PUBLIC DISCLOSURE

April 13, 2026

COMMUNITY REINVESTMENT ACT
PERFORMANCE EVALUATION

Isabella Bank
RSSD# 74140

139 East Broadway
Mount Pleasant, Michigan 48858

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

Isabella Bank Overall CRA Rating: Satisfactory

Performance Test Rating Table

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

Isabella 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:
- Lending levels reflect good responsiveness to credit needs in the bank's assessment area;
- A high percentage of loans were made in the bank's assessment area;
- The geographic distribution of loans reflects adequate penetration throughout the bank's assessment areas;
- The distribution of borrowers reflects, given the product lines offered, adequate penetration among customers of different income levels and businesses and farms of different sizes;
- Lending exhibits an adequate record of serving credit needs of low-income individuals and areas, and very small businesses and farms;

- The bank makes a relatively high level of community development loans; and
- The bank makes use of innovative and flexible lending practices in serving assessment area credit needs.

Investment Test:

- The bank made 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 and/or complex investments to support community initiatives; and
- The bank demonstrates good responsiveness to credit and community development needs.

Service Test:

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

ISABELLA BANK

DESCRIPTION OF INSTITUTION

Isabella Bank is a wholly owned subsidiary of Isabella Bank Corporation, a one-bank holding company located in Mount Pleasant, Michigan. Isabella Bank Corporation owns two nonbank subsidiaries, in addition to Isabella Bank, which do not engage in consumer lending or deposit activities.

Isabella Bank is a large intrastate bank that operates within four delineated assessment areas throughout the state of Michigan. The bank's operations include 30 deposit-taking branches, comprised of its main office, 27 full-service branches, and two drive-through branches. All branches have full-service automated teller machines (ATMs), with the exception of one drive-through branch location (Mount Pleasant University). The bank operates one standalone full-service ATM in Lake, Michigan. In total, the bank operates 30 full-service ATMs. Lastly, the bank operates a Loan Production Office (LPO), in Bay City, Michigan, which was opened on September 1, 2023, just prior to the start of the previous examination. There have been no branch openings or closings since the previous evaluation on November 13, 2023.

Isabella Bank Branch Locations							
Assessment Area	Low-Income	Moderate-Income	Middle-Income	Upper-Income	Unknown-Income	Total	
	#	#	#	#	#	#	%
Grand Rapids-Wyoming-Kentwood, MI MSA	0	2	1	0	0	3	10.0
Midland, MI MSA	0	1	0	1	0	2	6.7
Non MSA MI	0	1	18	0	1	20	66.7
Saginaw, MI, MSA	0	2	0	3	0	5	16.7
Total	0	6	19	4	1	30	100.0
Note: Percentages may not total to 100.0 percent due to rounding.							

According to the Uniform Bank Performance Report, the bank reported total assets of $2.2 billion and total deposits of $1.9 billion as of December 31, 2025. The bank offers a full range of loan products with commercial lending representing the majority of the loan portfolio at 48.7 percent, by dollar volume. The portfolio is also comprised of residential real estate loans at 29.3 percent, consumer loans at 8.0 percent, agricultural loans at 6.6 percent, and other loans at 7.3 percent as of December 31, 2025. In addition, the bank participates in various government-sponsored loan programs, including but not limited, those offered through the Small Business Administration (SBA), United States Department of Agriculture (USDA), and the Federal Home Loan Bank (FHLB).

The bank offers a variety of standard, traditional deposit products including checking, savings and money market demand accounts, and certificate of deposit accounts. The bank offers a number of alternative retail delivery services, including mobile banking, internet banking, and ATMs. The bank's website, www.isabellabank.com, has transactional capabilities and provides customers with the ability to perform account transfers, bill payments, and apply for mortgage and consumer loans. Additionally, through mobile and internet banking capabilities, customers have the ability to review account balances and brokerage accounts, initiate account transfers, bill pay, remote deposit capture, and conduct peer-to-peer transfers through the bank's mobile banking application, utilizing Zelle.

As of June 30, 2025, according to the Federal Deposit Insurance Corporation (FDIC) Summary of Deposits Market Share Report, Isabella Bank ranked second out of 16 financial institutions operating within the combined assessment area. The bank held $1.9 billion in total deposits representing a market share of 23.3 percent. The Huntington National Bank held the top market share, at 25.7 percent. As a leader in deposit market share amongst FDIC-insured institutions, Isabella Bank's ability to meet various credit needs is not materially inhibited due to competition within the combined assessment area.

Details of the allocation of the bank's loan portfolio are provided in the following table:

Composition of Loan Portfolio as of December 31, 2025 (000's)		
Type	$	%
Commercial	748,867	48.7
Residential Real Estate	450,488	29.3
Consumer	123,459	8.0
Agriculture	102,110	6.6
Other	111,864	7.3
Total	1,536,788	100.0
Note: Percentages may not total 100.0 percent due to rounding.		

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 November 13, 2023, the bank was rated **Satisfactory** under the CRA.

SCOPE OF THE EXAMINATION

Isabella Bank's CRA performance was evaluated using the Federal Financial Institutions Examination Council's (FFIEC) 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 areas.

Products reviewed include Home Mortgage Disclosure Act (HMDA)- and CRA-reportable small business and small farm loans originated from January 1, 2023, through December 31, 2024. HMDA-reportable loans were used to analyze home mortgage lending activity, and CRA-reportable loans were used to analyze small business and small farm lending activity. The evaluation places greater emphasis on HMDA- and CRA-reportable small business loans, than the CRA-reportable small farm loans due to overall volume.

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

- ***Lending Activity*** – HMDA- and CRA-reportable small business and small farm loans were reviewed to determine the bank's responsiveness to credit needs in the bank's assessment area from January 1, 2023, through December 31, 2024.

- ***Lending in the Assessment Area*** – HMDA- and CRA-reportable small business and small farm loans were reviewed to determine the percentage of loans originated in the assessment area from January 1, 2023, through December 31, 2024.

- ***Geographic Distribution of Lending in the Assessment Area*** – HMDA- and CRA-reportable small business and small farm 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, 2023, through December 31, 2024.

- ***Lending to Borrowers of Different Incomes and Businesses and Farms of Different Sizes*** – HMDA- and CRA-reportable small business and small farm loans were analyzed to determine the loan distribution among borrowers of different incomes and businesses and farms of different revenue sizes from January 1, 2023, through December 31, 2024.

- ***Community Development Lending*** – The number, volume, innovativeness, and complexity of community development loans were reviewed from November 14, 2023, through April 13, 2026.

- ***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, small farms, and geographies.

- ***Investments*** – Qualified investments from November 14, 2023, through April 13, 2026, 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 of the innovativeness of community development services were reviewed from November 14, 2023, to April 13, 2026.

Full-scope examination procedures were conducted for designated assessment areas, which were selected based on several factors including deposit market share, branch office and ATM concentration, volume of HMDA- and CRA-reportable lending, economic and demographic characteristics, and community development needs. The following areas received full reviews:

Full Review Assessment Areas

- Non-Metropolitan Michigan
- Saginaw, MI MSA #40980

The Non-Metropolitan Michigan (Non-MSA MI) assessment area was given greater weight as a higher concentration of branch offices, including the main office, ATMs, and lending and deposit volume exists within the assessment area.

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

- Grand Rapids-Wyoming-Kentwood, MI MSA #24340
- Midland, MI MSA #33220

In addition, two community representatives were contacted in connection with this examination to provide information regarding local economic and socio-economic conditions in the assessment area. The following types of organizations were contacted: community development and economic development.

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA

LENDING TEST

Isabella Bank's performance relative to the lending test is rated **high satisfactory** based on its performance across the combined assessment area, located in central Michigan. Factors contributing to the rating include: lending activity that reflects good responsiveness to credit needs in the bank's combined assessment area; a high percentage of loans originated in the bank's combined assessment area; an adequate geographic distribution of loans throughout the bank's combined assessment area, including low- and moderate-income geographies; and an adequate distribution of loans among individuals of different income levels and to businesses and farms of different revenue sizes. Lending exhibits an adequate record of serving credit needs of low-income individuals and areas, and very small businesses and farms. Further, the 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.

Level of Lending Activity

Isabella Bank's lending levels reflect good responsiveness to credit needs in its combined assessment area, taking into account the number and amount of HMDA-reportable and CRA-reportable small business and small farm loans in its combined assessment area. During the review period, the bank's HMDA-reportable and CRA-reportable small business and small farm lending activity comprised 2,631 loans for a total of $441.9 million. The level of lending activity represents a decrease from the previous evaluation both in number and dollar volume during which time the bank originated 3,232 loans for a total of $586.2 million. This represents a decrease of 18.6 percent by number and 24.6 percent by dollar volume.

As it pertains to HMDA-reportable lending, the bank's performance declined 32.1 percent by number and 35.8 percent by dollar volume when compared to the previous evaluation. This decline is being driven by the decrease in HMDA-reportable refinance loans, which experienced a decline in number (61.3 percent) and dollar volume (60.9 percent). The previous evaluation assessed performance during 2021 and 2022, which included a portion of the COVID-19 pandemic. During this time home mortgage rates fell to historic lows, which incentivized homeowners to seek more affordable mortgage payments by refinancing their existing home mortgage loans. As interest rates have risen the cost benefit of refinancing existing mortgages has declined.

As it relates to CRA-reportable small business and small farm lending, the bank's performance was consistent in number volume when compared to the previous evaluation during which time the bank originated 1,138 small business and 267 small farm loans.

Overall, the bank's performance demonstrates good responsiveness to assessment area credit needs when considering the overall lending environment and in comparison to other lenders within the market during the review period. Upon review of market peer performance for HMDA and CRA lending in the bank's assessment areas, the bank's rank among peer lenders is consistent with performance at the prior evaluation, indicating lending volume is down overall since the prior evaluation.

The following table summarizes the bank's lending activity from January 1, 2023, through December 31, 2024.

Summary of Lending Activity January 1, 2023 – December 31, 2024				
Loan Type	#	%	**$(000s)**	%
Home Improvement	264	10.0	18,540	4.2
Home Purchase	619	23.5	136,615	31.0
Multi-Family Housing	46	1.7	37,763	8.5
Refinancing	312	11.9	42,485	9.6
Total HMDA Reportable	1,241	47.2	235,403	53.3
Total Small Business Reportable	1,135	43.1	175,567	39.7
Total Small Farm Reportable	255	9.7	30,913	7.0
Total Loans	2,631	100.0	441,883	100.0
Note: Percentages may not total to 100.0 percent due to rounding.				

Assessment Area Concentration

Isabella Bank made a high percentage of loans in its assessment area. The bank originated 86.8 percent of its loans by number and 78.9 percent by dollar volume within the bank's combined assessment area. During the review period, 85.8 percent by number and 73.5 percent by dollar volume of the bank's HMDA-reportable loans originated within the combined assessment area. This was comparable with the HMDA-reportable lending during the previous evaluation. Further, the bank's CRA-reportable small business and small farm lending reflects a higher concentration of lending within the assessment area at 86.4 percent and 93.3 percent by number and 84.4 percent and 89.5 percent by dollar volume, respectively. This performance relative to CRA-reportable lending is comparable to the bank's performance at the previous evaluation.

The following table summarizes the bank's lending inside and outside its combined assessment area for HMDA-reportable and CRA-reportable small business and small farm loans from January 1, 2023, through December 31, 2024.

