8	15,587	17.4
Middle	42	38.5	38,850	43.5	2,845	7.3	17,908	20.0
Upper	25	22.9	26,689	29.9	1,482	5.6	36,348	40.7
Unknown	9	8.3	153	0.2	62	40.5	0	0.0
Total AA	109	100.0	89,363	100.0	10,633	11.9	89,363	100.0
	Housing Units by Tract	Housing Type by Tract						
		Owner-occupied			Rental		Vacant	
		#	% by tract	% by unit	#	% by unit	#	% by unit
Low	13,332	2,713	2.9	20.3	8,280	62.1	2,339	17.5
Moderate	38,933	18,311	19.3	47.0	16,298	41.9	4,324	11.1
Middle	67,865	43,432	45.8	64.0	19,157	28.2	5,276	7.8
Upper	47,201	30,295	31.9	64.2	14,231	30.1	2,675	5.7
Unknown	1,483	156	0.2	10.5	1,177	79.4	150	10.1
Total AA	168,814	94,907	100.0	56.2	59,143	35.0	14,764	8.7
	Total Businesses by Tract		Businesses by Tract & Revenue Size					
			Less Than or = \$1 Million		Over \$1 Million		Revenue Not Reported	
	#	%	#	%	#	%	#	%
Low	1,327	8.6	1,128	8.1	192	15.0	7	4.1
Moderate	3,256	21.1	2,895	20.7	310	24.2	51	30.2
Middle	5,520	35.7	5,095	36.4	359	28.0	66	39.1
Upper	4,956	32.1	4,534	32.4	385	30.0	37	21.9
Unknown	399	2.6	354	2.5	37	2.9	8	4.7
Total AA	15,458	100.0	14,006	100.0	1,283	100.0	169	100.0
Percentage of Total Businesses:				90.6		8.3		1.1
	Total Farms by Tract		Farms by Tract & Revenue Size					
			Less Than or = \$1 Million		Over \$1 Million		Revenue Not Reported	
	#	%	#	%	#	%	#	%
Low	4	1.0	4	1.0	0	0.0	0	0.0
Moderate	19	4.8	19	4.8	0	0.0	0	0.0
Middle	275	69.3	274	69.7	1	25.0	0	0.0
Upper	93	23.4	92	23.4	1	25.0	0	0.0
Unknown	6	1.5	4	1.0	2	50.0	0	0.0
Total AA	397	100.0	393	100.0	4	100.0	0	0.0
Percentage of Total Farms:				99.0		1.0		0.0
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.								

Population Characteristics

Population has remained stable across the assessment area, counties comprising the assessment area, and the state of Michigan, with less than one percent growth across counties comprising the MSA and less than two percent growth in the state of Michigan between 2015 and 2020. Of note, Ingham County contains the city of East Lansing, which is home to Michigan State University. According to a community representative, the university is a driver of employment which in turn has attracted population to the area. Although the representative noted that area population has been stable, there is a potential concern for material population loss within the next decade, at the state level, due to factors such as housing availability and cost of living.

The following table shows population change in the MSA, the counties comprising the assessment area, and the state of Michigan between 2015 and 2020.

Population Change 2015-2020			
Area	2015 Population	2020 Population	Percent Change (%)
2022 Lansing-East Lansing, MI MSA 29620	391,832	394,075	0.6
Eaton County, MI	108,341	109,175	0.8
Ingham County, MI	283,491	284,900	0.5
Lansing-East Lansing, MI MSA	537,850	541,297	0.6
Michigan	9,900,571	10,077,331	1.8
Source: 2011-2015 U.S. Census Bureau American Community Survey 2020 U.S. Census Bureau Decennial Census			

Income Characteristics

Median family income experienced growth across the assessment area, counties comprising the assessment area, and the state of Michigan between 2015 and 2020. The MSA also experienced comparable growth within the same time period. Consistent with figures stated at the previous evaluation, Eaton County had the highest median family income relative to other counties within the assessment area, the MSA, and the state of Michigan. A community represented noted that the area has seen wages increase during the COVID-19 pandemic, with business paying far above minimum wage. However, wages have not kept pace with inflation and area median income has actually fallen.

The following table shows median family income change in the MSA, the counties comprising the assessment area, and the state of Michigan between 2015 and 2020.

Median Family Income Change			
Area	2015 Median Family Income (\$)	2020 Median Family Income (\$)	Percent Change (%)
2022 Lansing-East Lansing, MI MSA 29620	69,405	77,774	12.1
Eaton County, MI	73,299	82,178	12.1
Ingham County, MI	68,476	75,907	10.9
Lansing-East Lansing, MI MSA	69,901	78,657	12.5
Michigan	68,010	75,470	11.0
<p><i>Source: 2011 - 2015 U.S. Census Bureau American Community Survey</i> <i>2016 - 2020 U.S. Census Bureau American Community Survey</i> <i>Median Family Incomes have been inflation-adjusted and are expressed in 2020 dollars.</i></p>			

Housing Characteristics

According to 2021 FFIEC census data, the assessment area contains 168,814 total housing units. Of those units, 56.2 percent are owner-occupied, 35.0 percent are rental units, and 8.7 percent remain vacant. Relative to other tract income designations, low-and moderate-income tracts experienced higher vacancy rates at 17.5 percent and 11.1 percent, respectively. Within low-income census tracts, only 20.3 percent of housing units are owner-occupied, while the majority, at 62.1 percent, are rentals. Within moderate income tracts, 47.0 percent of housing units are owner-occupied and 41.9 percent are rentals. Lower rates of homeownership in low- and moderate-income tracts indicate challenges for residential real-estate lending, as lending opportunities may be substantially less prevalent in these areas.

As evidenced by the following table, low-income individuals, especially renters, are impacted at overall higher rates by housing cost burden than moderate income renters and owners. Housing cost burden is defined as housing cost that equals 30.0 percent or more of household income. The percentages of renters and owners who meet this criterion in the assessment area are 43.9 percent and 16.8 percent, respectively. Of cost-burdened renters, 77.6 percent are low-income, and 24.1 percent are moderate-income. In terms of homeowners, 64.1 percent are low-income, and 25.2 percent are moderate-income. Figures across both Eaton and Ingham counties, and well as the state of Michigan, reflect similar trends.

A community representative stated that rent has continued to increase, especially through the COVID-19 pandemic. The loss of federal assistance programs has also provided challenges for renters who need funds to pay past-due rents. The area also lacks federally funded, rent-controlled units that are affordable. As new businesses attract employees, this also drives demand for area housing. There is a lack of supply of affordable housing in the area, and the representative noted

that the development of units is a real need that requires more investment.

Please refer to the following table for detail on trends in housing costs across MSA, the counties comprising the assessment area, and the state of Michigan in 2022.

Housing Cost Burden						
Area	Cost Burden – Renters (%)			Cost Burden – Owners (%)		
	Low Income	Moderate Income	All Renters	Low Income	Moderate Income	All Owners
2022 Lansing-East Lansing, MI MSA 29620	77.6	24.1	43.9	64.1	25.2	16.8
Eaton County, MI	72.5	22.7	34.	64.8	27.0	15.5
Ingham County, MI	78.6	24.6	46.4	63.8	24.4	17.4
Lansing-East Lansing, MI MSA	76.7	24.2	42.9	62.9	24.7	16.0
Michigan	74.2	31.3	43.2	61.7	26.5	18.2
<i>Cost Burden is housing cost that equals 30 percent or more of household income</i>						
<i>Source: U.S. Department of Housing and Urban Development (HUD), 2015-2019 Comprehensive Housing Affordability Strategy</i>						

Employment Characteristics

According to data from the Bureau of Labor statistics, unemployment remained low until peaking in 2020 and falling through 2021 into 2022. Unemployment rates across the MSA, counties comprising the MSA, and the state of Michigan, remained comparable throughout the five-year period, with the state having the highest unemployment rates in 2020 and 2021. Trends in unemployment rates show some recovery from the height of the COVID-19 pandemic in 2020. A community representative stated that Michigan State University is a major area-employer for skilled non-manual labor. However, the area remains primarily in manufacturing with auto manufacturers slowing operations and firms such as solar and battery plants changing the area's industry landscape. Firms' investment in the region is, according to the representative, what continues to attract workers.

Please refer to the following table which presents the unemployment rates in the MSA, the counties in the assessment area, and the state of Michigan from 2019 to August 2022.

Unemployment Rates (%)				
Area	2019	2020	2021	2022*
2022 Lansing-East Lansing, MI MSA 29620	3.6	7.9	5.5	4.7
Eaton County, MI	3.5	7.9	5.3	4.7
Ingham County, MI	3.6	7.8	5.6	4.7
Lansing-East Lansing, MI MSA	3.6	7.9	5.4	4.6
Michigan	4.1	10.0	5.9	4.6
Source: Bureau of Labor Statistics (BLS), Local Area Unemployment Statistics				
*2022 annual average based on data through August 2022.				

Community Representatives

A community representative was contacted during the evaluation to provide information regarding local economic, housing, and demographic conditions. The representative discussed projected population loss in the coming 10 years across the state of Michigan, which differs from the local Lansing experience of stability, largely due to being the state capital. Involvement in the new, statewide housing plan is needed to address the housing shortage, which is impacting businesses that desire to operate in the area but need worker housing that is not currently available. Another impact to housing is increasing rents, which is creating greater housing instability in the absence of federal dollars that were available during the pandemic. The area has a combination of manufacturing and “blue-collar” jobs, as well as academic work due to the presence of Michigan State University. Financial institutions have an opportunity to support the region’s affordable housing efforts and commercial development.

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS IN LANSING-EAST LANSING, MICHIGAN MSA #29620

LENDING TEST

Geographic Distribution of Loans

For the purposes of this review, loans made in calendar 2021 and prior were analyzed based on the 2011-2015 American Community Survey income designations data⁶. Loans made in calendar years 2022 and after were analyzed based on income designations from the 2016-2020 American Community Survey data.

Independent Bank's lending activities reflect adequate distribution throughout the assessment area.

Analysis of 2021 HMDA-reportable and CRA-reportable lending in the Lansing MSA shows the bank reached 83.5 percent of all 109 census tracts. Lending occurred in six of the nine low-income census tracts and 21 of the 24 moderate-income census tracts in this assessment area. The 2021 dispersion of loans reached a greater percentage of census tracts than lending reached in 2022. Lending occurred in 65.5 percent of the 113 census tracts in the area in 2022, reaching three of the seven low-income census tracts and 15 of the 24 moderate-income census tracts. There were no conspicuous gaps in HMDA- and CRA-reportable lending across the assessment area that were not explained by performance context.

The following discussion is primarily based on 2021 lending performance and the discussion details the individual HMDA-reportable products of home purchase loans, refinance loans and home improvement loans. Multifamily loans will not be discussed due to low volume. CRA-reportable products include small business loans only. Lending tables reflecting 2022 performance can be found in Appendix B. Due to the lack of available aggregate lender data at the time of this report, 2022 small business tables will only include a comparison to demographic data.

HMDA-Reportable Lending

Home Purchase Loans

In 2021, the bank originated 1.8 percent of its home purchase loans, by number, in low-income census tracts. This was slightly below both the aggregate lenders, which made 4.4 percent, by number, of HMDA-reportable home purchase loans in these census tracts, and the percentage of owner-occupied units in low-income census tracts, at 2.9 percent. The bank made 19.5 percent, by number, of its home purchase loans in moderate-income census tracts in 2021. This was below the

⁶ 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)

aggregate of lenders, at 23.5 percent, and comparable to the percentage of owner-occupied units within such tracts, at 19.3 percent.

Home purchase lending of 51.8 percent went to moderate-income census tracts, compared to 42.2 percent by aggregate lenders and 45.8 percent of owner-occupied housing units in those tracts. In upper-income census tracts, the bank originated 26.8 percent of its home purchase loans, compared to 29.7 percent from aggregate lenders and demographics of 31.9 percent owner-occupied units.

As seen in the 2022 lending table located in Appendix B, home purchase lending was slightly improved from 2021 lending, based on the bank more closely meeting aggregate lender percentages and exceeding demographics in low- and moderate-income census tracts. The table following this discussion presents the 2021 geographic distribution of HMDA-reportable loans in the assessment area.

Refinance Loans

In 2021, the bank did not make any refinance loans in the nine low-income census tracts. Although only 2.9 percent of owner-occupied units are in these census tracts, indicating limited opportunity, aggregate lenders were able to originate 1.4 percent of refinance loans in those tracts. The bank made 8.3 percent of its refinance loans in moderate-income census tracts, which was below the percentage of loans made by aggregate lenders at 13.1 percent, and significantly below the percentage of owner-occupied units in these tracts at 19.3 percent.

Refinance loans in middle-income census tracts of 59.0 percent surpassed that of aggregate lenders who originated 45.9 percent of loans in those tracts. Middle-income census tracts in the Lansing MSA hold 45.8 percent of all owner-occupied units. Loans in upper-income tracts came to 32.7 percent, compared to 39.3 percent by aggregate lenders and 31.9 percent of owner-occupied units.

Refinance lending performance in 2022 is consistent with that of 2021. The following table presents the 2021 geographic distribution of HMDA-reportable loans in the assessment area. The 2022 geographic distribution table of HMDA-reportable loans can be found in Appendix B.

Home Improvement

Similar to refinance, the bank did not originate any home improvement loans in low-income census tracts. However, aggregate lenders made 1.8 percent of loans in these tracts, compared to 2.9 percent of owner-occupied housing units. From a limited number of 12 total home improvement loans in the Lansing MSA, performance was strengthened by 25.0 percent of those loans going to moderate-income census tracts, outperforming aggregate lenders at 18.2 percent and exceeding the 19.3 percent of owner-occupied units.

The portion of home improvement loans reached 41.7 percent in middle-income census tracts,

compared to 48.4 percent by aggregate lenders and owner-occupied units at 45.8 percent. Upper-income census tracts received 33.3 percent of loans, similar to 31.6 percent of activity by aggregate lenders and 31.9 percent of owner-occupied units.

Home improvement lending performance in 2022 is similar to 2021 bank performance. Geographic distribution performance tables for all 2022 HMDA-reportable lending can be found in Appendix B. The table following this discussion presents the 2021 geographic distribution of HMDA-reportable loans in the assessment area.

Distribution of 2021 Home Mortgage Lending By Income Level of Geography Assessment Area: Lansing-East Lansing, MI MSA 29620							
Geographic Income Level	Bank And Aggregate Loans						Owner Occupied Units %
	Bank		Agg	Bank		Agg	
	#	#%	#%	\$(000)	%	%	
Home Purchase Loans							
Low	3	1.8	4.4	270	0.9	2.2	2.9
Moderate	32	19.5	23.5	3,792	12.8	15.2	19.3
Middle	85	51.8	42.2	15,475	52.1	41.4	45.8
Upper	44	26.8	29.7	10,174	34.2	40.8	31.9
Unknown	0	0.0	0.2	0	0.0	0.3	0.2
Tract-Unk	0	0.0	0.0	0	0.0	0.0	
Total	164	100.0	100.0	29,711	100.0	100.0	100.0
Refinance Loans							
Low	0	0.0	1.4	0	0.0	0.8	2.9
Moderate	17	8.3	13.1	1,727	5.3	7.9	19.3
Middle	121	59.0	45.9	17,357	53.4	42.9	45.8
Upper	67	32.7	39.3	13,414	41.3	48.2	31.9
Unknown	0	0.0	0.2	0	0.0	0.2	0.2
Tract-Unk	0	0.0	0.0	0	0.0	0.0	
Total	205	100.0	100.0	32,498	100.0	100.0	100.0
Home Improvement Loans							
Low	0	0.0	1.8	0	0.0	0.7	2.9
Moderate	3	25.0	18.2	115	21.6	11.1	19.3
Middle	5	41.7	48.4	190	35.7	47.1	45.8
Upper	4	33.3	31.6	227	42.7	41.1	31.9
Unknown	0	0.0	0.0	0	0.0	0.0	0.2
Tract-Unk	0	0.0	0.0	0	0.0	0.0	
Total	12	100.0	100.0	532	100.0	100.0	100.0
Multifamily Loans							Multi-family Units %
Low	0	0.0	15.7	0	0.0	14.2	16.0
Moderate	2	66.7	33.7	1,053	65.7	17.5	19.7
Middle	0	0.0	24.1	0	0.0	32.0	33.1
Upper	1	33.3	25.3	550	34.3	36.0	28.7
Unknown	0	0.0	1.2	0	0.0	0.2	2.4
Tract-Unk	0	0.0	0.0	0	0.0	0.0	
Total	3	100.0	100.0	1,603	100.0	100.0	100.0
Total Home Mortgage Loans							Owner Occupied Units %
Low	3	0.8	2.7	270	0.4	3.3	2.9
Moderate	54	14.0	17.4	6,687	10.3	12.1	19.3
Middle	214	55.3	44.3	33,360	51.6	40.8	45.8
Upper	116	30.0	35.4	24,365	37.7	43.5	31.9
Unknown	0	0.0	0.2	0	0.0	0.2	0.2
Tract-Unk	0	0.0	0.0	0	0.0	0.0	
Total	387	100.0	100.0	64,682	100.0	100.0	100.0
Source: 2021 FFIEC Census Data							
2011-2015 U.S. Census Bureau: American Community Survey							
Note: Percentages may not total 100.0 percent due to rounding							

CRA-Reportable Lending

Small Business Loans

In 2021, the bank's performance fell below both the percentage by aggregate lenders and the percentage of total businesses within low-income census tracts. The bank made 4.3 percent of CRA-reportable small business loans, by number, in low-income census tracts, which was less than aggregate lenders at 8.2 percent, and the percentage of total businesses in such tracts at 8.6 percent. The bank made 13.1 percent, by number, of its CRA-reportable small business loans in moderate-income census tracts. This was below the percentage by aggregate lenders (19.6 percent) and the percentage of total businesses located in moderate-income census tracts (21.1 percent).

Originations of small business loans came to 43.3 percent, by number, in middle-income census tracts. This exceeded the percentage by aggregate lenders at 33.4 percent, and it was above the percentage of total businesses that are located in these tracts at 35.7 percent. The bank made 39.0 percent of its small business loans, by number, in upper-income census tracts, which was also above the percentage by aggregate lenders at 36.7 percent and that of total businesses in these census tracts at 32.1 percent.

The bank's CRA-reportable small business lending in 2022 demonstrated improved performance when compared to 2021. A greater percentage of loans were originated in both low- and moderate-income census tracts. The percentage in low-income census tracts far exceeded the percentage of businesses, while the lending percentage in moderate-income census tracts was similar to the demographic percentage of businesses in the moderate-income tracts.

The following table presents the geographic distribution of CRA-reportable small business loans in the assessment area in 2021. The lending table showing geographic distribution of small business loans in 2022 can be found in Appendix B.

Distribution of 2021 Small Business Lending By Income Level of Geography Assessment Area: Lansing-East Lansing, MI MSA 29620							
Geographic Income Level	Bank And Aggregate Loans						Total Businesses %
	Bank		Agg	Bank		Agg	
	#	#%	#%	\$(000)	\$%	\$%	
Low	12	4.3	8.2	1,476	5.7	12.9	8.6
Moderate	37	13.1	19.6	4,250	16.5	17.8	21.1
Middle	122	43.3	33.4	7,495	29.1	28.8	35.7
Upper	110	39.0	36.7	12,515	48.6	37.7	32.1
Unknown	1	0.4	1.8	21	0.1	2.7	2.6
Tract-Unk	0	0.0	0.3	0	0.0	0.1	
Total	282	100.0	100.0	25,757	100.0	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.							

Lending to Borrowers of Different Income Levels and Lending to Businesses of Different Sizes

For the purposes of this review, loans made in calendar year 2021 or prior were analyzed based on 2011-2015 American Community Survey income designations for individuals⁷. Loans made in calendar year 2022 or after were analyzed based on 2016-2020 American Community Survey income designations for individuals.

Independent Bank's lending activities reflect good distribution, particularly in its assessment area, of loans among individuals of different income levels and businesses of different sizes, given the product lines offered by the bank.

The following discussion is primarily based on 2021 lending performance and the discussion details the individual HMDA-reportable products of home purchase loans, refinance loans, and home improvement loans. Multifamily loans will not be discussed due to low volume. CRA-reportable products include small business loans only. Lending tables reflecting 2022 performance can be found in Appendix B. Due to the lack of available aggregate lender data at the time of this report, 2022 small business tables will only include a comparison to demographic data.

HMDA-Reportable Lending

Home Purchase Loans

Home purchase lending in 2021 shows the bank originating 13.4 percent of its Lansing MSA loans to low-income borrowers. This percentage is consistent with that of aggregate lenders at 14.2

⁷ 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).

percent; aggregate lending is viewed as one measure of loan demand in the market. While neither the bank, nor aggregate lenders, reach the demographic percentage of 21.8 percent of low-income families in the assessment area, this is not expected based on a more limited financial readiness for home ownership in this income category. Moderate-income borrowers received 26.2 percent of the bank's home purchase loans, on par with aggregate lenders' 26.7 percent. The bank and aggregate lenders exceeded the demographic measure of 17.4 percent of moderate-income families in the assessment area. Through its performance in reaching low- and moderate-income borrowers for home purchase loans, Independent Bank demonstrates a commitment to assisting these populations toward homeownership.

Home purchase loans to middle-income borrowers was 28.7 percent, which was greater than the 22.7 percent by aggregate lenders and more than the 20.0 percent of families in the assessment area who were middle-income. Upper-income borrowers attained 27.4 percent of home purchase loans in the assessment area, compared to 25.7 percent of loans by aggregate lenders and 40.7 percent of upper-income families.

Home purchase lending performance in 2022 was similar to that in 2021. Borrower distribution performance tables for all 2022 HMDA-reportable lending can be found in Appendix B.

Refinance Loans

Refinance lending in 2021 resulted in 12.2 percent of loans going to low-income borrowers, which outperforms the aggregate lenders in the market who originated 7.0 percent. While the bank and aggregate lenders did not attain the same percentage levels as that of low-income families in the assessment area, at 21.8 percent, this was not expected considering refinance loans are products available to current home mortgage holders, which are likely in fewer number among low-income families. Performance for refinance loans to moderate-income borrowers at 26.8 percent, also outperforms aggregate lender activity at 21.1 percent. The assessment area was comprised of 17.4 percent moderate-income families.

The bank originated 30.2 percent of refinance loans to middle-income borrowers, above the 25.1 percent by aggregate lenders, and also exceeding the 20.0 percent demographic. For upper-income borrowers, lending resulted in 29.3 percent of refinance loans, compared to aggregate lenders at 33.5 percent and 40.7 percent of upper-income families living in the Lansing MSA.

Refinance lending in 2022 continued to demonstrate strong performance by outperforming aggregate lenders by significant amounts of lending to both low- and moderate-income borrowers. Borrower distribution performance tables for all 2022 HMDA-reportable lending can be found in Appendix B.

Home Improvement

Home improvement lending again portrays a willingness by the bank to reach low- and moderate-income borrowers. Low-income borrowers obtained 33.3 percent of the home improvement loans in the Lansing MSA, significantly exceeding lending of 10.9 percent by aggregate lenders. The bank also surpassed the percentage of low-income families at 21.8 percent, which is not expected due to lower rates of homeownership by low-income families. Loans to moderate-income borrowers also led to 33.3 percent of all home improvement lending, again, more than the amounts originated by aggregate lenders (23.3 percent) and more than the portion of families in the assessment area who are moderate-income (17.4 percent).

The bank did not originate any loans to middle-income borrowers in 2021. However, upper-income borrowers attained 33.3 percent of that year's home improvement loans, compared to the aggregate's 39.0 percent, and 40.7 percent of upper-income families.

Home improvement lending performance in 2022 shows a lower percentage of lending to low- and moderate-income borrowers than in 2021.

The following table presents the 2021 borrower distribution of HMDA-reportable loans in the assessment area. The 2022 borrower distribution of HMDA-reportable loans is displayed in Appendix B.

Distribution of 2021 Home Mortgage Lending By Borrower Income Level Assessment Area: Lansing-East Lansing, MI MSA 29620							
Borrower Income Level	Bank And Aggregate Loans						Families by Family Income %
	Bank		Agg	Bank		Agg	
	#	%	%	\$(000)	%	%	
Home Purchase Loans							
Low	22	13.4	14.2	2,221	7.5	7.7	21.8
Moderate	43	26.2	26.7	6,065	20.4	20.9	17.4
Middle	47	28.7	22.7	8,743	29.4	23.1	20.0
Upper	45	27.4	25.7	11,316	38.1	37.5	40.7
Unknown	7	4.3	10.7	1,366	4.6	10.8	0.0
Total	164	100.0	100.0	29,711	100.0	100.0	100.0
Refinance Loans							
Low	25	12.2	7.0	2,295	7.1	4.0	21.8
Moderate	55	26.8	21.1	6,550	20.2	15.5	17.4
Middle	62	30.2	25.1	9,444	29.1	23.0	20.0
Upper	60	29.3	33.5	13,868	42.7	43.3	40.7
Unknown	3	1.5	13.2	341	1.0	14.2	0.0
Total	205	100.0	100.0	32,498	100.0	100.0	100.0
Home Improvement Loans							
Low	4	33.3	10.9	130	24.4	7.5	21.8
Moderate	4	33.3	23.3	168	31.6	20.8	17.4
Middle	0	0.0	24.6	0	0.0	22.7	20.0
Upper	4	33.3	39.0	234	44.0	46.1	40.7
Unknown	0	0.0	2.3	0	0.0	2.9	0.0
Total	12	100.0	100.0	532	100.0	100.0	100.0
Total Home Mortgage Loans							
Low	51	13.3	9.9	4,646	7.4	5.7	21.8
Moderate	102	26.6	23.2	12,783	20.3	17.9	17.4
Middle	109	28.4	24.0	18,187	28.8	22.9	20.0
Upper	109	28.4	31.3	25,418	40.3	40.9	40.7
Unknown	13	3.4	11.6	2,045	3.2	12.5	0.0
Total	384	100.0	100.0	63,079	100.0	100.0	100.0
Source: 2021 FFIEC Census Data 2011-2015 U.S. Census Bureau: American Community Survey Note: Percentages may not total 100.0 percent due to rounding. Multifamily loans are not included in the borrower distribution analysis.							

CRA-Reportable Lending

Small Business Loans

Of 282 small business loans originated in 2021 within the Lansing MSA, 13.1 percent were to businesses with gross annual revenues of \$1.0 million or less. While falling well below aggregate lenders' 47.5 percent of loans to this same category of small businesses, an additional 210 loans, or 74.5 percent, of small business loans were to businesses with revenue unknown. These 210 loans

were driven by Independent Bank's participation in the 2021 Second Draw Paycheck Protection Program (PPP) by the U.S. Small Business Administration (SBA) in response to the COVID-19 pandemic, in which applicant revenue documentation was not required. When dividing all 282 loans by loan size, 75.5 percent were in dollar amounts of \$100,000 or less, which can be compared to 88.3 percent of loans by aggregate lenders in this dollar range. Loans within this smallest dollar range are viewed as the most responsive to the smallest businesses.

Small business lending performance in 2022 fell below the performance in 2021. Several factors impacted lending in general, creating market differences between the two years. PPP lending ended in 2021, and interest rates increased significantly throughout 2022 from the 2021 historic lows, resulting in overall lower lending activity. Independent Bank originated 78 small business loans in the Lansing MSA in 2022. Of the 78 loans, 36, or 46.2 percent, were to businesses with revenues of \$1.0 million or less, compared to a reported 90.9 percent of total businesses in the assessment area in the same revenue category. The bank originated 52.6 percent of small business loans to businesses with revenues over \$1.0 million. When dividing the 36 loans to businesses with revenues of \$1.0 million or less by loan size, fewer than half, or 44.4 percent, were in the smallest dollar range of \$100,000 or less.

The following table presents the 2021 borrower distribution of small business loans in the assessment area. The 2022 borrower distribution of small business loans is displayed in Appendix B.

Distribution of 2021 Small Business Lending By Revenue Size of Businesses							
Assessment Area: Lansing-East Lansing, MI MSA 29620							
	Bank And Aggregate Loans						Total
	Bank		Agg	Bank		Agg	Businesses
	#	%	%	\$(000)	%	%	
By Revenue							
\$1 Million or Less	37	13.1	47.5	6,888	26.7	30.5	90.6
Over \$1 Million	35	12.4		8,582	33.3		8.3
Revenue Unknown	210	74.5		10,287	39.9		1.1
Total	282	100.0		25,757	100.0		100.0
By Loan Size							
\$100,000 or Less	213	75.5	88.3	6,184	24.0	26.4	
\$100,001 - \$250,000	40	14.2	6.4	6,420	24.9	20.4	
\$250,001 - \$1 Million	29	10.3	5.2	13,153	51.1	53.2	
Total	282	100.0	100.0	25,757	100.0	100.0	
By Loan Size and Revenues \$1 Million or Less							
\$100,000 or Less	16	43.2		725	10.5		
\$100,001 - \$250,000	10	27.0		1,811	26.3		
\$250,001 - \$1 Million	11	29.7		4,352	63.2		
Total	37	100.0		6,888	100.0		
Source: 2021 FFIEC Census Data 2021 Data & Brochure Data 2011-2015 U.S. Census Bureau: American Community Survey							
Note: Percentages may not total 100.0 percent due to rounding.							

Community Development Lending

Independent Bank makes a relatively high level of community development loans and makes use of innovative and/or flexible lending practices in serving assessment area credit needs. During the review period, the bank originated six community development loans totaling approximately \$13.0 million, demonstrating a good record of serving the credit needs of highly economically disadvantaged areas in the assessment area, low-income individuals, or businesses with gross annual revenues of \$1 million or less, consistent with safe and sound operations. Of these community development loans, the bank participated in two loans for approximately \$3.1 million, which included the innovative and flexible use of Low-Income Housing Tax Credits, to rehabilitate a property into a 36-unit complex providing affordable housing that primarily benefits low- and moderate-income individuals and families. During the previous evaluation, the bank originated seven community development loans totaling approximately \$8.4 million.

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

Community Development Loans March 30, 2021 through October 30, 2023										
Assessment Area	Affordable Housing		Community Services		Economic Development		Revitalize/Stabilize		Total #	Total \$(000s)
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)		
Lansing-East Lansing, MI MSA #29620	4	4,573	0	0	1	4,700	1	3,774	6	13,047

INVESTMENT TEST

Independent Bank's record of performance in this assessment area demonstrates a significant level of qualified investments in the assessment area, particularly those that are not routinely provided by private investors, occasionally in a leadership position. These investments demonstrate the significant use of innovative or complex qualified investments and provide excellent responsiveness to the credit and community development needs of the assessment area. Independent Bank made five qualified investments, consisting of \$7.6 million current period and \$177 thousand prior period for an approximate total of \$7.8 million. When compared to the previous examination, this represents an increase of 25.0 percent by count and 90.2 percent by dollar amount. New investments in the current evaluation period include LIHTCs for affordable home loan financing and a bond to schools where a majority of students are from low- or moderate-income households.

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

Community Development Investments March 30, 2021 through October 30, 2023											
Assessment Area		Affordable Housing		Community Services		Economic Development		Revitalize/Stabilize		Total #	Total \$(000s)
		#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)		
Lansing, MI MSA #29620	Current	3	6,321	1	1,300	0	0	0	0	4	7,621
	Prior	1	177	0	0	0	0	0	0	1	177
	Total	4	6,499	1	1,300	0	0	0	0	5	7,799

The bank made a total of 28 qualified donations worth \$50,436 in the current evaluation period. The donations were made to organizations who serve a variety of purposes including those focused on affordable housing, community service, and economic development. When compared to the previous evaluation of 30 qualified donations totaling \$42,630, the bank decreased the number of donations by 6.7 percent and increased the dollar amount by 18.3 percent. The following table presents the bank's community development donations throughout its assessment area during the review period.

Community Development Donations March 30, 2021 through October 30, 2023										
Assessment Area	Affordable Housing		Community Services		Economic Development		Revitalize/Stabilize		Total #	Total \$
	#	\$	#	\$	#	\$	#	\$		
Lansing, MI MSA #29620	3	15,000	23	25,436	2	10,000	0	0	28	50,436

SERVICE TEST

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

Retail Services

The bank's retail delivery services are accessible to geographies and individuals of different income levels in its assessment area. The bank operates one of its eight assessment area branches with a full-service ATM in a moderate-income census tract. In total, 11 full-service ATMs are operational within the assessment area. During the evaluation period, one branch with an ATM was relocated within the same middle-income census tract. To the extent changes have been made, its record of opening and closing branches has not adversely affected the accessibility of its delivery systems, particularly in low- or moderate-income geographies or to low- or moderate-income individuals. Since the previous evaluation, the bank has not closed or opened any branches in the assessment area.

Services do not vary in a way that inconveniences its assessment area, particularly low- or moderate-income geographies or low- or moderate-income individuals. The bank offers a standard range of products and services at all locations. Bank employees are available to meet with individuals as necessary, and the bank's ATM, telephone, mobile, and internet banking options expand the availability of services beyond the branch's regular operating hours, which typically range from 9:00 a.m. to 5:00 p.m. Monday through Thursday, 9:00 a.m. to 5:30 p.m. Friday, and 9:00 a.m. to 12:00 p.m. on Saturday.

Community Development Services

The bank provides a relatively high level of community development services to its assessment area. The bank contributed 989 hours of service to the Lansing MSA assessment area. This is an 18.2 percent increase in hours contributed since the previous evaluation, during which time the bank contributed 837 hours of service to its community.

The vast majority of hours, 793, were designated as community services. Bank employees served on nonprofit boards of directors, donating their time and technical knowledge to these local organizations. Additionally, the remainder of the bank's community development services went to serving the purposes of affordable housing organizations and economic development.

The following table displays community development services in the assessment area during the review period.

Community Development Services March 30, 2021 through October 30, 2023					
Assessment Area	Affordable Housing	Community Services	Economic Development	Revitalize/ Stabilize	Total Hours
	Hours	Hours	Hours	Hours	
Lansing, MI MSA #29620	92	793	104	0	989

BAY CITY, MICHIGAN METROPOLITAN STATISTICAL AREA (MSA) #13020 - Full Review

SCOPE OF THE EXAMINATION

The scope for this assessment area is consistent with the scope presented in the overall section of the Performance Evaluation.

DESCRIPTION OF INSTITUTION'S OPERATIONS IN BAY CITY, MICHIGAN MSA #13020

The Bay City, Michigan MSA #13020 (Bay City MSA) is a one-county MSA comprised of Bay County. Since the previous evaluation, there have been no changes to the assessment area. However, updates from the 2020 Decennial Census and the 2016-2020 American Community Survey (ACS) resulted in changes to the number and income designations of census tracts comprising the assessment area. In particular, total census tracts increased from 27 to 28. In addition, the number of low-income census tracts decreased from one to zero, while the moderate-income census tracts increased from seven to eight. The following table compares the changes between 2021 and 2022 within the Bay City 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	1	0	-1
Moderate	7	8	+1
Middle	12	13	+1
Upper	6	5	-1
Unknown	1	2	+1
Total	27	28	+1
Source: U. S. Census Bureau: Decennial Census: American Community Survey Data: 2011-2015 U.S. Census Bureau: Decennial Census: American Community Survey Data: 2016-2020			

The bank operates five branches and five full-service ATMs within the assessment area, with no

changes to operations since the previous CRA examination. However, due to the census tract designation changes discussed previously, the census tract for one branch with a full-service ATM changed designation from upper-income in 2021 to middle-income in 2022.

The 2022 FDIC Summary of Deposits Report ranks Independent Bank second among six FDIC-insured institutions operating in the market. The bank holds a 22.1 percent market share, compared to the market leader, The Huntington National Bank, which holds 43.4 percent of the assessment area's deposits.

Independent Bank ranks ninth out of 172 aggregate lenders in 2022 HMDA-reportable transactions. The bank reported 93 originations and purchase transactions compared to 249 reported by market leader Academy Mortgage Corporation. Reported transactions in 2021 brought the bank to a rank of third with 195 loans, also compared to top-ranked Academy Mortgage with 382 loans. The most recent available data from 2021 for CRA reporters ranks the bank third out of 51 reporters. The bank originated or purchased 108 CRA-reportable loans, whereas the first ranked institution, American Express NB, originated or purchased 182 loans in the assessment area. Independent Bank is competitive in this market against large national commercial banks and non-bank mortgage lenders. Additional 2021 assessment area demographic information is provided in the following table.

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.

2021 Bay City, MI MSA 13020 AA Demographics								
Income Categories	Tract Distribution		Families by Tract Income		Families < Poverty Level as % of Families by Tract		Families by Family Income	
	#	%	#	%	#	%	#	%
Low	1	3.7	272	1.0	118	43.4	5,437	19.5
Moderate	7	25.9	5,623	20.2	1,060	18.9	5,036	18.1
Middle	12	44.4	13,793	49.5	1,436	10.4	6,186	22.2
Upper	6	22.2	8,181	29.4	355	4.3	11,210	40.2
Unknown	1	3.7	0	0.0	0	0.0	0	0.0
Total AA	27	100.0	27,869	100.0	2,969	10.7	27,869	100.0
	Housing Units by Tract	Housing Type by Tract						
		Owner-occupied			Rental		Vacant	
		#	% by tract	% by unit	#	% by unit	#	% by unit
Low	640	220	0.6	34.4	360	56.3	60	9.4
Moderate	11,179	6,729	19.9	60.2	3,112	27.8	1,338	12.0
Middle	22,625	17,058	50.4	75.4	3,611	16.0	1,956	8.6
Upper	13,613	9,859	29.1	72.4	2,616	19.2	1,138	8.4
Unknown	0	0	0.0	0.0	0	0.0	0	0.0
Total AA	48,057	33,866	100.0	70.5	9,699	20.2	4,492	9.3
	Total Businesses by Tract		Businesses by Tract & Revenue Size					
			Less Than or = \$1 Million		Over \$1 Million		Revenue Not Reported	
	#	%	#	%	#	%	#	%
Low	62	1.8	53	1.7	9	3.0	0	0.0
Moderate	947	27.5	844	27.2	92	30.8	11	23.4
Middle	1,509	43.8	1,363	44.0	122	40.8	24	51.1
Upper	927	26.9	839	27.1	76	25.4	12	25.5
Unknown	0	0.0	0	0.0	0	0.0	0	0.0
Total AA	3,445	100.0	3,099	100.0	299	100.0	47	100.0
Percentage of Total Businesses:				90.0		8.7		1.4
	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	3	1.5	3	1.5	0	0.0	0	0.0
Middle	146	70.9	145	70.7	1	100.0	0	0.0
Upper	56	27.2	56	27.3	0	0.0	0	0.0
Unknown	0	0.0	0	0.0	0	0.0	0	0.0
Total AA	206	100.0	205	100.0	1	100.0	0	0.0
Percentage of Total Farms:				99.5		0.5		0.0

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.

Population Characteristics

Changes in population from 2015 to 2020 show a 2.7 percent decline in Bay County. This is a notable change in comparison to the slight growth across the state of Michigan of 1.8 percent over the same time period. According to comments from local government leadership in 2022, the downward trend is expected to continue into the next two decades, largely due to Bay County being the oldest county per capita in the state of Michigan. As such, the population and workforce are both expected to continue declining. The following table compares the Bay City MSA population change to the population change in the state of Michigan from 2015 to 2020.

Population Change			
Area	2015 Population	2020 Population	Percent Change (%)
2022 Bay City, MI MSA 13020	106,698	103,856	-2.7
Michigan	9,900,571	10,077,331	1.8
<i>Source: 2011-2015 U.S. Census Bureau American Community Survey 2020 U.S. Census Bureau Decennial Census</i>			

Income Characteristics

Median family income (MFI) in Bay County is impacted by the aging population and diminished workforce mentioned previously. While Bay County experienced a decline in MFI from 2015 to 2020 of 1.5 percent, the state of Michigan's MFI increased by 11.0 percent over the same timeframe. According to a community representative, Bay County has a large ALICE (Asset Limited, Income Constrained, Employed) population, a claim supported by the ALICE Report, a compilation of data conducted by the Michigan Association of United Ways, combining ACS data, the U.S. Census Bureau's Household Pulse Survey, and the Federal Reserve Board's Survey of Household Economics and Decision-making (SHED). An ALICE household earns more than the Federal Poverty Level, but less than the basic cost of living for a county. These households struggle to keep pace with the cost of household essentials such as housing, childcare, food, and transportation. In addition, Bay County's large population per capita over the age of 65 is more susceptible to the financial hardship indicated by ALICE and at greater likelihood of falling below the ALICE threshold and into the range of poverty, resulting in an inability to afford the essentials. Of all Bay County households divided by age group, households of age 65 years and over have the greatest percentage below the ALICE threshold at 55.0 percent.

Median Family Income Change			
Area	2015 Median Family Income (\$)	2020 Median Family Income (\$)	Percent Change (%)
2022 Bay City, MI MSA 13020	63,172	62,204	-1.5
Michigan	68,010	75,470	11.0
<p>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.</p>			

Housing Characteristics

There were over 48,000 total housing units in the Bay City MSA in 2021, of which 70.5 percent were owner-occupied, 20.2 percent were rental units, and 9.3 percent were vacant. Only 640 of those housing units were in the sole low-income census tract in the assessment area. Among the 640 units, 34.4 percent were owner-occupied, while 56.3 percent were rental units. A greater portion of housing existed in moderate-income census tracts at over 11,000 units. Owner-occupied units were also in greater availability in moderate-income census tracts at 60.2 percent, with rental units comprising 27.8 percent of housing in those tracts. The very limited housing stock in the low-income census tract also limits lending opportunity in that tract by home mortgage lenders in the assessment area.