Lending Inside and Outside the Assessment Area								
Loan Type	**Inside**				**Outside**			
	#	%	**$(000s)**	%	#	%	**$(000s)**	%
Home Improvement	236	89.4	15,770	85.1	28	10.6	2,770	14.9
Home Purchase – Conventional	507	82.8	106,573	78.6	105	17.2	28,994	21.4
Home Purchase – FHA	7	100.0	$1,048	100.0	0	0.0	0	0.0
Multi-Family Housing	38	82.6	14,193	37.6	8	17.4	23,570	62.4
Refinancing	277	88.8	35,339	83.2	35	11.2	7,146	16.8
Total HMDA Reportable	1,065	85.8	172,923	73.5	176	14.2	62,480	26.5
Total Small Bus. Reportable	981	86.4	148,164	84.4	154	13.6	27,403	15.6
Total Small Farm Reportable	238	93.3	27,681	89.5	17	6.7	3,232	10.5
Total Loans	2,284	86.8	348,768	78.9	347	13.2	93,115	21.1
Note: Percentages may not total to 100.0 percent due to rounding.								

Geographic and Borrower Distribution

Isabella Bank's lending activities reflect adequate distribution throughout the combined assessment area. The bank's lending activities also reflect an adequate distribution of loans among individuals of different income levels and businesses, including farms of different sizes, given the product lines offered by the bank. Further discussion with respect to the geographic and borrower distribution of lending can be found in the individual assessment area analyses.

The bank exhibits an adequate record of serving the credit needs of low-income individuals, businesses and farms with gross annual revenues of $1 million or less, consistent with safe and sound operations. Additionally, the bank makes use of innovative or flexible lending practices in a safe and sound manner to address the credit needs of low- or moderate-income individuals or geographies. Programs include Isabella Bank's internally administered Credit Builder Loan, a small dollar, short-term loan product designed to encourage participants to develop regular savings plans and timely payment habits, helping to establish and build credit. Separately the Helping Hand Loan, which is a first-time home buyer loan program designed to finance 100.0 percent of the purchase without the requirement of private mortgage insurance. Loan programs that finance 100.0 percent of the purchase are especially helpful to low- and moderate-income borrowers, who may not have sufficient funds for a traditional 20.0 percent downpayment. Next, the Home Possible Mortgage Loan and the Unsecured Home Improvement Loan programs aim to assist borrowers of low- or moderate-income to achieve and maintain home ownership. Isabella Bank also partners with the Saginaw County Business & Education Partnership through the Lifeline Loan program, where clients work with a success coach to find fair and reputable lending options to overcome financial burdens.

Community Development Lending

Isabella Bank makes a relatively high level of community development loans. During the review period, the bank originated 16 qualified community development loans totaling $23.1 million, of which nine loans totaling $19.0 million were located in the full-scope assessment areas. The bank's community development loans were often found to be responsive to the assessment area needs, with the majority of loans targeting economic development and revitalization/stabilization efforts, and affordable housing. Community representatives spoke extensively of the need for affordable housing and economic development (support for small businesses, job creation) within the assessment areas.

The bank's community development lending efforts are comparable to the community development lending figures noted at the previous evaluation during which the bank originated 17 community development loans totaling $24.8 million.

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

Community Development Loans ($ in 000s)										
Assessment Area	**Affordable Housing**		**Community Services**		**Economics Development**		**Revitalize/ Stabilize**		**Total**	
	$	#	$	#	$	#	$	#	$	#
Full Scope										
Non-MSA	2,126	4	3,110	2	3,915	**2**	9,800	1	18,951	9
Saginaw	0	0	0	0	0	0	0	0	0	0
Total Full Scope	**2,126**	**4**	**3,110**	**2**	**3,915**	**2**	**9,800**	**1**	**18,951**	**9**
Limited Scope										
Grand Rapids	0	0	175	2	0	0	0	0	175	2
Midland	605	1	200	1	0	0	3,200	3	4,005	5
Total Limited Scope	**605**	**1**	**375**	**3**	**0**	**0**	**3,200**	**3**	**4,180**	**7**
Grand Total	**2,731**	**5**	**3,485**	**5**	**3,915**	**2**	**13,000**	**4**	**23,131**	**16**

INVESTMENT TEST

Isabella Bank 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, occassionally in a leadership position. The bank makes occasional use of innovative and/or complex investments to support community initiatives and demonstrates good responsiveness to credit and community development needs.

During the evaluation period, the bank made or maintained, 36 community development investments totaling approximately $52.1 million, of which 24 investments totaling $19.2 million were within the full review assessment areas. Additionally, of the qualified community development investments, seven investments, totaling $18.9 million, were made within the current review period whereas the remaining investments were made prior to the current evaluation period and were maintained by the bank. Community development investments are comprised largely of less innovative local municipal and school bonds and mortgage-backed securities. However, the bank also invested in the following: construction of a 55-unit apartment complex utilizing Low-Income Housing Tax Credits as all units are reserved for low- or moderate-income individuals, as well as investing in a rehabilitation project that used Low-Income Housing Tax Credits to benefit both senior living and low- and moderate-income individuals. Additionally, the bank was deemed to be responsive to the community development credit needs of its assessment area, which lent consideration to community development investments that were beneficial to the broader statewide or regional area.

During the previous evaluation the bank made, and maintained, 48 community development investments totaling $51.5 million. The bank's current performance in community development investments by dollar volume was consistent; however, the number of investments declined when compared to the previous evaluation.

The following table presents the bank's community development investments throughout its combined assessment area. Additional information on the bank's qualified community development investment activity is provided in the individual assessment area sections.

Community Development Investments ($ in 000s)										
Assessment Area	**Affordable Housing**		**Community Services**		**Economic Development**		**Revitalize/ Stabilize**		**Total**	
	$	#	$	#	$	#	$	#	$	#
Full Scope										
Non-MSA	1,500	1	6,400	4	0	0	7,595	16	15,495	21
Saginaw	0	0	3,668	3	0	0		0	3,668	3
Total Full Scope	1,500	1	10,068	7	0	0	7,980	16	19,163	24
Limited Scope										
Grand Rapids	0	0	14,100	3	0	0	13,646	5	27,746	8
Midland	4,984	1		0	0	0	0	0	4,984	1
Total Limited Scope	4,984	1	14,100	3	0	0	13,646	5	32,730	9
Broader Statewide/ Regional Area	66	2	95	1	0	0	0	0	161	3
Grand Total	6,550	4	24,263	11	0	0	21,241	21	52,055	36

Additionally, the bank made 193 donations totaling $347,527 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 (83.1 percent). During the previous evaluation the bank made 183 community development donations totaling $386,871. Although this is a decline in dollar volume, the number of donations and organizations that were served increased. The bank was also deemed to have been responsive to community development credit needs of its assessment areas, giving consideration to community development grants and donations outside of its assessment areas.

The following table presents the bank's community development contributions and donations throughout the combined assessment area and the broader statewide or regional area during the review period.

Additional information on the bank's community development donations activity is provided in the individual assessment area sections.

Community Development Donations										
Assessment Area	**Affordable Housing**		**Community Services**		**Economic Development**		**Revitalize/ Stabilize**		**Total**	
	#	$	#	$	#	$	#	$	#	$
Full Scope										
Non-MSA	9	13,110	107	211,466	0	0	4	18,500	120	243,076
Saginaw	0	0	27	37,112	0	0	2	7,200	29	44,312
Total Full Scope	9	13,100	134	248,578	0	0	6	25,700	149	287,388
Limited Scope										
Grand Rapids	1	1,000	22	32,047	0	0	2	5,732	25	38,779
Midland	2	1,750	8	3,377	0	0	2	9,000	12	14,127
Total Limited Scope	3	2,750	30	35,424	0	0	4	14,732	37	52,906
Broader Statewide/ Regional Area	0	0	5	4,733	0	0	2	2,500	7	7,233
Grand Total	12	15,860	169	288,735	0	0	12	42,932	193	347,527

SERVICE TEST

Isabella Bank's performance relative to the Service Test is High Satisfactory based on the following major factors in the assessment areas: 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 in low- and moderate-income geographies and to low- and moderate-income individuals; services and business hours do not vary in a way that inconveniences the needs of its assessment areas, particularly in low- and moderate-income geographies and to low- and moderate-income individuals; and the bank provides a relatively high level of community development services, evidenced by the Isabella Bank's "Compassion into Action "volunteer day where the entire bank volunteers at various projects throughout the bank's combined assessment areas.

Retail Services

Isabella Bank's retail delivery services are accessible to geographies and individuals of different income levels in its assessment area. The bank operates 28 full-service branch office locations (including the main office), and two limited-service drive-thru locations, six of which are located in moderate-income census tracts. In addition, the bank operates a total of 30 ATMs, seven are located in a moderate-income census tract. Although branch locations are not evenly distributed throughout the combined assessment area, they are accessible to low- and moderate-income individuals and geographies. Alternative delivery systems include phone, internet banking, and mobile banking.

The bank's 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 branch locations or ATMs.

Bank hours and services do not vary in a way that inconveniences low- and moderate-income geographies or individuals. Office hours range from 9:00 a.m. to 5:00 p.m., Monday through Friday. Multiple locations also provide drive-up services with extended hours and services on Saturday. In addition to branch hours, appointments with lenders for loan applications are at the applicant's convenience. 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. With applications for loan and deposit products accepted at each location and online through the bank's website.

Community Development Services

Isabella Bank provides a relatively high level of community development services. During the review period, the bank provided 3,791 hours of community development services. As illustrated in the following table, community development services were accomplished in partnership with a variety of organizations; however, the large majority of community development services had a community services focus targeting low- and moderate-income individuals and geographies. This is inclusive of services provided to organizations that focus on affordable housing and financial literacy education, which community representatives identified as significant needs within the bank's assessment areas. This and the bank identifying community liaisons throughout its organization demonstrates its commitment and responsiveness to the needs of the communities it serves. The bank has increased its community service hours since the previous evaluation period when bank employees provided 3,148 hours.

The following table displays community development services in the assessment areas and broader statewide or regional areas during the review period. Additional information on the bank's community development services activity is provided in the individual assessment area sections.

Community Development Services					
Assessment Area	**Affordable Housing**	**Community Services**	**Economic Development**	**Revitalize/ Stabilize**	**Total**
	Hours	**Hours**	**Hours**	**Hours**	**Hours**
Full Scope					
Non-MSA	67	1,950	50	95	2,162
Saginaw	232	159	251	83	725
Total Full Scope	299	2,109	301	178	2,887
Limited Scope					
Grand Rapids	73	186	134	61	454
Midland	231	46	20	0	297
Total Limited Scope	304	232	154	61	751
Broader Statewide/ Regional Area	0	71	0	82	153
Grand Total	603	2,412	455	321	3,791

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.

NON-MSA MICHIGAN - Full Review

SCOPE OF THE EXAMINATION

Full-scope examination procedures were used to evaluate the bank's performance in the Non-MSA Michigan assessment area. The review of this assessment area is consistent with the scope discussed in the "Scope of Examination" section of the Performance Evaluation.

DESCRIPTION OF INSTITUTION'S OPERATIONS IN NON-MSA MICHIGAN[1]

Isabella Bank's Non-MSA Michigan assessment area remains unchanged from the previous evaluation and consists of Clare, Gratiot, Isabella, and Mecosta counties in their entireties. The four counties are contiguous and located in the upper-central portion of the lower peninsula of Michigan. Located within the assessment area are the bank's main office, 19 branch offices, and 20 full-service ATMs. One branch and two ATMs are located within moderate-income census tracts, the main office, along with 17 branches and 17 ATMs are located within the middle-income census tracts, and one branch and one ATM are located in the bank's unknown income census tracts. In 2024, the assessment area was comprised of 53 census tracts: one low-income, nine moderate-income, 33 middle-income, five upper-income, and five unknown-income census tracts. As a result of the Office of Management and Budget (OMB) Bulletin No. 23-01 revision, the number of moderate-income tracts decreased from 13 in 2023 to nine in 2024. The unknown-income tracts are due to the presence of Central Michigan Correctional Facility (Gratiot County), Central Michigan University (Isabella County), and Ferris State University (Mecosta County). Of the 33 middle-income census tracts, 15 within Clare and Mecosta counties are designated as distressed due to high levels of poverty (ten tracts in Mecosta County) and unemployment (five tracts in Clare County). In 2023, the Non-MSA Michigan assessment area contained distressed middle-income census tracts in Clare and Mecosta counties due to unemployment.