The following table displays 2022 housing cost burden data within the Bay City MSA. A resident is housing cost burdened when they spend 30.0 percent or more of their income on housing costs. As evidenced in the table, low-income renters and owners were impacted by cost burden at a higher rate than moderate-income residents. However, renters in the Bay City MSA were generally less cost burdened than renters in the state of Michigan by each income level and for all renters. The table shows that 69.1 percent of low-income renters in the assessment area were cost burdened which is a lower rate of burden among low-income renters than in the state of Michigan at 74.2 percent. Among all renters in the Bay City MSA, 39.4 percent were housing cost burdened, whereas 43.2 percent of all renters in the state of Michigan were cost burdened. Owners experienced housing cost burden at similar rates in the assessment area and in the state.

Housing Cost Burden						
Area	Cost Burden – Renters (%)			Cost Burden – Owners (%)		
	Low Income	Moderate Income	All Renters	Low Income	Moderate Income	All Owners
2022 Bay City, MI MSA 13020	69.1	24.3	39.4	65.6	25.7	18.7
State of Michigan	74.2	31.3	43.2	61.7	26.5	18.2
<p>Cost Burden is housing cost that equals 30 percent or more of household income Source: U.S. Department of Housing and Urban Development (HUD), 2015-2019 Comprehensive Housing Affordability Strategy</p>						

Industry Characteristics

Based on the BLS Quarterly Census of Employment and Wages through the second financial quarter of 2022, the industries in the Bay City MSA with the greatest number of employees are health care and social assistance; retail trade; and manufacturing. The health care and manufacturing industries were severely impacted by the COVID-19 pandemic, however, two elements of the Bay City MSA economy have helped to improve the COVID-19 pandemic recovery. According to an area representative, expansion of businesses in semi-conductor manufacturing added high-paying jobs and health care roles are in demand due to the county's aging population.

Community Representatives

A community representative was contacted during the evaluation to provide information regarding local economic, housing, and demographic conditions. The representative discussed recent expansion of the semiconductor industry, which has led to a reversal of the previous population loss in the area, as well as low unemployment rates. The county has an aging population, as well, with the largest per capita population over the age of 65 in the state, resulting in stability for health organizations in the area. However, the aging population sometimes has difficulty with property maintenance, especially if in declining health, which is impacting an already strained housing market. Younger home seekers are challenged to find available homes within their price-range, while renters are experiencing large increases in rents and new construction costs have escalated dramatically. For an area known to be affordable, these experiences are notable. Financial institutions are involved in the community, supporting microlending, SBA lending, and maintaining flexibility in loans to entrepreneurs, veterans, minorities, and women.

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS IN BAY CITY, MICHIGAN MSA #13020

LENDING TEST

The geographic distribution of loans reflects good penetration throughout the assessment area. The distribution of borrowers reflects, given product lines offered, good penetration among customers of different income levels and businesses of different sizes. The bank is a leader in making community development loans and makes limited use of innovative and/or flexible lending practices in service assessment area credit needs.

Geographic Distribution of Loans

For the purposes of this review, loans made in calendar 2021 and prior were analyzed based on the 2011-2015 American Community Survey income designations data⁸. Loans made in calendar years 2022 and after were analyzed based on income designations from the 2016-2020 American Community Survey data.

Independent Bank's lending activities reflect good distribution throughout the assessment area.

Analysis of 2021 HMDA-reportable and CRA-reportable lending in the Bay City MSA shows the bank reached 96.3 percent of all 27 census tracts. The only census tract without loans was the tract of unknown income. As a primary deposit holder in the market and a top lender, this dispersion of loans is reasonable. The 2021 dispersion of loans is slightly stronger than lending in 2022, in which 85.7 percent of the 28 census tracts had reported loans from the same loan categories. Lending in 2022 penetrated 75.0 percent of moderate-income census tracts; the assessment area had zero low-income census tracts in 2022. There were no conspicuous gaps in HMDA- and CRA-reportable lending across the assessment area that were not explained by performance context.

The following discussion is primarily based on 2021 lending performance and the discussion details the individual HMDA-reportable products of home purchase loans and refinance loans. Home improvement and multifamily loans will not be discussed due to low volume. CRA-reportable products include small business loans only. Lending tables reflecting 2022 performance can be found in Appendix B. Due to the lack of available aggregate lender data at the time of this report, 2022 small business tables will only include a comparison to demographic data.

HMDA-Reportable Lending

Home Purchase Loans

In 2021, the bank's home purchase lending outperformed aggregate lenders in both low- and

⁸ 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)

moderate-income census tracts. Specifically, the bank originated 2.5 percent of its home purchase loans, by number, in low-income census tracts. This was above both the aggregate lenders, who made 1.0 percent, by number, of HMDA-reportable home purchase loans in these census tracts, and above the percentage of owner-occupied units in low-income census tracts, at 0.6 percent. The bank made 28.8 percent, by number, of its home purchase loans in moderate-income census tracts in 2021. This was above both the aggregate of lenders at 23.5 percent and the percentage of owner-occupied units within such tracts, at 19.9 percent.

Lending in middle-income census tracts resulted in 36.3 percent of home purchase loans, compared to 47.1 percent by aggregate lenders and 50.4 percent of owner-occupied units within those same census tracts. Home purchase loans in upper-income census tracts resulted in 32.5 percent of all home purchase loans, exceeding the percentage by aggregate lenders of 28.4 percent and the 29.1 percent of owner-occupied units.

Home purchase lending performance in 2022 was similar to 2021. Geographic distribution performance tables for all 2022 HMDA-reportable lending can be found in Appendix B.

Refinance Loans

In 2021, the bank made one refinance loan in the sole low-income census tract in the assessment area. This resulted in performance consistent with the percentage by aggregate lenders at 0.6 percent and the percentage of owner-occupied units in low-income census tracts at 0.6 percent. The bank made 16.7 percent of its refinance loans in moderate-income census tracts, which was slightly above the percentage of loans made by aggregate lenders at 14.0 percent, and below the percentage of owner-occupied units in these tracts at 19.9 percent. Lending at the same percentage as demographics in low- and moderate-income census tracts for refinance loans is not expected due to the lower volume of existing home mortgage holders in these tracts who are in a position to refinance.

Refinance lending resulted in 47.9 percent of the bank's loans in middle-income census tracts, on par with the percentage made by aggregate lenders of 48.3 percent and slightly below census tract demographics of 50.4 percent owner-occupied units. In upper-income census tracts, the bank originated 34.4 percent of all refinance loans in the assessment area, compared to the aggregate lender percentage of 37.1 percent and the owner-occupied unit percentage of 29.1.

Geographic distribution performance for refinance loans in 2022 was weaker than the performance described in 2021. Although the assessment area did not have any low-income census tracts in 2022, the bank fell well below aggregate lenders in refinance lending in moderate-income census tracts.

The following table presents the 2021 geographic distribution of HMDA-reportable loans in the assessment area. The 2022 geographic distribution table of HMDA-reportable loans can be found

in Appendix B.

Distribution of 2021 Home Mortgage Lending By Income Level of Geography							
Assessment Area: Bay City, MI MSA 13020							
Geographic Income Level	Bank And Aggregate Loans						Owner Occupied Units %
	Bank		Agg	Bank		Agg	
	#	#%	#%	\$(000)	\$%	\$%	
Home Purchase Loans							
Low	2	2.5	1.0	135	1.3	0.8	0.6
Moderate	23	28.8	23.5	2,265	22.0	16.0	19.9
Middle	29	36.3	47.1	3,733	36.2	47.8	50.4
Upper	26	32.5	28.4	4,182	40.5	35.4	29.1
Unknown	0	0.0	0.0	0	0.0	0.0	0.0
Tract-Unk	0	0.0	0.0	0	0.0	0.0	
Total	80	100.0	100.0	10,315	100.0	100.0	100.0
Refinance Loans							
Low	1	1.0	0.6	62	0.6	0.5	0.6
Moderate	16	16.7	14.0	1,243	11.6	9.8	19.9
Middle	46	47.9	48.3	4,985	46.6	48.6	50.4
Upper	33	34.4	37.1	4,414	41.2	41.1	29.1
Unknown	0	0.0	0.0	0	0.0	0.0	0.0
Tract-Unk	0	0.0	0.0	0	0.0	0.0	
Total	96	100.0	100.0	10,704	100.0	100.0	100.0
Home Improvement Loans							
Low	0	0.0	0.0	0	0.0	0.0	0.6
Moderate	2	20.0	11.0	94	13.0	9.8	19.9
Middle	6	60.0	49.2	440	60.9	47.0	50.4
Upper	2	20.0	39.8	188	26.0	43.2	29.1
Unknown	0	0.0	0.0	0	0.0	0.0	0.0
Tract-Unk	0	0.0	0.0	0	0.0	0.0	
Total	10	100.0	100.0	722	100.0	100.0	100.0
Multifamily Loans							Multi-family Units %
Low	0	0.0	0.0	0	0.0	0.0	2.4
Moderate	0	0.0	7.7	0	0.0	4.7	28.4
Middle	1	100.0	53.8	194	100.0	7.3	36.5
Upper	0	0.0	38.5	0	0.0	88.0	32.7
Unknown	0	0.0	0.0	0	0.0	0.0	0.0
Tract-Unk	0	0.0	0.0	0	0.0	0.0	
Total	1	100.0	100.0	194	100.0	100.0	100.0
Total Home Mortgage Loans							Owner Occupied Units %
Low	3	1.6	0.8	197	0.9	0.6	0.6
Moderate	41	21.6	18.2	3,602	16.2	12.4	19.9
Middle	82	43.2	47.8	9,352	42.1	45.7	50.4
Upper	64	33.7	33.2	9,038	40.7	41.2	29.1
Unknown	0	0.0	0.0	0	0.0	0.0	0.0
Tract-Unk	0	0.0	0.0	0	0.0	0.0	
Total	190	100.0	100.0	22,189	100.0	100.0	100.0
Source: 2021 FFIEC Census Data							
2011-2015 U.S. Census Bureau: American Community Survey							
Note: Percentages may not total 100.0 percent due to rounding.							

CRA-Reportable Lending

Small Business Loans

In 2021, the bank made 1.9 percent of CRA-reportable small business loans, by number, in low-income census tracts, which was slightly above aggregate lenders at 0.9 percent, and the percentage of total businesses in such tracts at 1.8 percent. The bank made 24.1 percent, by number, of its small business loans in moderate-income census tracts. This was slightly below the percentage by aggregate lenders (28.1 percent) and the percentage of total businesses located in moderate-income census tracts (27.5 percent).

Within middle-income census tracts, the bank originated 45.4 percent of its small business loans, comparing favorably to the aggregate lenders' 40.4 percent and to the percentage of businesses within those middle-income tracts at 43.8 percent. Small business lending in upper-income census tracts resulted in 28.7 percent of all small business loans in the area, compared to 30.4 percent by aggregate lenders and 26.9 percent of total businesses in the same upper-income census tracts.

The 2022 geographic distribution of small business loans in the Bay City MSA was similar to the 2021 performance.

The following table displays the 2021 geographic distribution of CRA-reportable small business loans within the Bay City MSA assessment area. The table presenting the geographic distribution of 2022 CRA-reportable small business loans is in Appendix B. Aggregate lender data for CRA-reporters was not available for comparison at the time of this report.

Distribution of 2021 Small Business Lending By Income Level of Geography							
Assessment Area: Bay City, MI MSA 13020							
Geographic Income Level	Bank And Aggregate Loans						Total Businesses %
	Bank		Agg	Bank		Agg	
	#	%	%	\$(000)	%	%	
Low	2	1.9	0.9	69	0.8	0.6	1.8
Moderate	26	24.1	28.1	3,093	37.3	28.5	27.5
Middle	49	45.4	40.4	2,742	33.0	36.9	43.8
Upper	31	28.7	30.4	2,397	28.9	34.0	26.9
Unknown	0	0.0	0.0	0	0.0	0.0	0.0
Tract-Unk	0	0.0	0.2	0	0.0	0.0	
Total	108	100.0	100.0	8,301	100.0	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.							

Lending to Borrowers of Different Income Levels and Lending to Businesses of Different Sizes

For the purposes of this review, loans made in calendar year 2021 or prior were analyzed based on 2011-2015 American Community Survey income designations for individuals⁹. Loans made in calendar year 2022 or after were analyzed based on 2016-2020 American Community Survey income designations for individuals.

Independent Bank's lending activities reflect good distribution, particularly in its assessment areas, of loans among individuals of different income levels and businesses of different sizes, given the product lines offered by the bank.

The following discussion is primarily based on 2021 lending performance and the discussion details the individual HMDA-reportable products of home purchase loans and refinance loans. Home improvement loans will not be discussed due to low volume. CRA-reportable products include small business loans only. Lending tables reflecting 2022 performance can be found in Appendix B. Due to the lack of available aggregate lender data at the time of this report, 2022 small business tables will only include a comparison to demographic data.

HMDA-Reportable Lending

Home Purchase Loans

Home purchase lending in 2021 shows the bank originating 10.0 percent of its Bay City MSA loans to low-income borrowers. This percentage was slightly below that of aggregate lenders at 14.2 percent; aggregate lending is viewed as one measure of loan demand in the market. While both the bank and aggregate lenders did not reach the demographic percentage of 19.5 percent of low-income families in the assessment area, this is not expected based on a more limited population in those tracts who have the financial readiness for home ownership. Moderate-income borrowers received 22.5 percent of the bank's home purchase loans, consistent with aggregate lenders' 24.3 percent. The bank surpassed the demographic measure of 18.1 percent of moderate-income families in the assessment area.

Home purchase loans to middle-income borrowers was 23.8 percent, which was consistent with both the 22.2 percent by aggregate lenders and the 22.2 percent of families in the assessment area who were middle-income. Upper-income borrowers attained 36.3 percent of home purchase loans in the assessment area, compared to 26.8 percent of loans by aggregate lenders and 40.2 percent of upper-income families.

Home purchase lending performance in 2022 was similar to that in 2021. Borrower distribution performance tables for all 2022 HMDA-reportable lending can be found in Appendix B.

⁹ 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).

Refinance Loans

Refinance lending in 2021 resulted in 8.3 percent of loans going to low-income borrowers, which is consistent with the 7.8 percent of refinance lending by aggregate lenders in the market. While the bank and aggregate lenders do not attain the percentage to match low-income families in the assessment area, which is 19.5 percent, this is not expected given the likelihood of fewer low-income home mortgage holders, which is the prerequisite for a refinance. Performance for refinance loans to moderate-income borrowers at 22.9 percent was slightly above aggregate lender activity at 19.0 percent. The assessment area is comprised of 18.1 percent moderate-income families.

The bank originated 20.8 percent of refinance loans to middle-income borrowers, consistent with both the 22.8 percent by aggregate lenders, and the 22.2 percent demographic. For upper-income borrowers, lending resulted in 44.8 percent of refinance loans, surpassing the aggregate lenders at 38.5 percent and the 40.2 percent of upper-income families living in the Bay City MSA.

Refinance lending in 2022 demonstrated stronger performance to 2021 borrower distribution performance. Borrower distribution performance tables for all 2022 HMDA-reportable lending can be found in Appendix B.

The following table presents the 2021 borrower distribution of HMDA-reportable loans in the assessment area. The 2022 borrower distribution of HMDA-reportable loans is displayed in Appendix B.

Distribution of 2021 Home Mortgage Lending By Borrower Income Level							
Assessment Area: Bay City, MI MSA 13020							
Borrower Income Level	Bank And Aggregate Loans						Families by Family Income %
	Bank		Agg	Bank		Agg	
	#	#%	#%	\$(000)	%	%	
Home Purchase Loans							
Low	8	10.0	14.2	702	6.8	7.8	19.5
Moderate	18	22.5	24.3	1,736	16.8	17.8	18.1
Middle	19	23.8	22.2	2,005	19.4	21.6	22.2
Upper	29	36.3	26.8	5,306	51.4	40.7	40.2
Unknown	6	7.5	12.4	566	5.5	12.1	0.0
Total	80	100.0	100.0	10,315	100.0	100.0	100.0
Refinance Loans							
Low	8	8.3	7.8	486	4.5	4.6	19.5
Moderate	22	22.9	19.0	1,616	15.1	13.7	18.1
Middle	20	20.8	22.8	2,106	19.7	20.4	22.2
Upper	43	44.8	38.5	6,214	58.1	48.0	40.2
Unknown	3	3.1	11.9	282	2.6	13.4	0.0
Total	96	100.0	100.0	10,704	100.0	100.0	100.0
Home Improvement Loans							
Low	0	0.0	5.9	0	0.0	3.6	19.5
Moderate	0	0.0	11.0	0	0.0	6.7	18.1
Middle	2	20.0	28.8	192	26.6	29.5	22.2
Upper	6	60.0	50.8	397	55.0	57.0	40.2
Unknown	2	20.0	3.4	133	18.4	3.1	0.0
Total	10	100.0	100.0	722	100.0	100.0	100.0
Total Home Mortgage Loans							
Low	16	8.5	10.6	1,188	5.4	6.1	19.5
Moderate	40	21.2	20.8	3,352	15.2	15.4	18.1
Middle	41	21.7	22.6	4,303	19.6	21.1	22.2
Upper	78	41.3	33.5	11,917	54.2	44.5	40.2
Unknown	14	7.4	12.5	1,235	5.6	12.9	0.0
Total	189	100.0	100.0	21,995	100.0	100.0	100.0
Source: 2021 FFIEC Census Data							
2011-2015 U.S. Census Bureau: American Community Survey							
Note: Percentages may not total 100.0 percent due to rounding.							
Multifamily loans are not included in the borrower distribution analysis.							

CRA-Reportable Lending

Small Business Loans

Independent Bank originated 108 small business loans in 2021 within the Bay City MSA. Of the 108 loans, 19.4 percent were to businesses with gross annual revenues of \$1.0 million or less. While falling well below aggregate lenders' 47.1 percent of loans to this same category of small

businesses, an additional 84 loans, or 77.8 percent, of small business loans were to businesses with revenue unknown. These 84 loans were driven by Independent Bank's participation in the 2021 Second Draw Paycheck Protection Program (PPP) by the U.S. Small Business Administration (SBA) in response to the COVID-19 pandemic, in which applicant revenue documentation was not required. When dividing all 108 loans by loan size, 80.6 percent were in dollar amounts of \$100,000 or less, which can be compared to 88.3 percent of loans by aggregate lenders in this dollar range. Loans within this smallest dollar range are viewed as the most responsive to the smallest businesses.

Small business borrower distribution performance in 2022 was slightly weaker than the performance in 2021. Several factors impacted lending in general, creating market differences between the two years. PPP lending ended in 2021, and interest rates increased significantly throughout 2022 from the 2021 historic lows, resulting in overall lower lending activity. Independent Bank originated 24 small business loans in the Bay City MSA in 2022. Of the 24 loans, 18, or 75.0 percent, were to businesses with revenues of \$1.0 million or less, compared to a reported 90.2 percent of total businesses in the assessment area in the same revenue category. When dividing the 18 loans to businesses with revenues of \$1.0 million or less by loan size, 61.1 percent were in the smallest dollar range of \$100,000 or less.

The following table presents the 2021 borrower distribution of small business loans in the assessment area. The 2022 borrower distribution of small business loans is displayed in Appendix B.

Distribution of 2021 Small Business Lending By Revenue Size of Businesses							
Assessment Area: Bay City, MI MSA 13020							
	Bank And Aggregate Loans						Total Businesses %
	Bank		Agg	Bank		Agg	
	#	#%	#%	\$(000)	%	%	
By Revenue							
\$1 Million or Less	21	19.4	47.1	2,776	33.4	31.1	90.0
Over \$1 Million	3	2.8		1,223	14.7		8.7
Revenue Unknown	84	77.8		4,302	51.8		1.4
Total	108	100.0		8,301	100.0		100.0
By Loan Size							
\$100,000 or Less	87	80.6	88.3	2,657	32.0	30.6	
\$100,001 - \$250,000	12	11.1	6.4	1,556	18.7	19.7	
\$250,001 - \$1 Million	9	8.3	5.3	4,088	49.2	49.8	
Total	108	100.0	100.0	8,301	100.0	100.0	
By Loan Size and Revenues \$1 Million or Less							
\$100,000 or Less	12	57.1		541	19.5		
\$100,001 - \$250,000	4	19.0		508	18.3		
\$250,001 - \$1 Million	5	23.8		1,727	62.2		
Total	21	100.0		2,776	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.							

Community Development Lending

Independent Bank is a leader in making community development loans and makes limited use of innovative and/or flexible lending practices in serving assessment area credit needs. During the review period, the bank originated five community development loans totaling approximately \$4.2 million and demonstrating a good distribution, particularly in this assessment area, of loans among individuals of different income levels and businesses of different sizes, given the product lines offered by the bank. Two of the qualified community development loans for approximately \$1.4 million financed the purchase and expansion of a restaurant in a moderate-income census tract helping attract and retain individuals within the local geography while also creating 35 permanent full/part-time jobs. During the previous evaluation the bank originated two community development loans totaling approximately \$1.2 million.

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

Community Development Loans March 30, 2021 through October 30, 2023										
Assessment Area	Affordable Housing		Community Services		Economic Development		Revitalize/Stabilize		Total #	Total \$(000s)
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)		
Bay City, MI MSA #13020	1	194	1	120	1	516	2	3,420	5	4,250

INVESTMENT TEST

Independent Bank's record of performance in this assessment area demonstrates an adequate level of qualified community development investments in the assessment area, particularly those that are not routinely provided by private investors, although rarely in a leadership position. These investments demonstrate the occasional use of innovative or complex qualified investments and provide adequate responsiveness to the credit and community development needs of the assessment area.

During the evaluation period, Independent Bank did not make any qualified investments, however there was one prior period investment with an outstanding balance of \$1.1 million with a community service purpose. When compared to the previous examination, this represents a decrease of 50.0 percent by count and 8.3 percent by dollar amount.

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

Community Development Investments March 30, 2021 through October 30, 2023											
Assessment Area		Affordable Housing		Community Services		Economic Development		Revitalize/Stabilize		Total #	Total \$(000s)
		#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)		
Bay City, MI MSA #13020	Current	0	0	0	0	0	0	0	0	0	0
	Prior	0	0	1	1,116	0	0	0	0	1	1,116
	Total	0	0	1	1,116	0	0	0	0	1	1,116

The bank made a total of 40 qualified donations worth \$76,337 in the current evaluation period. The donations were made to organizations who serve a variety of purposes including those focused on community service and economic development. When compared to the previous evaluation of 48 qualified donations totaling \$84,305 the bank decreased the number of donations by 16.7 percent and decreased the dollar amount by 9.5 percent.

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

Community Development Donations March 30, 2021 through October 30, 2023										
Assessment Area	Affordable Housing		Community Services		Economic Development		Revitalize/Stabilize		Total #	Total \$
	#	\$	#	\$	#	\$	#	\$		
Bay City, MI MSA #13020	0	0	35	41,992	5	34,345	0	0	40	76,337

SERVICE TEST

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

Retail Services

The bank's retail delivery services are accessible to geographies and individuals of different income levels in its assessment area. Of the five branches with full-service ATMs in this area, one branch with an ATM operates in a moderate- income census tract. To the extent changes have been made, its record of opening and closing branches has not adversely affected the accessibility of its delivery systems, particularly in low- or moderate-income geographies or to low- or moderate-income individuals. Since the previous evaluation, the bank has not opened or closed any branches or full-service ATMs.

Services do not vary in a way that inconveniences its assessment area, particularly low- or moderate-income geographies or low- or moderate-income individuals. The bank offers a standard range of products and services at all locations. Bank employees are available to meet with individuals as necessary, and the bank's ATM, telephone, mobile, and internet banking options expand the availability of services beyond the branch's regular operating hours, which typically range from 9:00 a.m. to 5:00 p.m. Monday through Thursday, 9:00 a.m. to 6:00 p.m. Friday, and 9:00 a.m. to 12:00 p.m. on Saturday.

Community Development Services

The bank provides a relatively high level of community development services to its assessment area. The bank contributed 729 hours of service to the Bay City MSA assessment area. This is a 2.2 percent increase in hours contributed since the previous evaluation, during which time the bank contributed 713 hours of service to its community.

Most of the hours (407) served were designated as community services. Bank employees served on

nonprofit boards of directors, donating their time and technical knowledge to these local organizations.

The following table displays community development services in the assessment area during the review period.

Community Development Services March 30, 2021 through October 30, 2023					
Assessment Area	Affordable Housing	Community Services	Economic Development	Revitalize/ Stabilize	Total Hours
	Hours	Hours	Hours	Hours	
Bay City, MI MSA #13020	0	407	265	57	729

SAGINAW, MICHIGAN METROPOLITAN STATISTICAL AREA (MSA) #40980 - Full Review

SCOPE OF THE EXAMINATION

The scope for this assessment area is consistent with the scope presented in the overall section of the Performance Evaluation.

DESCRIPTION OF INSTITUTION'S OPERATIONS IN SAGINAW, MICHIGAN MSA #40980¹⁰

Independent Bank's Saginaw, Michigan MSA #40980 assessment area (Saginaw MSA) is a one-county MSA for Saginaw County. The assessment area remains unchanged since the previous CRA examination dated March 29, 2021. Due to updates from the 2020 Decennial Census and the 2016-2020 American Community Survey (ACS), the census tracts comprising Saginaw County changed in number and income designation. In particular, total census tracts increased from 56 to 61. In addition, the number of low-income census tracts decreased by three, from eight to five, while moderate-income census tracts increased by eight, from 10 to 18. The following table compares the changes between 2021 and 2022 within the Saginaw 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	8	5	-3
Moderate	10	18	+8
Middle	27	18	-9
Upper	11	20	+9
Unknown	0	0	-
Total	56	61	+5
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			

¹⁰ Census tract designations are based on American Community Survey income data. For years 2022 and after, the designations are based on 2016-2020 ACS data. For years 2021 and before, the designations are based on 2011-2015 ACS data. For examinations that include performance before and after 2022, both sets of data have been used to perform the analysis of bank activity in the respective timeframes.

The assessment area contains three branch locations and four full-service ATMs. Operational changes since the previous CRA examination include the closure of one branch and two stand-alone, cash-only ATMs in middle-income census tracts. Due to the census tract designation changes discussed previously, the census tract for one branch with a full-service ATM changed designation from middle-income in 2021 to upper-income in 2022, while the census tract for a second branch with a full-service ATM was re-designated from middle-income in 2021 to moderate-income in 2022.

The FDIC Summary of Deposits dated June 30, 2022 for the Saginaw MSA ranked Independent Bank sixth in deposit market share among 12 financial institutions, with 6.9 percent of all deposits in the market. Market leader, The Huntington National Bank, held 28.7 percent of market deposits from nine branch locations in the MSA. Among 213 HMDA-reporting aggregate lenders in the Saginaw MSA, the bank ranked ninth based on 100 originations and purchases in 2022. The first-ranked institution was Frankenmuth Credit Union who reported 438 HMDA originations. According to the most recent available data from 2021 for CRA reporters in the MSA, Independent Bank ranks tenth among 69 total reporters with 101 CRA-reportable loans. American Express National Bank was ranked first with 372 CRA-reported loans. Insured deposit-holders and HMDA- and CRA-reporters in the market show a fair amount of competition for Independent Bank within the Saginaw MSA. The following table includes additional 2021 assessment area demographic information.

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.

2021 Saginaw, MIMSA 40980 AA Demographics								
Income Categories	Tract Distribution		Families by Tract Income		Families < Poverty Level as % of Families by Tract		Families by Family Income	
	#	%	#	%	#	%	#	%
Low	8	14.3	5,057	10.2	2,171	42.9	10,528	21.2
Moderate	10	17.9	5,406	10.9	1,601	29.6	8,487	17.1
Middle	27	48.2	26,132	52.6	2,497	9.6	10,283	20.7
Upper	11	19.6	13,094	26.4	427	3.3	20,391	41.0
Unknown	0	0.0	0	0.0	0	0.0	0	0.0
Total AA	56	100.0	49,689	100.0	6,696	13.5	49,689	100.0
	Housing Units by Tract	Housing Type by Tract						
		Owner-occupied			Rental		Vacant	
		#	% by tract	% by unit	#	% by unit	#	% by unit
Low	10,651	4,369	7.8	41.0	4,079	38.3	2,203	20.7
Moderate	12,190	5,425	9.6	44.5	4,181	34.3	2,584	21.2
Middle	44,135	30,848	54.8	69.9	10,188	23.1	3,099	7.0
Upper	19,847	15,628	27.8	78.7	3,207	16.2	1,012	5.1
Unknown	0	0	0.0	0.0	0	0.0	0	0.0
Total AA	86,823	56,270	100.0	64.8	21,655	24.9	8,898	10.2
	Total Businesses by Tract		Businesses by Tract & Revenue Size					
			Less Than or = \$1 Million		Over \$1 Million		Revenue Not Reported	
	#	%	#	%	#	%	#	%
Low	428	6.5	387	6.7	39	5.9	2	3.0
Moderate	804	12.3	698	12.0	102	15.4	4	6.1
Middle	3,431	52.5	3,048	52.5	340	51.2	43	65.2
Upper	1,872	28.6	1,672	28.8	183	27.6	17	25.8
Unknown	0	0.0	0	0.0	0	0.0	0	0.0
Total AA	6,535	100.0	5,805	100.0	664	100.0	66	100.0
Percentage of Total Businesses:				88.8		10.2		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	0	0.0	0	0.0	0	0.0	0	0.0
Middle	180	63.4	176	63.1	2	66.7	2	100.0
Upper	104	36.6	103	36.9	1	33.3	0	0.0
Unknown	0	0.0	0	0.0	0	0.0	0	0.0
Total AA	284	100.0	279	100.0	3	100.0	2	100.0
Percentage of Total Farms:				98.2		1.1		0.7
Source: 2021 FFIEC Census Data 2021 Data & Bridge Street Data 2011-2015 U.S. Census Bureau: American Community Survey Note: Percentages may not total 100.0 percent due to rounding.								

Population Characteristics

Population in the Saginaw MSA declined by 3.2 percent from 2015 to 2020, as seen in the following table. This population loss is in contrast to the slight growth in population by 1.8 percent across the state of Michigan over the same time period and is even more pronounced than the population decline in Bay County presented previously. Saginaw County lies to the immediate south of Bay County, below the Saginaw Bay and part of the same region called the “Great Lakes Bay Region,” forming Michigan’s “thumb.” Saginaw County is experiencing similar challenges to Bay County, with community representatives referencing the ongoing population loss and the absence of an active downtown area, limited or no popular food and coffee shop chains, and few grocery stores in areas of the City of Saginaw. Instead, the representative shared, Saginaw residents may be moving to areas that are more active or thriving, such as Grand Rapids. The following table presents population changes from 2015 to 2020, comparing the MSA to the state of Michigan.

Population Change			
Area	2015 Population	2020 Population	Percent Change (%)
2022 Saginaw, MI MSA 40980	196,479	190,124	-3.2
State of Michigan	9,900,571	10,077,331	1.8
<i>Source: 2011-2015 U.S. Census Bureau American Community Survey 2020 U.S. Census Bureau Decennial Census</i>			

Income Characteristics and Unemployment

The following table presents median family incomes and income changes from 2015 to 2020 in the Saginaw MSA compared to the state of Michigan. The 2020 median family income in the Saginaw MSA is lower than that in the state by over \$11,000. However, the median income did increase in Saginaw by a similar percentage, at 8.2 percent, as the state increase at 11.0 percent. Area representatives referenced the Saginaw history of tool and die manufacturing and foundries in the area that have been in a long-term decline. As more advanced manufacturing emerges, the result is less demand for some of the older, more manual manufacturing processes, which also have an aging workforce. Lower-income workers in the area do not have the skillset to qualify for higher wage jobs, so workforce development and training in the trades is necessary, but a long-term process. Trends in unemployment rates show that while the Saginaw MSA is showing recovery from peak COVID-19 pandemic levels, the area consistently trends higher than the state of Michigan.

The first of the following tables shows median family income levels and income changes in the Saginaw MSA and the state of Michigan. It is immediately followed by a table of unemployment rates for the same geographies from 2019 through August 2022.

Median Family Income Change			
Area	2015 Median Family Income (\$)	2020 Median Family Income (\$)	Percent Change (%)
2022 Saginaw, MI MSA 40980	59,229	64,094	8.2
State of 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>			

Unemployment Rates (%)				
Area	2019	2020	2021	2022*
2022 Saginaw, MI MSA 40980	4.9	10.4	7.1	6.2
State of Michigan	4.1	10.0	5.9	4.6
<i>Source: Bureau of Labor Statistics (BLS), Local Area Unemployment Statistics *2022 annual average based on data through August 2022.</i>				

Housing Characteristics

Housing data from the 2021 Demographics Table for the Saginaw MSA, shown previously, indicates the assessment area has almost 87,000 housing units distributed across all income levels of census tracts. By type of housing, the area holds 64.8 percent owner-occupied units, 24.9 percent rental units, and 10.2 percent of units are vacant. Housing options within low- and moderate-income census tracts are similar. In particular, nearly 11,000 units are in low-income census tracts, and of these, 41.0 percent are owner-occupied, while just over 12,000 housing units are in moderate-income census tracts, of which 44.5 percent are owner-occupied. Rental units comprise a larger portion of housing within low- and moderate-income census tracts compared to the percentage of rental units in higher income census tracts. Notably, vacant units exceed 20.0 percent of all housing within low- and moderate-income census tracts, which is a significantly larger portion of housing within these areas compared to vacant units in middle- and upper-income census tracts.

The following table displays housing cost burden data within the Saginaw MSA assessment area. A resident is housing cost burdened when they spend 30.0 percent or more of their income on housing costs. A significantly larger portion of low-income renters in the Saginaw MSA are housing cost burdened, at 75.3 percent, versus other renters in the area. The percentage for low-income renters in Saginaw also exceeds the percentage of low-income renters across the state of Michigan who are housing cost burdened. Similarly, a greater percentage of moderate-income renters and all renters are experiencing housing cost burden in the Saginaw MSA compared to renters in the state.

The comparison of homeowners in the Saginaw MSA to the statewide area is more favorable for moderate-income owners and all owners, at 23.9 percent and 17.4 percent, respectively. However, a larger percentage of low-income owners in Saginaw are cost burdened at 64.7 percent compared to low-income owners in the state of Michigan at 61.7 percent. Community representatives who primarily work in the economic development sector are increasingly interested in addressing housing challenges in the assessment area due to the critical impact the absence of housing and condition of existing housing is having on economic development goals. Older housing stock is filling land within the central part of the city of Saginaw, reducing options for new construction in areas where it is needed. As a result, housing permits are minimal. In addition, the cost of new construction is prohibitive to many, so existing vacant lots remain unfilled. Area representatives express the need for coordinated efforts to address the many facets of community-building that can also help address the housing challenges including workforce training to increase the local skilled labor force who can often earn higher hourly wages; enforcement of subsidized rental unit quality to improve existing housing that is in disrepair; good schools; and housing subsidies for renters or homeownership assistance for owners. Local community groups are forming to address housing challenges on a neighborhood level by purchasing empty lots from the Land Bank. Although representatives indicate this approach may take a very long time, it is worthwhile as one step toward addressing critical housing needs.

Housing Cost Burden						
Area	Cost Burden – Renters (%)			Cost Burden – Owners (%)		
	Low Income	Moderate Income	All Renters	Low Income	Moderate Income	All Owners
2022 Saginaw, MI MSA 40980	75.3	40.5	46.4	64.7	23.9	17.4
Michigan	74.2	31.3	43.2	61.7	26.5	18.2
<i>Cost Burden is housing cost that equals 30 percent or more of household income</i>						
<i>Source: U.S. Department of Housing and Urban Development (HUD), 2015-2019 Comprehensive Housing Affordability Strategy</i>						

Community Representatives

Community representatives were contacted during the evaluation to provide information regarding local economic, housing, and demographic conditions. The representatives discussed the retraction in tool and die and foundries in the area while advanced manufacturing has expanded in products such as electric vehicle components. Aging housing stock is an issue for both single-family and rental units, compounded by also being unaffordable. Areas of the City of Saginaw do not have grocery stores or popular food chains, and many vacant lots are available for development. These conditions are contributing to population loss as residents move to other Michigan cities. The trade school in Saginaw offers options other than a four-year college, with higher wage opportunities afterward, however, community improvements must occur for graduates to remain in the area. Banks have greater opportunity to participate in community-

building, especially in the City of Saginaw, as well as providing increased small business capital for start-ups and minority-owned businesses. Flexible lending and downpayment assistance for home mortgages, especially in low- and moderate-income areas, is in great need.

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS IN SAGINAW, MICHIGAN MSA #40980

LENDING TEST

The geographic distribution of loans reflects good penetration throughout the assessment area. The distribution of borrowers reflects, given the product lines offered, good penetration among customers of different income levels and businesses of different sizes. The bank makes an adequate level of community development loans and makes limited use of innovative and flexible lending practices in serving assessment area needs.

Geographic Distribution of Loans

For the purposes of this review, loans made in calendar 2021 and prior were analyzed based on the 2011-2015 American Community Survey income designations data¹¹. Loans made in calendar years 2022 and after were analyzed based on income designations from the 2016-2020 American Community Survey data.

Independent Bank's lending activities reflect good distribution throughout the assessment area.

Analysis of 2021 HMDA-reportable and CRA-reportable lending in the Saginaw MSA shows the bank reached 82.1 percent of all 56 census tracts. Lending occurred in three of the eight low-income census tracts and all ten moderate-income census tracts in this assessment area. The 2021 dispersion of loans is slightly stronger than lending in 2022, in which 68.9 percent of the 61 census tracts had reported loans from the same loan categories. Lending in 2022 penetrated two of the five low-income census tracts and 12 out of 18 moderate-income census tracts. There were no conspicuous gaps in HMDA- and CRA-reportable lending across the assessment area that were not explained by performance context.

The following discussion is primarily based on 2021 lending performance and the discussion details the individual HMDA-reportable products of home purchase loans and refinance loans. Home improvement and multifamily loans will not be discussed due to low volume. CRA-reportable products include small business loans only. Lending tables reflecting 2022 performance can be found in Appendix B. Due to the lack of available aggregate lender data at the time of this report, 2022 small business tables will only include a comparison to demographic data.

HMDA-Reportable Lending

Home Purchase Loans

The bank's 2021 home purchase lending was consistent with that of aggregate lenders in both low-

¹¹ 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)

and moderate-income census tracts. The bank originated 1.0 percent of all home purchase loans in the Saginaw MSA in low-income census tracts, similar to the aggregate lender percentage of 2.2 percent of home purchase loans in those same tracts. This lending activity is compared to the percentage of owner-occupied units in low-income census tracts at 7.8 percent. Owner-occupied units are one measure of available home mortgage loan opportunity. Home purchase lending in moderate-income census tracts at 4.9 percent for the bank is also similar to the 5.0 percent of home purchase loans made in those census tracts by aggregate lenders. Again, both the bank and aggregate lenders are compared to owner-occupied housing units in moderate-income census tracts of 9.6 percent. As seen previously in the table of Saginaw MSA demographics, owner-occupied housing units in both low- and moderate-income census tracts are more limited than those of higher income, limiting bank lending opportunities. In addition, while 41.0 percent of all housing in low-income census tracts is owner-occupied, those tracts are also experiencing vacancies at 20.7 percent. Similarly, 44.5 percent of all housing in moderate-income census tracts is owner-occupied, while 21.2 percent is vacant.

Lending in higher income areas shows 56.3 percent of bank loans in middle-income census tracts compared to 60.2 percent by aggregate lenders and 54.8 percent of owner-occupied housing units in those tracts. The bank originated 37.9 percent of home purchase loans in upper-income census tracts, exceeding aggregate lender originations of 32.6 percent and owner-occupied units of 27.8 percent.

Home purchase lending performance in 2022 is stronger than the 2021 bank performance, due to bank lending exceeding aggregate lender percentages in low-income census tracts and significantly outperforming aggregate lenders in moderate-income census tracts. Geographic distribution performance tables for all 2022 HMDA-reportable lending can be found in Appendix B.

Refinance Loans

The bank did not originate any of its 2021 refinance loans in the assessment area's eight low-income census tracts. However, aggregate lenders in the Saginaw assessment area only originated 0.5 percent of their refinance loans in low-income census tracts, suggesting very low loan demand. These lending percentages are compared to the 7.8 percent of owner-occupied units in low-income census tracts that can serve as a reflection of potential lending opportunity, although a borrower must already have a home mortgage loan in order to refinance, which is often more limited in low-income areas. In moderate-income census tracts, the bank originated 2.4 percent of all refinance loans in the Saginaw MSA, which is comparable to 2.5 percent of loans by aggregate lenders in the same census tracts, and below the 9.6 percent of owner-occupied housing in those tracts.

Refinance lending in middle-income census tracts resulted in 50.0 percent of all refinance loans, which was less than the 57.0 percent of aggregate lender activity and is similar to the demographic of owner-occupied units at 54.8 percent. In upper-income census tracts, the bank originated 47.6 percent of this loan type, compared to 39.9 percent by aggregate lenders and 27.8 percent of owner-

occupied units in those census tracts.

While more limited in volume at only 18 loans, refinance lending performance in 2022 is stronger than 2021 bank performance due to outperformance of aggregate lenders in both low- and moderate-income census tracts. Geographic distribution performance tables for all 2022 HMDA-reportable lending can be found in Appendix B.

Distribution of 2021 Home Mortgage Lending By Income Level of Geography							
Assessment Area: Saginaw, MI MSA 40980							
Geographic Income Level	Bank And Aggregate Loans						Owner Occupied Units %
	Bank		Agg	Bank		Agg	
	#	%	%	\$ (000)	%	%	
Home Purchase Loans							
Low	1	1.0	2.2	80	0.4	1.0	7.8
Moderate	5	4.9	5.0	481	2.6	2.3	9.6
Middle	58	56.3	60.2	9,263	49.6	51.0	54.8
Upper	39	37.9	32.6	8,841	47.4	45.8	27.8
Unknown	0	0.0	0.0	0	0.0	0.0	0.0
Tract-Unk	0	0.0	0.0	0	0.0	0.0	
Total	103	100.0	100.0	18,665	100.0	100.0	100.0
Refinance Loans							
Low	0	0.0	0.5	0	0.0	0.2	7.8
Moderate	2	2.4	2.5	164	1.3	1.4	9.6
Middle	42	50.0	57.0	5,075	41.6	49.6	54.8
Upper	40	47.6	39.9	6,947	57.0	48.8	27.8
Unknown	0	0.0	0.0	0	0.0	0.0	0.0
Tract-Unk	0	0.0	0.0	0	0.0	0.0	
Total	84	100.0	100.0	12,186	100.0	100.0	100.0
Home Improvement Loans							
Low	0	0.0	4.3	0	0.0	1.6	7.8
Moderate	1	14.3	5.6	10	2.2	2.8	9.6
Middle	4	57.1	55.9	220	47.3	50.0	54.8
Upper	2	28.6	34.2	235	50.5	45.6	27.8
Unknown	0	0.0	0.0	0	0.0	0.0	0.0
Tract-Unk	0	0.0	0.0	0	0.0	0.0	
Total	7	100.0	100.0	465	100.0	100.0	100.0
Multifamily Loans							Multi-family Units %
Low	0	0.0	8.3	0	0.0	8.7	15.6
Moderate	0	0.0	4.2	0	0.0	11.0	15.7
Middle	0	0.0	62.5	0	0.0	42.8	52.9
Upper	0	0.0	25.0	0	0.0	37.5	15.8
Unknown	0	0.0	0.0	0	0.0	0.0	0.0
Tract-Unk	0	0.0	0.0	0	0.0	0.0	
Total	0	0.0	100.0	0	0.0	100.0	100.0
Total Home Mortgage Loans							Owner Occupied Units %
Low	1	0.5	1.4	80	0.3	1.4	7.8
Moderate	8	4.1	3.8	655	2.1	2.8	9.6
Middle	105	53.8	58.5	14,731	46.8	49.5	54.8
Upper	81	41.5	36.3	16,023	50.9	46.3	27.8
Unknown	0	0.0	0.0	0	0.0	0.0	0.0
Tract-Unk	0	0.0	0.0	0	0.0	0.0	
Total	195	100.0	100.0	31,489	100.0	100.0	100.0
Source: 2021 FFIEC Census Data							
2011-2015 U.S. Census Bureau: American Community Survey							
Note: Percentages may not total 100.0 percent due to rounding.							

CRA-Reportable Lending

Small Business Loans

Independent Bank originated 5.9 percent of its 2021 small business loans in the Saginaw MSA in low-income census tracts. This performance is comparable to both aggregate lender originations in the same census tracts at 6.7 percent and to the 6.5 percent of small businesses operating in those tracts. Within moderate-income census tracts, the bank originated 17.8 percent of small business loans, significantly exceeding aggregate lender activity of 9.8 percent and the percentage of businesses in those tracts at 12.3 percent. Small business lending in middle-income census tracts resulted in 59.4 percent of the bank's loans, somewhat higher than the 53.3 percent by aggregate lenders and 52.5 percent of small businesses in the assessment area. Finally, the bank originated 16.8 percent of loans to small businesses in upper-income census tracts, compared to 29.6 percent from aggregate lenders and 28.6 percent of businesses.

The 2022 geographic distribution performance for small business lending in the Saginaw MSA was slightly below the 2021 performance.

The following table displays the 2021 geographic distribution of CRA-reportable small business loans within the Saginaw MSA assessment area. The table presenting the geographic distribution of 2022 CRA-reportable small business loans is in Appendix B. Aggregate lender data for CRA-reporters was not available for comparison at the time of this report.

Distribution of 2021 Small Business Lending By Income Level of Geography							
Assessment Area: Saginaw, MI MSA 40980							
Geographic Income Level	Bank And Aggregate Loans						Total Businesses %
	Bank		Agg	Bank		Agg	
	#	%	%	\$(000)	\$%	\$%	
Low	6	5.9	6.7	438	4.8	6.2	6.5
Moderate	18	17.8	9.8	1,241	13.6	11.1	12.3
Middle	60	59.4	53.3	5,894	64.7	54.3	52.5
Upper	17	16.8	29.6	1,542	16.9	27.7	28.6
Unknown	0	0.0	0.0	0	0.0	0.0	0.0
Tract-Unk	0	0.0	0.6	0	0.0	0.7	
Total	101	100.0	100.0	9,115	100.0	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.							

Lending to Borrowers of Different Income Levels and Lending to Businesses of Different Sizes

For the purposes of this review, loans made in calendar year 2021 or prior were analyzed based on 2011-2015 American Community Survey income designations for individuals¹². Loans made in calendar year 2022 or after were analyzed based on 2016-2020 American Community Survey income designations for individuals.

Independent Bank's lending activities reflect good distribution, particularly in its assessment area, of loans among individuals of different income levels and businesses of different sizes, given the product lines offered by the bank.

The following discussion is primarily based on 2021 lending performance and the discussion details the individual HMDA-reportable products of home purchase loans and refinance loans. Home improvement loans and multifamily loans will not be discussed due to low volume. CRA-reportable products include small business loans only. Lending tables reflecting 2022 performance can be found in Appendix B. Due to the lack of available aggregate lender data at the time of this report, 2022 small business tables will only include a comparison to demographic data.

HMDA-Reportable Lending

Home Purchase Loans

In 2021, the bank originated 7.8 percent of home purchase loans to low-income borrowers in the Saginaw MSA, falling below aggregate lenders who originated 10.9 percent of their home purchase loans to low-income borrowers. While neither the bank, nor aggregate lenders reach the demographic percentage of 21.2 percent of low-income families in the assessment area, this is not expected based on a more limited financial readiness for home ownership in this income category. Home purchase lending to moderate-income borrowers resulted in 28.2 percent of all home purchase loans in the assessment area. The bank outperformed both the aggregate lender activity of 25.4 percent and the 17.1 percent of moderate-income families who live in the assessment area.

The bank originated 21.4 percent of home purchase loans to middle-income borrowers, similar to the 23.0 percent by aggregate lenders and the 20.7 percent demographic. For upper-income borrowers, lending resulted in 38.8 percent of home purchase loans, surpassing aggregate lenders at 30.7 percent and on par with the 41.0 percent of upper-income families living in the Saginaw MSA.

Home purchase lending in 2022 was stronger than the 2021 performance based on significant outperformance by the bank in loans to low-income borrowers in comparison to aggregate lenders. Borrower distribution performance tables for all 2022 HMDA-reportable lending can be found in Appendix B.

¹² 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).

Refinance Loans

In 2021, the bank originated 9.5 percent of refinance loans to assessment area low-income borrowers, exceeding aggregate lenders who originated 6.0 percent of their refinance loans to low-income borrowers. This lending activity is below the percentage of low-income families in the assessment area of 21.2 percent. Refinance lending to moderate-income borrowers resulted in 16.7 percent of all refinance loans in the assessment area, which was similar to both the aggregate lender activity of 18.9 percent and the percentage of moderate-income families who live in the assessment area and 17.1 percent.

The bank originated 25.0 percent of refinance loans to middle-income borrowers, similar to the 24.2 percent by aggregate lenders, and exceeding the 20.7 percent demographic. For upper-income borrowers, lending resulted in 46.4 percent of refinance loans, surpassing aggregate lenders at 40.0 percent and 40.1 percent of upper-income families living in the Saginaw MSA.

Refinance lending in 2022 demonstrated stronger performance due to the bank far exceeding aggregate lenders for refinance loans to low-income borrowers. Borrower distribution performance tables for all 2022 HMDA-reportable lending can be found in Appendix B.

The following table presents the 2021 borrower distribution of HMDA-reportable loans in the assessment area. The 2022 borrower distribution of HMDA-reportable loans is displayed in Appendix B.

Distribution of 2021 Home Mortgage Lending By Borrower Income Level							
Assessment Area: Saginaw, MI MSA 40980							
Borrower Income Level	Bank And Aggregate Loans						Families by Family Income %
	Bank		Agg	Bank		Agg	
	#	%	%	\$(000)	%	%	
Home Purchase Loans							
Low	8	7.8	10.9	825	4.4	5.4	21.2
Moderate	29	28.2	25.4	3,334	17.9	17.7	17.1
Middle	22	21.4	23.0	2,590	13.9	21.7	20.7
Upper	40	38.8	30.7	11,203	60.0	45.3	41.0
Unknown	4	3.9	10.1	713	3.8	9.8	0.0
Total	103	100.0	100.0	18,665	100.0	100.0	100.0
Refinance Loans							
Low	8	9.5	6.0	573	4.7	3.1	21.2
Moderate	14	16.7	18.9	1,342	11.0	12.7	17.1
Middle	21	25.0	24.2	2,433	20.0	21.6	20.7
Upper	39	46.4	40.0	7,683	63.0	50.9	41.0
Unknown	2	2.4	10.9	155	1.3	11.5	0.0
Total	84	100.0	100.0	12,186	100.0	100.0	100.0
Home Improvement Loans							
Low	1	14.3	8.1	60	12.9	6.0	21.2
Moderate	0	0.0	21.7	0	0.0	18.6	17.1
Middle	4	57.1	26.7	375	80.6	28.0	20.7
Upper	2	28.6	42.2	30	6.5	46.8	41.0
Unknown	0	0.0	1.2	0	0.0	0.6	0.0
Total	7	100.0	100.0	465	100.0	100.0	100.0
Total Home Mortgage Loans							
Low	17	8.7	8.1	1,458	4.6	4.2	21.2
Moderate	43	22.1	21.5	4,676	14.8	15.0	17.1
Middle	47	24.1	23.6	5,398	17.1	21.7	20.7
Upper	81	41.5	35.8	18,916	60.1	48.1	41.0
Unknown	7	3.6	11.0	1,041	3.3	11.0	0.0
Total	195	100.0	100.0	31,489	100.0	100.0	100.0
Source: 2021 FFIEC Census Data							
2011-2015 U.S. Census Bureau: American Community Survey							
Note: Percentages may not total 100.0 percent due to rounding.							
Multifamily loans are not included in the borrower distribution analysis.							

CRA-Reportable Lending

Small Business Loans

Of 101 small business loans originated in 2021 within the Saginaw MSA, 15.8 percent were to businesses with gross annual revenues of \$1.0 million or less. While falling well below aggregate lenders' 42.2 percent of loans to this same category of small businesses, an additional 77 loans, or

76.2 percent, of small business loans were to businesses with revenue unknown. These 77 loans were driven by Independent Bank's participation in the 2021 Second Draw Paycheck Protection Program (PPP) by the U.S. Small Business Administration (SBA) in response to the COVID-19 pandemic, in which applicant revenue documentation was not required. When dividing all 101 loans by loan size, 74.3 percent were in dollar amounts of \$100,000 or less. Compared to 87.5 percent of loans by aggregate lenders in this dollar range, bank performance is much closer to aggregate lender performance. Loans within this smallest dollar range are viewed as the most responsive to the smallest businesses.

Small business lending performance in 2022 fell below the performance in 2021. Several factors impacted lending in general, creating market differences between the two years. PPP lending ended in 2021, and interest rates increased significantly throughout 2022 from the 2021 historic lows, resulting in overall lower lending activity. Independent Bank originated 19 small business loans in the Saginaw MSA in 2022. Of the 19 loans, 12 loans, or 63.2 percent, were to businesses with revenues of \$1.0 million or less, compared to a reported 88.9 percent of total businesses in the assessment area in the same revenue category. When dividing the 12 loans to businesses with revenues of \$1.0 million or less by loan size, 33.3 percent, were in the smallest dollar range of \$100,000 or less.

The following table presents the 2021 borrower distribution of small business loans in the assessment area. The 2022 borrower distribution of small business loans is displayed in Appendix B.

Distribution of 2021 Small Business Lending By Revenue Size of Businesses							
Assessment Area: Saginaw, MI MSA 40980							
	Bank And Aggregate Loans						Total Businesses %
	Bank		Agg	Bank		Agg	
	#	%	%	\$(000)	%	%	
By Revenue							
\$1 Million or Less	16	15.8	42.2	3,827	42.0	28.2	88.8
Over \$1 Million	8	7.9		1,652	18.1		10.2
Revenue Unknown	77	76.2		3,636	39.9		1.0
Total	101	100.0		9,115	100.0		100.0
By Loan Size							
\$100,000 or Less	75	74.3	87.5	2,332	25.6	28.3	
\$100,001 - \$250,000	17	16.8	7.3	2,722	29.9	22.3	
\$250,001 - \$1 Million	9	8.9	5.2	4,061	44.6	49.3	
Total	101	100.0	100.0	9,115	100.0	100.0	
By Loan Size and Revenues \$1 Million or Less							
\$100,000 or Less	5	31.3		195	5.1		
\$100,001 - \$250,000	7	43.8		1,387	36.2		
\$250,001 - \$1 Million	4	25.0		2,245	58.7		
Total	16	100.0		3,827	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.							

Community Development Lending

Independent Bank makes an adequate level of community development loans and makes limited use of innovative and/or flexible lending practices in serving assessment area credit needs. During the review period, the bank originated three community development loans totaling approximately \$1.9 million. These loans demonstrate an adequate distribution, particularly in this assessment area, of loans among individuals of different income levels and businesses of different sizes, given the product lines offered by the bank. One loan for \$24,000 assisted in financing improvements to a non-profit's facility utilized for mental health services primarily benefiting low- and moderate-income individuals. During the previous evaluation the bank originated six community development loans totaling approximately \$1.2 million.

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

Community Development Loans March 30, 2021 through October 30, 2023										
Assessment Area	Affordable Housing		Community Services		Economic Development		Revitalize/Stabilize		Total #	Total \$(000s)
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)		
Saginaw, MI MSA #40980	0	0	2	236	0	0	1	1,661	3	1,897

INVESTMENT TEST

Independent Bank's record of performance in this assessment area demonstrates an adequate **level** of qualified investments in the assessment area, particularly those that are not routinely provided by private investors, although rarely in a leadership position. These investments demonstrate the occasional use of innovative or complex qualified investments and provide adequate responsiveness to the credit and community development needs of the assessment area.

Independent Bank made two qualified investments, consisting of \$1.0 million in a low-income housing tax credit and one prior period mortgage-backed security for affordable home loan financing of \$137,000 for an approximate total of \$1.1 million. When compared to the previous examination, this represents a decrease of 33.3 percent by count and an increase of 10.0 percent by dollar amount.

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

Community Development Investments March 30, 2021 through October 30, 2023											
Assessment Area		Affordable Housing		Community Services		Economic Development		Revitalize/Stabilize		Total #	Total \$(000s)
		#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)		
Saginaw, MI MSA #40980	Current	1	1,000	0	0	0	0	0	0	1	1,000
	Prior	1	137	0	0	0	0	0	0	1	137
	Total	2	1,137	0	0	0	0	0	0	2	1,137

The bank made a total of 22 qualified donations worth \$42,460 in the current evaluation period. The donations were made to organizations who serve a variety of purposes including those focused on affordable housing, community service, and economic development. When compared to the previous evaluation with 41 qualified donations totaling \$57,400, the bank decreased the number of donations by 46.3 percent and decreased the dollar amount by 26.0 percent.

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

Community Development Donations March 30, 2021 through October 30, 2023										
Assessment Area	Affordable Housing		Community Services		Economic Development		Revitalize/Stabilize		Total #	Total \$
	#	\$	#	\$	#	\$	#	\$		
Saginaw, MI MSA #40980	1	1,000	17	24,710	4	16,750	0	0	22	42,460

SERVICE TEST

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

Retail Services

The bank's retail delivery services are accessible to geographies and individuals of different income levels in its assessment area. The bank maintains one of its three branches (with full-service ATM) in a moderate-income census tract located within this assessment area. To the extent changes have been made, its record of opening and closing branches has not adversely affected the accessibility of its delivery systems, particularly in low- or moderate-income geographies or to low- or moderate-income individuals. During the review period of this evaluation, the bank closed one branch and two cash-only ATMs in middle-income census tracts and did not open any branches or full-service ATMs.

Services do not vary in a way that inconveniences its assessment area(s), particularly low- or moderate-income geographies or low- or moderate-income individuals. The bank offers a standard range of products and services at all locations. Bank employees are available to meet with individuals as necessary, and the bank's ATM, telephone, mobile, and internet banking options expand the availability of services beyond the branch's regular operating hours, which typically range from 9:00 a.m. to 5:00 p.m. Monday through Thursday, 9:00 a.m. to 6:00 p.m. Friday, and 9:00 a.m. to 12:00 p.m. on Saturday.

Community Development Services

The bank provides an adequate level of community development services in the assessment area. The bank contributed 315 hours of service to the Saginaw MSA which is a decrease of 36.6 percent when compared to the previous evaluation's 497 hours of service. Some of the decrease can be attributed the bank having one less branch during the current evaluation period.

Most hours (229) served were designated as community services. Bank employees served on nonprofit boards of directors, donating their time and technical knowledge to these local organizations. Additionally, the bank's community development services went to serving on the boards of organizations with the purposes of affordable housing organizations and economic development.

The following table displays community development services in the assessment area during the review period.

Community Development Services March 30, 2021 through October 30, 2023					
Assessment Area	Affordable Housing	Community Services	Economic Development	Revitalize/ Stabilize	Total Hours
	Hours	Hours	Hours	Hours	
Saginaw, MI MSA #40980	27	229	59	0	315

NORTHWEST MICHIGAN NONMETROPOLITAN AREA (NonMSA) (GRAND TRAVERSE AND LEELANAU) - Full Review

SCOPE OF THE EXAMINATION

The scope for this assessment area is consistent with the scope presented in the overall section of the Performance Evaluation.

DESCRIPTION OF INSTITUTION'S OPERATIONS IN NORTHWEST MICHIGAN NonMSA (GRAND TRAVERSE AND LEELANAU)¹³

Independent Bank's Northwest, Michigan NonMSA (Grand Traverse and Leelanau) assessment area (Northwest NonMSA) consists of the entirety of Grand Traverse County and Leelanau County in the far northwest portion of the Lower Peninsula of Michigan along the northern shores of Lake Michigan and Grand Traverse Bay. Due to updates from the 2020 Decennial Census and the 2016-2020 American Community Survey (ACS), the census tracts comprising the assessment changed in number and income designation. In particular, total census tracts increased from 24 to 34. Although none of the census tracts were designated low-income in 2021 or 2022, moderate-income census tracts increased from one to three. Finally, none of the middle-income census tracts were designated as distressed or underserved during the evaluation period. The following table compares the changes between 2021 and 2022 within the Northwest MI NonMSA.

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.

¹³ Census tract designations are based on American Community Survey income data. For years 2022 and after, the designations are based on 2016-2020 ACS data. For years 2021 and before, the designations are based on 2011-2015 ACS data. For examinations that include performance before and after 2022, both sets of data have been used to perform the analysis of bank activity in the respective timeframes.

Census Tract Designation Changes American Community Survey Data (ACS)			
Tract Income Designation	2021 Designations (#)	2022 Designations (#)	Net Change (#)
Low	0	0	-
Moderate	1	3	+2
Middle	8	9	+1
Upper	13	20	+7
Unknown	2	2	-
Total	24	34	+10
Source: U. S. Census Bureau: Decennial Census: American Community Survey Data: 2011-2015 U.S. Census Bureau: Decennial Census: American Community Survey Data: 2016-2020			

The assessment area contains four branch locations, three full-service ATMs and one cash-only ATM. Operational changes include the closure of one full-service ATM in an upper-income census tract. Due to the census tract designation changes discussed previously, the census tracts for two branches and two full-service ATMs changed designation from middle-income in 2021 to upper-income in 2022.

Based on the FDIC's Summary of Deposits Report dated June 30, 2022, Independent Bank ranked fourth among 11 institutions operating within Grand Traverse County and Leelanau County. Independent Bank held 7.6 percent of the market share across four branch locations. The first ranked financial institution in the market was The Huntington National Bank with 12 branch locations holding 38.0 percent of the area's deposit market share.

When compared to other HMDA-reporting institutions within the two-county assessment area, Independent Bank ranks fifth among 253 reporters, based on 2022 HMDA-reportable originations and purchases totaling 256 loans. The leading HMDA reporter in the market was again The Huntington National Bank with 537 HMDA-reportable loans. Among 73 CRA reporters in the market, Independent Bank was ranked fourth in 2021 based on 290 CRA-reportable loans. The top-ranked reporter for CRA loans was JPMorgan Chase Bank with 756 loans. Independent Bank holds a strong presence in this market among large, national lenders. The following table includes additional 2021 assessment area demographic information.

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.

2021 Northwest 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	3,688	12.7
Moderate	1	4.2	1,615	5.6	341	21.1	4,042	13.9
Middle	8	33.3	11,064	38.1	841	7.6	6,176	21.3
Upper	13	54.2	16,337	56.3	728	4.5	15,110	52.1
Unknown	2	8.3	0	0.0	0	0.0	0	0.0
Total AA	24	100.0	29,016	100.0	1,910	6.6	29,016	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	3,951	1,506	4.4	38.1	2,106	53.3	339	8.6
Middle	20,809	13,102	37.9	63.0	3,642	17.5	4,065	19.5
Upper	32,507	19,978	57.8	61.5	3,982	12.2	8,547	26.3
Unknown	0	0	0.0	0.0	0	0.0	0	0.0
Total AA	57,267	34,586	100.0	60.4	9,730	17.0	12,951	22.6
	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	754	9.6	657	9.2	94	15.3	3	3.9
Middle	3,544	45.1	3,174	44.3	333	54.1	37	48.7
Upper	3,564	45.3	3,339	46.6	189	30.7	36	47.4
Unknown	0	0.0	0	0.0	0	0.0	0	0.0
Total AA	7,862	100.0	7,170	100.0	616	100.0	76	100.0
Percentage of Total Businesses:				91.2		7.8		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	2	0.7	2	0.7	0	0.0	0	0.0
Middle	120	42.0	119	42.3	1	20.0	0	0.0
Upper	164	57.3	160	56.9	4	80.0	0	0.0
Unknown	0	0.0	0	0.0	0	0.0	0	0.0
Total AA	286	100.0	281	100.0	5	100.0	0	0.0
Percentage of Total Farms:				98.3		1.7		0.0
Source: 2021 FFIEC Census Data 2021 Data & Breakdown Data 2011-2015 U.S. Census Bureau: American Community Survey								
Note: Percentages may not total 100.0 percent due to rounding.								

Population Characteristics

Grand Traverse County and Leelanau County experienced population growth from 2015 to 2020 at rates greater than growth rates in the broader NonMSA counties across Michigan and generally across the whole state. A community representative attributes population growth, in part, to retirees who move to the area from large cities for the natural beauty and extensive shoreline along northern Lake Michigan and surrounding Grand Traverse Bay, as well as the amenities and draw to the historical area. Leelanau County is particularly attractive to the retiree population, evidenced by 2021 FFIEC Census Data showing 27.0 percent of Leelanau County's population was age 65 and over, compared to the percentage of this age group within all Michigan nonmetropolitan (NonMSA) counties, which was 18.7 percent. The following table presents population changes from 2015 to 2020, comparing each county in the assessment area to all NonMSA counties in Michigan and to the state of Michigan.

Population Change			
Area	2015 Population	2020 Population	Percent Change (%)
2022 Northwest MI Non MSA	111,679	117,539	5.2
Grand Traverse County, MI	89,907	95,238	5.9
Leelanau County, MI	21,772	22,301	2.4
NonMSA Michigan	1,806,007	1,807,574	0.1
State of Michigan	9,900,571	10,077,331	1.8
<i>Source: 2011-2015 U.S. Census Bureau American Community Survey 2020 U.S. Census Bureau Decennial Census</i>			

Income Characteristics

Median family income (MFI) changes from 2015 to 2020 reflect greater income growth across the two counties within the assessment area in aggregate at 12.5 percent, compared to a 10.9 percent MFI increase across all NonMSA counties in Michigan and 11.0 percent across the whole state of Michigan. Although Leelanau County experienced the smallest increase in income, at almost \$81,000, it was still on par with Grand Traverse County at just over \$83,000 in 2020. Both counties had MFI that far exceeded the combined NonMSA counties, which was just under \$65,000 in 2020. Importantly, a community representative shared that, while Grand Traverse County and Leelanau County are more affluent than some other counties in the northwest region of the state, income data is skewed upward by seasonal residents and retirees. The higher income levels are not reflective of year-round residents. The following table shows median family income levels and percent change from 2015 to 2020 for each county in the assessment area, all NonMSA counties in Michigan, and the state of Michigan.

Median Family Income Change			
Area	2015 Median Family Income (\$)	2020 Median Family Income (\$)	Percent Change (%)
2022 Northwest MI Non MSA	71,548	80,522	12.5
Grand Traverse County, MI	72,677	83,062	14.3
Leelanau County, MI	74,612	80,752	8.2
NonMSA Michigan	58,593	64,965	10.9
State of Michigan	68,010	75,470	11.0
<p>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.</p>			

Unemployment

Although the assessment area experienced a peak in 2020 of unemployment during the COVID-19 pandemic, data at the county level reflects strong jobs recovery. Unemployment data at the monthly level in 2022 shows August figures as low as 3.3 percent in Grand Traverse County and 3.5 percent in Leelanau County. August 2020 percentages are on par with December 2019 figures, just before the pandemic had its greatest impact in the United States. Housing challenges and qualified worker shortages are contributing to the low unemployment numbers in the area. Seasonal jobs are heavily impacted, according to an area representative, as are teachers and school administrators who cannot find housing in the summer, so they leave the area and return in the autumn. The table that follows shows average annual unemployment rates from 2019 through August 2022 for each county in the assessment area, all NonMSA counties in Michigan, and the state of Michigan.

Northwest MI NonMSA Unemployment Rates				
Area	2019	2020	2021	2022*
2022 Northwest MI NonMSA	3.6%	8.6%	5.1%	4.0%
Grand Traverse County, MI	3.5%	8.7%	5.0%	3.9%
Leelanau County, MI	3.8%	8.3%	5.2%	4.3%
NonMSA Michigan	4.8%	9.4%	5.9%	5.2%
Michigan	4.1%	10.0%	5.9%	4.6%
<p>Source: Bureau of Labor Statistics (BLS), Local Area Unemployment Statistics *2022 annual average based on data through August 2022.</p>				

Housing Characteristics

As seen in the 2021 Demographics Table for the Northwest NonMSA assessment area shown previously, total housing units in the assessment area exceed a count of 57,000. There are no low-income census tracts in the assessment area in 2021 or 2022, however, housing units in moderate-

income census tracts reach nearly 4,000 in 2021. Of those housing units, 38.1 percent were owner-occupied, the majority were rental at 53.3 percent, and 8.6 percent were vacant. The majority percentage of rental units in moderate-income census tracts reflects more limited opportunity for home mortgage lending when compared to higher income tracts that have majority owner-occupied units.

The following table displays housing cost burden data within the Northwest NonMSA assessment area. A resident is housing cost burdened when they spend 30.0 percent or more of their income on housing costs. As evidenced in the table, low-income renters and owners are impacted by cost burden at a higher rate than moderate-income residents. While low-income renters in Grand Traverse County experienced the highest percentage of housing cost burden in the assessment area at 73.0 percent, it did not surpass the rate of burden for low-income renters across the state of Michigan at 74.2 percent. The greatest percentage of moderate-income renters (47.8 percent) and all renters (44.6 percent) who were housing cost burdened were in Leelanau County, among all geographic areas shown in the table. Cost burden percentages were similar for low- and moderate-income owners in both counties in the assessment area, with the highest percentage of cost burden among all homeowners at 22.8 percent in Leelanau County. A greater portion of all renters and all homeowners were cost burdened in Leelanau County than all renters and homeowners across the state of Michigan. Cost burdened percentages in Leelanau County support area representative's comments that Leelanau County experiences the highest median home price in the northwest region of the state, while also experiencing the highest percentage of residents who work paycheck-to-paycheck. The combination of high home prices and insufficient wages suggests that residents may struggle to afford housing.

Housing Cost Burden						
Area	Cost Burden – Renters (%)			Cost Burden – Owners (%)		
	Low Income	Moderate Income	All Renters	Low Income	Moderate Income	All Owners
2022 Northwest MI Non MSA	72.4	38.8	42.7	60.8	32.9	19.8
Grand Traverse County, MI	73.0	37.5	42.4	60.9	31.8	18.9
Leelanau County, MI	67.3	47.8	44.6	60.3	36.5	22.8
NonMSA Michigan	67.0	27.2	39.3	58.8	25.4	18.3
State of Michigan	74.2	31.3	43.2	61.7	26.5	18.2
Cost Burden is housing cost that equals 30 percent or more of household income						
Source: U.S. Department of Housing and Urban Development (HUD), 2015-2019 Comprehensive Housing Affordability Strategy						

Industry Characteristics

Data from the BLS Quarterly Census of Employment and Wages through the second financial quarter of 2022 indicates the industries in the Northwest NonMSA with the greatest number of employees are health care and social assistance; retail trade; accommodation and food services and

manufacturing. Workers in the health care and social assistance industry have experienced hardship through the pandemic, while also experiencing job security in the assessment area in more recent years with an aging population migrating to the area and less competition due to a health care worker shortage in the area. A community representative shared an example of the shortage, which has caused an area senior care center to leave 60 beds vacant due to insufficient staffing numbers. The BLS describes the accommodation and food services sector as “establishments that provide customers with lodging and/or prepare meals for immediate consumption. This sector is part of the leisure and hospitality supersector.” Given the seasonal lifestyle trends in the assessment area, these employees may experience cyclical employment, acquiring secure jobs during warmer months, while facing employment challenges or limited wages the remainder of the year.

Community Representatives

A community representative was contacted during the evaluation to provide information regarding local economic, housing, and demographic conditions. The representative discussed the extreme lack of available housing, which has impacted potential workers who cannot remain in the area without it. The area needs new units of a variety of sizes and of greater density to allow smaller households to move out of family homes, releasing those homes to larger households. One challenge is the particularly high cost of construction in the area; it is even more costly than areas one hour away. Opportunities exist for financial institutions to invest in regional housing funds, low interest loans, and investment in local entrepreneurs.

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS IN NORTHWEST MICHIGAN NonMSA (GRAND TRAVERSE AND LEELANAU)

LENDING TEST

The geographic distribution of loans reflects adequate penetration throughout the assessment area. The distribution of borrowers reflects, given product lines offered, good penetration among customers of different income levels and businesses of different sizes. The bank is a leader in making community development loans and makes use of innovative and/or flexible lending practices in service assessment area credit needs.

Geographic Distribution of Loans

For the purposes of this review, loans made in calendar 2021 and prior were analyzed based on the 2011-2015 American Community Survey income designations data¹⁴. Loans made in calendar years 2022 and after were analyzed based on income designations from the 2016-2020 American Community Survey data.

Independent Bank's lending activities reflect adequate distribution throughout the assessment area.

Analysis of 2021 HMDA-reportable and CRA-reportable lending in the Northwest NonMSA shows the bank reached 91.7 percent of all 24 census tracts. The only census tracts without loans were the two tracts of unknown income. The 2021 dispersion of loans is consistent with lending in 2022, in which 94.1 percent of the 34 census tracts had reported loans from the same loan categories. Again, only the two tracts of unknown income did not have loans. There were no conspicuous gaps in HMDA- and CRA-reportable lending across the assessment area that were not explained by performance context.

The following discussion is primarily based on 2021 lending performance and the discussion details the individual HMDA-reportable products of home purchase loans, refinance loans and home improvement loans. Multifamily loans will not be discussed due to low volume. CRA-reportable products include small business loans only. Lending tables reflecting 2022 performance can be found in Appendix B. Due to the lack of available aggregate lender data at the time of this report, 2022 small business tables will only include a comparison to demographic data.

HMDA-Reportable Lending

¹⁴ 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)

Home Purchase Loans

Independent Bank originated or purchased 1.4 percent of its 2021 home purchase loans in moderate-income census tracts, falling slightly below both aggregate lenders at 3.9 percent and the demographic measure of owner-occupied units in those census tracts at 4.4 percent. The previous 2021 table of demographics for the Northwest NonMSA assessment area shows that the majority of housing units in moderate-income census tracts are rental units at 53.3 percent of all housing types, with 38.1 percent of housing in these tracts being owner-occupied and therefore available for home mortgage lending. The high portion of rental units in the assessment area limits opportunity for banks.

The bank made 44.1 percent of its 2021 Northwest NonMSA home purchase loans in middle-income census tracts, compared to the aggregate lender percentage in these tracts of 41.4 and owner-occupied units of 37.9 percent. Loans in upper-income census tracts made up 54.5 percent of all home purchase loans in the area, comparable to the 54.1 percent by aggregate lenders and the demographic measure of 57.8 percent.

Home purchase lending performance in 2022 was similar to 2021. Geographic distribution performance tables for all 2022 HMDA-reportable lending can be found in Appendix B.

Refinance Loans

Although there were no low-income census tracts, the bank also did not originate any refinance loans in the single moderate-income census tract in the assessment area in 2021. While opportunity to penetrate the moderate-income census tract was minimal, aggregate lenders originated 1.0 percent of lending in that tract. Among all owner-occupied housing units in the assessment area, 4.4 percent were in the moderate-income census tract.

Refinance lending in middle-income census tracts resulted in 31.6 percent of all refinance loans, somewhat less than the 36.5 percent by aggregate lenders and the demographic of owner-occupied units at 37.9 percent. In upper-income census tracts, the bank originated 68.4 percent of this loan type, compared to 62.4 percent by aggregate lenders and 57.8 percent of owner-occupied units in those census tracts.

Refinance lending performance in 2022 demonstrated improved performance in comparison to 2021 bank performance. Existence of moderate-income census tracts increased due to the ACS updates that resulted in an increase to three moderate-income census tracts, rather than the one in 2021. The bank was able to reach the tracts at the same percentage as aggregate lenders. Geographic distribution performance tables for all 2022 HMDA-reportable lending can be found in Appendix B.

Home Improvement

In the moderate-income census tract, the bank outperformed aggregate lenders in home improvement lending with 3.0 percent of the bank's loans compared to 1.5 percent by the aggregate. This lending activity is also consistent with the demographic availability of 4.4 percent of owner-occupied units in the moderate-income census tract.

Home improvement lending in middle-income census tracts resulted in 33.3 percent of the bank's lending in the Northwest NonMSA, compared to 35.7 percent by aggregate lenders and 37.9 percent of owner-occupied units. Bank activity was similar to aggregate lenders with 63.6 percent of home improvement loans in upper-income census tracts versus the aggregate's 62.8 percent, with both percentages higher than the 57.8 percent of owner-occupied units in those tracts.

Home improvement lending performance in 2022 is similar to 2021 bank performance. Geographic distribution performance tables for all 2022 HMDA-reportable lending can be found in Appendix B.

Distribution of 2021 Home Mortgage Lending By Income Level of Geography							
Assessment Area: Northwest MI Non MSA							
Geographic Income Level	Bank And Aggregate Loans						Owner Occupied Units %
	Bank		Agg	Bank		Agg	
	#	%	%	\$ (000)	%	%	
Home Purchase Loans							
Low	0	0.0	0.0	0	0.0	0.0	0.0
Moderate	2	1.4	3.9	349	0.6	1.6	4.4
Middle	63	44.1	41.4	21,842	40.3	35.6	37.9
Upper	78	54.5	54.1	31,964	59.0	61.8	57.8
Unknown	0	0.0	0.5	0	0.0	1.0	0.0
Tract-Unk	0	0.0	0.0	0	0.0	0.0	
Total	143	100.0	100.0	54,155	100.0	100.0	100.0
Refinance Loans							
Low	0	0.0	0.0	0	0.0	0.0	0.0
Moderate	0	0.0	1.0	0	0.0	0.6	4.4
Middle	84	31.6	36.5	17,770	27.9	31.2	37.9
Upper	182	68.4	62.4	45,937	72.1	68.2	57.8
Unknown	0	0.0	0.1	0	0.0	0.1	0.0
Tract-Unk	0	0.0	0.0	0	0.0	0.0	
Total	266	100.0	100.0	63,707	100.0	100.0	100.0
Home Improvement Loans							
Low	0	0.0	0.0	0	0.0	0.0	0.0
Moderate	1	3.0	1.5	125	3.3	0.6	4.4
Middle	11	33.3	35.7	1,518	39.7	31.8	37.9
Upper	21	63.6	62.8	2,180	57.0	67.6	57.8
Unknown	0	0.0	0.0	0	0.0	0.0	0.0
Tract-Unk	0	0.0	0.0	0	0.0	0.0	
Total	33	100.0	100.0	3,823	100.0	100.0	100.0
Multifamily Loans							Multi-family Units %
Low	0	0.0	0.0	0	0.0	0.0	0.0
Moderate	0	0.0	25.0	0	0.0	38.5	34.3
Middle	0	0.0	37.5	0	0.0	49.0	33.5
Upper	1	100.0	37.5	800	100.0	12.5	32.1
Unknown	0	0.0	0.0	0	0.0	0.0	0.0
Tract-Unk	0	0.0	0.0	0	0.0	0.0	
Total	1	100.0	100.0	800	100.0	100.0	100.0
Total Home Mortgage Loans							Owner Occupied Units %
Low	0	0.0	0.0	0	0.0	0.0	0.0
Moderate	3	0.7	2.0	474	0.4	2.6	4.4
Middle	158	35.7	37.5	41,130	33.6	33.2	37.9
Upper	282	63.7	60.3	80,881	66.0	63.8	57.8
Unknown	0	0.0	0.2	0	0.0	0.4	0.0
Tract-Unk	0	0.0	0.0	0	0.0	0.0	
Total	443	100.0	100.0	122,455	100.0	100.0	100.0

Source: 2021 FFIEC Census Data

2011-2015 U.S. Census Bureau: American Community Survey 27

Note: Percentages may not total 100.0 percent due to rounding.

CRA-Reportable Lending

Small Business Loans

Independent Bank originated 11.0 percent of its 2021 small business loans in the Northwest NonMSA in the sole moderate-income census tract, similar to, but slightly exceeding aggregate lender originations in the tract at 9.7 percent and the 9.6 percent of businesses operating in that tract. Small business lending in middle-income census tracts resulted in 45.2 percent of the bank's loans, versus 43.6 percent by aggregate lenders and 45.1 percent of total businesses in the assessment area. Finally, the bank originated 43.8 percent of loans to small businesses in upper-income census tracts, compared to 46.0 percent from aggregate lenders and 45.3 percent of businesses.

Geographic distribution of small business loans in 2022 is comparable to the bank's 2021 performance.

The following table displays the 2021 geographic distribution of CRA-reportable small business loans within the Northwest NonMSA assessment area. The table presenting the geographic distribution of 2022 CRA-reportable small business loans is in Appendix B. Aggregate lender data for CRA-reporters was not available for comparison at the time of this report.

Distribution of 2021 Small Business Lending By Income Level of Geography Assessment Area: Northwest MI Non MSA							
Geographic Income Level	Bank And Aggregate Loans						Total Businesses %
	Bank		Agg	Bank		Agg	
	#	%	%	\$(000)	\$%	\$%	
Low	0	0.0	0.0	0	0.0	0.0	0.0
Moderate	32	11.0	9.7	4,660	10.8	13.8	9.6
Middle	131	45.2	43.6	22,709	52.8	44.0	45.1
Upper	127	43.8	46.0	15,614	36.3	42.1	45.3
Unknown	0	0.0	0.0	0	0.0	0.0	0.0
Tract-Unk	0	0.0	0.8	0	0.0	0.1	
Total	290	100.0	100.0	42,983	100.0	100.0	100.0
Sources: 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.							

Lending to Borrowers of Different Income Levels and Lending to Businesses of Different Sizes

For the purposes of this review, loans made in calendar year 2021 or prior were analyzed based on 2011-2015 American Community Survey income designations for individuals¹⁵. Loans made in calendar year 2022 or after were analyzed based on 2016-2020 American Community Survey income designations for individuals.

Independent Bank's lending activities reflect good distribution, particularly in its assessment areas, of loans among individuals of different income levels and businesses of different sizes, given the product lines offered by the bank.

The following discussion is primarily based on 2021 lending performance and the discussion details the individual HMDA-reportable products of home purchase loans, refinance loans, and home improvement loans. Multifamily loans will not be discussed due to low volume. CRA-reportable products include small business loans only. Lending tables reflecting 2022 performance can be found in Appendix B. Due to the lack of available aggregate lender data at the time of this report, 2022 small business tables will only include a comparison to demographic data.