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.

[1] *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.*

Refer to the census tract designation changes in the following table:

Census Tract Designation Changes American Community Survey Data (ACS)			
Tract Income Designation	**2023 Designations**	**2024 Designations**	**Net Change**
Low	1	1	0
Moderate	13	9	-4
Middle	29	33	+4
Upper	5	5	0
Unknown	5	5	0
Total	53	53	0

Source: U. S. Census Bureau: Decennial Census: American Community Survey Data: 2011-2015
U.S. Census Bureau: Decennial Census: America Community Survey Data: 2016-2020

According to the June 30, 2024, FDIC Deposit Market Share Report, Isabella Bank ranks first among nine FDIC-insured financial institutions operating within the same assessment area. The bank held $1.2 billion in deposits, representing 39.4 percent of the total deposit market share. Comparatively, the second ranked institution, Mercantile Bank of Michigan (Grand Rapids, MI), held $668.7 million representing 21.5 percent of the deposit market share. The third ranked institution, The Huntington National Bank (Columbus, OH), held $439.1 million representing 14.1 percent of the deposit market share.

In 2024, Isabella Bank ranked first among 238 HMDA-reporters, originating or purchasing 391 HMDA-reportable loans in the assessment area. By comparison, the second and third ranked institutions, Mercantile Bank and Rocket Mortgage, LLC originated 270 and 255 HMDA-reportable loans, respectively. Additionally, in 2024, the bank ranked second among 64 CRA-reporters, originating 389 CRA-reportable loans in the assessment area. By comparison, the first-ranked institution, American Express NB, originated 391 CRA-reportable loans and the third ranked institution, JP Morgan Chase Bank, originated 306 CRA-reportable loans.
Additional demographic information about the assessment area is provided in the following table.

2024 MI Non MSA AA Demographics

Income Categories	Tract Distribution		Families by Tract Income		Families < Poverty Level as % of Families by Tract		Families by Family Income	
	#	%	#	%	#	%	#	%
Low	1	1.9	361	0.9	108	29.9	9,349	22.3
Moderate	9	17.0	5,408	12.9	1,099	20.3	7,908	18.9
Middle	33	62.3	31,718	75.8	3,617	11.4	9,304	22.2
Upper	5	9.4	3,747	9.0	220	5.9	15,285	36.5
Unknown	5	9.4	612	1.5	268	43.8	0	0.0
Total AA	**53**	**100.0**	**41,846**	**100.0**	**5,312**	**12.7**	**41,846**	**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	17,328	6,944	14.0	40.1	2,912	16.8	7,472	43.1
Middle	62,119	37,639	76.1	60.6	11,559	18.6	12,921	20.8
Upper	7,246	4,404	8.9	60.8	1,976	27.3	866	12.0
Unknown	2,710	406	0.8	15.0	1,586	58.5	718	26.5
Total AA	**90,716**	**49,482**	**100.0**	**54.5**	**19,106**	**21.1**	**22,128**	**24.4**

	Total Businesses by Tract		Businesses by Tract & Revenue Size					
			Less Than or = $1 Million		Over $1 Million		Revenue Not Reported	
	#	%	#	%	#	%	#	%
Low	39	0.7	32	0.6	7	1.6	0	0.0
Moderate	724	13.2	651	13.2	62	14.2	11	11.5
Middle	4,031	73.7	3,635	73.6	322	73.9	74	77.1
Upper	493	9.0	453	9.2	31	7.1	9	9.4
Unknown	181	3.3	165	3.3	14	3.2	2	2.1
Total AA	**5,468**	**100.0**	**4,936**	**100.0**	**436**	**100.0**	**96**	**100.0**
Percentage of Total Businesses:				**90.3**		**8.0**		**1.8**

	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	12	2.6	12	2.7	0	0.0	0	0.0
Middle	388	84.7	382	84.9	6	75.0	0	0.0
Upper	58	12.7	56	12.4	2	25.0	0	0.0
Unknown	0	0.0	0	0.0	0	0.0	0	0.0
Total AA	**458**	**100.0**	**450**	**100.0**	**8**	**100.0**	**0**	**0.0**
Percentage of Total Farms:				**98.3**		**1.7**		**0.0**

Source: *2024 FFIEC Census Data*
2024 Dun & Bradstreet Data
2016-2020 U.S. Census Bureau: American Community Survey
Note: *Percentages may not total 100.0 percent due to rounding.*

Population Characteristics

The following table presents the population trends for the assessment area, the individual counties comprising the assessment area, and the state of Michigan from 2015 to 2020. According to the 2020 U.S. Census Bureau demographic data, the assessment area's population is 176,725. The assessment area experienced a decrease in population by 5.3 percent between 2015 and 2020, which is below the state of Michigan's population growth of 1.8 percent during the same time period. Of the counties comprising the assessment area, Clare County was the only one to experience population growth at 0.5 percent. Gratiot, Isabella, and Mecosta counties all experienced a population decrease. A community representative stated that a barrier to population growth is competition. Many areas struggle to retain young adults particularly due to those relocating to other areas to pursue education, employment opportunities, and/or improved living conditions. Long-term decline in manufacturing jobs, and an aging population has also contributed to the decline in population.

Population Change			
Area	**2015 Population**	**2020 Population**	**Percentage Change (%)**
Assessment Area	186,558	176,725	-5.3
Clare County, MI	30,710	30,856	0.5
Gratiot County, MI	41,878	41,761	-0.3
Isabella County, MI	70,669	64,394	-8.9
Mecosta County, MI	43,301	39,714	-8.3
Total Non-MSA Michigan	1,669,627	1,659,797	-0.6
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

According to U.S Census Bureau, the assessment area is comprised of 41,846 families, of which 22.3 percent are designated as low-income, 18.9 percent are moderate-income, 22.2 percent are middle-income, and 36.5 percent are upper-income. However, 12.7 percent of families residing within the assessment area live below the poverty line, which is above the state of Michigan's poverty rate of 9.2 percent. According to the 2016-2020 ACS data, the median family income (MFI) for the assessment area was $59,177, which was below the state of Michigan, at $75,470. Although Clare County experienced a higher percentage increase, from 2015 to 2020, than the other counties comprising the assessment area and the state of Michigan, the 2020 MFI is still the lowest in the assessment area. According to a community representative, the MFIs of the assessment area are primarily shaped by the local job market, educational attainment levels, and a heavy reliance on regional agricultural and manufacturing sectors. A community representative stated there is a heavy reliance on public assistance and disability income in the assessment area and across the state of Michigan. This, along with the decline of prevalent higher-waged opportunities, creates challenges obtaining economic stability.

Median Family Income Change			
Area	**2015 Median Family Income**	**2020 Median Family Income**	**Percent Change (%)**
Assessment Area	55,580	59,177	6.5
Clare County, MI	43,890	50,358	14.7
Gratiot County, MI	56,666	59,719	5.4
Isabella County, MI	61,660	62,601	1.5
Mecosta County, MI	58,938	60,798	3.2
Total Non-MSA Michigan	57,546	63,042	9.6
Michigan	68,010	75,470	11.0
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.*			

Housing Characteristics

According to 2024 FFIEC Census Data, the bank's assessment area includes 90,716 housing units. The majority of the housing units are owner-occupied at 54.5 percent, whereas rental units account for 21.1 percent. Vacant units account for 24.4 percent of the total units. Clare and Isabella counties are lake-heavy areas, with a significant portion of the vacant homes that are seasonal homes (vacation homes, seasonal cabins, or recreational properties) and are considered uninhabitable for year-round residency. Despite the high nominal vacancy numbers, limited new construction has left a shortage of affordable housing in the assessment area.

The following table presents the housing cost burden for individuals within the assessment area, the individual counties that comprise the assessment area, the total Non-MSA Michigan counties, and the state of Michigan. The cost burden is a measure of affordability via a comparative analysis of individuals of different income levels that spend 30.0 percent or more of their income on housing costs. As evidenced by the following table, low-income individuals are impacted at a higher rate than moderate-income individuals as both renters and owners. The proportion of both renters and owners within the assessment area that meet the cost burden criteria, at 45.9 percent and 17.8 percent, respectively, is consistent with the proportions for the state of Michigan. Isabella County has a severe shortage of affordable housing, rising rental costs driven by high demand (including from student populations), and wages that haven't kept pace with housing expenses that are contributing to the high percentage of low-income cost-burdened renters. A community representative also noted a lack of affordable housing, including limited availability of affordable rental units within the area. The representative indicated there was some development, but the overall shortage represents a significant unmet need in the assessment area.

Housing Cost Burden						
	Cost Burden – Renters (%)			Cost Burden – Owners (%)		
Area	Low Income	Moderate Income	All Renters	Low Income	Moderate Income	All Owners
Assessment Area	70.7	36.1	45.9	60.0	23.0	17.8
Clare County, MI	59.2	39.4	44.2	54.0	24.6	20.2
Gratiot County, MI	74.1	26.8	42.8	58.3	21.6	14.5
Isabella County, MI	76.0	41.1	48.4	65.4	23.8	17.7
Mecosta County, MI	62.8	35.5	43.6	61.7	22.1	19.5
Total Non-MSA Michigan	66.8	30.6	39.1	59.4	24.6	17.2
Michigan	75.3	35.6	42.9	62.1	27.2	17.5
Cost Burden is housing cost that equals 30 percent or more of household income						
Source: U.S. Department of Housing and Urban Development (HUD), 2017-2021 Comprehensive Housing Affordability Strategy						

Employment Conditions

The following table presents unemployment statistics for the assessment area, the individual counties comprising the assessment area, and the state of Michigan. After increasing notably during the COVID-19 pandemic, the assessment area's unemployment rate of 5.8 percent remains higher than the state of Michigan's unemployment rate of 4.7 percent. A community representative stated counties within the assessment area often experience higher unemployment rates than more urban areas due to their reliance on specific, volatile industries, including seasonal manufacturing, agricultural, and tourism. A community representative noted the lack of available job opportunities in the area. While one new business has recently opened, the positions require skilled labor, limiting accessibility to the broader workforce, contributing to employment gaps.

Unemployment Rates (%)					
Area	**2020**	**2021**	**2022**	**2023**	**2024**
Assessment Area	9.4	5.8	5.1	5.0	5.8
Clare County, MI	12.6	8.1	7.1	6.6	7.5
Gratiot County, MI	8.4	5.5	4.7	4.6	5.4
Isabella County, MI	8.8	5.1	4.6	4.4	5.2
Mecosta County, MI	9.5	6.0	5.2	5.1	6.1
Total Non-MSA Michigan	9.5	5.8	5.1	5.0	5.6
Michigan	10.0	5.7	4.2	3.9	4.7

Industry Characteristics

The assessment area contains a diverse employment base and is most heavily impacted by the industries of retail trade, manufacturing, healthcare and social assistance, accommodation and food services, and construction, based on data maintained by the U.S. Bureau of Labor Statistics. A community representative emphasized a strong focus remains on advanced manufacturing, increasingly tech focused. While, public-sector employers (local universities) provide stability, often representing the largest single employers in Gratiot and Isabella counties. A local cheese factory closed in November of 2023 and laid off over 150 people; however, the factory was later repurchased and created over 175 jobs.

Community Representatives

Information from a community representative was considered during the evaluation to provide information regarding local economic and demographic conditions. The representative provided information on housing, employment, and economic development needs within the assessment area. The representative noted limited job opportunities contributing to residents leaving the area for better opportunities. While one new business has opened, its jobs require skilled labor and are not accessible to many local residents. The area is largely low- to-moderate-income, with many relying on public assistance or disability. Lastly, the assessment area is facing a shortage of affordable housing and rental units. The need for affordable housing within the assessment area provides opportunities for local financial institutions.