HMDA-Reportable Lending

Home Purchase Loans

Home purchase lending in 2021 shows the bank originating 1.4 percent of its Northwest NonMSA loans to low-income borrowers. This percentage is similar to that of aggregate lenders at 1.7 percent; aggregate lending is viewed as one measure of loan demand in the market. While neither the bank, nor aggregate lenders, reach the demographic comparator of 12.7 percent of low-income families in the assessment area, this is not expected based on a more limited financial readiness for home ownership in this income category. Moderate-income borrowers received 6.3 percent of the bank's home purchase loans, falling below aggregate lenders' 9.7 percent and the demographic measure of 13.9 percent of moderate-income families in the assessment area.

Home purchase loans to middle-income borrowers was 13.3 percent, which was less than the 19.1 percent by aggregate lenders, and also below the 21.3 percent of families in the assessment area who were middle-income. Upper-income borrowers attained 74.8 percent of home purchase loans in the assessment area, compared to 62.1 percent of loans by aggregate lenders and 52.1 percent of upper-income families.

Home purchase lending performance in 2022 was stronger than that of 2021 due to increased lending to low-income borrowers. Borrower distribution performance tables for all 2022 HMDA-reportable lending can be found in Appendix B.

¹⁵ 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).

Refinance Loans

Refinance lending in 2021 resulted in 4.9 percent of loans going to low-income borrowers, which was slightly higher than the 3.3 percent of refinance lending by aggregate lenders in the market. While the bank and aggregate lenders did not attain the same percentage levels as that of low-income families in the assessment area, which was 12.7 percent, this is not expected considering refinance loans are products available to current home mortgage holders, which are likely in fewer number among low-income families. Performance for refinance loans to moderate-income borrowers at 15.0 percent was higher than aggregate lender activity at 13.3 percent. The assessment area was comprised of 13.9 percent moderate-income families.

The bank originated 21.4 percent of refinance loans to middle-income borrowers, consistent with the 21.0 percent by aggregate lenders, as well as the 21.3 percent demographic. For upper-income borrowers, lending resulted in 56.0 percent of refinance loans, surpassing aggregate lenders at 53.3 percent and 52.1 percent of upper-income families living in the Northwest NonMSA assessment area.

Refinance lending in 2022 demonstrated consistently high performance in comparison to 2021. Borrower distribution performance tables for all 2022 HMDA-reportable lending can be found in Appendix B.

Home Improvement

Home improvement lending resulted in 3.0 percent going to low-income borrowers in comparison to 2.7 percent by aggregate lenders. Similar to refinance loans, neither the bank nor aggregate lenders attained a percentage of lending to match that of low-income families at 12.7 percent, which is not expected due to lower rates of homeownership by low-income families. Loans to moderate-income borrowers led to 6.1 percent of all home improvement lending, which was less than the 10.3 percent originated by aggregate lenders. Of all families in the assessment area, 13.9 percent are moderate-income.

Home improvement lending to middle-income borrowers resulted in 6.1 percent of the bank's lending in the Northwest NonMSA, compared to 17.4 percent by aggregate lenders and 21.3 percent of middle-income families in the area. The bank exceeded aggregate lenders with 78.8 percent of home improvement loans to upper-income borrowers versus the aggregate's 66.7 percent, with both percentages higher than the 52.1 percent of upper-income families in those tracts.

Home improvement lending performance in 2022 was similar to 2021 performance. The following table presents the 2021 borrower distribution of HMDA-reportable loans in the assessment area. The 2022 borrower distribution of HMDA-reportable loans is displayed in Appendix B.

Distribution of 2021 Home Mortgage Lending By Borrower Income Level							
Assessment Area: Northwest MI Non MSA							
Borrower Income Level	Bank And Aggregate Loans						Families by Family Income %
	Bank		Agg	Bank		Agg	
	#	%	%	\$ (000)	%	%	
Home Purchase Loans							
Low	2	1.4	1.7	235	0.4	0.9	12.7
Moderate	9	6.3	9.7	1,378	2.5	5.2	13.9
Middle	19	13.3	19.1	3,789	7.0	12.5	21.3
Upper	107	74.8	62.1	47,565	87.8	74.6	52.1
Unknown	6	4.2	7.4	1,188	2.2	6.8	0.0
Total	143	100.0	100.0	54,155	100.0	100.0	100.0
Refinance Loans							
Low	13	4.9	3.3	1,526	2.4	1.5	12.7
Moderate	40	15.0	13.3	5,268	8.3	8.4	13.9
Middle	57	21.4	21.0	10,181	16.0	15.9	21.3
Upper	149	56.0	53.3	45,498	71.4	64.7	52.1
Unknown	7	2.6	9.1	1,234	1.9	9.5	0.0
Total	266	100.0	100.0	63,707	100.0	100.0	100.0
Home Improvement Loans							
Low	1	3.0	2.7	25	0.7	2.3	12.7
Moderate	2	6.1	10.3	135	3.5	7.9	13.9
Middle	2	6.1	17.4	220	5.8	12.0	21.3
Upper	26	78.8	66.7	3,193	83.5	75.6	52.1
Unknown	2	6.1	2.9	250	6.5	2.3	0.0
Total	33	100.0	100.0	3,823	100.0	100.0	100.0
Total Home Mortgage Loans							
Low	16	3.6	2.8	1,786	1.5	1.3	12.7
Moderate	51	11.5	11.9	6,781	5.6	7.0	13.9
Middle	78	17.6	19.9	14,190	11.7	14.2	21.3
Upper	282	63.8	57.0	96,256	79.1	68.9	52.1
Unknown	15	3.4	8.4	2,672	2.2	8.5	0.0
Total	442	100.0	100.0	121,685	100.0	100.0	100.0
Source: 2021 FFIEC Census Data							
2011-2015 U.S. Census Bureau: American Community Survey							
Note: Percentages may not total 100.0 percent due to rounding.							
Multifamily loans are not included in the borrower distribution analysis.							

CRA-Reportable Lending

Small Business Loans

Of 290 small business loans originated in 2021 within the Northwest NonMSA, 19.0 percent were to businesses with gross annual revenues of \$1.0 million or less. While falling well below aggregate lenders' 49.1 percent of loans to this same category of small businesses, an additional 162 loans, or

55.9 percent, of small business loans were to businesses with revenue unknown. These 162 loans were driven by Independent Bank's participation in the 2021 Second Draw Paycheck Protection Program (PPP) by the U.S. Small Business Administration (SBA) in response to the COVID-19 pandemic, in which applicant revenue documentation was not required. When dividing all 290 loans by loan size, 63.1 percent were in dollar amounts of \$100,000 or less, which can be compared to 88.1 percent of loans by aggregate lenders in this dollar range. Loans within this smallest dollar range are viewed as the most responsive to the smallest businesses.

Small business lending performance in 2022 fell below the performance in 2021. Several factors impacted lending in general, creating market differences between the two years. PPP lending ended in 2021, and interest rates increased significantly throughout 2022 from the 2021 historic lows, resulting in overall lower lending activity. Independent Bank originated 111 small business loans in the Northwest NonMSA in 2022. Of the 111 loans, 45, or 40.5 percent, were to businesses with revenues of \$1.0 million or less, compared to a reported 91.2 percent of total businesses in the assessment area in the same revenue category. The bank originated 52.3 percent of small business loans to businesses with revenues over \$1.0 million. When dividing the 45 loans to businesses with revenues of \$1.0 million or less by loan size, fewer than half, or 44.4 percent, were in the smallest dollar range of \$100,000 or less.

The following table presents the 2021 borrower distribution of small business loans in the assessment area. The 2022 borrower distribution of small business loans is displayed in Appendix B.

Distribution of 2021 Small Business Lending By Revenue Size of Businesses							
Assessment Area: Northwest MI Non MSA							
	Bank And Aggregate Loans						Total Businesses %
	Bank		Agg	Bank		Agg	
	#	%	%	\$(000)	\$%	\$%	
By Revenue							
\$1 Million or Less	55	19.0	49.1	8,324	19.4	31.7	91.2
Over \$1 Million	73	25.2		19,696	45.8		7.8
Revenue Unknown	162	55.9		14,963	34.8		1.0
Total	290	100.0		42,983	100.0		100.0
By Loan Size							
\$100,000 or Less	183	63.1	88.1	8,460	19.7	27.9	
\$100,001 - \$250,000	50	17.2	5.9	8,057	18.7	17.4	
\$250,001 - \$1 Million	57	19.7	6.0	26,466	61.6	54.8	
Total	290	100.0	100.0	42,983	100.0	100.0	
By Loan Size and Revenues \$1 Million or Less							
\$100,000 or Less	36	65.5		2,102	25.3		
\$100,001 - \$250,000	8	14.5		1,226	14.7		
\$250,001 - \$1 Million	11	20.0		4,996	60.0		
Total	55	100.0		8,324	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.							

Community Development Lending

Independent Bank is a leader in making community development loans and makes use of innovative and/or flexible lending practices in serving assessment area credit needs. During the review period, the bank originated 15 community development loans totaling approximately \$40.5 million, supporting an excellent record of serving the credit needs of highly economically disadvantaged areas in this assessment area, low-income individuals, or businesses with gross annual revenues of \$1 million or less, consistent with safe and sound operations. The majority of community development loans were focused on revitalization and stabilization efforts primarily benefiting low- and moderate-income geographies. One innovative and flexible community development loan for \$13.0 million leveraged Low-Income Housing Tax Credits to construct a 58-unit affordable housing complex primarily benefiting low- and moderate-income individuals and families. This loan was particularly responsive as affordable housing, particularly for low- and moderate-income families, was identified as a critical need within the assessment area. During the previous evaluation the bank originated 11 community development loans totaling approximately \$13.1 million.

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

Community Development Loans March 30, 2021 through October 30, 2023										
Assessment Area	Affordable Housing		Community Services		Economic Development		Revitalize/Stabilize		Total #	Total \$(000s)
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)		
Northwest MI NonMSA	3	14,354	0	0	4	7,450	8	18,680	15	40,484

INVESTMENT TEST

Independent Bank's record of performance in this assessment area demonstrates a significant level of qualified investments in the assessment area, particularly those that are not routinely provided by private investors, occasionally in a leadership position. These investments demonstrate the occasional use of innovative or complex qualified investments and provide good responsiveness to the credit and community development needs of the assessment area.

Independent Bank made two qualified investments, consisting of a \$1.9 million current period LIHTC investment and a \$177 thousand prior period investment for an approximate total of \$2.1 million. When compared to the previous examination, this far exceeds investment activity from that period which totaled one investment for \$250,000.

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

Community Development Investments March 30, 2021 through October 30, 2023											
Assessment Area		Affordable Housing		Community Services		Economic Development		Revitalize/Stabilize		Total #	Total \$(000s)
		#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)		
Northwest, MI NonMSA	Current	1	1,910	0	0	0	0	0	0	1	1,910
	Prior	1	177	0	0	0	0	0	0	1	177
	Total	2	2,087	0	0	0	0	0	0	2	2,087

The bank made a total of 25 qualified donations worth \$41,632 in the current evaluation period. The donations were made to organizations who serve a variety of purposes including those focused on affordable housing, community service and economic development. When compared to the previous evaluation of 29 qualified donations totaling \$19,300, the bank decreased the number of donations by 13.8 percent and increased the dollar amount by 115.7 percent.

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

Community Development Donations March 30, 2021 through October 30, 2023										
Assessment Area	Affordable Housing		Community Services		Economic Development		Revitalize/Stabilize		Total #	Total \$
	#	\$	#	\$	#	\$	#	\$		
Northwest, MI NonMSA	6	12,500	14	20,872	5	8,260	0	0	25	41,632

SERVICE TEST

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

Retail Services

The bank's retail delivery services are accessible to geographies and individuals of different income levels in its assessment area through four branch offices, three full-service ATMs, and one cash-only ATM. The bank does not maintain any branches or ATMs in the one moderate-income census tract located within the bank's assessment area. To the extent changes have been made, its record of opening and closing branches has not adversely affected the accessibility of its delivery systems, particularly in low- or moderate-income geographies or to low- or moderate-income individuals. During the review period of this evaluation, the bank closed one full-service ATM in an upper-income census tract. There have been no branch openings since the previous evaluation.

Services do not vary in a way that inconveniences its assessment area, particularly low- or moderate-income geographies or low- or moderate-income individuals. The bank offers a standard range of products and services at all locations. Bank employees are available to meet with individuals as necessary, and the bank's ATM, telephone, mobile, and internet banking options expand the availability of services beyond the branch's regular operating hours, which typically range from 9:00 a.m. to 5:00 p.m. Monday through Thursday, 9:00 a.m. to 5:30 p.m. Friday, and 9:00 a.m. to 12:00 p.m. on Saturday for one of the branch locations.

Community Development Services

The bank provides an adequate level of community development services in the assessment area. The bank contributed 292 hours of service to the Northwest MI NonMSA. This represents a 57.8 percent increase from the bank's previous evaluation total of 185 service hours.

Most hours served were designated as community services. Bank employees served on nonprofit boards of directors, donating their time and technical knowledge to these local organizations. Additionally, the bank's community development services went to serving on the boards of organizations with the purposes of affordable housing organizations.

The following table displays community development services in the assessment area during the review period.

Community Development Services March 30, 2021 through October 30, 2023					
Assessment Area	Affordable Housing	Community Services	Economic Development	Revitalize/ Stabilize	Total Hours
	Hours	Hours	Hours	Hours	
Northwest, MI NonMSA	90	202	0	0	292

MUSKEGON, MICHIGAN METROPOLITAN STATISTICAL AREA (MSA) #34740– Limited Review

SCOPE OF THE EXAMINATION

The scope for this assessment area is consistent with the scope presented in the overall section of the Performance Evaluation.

DESCRIPTION OF INSTITUTION’S OPERATIONS IN MUSKEGON, MICHIGAN MSA #34740¹⁶

Independent Bank’s Muskegon, Michigan MSA #34740 assessment area (Muskegon MSA) is a one-county MSA comprised of Muskegon County. Due to updates from the 2020 Decennial Census and the 2016-2020 American Community Survey (ACS), the census tracts comprising the assessment changed in number and income designations. Total census tracts in the assessment area increased by three, from 43 in 2021 to 46 in 2022. Low-income census tracts remained at a count of five and moderate-income census tracts decreased by three, from 11 to eight. In addition, middle-income census tracts increased by seven, upper-income census tracts decreased by one, and census tracts of unknown income remained at a count of one.

The following table compares the changes between 2021 and 2022 within the Muskegon 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.

¹⁶ Census tract designations are based on American Community Survey income data. For years 2022 and after, the designations are based on 2016-2020 ACS data. For years 2021 and before, the designations are based on 2011-2015 ACS data. For examinations that include performance before and after 2022, both sets of data have been used to perform the analysis of bank activity in the respective timeframes.

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

The assessment area contains one branch location and one full-service ATM in a middle-income census tract. There were no operational changes in this assessment area since the previous CRA examination, nor were there income designation changes to any census tracts with branches or ATMs.

Based on the FDIC's Summary of Deposits Report dated June 30, 2022, Independent Bank ranked eighth among eight institutions operating within the MSA. Independent Bank held 1.9 percent of the market share based on one branch in the area. The first ranked financial institution in the market was Fifth Third Bank, NA, with 5 branch locations holding 23.9 percent of the area's deposit market share.

When compared to other HMDA-reporting institutions that lend within the MSA, Independent Bank ranked 18th among 246 reporters, based on 2022 HMDA-reportable originations and purchases totaling 71 loans. The leading HMDA reporter in the market was Lake Michigan Credit Union with 820 HMDA-reportable loans. Among 65 CRA reporters in the market, Independent Bank was ranked 11th in 2021 based on 55 CRA-reportable loans. The top-ranked reporter of CRA loans was American Express NB with 278 loans.

The following table includes additional 2021 assessment area demographic information for the Muskegon MSA.

2021 Muskegon, MIMSA 34740 AA Demographics								
Income Categories	Tract Distribution		Families by Tract Income		Families < Poverty Level as % of Families by Tract		Families by Family Income	
	#	%	#	%	#	%	#	%
Low	5	11.6	3,329	7.6	1,611	48.4	9,463	21.7
Moderate	11	25.6	9,228	21.1	2,102	22.8	7,404	17.0
Middle	14	32.6	17,533	40.1	1,992	11.4	9,013	20.6
Upper	12	27.9	13,586	31.1	630	4.6	17,796	40.7
Unknown	1	2.3	0	0.0	0	0.0	0	0.0
Total AA	43	100.0	43,676	100.0	6,335	14.5	43,676	100.0
	Housing Units by Tract	Housing Type by Tract						
		Owner-occupied			Rental		Vacant	
		#	% by tract	% by unit	#	% by unit	#	% by unit
Low	6,912	2,421	5.0	35.0	3,048	44.1	1,443	20.9
Moderate	17,758	9,070	18.8	51.1	6,583	37.1	2,105	11.9
Middle	26,965	20,263	41.9	75.1	3,873	14.4	2,829	10.5
Upper	21,719	16,567	34.3	76.3	2,665	12.3	2,487	11.5
Unknown	0	0	0.0	0.0	0	0.0	0	0.0
Total AA	73,354	48,321	100.0	65.9	16,169	22.0	8,864	12.1
	Total Businesses by Tract		Businesses by Tract & Revenue Size					
			Less Than or = \$1 Million		Over \$1 Million		Revenue Not Reported	
	#	%	#	%	#	%	#	%
Low	527	8.8	446	8.3	81	14.6	0	0.0
Moderate	1,346	22.5	1,157	21.5	181	32.6	8	18.6
Middle	2,026	33.9	1,883	35.0	124	22.3	19	44.2
Upper	2,086	34.9	1,900	35.3	170	30.6	16	37.2
Unknown	0	0.0	0	0.0	0	0.0	0	0.0
Total AA	5,985	100.0	5,386	100.0	556	100.0	43	100.0
Percentage of Total Businesses:			90.0		9.3		0.7	
	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	0	0.0	0	0.0	0	0.0	0	0.0
Middle	83	66.4	82	69.5	1	14.3	0	0.0
Upper	42	33.6	36	30.5	6	85.7	0	0.0
Unknown	0	0.0	0	0.0	0	0.0	0	0.0
Total AA	125	100.0	118	100.0	7	100.0	0	0.0
Percentage of Total Farms:			94.4		5.6		0.0	
Source: 2021 FFIEC Census Data 2021 Data & Benchmark Data 2011-2015 U.S. Census Bureau: American Community Survey Note: Percentages may not total 100.0 percent due to rounding.								

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS

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

Independent Bank's lending performance in the area exceeds the institution's overall lending performance; however, it does not change the rating for the institution. The bank's investment performance is below the institution's overall investment performance. Finally, the institution's service performance in the area is consistent with the institution's overall service performance; however, it does not change the rating for the institution.

Demographics and Lending Tables with 2022 data can be found in Appendix B.

Distribution of 2021 Home Mortgage Lending By Income Level of Geography Assessment Area: Muskegon, MI MSA 34740							
Geographic Income Level	Bank And Aggregate Loans						Owner Occupied Units %
	Bank		Agg	Bank		Agg	
	#	%	%	\$(000)	%	%	
Home Purchase Loans							
Low	4	8.3	5.0	282	2.9	2.3	5.0
Moderate	9	18.8	23.7	960	9.8	16.5	18.8
Middle	14	29.2	40.3	2,542	26.0	42.5	41.9
Upper	21	43.8	31.1	5,977	61.2	38.7	34.3
Unknown	0	0.0	0.0	0	0.0	0.0	0.0
Tract-Unk	0	0.0	0.0	0	0.0	0.0	
Total	48	100.0	100.0	9,761	100.0	100.0	100.0
Refinance Loans							
Low	0	0.0	1.2	0	0.0	0.5	5.0
Moderate	7	8.0	13.0	648	4.6	9.3	18.8
Middle	43	48.9	44.8	5,870	41.7	43.0	41.9
Upper	38	43.2	41.0	7,560	53.7	47.1	34.3
Unknown	0	0.0	0.0	0	0.0	0.0	0.0
Tract-Unk	0	0.0	0.0	0	0.0	0.0	
Total	88	100.0	100.0	14,078	100.0	100.0	100.0
Home Improvement Loans							
Low	0	0.0	2.8	0	0.0	1.7	5.0
Moderate	1	14.3	13.6	24	2.4	10.4	18.8
Middle	2	28.6	43.2	139	13.9	44.5	41.9
Upper	4	57.1	40.3	837	83.7	43.4	34.3
Unknown	0	0.0	0.0	0	0.0	0.0	0.0
Tract-Unk	0	0.0	0.0	0	0.0	0.0	
Total	7	100.0	100.0	1,000	100.0	100.0	100.0
Multifamily Loans							Multi-family Units %
Low	0	0.0	11.8	0	0.0	0.6	14.4
Moderate	0	0.0	41.2	0	0.0	15.5	44.0
Middle	0	0.0	17.6	0	0.0	20.8	16.2
Upper	0	0.0	29.4	0	0.0	63.0	25.5
Unknown	0	0.0	0.0	0	0.0	0.0	0.0
Tract-Unk	0	0.0	0.0	0	0.0	0.0	
Total	0	0.0	100.0	0	0.0	100.0	100.0
Total Home Mortgage Loans							Owner Occupied Units %
Low	4	2.8	2.8	282	1.1	1.3	5.0
Moderate	17	11.9	17.1	1,632	6.6	12.6	18.8
Middle	59	41.3	42.9	8,551	34.4	41.8	41.9
Upper	63	44.1	37.2	14,374	57.9	44.3	34.3
Unknown	0	0.0	0.0	0	0.0	0.0	0.0
Tract-Unk	0	0.0	0.0	0	0.0	0.0	
Total	143	100.0	100.0	24,839	100.0	100.0	100.0
Source: 2021 FFIEC Census 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 Income Level of Geography Assessment Area: Muskegon, MI MSA 34740							
Geographic Income Level	Bank And Aggregate Loans						Total Businesses %
	Bank		Agg	Bank		Agg	
	#	%	%	\$(000)	\$%	\$%	
Low	12	21.8	9.0	3,441	33.4	13.8	8.8
Moderate	12	21.8	23.8	1,631	15.8	29.0	22.5
Middle	10	18.2	33.6	1,502	14.6	23.7	33.9
Upper	21	38.2	33.6	3,736	36.2	33.5	34.9
Unknown	0	0.0	0.0	0	0.0	0.0	0.0
Tract-Unk	0	0.0	0.1	0	0.0	0.0	
Total	55	100.0	100.0	10,310	100.0	100.0	100.0
Sources: 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 Home Mortgage Lending By Borrower Income Level Assessment Area: Muskegon, MI MSA 34740							
Borrower Income Level	Bank And Aggregate Loans						Families by Family Income %
	Bank		Agg	Bank		Agg	
	#	%	%	\$(000)	%	%	
Home Purchase Loans							
Low	5	10.4	9.1	411	4.2	5.3	21.7
Moderate	13	27.1	28.1	1,556	15.9	21.8	17.0
Middle	7	14.6	22.6	1,225	12.5	21.6	20.6
Upper	22	45.8	27.5	6,259	64.1	38.7	40.7
Unknown	1	2.1	12.7	310	3.2	12.6	0.0
Total	48	100.0	100.0	9,761	100.0	100.0	100.0
Refinance Loans							
Low	6	6.8	7.2	507	3.6	4.0	21.7
Moderate	18	20.5	22.1	2,231	15.8	16.3	17.0
Middle	22	25.0	24.4	2,718	19.3	22.1	20.6
Upper	40	45.5	32.8	8,325	59.1	43.4	40.7
Unknown	2	2.3	13.4	297	2.1	14.3	0.0
Total	88	100.0	100.0	14,078	100.0	100.0	100.0
Home Improvement Loans							
Low	1	14.3	4.8	69	6.9	3.3	21.7
Moderate	1	14.3	19.3	70	7.0	14.9	17.0
Middle	0	0.0	26.7	0	0.0	22.6	20.6
Upper	3	42.9	46.3	808	80.8	55.9	40.7
Unknown	2	28.6	2.8	53	5.3	3.3	0.0
Total	7	100.0	100.0	1,000	100.0	100.0	100.0
Total Home Mortgage Loans							
Low	12	8.4	7.8	987	4.0	4.8	21.7
Moderate	32	22.4	24.0	3,857	15.5	18.6	17.0
Middle	29	20.3	23.6	3,943	15.9	21.7	20.6
Upper	65	45.5	31.4	15,392	62.0	41.7	40.7
Unknown	5	3.5	13.2	660	2.7	13.5	0.0
Total	143	100.0	100.0	24,839	100.0	100.0	100.0
Source: 2021 FFIEC Census Data 2011-2015 U.S. Census Bureau: American Community Survey Note: Percentages may not total 100.0 percent due to rounding. Multifamily loans are not included in the borrower distribution analysis.							

Distribution of 2021 Small Business Lending By Revenue Size of Businesses							
Assessment Area: Muskegon, MI MSA 34740							
	Bank And Aggregate Loans						Total
	Bank		Agg	Bank		Agg	Businesses
	#	%	%	\$(000)	%	%	
By Revenue							
\$1 Million or Less	10	18.2	47.6	2,095	20.3	26.1	90.0
Over \$1 Million	22	40.0		6,511	63.2		9.3
Revenue Unknown	23	41.8		1,704	16.5		0.7
Total	55	100.0		10,310	100.0		100.0
By Loan Size							
\$100,000 or Less	30	54.5	84.9	1,183	11.5	23.3	
\$100,001 - \$250,000	9	16.4	7.2	1,524	14.8	17.8	
\$250,001 - \$1 Million	16	29.1	7.9	7,603	73.7	59.0	
Total	55	100.0	100.0	10,310	100.0	100.0	
By Loan Size and Revenues \$1 Million or Less							
\$100,000 or Less	5	50.0		235	11.2		
\$100,001 - \$250,000	2	20.0		382	18.2		
\$250,001 - \$1 Million	3	30.0		1,478	70.5		
Total	10	100.0		2,095	100.0		
Source: 2021 FFIEC Census Data 2021 Data & Broadstreet Data 2011-2015 U.S. Census Bureau: American Community Survey							
Note: Percentages may not total 100.0 percent due to rounding.							

Community Development Loans March 30, 2021 through October 30, 2023										
Assessment Area	Affordable Housing		Community Services		Economic Development		Revitalize/ Stabilize		Total #	Total \$(000s)
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)		
Muskegon MSA #34740	1	12,500	1	206	2	7,264	2	6,200	6	26,170

Community Development Investments											
March 30, 2021 through October 30, 2023											
Assessment Area		Affordable Housing		Community Services		Economic Development		Revitalize/Stabilize		Total #	Total \$(000s)
		#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)		
Muskegon, MI MSA #34740	Current	1	152	1	120	0	0	0	0	2	272
	Prior	1	144	0	0	0	0	0	0	1	144
	Total	2	296	1	120	0	0	0	0	3	416

Community Development Donations March 30, 2021 through October 30, 2023										
Assessment Area	Affordable Housing		Community Services		Economic Development		Revitalize/ Stabilize		Total #	Total \$
	#	\$	#	\$	#	\$	#	\$		
Muskegon, MI MSA #34740	1	5,000	2	5,000	0	0	0	0	3	10,000

Community Development Services March 30, 2021 through October 30, 2023					
Assessment Area	Affordable Housing	Community Services	Economic Development	Revitalize/ Stabilize	Total Hours
	Hours	Hours	Hours	Hours	
Muskegon, MI MSA #34740	71	39	0	0	110

FLINT, MICHIGAN METROPOLITAN STATISTICAL AREA (MSA) #22420 – Limited Review

SCOPE OF THE EXAMINATION

The scope for this assessment area is consistent with the scope presented in the overall section of the Performance Evaluation.

DESCRIPTION OF INSTITUTION’S OPERATIONS IN FLINT, MICHIGAN MSA #22420¹⁷

Independent Bank’s Flint, Michigan MSA #22420 assessment area (Flint MSA) is a one-county MSA comprised of Genesee County. Due to updates from the 2020 Decennial Census and the 2016-2020 American Community Survey (ACS), the census tracts comprising the assessment changed in number and income designations. Total census tracts in the assessment area increased by three, from 131 in 2021 to 134 in 2022. Low-income census tracts decreased by four, from 20 to 16 and moderate-income census tracts increased by five, from 28 to 33. In addition, middle-income census tracts decreased by six, upper-income census tracts increased by five, and census tracts of unknown income increased by three.

The following table compares the changes between 2021 and 2022 within the Flint 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.

¹⁷ Census tract designations are based on American Community Survey income data. For years 2022 and after, the designations are based on 2016-2020 ACS data. For years 2021 and before, the designations are based on 2011-2015 ACS data. For examinations that include performance before and after 2022, both sets of data have been used to perform the analysis of bank activity in the respective timeframes.

Census Tract Designation Changes American Community Survey Data (ACS)			
Tract Income Designation	2021 Designations (#)	2022 Designations (#)	Net Change (#)
Low	20	16	-4
Moderate	28	33	+5
Middle	47	41	-6
Upper	34	39	+5
Unknown	2	5	+3
Total	131	134	+3
Source: U. S. Census Bureau: Decennial Census: American Community Survey Data: 2011-2015 U.S. Census Bureau: Decennial Census: American Community Survey Data: 2016-2020			

The assessment area contains one branch location and one full-service ATM in an upper-income census tract. There were no operational changes in this assessment area since the previous CRA examination. However, due to the census tract designation changes discussed previously, the census tract for the sole branch and full-service ATM changed designation from middle-income in 2021 to upper-income in 2022.

Based on the FDIC's Summary of Deposits Report dated June 30, 2022, Independent Bank ranked eighth among nine institutions operating within the MSA. Independent Bank held 0.8 percent of the market share based on one branch in the area. The first ranked financial institution in the market was JPMorgan Chase Bank, NA, with 15 branch locations holding 43.3 percent of the area's deposit market share.

When compared to other HMDA-reporting institutions that lend within the MSA, Independent Bank ranked 47th among 325 reporters, based on 2022 HMDA-reportable originations and purchases totaling 50 loans. The leading HMDA reporter in the market was Rocket Mortgage with 915 HMDA-reportable loans. Among 95 CRA reporters in the market, Independent Bank was ranked 27th in 2021 based on 15 CRA-reportable loans. The top-ranked reporter of CRA loans was JPMorgan Chase Bank NA with 1,306 loans.

The following table includes additional 2021 assessment area demographic information for the Flint MSA.

2021 Flint, MI MSA 22420 AA Demographics								
Income Categories	Tract Distribution		Families by Tract Income		Families < Poverty Level as % of Families by Tract		Families by Family Income	
	#	%	#	%	#	%	#	%
Low	20	15.3	10,926	10.2	5,076	46.5	25,191	23.6
Moderate	28	21.4	17,635	16.5	5,354	30.4	16,425	15.4
Middle	47	35.9	39,617	37.1	5,147	13.0	21,298	20.0
Upper	34	26.0	38,469	36.1	1,978	5.1	43,733	41.0
Unknown	2	1.5	0	0.0	0	0.0	0	0.0
Total AA	131	100.0	106,647	100.0	17,555	16.5	106,647	100.0
	Housing Units by Tract	Housing Type by Tract						
		Owner-occupied			Rental		Vacant	
		#	% by tract	% by unit	#	% by unit	#	% by unit
Low	25,965	9,778	8.5	37.7	9,208	35.5	6,979	26.9
Moderate	40,574	17,059	14.9	42.0	14,236	35.1	9,279	22.9
Middle	67,526	44,230	38.5	65.5	16,987	25.2	6,309	9.3
Upper	57,113	43,756	38.1	76.6	10,014	17.5	3,343	5.9
Unknown	0	0	0.0	0.0	0	0.0	0	0.0
Total AA	191,178	114,823	100.0	60.1	50,445	26.4	25,910	13.6
	Total Businesses by Tract		Businesses by Tract & Revenue Size					
			Less Than or = \$1 Million		Over \$1 Million		Revenue Not Reported	
	#	%	#	%	#	%	#	%
Low	1,492	10.4	1,343	10.2	138	12.9	11	10.0
Moderate	1,933	13.4	1,780	13.5	141	13.2	12	10.9
Middle	6,177	43.0	5,600	42.4	530	49.4	47	42.7
Upper	4,739	33.0	4,453	33.7	247	23.0	39	35.5
Unknown	39	0.3	22	0.2	16	1.5	1	0.9
Total AA	14,380	100.0	13,198	100.0	1,072	100.0	110	100.0
Percentage of Total Businesses:				91.8		7.5		0.8
	Total Farms by Tract		Farms by Tract & Revenue Size					
			Less Than or = \$1 Million		Over \$1 Million		Revenue Not Reported	
	#	%	#	%	#	%	#	%
Low	6	3.0	6	3.0	0	0.0	0	0.0
Moderate	5	2.5	5	2.5	0	0.0	0	0.0
Middle	82	40.6	81	40.9	1	25.0	0	0.0
Upper	109	54.0	106	53.5	3	75.0	0	0.0
Unknown	0	0.0	0	0.0	0	0.0	0	0.0
Total AA	202	100.0	198	100.0	4	100.0	0	0.0
Percentage of Total Farms:				98.0		2.0		0.0
Source: 2021 FFIEC Census Data 2021 Dec & Breadstreet Data 2011-2015 U.S. Census Bureau American Community Survey Note: Percentages may not total 100.0 percent due to rounding.								

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS

Assessment Area	Lending Test	Investment Test	Service Test
Flint, MI MSA #22420	Consistent	Below	Below

Independent Bank's lending performance is consistent with the institution's overall lending performance. The institution's investment and service performance in the area is below the institution's overall investment and service performance; however, neither change the rating for the institution.

Demographics and Lending Tables with 2022 data can be found in Appendix B.

Distribution of 2021 Home Mortgage Lending By Income Level of Geography Assessment Area: Flint, MIMSA 22420							
Geographic Income Level	Bank And Aggregate Loans						Owner Occupied Units %
	Bank		Agg	Bank		Agg	
	#	%	%	\$ (000)	\$%	\$%	
Home Purchase Loans							
Low	0	0.0	2.5	0	0.0	1.0	8.5
Moderate	0	0.0	7.4	0	0.0	4.2	14.9
Middle	18	39.1	43.6	3,815	28.6	35.4	38.5
Upper	28	60.9	46.5	9,511	71.4	59.3	38.1
Unknown	0	0.0	0.0	0	0.0	0.0	0.0
Tract-Unk	0	0.0	0.0	0	0.0	0.0	
Total	46	100.0	100.0	13,326	100.0	100.0	100.0
Refinance Loans							
Low	0	0.0	0.8	0	0.0	0.3	8.5
Moderate	1	2.0	3.5	120	1.2	2.2	14.9
Middle	13	26.5	36.0	1,606	16.2	27.9	38.5
Upper	35	71.4	59.7	8,190	82.6	69.6	38.1
Unknown	0	0.0	0.0	0	0.0	0.0	0.0
Tract-Unk	0	0.0	0.0	0	0.0	0.0	
Total	49	100.0	100.0	9,916	100.0	100.0	100.0
Home Improvement Loans							
Low	0	0.0	1.6	0	0.0	0.7	8.5
Moderate	1	25.0	6.2	46	12.3	3.3	14.9
Middle	0	0.0	33.5	0	0.0	29.0	38.5
Upper	3	75.0	58.7	327	87.7	67.0	38.1
Unknown	0	0.0	0.0	0	0.0	0.0	0.0
Tract-Unk	0	0.0	0.0	0	0.0	0.0	
Total	4	100.0	100.0	373	100.0	100.0	100.0
Multifamily Loans							Multi-family Units %
Low	0	0.0	18.2	0	0.0	2.8	14.8
Moderate	0	0.0	13.6	0	0.0	16.4	24.3
Middle	0	0.0	36.4	0	0.0	57.1	35.7
Upper	0	0.0	31.8	0	0.0	23.8	25.2
Unknown	0	0.0	0.0	0	0.0	0.0	0.0
Tract-Unk	0	0.0	0.0	0	0.0	0.0	
Total	0	0.0	100.0	0	0.0	100.0	100.0
Total Home Mortgage Loans							Owner Occupied Units %
Low	0	0.0	1.5	0	0.0	0.7	8.5
Moderate	2	2.0	5.3	166	0.7	3.4	14.9
Middle	31	31.3	38.8	5,421	23.0	31.7	38.5
Upper	66	66.7	54.3	18,028	76.3	64.2	38.1
Unknown	0	0.0	0.0	0	0.0	0.0	0.0
Tract-Unk	0	0.0	0.0	0	0.0	0.0	
Total	99	100.0	100.0	23,615	100.0	100.0	100.0
Source: 2021 FFIEC Census 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 Income Level of Geography							
Assessment Area: Flint, MI MSA 22420							
Geographic Income Level	Bank And Aggregate Loans						Total Businesses %
	Bank		Agg	Bank		Agg	
	#	%	%	\$ (000)	\$%	\$%	
Low	1	6.7	8.8	43	3.5	8.2	10.4
Moderate	3	20.0	12.7	134	10.9	11.6	13.4
Middle	8	53.3	40.6	756	61.6	49.1	43.0
Upper	3	20.0	37.2	295	24.0	30.7	33.0
Unknown	0	0.0	0.2	0	0.0	0.2	0.3
Tract-Unk	0	0.0	0.5	0	0.0	0.1	
Total	15	100.0	100.0	1,228	100.0	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 Home Mortgage Lending By Borrower Income Level Assessment Area: Flint, MI MSA 22420							
Borrower Income Level	Bank And Aggregate Loans						Families by Family Income %
	Bank		Agg	Bank		Agg	
	#	%	%	\$ (000)	%	%	
Home Purchase Loans							
Low	0	0.0	7.9	0	0.0	3.7	23.6
Moderate	7	15.2	23.4	1,049	7.9	16.8	15.4
Middle	12	26.1	23.0	2,366	17.8	22.8	20.0
Upper	26	56.5	27.6	9,811	73.6	38.4	41.0
Unknown	1	2.2	18.0	100	0.8	18.2	0.0
Total	46	100.0	100.0	13,326	100.0	100.0	100.0
Refinance Loans							
Low	2	4.1	4.8	180	1.8	2.6	23.6
Moderate	6	12.2	17.8	627	6.3	12.5	15.4
Middle	13	26.5	24.2	1,814	18.3	21.2	20.0
Upper	27	55.1	36.9	7,142	72.0	46.2	41.0
Unknown	1	2.0	16.2	153	1.5	17.5	0.0
Total	49	100.0	100.0	9,916	100.0	100.0	100.0
Home Improvement Loans							
Low	0	0.0	6.6	0	0.0	3.7	23.6
Moderate	2	50.0	18.6	77	20.6	15.9	15.4
Middle	0	0.0	25.4	0	0.0	22.6	20.0
Upper	2	50.0	46.8	296	79.4	53.7	41.0
Unknown	0	0.0	2.4	0	0.0	4.0	0.0
Total	4	100.0	100.0	373	100.0	100.0	100.0
Total Home Mortgage Loans							
Low	2	2.0	6.1	180	0.8	3.1	23.6
Moderate	15	15.2	19.9	1,753	7.4	14.4	15.4
Middle	25	25.3	23.4	4,180	17.7	21.8	20.0
Upper	55	55.6	33.9	17,249	73.0	43.1	41.0
Unknown	2	2.0	16.7	253	1.1	17.7	0.0
Total	99	100.0	100.0	23,615	100.0	100.0	100.0
Source: 2021 FFIEC Census Data 2011-2015 U.S. Census Bureau: American Community Survey Note: Percentages may not total 100.0 percent due to rounding. Multifamily loans are not included in the borrower distribution analysis.							

Distribution of 2021 Small Business Lending By Revenue Size of Businesses							
Assessment Area: Flint, MI MSA 22420							
	Bank And Aggregate Loans						Total Businesses %
	Bank		Agg	Bank		Agg	
	#	%	%	\$(000)	%	%	
By Revenue							
\$1 Million or Less	2	13.3	41.7	123	10.0	23.4	91.8
Over \$1 Million	3	20.0		349	28.4		7.5
Revenue Unknown	10	66.7		756	61.6		0.8
Total	15	100.0		1,228	100.0		100.0
By Loan Size							
\$100,000 or Less	9	60.0	90.2	346	28.2	32.7	
\$100,001 - \$250,000	6	40.0	5.9	882	71.8	21.3	
\$250,001 - \$1 Million	0	0.0	3.9	0	0.0	46.0	
Total	15	100.0	100.0	1,228	100.0	100.0	
By Loan Size and Revenues \$1 Million or Less							
\$100,000 or Less	1	50.0		21	17.1		
\$100,001 - \$250,000	1	50.0		102	82.9		
\$250,001 - \$1 Million	0	0.0		0	0.0		
Total	2	100.0		123	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.							

Community Development Loans March 30, 2021 through October 30, 2023										
Assessment Area	Affordable Housing		Community Services		Economic Development		Revitalize/ Stabilize		Total #	Total \$(000s)
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)		
Flint MSA #22420	0	0	1	614	0	0	0	0	1	614

Community Development Investments March 30, 2021 through October 30, 2023											
Assessment Area		Affordable Housing		Community Services		Economic Development		Revitalize/Stabilize		Total #	Total \$(000s)
		#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)		
Flint, MI MSA #22420	Current	0	0	0	0	0	0	0	0	0	0
	Prior	0	0	0	0	0	0	0	0	0	0
	Total	0	0	0	0	0	0	0	0	0	0

Community Development Donations March 30, 2021 through October 30, 2023										
Assessment Area	Affordable Housing		Community Services		Economic Development		Revitalize/ Stabilize		Total #	Total \$
	#	\$	#	\$	#	\$	#	\$		
Flint, MI MSA #22420	1	1,000	2	2,000	0	0	0	0	3	3,000

Community Development Services March 30, 2021 through October 30, 2023					
Assessment Area	Affordable Housing	Community Services	Economic Development	Revitalize/ Stabilize	Total Hours
	Hours	Hours	Hours	Hours	
Flint, MI MSA #22420	31	14	29	0	74

JACKSON, MICHIGAN METROPOLITAN STATISTICAL AREA (MSA) #27100 – Limited Review

SCOPE OF THE EXAMINATION

The scope for this assessment area is consistent with the scope presented in the overall section of the Performance Evaluation.

DESCRIPTION OF INSTITUTION’S OPERATIONS IN JACKSON, MICHIGAN MSA #27100¹⁸

Independent Bank’s Jackson, Michigan MSA #27100 assessment area (Jackson MSA) is a one-county MSA comprised of Jackson County. Due to updates from the 2020 Decennial Census and the 2016-2020 American Community Survey (ACS), the census tracts comprising the assessment changed in number and income designations. Total census tracts in the assessment area increased by eight, from 38 in 2021 to 46 in 2022. Low-income census tracts decreased from six to three and moderate-income census tracts increased by five, from nine to 14. In addition, middle-income census tracts increased by one, upper-income census tracts increased by four, and census tracts of unknown income increased by one.

The following table compares the changes between 2021 and 2022 within the Jackson 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.

¹⁸ Census tract designations are based on American Community Survey income data. For years 2022 and after, the designations are based on 2016-2020 ACS data. For years 2021 and before, the designations are based on 2011-2015 ACS data. For examinations that include performance before and after 2022, both sets of data have been used to perform the analysis of bank activity in the respective timeframes.

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: American Community Survey Data: 2016-2020			

The assessment area contains one branch location and two full-service ATMs, all in middle-income census tracts. There were no operational changes in this assessment area since the previous CRA examination, nor were there income designation changes to any census tracts with branches or ATMs.

Based on the FDIC's Summary of Deposits Report dated June 30, 2022, Independent Bank ranked ninth among 12 institutions operating within the MSA. Independent Bank held 1.8 percent of the market share based on one branch in the area. The first ranked financial institution in the market was Flagstar Bank, FSB, with eight branch locations holding 38.8 percent of the area's deposit market share.

When compared to other HMDA-reporting institutions that lend within the MSA, Independent Bank ranked 28th among 251 reporters, based on 2022 HMDA-reportable originations and purchases totaling 35 loans. The leading HMDA reporter in the market was Rocket Mortgage with 357 HMDA-reportable loans. Among 66 CRA reporters in the market, Independent Bank was ranked 16th in 2021 based on 27 CRA-reportable loans. The top-ranked reporter of CRA loans was American Express NB with 319 loans.

The following table includes additional 2021 assessment area demographic information for the Jackson MSA.

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 & Breakdown Data 2011-2015 U.S. Census Bureau American Community Survey Note: Percentages may not total 100.0 percent due to rounding.								

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS

Assessment Area	Lending Test	Investment Test	Service Test
Jackson, MI MSA #27100	Below	Consistent	Below

Independent Bank's lending performance is below the institution's overall lending performance. The institution's investment performance in the area is consistent with overall performance, while service performance is below the institution's overall service performance; however, neither change the rating for the institution.

Demographics and Lending Tables with 2022 data can be found in Appendix B.

Distribution of 2021 Home Mortgage Lending By Income Level of Geography Assessment Area: Jackson, MIMSA 27100							
Geographic Income Level	Bank And Aggregate Loans						Owner Occupied Units %
	Bank		Agg	Bank		Agg	
	#	%	%	\$(000)	%	%	
Home Purchase Loans							
Low	1	3.6	5.4	96	1.7	2.5	5.7
Moderate	2	7.1	18.8	209	3.6	13.1	15.6
Middle	11	39.3	51.4	2,004	34.4	53.1	53.7
Upper	14	50.0	24.4	3,509	60.3	31.3	25.0
Unknown	0	0.0	0.0	0	0.0	0.0	0.0
Tract-Unk	0	0.0	0.0	0	0.0	0.0	
Total	28	100.0	100.0	5,818	100.0	100.0	100.0
Refinance Loans							
Low	0	0.0	1.7	0	0.0	0.8	5.7
Moderate	1	3.7	12.3	262	6.9	8.7	15.6
Middle	22	81.5	54.5	2,821	74.6	54.6	53.7
Upper	4	14.8	31.5	698	18.5	35.9	25.0
Unknown	0	0.0	0.0	0	0.0	0.0	0.0
Tract-Unk	0	0.0	0.0	0	0.0	0.0	
Total	27	100.0	100.0	3,781	100.0	100.0	100.0
Home Improvement Loans							
Low	0	0.0	2.1	0	0.0	1.8	5.7
Moderate	0	0.0	12.5	0	0.0	7.1	15.6
Middle	5	100.0	52.1	440	100.0	50.2	53.7
Upper	0	0.0	33.3	0	0.0	40.9	25.0
Unknown	0	0.0	0.0	0	0.0	0.0	0.0
Tract-Unk	0	0.0	0.0	0	0.0	0.0	
Total	5	100.0	100.0	440	100.0	100.0	100.0
Multifamily Loans							Multi-family Units %
Low	0	0.0	25.0	0	0.0	33.1	11.2
Moderate	0	0.0	31.3	0	0.0	19.8	43.9
Middle	0	0.0	31.3	0	0.0	33.9	29.0
Upper	0	0.0	12.5	0	0.0	13.2	15.9
Unknown	0	0.0	0.0	0	0.0	0.0	0.0
Tract-Unk	0	0.0	0.0	0	0.0	0.0	
Total	0	0.0	100.0	0	0.0	100.0	100.0
Total Home Mortgage Loans							Owner Occupied Units %
Low	1	1.7	3.3	96	1.0	2.5	5.7
Moderate	3	5.0	15.0	471	4.7	10.9	15.6
Middle	38	63.3	53.1	5,265	52.4	53.3	53.7
Upper	18	30.0	28.7	4,207	41.9	33.3	25.0
Unknown	0	0.0	0.0	0	0.0	0.0	0.0
Tract-Unk	0	0.0	0.0	0	0.0	0.0	
Total	60	100.0	100.0	10,039	100.0	100.0	100.0
Source: 2021 FFIEC Census 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 Income Level of Geography Assessment Area: Jackson, MI MSA 27100							
Geographic Income Level	Bank And Aggregate Loans						Total Businesses %
	Bank		Agg	Bank		Agg	
	#	%	%	\$(000)	\$%	\$%	
Low	1	3.7	9.5	3	0.2	11.8	9.9
Moderate	1	3.7	27.5	205	11.5	37.2	28.4
Middle	24	88.9	40.3	1,575	88.0	33.7	41.0
Upper	1	3.7	22.3	7	0.4	17.2	20.6
Unknown	0	0.0	0.0	0	0.0	0.0	0.1
Tract-Unk	0	0.0	0.4	0	0.0	0.1	
Total	27	100.0	100.0	1,790	100.0	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 Home Mortgage Lending By Borrower Income Level Assessment Area: Jackson, MI MSA 27100							
Borrower Income Level	Bank And Aggregate Loans						Families by Family Income %
	Bank		Agg	Bank		Agg	
	#	%	%	\$(000)	%	%	
Home Purchase Loans							
Low	0	0.0	8.0	0	0.0	4.4	22.3
Moderate	7	25.0	23.6	812	14.0	16.2	17.5
Middle	8	28.6	24.9	1,651	28.4	23.8	20.2
Upper	12	42.9	29.6	3,123	53.7	41.7	40.0
Unknown	1	3.6	13.9	232	4.0	13.8	0.0
Total	28	100.0	100.0	5,818	100.0	100.0	100.0
Refinance Loans							
Low	4	14.8	5.7	292	7.7	3.1	22.3
Moderate	4	14.8	16.5	356	9.4	11.8	17.5
Middle	5	18.5	22.4	600	15.9	20.1	20.2
Upper	14	51.9	39.5	2,533	67.0	48.0	40.0
Unknown	0	0.0	15.9	0	0.0	16.9	0.0
Total	27	100.0	100.0	3,781	100.0	100.0	100.0
Home Improvement Loans							
Low	0	0.0	6.6	0	0.0	4.1	22.3
Moderate	1	20.0	18.8	150	34.1	15.6	17.5
Middle	1	20.0	27.4	50	11.4	23.4	20.2
Upper	3	60.0	44.4	240	54.5	54.9	40.0
Unknown	0	0.0	2.8	0	0.0	2.0	0.0
Total	5	100.0	100.0	440	100.0	100.0	100.0
Total Home Mortgage Loans							
Low	4	6.7	6.7	292	2.9	3.7	22.3
Moderate	12	20.0	19.3	1,318	13.1	13.7	17.5
Middle	14	23.3	23.4	2,301	22.9	21.7	20.2
Upper	29	48.3	35.9	5,896	58.7	45.4	40.0
Unknown	1	1.7	14.8	232	2.3	15.4	0.0
Total	60	100.0	100.0	10,039	100.0	100.0	100.0
Source: 2021 FFIEC Census Data 2011-2015 U.S. Census Bureau: American Community Survey Note: Percentages may not total 100.0 percent due to rounding. Multifamily loans are not included in the borrower distribution analysis.							

Distribution of 2021 Small Business Lending By Revenue Size of Businesses							
Assessment Area: Jackson, MI MSA 27100							
	Bank And Aggregate Loans						Total
	Bank		Agg	Bank		Agg	Businesses
	#	%	%	\$(000)	%	%	
By Revenue							
\$1 Million or Less	1	3.7	44.6	170	9.5	26.6	89.1
Over \$1 Million	0	0.0		0	0.0		9.9
Revenue Unknown	26	96.3		1,620	90.5		1.1
Total	27	100.0		1,790	100.0		100.0
By Loan Size							
\$100,000 or Less	22	81.5	87.8	415	23.2	26.0	
\$100,001 - \$250,000	3	11.1	6.6	483	27.0	20.3	
\$250,001 - \$1 Million	2	7.4	5.5	892	49.8	53.7	
Total	27	100.0	100.0	1,790	100.0	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		170	100.0		
\$250,001 - \$1 Million	0	0.0		0	0.0		
Total	1	100.0		170	100.0		
Source: 2021 FFIEC Census Data 2021 Data & Broadstreet Data 2011-2015 U.S. Census Bureau: American Community Survey							
Note: Percentages may not total 100.0 percent due to rounding.							

Community Development Loans March 30, 2021 through October 30, 2023										
Assessment Area	Affordable Housing		Community Services		Economic Development		Revitalize/ Stabilize		Total #	Total \$(000s)
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)		
Jackson MSA #27100	0	0	0	0	0	0	0	0	0	0

Community Development Investments											
March 30, 2021 through October 30, 2023											
Assessment Area		Affordable Housing		Community Services		Economic Development		Revitalize/Stabilize		Total #	Total \$(000s)
		#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)		
Jackson, MI MSA #27100	Current	2	623	0	0	0	0	0	0	2	623
	Prior	1	222	0	0	0	0	0	0	1	222
	Total	3	845	0	0	0	0	0	0	3	845

Community Development Donations March 30, 2021 through October 30, 2023										
Assessment Area	Affordable Housing		Community Services		Economic Development		Revitalize/ Stabilize		Total #	Total \$
	#	\$	#	\$	#	\$	#	\$		
Jackson, MI MSA #27100	0	0	4	3,385	3	3,000	0	0	7	6,385

Community Development Services March 30, 2021 through October 30, 2023					
Assessment Area	Affordable Housing	Community Services	Economic Development	Revitalize/ Stabilize	Total Hours
	Hours	Hours	Hours	Hours	
Jackson, MI MSA #27100	0	25	6	0	31

CENTRAL MICHIGAN NONMETROPOLITAN AREA (NonMSA) (ISABELLA, MECOSTA, AND NEWAYGO) - Limited Review

SCOPE OF THE EXAMINATION

The scope for this assessment area is consistent with the scope presented in the overall section of the Performance Evaluation.

DESCRIPTION OF INSTITUTION'S OPERATIONS IN CENTRAL MICHIGAN NONMETROPOLITAN AREA (NonMSA) (ISABELLA, MECOSTA, AND NEWAYGO) ¹⁹

Independent Bank's Central, Michigan NonMSA (Isabella, Mecosta, and Newaygo) assessment area (Central NonMSA) consists of the entirety of Isabella County, Mecosta County, and Newaygo County within the central region of Michigan's Lower Peninsula. Due to updates from the 2020 Decennial Census and the 2016-2020 American Community Survey (ACS), the census tracts comprising the assessment changed in number and income designations. Total census tracts in the assessment area increased by five, from 37 in 2021 to 42 in 2022. Middle-income census tracts increased from 28 to 29, while upper-income census tracts increased from three to four. Finally, census tracts of unknown income increased from one to four.

Within Isabella County, 11 middle-income census tracts were designated distressed in 2021 due to poverty rates of 20.0 percent or more. Mecosta County had ten middle-income census tracts designated as distressed in 2023 based on unemployment rates of at least 1.5 times the national average.

The following table compares the changes between 2021 and 2022 within the Central NonMSA.

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.

¹⁹ Census tract designations are based on American Community Survey income data. For years 2022 and after, the designations are based on 2016-2020 ACS data. For years 2021 and before, the designations are based on 2011-2015 ACS data. For examinations that include performance before and after 2022, both sets of data have been used to perform the analysis of bank activity in the respective timeframes.

Census Tract Designation Changes American Community Survey Data (ACS)			
Tract Income Designation	2021 Designations (#)	2022 Designations (#)	Net Change (#)
Low	1	1	-
Moderate	4	4	-
Middle	28	29	+1
Upper	3	4	+1
Unknown	1	4	+3
Total	37	42	+5
Source: U. S. Census Bureau: Decennial Census: American Community Survey Data: 2011-2015 U.S. Census Bureau: Decennial Census: American Community Survey Data: 2016-2020			

The assessment area contains four branch locations and six full-service ATMs. Operational changes since the previous CRA examination also occurred with the July 2023 closure of one stand-alone full-service ATM in a middle-income census tract. This middle-income census tract was also designated distressed in 2021 due to a poverty rate of 20.0 percent or more. Due to the census tract designation changes discussed previously, the census tract for one branch with a full-service ATM changed designation from upper-income in 2021 to middle-income in 2022. This same census tract would be designated distressed in 2023 based on high unemployment rates. A different middle-income census tract with a branch and full-service ATM would also hold the distressed designation based on high poverty rates, but only in 2021.

Based on the FDIC's Summary of Deposits Report dated June 30, 2022, Independent Bank ranked fifth among ten institutions operating within the three counties in the assessment area. Independent Bank held 8.8 percent of the market share across its four branch locations. The first ranked financial institution in the market was Isabella Bank with 15 branch locations holding 38.9 percent of the area's deposit market share.

When compared to other HMDA-reporting institutions that lend within the three-county assessment area, Independent Bank ranked fifth among 259 reporters, based on 2022 HMDA-reportable originations and purchases totaling 179 loans. The leading HMDA reporter in the market was Isabella Bank with 410 HMDA-reportable loans. Among 67 CRA reporters in the market, Independent Bank was ranked 14th in 2021 based on 56 CRA-reportable loans. The top-ranked reporter of CRA loans was, again, Isabella Bank with 850 loans.

The following table includes additional 2021 assessment area demographic information.

2021 Central 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	1	2.7	320	0.9	114	35.6	7,673	21.1
Moderate	4	10.8	3,567	9.8	975	27.3	6,426	17.7
Middle	28	75.7	29,915	82.3	3,655	12.2	7,594	20.9
Upper	3	8.1	2,564	7.1	213	8.3	14,673	40.3
Unknown	1	2.7	0	0.0	0	0.0	0	0.0
Total AA	37	100.0	36,366	100.0	4,957	13.6	36,366	100.0
	Housing Units by Tract	Housing Type by Tract						
		Owner-occupied			Rental		Vacant	
		#	% by tract	% by unit	#	% by unit	#	% by unit
Low	2,443	32	0.1	1.3	1,984	81.2	427	17.5
Moderate	8,292	3,650	8.8	44.0	2,827	34.1	1,815	21.9
Middle	58,784	35,145	84.4	59.8	10,246	17.4	13,393	22.8
Upper	5,021	2,792	6.7	55.6	1,796	35.8	433	8.6
Unknown	6	0	0.0	0.0	6	100.0	0	0.0
Total AA	74,546	41,619	100.0	55.8	16,859	22.6	16,068	21.6
	Total Businesses by Tract		Businesses by Tract & Revenue Size					
			Less Than or = \$1 Million		Over \$1 Million		Revenue Not Reported	
	#	%	#	%	#	%	#	%
Low	142	2.7	127	2.7	14	3.6	1	1.1
Moderate	473	9.1	434	9.2	33	8.5	6	6.8
Middle	4,096	78.6	3,724	78.7	299	77.3	73	83.0
Upper	484	9.3	439	9.3	37	9.6	8	9.1
Unknown	13	0.2	9	0.2	4	1.0	0	0.0
Total AA	5,208	100.0	4,733	100.0	387	100.0	88	100.0
Percentage of Total Businesses:				90.9		7.4		1.7
	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	11	2.6	11	2.7	0	0.0	0	0.0
Middle	387	93.0	378	93.1	8	88.9	1	100.0
Upper	18	4.3	17	4.2	1	11.1	0	0.0
Unknown	0	0.0	0	0.0	0	0.0	0	0.0
Total AA	416	100.0	406	100.0	9	100.0	1	100.0
Percentage of Total Farms:				97.6		2.2		0.2
Source: 2021 FFIEC Census Data 2021 Data & Bradstreet Data 2011-2018 U.S. Census Bureau: American Community Survey Note: Percentages may not total 100.0 percent due to rounding.								

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS

Assessment Area	Lending Test	Investment Test	Service Test
Central, MI NonMSA	Consistent	Consistent	Consistent

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

Demographics and Lending Tables with 2022 data can be found in Appendix B.

Distribution of 2021 Home Mortgage Lending By Income Level of Geography Assessment Area: Central MI Non MSA							
Geographic Income Level	Bank And Aggregate Loans						Owner Occupied Units %
	Bank		Agg	Bank		Agg	
	#	%	%	\$(000)	\$%	\$%	
Home Purchase Loans							
Low	0	0.0	0.1	0	0.0	0.1	0.1
Moderate	12	11.8	10.6	1,552	9.5	10.0	8.8
Middle	86	84.3	82.4	14,170	86.7	82.5	84.4
Upper	4	3.9	7.0	623	3.8	7.4	6.7
Unknown	0	0.0	0.0	0	0.0	0.0	0.0
Tract-Unk	0	0.0	0.0	0	0.0	0.0	
Total	102	100.0	100.0	16,345	100.0	100.0	100.0
Refinance Loans							
Low	0	0.0	0.2	0	0.0	0.2	0.1
Moderate	20	14.0	8.3	2,877	14.6	8.3	8.8
Middle	115	80.4	84.7	15,877	80.4	84.1	84.4
Upper	8	5.6	6.8	989	5.0	7.5	6.7
Unknown	0	0.0	0.0	0	0.0	0.0	0.0
Tract-Unk	0	0.0	0.0	0	0.0	0.0	
Total	143	100.0	100.0	19,743	100.0	100.0	100.0
Home Improvement Loans							
Low	0	0.0	0.0	0	0.0	0.0	0.1
Moderate	4	23.5	7.0	478	39.5	7.1	8.8
Middle	13	76.5	87.8	731	60.5	88.6	84.4
Upper	0	0.0	5.2	0	0.0	4.3	6.7
Unknown	0	0.0	0.0	0	0.0	0.0	0.0
Tract-Unk	0	0.0	0.0	0	0.0	0.0	
Total	17	100.0	100.0	1,209	100.0	100.0	100.0
Multifamily Loans							Multi-family Units %
Low	0	0.0	9.5	0	0.0	25.9	24.6
Moderate	0	0.0	23.8	0	0.0	14.1	21.3
Middle	0	0.0	47.6	0	0.0	50.8	41.7
Upper	0	0.0	19.0	0	0.0	9.2	12.4
Unknown	0	0.0	0.0	0	0.0	0.0	0.0
Tract-Unk	0	0.0	0.0	0	0.0	0.0	
Total	0	0.0	100.0	0	0.0	100.0	100.0
Total Home Mortgage Loans							Owner Occupied Units %
Low	0	0.0	0.2	0	0.0	1.3	0.1
Moderate	36	13.6	9.4	4,907	13.1	9.3	8.8
Middle	216	81.8	83.5	30,965	82.6	81.8	84.4
Upper	12	4.5	6.9	1,612	4.3	7.5	6.7
Unknown	0	0.0	0.0	0	0.0	0.0	0.0
Tract-Unk	0	0.0	0.0	0	0.0	0.0	
Total	264	100.0	100.0	37,484	100.0	100.0	100.0
Source: 2021 FFIEC Census 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 Income Level of Geography							
Assessment Area: Central MI Non MSA							
Geographic Income Level	Bank And Aggregate Loans						Total Businesses %
	Bank		Agg	Bank		Agg	
	#	%	%	\$ (000)	\$%	\$%	
Low	0	0.0	1.8	0	0.0	3.9	2.7
Moderate	10	17.9	6.9	292	10.8	5.9	9.1
Middle	43	76.8	79.8	2,362	87.7	76.2	78.6
Upper	3	5.4	11.0	39	1.4	14.0	9.3
Unknown	0	0.0	0.0	0	0.0	0.0	0.2
Tract-Unk	0	0.0	0.5	0	0.0	0.0	
Total	56	100.0	100.0	2,693	100.0	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 Home Mortgage Lending By Borrower Income Level Assessment Area: Central MI Non MSA							
Borrower Income Level	Bank And Aggregate Loans						Families by Family Income %
	Bank		Agg	Bank		Agg	
	#	%	%	\$ (000)	\$%	\$%	
Home Purchase Loans							
Low	10	9.8	7.7	1,069	6.5	4.7	21.1
Moderate	26	25.5	22.6	2,966	18.1	16.9	17.7
Middle	24	23.5	22.0	3,900	23.9	20.7	20.9
Upper	37	36.3	33.2	7,393	45.2	43.8	40.3
Unknown	5	4.9	14.6	1,017	6.2	13.9	0.0
Total	102	100.0	100.0	16,345	100.0	100.0	100.0
Refinance Loans							
Low	13	9.1	5.8	917	4.6	3.1	21.1
Moderate	29	20.3	17.4	3,361	17.0	13.1	17.7
Middle	48	33.6	25.0	5,976	30.3	22.2	20.9
Upper	49	34.3	38.1	8,935	45.3	47.4	40.3
Unknown	4	2.8	13.7	554	2.8	14.2	0.0
Total	143	100.0	100.0	19,743	100.0	100.0	100.0
Home Improvement Loans							
Low	0	0.0	6.6	0	0.0	3.7	21.1
Moderate	4	23.5	16.4	210	17.4	12.6	17.7
Middle	5	29.4	23.5	446	36.9	22.0	20.9
Upper	8	47.1	51.6	553	45.7	59.7	40.3
Unknown	0	0.0	1.9	0	0.0	2.0	0.0
Total	17	100.0	100.0	1,209	100.0	100.0	100.0
Total Home Mortgage Loans							
Low	23	8.7	6.8	1,986	5.3	3.9	21.1
Moderate	59	22.3	19.3	6,537	17.4	14.8	17.7
Middle	77	29.2	23.5	10,322	27.5	21.4	20.9
Upper	94	35.6	36.6	16,881	45.0	45.9	40.3
Unknown	11	4.2	13.9	1,758	4.7	14.0	0.0
Total	264	100.0	100.0	37,484	100.0	100.0	100.0
Source: 2021 FFIEC Census Data 2011-2015 U.S. Census Bureau: American Community Survey							
Note: Percentages may not total 100.0 percent due to rounding. Multifamily loans are not included in the borrower distribution analysis.							

Distribution of 2021 Small Business Lending By Revenue Size of Businesses							
Assessment Area: Central MI Non MSA							
	Bank And Aggregate Loans						Total Businesses %
	Bank		Agg	Bank		Agg	
	#	%	%	\$ (000)	%	%	
By Revenue							
\$1 Million or Less	4	7.1	44.0	267	9.9	32.8	90.9
Over \$1 Million	6	10.7		1,046	38.8		7.4
Revenue Unknown	46	82.1		1,380	51.2		1.7
Total	56	100.0		2,693	100.0		100.0
By Loan Size							
\$100,000 or Less	50	89.3	82.5	1,543	57.3	24.4	
\$100,001 - \$250,000	4	7.1	10.2	474	17.6	23.1	
\$250,001 - \$1 Million	2	3.6	7.3	676	25.1	52.6	
Total	56	100.0	100.0	2,693	100.0	100.0	
By Loan Size and Revenues \$1 Million or Less							
\$100,000 or Less	4	100.0		267	100.0		
\$100,001 - \$250,000	0	0.0		0	0.0		
\$250,001 - \$1 Million	0	0.0		0	0.0		
Total	4	100.0		267	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.							

Community Development Loans March 30, 2021 through October 30, 2023										
Assessment Area	Affordable Housing		Community Services		Economic Development		Revitalize/ Stabilize		Total #	Total \$(000s)
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)		
Central MI NonMSA	0	0	3	402	0	0	1	1,340	4	1,742

Community Development Investments March 30, 2021 through October 30, 2023											
Assessment Area		Affordable Housing		Community Services		Economic Development		Revitalize/Stabilize		Total #	Total \$(000s)
		#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)		
Central, MI NonMSA	Current	0	0	2	145	0	0	0	0	2	145
	Prior	2	172	2	90	0	0	1	1,689	4	1,951
	Total	2	172	4	235	0	0	1	1,689	6	2,096

Community Development Donations March 30, 2021 through October 30, 2023											
Assessment Area	Affordable Housing		Community Services		Economic Development		Revitalize/ Stabilize		Total #	Total \$	
	#	\$	#	\$	#	\$	#	\$			
Central, MI NonMSA	0	0	9	6,788	0	0	0	0	9	6,788	

Community Development Services March 30, 2021 through October 30, 2023					
Assessment Area	Affordable Housing	Community Services	Economic Development	Revitalize/ Stabilize	Total Hours
	Hours	Hours	Hours	Hours	
Central, MI NonMSA	56	147	0	36	239

EASTERN MICHIGAN NONMETROPOLITAN AREA (NonMSA) (HURON, SANILAC, AND TUSCOLA) - Limited Review

SCOPE OF THE EXAMINATION

The scope for this assessment area is consistent with the scope presented in the overall section of the Performance Evaluation.

DESCRIPTION OF INSTITUTION'S OPERATIONS IN EASTERN MICHIGAN NONMETROPOLITAN AREA (NonMSA) (HURON, SANILAC, AND TUSCOLA)²⁰

Independent Bank's Eastern, Michigan NonMSA (Huron, Sanilac, and Tuscola) assessment area (Eastern NonMSA) consists of the entirety of Huron County, Sanilac County, and Tuscola County along the eastern edge of the Lower Peninsula, in an area known locally as "The Thumb." Due to updates from the 2020 Decennial Census and the 2016-2020 American Community Survey (ACS), the census tracts comprising the assessment changed income designations. Although the area remained consistent overall at 40 total census tracts in 2021 and 2022, moderate-income census tracts increased from one to three. In addition, middle-income census tracts decreased from 36 to 34.

Within Huron County, 11 middle-income census tracts were also designated underserved from 2021 to 2023 due to their remote, rural location. Tuscola County had 12 middle-income census tracts designated as distressed in 2023 due to an unemployment rate of at least 1.5 times the national average.

The following table compares the changes between 2021 and 2022 within the Eastern NonMSA.

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.

²⁰ Census tract designations are based on American Community Survey income data. For years 2022 and after, the designations are based on 2016-2020 ACS data. For years 2021 and before, the designations are based on 2011-2015 ACS data. For examinations that include performance before and after 2022, both sets of data have been used to perform the analysis of bank activity in the respective timeframes.

Census Tract Designation Changes American Community Survey Data (ACS)			
Tract Income Designation	2021 Designations (#)	2022 Designations (#)	Net Change (#)
Low	0	0	-
Moderate	1	3	+2
Middle	36	34	-2
Upper	0	0	-
Unknown	3	3	-
Total	40	40	-
Source: U. S. Census Bureau: Decennial Census: American Community Survey Data: 2011-2015 U.S. Census Bureau: Decennial Census: American Community Survey Data: 2016-2020			

The assessment area contains six branch locations and nine full-service ATMs. There were no operational changes since the previous CRA examination. Along with being in middle-income census tracts, two branches and three full-service ATMs were in census tracts designated as underserved. Two additional branches and four full-service ATMs in middle-income census tracts also added the distressed designation in 2023 due to high unemployment. Finally, due to the census tract designation changes discussed previously, the census tract for one branch with a full-service ATM changed designation from middle-income in 2021 to moderate-income in 2022.

Based on the FDIC's Summary of Deposits Report dated June 30, 2022, Independent Bank ranked second among 11 institutions operating within the three counties in the assessment area. Independent Bank held 15.1 percent of the market share across its six branch locations. The first ranked financial institution in the market was The Huntington National Bank with seven branch locations holding 16.7 percent of the area's deposit market share.

When compared to other HMDA-reporting institutions that lend within the three-county assessment area, Independent Bank ranks sixth among 197 reporters, based on 2022 HMDA-reportable originations and purchases totaling 80 loans. The leading HMDA reporter in the market was Frankenmuth Credit Union with 329 HMDA-reportable loans. Among 62 CRA reporters in the market, Independent Bank was ranked fourth in 2021 based on 178 CRA-reportable loans. The top-ranked reporter of CRA loans was JPMorgan Chase Bank with 243 loans.

The following table includes additional 2021 assessment area demographic information.

Demographics and Lending Tables with 2022 data can be found in Appendix B.

2021 Eastern 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	6,384	18.4
Moderate	1	2.5	986	2.8	105	10.6	7,092	20.4
Middle	36	90.0	33,696	97.2	3,503	10.4	7,781	22.4
Upper	0	0.0	0	0.0	0	0.0	13,425	38.7
Unknown	3	7.5	0	0.0	0	0.0	0	0.0
Total AA	40	100.0	34,682	100.0	3,608	10.4	34,682	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	1,854	1,024	2.5	55.2	586	31.6	244	13.2
Middle	66,218	40,585	97.5	61.3	9,194	13.9	16,439	24.8
Upper	0	0	0.0	0.0	0	0.0	0	0.0
Unknown	0	0	0.0	0.0	0	0.0	0	0.0
Total AA	68,072	41,609	100.0	61.1	9,780	14.4	16,683	24.5
	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	254	5.6	212	5.2	37	10.6	5	4.0
Middle	4,314	94.4	3,882	94.8	313	89.4	119	96.0
Upper	0	0.0	0	0.0	0	0.0	0	0.0
Unknown	0	0.0	0	0.0	0	0.0	0	0.0
Total AA	4,568	100.0	4,094	100.0	350	100.0	124	100.0
Percentage of Total Businesses:				89.6		7.7		2.7
	Total Farms by Tract		Farms by Tract & Revenue Size					
			Less Than or = \$1 Million		Over \$1 Million		Revenue Not Reported	
	#	%	#	%	#	%	#	%
Low	0	0.0	0	0.0	0	0.0	0	0.0
Moderate	5	0.6	5	0.6	0	0.0	0	0.0
Middle	821	99.4	807	99.4	14	100.0	0	0.0
Upper	0	0.0	0	0.0	0	0.0	0	0.0
Unknown	0	0.0	0	0.0	0	0.0	0	0.0
Total AA	826	100.0	812	100.0	14	100.0	0	0.0
Percentage of Total Farms:				98.3		1.7		0.0
Source: 2021 FFIEC Census Data 2021 Data & Breakdown Data 2011-2015 U.S. Census Bureau American Community Survey Note: Percentages may not total 100.0 percent due to rounding.								

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS

Assessment Area	Lending Test	Investment Test	Service Test
Eastern, MI NonMSA	Exceeds	Exceeds	Below

The institution's lending and investment performance in the area exceed the institution's overall institutional performance, and the institution's service performance in the area is below the institution's overall service performance; however, it does not change the rating for the institution.

Demographics and Lending Tables with 2022 data can be found in Appendix B.

Distribution of 2021 Home Mortgage Lending By Income Level of Geography Assessment Area: Eastern MI Non MSA							
Geographic Income Level	Bank And Aggregate Loans						Owner Occupied Units %
	Bank		Agg	Bank		Agg	
	#	%	%	\$(000)	\$%	\$%	
Home Purchase Loans							
Low	0	0.0	0.0	0	0.0	0.0	0.0
Moderate	4	8.3	3.3	383	6.0	2.4	2.5
Middle	44	91.7	96.7	6,049	94.0	97.6	97.5
Upper	0	0.0	0.0	0	0.0	0.0	0.0
Unknown	0	0.0	0.0	0	0.0	0.0	0.0
Tract-Unk	0	0.0	0.0	0	0.0	0.0	
Total	48	100.0	100.0	6,432	100.0	100.0	100.0
Refinance Loans							
Low	0	0.0	0.0	0	0.0	0.0	0.0
Moderate	3	3.4	1.6	315	3.5	1.2	2.5
Middle	85	96.6	98.4	8,703	96.5	98.8	97.5
Upper	0	0.0	0.0	0	0.0	0.0	0.0
Unknown	0	0.0	0.0	0	0.0	0.0	0.0
Tract-Unk	0	0.0	0.0	0	0.0	0.0	
Total	88	100.0	100.0	9,018	100.0	100.0	100.0
Home Improvement Loans							
Low	0	0.0	0.0	0	0.0	0.0	0.0
Moderate	0	0.0	0.7	0	0.0	0.1	2.5
Middle	13	100.0	99.3	568	100.0	99.9	97.5
Upper	0	0.0	0.0	0	0.0	0.0	0.0
Unknown	0	0.0	0.0	0	0.0	0.0	0.0
Tract-Unk	0	0.0	0.0	0	0.0	0.0	
Total	13	100.0	100.0	568	100.0	100.0	100.0
Multifamily Loans							Multi-family Units %
Low	0	0.0	0.0	0	0.0	0.0	0.0
Moderate	0	0.0	0.0	0	0.0	0.0	8.5
Middle	0	0.0	100.0	0	0.0	100.0	91.5
Upper	0	0.0	0.0	0	0.0	0.0	0.0
Unknown	0	0.0	0.0	0	0.0	0.0	0.0
Tract-Unk	0	0.0	0.0	0	0.0	0.0	
Total	0	0.0	100.0	0	0.0	100.0	100.0
Total Home Mortgage Loans							Owner Occupied Units %
Low	0	0.0	0.0	0	0.0	0.0	0.0
Moderate	7	4.7	2.2	698	4.4	1.7	2.5
Middle	142	95.3	97.8	15,320	95.6	98.3	97.5
Upper	0	0.0	0.0	0	0.0	0.0	0.0
Unknown	0	0.0	0.0	0	0.0	0.0	0.0
Tract-Unk	0	0.0	0.0	0	0.0	0.0	
Total	149	100.0	100.0	16,018	100.0	100.0	100.0
Source: 2021 FFIEC Census 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 Income Level of Geography							
Assessment Area: Eastern MI Non MSA							
Geographic Income Level	Bank And Aggregate Loans						Total Businesses %
	Bank		Agg	Bank		Agg	
	#	%	%	\$ (000)	%	%	
Low	0	0.0	0.0	0	0.0	0.0	0.0
Moderate	12	6.7	6.1	295	2.9	6.4	5.6
Middle	166	93.3	92.5	9,987	97.1	93.4	94.4
Upper	0	0.0	0.0	0	0.0	0.0	0.0
Unknown	0	0.0	0.0	0	0.0	0.0	0.0
Tract-Unk	0	0.0	1.4	0	0.0	0.3	
Total	178	100.0	100.0	10,282	100.0	100.0	100.0
Sources: 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 Home Mortgage Lending By Borrower Income Level Assessment Area: Eastern MI Non MSA							
Borrower Income Level	Bank And Aggregate Loans						Families by Family Income %
	Bank		Agg	Bank		Agg	
	#	%	%	\$ (000)	\$%	\$%	
Home Purchase Loans							
Low	5	10.4	9.3	342	5.3	5.5	18.4
Moderate	11	22.9	23.8	1,500	23.3	18.1	20.4
Middle	13	27.1	23.1	1,480	23.0	21.7	22.4
Upper	16	33.3	32.7	2,863	44.5	44.1	38.7
Unknown	3	6.3	11.1	247	3.8	10.6	0.0
Total	48	100.0	100.0	6,432	100.0	100.0	100.0
Refinance Loans							
Low	11	12.5	7.9	631	7.0	4.7	18.4
Moderate	20	22.7	19.7	1,693	18.8	14.7	20.4
Middle	27	30.7	24.1	2,686	29.8	22.0	22.4
Upper	27	30.7	36.6	3,767	41.8	45.6	38.7
Unknown	3	3.4	11.7	241	2.7	13.1	0.0
Total	88	100.0	100.0	9,018	100.0	100.0	100.0
Home Improvement Loans							
Low	3	23.1	7.1	85	15.0	3.9	18.4
Moderate	0	0.0	24.8	0	0.0	22.3	20.4
Middle	4	30.8	26.2	231	40.7	27.2	22.4
Upper	5	38.5	37.6	236	41.5	42.3	38.7
Unknown	1	7.7	4.3	16	2.8	4.2	0.0
Total	13	100.0	100.0	568	100.0	100.0	100.0
Total Home Mortgage Loans							
Low	19	12.8	8.5	1,058	6.6	5.1	18.4
Moderate	31	20.8	21.4	3,193	19.9	16.3	20.4
Middle	44	29.5	23.9	4,397	27.5	21.9	22.4
Upper	48	32.2	34.8	6,866	42.9	44.8	38.7
Unknown	7	4.7	11.4	504	3.1	11.9	0.0
Total	149	100.0	100.0	16,018	100.0	100.0	100.0
Source: 2021 FFIEC Census Data 2011-2015 U.S. Census Bureau: American Community Survey							
Note: Percentages may not total 100.0 percent due to rounding. Multifamily loans are not included in the borrower distribution analysis.							

Distribution of 2021 Small Business Lending By Revenue Size of Businesses							
Assessment Area: Eastern MI Non MSA							
	Bank And Aggregate Loans						Total Businesses %
	Bank		Agg	Bank		Agg	
	#	%	%	\$ (000)	%	%	
By Revenue							
\$1 Million or Less	6	3.4	42.6	1,158	11.3	22.9	89.6
Over \$1 Million	16	9.0		5,328	51.8		7.7
Revenue Unknown	156	87.6		3,796	36.9		2.7
Total	178	100.0		10,282	100.0		100.0
By Loan Size							
\$100,000 or Less	155	87.1	93.1	2,697	26.2	39.3	
\$100,001 - \$250,000	14	7.9	4.1	2,126	20.7	21.1	
\$250,001 - \$1 Million	9	5.1	2.8	5,459	53.1	39.6	
Total	178	100.0	100.0	10,282	100.0	100.0	
By Loan Size and Revenues \$1 Million or Less							
\$100,000 or Less	4	66.7		169	14.6		
\$100,001 - \$250,000	1	16.7		110	9.5		
\$250,001 - \$1 Million	1	16.7		879	75.9		
Total	6	100.0		1,158	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.							

Community Development Loans March 30, 2021 through October 30, 2023										
Assessment Area	Affordable Housing		Community Services		Economic Development		Revitalize/ Stabilize		Total #	Total \$(000s)
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)		
Eastern MI NonMSA	0	0	0	0	0	0	1	3,407	1	3,407

Community Development Investments March 30, 2021 through October 30, 2023											
Assessment Area		Affordable Housing		Community Services		Economic Development		Revitalize/ Stabilize		Total #	Total \$(000s)
		#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)		
Eastern, MI NonMSA	Current	0	0	0	0	0	0	2	2,658	2	2,658
	Prior	1	177	1	8	0	0	0	0	2	185
	Total	1	177	1	8	0	0	2	2,658	4	2,843

Community Development Donations March 30, 2021 through October 30, 2023										
Assessment Area	Affordable Housing		Community Services		Economic Development		Revitalize/ Stabilize		Total #	Total \$
	#	\$	#	\$	#	\$	#	\$		
Eastern, MI NonMSA	0	0	17	15,125	0	0	0	0	17	15,125

Community Development Services March 30, 2021 through October 30, 2023					
Assessment Area	Affordable Housing	Community Services	Economic Development	Revitalize/ Stabilize	Total Hours
	Hours	Hours	Hours	Hours	
Eastern, MI NonMSA	0	317	2	38	357

NORTHERN MICHIGAN NONMETROPOLITAN AREA (NonMSA) (ARENAC) – Limited Review

SCOPE OF THE EXAMINATION

The scope for this assessment area is consistent with the scope presented in the overall section of the Performance Evaluation.

DESCRIPTION OF INSTITUTION'S OPERATIONS IN NORTHERN MICHIGAN NONMETROPOLITAN AREA (ARENAC)²¹

Independent Bank's Northern, Michigan NonMSA (Grand Traverse and Leelanau) assessment area (Northern NonMSA) consists of the entirety of Arenac County, which lies along the northeast shoreline next to Saginaw Bay and Lake Huron. The county is to the immediate north of the Bay City MSA. Due to updates from the 2020 Decennial Census and the 2016-2020 American Community Survey (ACS), the census tracts comprising the assessment changed income designations. Although the area remained at seven census tracts in 2021 and 2022, one census tract was re-designated as moderate-income, when there were none in 2021. In addition, middle-income census tracts decreased from five to four.