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS IN NON-MSA, MICHIGAN

LENDING TEST

The geographic distribution of loans reflects adequate penetration throughout the assessment area. The distribution of borrowers reflects, given the product lines offered, adequate penetration among individuals of different income levels and businesses and farms of different sizes. Isabella Bank exhibits an adequate record of serving the credit needs of low-income individuals and areas and very small businesses. The bank is a leader in making community development loans, and the bank makes use of innovative and flexible lending practices in serving assessment area credit needs.

Geographic Distribution of Loans

An analysis of the geographic distribution of loans was conducted to determine the dispersion of loans among the census tract designations within the assessment area, particularly in low- and moderate-income census tracts. Isabella Bank's geographic distribution of HMDA-reportable and CRA-reportable loans reflect adequate distribution throughout the assessment area. There were no conspicuous lending gaps in the bank's lending distribution across the assessment area, including low- and moderate-income census. During the review period the bank originated loans in 49 of the 53 census tracts within the assessment area, including nine of the 10 low- and moderate-income census tracts.

When determining performance, the comparison to aggregate of lender data was weighted more heavily than assessment area demographics as it is a better measure of loan demand. Additionally, small business lending performance was given greater weight in consideration to the overall conclusion due to the low volume of HMDA-reportable originations.

While greater weight was placed on the aggregate of lender data than the assessment area's demographics data for the reason previously described, the bank's performance is slightly better when compared to the demographic of owner-occupied houses of 14.0 percent, and the demographic data point is an indication of limited opportunities. Furthermore, the bank originated 100 loans in underserved middle-income census tracts, which are responsive to community needs, but may also be depressing the percentage of loans originated in low- and moderate-income census tracts. Additionally, although the bank ranks first in HMDA-reportable originations for the assessment area, the bank's HMDA-reportable loan originations in the assessment area declined by 29.2 percent since the previous evaluation, which is indicative of a decline in demand.

<u>HMDA-Reportable Loans</u>

The geographic distribution of HMDA-reportable loans reflects adequate dispersion throughout the assessment area. In 2024, Isabella Bank originated 0.3 percent of its total HMDA-reportable loans in the one low-income census tract, comparable to the aggregate of lenders and the percentage of owner-occupied units located in the one low-income census tract at 0.3 percent and 0.2 percent, respectively. Separately, the bank originated 6.0 percent of its HMDA-reportable loans in moderate-income census tracts, below both the aggregate of lenders and the percentage of owner-occupied units at 16.7 percent and 14.0 percent, respectively. The bank originated 78.1 percent of its HMDA-reportable loans in middle-income census tracts, above the aggregate of lenders and consistent with the percentage of owner-occupied units located in the middle-income census tracts at 73.1 and 76.1 percent, respectively. Additionally, HMDA-reportable loans were originated within 38.3 percent of the underserved middle-income census tracts. Within upper-income census tracts, the bank originated 15.0 percent of its HMDA-reportable loans, above both the aggregate of lenders and the percentage of owner-occupied units in the upper-income census tracts at 8.5 percent and 8.9 percent, respectively. Lastly, the bank originated two loans (0.6 percent) in the tracts with unknown-incomes. This was consistent with both the aggregate of lenders (1.5 percent) and the percentage of owner-occupied units (0.8 percent).

Due to low volume, multi-family loans were not considered within the analysis of HMDA-reportable lending.

Home Purchase Loans

In 2024, Isabella Bank did not originate home purchase loans within the one low-income census tract, however, the bank's performance was consistent with the aggregate of lenders and the percentage of owner-occupied housing units, both at 0.2 percent, respectively. The bank originated 8.0 percent of its home purchase loans in moderate-income census tracts, below both the aggregate of lenders and the percentage of owner-occupied units at 17.4 percent and 14.0 percent, respectively. The largest portion of the bank's home purchase loans were originated in middle-income census tracts at 77.3 percent. The bank's performance is above the aggregate of lenders and comparable to the percentage of owner-occupied units located in middle-income census tracts at 73.4 percent and 76.1 percent, respectively. The bank originated 14.1 percent of home purchase loans in upper-income census tracts, exceeding the aggregate of lenders at 7.3 percent and the percentage of owner-occupied units at 8.9 percent. Lastly, the bank originated 0.6 percent of home purchase loans in unknown-income census tracts, consistent with both the aggregate of lenders at 1.7 percent and the percentage of owner-occupied units at 0.8 percent.

Refinance Loans

In 2024, Isabella Bank originated 1.1 percent of its refinance loans in the one low-income census tract, which is consistent with both the aggregate of lenders and the percentage of owner-occupied units in the low-income census tract at 0.5 percent and 0.2 percent, respectively. Separately, the bank originated 5.7 percent in moderate-income census tracts, below the aggregate of lenders at 16.4 percent and the percentage of owner-occupied units at 14.0 percent. The largest portion of the bank's refinance loans were originated in middle-income census tracts at 77.3 percent. This was above the aggregate of lenders at 72.5 percent and comparable with the percentage of owner-occupied housing units at 76.1percent. The bank originated 15.9 percent of its refinance loans in upper-income census tracts. This was above the aggregate of lenders at 9.5 percent, as well as the percentage of owner-occupied housing units in upper-income census tracts at 8.9 percent. Lastly, the bank did not originate refinance loans in unknown-income census tracts, however this is consistent with the aggregate of lenders at 1.1 percent and the percentage of owner-occupied units at 0.8 percent.

Home Improvement Loans

In 2024, Isabella Bank did not originate home improvement loans in the one low-income census tract. This is consistent with the aggregate of lenders, who also did not originate home improvement loans in the low-income census tract and the percentage of owner-occupied units in the low-income census tract at 0.2 percent. The bank originated 2.8 percent of its home improvement loans in the moderate-income census tracts, below both the aggregate of lenders and the percentage of owner-occupied units in the moderate-income census tracts at 13.4 percent and 14.0 percent, respectively. The largest portion of the bank's home improvement loans were originated in middle-income tracts at 83.1 percent. The bank's performance was above the aggregate of lenders at 72.6 percent and percentage owner-occupied housing units located in middle-income census tracts at 76.1 percent. The bank originated 14.1 percent of its home improvement loans in upper-income census, consistent with the aggregate of lenders at 11.9 percent and above the percentage owner-occupied housing units located in the upper-income tracts at 8.9 percent. Finally, the bank did not originate home improvement loans in unknown-income census tracts, consistent with the aggregate of lenders at 2.1 percent and the percentage of owner-occupied units in the unknown-income census tracts at 0.8 percent.

The bank's 2023 lending performance was generally comparable to 2024 lending performance; however, HMDA-reportable lending to moderate-income geographies was stronger in 2023.

The following table presents the bank's geographic distribution of HMDA-reportable loans in 2024. The 2023 geographic distribution table for HMDA-reportable lending is located in Appendix B.

Distribution of 2024 Home Mortgage Lending By Income Level of Geography
Assessment Area: 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	13	8.0	17.4	1,576	4.5	13.2	14.0
Middle	126	77.3	73.4	28,212	81.1	76.1	76.1
Upper	23	14.1	7.3	4,853	13.9	8.5	8.9
Unknown	1	0.6	1.7	148	0.4	1.9	0.8
Tract-Unk	0	0.0	0.0	0	0.0	0.0	
Total	163	100.0	100.0	34,789	100.0	100.0	100.0
Refinance Loans							
Low	1	1.1	0.5	62	0.4	0.4	0.2
Moderate	5	5.7	16.4	594	3.7	13.1	14.0
Middle	68	77.3	72.5	13,619	84.2	75.5	76.1
Upper	14	15.9	9.5	1,908	11.8	9.7	8.9
Unknown	0	0.0	1.1	0	0.0	1.3	0.8
Tract-Unk	0	0.0	0.0	0	0.0	0.0	
Total	88	100.0	100.0	16,183	100.0	100.0	100.0
Home Improvement Loans							
Low	0	0.0	0.0	0	0.0	0.0	0.2
Moderate	2	2.8	13.4	184	4.5	12.3	14.0
Middle	59	83.1	72.6	3,344	82.1	73.9	76.1
Upper	10	14.1	11.9	544	13.4	9.5	8.9
Unknown	0	0.0	2.1	0	0.0	4.3	0.8
Tract-Unk	0	0.0	0.0	0	0.0	0.0	
Total	71	100.0	100.0	4,072	100.0	100.0	100.0
Multifamily Loans							Multi-family Units %
Low	0	0.0	5.0	0	0.0	24.8	10.4
Moderate	0	0.0	10.0	0	0.0	23.0	14.0
Middle	8	66.7	65.0	2,802	69.8	46.5	43.0
Upper	3	25.0	15.0	1,113	27.7	5.2	14.4
Unknown	1	8.3	5.0	102	2.5	0.5	18.3
Tract-Unk	0	0.0	0.0	0	0.0	0.0	
Total	12	100.0	100.0	4,017	100.0	100.0	100.0
Total Home Mortgage Loans							Owner Occupied Units %
Low	1	0.3	0.3	62	0.1	1.2	0.2
Moderate	20	6.0	16.7	2,354	4.0	13.7	14.0
Middle	261	78.1	73.1	47,977	81.2	74.6	76.1
Upper	50	15.0	8.5	8,418	14.3	8.8	8.9
Unknown	2	0.6	1.5	250	0.4	1.8	0.8
Tract-Unk	0	0.0	0.0	0	0.0	0.0	
Total	334	100.0	100.0	59,061	100.0	100.0	100.0

Source: *2024 FFIEC Census Data*
2016-2020 U.S. Census Bureau: American Community Survey
Note: *Percentages may not total 100.0 percent due to rounding.*

CRA-Reportable Lending

Small Business Loans

The geographic distribution of small business loans reflects adequate penetration throughout the assessment area. In 2024, Isabella Bank originated 0.6 percent of its small business loans in the one low-income census tract, consistent with the aggregate of lenders at 0.8 percent and the percentage of total businesses located in the low-income census tract at 0.7 percent. The bank originated 7.7 percent of its small business loans in moderate-income census tracts, below the aggregate of lenders at 11.7 percent and the percentage of total businesses in the moderate-income census tracts at 13.2 percent. Additionally, the bank originated 78.1 percent of its small business loans in middle-income census tracts, above the aggregate of lenders at 73.8 percent and the percentage of total businesses located in middle-income census tracts at 73.7 percent. The bank originated 12.3 percent of its small business loans in upper-income census tracts, consistent with the aggregate of lenders at 10.5 percent and above the percentage of total businesses in the upper-income census tracts at 9.0 percent. Finally, the bank originated 1.3 percent of its small business loans in unknown-income census tracts, consistent with the aggregate of lenders at 2.8 percent and the percentage of total businesses in the unknown-income census tracts at 3.3 percent.

Overall, the bank's 2023 lending performance was generally comparable to 2024 lending performance.

The following table presents the 2024 geographic distribution of CRA-reportable small business loans. The geographic distribution of 2023 CRA-reportable small business loans is in Appendix B.

Distribution of 2024 Small Business Lending By Income Level of Geography
Assessment Area: MI Non MSA

Geographic Income Level	Bank And Aggregate Loans						Total Businesses
	Bank		Agg	Bank		Agg	
	#	#%	#%	$(000)	$%	$%	%
Low	2	0.6	0.8	836	2.0	1.9	0.7
Moderate	24	7.7	11.7	3,771	9.2	10.6	13.2
Middle	242	78.1	73.8	27,653	67.2	70.3	73.7
Upper	38	12.3	10.5	7,717	18.7	14.8	9.0
Unknown	4	1.3	2.8	1,201	2.9	2.2	3.3
Tract-Unk	0	0.0	0.3	0	0.0	0.0	
Total	310	100.0	100.0	41,178	100.0	100.0	100.0

Source: 2024 FFIEC Census Data
2024 Dun & Bradstreet Data
2016-2020 U.S. Census Bureau: American Community Survey
Note: Percentages may not total 100.0 percent due to rounding.