All five middle-income census tracts in 2021 were also designated as distressed due to population loss, as well as being designated as underserved due to their remote, rural location. The resulting four middle-income census tracts from the ACS updates were designated in 2022 and 2023 as distressed in two ways: population loss and an unemployment rate of at least 1.5 times the national average, as well as continuing the underserved designation.

The following table compares the changes between 2021 and 2022 within the Northern NonMSA.

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.

²¹ Census tract designations are based on American Community Survey income data. For years 2022 and after, the designations are based on 2016-2020 ACS data. For years 2021 and before, the designations are based on 2011-2015 ACS data. For examinations that include performance before and after 2022, both sets of data have been used to perform the analysis of bank activity in the respective timeframes.

Census Tract Designation Changes American Community Survey Data (ACS)			
Tract Income Designation	2021 Designations (#)	2022 Designations (#)	Net Change (#)
Low	0	0	-
Moderate	0	1	+1
Middle	5	4	-1
Upper	0	0	-
Unknown	2	2	-
Total	7	7	-
Source: U. S. Census Bureau: Decennial Census: American Community Survey Data: 2011-2015 U.S. Census Bureau: Decennial Census: American Community Survey Data: 2016-2020			

The assessment area contains one branch location and one full-service ATM. There were no operational changes since the previous CRA examination. However, the census tract in which the branch and ATM are located changed designations by adding a second distressed category based on the high unemployment rate.

Based on the FDIC's Summary of Deposits Report dated June 30, 2022, Independent Bank ranked third among four institutions operating within Arenac County. Independent Bank held 23.3 percent of the market share. The first ranked financial institution in the market was The Huntington National Bank with 37.6 percent of the area's deposit market share.

Among 93 HMDA-reporting institutions in Arenac County, Independent Bank ranks sixth based on nine HMDA-reportable originations and purchases in 2022. The leading HMDA reporter in the market was again The Huntington National Bank with 27 HMDA-reportable loans. Independent Bank was ranked sixth with 11 CRA-reportable loans based on the most recent available CRA-reporting data from 2021. With 28 CRA reporters in Arenac County, the top-ranked reporter for CRA loans was Horizon Bank with 44 loans. The following table includes additional 2021 assessment area demographic information for the assessment area.

2021 Northern 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	1,077	25.1
Moderate	0	0.0	0	0.0	0	0.0	848	19.8
Middle	5	71.4	4,287	100.0	607	14.2	974	22.7
Upper	0	0.0	0	0.0	0	0.0	1,368	32.4
Unknown	2	28.6	0	0.0	0	0.0	0	0.0
Total AA	7	100.0	4,287	100.0	607	14.2	4,287	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	0	0	0.0	0.0	0	0.0	0	0.0
Middle	9,767	5,352	100.0	54.8	1,095	11.2	3,320	34.0
Upper	0	0	0.0	0.0	0	0.0	0	0.0
Unknown	0	0	0.0	0.0	0	0.0	0	0.0
Total AA	9,767	5,352	100.0	54.8	1,095	11.2	3,320	34.0
	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	0	0.0	0	0.0	0	0.0	0	0.0
Middle	583	100.0	519	100.0	48	100.0	16	100.0
Upper	0	0.0	0	0.0	0	0.0	0	0.0
Unknown	0	0.0	0	0.0	0	0.0	0	0.0
Total AA	583	100.0	519	100.0	48	100.0	16	100.0
Percentage of Total Businesses:				89.0		8.2		2.7
	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	0	0.0	0	0.0	0	0.0	0	0.0
Middle	64	100.0	61	100.0	2	100.0	1	100.0
Upper	0	0.0	0	0.0	0	0.0	0	0.0
Unknown	0	0.0	0	0.0	0	0.0	0	0.0
Total AA	64	100.0	61	100.0	2	100.0	1	100.0
Percentage of Total Farms:				95.3		3.1		1.6
Source: 2021 FFIEC Census Data 2021 Data & Business Data 2011-2015 U.S. Census Bureau American Community Survey Note: Percentages may not total 100.0 percent due to rounding.								

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS

Assessment Area	Lending Test	Investment Test	Service Test
Northern, MI NonMSA	Consistent	Below	Below

Independent Bank's lending performance is consistent with the institution's overall lending performance. The institution's investment and service performance in the area are below the institution's overall investment and service performance; however, neither change the rating for the institution.

Demographics and Lending Tables with 2022 data can be found in Appendix B.

Distribution of 2021 Home Mortgage Lending By Income Level of Geography Assessment Area: Northern MI Non MSA							
Geographic Income Level	Bank And Aggregate Loans						Owner Occupied Units %
	Bank		Agg	Bank		Agg	
	#	%	%	\$(000)	\$%	\$%	
Home Purchase Loans							
Low	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
Middle	8	100.0	98.4	1,235	100.0	97.6	100.0
Upper	0	0.0	0.0	0	0.0	0.0	0.0
Unknown	0	0.0	1.6	0	0.0	2.4	0.0
Tract-Unk	0	0.0	0.0	0	0.0	0.0	
Total	8	100.0	100.0	1,235	100.0	100.0	100.0
Refinance Loans							
Low	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
Middle	14	100.0	99.6	1,997	100.0	99.5	100.0
Upper	0	0.0	0.0	0	0.0	0.0	0.0
Unknown	0	0.0	0.4	0	0.0	0.5	0.0
Tract-Unk	0	0.0	0.0	0	0.0	0.0	
Total	14	100.0	100.0	1,997	100.0	100.0	100.0
Home Improvement Loans							
Low	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
Middle	0	0.0	100.0	0	0.0	100.0	100.0
Upper	0	0.0	0.0	0	0.0	0.0	0.0
Unknown	0	0.0	0.0	0	0.0	0.0	0.0
Tract-Unk	0	0.0	0.0	0	0.0	0.0	
Total	0	0.0	100.0	0	0.0	100.0	100.0
Multifamily Loans							Multi-family Units %
Low	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
Middle	0	0.0	100.0	0	0.0	100.0	100.0
Upper	0	0.0	0.0	0	0.0	0.0	0.0
Unknown	0	0.0	0.0	0	0.0	0.0	0.0
Tract-Unk	0	0.0	0.0	0	0.0	0.0	
Total	0	0.0	100.0	0	0.0	100.0	100.0
Total Home Mortgage Loans							Owner Occupied Units %
Low	0	0.0	0.0	0	0.0	0.0	0.0
Moderate	0	0.0	0.0	0	0.0	0.0	0.0
Middle	22	100.0	98.9	3,232	100.0	98.2	100.0
Upper	0	0.0	0.0	0	0.0	0.0	0.0
Unknown	0	0.0	1.1	0	0.0	1.8	0.0
Tract-Unk	0	0.0	0.0	0	0.0	0.0	
Total	22	100.0	100.0	3,232	100.0	100.0	100.0
Source: 2021 FFIEC Census 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 Income Level of Geography Assessment Area: Northern MI Non MSA							
Geographic Income Level	Bank And Aggregate Loans						Total Businesses %
	Bank		Agg	Bank		Agg	
	#	%	%	\$ (000)	\$%	\$%	
Low	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
Middle	11	100.0	99.1	354	100.0	99.9	100.0
Upper	0	0.0	0.0	0	0.0	0.0	0.0
Unknown	0	0.0	0.0	0	0.0	0.0	0.0
Tract-Unk	0	0.0	0.9	0	0.0	0.1	
Total	11	100.0	100.0	354	100.0	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 Home Mortgage Lending By Borrower Income Level Assessment Area: Northern MI Non MSA							
Borrower Income Level	Bank And Aggregate Loans						Families by Family Income %
	Bank		Agg	Bank		Agg	
	#	%	%	\$(000)	%	%	
Home Purchase Loans							
Low	1	12.5	11.1	70	5.7	5.7	25.1
Moderate	2	25.0	16.9	292	23.6	12.5	19.8
Middle	0	0.0	18.5	0	0.0	17.1	22.7
Upper	4	50.0	39.9	666	53.9	51.6	32.4
Unknown	1	12.5	13.6	207	16.8	13.1	0.0
Total	8	100.0	100.0	1,235	100.0	100.0	100.0
Refinance Loans							
Low	2	14.3	7.8	176	8.8	4.5	25.1
Moderate	1	7.1	20.0	38	1.9	14.8	19.8
Middle	4	28.6	29.0	508	25.2	24.7	22.7
Upper	7	50.0	34.9	1,280	64.1	45.8	32.4
Unknown	0	0.0	8.2	0	0.0	10.3	0.0
Total	14	100.0	100.0	1,997	100.0	100.0	100.0
Home Improvement Loans							
Low	0	0.0	15.4	0	0.0	8.2	25.1
Moderate	0	0.0	23.1	0	0.0	10.3	19.8
Middle	0	0.0	38.5	0	0.0	39.5	22.7
Upper	0	0.0	23.1	0	0.0	42.1	32.4
Unknown	0	0.0	0.0	0	0.0	0.0	0.0
Total	0	0.0	100.0	0	0.0	100.0	100.0
Total Home Mortgage Loans							
Low	3	13.6	9.6	246	7.6	5.2	25.1
Moderate	3	13.6	18.4	330	10.2	13.4	19.8
Middle	4	18.2	24.4	508	15.6	21.1	22.7
Upper	11	50.0	36.6	1,946	60.2	48.7	32.4
Unknown	1	4.5	11.1	207	6.4	11.6	0.0
Total	22	100.0	100.0	3,232	100.0	100.0	100.0
Source: 2021 FFIEC Census Data 2011-2015 U.S. Census Bureau: American Community Survey							
Note: Percentages may not total 100.0 percent due to rounding. Multifamily loans are not included in the borrower distribution analysis.							

Distribution of 2021 Small Business Lending By Revenue Size of Businesses Assessment Area: Northern MI Non MSA							
	Bank And Aggregate Loans						Total Businesses %
	Bank		Agg	Bank		Agg	
	#	%	%	\$ (000)	%	%	
By Revenue							
\$1 Million or Less	0	0.0	53.3	0	0.0	36.7	89.0
Over \$1 Million	0	0.0		0	0.0		8.2
Revenue Unknown	11	100.0		354	100.0		2.7
Total	11	100.0		354	100.0		100.0
By Loan Size							
\$100,000 or Less	11	100.0	85.8	354	100.0	30.3	
\$100,001 - \$250,000	0	0.0	8.5	0	0.0	25.6	
\$250,001 - \$1 Million	0	0.0	5.7	0	0.0	44.1	
Total	11	100.0	100.0	354	100.0	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: 2021 FFIEC Census Data 2021 Data & Broadstreet Data 2011-2015 U.S. Census Bureau: American Community Survey Note: Percentages may not total 100.0 percent due to rounding.							

Community Development Loans March 30, 2021 through October 30, 2023										
Assessment Area	Affordable Housing		Community Services		Economic Development		Revitalize/ Stabilize		Total #	Total \$(000s)
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)		
Northern MI NonMSA	0	0	0	0	0	0	0	0	0	0

Community Development Investments March 30, 2021 through October 30, 2023											
Assessment Area		Affordable Housing		Community Services		Economic Development		Revitalize/Stabilize		Total #	Total \$(000s)
		#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)		
Northern, MI NonMSA	Current	0	0	0	0	0	0	0	0	0	0
	Prior	0	0	0	0	0	0	0	0	0	0
	Total	0	0	0	0	0	0	0	0	0	0

Community Development Donations March 30, 2021 through October 30, 2023										
Assessment Area	Affordable Housing		Community Services		Economic Development		Revitalize/ Stabilize		Total #	Total \$
	#	\$	#	\$	#	\$	#	\$		
Northern, MI NonMSA	0	0	3	3,885	0	0	0	0	3	3,885

Community Development Services March 30, 2021 through October 30, 2023					
Assessment Area	Affordable Housing	Community Services	Economic Development	Revitalize/ Stabilize	Total Hours
	Hours	Hours	Hours	Hours	
Northern, MI NonMSA	0	16	80	15	111

LEGEND
2020 Census Year

INCOME

- Low
- Moderate
- Middle
- Upper
- Unknown

BANK BRANCHES
Inside and Outside AA

- Branches with ATM - 55
- Branches without ATM - 1
- Closed - 13
- Drive Thru Only with ATM - 2
- Full Service ATM - 11
- Loan Prod. Office - 7
- Main Office with ATM - 1

FEATURES

- Water Body

APPENDIX B – 2022 Demographic and Lending Data
Grand Rapids – Kentwood, MI MSA #24340

2022 Grand Rapids-Kentwood, MI MSA 24340 AA Demographics								
Income Categories	Tract Distribution		Families by Tract Income		Families < Poverty Level as % of Families by Tract		Families by Family Income	
	#	%	#	%	#	%	#	%
Low	11	4.6	7,745	2.9	1,899	24.5	50,599	18.7
Moderate	53	22.1	50,951	18.8	6,425	12.6	50,853	18.8
Middle	118	49.2	131,651	48.7	7,310	5.6	63,187	23.4
Upper	53	22.1	76,884	28.4	1,435	1.9	105,749	39.1
Unknown	5	2.1	3,157	1.2	320	10.1	0	0.0
Total AA	240	100.0	270,388	100.0	17,389	6.4	270,388	100.0
	Housing Units by Tract	Housing Type by Tract						
		Owner-occupied			Rental		Vacant	
		#	% by tract	% by unit	#	% by unit	#	% by unit
Low	14,123	4,702	1.6	33.3	8,410	59.5	1,011	7.2
Moderate	89,988	50,651	17.4	56.3	31,263	34.7	8,074	9.0
Middle	209,624	145,351	49.9	69.3	52,972	25.3	11,301	5.4
Upper	102,929	87,435	30.0	84.9	11,436	11.1	4,058	3.9
Unknown	4,768	2,919	1.0	61.2	1,456	30.5	393	8.2
Total AA	421,432	291,058	100.0	69.1	105,537	25.0	24,837	5.9
	Total Businesses by Tract		Businesses by Tract & Revenue Size					
			Less Than or = \$1 Million		Over \$1 Million		Revenue Not Reported	
			#	%	#	%	#	%
Low	923	2.2	827	2.2	94	2.2	2	0.5
Moderate	8,637	20.4	7,407	19.7	1,144	26.4	86	20.7
Middle	19,745	46.7	17,597	46.8	1,948	45.0	200	48.1
Upper	12,693	30.0	11,450	30.5	1,120	25.9	123	29.6
Unknown	326	0.8	299	0.8	22	0.5	5	1.2
Total AA	42,324	100.0	37,580	100.0	4,328	100.0	416	100.0
Percentage of Total Businesses:			88.8		10.2		1.0	
	Total Farms by Tract		Farms by Tract & Revenue Size					
			Less Than or = \$1 Million		Over \$1 Million		Revenue Not Reported	
			#	%	#	%	#	%
Low	5	0.4	5	0.5	0	0.0	0	0.0
Moderate	201	18.0	191	18.2	10	14.5	0	0.0
Middle	620	55.6	579	55.3	41	59.4	0	0.0
Upper	285	25.5	267	25.5	18	26.1	0	0.0
Unknown	5	0.4	5	0.5	0	0.0	0	0.0
Total AA	1,116	100.0	1,047	100.0	69	100.0	0	0.0
Percentage of Total Farms:			93.8		6.2		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 2022 Home Mortgage Lending By Income Level of Geography Assessment Area: Grand Rapids-Kentwood, MI MSA 24340							
Geographic Income Level	Bank And Aggregate Loans						Owner Occupied Units %
	Bank		Agg	Bank		Agg	
	#	%	%	\$(000)	%	%	
Home Purchase Loans							
Low	4	0.8	2.9	831	0.5	1.6	1.6
Moderate	76	15.0	19.9	15,293	9.5	14.4	17.4
Middle	267	52.6	49.2	71,554	44.4	46.2	49.9
Upper	157	30.9	27.3	72,780	45.1	37.0	30.0
Unknown	4	0.8	0.7	795	0.5	0.8	1.0
Tract-Unk	0	0.0	0.0	0	0.0	0.0	
Total	508	100.0	100.0	161,253	100.0	100.0	100.0
Refinance Loans							
Low	1	0.7	1.4	185	0.6	1.0	1.6
Moderate	32	21.1	18.0	4,549	14.4	13.6	17.4
Middle	69	45.4	49.2	12,949	41.1	45.7	49.9
Upper	50	32.9	30.4	13,857	43.9	38.8	30.0
Unknown	0	0.0	0.9	0	0.0	0.9	1.0
Tract-Unk	0	0.0	0.0	0	0.0	0.0	
Total	152	100.0	100.0	31,540	100.0	100.0	100.0
Home Improvement Loans							
Low	2	1.4	1.1	60	0.5	0.6	1.6
Moderate	23	16.3	12.9	1,533	11.6	9.9	17.4
Middle	63	44.7	48.7	5,351	40.3	44.5	49.9
Upper	53	37.6	36.8	6,323	47.7	44.3	30.0
Unknown	0	0.0	0.6	0	0.0	0.6	1.0
Tract-Unk	0	0.0	0.0	0	0.0	0.0	
Total	141	100.0	100.0	13,267	100.0	100.0	100.0
Multifamily Loans							Multi-family Units %
Low	0	0.0	3.4	0	0.0	3.6	5.4
Moderate	0	0.0	21.4	0	0.0	32.6	25.1
Middle	3	100.0	65.8	34,000	100.0	52.4	53.8
Upper	0	0.0	9.4	0	0.0	11.4	13.5
Unknown	0	0.0	0.0	0	0.0	0.0	2.2
Tract-Unk	0	0.0	0.0	0	0.0	0.0	
Total	3	100.0	100.0	34,000	100.0	100.0	100.0
Total Home Mortgage Loans							Owner Occupied Units %
Low	7	0.9	2.2	1,076	0.4	1.6	1.6
Moderate	131	16.3	17.9	21,375	8.9	15.8	17.4
Middle	402	50.0	49.1	123,854	51.6	46.5	49.9
Upper	260	32.3	30.0	92,960	38.7	35.3	30.0
Unknown	4	0.5	0.8	795	0.3	0.7	1.0
Tract-Unk	0	0.0	0.0	0	0.0	0.0	
Total	804	100.0	100.0	240,060	100.0	100.0	100.0
Source: 2022 FFIEC Census Data							
2016-2020 U.S. Census Bureau: American Community Survey							
Note: Percentages may not total 100.0 percent due to rounding.							

Distribution of 2022 Small Business Lending By Income Level of Geography					
Assessment Area: Grand Rapids-Kentwood, MI MSA 24340					
Geographic Income Level	Bank Loans*				Total Businesses %
	#	#%	\$(000)	\$%	
Low	2	1.3	830	1.8	2.2
Moderate	31	20.7	9,809	21.1	20.4
Middle	74	49.3	22,894	49.2	46.7
Upper	34	22.7	10,394	22.3	30.0
Unknown	9	6.0	2,652	5.7	0.8
Tract-Unk	0	0.0	0	0.0	0.0
Total	150	100.0	46,579	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. *Aggregate data is not currently available.					

Distribution of 2022 Home Mortgage Lending By Borrower Income Level Assessment Area: Grand Rapids-Kentwood, MI MSA 24340							
Borrower Income Level	Bank And Aggregate Loans						Families by Family Income %
	Bank		Agg	Bank		Agg	
	#	%	%	\$(000)	%	%	
Home Purchase Loans							
Low	31	6.1	9.1	4,702	2.9	4.7	18.7
Moderate	94	18.5	24.0	19,181	11.9	17.7	18.8
Middle	108	21.3	22.1	25,999	16.1	20.6	23.4
Upper	260	51.2	31.0	107,668	66.8	44.2	39.1
Unknown	15	3.0	13.8	3,703	2.3	12.8	0.0
Total	508	100.0	100.0	161,253	100.0	100.0	100.0
Refinance Loans							
Low	22	14.5	16.2	2,138	6.8	9.8	18.7
Moderate	50	32.9	26.6	7,734	24.5	21.4	18.8
Middle	27	17.8	22.6	5,065	16.1	21.6	23.4
Upper	44	28.9	26.7	15,070	47.8	37.8	39.1
Unknown	9	5.9	8.0	1,533	4.9	9.3	0.0
Total	152	100.0	100.0	31,540	100.0	100.0	100.0
Home Improvement Loans							
Low	12	8.5	8.5	605	4.6	4.9	18.7
Moderate	26	18.4	21.9	1,720	13.0	16.5	18.8
Middle	35	24.8	27.0	2,619	19.7	23.2	23.4
Upper	64	45.4	40.3	7,927	59.7	53.1	39.1
Unknown	4	2.8	2.3	396	3.0	2.3	0.0
Total	141	100.0	100.0	13,267	100.0	100.0	100.0
Total Home Mortgage Loans							
Low	65	8.1	11.3	7,445	3.6	6.2	18.7
Moderate	170	21.2	24.1	28,635	13.9	18.5	18.8
Middle	170	21.2	23.0	33,683	16.3	20.9	23.4
Upper	368	45.9	31.2	130,665	63.4	43.2	39.1
Unknown	28	3.5	10.4	5,632	2.7	11.2	0.0
Total	801	100.0	100.0	206,060	100.0	100.0	100.0
Source: 2022 FFIEC Census Data							
2016-2020 U.S. Census Bureau: American Community Survey							
Note: Percentages may not total 100.0 percent due to rounding.							
Multifamily loans are not included in the borrower distribution analysis.							

Distribution of 2022 Small Business Lending By Revenue Size of Businesses					
Assessment Area: Grand Rapids-Kentwood, MI MSA 24340					
	Bank Loans*				Total Businesses %
	#	#%	\$(000)	%	
By Revenue					
\$1 Million or Less	42	28.0	7,777	16.7	88.8
Over \$1 Million	104	69.3	38,424	82.5	10.2
Revenue Unknown	4	2.7	378	0.8	1.0
Total	150	100.0	46,579	100.0	100.0
By Loan Size					
\$100,000 or Less	48	32.0	3,024	6.5	
\$100,001 - \$250,000	39	26.0	7,354	15.8	
\$250,001 - \$1 Million	63	42.0	36,201	77.7	
Total	150	100.0	46,579	100.0	
By Loan Size and Revenues \$1 Million or Less					
\$100,000 or Less	20	47.6	1,222	15.7	
\$100,001 - \$250,000	14	33.3	2,387	30.7	
\$250,001 - \$1 Million	8	19.0	4,168	53.6	
Total	42	100.0	7,777	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. *Aggregate data is not currently available.					

Detroit-Warren-Dearborn, MI MSA #19820

2022 Detroit-Warren-Dearborn, MI MSA 19820 AA Demographics								
Income Categories	Tract Distribution		Families by Tract Income		Families < Poverty Level as % of Families by Tract		Families by Family Income	
	#	%	#	%	#	%	#	%
Low	121	9.3	66,823	6.4	24,062	36.0	224,058	21.6
Moderate	334	25.6	244,745	23.5	40,114	16.4	176,534	17.0
Middle	382	29.3	341,826	32.9	23,825	7.0	206,769	19.9
Upper	364	29.4	360,227	36.6	12,019	3.2	432,326	41.6
Unknown	84	6.4	6,066	0.6	2,470	40.7	0	0.0
Total AA	1,305	100.0	1,039,687	100.0	102,490	9.9	1,039,687	100.0
	Housing Units by Tract	Housing Type by Tract						
		Owner-occupied			Rental		Vacant	
		#	% by tract	% by unit	#	% by unit	#	% by unit
Low	166,190	49,868	4.3	30.0	80,494	48.4	35,828	21.6
Moderate	489,835	245,791	21.4	50.2	176,244	36.0	67,800	13.8
Middle	581,341	392,450	34.2	67.5	151,152	26.0	37,739	6.5
Upper	579,941	453,744	39.6	78.2	95,993	16.6	30,204	5.2
Unknown	21,262	5,399	0.5	25.4	9,598	45.1	6,265	29.5
Total AA	1,838,569	1,147,252	100.0	62.4	513,481	27.9	177,836	9.7
	Total Businesses by Tract		Businesses by Tract & Revenue Size					
			Less Than or = \$1 Million		Over \$1 Million		Revenue Not Reported	
	#	%	#	%	#	%	#	%
Low	13,299	6.6	11,881	6.4	1,332	8.3	86	5.4
Moderate	44,166	21.8	40,401	21.8	3,459	21.5	306	19.3
Middle	62,368	30.8	57,429	31.0	4,470	27.8	469	29.6
Upper	78,252	38.6	71,782	38.8	5,795	36.1	675	42.6
Unknown	4,611	2.3	3,562	1.9	1,000	6.2	49	3.1
Total AA	202,696	100.0	185,055	100.0	16,056	100.0	1,585	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	39	3.3	38	3.3	1	3.2	0	0.0
Moderate	222	18.7	218	18.8	4	12.9	0	0.0
Middle	514	43.3	501	43.3	13	41.9	0	0.0
Upper	403	33.9	391	33.8	12	38.7	0	0.0
Unknown	10	0.8	9	0.8	1	3.2	0	0.0
Total AA	1,188	100.0	1,157	100.0	31	100.0	0	0.0
Percentage of Total Farms:				97.4		2.6		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.								

Distribution of 2022 Home Mortgage Lending By Income Level of Geography Assessment Area: Detroit-Warren-Dearborn, MI MSA 19820							
Geographic Income Level	Bank And Aggregate Loans						Owner Occupied Units %
	Bank		Agg	Bank		Agg	
	#	%	%	\$(000)	\$%	\$%	
Home Purchase Loans							
Low	27	3.8	3.5	5,942	2.1	1.8	4.3
Moderate	104	14.6	20.6	23,027	8.2	13.6	21.4
Middle	216	30.3	36.4	73,582	26.1	31.8	34.2
Upper	358	50.2	39.2	176,510	62.6	52.6	39.6
Unknown	8	1.1	0.3	3,075	1.1	0.2	0.5
Tract-Unk	0	0.0	0.0	0	0.0	0.0	
Total	713	100.0	100.0	282,136	100.0	100.0	100.0
Refinance Loans							
Low	2	1.5	2.3	105	0.3	1.3	4.3
Moderate	21	16.2	17.9	2,466	7.7	12.5	21.4
Middle	38	29.2	37.3	7,307	22.8	33.1	34.2
Upper	68	52.3	42.3	21,941	68.5	53.0	39.6
Unknown	1	0.8	0.2	196	0.6	0.2	0.5
Tract-Unk	0	0.0	0.0	0	0.0	0.0	
Total	130	100.0	100.0	32,015	100.0	100.0	100.0
Home Improvement Loans							
Low	1	1.1	2.2	150	1.6	1.3	4.3
Moderate	13	14.9	14.3	806	8.6	10.2	21.4
Middle	21	24.1	34.1	1,675	17.8	29.4	34.2
Upper	50	57.5	49.1	6,596	70.2	59.0	39.6
Unknown	2	2.3	0.2	166	1.8	0.1	0.5
Tract-Unk	0	0.0	0.0	0	0.0	0.0	
Total	87	100.0	100.0	9,393	100.0	100.0	100.0
Multifamily Loans							Multi-family Units %
Low	0	0.0	11.7	0	0.0	8.7	14.2
Moderate	0	0.0	35.9	0	0.0	31.6	27.7
Middle	0	0.0	30.2	0	0.0	19.6	31.3
Upper	1	100.0	18.9	490	100.0	38.3	24.2
Unknown	0	0.0	3.2	0	0.0	1.7	2.6
Tract-Unk	0	0.0	0.0	0	0.0	0.0	
Total	1	100.0	100.0	490	100.0	100.0	100.0
Total Home Mortgage Loans							Owner Occupied Units %
Low	30	3.2	2.9	6,197	1.9	2.1	4.3
Moderate	138	14.8	18.7	26,299	8.1	14.4	21.4
Middle	275	29.5	36.3	82,564	25.5	31.1	34.2
Upper	477	51.2	41.8	205,537	63.4	52.1	39.6
Unknown	11	1.2	0.3	3,437	1.1	0.3	0.5
Tract-Unk	0	0.0	0.0	0	0.0	0.0	
Total	931	100.0	100.0	324,034	100.0	100.0	100.0
Source: 2022 FFIEC Census Data							
2016-2020 U.S. Census Bureau: American Community Survey							
Note: Percentages may not total 100.0 percent due to rounding.							

Distribution of 2022 Small Business Lending By Income Level of Geography					
Assessment Area: Detroit-Warren-Dearborn, MI MSA 19820					
Geographic Income Level	Bank Loans*				Total Businesses %
	#	%	\$(000)	\$%	
Low	14	8.9	6,473	10.9	6.6
Moderate	40	25.5	14,818	24.9	21.8
Middle	48	30.6	18,440	31.0	30.8
Upper	39	24.8	13,750	23.1	38.6
Unknown	16	10.2	5,964	10.0	2.3
Tract-Unk	0	0.0	0	0.0	0.0
Total	157	100.0	59,445	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. *Aggregate data is not currently available.					

Distribution of 2022 Home Mortgage Lending By Borrower Income Level Assessment Area: Detroit-Warren-Dearborn, MI MSA 19820							
Borrower Income Level	Bank And Aggregate Loans						Families by Family Income %
	Bank		Agg	Bank		Agg	
	#	%	%	\$(000)	%	%	
Home Purchase Loans							
Low	31	4.3	11.0	5,476	1.9	5.6	21.6
Moderate	103	14.4	23.5	20,560	7.3	16.6	17.0
Middle	158	22.2	22.5	45,826	16.2	21.2	19.9
Upper	387	54.3	28.9	199,941	70.9	41.9	41.6
Unknown	34	4.8	14.1	10,333	3.7	14.8	0.0
Total	713	100.0	100.0	282,136	100.0	100.0	100.0
Refinance Loans							
Low	9	6.9	14.2	1,071	3.3	8.6	21.6
Moderate	17	13.1	24.0	3,045	9.5	19.0	17.0
Middle	20	15.4	23.7	4,104	12.8	22.3	19.9
Upper	66	50.8	28.8	20,711	64.7	39.8	41.6
Unknown	18	13.8	9.3	3,084	9.6	10.3	0.0
Total	130	100.0	100.0	32,015	100.0	100.0	100.0
Home Improvement Loans							
Low	4	4.6	9.4	240	2.6	6.1	21.6
Moderate	13	14.9	18.9	1,155	12.3	13.8	17.0
Middle	11	12.6	25.6	1,009	10.7	21.8	19.9
Upper	53	60.9	44.2	6,427	68.4	56.6	41.6
Unknown	6	6.9	1.9	562	6.0	1.8	0.0
Total	87	100.0	100.0	9,393	100.0	100.0	100.0
Total Home Mortgage Loans							
Low	44	4.7	11.7	6,787	2.1	6.5	21.6
Moderate	133	14.3	22.7	24,760	7.7	17.0	17.0
Middle	169	20.3	23.2	50,939	15.7	21.4	19.9
Upper	506	54.4	31.3	227,079	70.2	42.4	41.6
Unknown	58	6.2	11.1	13,979	4.3	12.8	0.0
Total	930	100.0	100.0	323,544	100.0	100.0	100.0
Source: 2022 FFIEC Census Data 2016-2020 U.S. Census Bureau: American Community Survey Note: Percentages may not total 100.0 percent due to rounding. Multifamily loans are not included in the borrower distribution analysis.							

Distribution of 2022 Small Business Lending By Revenue Size of Businesses					
Assessment Area: Detroit-Warren-Dearborn, MI MSA 19820					
	Bank Loans*				Total Businesses %
	#	%	\$(000)	\$%	
By Revenue					
\$1 Million or Less	56	35.7	15,129	25.5	91.3
Over \$1 Million	94	59.9	43,845	73.8	7.9
Revenue Unknown	7	4.5	471	0.8	0.8
Total	157	100.0	59,445	100.0	100.0
By Loan Size					
\$100,000 or Less	44	28.0	2,366	4.0	
\$100,001 - \$250,000	27	17.2	5,300	8.9	
\$250,001 - \$1 Million	86	54.8	51,779	87.1	
Total	157	100.0	59,445	100.0	
By Loan Size and Revenues \$1 Million or Less					
\$100,000 or Less	25	44.6	1,231	8.1	
\$100,001 - \$250,000	8	14.3	1,692	11.2	
\$250,001 - \$1 Million	23	41.1	12,206	80.7	
Total	56	100.0	15,129	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. *Aggregate data is not currently available.					

Lansing-East Lansing, MI MSA #29620

2022 Lansing-East Lansing, MI MSA 29620 AA Demographics								
Income Categories	Tract Distribution		Families by Tract Income		Families < Poverty Level as % of Families by Tract		Families by Family Income	
	#	%	#	%	#	%	#	%
Low	7	6.2	3,827	4.2	1,317	34.4	19,099	21.1
Moderate	24	21.2	17,175	19.0	2,722	15.8	15,475	17.1
Middle	46	40.7	41,594	46.0	2,710	6.5	19,653	21.7
Upper	25	22.1	27,686	30.6	1,062	3.8	36,182	40.0
Unknown	11	9.7	127	0.1	63	49.6	0	0.0
Total AA	113	100.0	90,409	100.0	7,874	8.7	90,409	100.0
	Housing Units by Tract	Housing Type by Tract						
		Owner-occupied		Rental		Vacant		
		#	% by tract	% by unit	#	% by unit	#	% by unit
Low	9,171	3,136	3.1	34.2	4,614	50.3	1,421	15.5
Moderate	38,070	16,435	16.5	43.2	17,529	46.0	4,106	10.8
Middle	77,185	47,595	47.8	61.7	24,490	31.7	5,100	6.6
Upper	44,405	32,302	32.4	72.7	10,142	22.8	1,961	4.4
Unknown	2,828	96	0.1	3.5	2,374	83.9	356	12.6
Total AA	171,659	99,566	100.0	58.0	59,149	34.5	12,944	7.5
	Total Businesses by Tract		Businesses by Tract & Revenue Size					
			Less Than or = \$1 Million		Over \$1 Million		Revenue Not Reported	
	#	%	#	%	#	%	#	%
Low	972	6.3	855	6.1	113	9.0	4	2.4
Moderate	3,379	21.8	2,993	21.2	334	26.7	52	31.0
Middle	6,600	42.5	6,029	42.7	510	40.8	61	36.3
Upper	4,073	26.2	3,782	26.8	248	19.8	43	25.6
Unknown	503	3.2	449	3.2	46	3.7	8	4.8
Total AA	15,527	100.0	14,108	100.0	1,251	100.0	168	100.0
Percentage of Total Businesses:				90.9		8.1		1.1
	Total Farms by Tract		Farms by Tract & Revenue Size					
			Less Than or = \$1 Million		Over \$1 Million		Revenue Not Reported	
	#	%	#	%	#	%	#	%
Low	3	0.8	3	0.8	0	0.0	0	0.0
Moderate	17	4.3	17	4.3	0	0.0	0	0.0
Middle	237	60.0	236	60.4	1	25.0	0	0.0
Upper	133	33.7	132	33.8	1	25.0	0	0.0
Unknown	5	1.3	3	0.8	2	50.0	0	0.0
Total AA	395	100.0	391	100.0	4	100.0	0	0.0
Percentage of Total Farms:				99.0		1.0		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.								

Distribution of 2022 Home Mortgage Lending By Income Level of Geography Assessment Area: Lansing-East Lansing, MI MSA 29620							
Geographic Income Level	Bank And Aggregate Loans						Owner Occupied Units %
	Bank		Agg	Bank		Agg	
	#	%	%	\$(000)	\$%	\$%	
Home Purchase Loans							
Low	3	3.4	4.3	142	0.9	2.2	3.1
Moderate	19	21.3	22.0	2,242	13.5	14.5	16.5
Middle	46	51.7	46.6	7,725	46.6	44.4	47.8
Upper	21	23.6	26.9	6,462	39.0	38.7	32.4
Unknown	0	0.0	0.2	0	0.0	0.2	0.1
Tract-Unk	0	0.0	0.0	0	0.0	0.0	
Total	89	100.0	100.0	16,571	100.0	100.0	100.0
Refinance Loans							
Low	0	0.0	2.7	0	0.0	1.4	3.1
Moderate	4	9.5	14.8	318	5.9	9.6	16.5
Middle	31	73.8	52.8	3,962	73.8	50.5	47.8
Upper	7	16.7	29.6	1,087	20.3	38.3	32.4
Unknown	0	0.0	0.1	0	0.0	0.1	0.1
Tract-Unk	0	0.0	0.0	0	0.0	0.0	
Total	42	100.0	100.0	5,367	100.0	100.0	100.0
Home Improvement Loans							
Low	0	0.0	3.3	0	0.0	2.1	3.1
Moderate	2	11.1	12.9	153	14.2	9.4	16.5
Middle	11	61.1	49.5	683	63.2	45.3	47.8
Upper	5	27.8	34.0	245	22.7	42.1	32.4
Unknown	0	0.0	0.2	0	0.0	1.0	0.1
Tract-Unk	0	0.0	0.0	0	0.0	0.0	
Total	18	100.0	100.0	1,081	100.0	100.0	100.0
Multifamily Loans							Multi-family Units %
Low	0	0.0	9.5	0	0.0	3.4	3.9
Moderate	0	0.0	23.8	0	0.0	26.0	25.5
Middle	0	0.0	47.6	0	0.0	32.8	45.0
Upper	0	0.0	7.9	0	0.0	3.4	20.0
Unknown	0	0.0	11.1	0	0.0	34.4	5.6
Tract-Unk	0	0.0	0.0	0	0.0	0.0	
Total	0	0.0	100.0	0	0.0	100.0	100.0
Total Home Mortgage Loans							Owner Occupied Units %
Low	3	2.0	3.6	142	0.6	2.2	3.1
Moderate	25	16.8	18.3	2,713	11.8	14.9	16.5
Middle	88	59.1	48.6	12,370	53.7	43.9	47.8
Upper	33	22.1	29.3	7,794	33.9	33.7	32.4
Unknown	0	0.0	0.2	0	0.0	5.5	0.1
Tract-Unk	0	0.0	0.0	0	0.0	0.0	
Total	149	100.0	100.0	23,019	100.0	100.0	100.0
Source: 2022 FFIEC Census Data							
2016-2020 U.S. Census Bureau: American Community Survey							
Note: Percentages may not total 100.0 percent due to rounding.							

Distribution of 2022 Small Business Lending By Income Level of Geography					
Assessment Area: Lansing-East Lansing, MI MSA 29620					
Geographic Income Level	Bank Loans*				Total Businesses %
	#	%	\$(000)	\$%	
Low	12	15.4	2,121	11.8	6.3
Moderate	16	20.5	2,791	15.5	21.8
Middle	32	41.0	7,916	44.0	42.5
Upper	17	21.8	4,817	26.8	26.2
Unknown	1	1.3	350	1.9	3.2
Tract-Unk	0	0.0	0	0.0	0.0
Total	78	100.0	17,995	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. *Aggregate data is not currently available.					

Distribution of 2022 Home Mortgage Lending By Borrower Income Level Assessment Area: Lansing-East Lansing, MIMSA 29620							
Borrower Income Level	Bank And Aggregate Loans						Families by Family Income %
	Bank		Agg	Bank		Agg	
	#	#%	#%	\$(000)	\$%	\$%	
Home Purchase Loans							
Low	12	13.5	14.2	1,339	8.1	7.7	21.1
Moderate	21	23.6	25.5	2,991	18.0	20.3	17.1
Middle	26	29.2	21.8	4,089	24.7	22.2	21.7
Upper	25	28.1	24.5	7,206	43.5	37.7	40.0
Unknown	5	5.6	14.0	946	5.7	12.2	0.0
Total	89	100.0	100.0	16,571	100.0	100.0	100.0
Refinance Loans							
Low	10	23.8	13.2	799	14.9	8.1	21.1
Moderate	16	38.1	29.6	1,924	35.8	25.4	17.1
Middle	9	21.4	25.0	1,362	25.4	25.2	21.7
Upper	5	11.9	23.8	932	17.4	32.4	40.0
Unknown	2	4.8	8.4	350	6.5	8.8	0.0
Total	42	100.0	100.0	5,367	100.0	100.0	100.0
Home Improvement Loans							
Low	1	5.6	13.7	13	1.2	9.7	21.1
Moderate	2	11.1	22.6	130	12.0	19.1	17.1
Middle	5	27.8	28.5	455	42.1	27.2	21.7
Upper	10	55.6	33.3	483	44.7	41.6	40.0
Unknown	0	0.0	2.0	0	0.0	2.4	0.0
Total	18	100.0	100.0	1,081	100.0	100.0	100.0
Total Home Mortgage Loans							
Low	23	15.4	12.9	2,151	9.3	7.7	21.1
Moderate	39	26.2	25.8	5,045	21.9	21.1	17.1
Middle	40	26.8	23.6	5,906	25.7	23.0	21.7
Upper	40	26.8	26.8	8,621	37.5	37.3	40.0
Unknown	7	4.7	10.9	1,296	5.6	10.9	0.0
Total	149	100.0	100.0	23,019	100.0	100.0	100.0
Source: 2022 FFIEC Census Data 2016-2020 U.S. Census Bureau: American Community Survey Note: Percentages may not total 100.0 percent due to rounding. Multifamily loans are not included in the borrower distribution analysis.							