Small Farm Loans

The geographic distribution of small farm loans reflects adequate penetration throughout the assessment area. In 2024, Isabella Bank originated 2.5 percent of its small farm loans in the one low-income census tract, consistent with both the aggregate of lenders and the percentage of total farms located in the one low-income census tract at 1.0 percent and 0.0 percent, respectively. The bank did not originate small farm loans in the moderate-income census tracts; however, this was consistent with the aggregate of lenders at 2.0 percent and the percentage of total farms located in the moderate-income census tracts at 2.6 percent. The bank originated 79.7 percent of its small farm loans in middle-income census tracts, which was comparable to the aggregate of lenders at 80.8 percent and below the percentage of total farms located in middle-income census tracts at 84.7 percent. The bank originated 17.7 percent of its small farm loans in upper-income census tracts which was consistent with the aggregate of lenders 14.8 percent and above the percentage of total farms located in upper-income census tracts of 12.7 percent. Finally, the bank did not originate small farm loans in unknown-income census tracts, consistent with the aggregate of lenders at 0.5 percent and the percentage of total farms in the unknown-income census tracts at 0.0 percent.

The bank's 2023 lending performance was generally comparable to 2024 lending performance; however, small farm lending to moderate-income census tracts was stronger in 2023.

The following table presents the 2024 geographic distribution of CRA-reportable small farm loans. The geographic distribution of 2023 CRA-reportable small farm loans is in Appendix B.

Distribution of 2024 Small Farm Lending By Income Level of Geography Assessment Area: MI Non MSA							
Geographic Income Level	Bank And Aggregate Loans						Total Farms %
	Bank		Agg	Bank		Agg	
	#	#%	#%	$(000)	$%	$%	
Low	2	2.5	1.0	330	3.8	2.5	0.0
Moderate	0	0.0	2.0	0	0.0	1.1	2.6
Middle	63	79.7	80.8	6,906	80.2	80.2	84.7
Upper	14	17.7	14.8	1,376	16.0	15.8	12.7
Unknown	0	0.0	0.5	0	0.0	0.2	0.0
Tract-Unk	0	0.0	1.0	0	0.0	0.2	
Total	79	100.0	100.0	8,612	100.0	100.0	100.0

Source: 2024 FFIEC Census Data
2024 Dun & Bradstreet Data
2016-2020 U.S. Census Bureau: American Community Survey
Note: Percentages may not total 100.0 percent due to rounding.

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

An analysis of loans was conducted to determine the level of lending to borrowers of different income levels and businesses and farms of different sizes. Isabella Bank's lending activities reflect adequate distribution, particularly in its assessment area, of loans among individuals of different income levels and businesses, including farms of different sizes, given the product lines offered by the bank.

Isabella Bank makes use of innovative or flexible lending practices in a safe and sound manner to address the credit needs of low- or moderate-income individuals or geographies. The bank originated 183 loans for $10.4 million through its internally administered flexible lending programs. Programs include Isabella Bank's internally administered Credit Builder Loan, a small dollar, short-term loan product designed to encourage participants to develop regular savings plans and timely payment habits, helping to establish and build credit. Separately the Helping Hand Loan, which is a first-time home buyer loan program designed to finance 100.0 percent of the purchase without the requirement of private mortgage insurance. Loan programs that finance 100.0 percent of the purchase are especially helpful to low- and moderate-income borrowers, who may not have sufficient funds for a traditional 20.0 percent downpayment. Next, the Home Possible Mortgage Loan and the Unsecured Home Improvement Loan programs aim to assist borrowers of low- or moderate-income to achieve and maintain home ownership. Isabella Bank also partners with the Saginaw County Business & Education Partnership through the Lifeline Loan program, where clients work with a success coach to find fair and reputable lending options to overcome financial burdens.

When determining performance, the comparison to aggregate lender figures was weighted more heavily than the assessment area demographics as it is a better measure of loan demand. A detailed discussion of HMDA-reportable and CRA-reportable small business and small farm lending in relation to borrowers of different income levels and businesses and farms of different sizes is provided below.

<u>HMDA-Reportable Lending</u>

The distribution of HMDA-reportable loans reflects adequate penetration among individuals of different income levels, including low- and moderate-income borrowers. In 2024, the bank originated 6.2 percent of its total HMDA-reportable loans to low-income borrowers, which is consistent with the aggregate of lenders and below the percentage of low-income families in the assessment area at 9.2 percent and 22.3 percent, respectively. The bank originated 12.4 percent of its total HMDA-reportable loans to moderate-income borrowers. The bank's performance is below both the aggregate of lenders and the percentage of moderate-income families in the assessment area at 21.9 percent and 18.9 percent, respectively. The bank originated 21.7 percent of its total HMDA-reportable loans to middle-income borrowers, comparable to the aggregate of lenders and the percentage of middle-income families in the assessment area at 23.4 percent and 22.2 percent, respectively. The bank originated 42.5 percent of its total HMDA-reportable loans to upper-income families in the assessment area, which is above the aggregate of lenders and the percentage of upper-income families in the assessment area at 31.8 percent and 36.5 percent, respectively. Finally, the bank originated 17.1 percent of its total HMDA-reportable loans to individuals of unknown-income, above the aggregate of lenders at 13.7 percent.

Due to low volume, multifamily loans were not considered within the analysis of HMDA-reportable lending.

Home Purchase Loans

In 2024, the bank originated 5.5 percent of its home purchase loans to low-income borrowers, which was consistent with the aggregate of lenders at 8.5 percent and below the percentage of low-income families located in the assessment area at 22.3 percent. The bank originated 11.0 percent of its home purchase loans to moderate-income borrowers. This performance is below the aggregate of lenders and the percentage of moderate-income families located in the assessment area at 22.2 percent and 18.9 percent, respectively. The bank originated 23.3 percent of its home purchase loans to middle-income borrowers, this is consistent with the aggregate of lenders at 23.5 percent, and the percentage of middle-income families in the assessment area at 22.2 percent. The bank originated 47.2 percent of its home purchase loans to upper-income borrowers, which was above the aggregate of lenders at 30.0 percent, and the percentage of upper-income families in the assessment area at 36.5 percent. Lastly, the bank made 12.9 percent of its home purchase loans to unknown-income borrowers, which was consistent with the aggregate of lenders at 15.7 percent.

Refinance Loans

In 2024, the bank originated 6.8 percent of its refinance loans to low-income borrowers, which was below aggregate of lenders at 10.3 percent and the percentage of low-income families located in the assessment area at 22.3 percent. The bank originated 12.5 percent of its refinance loans to moderate-income borrowers. This performance was below both the aggregate of lenders and the percentage of moderate-income families within the assessment area at 20.8 percent and 18.9 percent, respectively. The bank originated 14.8 percent of its refinance loans to middle-income borrowers, which was below both the aggregate of lenders at 23.9 percent and the percentage of middle-income families within the assessment area at 22.2 percent. The bank originated 35.2 percent of its refinance loans to upper-income borrowers, this was above the aggregate of lenders at 27.8 percent, and comparable to the percentage of upper-income families in the assessment area at 36.5 percent. Finally, the bank made 30.7 percent of its refinance loans to unknown-income borrowers, which was above the aggregate of lenders at 17.3 percent.

Home Improvement Loans

In 2024, the bank originated 7.0 percent of its home improvement loans to low-income borrowers, which was comparable to the aggregate of lenders at 8.2 percent, and below the percentage of low-income families located in the assessment area at 22.3 percent. The bank originated 15.5 percent of its home improvement loans to moderate-income borrowers, which was below the aggregate of lenders at 19.8 percent and the percentage of moderate-income families located in the assessment area at 18.9 percent. The bank originated 26.8 percent of its home improvement loans to middle-income borrowers, which was consistent with the aggregate of lenders at 24.3 percent and above the percentage of middle-income families within the assessment area at 22.2 percent. The bank originated 40.8 percent of its home improvement loans to upper-income borrowers, which was below the aggregate of lenders at 44.1 percent and above the percentage of upper-income families in the assessment area at 36.5 percent. Lastly, the bank originated 9.9 percent of its home improvement loans to borrowers of unknown income, which was above the aggregate of lenders at 3.6 percent.

The bank’s 2023 lending performance was comparable to 2024 lending performance. The following table presents the bank’s borrower distribution of HMDA-reportable loans in 2024. The borrower distribution tables for 2023 HMDA-reportable loans is in Appendix B.

Distribution of 2024 Home Mortgage Lending By Borrower Income Level Assessment Area: MI Non MSA							
Borrower Income Level	Bank And Aggregate Loans						Families by Family Income %
	Bank		Agg	Bank		Agg	
	#	#%	#%	$(000)	$%	$%	
Home Purchase Loans							
Low	9	5.5	8.5	638	1.8	4.3	22.3
Moderate	18	11.0	22.2	2,020	5.8	16.1	18.9
Middle	38	23.3	23.5	7,194	20.7	22.9	22.2
Upper	77	47.2	30.0	20,184	58.0	41.3	36.5
Unknown	21	12.9	15.7	4,753	13.7	15.3	0.0
Total	163	100.0	100.0	34,789	100.0	100.0	100.0
Refinance Loans							
Low	6	6.8	10.3	388	2.4	6.2	22.3
Moderate	11	12.5	20.8	1,129	7.0	15.1	18.9
Middle	13	14.8	23.9	1,769	10.9	20.5	22.2
Upper	31	35.2	27.8	6,171	38.1	33.1	36.5
Unknown	27	30.7	17.3	6,726	41.6	25.2	0.0
Total	88	100.0	100.0	16,183	100.0	100.0	100.0
Home Improvement Loans							
Low	5	7.0	8.2	268	6.6	5.1	22.3
Moderate	11	15.5	19.8	436	10.7	15.2	18.9
Middle	19	26.8	24.3	924	22.7	21.0	22.2
Upper	29	40.8	44.1	2,020	49.6	54.8	36.5
Unknown	7	9.9	3.6	424	10.4	4.0	0.0
Total	71	100.0	100.0	4,072	100.0	100.0	100.0
Total Home Mortgage Loans							
Low	20	6.2	9.2	1,294	2.4	4.9	22.3
Moderate	40	12.4	21.9	3,585	6.5	16.0	18.9
Middle	70	21.7	23.4	9,887	18.0	22.0	22.2
Upper	137	42.5	31.8	28,375	51.5	40.7	36.5
Unknown	55	17.1	13.7	11,903	21.6	16.4	0.0
Total	322	100.0	100.0	55,044	100.0	100.0	100.0

Source: 2024 FFIEC Census Data
2016-2020 U.S. Census Bureau: American Community Survey
Note: Percentages may not total 100.0 percent due to rounding.
Multifamily loans are not included in the borrower distribution analysis.

CRA-Reportable Lending

Small Business Loans

The distribution of small business loans reflects adequate penetration among businesses of different revenue sizes. In 2024, the bank originated 45.5 percent of its small business loans to businesses with gross revenues of $1 million or less. This was below the aggregate at 51.3 percent and the percentage of total businesses with revenues of $1 million or less in the assessment area at

90.3 percent. However, of loans to businesses with revenues of $1 million less, 71.6 percent were made in amounts of $100,000 or less. Lower dollar loans, particularly those with a loan amount of $100,000 or less, are the most responsive to the smallest businesses.

The bank's distribution of small business loans in 2023 was consistent with the distribution of loans in 2024.

The following table presents the bank's borrower distribution of small business loans in 2024. The 2023 borrower distribution of small business loans is in Appendix B.

Distribution of 2024 Small Business Lending By Revenue Size of Businesses Assessment Area: MI Non MSA							
	Bank And Aggregate Loans						Total Businesses
	Bank		Agg	Bank		Agg	
	#	#%	#%	$(000)	$%	$%	%
By Revenue							
$1 Million or Less	141	45.5	51.3	15,671	38.1	38.1	90.3
Over $1 Million	124	40.0		24,347	59.1		8.0
Revenue Unknown	45	14.5		1,160	2.8		1.8
Total	310	100.0		41,178	100.0		100.0
By Loan Size							
$100,000 or Less	210	67.7	88.2	9,556	23.2	32.3	
$100,001 - $250,000	55	17.7	7.2	9,605	23.3	22.8	
$250,001 - $1 Million	45	14.5	4.7	22,017	53.5	44.9	
Total	310	100.0	100.0	41,178	100.0	100.0	
By Loan Size and Revenues $1 Million or Less							
$100,000 or Less	101	71.6		4,633	29.6		
$100,001 - $250,000	26	18.4		4,275	27.3		
$250,001 - $1 Million	14	9.9		6,763	43.2		
Total	141	100.0		15,671	100.0		

Source: 2024 FFIEC Census Data
2024 Dun & Bradstreet Data
2016-2020 U.S. Census Bureau: American Community Survey
Note: Percentages may not total 100.0 percent due to rounding.

Small Farm Loans

The distribution of small farm loans reflects good penetration among farms of different revenue sizes. In 2024, Isabella Bank originated 62.0 percent of its small farm loans to farms with $1 million in gross revenue or less. This performance is above the aggregate performance of 43.8 percent and below the percentage of small farms in the assessment area at 98.3 percent.

Of loans to farms with revenues of $1 million of less, 65.3 percent were in amounts of $100,000 or less. Loans in amounts of $100,000 or less are generally considered most beneficial to small farms, demonstrating the bank's ability to meet the credit needs of small farms.

The bank's distribution of lending to farms of different revenue sizes in 2023 was consistent with that in 2024.

The following table presents the 2024 borrower distribution of small farm loans. The 2023 borrower distribution of small farm loans is in Appendix B.

Distribution of 2024 Small Farm Lending By Revenue Size of Farms Assessment Area: MI Non MSA							
	Bank And Aggregate Loans						Total Farms %
	Bank		Agg	Bank		Agg	
	#	#%	#%	$(000)	$%	$%	
By Revenue							
$1 Million or Less	49	62.0	43.8	5,099	59.2	49.2	98.3
Over $1 Million	16	20.3		3,003	34.9		1.7
Revenue Unknown	14	17.7		510	5.9		0.0
Total	79	100.0		8,612	100.0		100.0
By Loan Size							
$100,000 or Less	53	67.1	81.3	2,235	26.0	35.3	
$100,001 - $250,000	15	19.0	12.3	2,617	30.4	31.3	
$250,001 - $500,000	11	13.9	6.4	3,760	43.7	33.4	
Total	79	100.0	100.0	8,612	100.0	100.0	
By Loan Size and Revenues $1 Million or Less							
$100,000 or Less	32	65.3		1,262	24.7		
$100,001 - $250,000	10	20.4		1,627	31.9		
$250,001 - $500,000	7	14.3		2,210	43.3		
Total	49	100.0		5,099	100.0		

Source: 2024 FFIEC Census Data
2024 Dun & Bradstreet Data
2016-2020 U.S. Census Bureau: American Community Survey
Note: Percentages may not total 100.0 percent due to rounding.

Community Development Lending

Isabella Bank is a leader in making community development loans serving assessment area credit needs; however, the bank made limited use of innovative and/or flexible lending practices during the review period. During the evaluation period, the bank originated nine qualified community development loans totaling approximately $19.0 million. The qualified loans addressed a range of credit needs including affordable housing for low- or moderate-income individuals, community services targeted to low- or moderate-income individuals or geographies, and economic development and revitalization/stabilization efforts. A community representative stated affordable housing is a significant need in the assessment area. The bank made four affordable housing community development loans demonstrating the bank's responsiveness to identify community needs. This represents an increase when compared to the previous examination, during which time the bank originated eight qualified community development loans for approximately $8.0 million.

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

Community Development Loans November 14, 2023 – April 13, 2026 (Dollars in 000s)										
Assessment Area	Affordable Housing		Community Services		Economic Development		Revitalize/ Stabilize		Total	
	$	#	$	#	$	#	$	#	$	#
Non-MSA Michigan	2,126	4	3,110	2	3,915	2	9,800	1	18,951	9

INVESTMENT TEST

Isabella Bank made a significant level of qualified community development investments and grants, particularly those not routinely provided by private investors, occassionally in a leadership position. Also, Isabella Bank makes occasional use of innovative and/or complex investments to support community initiatives and demonstrates good responsiveness to credit and community development needs.

During the evaluation period, the bank made or maintained 21 community development investments totaling approximately $15.5 million within the assessment area. Of the qualified community development investments, four investments totaling $4.8 million were made within the current review period whereas the remaining investments were made prior to the current evaluation period yet still maintained by the bank. The majority of qualified investments, by both number and dollar volume, were made toward revitalization and stabilization efforts. In addition, the remaining qualified investments supported affordable housing benefiting low- or moderate-income individuals, and community services targeted to low- or moderate-income individuals and geographies. One current-period investment was particularly responsive as it helped fund the rehabilitation of a historical building used to provide affordable housing for seniors and low- or moderate-income individuals, a need identified by a community representative. During the previous evaluation, the bank made or maintained 30 community development investments totaling $19.0 million. The bank's current performance in community development investments decreased by both number and dollar volume.

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

Qualified Investments November 14, 2023 –April 13, 2026 (Dollars in 000s)										
Assessment Area	Affordable Housing		Community Services		Economic Development		Revitalize/ Stabilize		Total	
	#	$ (000)	#	$ (000)	#	$ (000)	#	$ (000)	#	$ (000)
Non-MSA Michigan	1	1,500	4	6,400	0	0	16	7,595	21	15,495

Additionally, the bank made 120 donations totaling $243,076 to organizations within the assessment area during the evaluation period. Donations were made to a variety of organizations with the majority of donations, by dollar volume, going towards community service efforts targeting low- and moderate-income individuals and communities (87.0 percent). The bank's total qualified grants and donations increased from the previous evaluation in which the bank made community development donations totaling approximately $228,231.

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

Community Development Grants and Donations November 14, 2023 –April 13, 2026					
Assessment Area	Affordable Housing	Community Services	Economic Development	Revitalize/ Stabilize	Total
	$	$	$	$	$
Non-MSA Michigan	13,110	211,466	0	18,500	243,076

SERVICE TEST

Isabella Bank's 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 low- or moderate-income geographies and individuals; services do not vary in a way that inconveniences the needs of its assessment area, particularly low- and moderate-income geographies and/or low- and moderate-income individuals; and the bank provides a relatively high level of community development services.

Retail Services

Isabella Bank's retail delivery services are accessible to geographies and individuals of different income levels in its assessment area. The bank operates 20 branch offices, which includes its main office, and 20 ATMs in the assessment area. The bank operates one branch and two ATMs within moderate-income census tracts, whereas the main office and the remaining branches and ATMs are located in middle-income census tracts and one branch and ATM is in an unknown-income census tract. Alternative delivery systems include phone, internet banking, and mobile banking. To the extent changes have been made, its record of opening and closing branches has not adversely affected the accessibility of its delivery systems, particularly in low- or moderate-income geographies or to low- or moderate-income individuals. The bank has not opened or closed any branch offices or ATMs since the previous evaluation.

The bank's services (including, where appropriate, business hours) do not vary in a way that inconveniences its assessment area, particularly low- or moderate-income geographies or low- or moderate-income individuals. Offices in the assessment area generally have standard hours of 9:00 a.m. to 5:00 p.m., Monday through Friday, and certain offices have extended hours from 9:00a to 12:00p on Saturdays, with similar drive-up hours. Additionally, applications for loan and deposit products are accepted at each location and online through the bank's website.

Community Development Services

Isabella Bank provides a relatively high level of community development services. During the review period, the bank provided 2,162 community development service hours. As illustrated in the following table, community development services were accomplished in partnership with a variety of organizations, however the majority of community development services had a focus of community services targeting low- and moderate-income individuals and geographies. During the previous evaluation the bank conducted 1,782 community development service hours, noting a 21.3 percent increase in the bank's current-period performance. Additionally, the bank's 67 affordable housing service hours and 95 revitalization and stabilization service hours were responsive to identified needs of the assessment area.

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

Community Development Services November 14, 2023 –April 13, 2026					
Assessment Area	**Affordable Housing**	**Community Services**	**Economic Development**	**Revitalize/ Stabilize**	**Total Hours**
Non-MSA Michigan	67	1,950	50	95	2,162

SAGINAW, MI MSA #40980 - Full Review

SCOPE OF THE EXAMINATION

Full-scope examination procedures were used to evaluate the bank's performance in the Saginaw, MI MSA assessment area. The review of this assessment area is consistent with the scope discussed in the "Scope of Examination" section of this Performance Evaluation.

DESCRIPTION OF INSTITUTION'S OPERATIONS IN SAGINAW, MI MSA #40980[2]

Isabella Bank's Saginaw MI MSA assessment area remains unchanged from the previous evaluation and consists of Saginaw County, in its entirety which comprises the entirety of the Saginaw, MI MSA. Located within the assessment area are five branch locations and five full-service ATMs. Two branch offices and ATMs are located in moderate-income census tracts, and three branch offices and ATMs are located in upper-income census tracts. There have been no changes in the retail network since the previous evaluation.

The assessment area income census tract designation remains unchanged from the previous evaluation. In 2024, the assessment area was comprised of 61 census tracts, five low-income, 18 moderate-income, 18 middle-income, and 20 upper-income census tracts.

Census Tract Designation Changes American Community Survey Data (ACS)			
Tract Income Designation	**2023 Designations ()**	**2024 Designations ()**	**Net Change ()**
Low	5	5	0
Moderate	18	18	0
Middle	18	18	0
Upper	20	20	0
Unknown	0	0	0
Total	61	61	0
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*			

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.

According to the June 30, 2024, FDIC Deposit Market Share Report, Isabella Bank ranks sixth among 11 FDIC-insured financial institutions operating within the assessment area. The bank held $198.7 million in deposits, representing 7.3 percent of the total deposit market share. In

[2] *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.*

comparison, the first ranked institution, The Huntington National Bank, held $825.3 million in deposits, representing 30.4 percent of the deposit market share. The second ranked institution, JP Morgan Chase Bank, National Association, held $386.3 million in deposits representing 14.2 percent of the deposit market share.

In 2024, Isabella Bank ranked 19th among 209 HMDA-reporters, originating 54 HMDA-reportable loans in the assessment area. By comparison, the first and second ranked institutions, Frankenmuth Credit Union and Rocket Mortgage, LLC, originated or purchased 311 and 247 HMDA-reportable loans, respectively. Additionally, in 2024, the bank ranked ninth among 63 CRA-reporters, originating 87 CRA-reportable loans in the assessment area. By comparison, the first and second ranked institutions, American Express, NB and JP Morgan Chase Bank, NA, originated 456 and 454 CRA-reportable loans, respectively.

Additional demographic information about the assessment area is provided in the following table.