Distribution of 2022 Small Business Lending By Revenue Size of Businesses					
Assessment Area: Lansing-East Lansing, MI MSA 29620					
	Bank Loans*				Total Businesses %
	#	#%	\$(000)	\$%	
By Revenue					
\$1 Million or Less	36	46.2	6,640	36.9	90.9
Over \$1 Million	41	52.6	11,305	62.8	8.1
Revenue Unknown	1	1.3	50	0.3	1.1
Total	78	100.0	17,995	100.0	100.0
By Loan Size					
\$100,000 or Less	26	33.3	1,597	8.9	
\$100,001 - \$250,000	28	35.9	4,933	27.4	
\$250,001 - \$1 Million	24	30.8	11,465	63.7	
Total	78	100.0	17,995	100.0	
By Loan Size and Revenues \$1 Million or Less					
\$100,000 or Less	16	44.4	892	13.4	
\$100,001 - \$250,000	12	33.3	2,119	31.9	
\$250,001 - \$1 Million	8	22.2	3,629	54.7	
Total	36	100.0	6,640	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. *Aggregate data is not currently available.					

Bay City, MI MSA #13020

2022 Bay City, MI MSA 13020 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	5,834	21.0
Moderate	8	28.6	6,757	24.3	1,264	18.7	4,862	17.5
Middle	13	46.4	14,640	52.8	1,432	9.8	5,678	20.5
Upper	5	17.9	5,944	21.4	447	7.5	11,378	41.0
Unknown	2	7.1	411	1.5	147	35.8	0	0.0
Total AA	28	100.0	27,752	100.0	3,290	11.9	27,752	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	13,498	8,164	24.0	60.5	4,181	31.0	1,153	8.5
Middle	23,575	17,782	52.4	75.4	3,960	16.8	1,833	7.8
Upper	10,495	7,757	22.8	73.9	2,056	19.6	682	6.5
Unknown	772	245	0.7	31.7	482	62.4	45	5.8
Total AA	48,340	33,948	100.0	70.2	10,679	22.1	3,713	7.7
	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	980	29.2	879	29.0	90	31.1	11	26.8
Middle	1,578	47.0	1,442	47.6	115	39.8	21	51.2
Upper	741	22.0	657	21.7	75	26.0	9	22.0
Unknown	62	1.8	53	1.7	9	3.1	0	0.0
Total AA	3,361	100.0	3,031	100.0	289	100.0	41	100.0
Percentage of Total Businesses:				90.2		8.6		1.2
	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	14	6.9	14	6.9	0	0.0	0	0.0
Middle	138	68.0	137	67.8	1	100.0	0	0.0
Upper	50	24.6	50	24.8	0	0.0	0	0.0
Unknown	1	0.5	1	0.5	0	0.0	0	0.0
Total AA	203	100.0	202	100.0	1	100.0	0	0.0
Percentage of Total Farms:				99.5		0.5		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 2022 Home Mortgage Lending By Income Level of Geography Assessment Area: Bay City, MI MSA 13020							
Geographic Income Level	Bank And Aggregate Loans						Owner Occupied Units %
	Bank		Agg	Bank		Agg	
	#	%	%	\$(000)	%	%	
Home Purchase Loans							
Low	0	0.0	0.0	0	0.0	0.0	0.0
Moderate	14	24.1	25.2	1,445	18.2	19.3	24.0
Middle	31	53.4	53.9	3,826	48.1	53.5	52.4
Upper	12	20.7	19.7	2,549	32.1	26.2	22.8
Unknown	1	1.7	1.2	131	1.6	0.9	0.7
Tract-Unk	0	0.0	0.0	0	0.0	0.0	
Total	58	100.0	100.0	7,951	100.0	100.0	100.0
Refinance Loans							
Low	0	0.0	0.0	0	0.0	0.0	0.0
Moderate	2	10.0	20.7	514	22.8	17.0	24.0
Middle	10	50.0	55.7	866	38.3	52.2	52.4
Upper	7	35.0	22.6	814	36.0	29.9	22.8
Unknown	1	5.0	1.0	65	2.9	0.9	0.7
Tract-Unk	0	0.0	0.0	0	0.0	0.0	
Total	20	100.0	100.0	2,259	100.0	100.0	100.0
Home Improvement Loans							
Low	0	0.0	0.0	0	0.0	0.0	0.0
Moderate	1	10.0	19.0	25	4.2	15.2	24.0
Middle	4	40.0	56.5	159	26.9	56.5	52.4
Upper	5	50.0	23.6	406	68.8	27.5	22.8
Unknown	0	0.0	0.9	0	0.0	0.8	0.7
Tract-Unk	0	0.0	0.0	0	0.0	0.0	
Total	10	100.0	100.0	590	100.0	100.0	100.0
Multifamily Loans							Multi-family Units %
Low	0	0.0	0.0	0	0.0	0.0	0.0
Moderate	0	0.0	57.9	0	0.0	47.9	41.8
Middle	0	0.0	31.6	0	0.0	12.4	24.0
Upper	0	0.0	10.5	0	0.0	39.8	30.3
Unknown	0	0.0	0.0	0	0.0	0.0	3.9
Tract-Unk	0	0.0	0.0	0	0.0	0.0	
Total	0	0.0	100.0	0	0.0	100.0	100.0
Total Home Mortgage Loans							Owner Occupied Units %
Low	0	0.0	0.0	0	0.0	0.0	0.0
Moderate	17	19.3	23.7	1,984	18.4	21.4	24.0
Middle	45	51.1	54.2	4,851	44.9	49.3	52.4
Upper	24	27.3	21.0	3,769	34.9	28.5	22.8
Unknown	2	2.3	1.1	196	1.8	0.9	0.7
Tract-Unk	0	0.0	0.0	0	0.0	0.0	
Total	88	100.0	100.0	10,800	100.0	100.0	100.0
Source: 2022 FFIEC Census Data							
2016-2020 U.S. Census Bureau: American Community Survey							
Note: Percentages may not total 100.0 percent due to rounding.							

Distribution of 2022 Small Business Lending By Income Level of Geography Assessment Area: Bay City, MI MSA 13020					
Geographic Income Level	Bank Loans*				Total Businesses %
	#	#%	\$(000)	\$%	
Low	0	0.0	0	0.0	0.0
Moderate	6	25.0	2,271	50.9	29.2
Middle	13	54.2	1,293	29.0	47.0
Upper	4	16.7	794	17.8	22.0
Unknown	1	4.2	101	2.3	1.8
Tract-Unk	0	0.0	0	0.0	0.0
Total	24	100.0	4,459	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. *Aggregate data is not currently available.					

Distribution of 2022 Home Mortgage Lending By Borrower Income Level Assessment Area: Bay City, MI MSA 13020							
Borrower Income Level	Bank And Aggregate Loans						Families by Family Income %
	Bank		Agg	Bank		Agg	
	#	#%	#%	\$(000)	%	\$%	
Home Purchase Loans							
Low	8	13.8	16.2	720	9.1	9.5	21.0
Moderate	14	24.1	27.9	1,821	22.9	22.1	17.5
Middle	20	34.5	21.5	2,794	35.1	22.4	20.5
Upper	13	22.4	21.3	2,167	27.3	33.3	41.0
Unknown	3	5.2	13.1	449	5.6	12.7	0.0
Total	58	100.0	100.0	7,951	100.0	100.0	100.0
Refinance Loans							
Low	4	20.0	14.2	306	13.5	8.7	21.0
Moderate	4	20.0	24.8	398	17.6	20.3	17.5
Middle	5	25.0	24.0	468	20.7	23.5	20.5
Upper	6	30.0	28.6	913	40.4	38.8	41.0
Unknown	1	5.0	8.4	174	7.7	8.7	0.0
Total	20	100.0	100.0	2,259	100.0	100.0	100.0
Home Improvement Loans							
Low	0	0.0	13.9	0	0.0	9.0	21.0
Moderate	1	10.0	15.3	50	8.5	13.7	17.5
Middle	4	40.0	31.0	256	43.4	31.7	20.5
Upper	5	50.0	37.5	284	48.1	41.3	41.0
Unknown	0	0.0	2.3	0	0.0	4.2	0.0
Total	10	100.0	100.0	590	100.0	100.0	100.0
Total Home Mortgage Loans							
Low	12	13.6	15.0	1,026	9.5	9.2	21.0
Moderate	19	21.6	25.1	2,269	21.0	20.9	17.5
Middle	29	33.0	22.9	3,518	32.6	23.1	20.5
Upper	24	27.3	25.3	3,364	31.1	35.3	41.0
Unknown	4	4.5	11.7	623	5.8	11.6	0.0
Total	88	100.0	100.0	10,800	100.0	100.0	100.0
Source: 2022 FFIEC Census Data 2016-2020 U.S. Census Bureau: American Community Survey Note: Percentages may not total 100.0 percent due to rounding. Multifamily loans are not included in the borrower distribution analysis.							

Distribution of 2022 Small Business Lending By Revenue Size of Businesses					
Assessment Area: Bay City, MI MSA 13020					
	Bank Loans*				Total Businesses %
	#	#%	\$(000)	\$%	
By Revenue					
\$1 Million or Less	18	75.0	3,526	79.1	90.2
Over \$1 Million	6	25.0	933	20.9	8.6
Revenue Unknown	0	0.0	0	0.0	1.2
Total	24	100.0	4,459	100.0	100.0
By Loan Size					
\$100,000 or Less	12	50.0	604	13.5	
\$100,001 - \$250,000	6	25.0	919	20.6	
\$250,001 - \$1 Million	6	25.0	2,936	65.8	
Total	24	100.0	4,459	100.0	
By Loan Size and Revenues \$1 Million or Less					
\$100,000 or Less	11	61.1	576	16.3	
\$100,001 - \$250,000	2	11.1	314	8.9	
\$250,001 - \$1 Million	5	27.8	2,636	74.8	
Total	18	100.0	3,526	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. *Aggregate data is not currently available.					

Saginaw, MI MSA #40980

2022 Saginaw, MI MSA 40980 AA Demographics								
Income Categories	Tract Distribution		Families by Tract Income		Families < Poverty Level as % of Families by Tract		Families by Family Income	
	#	%	#	%	#	%	#	%
Low	5	8.2	2,444	5.0	1,212	49.6	10,198	20.7
Moderate	18	29.5	11,835	24.0	2,943	24.9	8,704	17.7
Middle	18	29.5	15,844	32.2	1,123	7.1	10,470	21.2
Upper	20	32.8	19,151	38.9	681	3.6	19,902	40.1
Unknown	0	0.0	0	0.0	0	0.0	0	0.0
Total AA	61	100.0	49,274	100.0	5,959	12.1	49,274	100.0
	Housing Units by Tract	Housing Type by Tract						
		Owner-occupied			Rental		Vacant	
		#	% by tract	% by unit	#	% by unit	#	% by unit
Low	4,999	1,585	2.8	31.7	2,347	46.9	1,067	21.3
Moderate	25,141	12,019	21.3	47.8	9,708	38.6	3,414	13.6
Middle	26,514	19,361	34.3	73.0	5,091	19.2	2,062	7.8
Upper	31,135	23,544	41.7	75.6	5,325	17.1	2,266	7.3
Unknown	0	0	0.0	0.0	0	0.0	0	0.0
Total AA	87,789	56,509	100.0	64.4	22,471	25.6	8,809	10.0
	Total Businesses by Tract		Businesses by Tract & Revenue Size					
			Less Than or = \$1 Million		Over \$1 Million		Revenue Not Reported	
	#	%	#	%	#	%	#	%
Low	254	3.9	224	3.9	29	4.4	1	1.5
Moderate	1,826	28.0	1,601	27.6	214	32.6	11	16.2
Middle	1,975	30.3	1,726	29.8	217	33.1	32	47.1
Upper	2,465	37.8	2,245	38.7	196	29.9	24	35.3
Unknown	0	0.0	0	0.0	0	0.0	0	0.0
Total AA	6,520	100.0	5,796	100.0	656	100.0	68	100.0
Percentage of Total Businesses:				88.9		10.1		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	3	1.1	3	1.1	0	0.0	0	0.0
Middle	154	54.2	152	54.3	1	33.3	1	100.0
Upper	127	44.7	125	44.6	2	66.7	0	0.0
Unknown	0	0.0	0	0.0	0	0.0	0	0.0
Total AA	284	100.0	280	100.0	3	100.0	1	100.0
Percentage of Total Farms:				98.6		1.1		0.4
Source: 2022 FFIEC Census Data 2022 Data & Bridge Street Data 2016-2020 U.S. Census Bureau: American Community Survey Note: Percentages may not total 100.0 percent due to rounding.								

Distribution of 2022 Home Mortgage Lending By Income Level of Geography							
Assessment Area: Saginaw, MI MSA 40980							
Geographic Income Level	Bank And Aggregate Loans						Owner Occupied Units %
	Bank		Agg	Bank		Agg	
	#	%	%	\$ (000)	%	%	
Home Purchase Loans							
Low	3	4.5	1.0	149	1.5	0.3	2.8
Moderate	20	30.3	20.6	1,816	18.5	12.1	21.3
Middle	15	22.7	33.0	1,638	16.7	30.4	34.3
Upper	28	42.4	45.3	6,220	63.3	57.1	41.7
Unknown	0	0.0	0.0	0	0.0	0.0	0.0
Tract-Unk	0	0.0	0.0	0	0.0	0.0	
Total	66	100.0	100.0	9,823	100.0	100.0	100.0
Refinance Loans							
Low	1	5.6	1.0	41	1.6	0.4	2.8
Moderate	3	16.7	15.7	162	6.3	9.5	21.3
Middle	3	16.7	36.9	295	11.4	34.0	34.3
Upper	11	61.1	46.4	2,093	80.8	56.2	41.7
Unknown	0	0.0	0.0	0	0.0	0.0	0.0
Tract-Unk	0	0.0	0.0	0	0.0	0.0	
Total	18	100.0	100.0	2,591	100.0	100.0	100.0
Home Improvement Loans							
Low	0	0.0	1.3	0	0.0	0.5	2.8
Moderate	2	16.7	13.3	71	12.9	9.4	21.3
Middle	1	8.3	34.7	25	4.5	31.5	34.3
Upper	9	75.0	50.7	454	82.5	58.6	41.7
Unknown	0	0.0	0.0	0	0.0	0.0	0.0
Tract-Unk	0	0.0	0.0	0	0.0	0.0	
Total	12	100.0	100.0	550	100.0	100.0	100.0
Multifamily Loans							Multi-family Units %
Low	0	0.0	2.4	0	0.0	0.3	7.3
Moderate	0	0.0	24.4	0	0.0	22.7	34.6
Middle	0	0.0	39.0	0	0.0	24.0	24.2
Upper	0	0.0	34.1	0	0.0	53.1	33.9
Unknown	0	0.0	0.0	0	0.0	0.0	0.0
Tract-Unk	0	0.0	0.0	0	0.0	0.0	
Total	0	0.0	100.0	0	0.0	100.0	100.0
Total Home Mortgage Loans							Owner Occupied Units %
Low	4	4.1	1.1	190	1.5	0.4	2.8
Moderate	26	26.8	18.7	2,073	16.0	13.0	21.3
Middle	19	19.6	34.3	1,958	15.1	30.2	34.3
Upper	48	49.5	45.9	8,767	67.5	56.5	41.7
Unknown	0	0.0	0.0	0	0.0	0.0	0.0
Tract-Unk	0	0.0	0.0	0	0.0	0.0	
Total	97	100.0	100.0	12,988	100.0	100.0	100.0
Source: 2022 FFIEC Census Data							
2016-2020 U.S. Census Bureau: American Community Survey							
Note: Percentages may not total 100.0 percent due to rounding.							

Distribution of 2022 Small Business Lending By Income Level of Geography Assessment Area: Saginaw, MI MSA 40980					
Geographic Income Level	Bank Loans*				Total Businesses %
	#	%	\$ (000)	\$%	
Low	1	5.3	150	5.3	3.9
Moderate	2	10.5	89	3.1	28.0
Middle	11	57.9	1,565	54.8	30.3
Upper	5	26.3	1,050	36.8	37.8
Unknown	0	0.0	0	0.0	0.0
Tract-Unk	0	0.0	0	0.0	0.0
Total	19	100.0	2,854	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. *Aggregate data is not currently available.					

Distribution of 2022 Home Mortgage Lending By Borrower Income Level Assessment Area: Saginaw, MI MSA 40980							
Borrower Income Level	Bank And Aggregate Loans						Families by Family Income %
	Bank		Agg	Bank		Agg	
	#	%	%	\$(000)	%	%	
Home Purchase Loans							
Low	12	18.2	10.2	806	8.2	4.9	20.7
Moderate	14	21.2	23.5	1,344	13.7	16.1	17.7
Middle	18	27.3	22.9	2,449	24.9	21.8	21.2
Upper	22	33.3	29.2	5,224	53.2	44.5	40.4
Unknown	0	0.0	14.2	0	0.0	12.7	0.0
Total	66	100.0	100.0	9,823	100.0	100.0	100.0
Refinance Loans							
Low	4	22.2	10.7	308	11.9	6.0	20.7
Moderate	4	22.2	24.3	313	12.1	18.8	17.7
Middle	3	16.7	25.4	391	15.1	23.6	21.2
Upper	7	38.9	32.1	1,579	60.9	43.5	40.4
Unknown	0	0.0	7.5	0	0.0	8.1	0.0
Total	18	100.0	100.0	2,591	100.0	100.0	100.0
Home Improvement Loans							
Low	1	8.3	8.0	25	4.5	4.4	20.7
Moderate	1	8.3	19.9	30	5.5	18.9	17.7
Middle	1	8.3	23.9	55	10.0	20.9	21.2
Upper	9	75.0	46.4	440	80.0	53.9	40.4
Unknown	0	0.0	1.9	0	0.0	1.8	0.0
Total	12	100.0	100.0	550	100.0	100.0	100.0
Total Home Mortgage Loans							
Low	17	17.5	10.2	1,139	8.8	5.3	20.7
Moderate	19	19.6	22.6	1,687	13.0	16.6	17.7
Middle	22	22.7	23.6	2,895	22.3	22.2	21.2
Upper	38	39.2	31.9	7,243	55.8	44.6	40.4
Unknown	1	1.0	11.7	24	0.2	11.3	0.0
Total	97	100.0	100.0	12,968	100.0	100.0	100.0
Source: 2022 FFIEC Census Data 2016-2020 U.S. Census Bureau: American Community Survey Note: Percentages may not total 100.0 percent due to rounding. Multifamily loans are not included in the borrower distribution analysis.							

Distribution of 2022 Small Business Lending By Revenue Size of Businesses					
Assessment Area: Saginaw, MI MSA 40980					
	Bank Loans*				Total Businesses %
	#	%	\$(000)	%	
By Revenue					
\$1 Million or Less	12	63.2	1,969	69.0	88.9
Over \$1 Million	5	26.3	760	26.6	10.1
Revenue Unknown	2	10.5	125	4.4	1.0
Total	19	100.0	2,854	100.0	100.0
By Loan Size					
\$100,000 or Less	8	42.1	487	17.1	
\$100,001 - \$250,000	9	47.4	1,513	53.0	
\$250,001 - \$1 Million	2	10.5	854	29.9	
Total	19	100.0	2,854	100.0	
By Loan Size and Revenues \$1 Million or Less					
\$100,000 or Less	4	33.3	202	10.3	
\$100,001 - \$250,000	6	50.0	913	46.4	
\$250,001 - \$1 Million	2	16.7	854	43.4	
Total	12	100.0	1,969	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. *Aggregate data is not currently available.					

Northwest MI NonMSA (Grand Traverse and Leelanau)

2022 Northwest 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	3,723	12.4
Moderate	3	8.8	1,580	5.3	274	17.3	4,417	14.7
Middle	9	26.5	8,416	28.0	564	6.7	5,924	19.7
Upper	20	58.8	20,036	66.7	883	4.4	15,968	53.2
Unknown	2	5.9	0	0.0	0	0.0	0	0.0
Total AA	34	100.0	30,032	100.0	1,721	5.7	30,032	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	3,488	1,541	4.1	44.2	1,651	47.3	296	8.5
Middle	18,059	10,891	29.3	60.3	3,596	19.9	3,572	19.8
Upper	38,683	24,766	66.6	64.0	4,695	12.1	9,222	23.8
Unknown	0	0	0.0	0.0	0	0.0	0	0.0
Total AA	60,230	37,198	100.0	61.8	9,942	16.5	13,090	21.7
	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	518	6.7	451	6.4	62	10.3	5	6.0
Middle	2,808	36.1	2,509	35.4	271	44.9	28	33.7
Upper	4,449	57.2	4,129	58.2	270	44.8	50	60.2
Unknown	0	0.0	0	0.0	0	0.0	0	0.0
Total AA	7,775	100.0	7,089	100.0	603	100.0	83	100.0
Percentage of Total Businesses:				91.2		7.8		1.1
	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	3	1.0	3	1.0	0	0.0	0	0.0
Middle	92	31.4	91	31.5	1	25.0	0	0.0
Upper	198	67.6	195	67.5	3	75.0	0	0.0
Unknown	0	0.0	0	0.0	0	0.0	0	0.0
Total AA	293	100.0	289	100.0	4	100.0	0	0.0
Percentage of Total Farms:				98.6		1.4		0.0
Source: 2022 FFIEC Census Data 2022 Data & Briefstreet Data 2016-2020 U.S. Census Bureau: American Community Survey Note: Percentages may not total 100.0 percent due to rounding.								

Distribution of 2022 Home Mortgage Lending By Income Level of Geography							
Assessment Area: Northwest MI Non MSA							
Geographic Income Level	Bank And Aggregate Loans						Owner Occupied Units %
	Bank		Agg	Bank		Agg	
	#	%	%	\$ (000)	\$%	\$%	
Home Purchase Loans							
Low	0	0.0	0.0	0	0.0	0.0	0.0
Moderate	1	0.8	5.6	324	0.5	2.5	4.1
Middle	32	26.4	28.5	15,290	22.5	24.4	29.3
Upper	88	72.7	65.6	52,212	77.0	72.5	66.6
Unknown	0	0.0	0.2	0	0.0	0.6	0.0
Tract-Unk	0	0.0	0.0	0	0.0	0.0	
Total	121	100.0	100.0	67,826	100.0	100.0	100.0
Refinance Loans							
Low	0	0.0	0.0	0	0.0	0.0	0.0
Moderate	2	3.1	3.0	234	1.5	1.8	4.1
Middle	13	20.3	28.1	2,045	13.3	22.9	29.3
Upper	49	76.6	69.0	13,126	85.2	75.3	66.6
Unknown	0	0.0	0.0	0	0.0	0.0	0.0
Tract-Unk	0	0.0	0.0	0	0.0	0.0	
Total	64	100.0	100.0	15,405	100.0	100.0	100.0
Home Improvement Loans							
Low	0	0.0	0.0	0	0.0	0.0	0.0
Moderate	2	3.8	3.0	108	1.3	1.7	4.1
Middle	11	20.8	24.8	1,188	14.2	23.8	29.3
Upper	40	75.5	72.2	7,065	84.5	74.4	66.6
Unknown	0	0.0	0.0	0	0.0	0.0	0.0
Tract-Unk	0	0.0	0.0	0	0.0	0.0	
Total	53	100.0	100.0	8,361	100.0	100.0	100.0
Multifamily Loans							Multi-family Units %
Low	0	0.0	0.0	0	0.0	0.0	0.0
Moderate	0	0.0	16.7	0	0.0	30.9	23.2
Middle	0	0.0	50.0	0	0.0	54.4	35.4
Upper	1	100.0	33.3	1,250	100.0	14.7	41.5
Unknown	0	0.0	0.0	0	0.0	0.0	0.0
Tract-Unk	0	0.0	0.0	0	0.0	0.0	
Total	1	100.0	100.0	1,250	100.0	100.0	100.0
Total Home Mortgage Loans							Owner Occupied Units %
Low	0	0.0	0.0	0	0.0	0.0	0.0
Moderate	5	2.1	4.1	666	0.7	4.0	4.1
Middle	56	23.4	27.5	18,523	20.0	25.4	29.3
Upper	178	74.5	68.3	73,653	79.3	70.3	66.6
Unknown	0	0.0	0.1	0	0.0	0.3	0.0
Tract-Unk	0	0.0	0.0	0	0.0	0.0	
Total	239	100.0	100.0	92,842	100.0	100.0	100.0
Source: 2022 FFIEC Census Data							
2016-2020 U.S. Census Bureau: American Community Survey							
Note: Percentages may not total 100.0 percent due to rounding.							

Distribution of 2022 Small Business Lending By Income Level of Geography Assessment Area: Northwest MI Non MSA					
Geographic Income Level	Bank Loans*				Total Businesses %
	#	%	\$ (000)	\$ %	
Low	0	0.0	0	0.0	0.0
Moderate	6	5.4	2,374	8.0	6.7
Middle	50	45.0	15,833	53.3	36.1
Upper	55	49.5	11,489	38.7	57.2
Unknown	0	0.0	0	0.0	0.0
Tract-Unk	0	0.0	0	0.0	0.0
Total	111	100.0	29,696	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. *Aggregate data is not currently available.					

Distribution of 2022 Home Mortgage Lending By Borrower Income Level Assessment Area: Northwest MI Non MSA							
Borrower Income Level	Bank And Aggregate Loans						Families by Family Income %
	Bank		Agg	Bank		Agg	
	#	%	%	\$(000)	%	%	
Home Purchase Loans							
Low	6	5.0	2.0	2,686	4.0	1.1	12.4
Moderate	7	5.8	8.5	1,415	2.1	4.0	14.7
Middle	17	14.0	19.4	4,783	7.1	12.1	19.7
Upper	87	71.9	59.0	57,581	84.9	72.8	53.2
Unknown	4	3.3	11.1	1,361	2.0	10.0	0.0
Total	121	100.0	100.0	67,826	100.0	100.0	100.0
Refinance Loans							
Low	4	6.3	6.1	768	5.0	3.4	12.4
Moderate	13	20.3	20.1	1,711	11.1	12.9	14.7
Middle	11	17.2	21.4	1,602	10.4	15.6	19.7
Upper	36	56.3	45.5	11,324	73.5	59.1	53.2
Unknown	0	0.0	6.9	0	0.0	9.1	0.0
Total	64	100.0	100.0	15,405	100.0	100.0	100.0
Home Improvement Loans							
Low	3	5.7	3.7	148	1.8	2.0	12.4
Moderate	2	3.8	11.6	49	0.6	6.1	14.7
Middle	5	9.4	20.3	300	3.6	13.3	19.7
Upper	38	71.7	62.2	7,264	86.9	74.9	53.2
Unknown	5	9.4	2.2	600	7.2	3.7	0.0
Total	53	100.0	100.0	8,361	100.0	100.0	100.0
Total Home Mortgage Loans							
Low	13	5.5	3.8	3,602	3.9	1.9	12.4
Moderate	22	9.2	13.4	3,175	3.5	6.9	14.7
Middle	33	13.9	20.4	6,685	7.3	13.2	19.7
Upper	161	67.6	54.8	76,169	83.2	68.9	53.2
Unknown	9	3.8	7.8	1,961	2.1	9.0	0.0
Total	238	100.0	100.0	91,592	100.0	100.0	100.0
Source: 2022 FFIEC Census Data 2016-2020 U.S. Census Bureau: American Community Survey Note: Percentages may not total 100.0 percent due to rounding. Multifamily loans are not included in the borrower distribution analysis.							

Distribution of 2022 Small Business Lending By Revenue Size of Businesses					
Assessment Area: Northwest MI Non MSA					
	Bank Loans*				Total Businesses %
	#	%	\$(000)	\$%	
By Revenue					
\$1 Million or Less	45	40.5	10,512	35.4	91.2
Over \$1 Million	58	52.3	18,541	62.4	7.8
Revenue Unknown	8	7.2	643	2.2	1.1
Total	111	100.0	29,696	100.0	100.0
By Loan Size					
\$100,000 or Less	44	39.6	2,842	9.6	
\$100,001 - \$250,000	24	21.6	4,564	15.4	
\$250,001 - \$1 Million	43	38.7	22,290	75.1	
Total	111	100.0	29,696	100.0	
By Loan Size and Revenues \$1 Million or Less					
\$100,000 or Less	20	44.4	1,233	11.7	
\$100,001 - \$250,000	8	17.8	1,454	13.8	
\$250,001 - \$1 Million	17	37.8	7,825	74.4	
Total	45	100.0	10,512	100.0	
Sources: 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. *Aggregate data is not currently available.					

Muskegon, MI MSA #34740

2022 Muskegon, MI MSA 34740 AA Demographics								
Income Categories	Tract Distribution		Families by Tract Income		Families < Poverty Level as % of Families by Tract		Families by Family Income	
	#	%	#	%	#	%	#	%
Low	5	10.9	3,618	8.2	1,197	33.1	9,041	20.4
Moderate	8	17.4	5,626	12.7	1,117	19.9	8,299	18.7
Middle	21	45.7	22,575	50.9	1,827	8.1	9,396	21.2
Upper	11	23.9	12,571	28.3	429	3.4	17,654	39.8
Unknown	1	2.2	0	0.0	0	0.0	0	0.0
Total AA	46	100.0	44,390	100.0	4,570	10.3	44,390	100.0
	Housing Units by Tract	Housing Type by Tract						
		Owner-occupied			Rental		Vacant	
		#	% by tract	% by unit	#	% by unit	#	% by unit
Low	8,134	2,962	5.9	36.4	3,639	44.7	1,533	18.8
Moderate	9,909	5,299	10.5	53.5	3,388	34.2	1,222	12.3
Middle	37,465	26,613	52.8	71.0	7,319	19.5	3,533	9.4
Upper	18,827	15,488	30.8	82.3	1,356	7.2	1,983	10.5
Unknown	0	0	0.0	0.0	0	0.0	0	0.0
Total AA	74,335	50,362	100.0	67.8	15,702	21.1	8,271	11.1
	Total Businesses by Tract		Businesses by Tract & Revenue Size					
			Less Than or = \$1 Million		Over \$1 Million		Revenue Not Reported	
	#	%	#	%	#	%	#	%
Low	732	12.2	650	12.1	77	14.0	5	9.8
Moderate	1,031	17.2	832	15.4	194	36.3	5	9.8
Middle	2,671	44.6	2,448	45.4	192	34.9	31	60.8
Upper	1,559	26.0	1,462	27.1	87	15.8	10	19.6
Unknown	0	0.0	0	0.0	0	0.0	0	0.0
Total AA	5,993	100.0	5,392	100.0	550	100.0	51	100.0
Percentage of Total Businesses:				90.0		9.2		0.9
	Total Farms by Tract		Farms by Tract & Revenue Size					
			Less Than or = \$1 Million		Over \$1 Million		Revenue Not Reported	
	#	%	#	%	#	%	#	%
Low	0	0.0	0	0.0	0	0.0	0	0.0
Moderate	5	3.9	5	4.1	0	0.0	0	0.0
Middle	99	76.7	95	77.2	4	66.7	0	0.0
Upper	25	19.4	23	18.7	2	33.3	0	0.0
Unknown	0	0.0	0	0.0	0	0.0	0	0.0
Total AA	129	100.0	123	100.0	6	100.0	0	0.0
Percentage of Total Farms:				95.3		4.7		0.0
Source: 2022 FFIEC Census Data 2022 Data & Benchmark Data 2018-2020 U.S. Census Bureau, American Community Survey								
Note: Percentages may not total 100.0 percent due to rounding.								

Distribution of 2022 Home Mortgage Lending By Income Level of Geography Assessment Area: Muskegon, MI MSA 34740							
Geographic Income Level	Bank And Aggregate Loans						Owner Occupied Units %
	Bank		Agg	Bank		Agg	
	#	%	%	\$(000)	\$%	\$%	
Home Purchase Loans							
Low	1	3.0	7.6	40	0.6	4.4	5.9
Moderate	4	12.1	15.0	436	6.1	9.6	10.5
Middle	18	54.5	50.7	3,585	50.4	52.4	52.8
Upper	10	30.3	26.6	3,046	42.9	33.6	30.8
Unknown	0	0.0	0.0	0	0.0	0.0	0.0
Tract-Unk	0	0.0	0.0	0	0.0	0.0	
Total	33	100.0	100.0	7,107	100.0	100.0	100.0
Refinance Loans							
Low	2	11.1	3.2	724	14.8	2.5	5.9
Moderate	1	5.6	9.9	98	2.0	7.4	10.5
Middle	6	33.3	53.5	745	15.2	50.9	52.8
Upper	9	50.0	33.4	3,341	68.1	39.2	30.8
Unknown	0	0.0	0.0	0	0.0	0.0	0.0
Tract-Unk	0	0.0	0.0	0	0.0	0.0	
Total	18	100.0	100.0	4,908	100.0	100.0	100.0
Home Improvement Loans							
Low	0	0.0	3.4	0	0.0	2.8	5.9
Moderate	1	8.3	8.2	60	5.1	5.9	10.5
Middle	7	58.3	48.6	628	53.0	44.9	52.8
Upper	4	33.3	39.8	496	41.9	46.3	30.8
Unknown	0	0.0	0.0	0	0.0	0.0	0.0
Tract-Unk	0	0.0	0.0	0	0.0	0.0	
Total	12	100.0	100.0	1,184	100.0	100.0	100.0
Multifamily Loans							Multi-family Units %
Low	0	0.0	25.0	0	0.0	15.9	20.0
Moderate	0	0.0	20.0	0	0.0	36.1	21.8
Middle	0	0.0	40.0	0	0.0	22.8	52.0
Upper	0	0.0	15.0	0	0.0	25.2	6.3
Unknown	0	0.0	0.0	0	0.0	0.0	0.0
Tract-Unk	0	0.0	0.0	0	0.0	0.0	
Total	0	0.0	100.0	0	0.0	100.0	100.0
Total Home Mortgage Loans							Owner Occupied Units %
Low	3	4.8	5.6	764	5.8	4.2	5.9
Moderate	6	9.5	12.8	594	4.5	9.7	10.5
Middle	31	49.2	51.3	4,958	37.6	50.3	52.8
Upper	23	36.5	30.3	6,683	52.1	35.7	30.8
Unknown	0	0.0	0.0	0	0.0	0.0	0.0
Tract-Unk	0	0.0	0.0	0	0.0	0.0	
Total	63	100.0	100.0	13,199	100.0	100.0	100.0
Source: 2022 FFIEC Census Data							
2016-2020 U.S. Census Bureau: American Community Survey							
Note: Percentages may not total 100.0 percent due to rounding.							

Distribution of 2022 Small Business Lending By Income Level of Geography					
Assessment Area: Muskegon, MI MSA 34740					
Geographic Income Level	Bank Loans*				Total Businesses %
	#	%	\$(000)	\$%	
Low	2	10.0	278	5.0	12.2
Moderate	6	30.0	1,651	29.5	17.2
Middle	5	25.0	1,800	32.2	44.6
Upper	7	35.0	1,859	33.3	26.0
Unknown	0	0.0	0	0.0	0.0
Tract-Unk	0	0.0	0	0.0	0.0
Total	20	100.0	5,588	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. *Aggregate data is not currently available.					

Distribution of 2022 Home Mortgage Lending By Borrower Income Level Assessment Area: Muskegon, MI MSA 34740							
Borrower Income Level	Bank And Aggregate Loans						Families by Family Income %
	Bank		Agg	Bank		Agg	
	#	%	%	\$(000)	%	%	
Home Purchase Loans							
Low	2	6.1	9.5	183	2.6	5.4	20.4
Moderate	9	27.3	24.2	1,436	20.2	18.9	18.7
Middle	10	30.3	21.9	1,903	26.8	21.7	21.2
Upper	12	36.4	26.4	3,585	50.4	37.8	39.8
Unknown	0	0.0	18.1	0	0.0	16.3	0.0
Total	33	100.0	100.0	7,107	100.0	100.0	100.0
Refinance Loans							
Low	2	11.1	13.4	105	2.1	7.8	20.4
Moderate	1	5.6	26.9	130	2.6	21.9	18.7
Middle	2	11.1	25.6	193	3.9	25.4	21.2
Upper	12	66.7	24.8	4,430	90.3	34.7	39.8
Unknown	1	5.6	9.3	50	1.0	10.2	0.0
Total	18	100.0	100.0	4,908	100.0	100.0	100.0
Home Improvement Loans							
Low	0	0.0	7.6	0	0.0	4.4	20.4
Moderate	1	8.3	18.9	40	3.4	13.4	18.7
Middle	1	8.3	25.3	125	10.6	21.5	21.2
Upper	8	66.7	45.7	779	65.8	57.9	39.8
Unknown	2	16.7	2.5	240	20.3	2.8	0.0
Total	12	100.0	100.0	1,184	100.0	100.0	100.0
Total Home Mortgage Loans							
Low	4	6.3	10.4	288	2.2	6.0	20.4
Moderate	11	17.5	24.0	1,606	12.2	19.3	18.7
Middle	13	20.6	23.1	2,221	16.8	22.5	21.2
Upper	32	50.8	28.0	8,794	66.6	38.1	39.8
Unknown	3	4.8	14.6	290	2.2	14.1	0.0
Total	63	100.0	100.0	13,199	100.0	100.0	100.0
Source: 2022 FFIEC Census Data 2016-2020 U.S. Census Bureau: American Community Survey Note: Percentages may not total 100.0 percent due to rounding. Multifamily loans are not included in the borrower distribution analysis.							

Distribution of 2022 Small Business Lending By Revenue Size of Businesses					
Assessment Area: Muskegon, MI MSA 34740					
	Bank Loans*				Total Businesses %
	#	%	\$(000)	\$%	
By Revenue					
\$1 Million or Less	4	20.0	732	13.1	90.0
Over \$1 Million	12	60.0	4,651	83.2	9.2
Revenue Unknown	4	20.0	205	3.7	0.9
Total	20	100.0	5,588	100.0	100.0
By Loan Size					
\$100,000 or Less	6	30.0	405	7.2	
\$100,001 - \$250,000	6	30.0	1,107	19.8	
\$250,001 - \$1 Million	8	40.0	4,076	72.9	
Total	20	100.0	5,588	100.0	
By Loan Size and Revenues \$1 Million or Less					
\$100,000 or Less	1	25.0	100	13.7	
\$100,001 - \$250,000	3	75.0	632	86.3	
\$250,001 - \$1 Million	0	0.0	0	0.0	
Total	4	100.0	732	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. *Aggregate data is not currently available.					

Flint, MI MSA #22420

2022 Flint, MI MSA 22420 AA Demographics								
Income Categories	Tract Distribution		Families by Tract Income		Families < Poverty Level as % of Families by Tract		Families by Family Income	
	#	%	#	%	#	%	#	%
Low	16	11.9	9,012	8.3	3,511	39.0	23,052	21.3
Moderate	33	24.6	21,362	19.7	5,018	23.5	18,968	17.5
Middle	41	30.6	34,988	32.3	3,341	9.5	22,509	20.8
Upper	39	29.1	40,177	37.1	1,776	4.4	43,911	40.5
Unknown	5	3.7	2,891	2.7	393	13.6	0	0.0
Total AA	134	100.0	108,430	100.0	14,039	12.9	108,430	100.0
	Housing Units by Tract	Housing Type by Tract						
		Owner-occupied			Rental		Vacant	
		#	% by tract	% by unit	#	% by unit	#	% by unit
Low	20,522	8,014	6.7	39.1	7,401	36.1	5,107	24.9
Moderate	47,988	20,839	17.5	43.4	18,764	39.1	8,385	17.5
Middle	58,678	39,973	33.5	68.1	14,016	23.9	4,689	8.0
Upper	60,706	47,609	39.9	78.4	9,692	16.0	3,405	5.6
Unknown	4,689	2,949	2.5	62.9	1,324	28.2	416	8.9
Total AA	192,583	119,384	100.0	62.0	51,197	26.6	22,002	11.4
	Total Businesses by Tract		Businesses by Tract & Revenue Size					
			Less Than or = \$1 Million		Over \$1 Million		Revenue Not Reported	
	#	%	#	%	#	%	#	%
Low	842	5.8	783	5.8	55	5.3	4	3.4
Moderate	2,805	19.3	2,577	19.2	210	20.2	18	15.1
Middle	5,059	34.7	4,580	34.2	433	41.6	46	38.7
Upper	5,148	35.3	4,840	36.1	266	25.5	42	35.3
Unknown	712	4.9	625	4.7	78	7.5	9	7.6
Total AA	14,566	100.0	13,405	100.0	1,042	100.0	119	100.0
Percentage of Total Businesses:				92.0		7.2		0.8
	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	9	4.6	9	4.7	0	0.0	0	0.0
Middle	90	46.2	87	45.5	3	75.0	0	0.0
Upper	92	47.2	91	47.6	1	25.0	0	0.0
Unknown	2	1.0	2	1.0	0	0.0	0	0.0
Total AA	195	100.0	191	100.0	4	100.0	0	0.0
Percentage of Total Farms:				97.9		2.1		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.								