2024 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	40.4
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	261	4.2	234	4.3	26	4.1	1	1.6
Moderate	1,775	28.7	1,552	28.3	215	34.0	8	12.9
Middle	1,908	30.9	1,669	30.5	207	32.8	32	51.6
Upper	2,231	36.1	2,026	37.0	184	29.1	21	33.9
Unknown	0	0.0	0	0.0	0	0.0	0	0.0
Total AA	**6,175**	**100.0**	**5,481**	**100.0**	**632**	**100.0**	**62**	**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	5	1.8	5	1.8	0	0.0	0	0.0
Middle	151	53.5	150	53.8	0	0.0	1	100.0
Upper	126	44.7	124	44.4	2	100.0	0	0.0
Unknown	0	0.0	0	0.0	0	0.0	0	0.0
Total AA	**282**	**100.0**	**279**	**100.0**	**2**	**100.0**	**1**	**100.0**
Percentage of Total Farms:				**98.9**		**0.7**		**0.4**

Source: *2024 FFIEC Census Data*
2024 Dun & Bradstreet Data
2016-2020 U.S. Census Bureau: American Community Survey
Note: *Percentages may not total 100.0 percent due to rounding.*

Population Characteristics

The following table presents the population trends for the assessment area and the state of Michigan from 2015 to 2020. According to the 2020 U.S. Census Bureau demographic data, the assessment area's population is 190,124. The assessment area experienced a decline in population of 3.2 percent between 2015 and 2020, which is below the state of Michigan's population growth of 1.8 percent during the same time period. A community representative indicated the area has experienced a population decline driven by limited economic opportunities, job loss, and elevated crime rates within the city.

A community representative stated during that time, the assessment area continued to experience the effect of automation and the migration of manufacturing jobs outside of the region, which has negatively impacted the population. Additionally, high poverty rates, high unemployment, and lower income levels have also hindered population retention and growth.

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

Income Characteristics

According to the U.S. Census Bureau, the assessment area is comprised of 49,274 families, of which 20.7 percent are designated as low-income, 17.7 percent are moderate-income, 21.2 percent are middle-income, and 40.4 percent are upper-income. However, 12.1 percent of families residing within the assessment area live below the poverty line, and above the state of Michigan's poverty rate at 9.2 percent. According to the 2016-2020 ACS, the median family income (MFI) for the assessment area is $64,094, which is below the MFI for the state of Michigan at $75,470. Although the assessment area experienced an 8.2 percent growth in MFI during the timeframe, it was still below the 11.0 percent growth for the state of Michigan. A community representative stated the rebound of the U.S. auto industry has had a positive impact on the area, creating jobs and helping to raise the MFI, however also noted there is still a clear need for access to more economic opportunities in the assessment area. Additionally, the representative also noted that the decline in manufacturing jobs has created a need for government programs and grants to encourage the return of manufacturing to the area to stimulate economic growth.

Median Family Income Change			
Area	2015 Median Family Income ($)	2020 Median Family Income ($)	Percent Change (%)
Saginaw, MI MSA 40980	59,229	64,094	8.2
Michigan	68,010	75,470	11.0
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.			

Housing Characteristics

The bank's assessment area includes 87,789 housing units. The majority of the housing units are owner-occupied at 64.4 percent, whereas rental units account for 25.6 percent of total units. Within the assessment area, 10.0 percent of housing units are vacant, which is lower than the percentage of vacant units within the state of Michigan at 13.7 percent of total housing units.

The following table presents the housing cost burden for individuals within the assessment area, and the state of Michigan. The housing cost burden is a measure of affordability via a comparative analysis of individuals of different income levels that spend 30.0 percent or more of their income on housing costs. As depicted within the following table, low-income individuals are impacted at a higher rate than moderate-income individuals as both renters and owners. When compared to the state of Michigan, low-income individuals are cost-burdened at a comparable rate. However, in the assessment area, moderate-income renters are cost-burdened at a higher rate than the state of Michigan. As stated by a community representative, housing stock in the assessment area is aging and new construction that is affordable is limited. Low-income renters often compete for the limited, older housing stock, which also often have higher utility costs, contributing to the burden of housing cost. Additionally, the representative stated the declining wages, and rising housing costs also contribute to the housing cost-burden. It was stated that financial institutions could increase homeownership by retaining more loans on their balance sheets, which could allow for more flexible underwriting practices tailored to borrowers who may not be approved based on conventional standards. This approach would help more residents qualify for homeownership and will also rebuild the community.

Housing Cost Burden						
	Cost Burden – Renters (%)			Cost Burden – Owners (%)		
Area	Low Income	Moderate Income	All Renters	Low Income	Moderate Income	All Owners
Saginaw, MI MSA 40980	73.9	44.3	45.8	62.3	22.2	15.4
Michigan	75.3	35.6	42.9	62.1	27.2	17.5
Cost Burden is housing cost that equals 30 percent or more of household income						
Source: U.S. Department of Housing and Urban Development (HUD), 2017-2021 Comprehensive Housing Affordability Strategy						

Employment Conditions

The following table shows unemployment statistics for the assessment area, and the state of Michigan. After increasing notably during the COVID-19 pandemic, the assessment area's unemployment rate of 5.9 percent remains higher than the state of Michigan's unemployment rate of 4.7 percent. The reduction in manufacturing jobs and the shift away from a traditional, high-paying industrial base have created long-term unemployment challenges in the region. A community representative expressed there is an opportunity for financial institutions to explore ways to responsibly increase lending to small business to support local job growth, particularly by financing manufacturing jobs in order to create stable, well-paying employment for members of the community.

Unemployment Rates (%)					
Area	**2020**	**2021**	**2022**	**2023**	**2024**
2024 Saginaw, MI MSA 40980	10.3	6.8	5.4	5.2	5.9
Michigan	10.0	5.7	4.2	3.9	4.7
Source: Bureau of Labor Statistics (BLS), Local Area Unemployment Statistics					

Industry Characteristics

The assessment area contains a diverse employment base and is most heavily impacted by the industries of health care and social assistance, retail trade, manufacturing, accommodation and food services, and administrative and waste services. The assessment area is experiencing industrial resurgence driven by advanced manufacturing, specifically in electric vehicle components, solar technology, and medical infrastructure. The agricultural sector is also strengthening. As a result, the community representative noted programs and grants to promote more manufacturing jobs would be beneficial.

Community Representatives

Information from a community representative with a focus on economic conditions, local housing, and employment within the assessment area indicated there is a clear need for more accessible economic opportunities that provide sustainable wages. Population declines have been driven by the lack of jobs and elevated crime. Expanding small business lending and supporting industries, such as manufacturing, could help create stable, well-paying jobs for local residents. The community also faces a shortage of affordable housing due to rising home prices, declining wages, and aging housing stock with limited new/affordable development. Moreover, increasing flexible lending practices could help expand homeownership opportunities and support broader community stability. Lastly, the community representative referenced Isabella Bank by name as an institution that is active in the community.

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

LENDING TEST

The geographic distribution of loans reflects adequate penetration throughout the assessment area. The distribution of borrowers reflects, given the product lines offered, adequate penetration among individuals of different income levels and businesses and farms of different sizes. Isabella Bank exhibits an adequate record of serving the credit needs of low- and moderate -income individuals and areas and very small businesses. The bank makes few, if any, community development loans, but does make use of innovative and flexible lending practices in serving assessment area credit needs.

Geographic Distribution of Loans

An analysis of the geographic distribution of loans was conducted to determine the dispersion of loans among the census tract designations within the assessment area, particularly in low- and moderate-income census tracts. Isabella Bank's geographic distribution of HMDA-reportable and CRA-reportable loans reflects adequate distribution throughout the assessment area. There were no conspicuous lending gaps in the bank's lending distribution across the assessment area, including to low- and moderate-income census tracts. Although the bank did not originate HMDA-reportable loans in the low-income census tracts, when compared with peer lending in the low-income census tracts, the bank's performance was consistent.

A detailed discussion of HMDA-reportable and CRA-reportable small business and small farm lending in relation to aggregate and census demographics is provided below. When determining performance, the comparison to aggregate lender data was weighted more heavily than assessment area demographics (i.e., percentage of owner-occupied housing units) as it is a better measure of loan demand. Additionally, small business lending performance was given greater weight in consideration to the overall conclusion due to the low volume of HMDA-reportable and small farm originations.

<u>HMDA-Reportable Loans</u>

The geographic distribution of HMDA-reportable loans reflects good dispersion throughout the assessment area. In 2024, Isabella Bank did not originate HMDA-reportable loans in the low-income census tracts, however the bank's performance was consistent with the aggregate of lenders and the percentage of owner-occupied units located in the low-income census tracts at 1.2 percent and 2.8 percent, respectively. Separately, the bank originated 31.4 percent of its HMDA-reportable loans in moderate-income census tracts, above both the aggregate of lenders at 19.2 percent and the percentage of owner-occupied units in moderate-income census tracts at 21.3 percent. The bank originated 23.5 percent of its HMDA-reportable loans in middle-income census tracts, which was below both the aggregate of lenders and the percentage of owner-occupied units in the middle-income census tracts, at 34.3 percent. Finally, the largest portion of the bank's HMDA-reportable loans were originated in upper-income census tracts at 45.1 percent. This is consistent with aggregate of lenders at 45.3 percent and above the percentage of owner-occupied units located in upper-income census tracts at 41.7 percent.

Due to low volume, refinance, home improvement, and multi-family loans were not considered within the analysis of HMDA-reportable lending.

Home Purchase Loans

In 2024, Isabella Bank did not originate any home purchase loans in the low-income census tracts, however, the bank's performance is consistent with the aggregate of lenders at 1.0 percent and the percentage of owner-occupied housing units in the low-income census tracts at 2.8 percent. Separately, the bank originated 28.6 percent of its home purchase loans in moderate-income census tracts. The bank's performance is above the aggregate of lenders at 21.1 percent and the percentage of owner-occupied units in the moderate-income census tracts at 21.3 percent. The bank originated 14.3 percent of its home purchase loans in middle-income census tracts, which is below the aggregate of lenders at 33.6 percent and the percentage of owner-occupied housing units at 34.3 percent. Lastly, the bank originated 57.1 percent of its home purchase loans in upper-income census tracts, above the aggregate of lenders at 44.4 percent and the percentage owner-occupied housing units located in upper-income tracts at 41.7 percent.

The bank's 2023 lending performance was consistent with 2024 lending, whereas the bank did not originate HMDA-reportable loans in the low-income census tracts, but its performance in the moderate-income census tracts was above the aggregate of lenders and the percentage of owner-occupied units.