Distribution of 2022 Home Mortgage Lending By Income Level of Geography Assessment Area: Flint, MI MSA 22420							
Geographic Income Level	Bank And Aggregate Loans						Owner Occupied Units %
	Bank		Agg	Bank		Agg	
	#	%	%	\$ (000)	\$%	\$%	
Home Purchase Loans							
Low	0	0.0	2.6	0	0.0	1.3	6.7
Moderate	3	7.9	13.1	284	2.8	7.9	17.5
Middle	11	28.9	36.1	2,141	20.9	30.4	33.5
Upper	23	60.5	46.1	7,597	74.0	57.3	39.9
Unknown	1	2.6	2.1	246	2.4	3.1	2.5
Tract-Unk	0	0.0	0.0	0	0.0	0.0	
Total	38	100.0	100.0	10,268	100.0	100.0	100.0
Refinance Loans							
Low	0	0.0	1.7	0	0.0	1.0	6.7
Moderate	0	0.0	8.8	0	0.0	5.0	17.5
Middle	0	0.0	34.6	0	0.0	28.6	33.5
Upper	5	100.0	52.3	2,134	100.0	62.0	39.9
Unknown	0	0.0	2.6	0	0.0	3.4	2.5
Tract-Unk	0	0.0	0.0	0	0.0	0.0	
Total	5	100.0	100.0	2,134	100.0	100.0	100.0
Home Improvement Loans							
Low	0	0.0	2.6	0	0.0	1.5	6.7
Moderate	0	0.0	8.5	0	0.0	5.2	17.5
Middle	1	33.3	28.2	25	14.3	23.9	33.5
Upper	2	66.7	58.4	150	85.7	66.7	39.9
Unknown	0	0.0	2.2	0	0.0	2.7	2.5
Tract-Unk	0	0.0	0.0	0	0.0	0.0	
Total	3	100.0	100.0	175	100.0	100.0	100.0
Multifamily Loans							Multi-family Units %
Low	0	0.0	0.0	0	0.0	0.0	8.9
Moderate	0	0.0	40.0	0	0.0	45.6	36.1
Middle	0	0.0	23.3	0	0.0	39.0	23.6
Upper	0	0.0	30.0	0	0.0	12.9	26.9
Unknown	0	0.0	6.7	0	0.0	2.5	4.5
Tract-Unk	0	0.0	0.0	0	0.0	0.0	
Total	0	0.0	100.0	0	0.0	100.0	100.0
Total Home Mortgage Loans							Owner Occupied Units %
Low	0	0.0	2.3	0	0.0	1.2	6.7
Moderate	3	6.5	11.3	284	2.3	9.7	17.5
Middle	12	26.1	34.7	2,166	17.2	30.2	33.5
Upper	30	65.2	49.4	9,881	78.6	55.8	39.9
Unknown	1	2.2	2.3	246	2.0	3.2	2.5
Tract-Unk	0	0.0	0.0	0	0.0	0.0	
Total	46	100.0	100.0	12,577	100.0	100.0	100.0
Source: 2022 FFIEC Census Data 2016-2020 U.S. Census Bureau: American Community Survey Note: Percentages may not total 100.0 percent due to rounding.							

Distribution of 2022 Small Business Lending By Income Level of Geography					
Assessment Area: Flint, MI MSA 22420					
Geographic Income Level	Bank Loans*				Total Businesses %
	#	%	\$ (000)	\$ %	
Low	0	0.0	0	0.0	5.8
Moderate	1	33.3	614	46.7	19.3
Middle	2	66.7	701	53.3	34.7
Upper	0	0.0	0	0.0	35.3
Unknown	0	0.0	0	0.0	4.9
Tract-Unk	0	0.0	0	0.0	0.0
Total	3	100.0	1,315	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. *Aggregate data is not currently available.					

Distribution of 2022 Home Mortgage Lending By Borrower Income Level Assessment Area: Flint, MI MSA 22420							
Borrower Income Level	Bank And Aggregate Loans						Families by Family Income %
	Bank		Agg	Bank		Agg	
	#	%	%	\$ (000)	\$%	\$%	
Home Purchase Loans							
Low	4	10.5	8.1	384	3.7	3.6	21.3
Moderate	3	7.9	22.1	530	5.2	15.7	17.5
Middle	10	26.3	22.0	1,591	15.5	21.0	20.8
Upper	18	47.4	27.6	6,695	65.2	40.1	40.5
Unknown	3	7.9	20.2	1,068	10.4	19.7	0.0
Total	38	100.0	100.0	10,268	100.0	100.0	100.0
Refinance Loans							
Low	0	0.0	9.2	0	0.0	5.3	21.3
Moderate	1	20.0	23.7	202	9.5	17.7	17.5
Middle	0	0.0	26.1	0	0.0	25.0	20.8
Upper	4	80.0	31.1	1,932	90.5	41.4	40.5
Unknown	0	0.0	9.9	0	0.0	10.6	0.0
Total	5	100.0	100.0	2,134	100.0	100.0	100.0
Home Improvement Loans							
Low	0	0.0	6.5	0	0.0	4.0	21.3
Moderate	1	33.3	19.6	50	28.6	16.1	17.5
Middle	1	33.3	22.4	25	14.3	19.0	20.8
Upper	1	33.3	49.8	100	57.1	59.5	40.5
Unknown	0	0.0	1.7	0	0.0	1.4	0.0
Total	3	100.0	100.0	175	100.0	100.0	100.0
Total Home Mortgage Loans							
Low	4	8.7	8.4	384	3.1	4.2	21.3
Moderate	5	10.9	22.0	782	6.2	16.1	17.5
Middle	11	23.9	23.3	1,616	12.8	21.9	20.8
Upper	23	50.0	31.6	8,727	69.4	41.6	40.5
Unknown	3	6.5	14.8	1,068	8.5	16.2	0.0
Total	46	100.0	100.0	12,577	100.0	100.0	100.0
Source: 2022 FFIEC Census Data 2016-2020 U.S. Census Bureau: American Community Survey							
Note: Percentages may not total 100.0 percent due to rounding. Multifamily loans are not included in the borrower distribution analysis.							

Distribution of 2022 Small Business Lending By Revenue Size of Businesses					
Assessment Area: Flint, MI MSA 22420					
	Bank Loans*				Total Businesses %
	#	%	\$ (000)	%	
By Revenue					
\$1 Million or Less	1	33.3	83	6.3	92.0
Over \$1 Million	2	66.7	1,232	93.7	7.2
Revenue Unknown	0	0.0	0	0.0	0.8
Total	3	100.0	1,315	100.0	100.0
By Loan Size					
\$100,000 or Less	1	33.3	83	6.3	
\$100,001 - \$250,000	0	0.0	0	0.0	
\$250,001 - \$1 Million	2	66.7	1,232	93.7	
Total	3	100.0	1,315	100.0	
By Loan Size and Revenues \$1 Million or Less					
\$100,000 or Less	1	100.0	83	100.0	
\$100,001 - \$250,000	0	0.0	0	0.0	
\$250,001 - \$1 Million	0	0.0	0	0.0	
Total	1	100.0	83	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. *Aggregate data is not currently available.					

Jackson, MI MSA #27100

2022 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	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.								

Distribution of 2022 Home Mortgage Lending By Income Level of Geography Assessment Area: Jackson, MIMSA 27100							
Geographic Income Level	Bank And Aggregate Loans						Owner Occupied Units %
	Bank		Agg	Bank		Agg	
	#	%	%	\$(000)	\$%	\$%	
Home Purchase Loans							
Low	0	0.0	2.0	0	0.0	1.0	1.8
Moderate	9	47.4	29.8	1,840	44.7	20.6	23.5
Middle	5	26.3	41.8	1,020	24.8	43.5	43.0
Upper	5	26.3	26.1	1,257	30.5	34.6	31.7
Unknown	0	0.0	0.4	0	0.0	0.3	0.1
Tract-Unk	0	0.0	0.0	0	0.0	0.0	
Total	19	100.0	100.0	4,117	100.0	100.0	100.0
Refinance Loans							
Low	0	0.0	0.9	0	0.0	0.4	1.8
Moderate	0	0.0	19.5	0	0.0	13.6	23.5
Middle	5	83.3	44.1	410	79.0	44.1	43.0
Upper	1	16.7	35.2	109	21.0	41.7	31.7
Unknown	0	0.0	0.2	0	0.0	0.1	0.1
Tract-Unk	0	0.0	0.0	0	0.0	0.0	
Total	6	100.0	100.0	519	100.0	100.0	100.0
Home Improvement Loans							
Low	0	0.0	0.6	0	0.0	0.6	1.8
Moderate	1	14.3	18.2	45	15.3	12.4	23.5
Middle	6	85.7	48.2	250	84.7	50.3	43.0
Upper	0	0.0	32.9	0	0.0	36.7	31.7
Unknown	0	0.0	0.0	0	0.0	0.0	0.1
Tract-Unk	0	0.0	0.0	0	0.0	0.0	
Total	7	100.0	100.0	295	100.0	100.0	100.0
Multifamily Loans							Multi-family Units %
Low	0	0.0	20.0	0	0.0	57.2	8.3
Moderate	0	0.0	50.0	0	0.0	40.6	60.9
Middle	0	0.0	20.0	0	0.0	1.2	22.3
Upper	0	0.0	0.0	0	0.0	0.0	1.6
Unknown	0	0.0	10.0	0	0.0	1.0	6.9
Tract-Unk	0	0.0	0.0	0	0.0	0.0	
Total	0	0.0	100.0	0	0.0	100.0	100.0
Total Home Mortgage Loans							Owner Occupied Units %
Low	0	0.0	1.5	0	0.0	3.1	1.8
Moderate	10	31.3	24.8	1,885	38.2	18.9	23.5
Middle	16	50.0	43.4	1,680	34.1	42.0	43.0
Upper	6	18.8	30.1	1,366	27.7	35.6	31.7
Unknown	0	0.0	0.3	0	0.0	0.3	0.1
Tract-Unk	0	0.0	0.0	0	0.0	0.0	
Total	32	100.0	100.0	4,931	100.0	100.0	100.0
Source: 2022 FFIEC Census Data							
2016-2020 U.S. Census Bureau: American Community Survey							
Note: Percentages may not total 100.0 percent due to rounding.							

Distribution of 2022 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	0	0.0	0	0.0	30.8
Middle	0	0.0	0	0.0	37.6
Upper	0	0.0	0	0.0	22.6
Unknown	0	0.0	0	0.0	5.8
Tract-Unk	0	0.0	0	0.0	0.0
Total	0	0.0	0	0.0	100.0
Sources: 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. *Aggregate data is not currently available.					

Distribution of 2022 Home Mortgage Lending By Borrower Income Level Assessment Area: Jackson, MI MSA 27100							
Borrower Income Level	Bank And Aggregate Loans						Families by Family Income %
	Bank		Agg	Bank		Agg	
	#	%	%	\$(000)	%	%	
Home Purchase Loans							
Low	6	31.6	17.1	654	15.9	9.4	18.7
Moderate	2	10.5	26.4	481	11.7	20.3	19.0
Middle	3	15.8	21.8	695	16.9	22.8	21.0
Upper	7	36.8	20.6	1,954	47.5	33.0	41.3
Unknown	1	5.3	14.1	333	8.1	14.5	0.0
Total	19	100.0	100.0	4,117	100.0	100.0	100.0
Refinance Loans							
Low	4	66.7	17.2	367	70.7	10.6	18.7
Moderate	2	33.3	29.7	152	29.3	25.7	19.0
Middle	0	0.0	23.3	0	0.0	23.7	21.0
Upper	0	0.0	23.3	0	0.0	32.4	41.3
Unknown	0	0.0	6.6	0	0.0	7.6	0.0
Total	6	100.0	100.0	519	100.0	100.0	100.0
Home Improvement Loans							
Low	3	42.9	15.0	105	35.6	11.7	18.7
Moderate	1	14.3	22.9	40	13.6	20.4	19.0
Middle	0	0.0	27.6	0	0.0	23.2	21.0
Upper	2	28.6	31.8	125	42.4	43.4	41.3
Unknown	1	14.3	2.6	25	8.5	1.3	0.0
Total	7	100.0	100.0	295	100.0	100.0	100.0
Total Home Mortgage Loans							
Low	13	40.6	16.6	1,126	22.8	9.8	18.7
Moderate	5	15.6	26.6	673	13.6	21.8	19.0
Middle	3	9.4	22.8	695	14.1	22.9	21.0
Upper	9	28.1	23.3	2,079	42.2	33.5	41.3
Unknown	2	6.3	10.7	358	7.3	12.0	0.0
Total	32	100.0	100.0	4,931	100.0	100.0	100.0
Source: 2022 FFIEC Census Data 2016-2020 U.S. Census Bureau: American Community Survey Note: Percentages may not total 100.0 percent due to rounding. Multifamily loans are not included in the borrower distribution analysis.							

Distribution of 2022 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	0	0.0	0	0.0	9.9
Revenue Unknown	0	0.0	0	0.0	1.0
Total	0	0.0	0	0.0	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	0	0.0	0	0.0	
Total	0	0.0	0	0.0	
By Loan Size and Revenues \$1 Million or Less					
\$100,000 or Less	0	0.0	0	0.0	
\$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. *Aggregate data is not currently available.					

Central NonMSA (Isabella, Mecosta, and Newaygo)

2022 Central 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	1	2.4	361	1.0	108	29.9	8,086	21.7
Moderate	4	9.5	3,776	10.1	671	17.8	6,959	18.7
Middle	29	69.0	30,097	80.9	3,190	10.6	8,458	22.7
Upper	4	9.5	2,373	6.4	185	7.8	13,716	36.9
Unknown	4	9.5	612	1.6	268	43.8	0	0.0
Total AA	42	100.0	37,219	100.0	4,422	11.9	37,219	100.0
	Housing Units by Tract	Housing Type by Tract						
		Owner-occupied			Rental		Vacant	
		#	% by tract	% by unit	#	% by unit	#	% by unit
Low	1,313	89	0.2	6.8	1,073	81.7	151	11.5
Moderate	7,669	4,160	9.4	54.2	2,498	32.6	1,011	13.2
Middle	59,729	36,846	83.5	61.7	9,547	16.0	13,336	22.3
Upper	5,171	2,641	6.0	51.1	1,776	34.3	754	14.6
Unknown	2,710	406	0.9	15.0	1,586	58.5	718	26.5
Total AA	76,592	44,142	100.0	57.6	16,480	21.5	15,970	20.9
	Total Businesses by Tract		Businesses by Tract & Revenue Size					
			Less Than or = \$1 Million		Over \$1 Million		Revenue Not Reported	
	#	%	#	%	#	%	#	%
Low	38	0.7	31	0.7	7	1.8	0	0.0
Moderate	450	8.8	404	8.7	36	9.3	10	11.4
Middle	4,034	79.2	3,668	79.4	296	76.7	70	79.5
Upper	366	7.2	330	7.1	30	7.8	6	6.8
Unknown	204	4.0	186	4.0	17	4.4	2	2.3
Total AA	5,092	100.0	4,618	100.0	386	100.0	88	100.0
Percentage of Total Businesses:				90.7		7.6		1.7
	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	27	6.6	27	6.7	0	0.0	0	0.0
Middle	365	88.8	357	88.8	7	87.5	1	100.0
Upper	18	4.4	17	4.2	1	12.5	0	0.0
Unknown	1	0.2	1	0.2	0	0.0	0	0.0
Total AA	411	100.0	402	100.0	8	100.0	1	100.0
Percentage of Total Farms:				97.8		1.9		0.2
Source: 2022 FFIEC Census Data 2022 Dori & 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 Home Mortgage Lending By Income Level of Geography Assessment Area: Central MI Non MSA							
Geographic Income Level	Bank And Aggregate Loans						Owner Occupied Units %
	Bank		Agg	Bank		Agg	
	#	%	%	\$ (000)	%	%	
Home Purchase Loans							
Low	0	0.0	0.2	0	0.0	0.2	0.2
Moderate	9	9.8	10.5	1,212	6.4	8.5	9.4
Middle	76	82.6	81.8	16,136	84.8	82.8	83.5
Upper	4	4.3	6.8	806	4.2	7.6	6.0
Unknown	3	3.3	0.7	868	4.6	0.9	0.9
Tract-Unk	0	0.0	0.0	0	0.0	0.0	
Total	92	100.0	100.0	19,022	100.0	100.0	100.0
Refinance Loans							
Low	0	0.0	0.1	0	0.0	0.1	0.2
Moderate	1	3.0	7.6	69	1.6	6.7	9.4
Middle	31	93.9	84.2	4,015	96.0	84.6	83.5
Upper	1	3.0	6.6	100	2.4	7.4	6.0
Unknown	0	0.0	1.4	0	0.0	1.2	0.9
Tract-Unk	0	0.0	0.0	0	0.0	0.0	
Total	33	100.0	100.0	4,184	100.0	100.0	100.0
Home Improvement Loans							
Low	0	0.0	0.0	0	0.0	0.0	0.2
Moderate	1	3.1	5.5	100	3.7	4.8	9.4
Middle	30	93.8	87.3	2,530	94.5	88.9	83.5
Upper	0	0.0	5.7	0	0.0	5.4	6.0
Unknown	1	3.1	1.5	48	1.8	1.0	0.9
Tract-Unk	0	0.0	0.0	0	0.0	0.0	
Total	32	100.0	100.0	2,678	100.0	100.0	100.0
Multifamily Loans							Multi-family Units %
Low	0	0.0	5.0	0	0.0	7.7	11.9
Moderate	0	0.0	25.0	0	0.0	14.1	16.8
Middle	0	0.0	55.0	0	0.0	42.9	33.7
Upper	0	0.0	10.0	0	0.0	4.4	16.5
Unknown	0	0.0	5.0	0	0.0	30.9	21.0
Tract-Unk	0	0.0	0.0	0	0.0	0.0	
Total	0	0.0	100.0	0	0.0	100.0	100.0
Total Home Mortgage Loans							Owner Occupied Units %
Low	0	0.0	0.2	0	0.0	0.4	0.2
Moderate	11	7.0	9.1	1,381	5.3	8.0	9.4
Middle	137	87.3	83.2	22,681	87.6	82.2	83.5
Upper	5	3.2	6.5	906	3.5	7.2	6.0
Unknown	4	2.5	1.0	916	3.5	2.0	0.9
Tract-Unk	0	0.0	0.0	0	0.0	0.0	
Total	157	100.0	100.0	25,884	100.0	100.0	100.0
Source: 2022 FFIEC Census Data 2016-2020 U.S. Census Bureau: American Community Survey							
Note: Percentages may not total 100.0 percent due to rounding.							

Distribution of 2022 Small Business Lending By Income Level of Geography					
Assessment Area: Central MI Non MSA					
Geographic Income Level	Bank Loans*				Total Businesses %
	#	%	\$ (000)	\$ %	
Low	0	0.0	0	0.0	0.7
Moderate	0	0.0	0	0.0	8.8
Middle	9	100.0	1,919	100.0	79.2
Upper	0	0.0	0	0.0	7.2
Unknown	0	0.0	0	0.0	4.0
Tract-Unk	0	0.0	0	0.0	0.0
Total	9	100.0	1,919	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. *Aggregate data is not currently available.					

Distribution of 2022 Home Mortgage Lending By Borrower Income Level Assessment Area: Central MI Non MSA							
Borrower Income Level	Bank And Aggregate Loans						Families by Family Income %
	Bank		Agg	Bank		Agg	
	#	%	%	\$ (000)	\$%	\$%	
Home Purchase Loans							
Low	6	6.5	8.4	545	2.9	4.4	21.7
Moderate	19	20.7	24.4	2,712	14.3	18.2	18.7
Middle	25	27.2	21.2	4,671	24.6	20.6	22.7
Upper	38	41.3	29.8	10,450	54.9	41.0	36.9
Unknown	4	4.3	16.3	644	3.4	15.9	0.0
Total	92	100.0	100.0	19,022	100.0	100.0	100.0
Refinance Loans							
Low	4	12.1	12.6	283	6.8	8.2	21.7
Moderate	15	45.5	23.6	1,730	41.3	20.3	18.7
Middle	6	18.2	22.6	802	19.2	23.3	22.7
Upper	7	21.2	31.7	1,219	29.1	38.7	36.9
Unknown	1	3.0	9.6	150	3.6	9.6	0.0
Total	33	100.0	100.0	4,184	100.0	100.0	100.0
Home Improvement Loans							
Low	2	6.3	6.0	60	2.2	3.6	21.7
Moderate	7	21.9	17.7	467	17.4	11.5	18.7
Middle	11	34.4	23.4	638	23.8	21.2	22.7
Upper	11	34.4	49.1	1,311	49.0	58.0	36.9
Unknown	1	3.1	3.7	202	7.5	5.7	0.0
Total	32	100.0	100.0	2,678	100.0	100.0	100.0
Total Home Mortgage Loans							
Low	12	7.6	9.4	888	3.4	5.4	21.7
Moderate	41	26.1	23.3	4,909	19.0	18.4	18.7
Middle	42	26.8	22.0	6,111	23.6	21.3	22.7
Upper	56	35.7	32.7	12,980	50.1	41.4	36.9
Unknown	6	3.8	12.6	996	3.8	13.5	0.0
Total	157	100.0	100.0	25,884	100.0	100.0	100.0
Source: 2022 FFIEC Census Data 2016-2020 U.S. Census Bureau: American Community Survey							
Note: Percentages may not total 100.0 percent due to rounding. Multifamily loans are not included in the borrower distribution analysis.							

Distribution of 2022 Small Business Lending By Revenue Size of Businesses					
Assessment Area: Central MI Non MSA					
	Bank Loans*				Total Businesses %
	#	%	\$ (000)	%	
By Revenue					
\$1 Million or Less	7	77.8	961	50.1	90.7
Over \$1 Million	2	22.2	958	49.9	7.6
Revenue Unknown	0	0.0	0	0.0	1.7
Total	9	100.0	1,919	100.0	100.0
By Loan Size					
\$100,000 or Less	4	44.4	210	10.9	
\$100,001 - \$250,000	2	22.2	299	15.6	
\$250,001 - \$1 Million	3	33.3	1,410	73.5	
Total	9	100.0	1,919	100.0	
By Loan Size and Revenues \$1 Million or Less					
\$100,000 or Less	4	57.1	210	21.9	
\$100,001 - \$250,000	1	14.3	139	14.5	
\$250,001 - \$1 Million	2	28.6	612	63.7	
Total	7	100.0	961	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. *Aggregate data is not currently available.					

Eastern NonMSA (Huron, Sanilac, and Tuscola)

2022 Eastern 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	6,876	20.0
Moderate	3	7.5	3,529	10.2	458	13.0	6,847	19.9
Middle	34	85.0	30,922	89.8	2,605	8.4	7,889	22.9
Upper	0	0.0	0	0.0	0	0.0	12,839	37.3
Unknown	3	7.5	0	0.0	0	0.0	0	0.0
Total AA	40	100.0	34,451	100.0	3,063	8.9	34,451	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	6,542	4,325	10.0	66.1	1,406	21.5	811	12.4
Middle	62,305	39,112	90.0	62.8	8,704	14.0	14,489	23.3
Upper	0	0	0.0	0.0	0	0.0	0	0.0
Unknown	0	0	0.0	0.0	0	0.0	0	0.0
Total AA	68,847	43,437	100.0	63.1	10,110	14.7	15,300	22.2
	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	559	12.6	485	12.2	62	18.1	12	10.1
Middle	3,893	87.4	3,506	87.8	280	81.9	107	89.9
Upper	0	0.0	0	0.0	0	0.0	0	0.0
Unknown	0	0.0	0	0.0	0	0.0	0	0.0
Total AA	4,452	100.0	3,991	100.0	342	100.0	119	100.0
Percentage of Total Businesses				89.6		7.7		2.7
	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	50	6.1	48	6.0	2	15.4	0	0.0
Middle	765	93.9	754	94.0	11	84.6	0	0.0
Upper	0	0.0	0	0.0	0	0.0	0	0.0
Unknown	0	0.0	0	0.0	0	0.0	0	0.0
Total AA	815	100.0	802	100.0	13	100.0	0	0.0
Percentage of Total Farms				98.4		1.6		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.								

Distribution of 2022 Home Mortgage Lending By Income Level of Geography Assessment Area: Eastern MI Non MSA							
Geographic Income Level	Bank And Aggregate Loans						Owner Occupied Units %
	Bank		Agg	Bank		Agg	
	#	%	%	\$ (000)	\$%	\$%	
Home Purchase Loans							
Low	0	0.0	0.0	0	0.0	0.0	0.0
Moderate	4	10.0	10.6	415	5.6	9.3	10.0
Middle	36	90.0	89.4	6,951	94.4	90.7	90.0
Upper	0	0.0	0.0	0	0.0	0.0	0.0
Unknown	0	0.0	0.0	0	0.0	0.0	0.0
Tract-Unk	0	0.0	0.0	0	0.0	0.0	
Total	40	100.0	100.0	7,366	100.0	100.0	100.0
Refinance Loans							
Low	0	0.0	0.0	0	0.0	0.0	0.0
Moderate	7	30.4	12.2	585	23.5	10.0	10.0
Middle	16	69.6	87.8	1,908	76.5	90.0	90.0
Upper	0	0.0	0.0	0	0.0	0.0	0.0
Unknown	0	0.0	0.0	0	0.0	0.0	0.0
Tract-Unk	0	0.0	0.0	0	0.0	0.0	
Total	23	100.0	100.0	2,493	100.0	100.0	100.0
Home Improvement Loans							
Low	0	0.0	0.0	0	0.0	0.0	0.0
Moderate	3	25.0	10.9	160	14.6	9.0	10.0
Middle	9	75.0	89.1	935	85.4	91.0	90.0
Upper	0	0.0	0.0	0	0.0	0.0	0.0
Unknown	0	0.0	0.0	0	0.0	0.0	0.0
Tract-Unk	0	0.0	0.0	0	0.0	0.0	
Total	12	100.0	100.0	1,095	100.0	100.0	100.0
Multifamily Loans							Multi-family Units %
Low	0	0.0	0.0	0	0.0	0.0	0.0
Moderate	0	0.0	0.0	0	0.0	0.0	15.7
Middle	0	0.0	100.0	0	0.0	100.0	84.3
Upper	0	0.0	0.0	0	0.0	0.0	0.0
Unknown	0	0.0	0.0	0	0.0	0.0	0.0
Tract-Unk	0	0.0	0.0	0	0.0	0.0	
Total	0	0.0	100.0	0	0.0	100.0	100.0
Total Home Mortgage Loans							Owner Occupied Units %
Low	0	0.0	0.0	0	0.0	0.0	0.0
Moderate	14	18.7	11.0	1,160	10.6	9.3	10.0
Middle	61	81.3	89.0	9,794	89.4	90.7	90.0
Upper	0	0.0	0.0	0	0.0	0.0	0.0
Unknown	0	0.0	0.0	0	0.0	0.0	0.0
Tract-Unk	0	0.0	0.0	0	0.0	0.0	
Total	75	100.0	100.0	10,954	100.0	100.0	100.0
Source: 2022 FFIEC Census Data 2016-2020 U.S. Census Bureau: American Community Survey Note: Percentages may not total 100.0 percent due to rounding.							

Distribution of 2022 Small Business Lending By Income Level of Geography					
Assessment Area: Eastern MI Non MSA					
Geographic Income Level	Bank Loans*				Total Businesses %
	#	%	\$ (000)	\$ %	
Low	0	0.0	0	0.0	0.0
Moderate	6	17.6	858	13.1	12.6
Middle	28	82.4	5,675	86.9	87.4
Upper	0	0.0	0	0.0	0.0
Unknown	0	0.0	0	0.0	0.0
Tract-Unk	0	0.0	0	0.0	0.0
Total	34	100.0	6,533	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. *Aggregate data is not currently available.					

Distribution of 2022 Home Mortgage Lending By Borrower Income Level Assessment Area: Eastern MI Non MSA							
Borrower Income Level	Bank And Aggregate Loans						Families by Family Income %
	Bank		Agg	Bank		Agg	
	#	%	%	\$ (000)	\$%	\$%	
Home Purchase Loans							
Low	1	2.5	10.0	95	1.3	5.9	20.0
Moderate	11	27.5	25.1	1,176	16.0	19.0	19.9
Middle	8	20.0	23.0	1,138	15.4	22.0	22.9
Upper	16	40.0	28.1	3,439	46.7	38.6	37.3
Unknown	4	10.0	13.8	1,518	20.6	14.4	0.0
Total	40	100.0	100.0	7,366	100.0	100.0	100.0
Refinance Loans							
Low	5	21.7	12.0	287	11.5	7.8	20.0
Moderate	9	39.1	29.4	831	33.3	24.5	19.9
Middle	3	13.0	25.4	356	14.3	24.4	22.9
Upper	6	26.1	27.4	1,019	40.9	36.7	37.3
Unknown	0	0.0	5.8	0	0.0	6.6	0.0
Total	23	100.0	100.0	2,493	100.0	100.0	100.0
Home Improvement Loans							
Low	3	25.0	10.6	122	11.1	8.1	20.0
Moderate	2	16.7	26.8	188	17.2	24.4	19.9
Middle	3	25.0	25.7	191	17.4	25.0	22.9
Upper	4	33.3	35.5	594	54.2	41.9	37.3
Unknown	0	0.0	1.5	0	0.0	0.7	0.0
Total	12	100.0	100.0	1,095	100.0	100.0	100.0
Total Home Mortgage Loans							
Low	9	12.0	10.5	504	4.6	6.5	20.0
Moderate	22	29.3	26.2	2,195	20.0	20.7	19.9
Middle	14	18.7	24.2	1,685	15.4	22.8	22.9
Upper	26	34.7	29.0	5,052	46.1	38.5	37.3
Unknown	4	5.3	10.1	1,518	13.9	11.6	0.0
Total	75	100.0	100.0	10,954	100.0	100.0	100.0
Source: 2022 FFIEC Census Data 2016-2020 U.S. Census Bureau: American Community Survey							
Note: Percentages may not total 100.0 percent due to rounding. Multifamily loans are not included in the borrower distribution analysis.							

Distribution of 2022 Small Business Lending By Revenue Size of Businesses					
Assessment Area: Eastern MI Non MSA					
	Bank Loans*				Total Businesses %
	#	%	\$ (000)	%	
By Revenue					
\$1 Million or Less	10	29.4	1,050	16.1	89.6
Over \$1 Million	22	64.7	5,366	82.1	7.7
Revenue Unknown	2	5.9	117	1.8	2.7
Total	34	100.0	6,533	100.0	100.0
By Loan Size					
\$100,000 or Less	10	29.4	506	7.7	
\$100,001 - \$250,000	16	47.1	2,820	43.2	
\$250,001 - \$1 Million	8	23.5	3,207	49.1	
Total	34	100.0	6,533	100.0	
By Loan Size and Revenues \$1 Million or Less					
\$100,000 or Less	5	50.0	226	21.5	
\$100,001 - \$250,000	5	50.0	824	78.5	
\$250,001 - \$1 Million	0	0.0	0	0.0	
Total	10	100.0	1,050	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. *Aggregate data is not currently available.					

Northern NonMSA (Arenac)

2022 Northern MINon 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	876	21.4
Moderate	1	14.3	663	16.2	51	7.7	890	21.7
Middle	4	57.1	3,432	83.8	373	10.9	1,030	25.2
Upper	0	0.0	0	0.0	0	0.0	1,299	31.7
Unknown	2	28.6	0	0.0	0	0.0	0	0.0
Total AA	7	100.0	4,095	100.0	424	10.4	4,095	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	1,803	942	16.9	52.2	101	5.6	760	42.2
Middle	8,070	4,645	83.1	57.6	897	11.1	2,528	31.3
Upper	0	0	0.0	0.0	0	0.0	0	0.0
Unknown	0	0	0.0	0.0	0	0.0	0	0.0
Total AA	9,873	5,387	100.0	56.6	998	10.1	3,288	33.3
	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	65	11.4	58	11.4	3	7.0	4	25.0
Middle	503	88.6	451	88.6	40	93.0	12	75.0
Upper	0	0.0	0	0.0	0	0.0	0	0.0
Unknown	0	0.0	0	0.0	0	0.0	0	0.0
Total AA	568	100.0	509	100.0	43	100.0	16	100.0
Percentage of Total Businesses:				89.6		7.6		2.8
	Total Farms by Tract		Farms by Tract & Revenue Size					
			Less Than or = \$1 Million		Over \$1 Million		Revenue Not Reported	
	#	%	#	%	#	%	#	%
Low	0	0.0	0	0.0	0	0.0	0	0.0
Moderate	22	34.9	22	36.7	0	0.0	0	0.0
Middle	41	65.1	38	63.3	2	100.0	1	100.0
Upper	0	0.0	0	0.0	0	0.0	0	0.0
Unknown	0	0.0	0	0.0	0	0.0	0	0.0
Total AA	63	100.0	60	100.0	2	100.0	1	100.0
Percentage of Total Farms:				95.2		3.2		1.6
Source: 2022 FFIEC Census Data 2022 Data & Breakdown Data 2016-2020 U.S. Census Bureau, American Community Survey								
Note: Percentages may not total 100.0 percent due to rounding.								

Distribution of 2022 Home Mortgage Lending By Income Level of Geography							
Assessment Area: Northern MI Non MSA							
Geographic Income Level	Bank And Aggregate Loans						Owner Occupied Units %
	Bank		Agg	Bank		Agg	
	#	%	%	\$(000)	\$%	\$%	
Home Purchase Loans							
Low	0	0.0	0.0	0	0.0	0.0	0.0
Moderate	0	0.0	12.1	0	0.0	16.3	16.9
Middle	3	100.0	85.1	276	100.0	80.4	83.1
Upper	0	0.0	0.0	0	0.0	0.0	0.0
Unknown	0	0.0	2.9	0	0.0	3.2	0.0
Tract-Unk	0	0.0	0.0	0	0.0	0.0	
Total	3	100.0	100.0	276	100.0	100.0	100.0
Refinance Loans							
Low	0	0.0	0.0	0	0.0	0.0	0.0
Moderate	0	0.0	12.1	0	0.0	13.1	16.9
Middle	3	100.0	86.9	268	100.0	84.3	83.1
Upper	0	0.0	0.0	0	0.0	0.0	0.0
Unknown	0	0.0	1.0	0	0.0	2.6	0.0
Tract-Unk	0	0.0	0.0	0	0.0	0.0	
Total	3	100.0	100.0	268	100.0	100.0	100.0
Home Improvement Loans							
Low	0	0.0	0.0	0	0.0	0.0	0.0
Moderate	0	0.0	0.0	0	0.0	0.0	16.9
Middle	1	100.0	94.4	25	100.0	97.3	83.1
Upper	0	0.0	0.0	0	0.0	0.0	0.0
Unknown	0	0.0	5.6	0	0.0	2.7	0.0
Tract-Unk	0	0.0	0.0	0	0.0	0.0	
Total	1	100.0	100.0	25	100.0	100.0	100.0
Multifamily Loans							Multi-family Units %
Low	0	0.0	0.0	0	0.0	0.0	0.0
Moderate	0	0.0	0.0	0	0.0	0.0	2.7
Middle	0	0.0	100.0	0	0.0	100.0	97.3
Upper	0	0.0	0.0	0	0.0	0.0	0.0
Unknown	0	0.0	0.0	0	0.0	0.0	0.0
Tract-Unk	0	0.0	0.0	0	0.0	0.0	
Total	0	0.0	100.0	0	0.0	100.0	100.0
Total Home Mortgage Loans							Owner Occupied Units %
Low	0	0.0	0.0	0	0.0	0.0	0.0
Moderate	0	0.0	11.5	0	0.0	14.6	16.9
Middle	7	100.0	86.3	569	100.0	82.5	83.1
Upper	0	0.0	0.0	0	0.0	0.0	0.0
Unknown	0	0.0	2.2	0	0.0	2.9	0.0
Tract-Unk	0	0.0	0.0	0	0.0	0.0	
Total	7	100.0	100.0	569	100.0	100.0	100.0
Source: 2022 FFIEC Census Data 2016-2020 U.S. Census Bureau: American Community Survey Note: Percentages may not total 100.0 percent due to rounding.							

Distribution of 2022 Small Business Lending By Income Level of Geography Assessment Area: Northern 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	11.4
Middle	5	100.0	273	100.0	88.6
Upper	0	0.0	0	0.0	0.0
Unknown	0	0.0	0	0.0	0.0
Tract-Unk	0	0.0	0	0.0	0.0
Total	5	100.0	273	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. *Aggregate data is not currently available.					

Distribution of 2022 Home Mortgage Lending By Borrower Income Level Assessment Area: Northern MI Non MSA							
Borrower Income Level	Bank And Aggregate Loans						Families by Family Income %
	Bank		Agg	Bank		Agg	
	#	%	%	\$(000)	\$%	\$%	
Home Purchase Loans							
Low	0	0.0	9.2	0	0.0	4.7	21.4
Moderate	2	66.7	20.7	220	79.7	15.1	21.7
Middle	1	33.3	19.0	56	20.3	18.4	25.2
Upper	0	0.0	37.4	0	0.0	49.0	31.7
Unknown	0	0.0	13.8	0	0.0	12.8	0.0
Total	3	100.0	100.0	276	100.0	100.0	100.0
Refinance Loans							
Low	0	0.0	12.1	0	0.0	7.5	21.4
Moderate	2	66.7	37.4	199	72.0	35.0	21.7
Middle	0	0.0	12.1	0	0.0	13.0	25.2
Upper	1	33.3	31.3	75	26.0	35.5	31.7
Unknown	0	0.0	7.1	0	0.0	9.1	0.0
Total	3	100.0	100.0	268	100.0	100.0	100.0
Home Improvement Loans							
Low	0	0.0	16.7	0	0.0	10.5	21.4
Moderate	0	0.0	16.7	0	0.0	5.8	21.7
Middle	1	100.0	38.9	25	100.0	25.6	25.2
Upper	0	0.0	22.2	0	0.0	55.3	31.7
Unknown	0	0.0	5.6	0	0.0	2.7	0.0
Total	1	100.0	100.0	25	100.0	100.0	100.0
Total Home Mortgage Loans							
Low	0	0.0	10.9	0	0.0	5.8	21.4
Moderate	4	57.1	25.6	413	72.6	19.4	21.7
Middle	2	28.6	17.6	81	14.2	17.3	25.2
Upper	1	14.3	34.3	75	13.2	45.7	31.7
Unknown	0	0.0	11.5	0	0.0	11.8	0.0
Total	7	100.0	100.0	569	100.0	100.0	100.0
Source: 2022 FFIEC Census Data 2016-2020 U.S. Census Bureau: American Community Survey							
Note: Percentages may not total 100.0 percent due to rounding. Multifamily loans are not included in the borrower distribution analysis.							

Distribution of 2022 Small Business Lending By Revenue Size of Businesses Assessment Area: Northern MI Non MSA					
	Bank Loans*				Total Businesses %
	#	%	\$ (000)	%	
By Revenue					
\$1 Million or Less	4	80.0	164	60.1	89.6
Over \$1 Million	0	0.0	0	0.0	7.6
Revenue Unknown	1	20.0	109	39.9	2.8
Total	5	100.0	273	100.0	100.0
By Loan Size					
\$100,000 or Less	4	80.0	164	60.1	
\$100,001 - \$250,000	1	20.0	109	39.9	
\$250,001 - \$1 Million	0	0.0	0	0.0	
Total	5	100.0	273	100.0	
By Loan Size and Revenues \$1 Million or Less					
\$100,000 or Less	4	100.0	164	100.0	
\$100,001 - \$250,000	0	0.0	0	0.0	
\$250,001 - \$1 Million	0	0.0	0	0.0	
Total	4	100.0	164	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. *Aggregate data is not currently available.					

APPENDIX C – Scope of Examination

SCOPE OF EXAMINATION			
TIME PERIOD REVIEWED	HMDA-reportable loans: January 1, 2021 to December 31, 2022 CRA-reportable loans: January 1, 2021 to December 31, 2022 Community Development Lending: March 30, 2021 to October 30, 2023 Investments: March 30, 2021 to October 30, 2023 Services: March 30, 2021 to October 30, 2023		
FINANCIAL INSTITUTION Independent Bank			PRODUCTS REVIEWED 1. HMDA-reportable loans 2. CRA-reportable 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
Michigan 1. Grand Rapids-Kentwood, MI Metropolitan Statistical Area #24340 2. Detroit-Warren-Dearborn, MI Metropolitan Statistical Area #19820 3. Lansing-East Lansing, MI Metropolitan Statistical Area #29620	1. Full scope 2. Full scope 3. Full scope	None	N/A

4. Bay City, MI Metropolitan Statistical Area #13020	4. Full scope		
5. Saginaw, MI Metropolitan Statistical Area #40980	5. Full scope		
6. Northwest MI Non-Metropolitan Statistical Area (Grand Traverse and Leelanau)	6. Full scope		
7. Flint, MI Metropolitan Statistical Area #22420	7. Limited scope		
8. Jackson, MI Metropolitan Statistical Area #27100	8. Limited scope		
9. Muskegon, MI Metropolitan Statistical Area #34740	9. Limited scope		
10. Central, MI Non-Metropolitan Statistical Area (Isabella, Mecosta, and Newaygo)	10. Limited scope		
11. Eastern, MI Non-Metropolitan Statistical Area (Huron, Sanilac, and Tuscola)	11. Limited scope		
12. Northern, MI Non-Metropolitan Statistical Area (Arenac)	12. Limited scope		

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.²²

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

²² 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, includes loans for home improvement purposes not secured by a dwelling, and other consumer unsecured loan, includes loans for home improvement purposes not secured.

Family: Includes a householder and one or more other persons living in the same household who are related to the householder by birth, marriage, or adoption. The number of family households always equals the number of families; however, a family household may also include non-relatives living with the family. Families are classified by type as either a married couple family or other family, which is further classified into "male householder" (a family with a male 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 (LPO): This term refers to a staffed facility, other than a branch, that is open to the public and that provides lending-related services, such as loan information and applications.

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

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

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

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

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

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

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

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

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

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

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

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

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