Distribution of 2023 and 2024 Home Mortgage Lending By Income Level of Geography
Assessment Area: Saginaw, MI MSA 40980

Geographic Income Level	Bank And Aggregate Loans By Year												Owner Occupied Units %
	2023						2024						
	Bank		Agg	Bank		Agg	Bank		Agg	Bank		Agg	
	#	#%	#%	$(000)	$%	$%	#	#%	#%	$(000)	$%	$%	
Home Purchase Loans													
Low	0	0.0	1.5	0	0.0	0.7	0	0.0	1.0	0	0.0	0.4	2.8
Moderate	15	38.5	22.4	1,024	19.4	13.3	10	28.6	21.1	736	8.4	12.5	21.3
Middle	12	30.8	32.1	2,064	39.0	30.6	5	14.3	33.6	1,018	11.6	31.4	34.3
Upper	12	30.8	44.0	2,203	41.6	55.4	20	57.1	44.4	6,994	79.9	55.7	41.7
Unknown	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0.0
Tract-Unk	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	
Total	39	100.0	100.0	5,291	100.0	100.0	35	100.0	100.0	8,748	100.0	100.0	100.0
Refinance Loans													
Low	0	0.0	1.6	0	0.0	1.2	0	0.0	1.7	0	0.0	0.8	2.8
Moderate	1	10.0	19.5	93	12.5	13.0	2	40.0	17.0	61	9.8	10.6	21.3
Middle	2	20.0	38.3	97	13.1	37.3	0	0.0	34.9	0	0.0	33.3	34.3
Upper	7	70.0	40.6	552	74.4	48.5	3	60.0	46.4	562	90.2	55.3	41.7
Unknown	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0.0
Tract-Unk	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	
Total	10	100.0	100.0	742	100.0	100.0	5	100.0	100.0	623	100.0	100.0	100.0
Home Improvement Loans													
Low	0	0.0	0.7	0	0.0	0.3	0	0.0	1.4	0	0.0	0.7	2.8
Moderate	0	0.0	13.9	0	0.0	11.0	3	75.0	15.9	117	85.4	10.6	21.3
Middle	3	37.5	36.9	733	76.9	33.6	1	25.0	35.3	20	14.6	33.4	34.3
Upper	5	62.5	48.5	220	23.1	55.1	0	0.0	47.4	0	0.0	55.3	41.7
Unknown	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0.0
Tract-Unk	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	
Total	8	100.0	100.0	953	100.0	100.0	4	100.0	100.0	137	100.0	100.0	100.0
Multifamily Loans													Multi-family Units %
Low	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	7.3
Moderate	2	66.7	46.2	1,115	78.4	6.2	1	14.3	42.1	118	5.6	70.1	34.6
Middle	1	33.3	26.9	308	21.6	20.9	6	85.7	36.8	1,982	94.4	13.9	24.2
Upper	0	0.0	26.9	0	0.0	72.9	0	0.0	21.1	0	0.0	16.0	33.9
Unknown	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0.0
Tract-Unk	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	
Total	3	100.0	100.0	1,423	100.0	100.0	7	100.0	100.0	2,100	100.0	100.0	100.0
Total Home Mortgage Loans													Owner Occupied Units %
Low	0	0.0	1.4	0	0.0	0.6	0	0.0	1.2	0	0.0	0.5	2.8
Moderate	18	30.0	20.7	2,232	26.5	11.7	16	31.4	19.2	1,032	8.9	13.5	21.3
Middle	18	30.0	34.1	3,202	38.1	29.6	12	23.5	34.3	3,020	26.0	31.5	34.3
Upper	24	40.0	43.9	2,975	35.4	58.1	23	45.1	45.3	7,556	65.1	54.5	41.7
Unknown	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0.0
Tract-Unk	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	
Total	60	100.0	100.0	8,409	100.0	100.0	51	100.0	100.0	11,608	100.0	100.0	100.0

Source: 2024 FFIEC Census Data
2016-2020 U.S. Census Bureau: American Community Survey
Note: Percentages may not total 100.0 percent due to rounding.

CRA-Reportable Lending

Small Business Loans

The geographic distribution of small business loans reflects adequate penetration throughout the assessment area. Isabella Bank originated 1.3 percent of its small business loans in the low-income census tracts, comparable to the aggregate of lenders at 3.8 percent and the percentage of total businesses located in the low-income census tracts at 4.2 percent. Separately, the bank originated 20.5 percent of its small business loans in the moderate-income census tracts, comparable to aggregate of lenders at 22.9 percent, and below the percentage of total businesses in moderate-income census tracts at 28.7 percent. The bank originated 43.6 percent of its small business loans in middle-income census tracts, which was above the 29.8 percent by aggregate of lenders and the percent of total businesses in middle-income census tracts at 30.9 percent. Finally, the bank originated 34.6 percent of its small business loans in upper-income census tracts, below the aggregate of lenders at 43.0 percent, and comparable to the total percentage of businesses in the upper-income census tracts at 36.1 percent.

The bank's 2023 lending was generally consistent with 2024 lending performance, however, lending in the moderate-income census tracts was below aggregate of lenders.

The following table displays the 2023 and 2024 geographic distribution of CRA-reportable small business loans within the Saginaw, MI MSA assessment area.

Distribution of 2023 and 2024 Small Business Lending By Income Level of Geography
Assessment Area: Saginaw, MI MSA 40980

Geographic Income Level	Bank And Aggregate Loans By Year												Total Businesses %
	2023						2024						
	Bank		Agg	Bank		Agg	Bank		Agg	Bank		Agg	
	#	#%	#%	$(000)	$%	$%	#	#%	#%	$(000)	$%	$%	
Low	0	0.0	2.5	0	0.0	2.4	1	1.3	3.8	50	0.3	3.9	4.2
Moderate	11	14.5	22.6	1,958	14.1	19.3	16	20.5	22.9	2,915	19.6	21.1	28.7
Middle	28	36.8	31.1	6,078	43.6	42.8	34	43.6	29.8	7,176	48.3	37.5	30.9
Upper	37	48.7	43.2	5,891	42.3	35.2	27	34.6	43.0	4,726	31.8	37.3	36.1
Unknown	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0.0
Tract-Unk	0	0.0	0.5	0	0.0	0.2	0	0.0	0.4	0	0.0	0.1	
Total	76	100.0	100.0	13,927	100.0	100.0	78	100.0	100.0	14,867	100.0	100.0	100.0

Source: 2024 FFIEC Census Data
2024 Dun & Bradstreet Data
2016-2020 U.S. Census Bureau: American Community Survey
Note: Percentages may not total 100.0 percent due to rounding.

Small Farm Loans

The geographic distribution of small farms loans reflects adequate penetration throughout the assessment area. Isabella Bank did not originate small farm loans in either the low- or moderate-income census tracts. This is comparable to the aggregate of lenders at 0.0 percent in the low-income census tracts and at 2.2 percent in the moderate-income census tracts. Additionally, this was also consistent with the percentage of total farms in the low- and moderate-income census tracts, at 0.0 percent and 1.8 percent, respectively. Separately, the bank originated 66.7 percent of its small farm loans in middle-income tracts, which was above aggregate at 58.4 percent and the percentage of total farms located in middle-income census tracts at 53.5 percent. The bank originated 33.3 percent of its small farm loans in upper-income tracts, which was below the aggregate of lenders at 39.3 percent and the percentage of total farms located in upper-income tracts of 44.7 percent.

The bank's 2023 lending performance was consistent with 2024 lending, in which the bank did not originate small farm loans in the low- or moderate-income census tracts. This was consistent with both the aggregate and the percentage of total farms in those tracts.

The following table displays the 2023 and 2024 geographic distribution of CRA-reportable small farm loans within the Saginaw, MI MSA assessment area.

Distribution of 2023 and 2024 Small Farm Lending By Income Level of Geography
Assessment Area: Saginaw, MI MSA 40980

Geographic Income Level	Bank And Aggregate Loans By Year												Total Farms %
	2023						2024						
	Bank		Agg	Bank		Agg	Bank		Agg	Bank		Agg	
	#	#%	#%	$(000)	$%	$%	#	#%	#%	$(000)	$%	$%	
Low	0	0.0	1.5	0	0.0	0.1	0	0.0	0.0	0	0.0	0.0	0.0
Moderate	0	0.0	1.5	0	0.0	0.9	0	0.0	2.2	0	0.0	0.4	1.8
Middle	9	81.8	66.2	1,017	71.5	69.0	6	66.7	58.4	809	63.5	60.5	53.5
Upper	2	18.2	30.8	405	28.5	30.0	3	33.3	39.3	466	36.5	39.2	44.7
Unknown	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0.0
Tract-Unk	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	
Total	11	100.0	100.0	1,422	100.0	100.0	9	100.0	100.0	1,275	100.0	100.0	100.0

Source: 2024 FFIEC Census Data
2024 Dun & Bradstreet Data
2016-2020 U.S. Census Bureau: American Community Survey
Note: Percentages may not total 100.0 percent due to rounding.

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

An analysis of loans was conducted to determine the level of lending to borrowers of different income levels and businesses and farms of different sizes. Overall, Isabella Bank's loan distribution reflects adequate distribution, of loans among individuals of different income levels and businesses and farms of different sizes.

However, during the review period, the bank originated 31 loans for approximately $2 million through nine different flexible lending programs. These programs include Isabella Bank's internally administered Credit Builder Loan, a small dollar, short-term loan product designed to encourage participants to develop regular savings plans and timely payment habits, helping to establish and build credit; the Helping Hand Loan, which is a first time home buyer loan program that will finance 100.0 percent of the purchase without the requirement of private mortgage insurance; the Home Possible Mortgage Loan and the Unsecured Home Improvement Loan programs aim to assist borrowers of low- or moderate-income to achieve and maintain home ownership. Isabella Bank also partners with the Saginaw County Business & Education Partnership through the Lifeline Loan program, where clients work with a Success Coach to find fair and reputable lending to overcome financial burdens.

When determining performance, the comparison to aggregate of lenders figures was weighted more heavily than the assessment area demographics as it is a better measure of loan demand. Additionally, small business lending performance was given greater weight in consideration to the overall conclusion due to the low volume of HMDA-reportable and small farm originations.

A detailed discussion of HMDA-reportable and CRA-reportable lending in relation to borrowers of different income levels and businesses and farms of different sizes is provided below.

<u>HMDA-Reportable Lending</u>

The distribution of HMDA-reportable loans reflects poor penetration among individuals of different income levels, including low- and moderate-income borrowers. In 2024, the bank originated 4.5 percent of its total HMDA-reportable loans to low-income borrowers, which is below the aggregate of lenders and the percentage of low-income families in the assessment area at 9.3 percent and 20.7 percent, respectively. Separately, the bank originated 13.6 percent of its total HMDA-reportable loans to moderate-income borrowers. The bank's performance is below both the aggregate of lenders and the percentage of moderate-income families within the assessment area at 20.0 percent and 17.7 percent, respectively. The bank originated 9.1 percent of its total HMDA-reportable loans to borrowers of middle-income. This performance is below the aggregate of lenders at 22.0 percent and the percentage of middle-income families in the assessment area at 21.2 percent. The bank originated 36.4 percent of its total HMDA-reportable loans to borrowers of upper-income. This is above the aggregate of lenders at 33.1 percent, and below the percentage of upper-income families in the assessment area at 40.4 percent. Lastly, the bank originated 36.4 percent of its total HMDA-reportable loans to borrowers of unknown income, above the aggregate of lenders at 15.5 percent.

Due to low volume, refinance and home improvement loans were not considered within the analysis of HMDA-reportable lending.

Home Purchase Loans

In 2024, the bank originated 5.7 percent of its home purchase loans to low-income borrowers, which was below the aggregate of lenders at 9.1 percent and the percentage of low-income families in the assessment area at 20.7 percent. The bank originated 8.6 percent of its home purchase loans to moderate-income borrowers, which was below the aggregate of lenders at 20.4 percent and the percentage of moderate-income families located in the assessment area at 17.7 percent. The bank originated 11.4 percent of its home purchase loans to middle-income borrowers, which was below the aggregate of lenders at 21.2 percent and the percentage of middle-income families in the assessment area at 21.2 percent. The bank originated 42.9 percent of its home purchase loans to upper-income borrowers, which was above the aggregate of lenders at 31.9 percent, and comparable to the percentage of upper-income families in the assessment area at 40.4 percent. Lastly, the bank made 31.4 percent of its home purchase loans to borrowers of unknown income, which was above the aggregate of lenders at 17.5 percent.

Home purchase lending performance in 2023 was similar to that in 2024. The following table summarizes the bank’s 2023 and 2024 HMDA-reportable lending in the assessment area.

Distribution of 2023 and 2024 Home Mortgage Lending By Borrower Income Level Assessment Area: Saginaw, MI MSA 40980													
Borrower Income Level	Bank And Aggregate Loans By Year												Families by Family Income %
	2023						2024						
	Bank		Agg	Bank		Agg	Bank		Agg	Bank		Agg	
	#	#%	#%	$(000)	$%	$%	#	#%	#%	$(000)	$%	$%	
Home Purchase Loans													
Low	0	0.0	7.1	0	0.0	3.2	2	5.7	9.1	99	1.1	4.1	20.7
Moderate	7	17.9	20.4	528	10.0	12.5	3	8.6	20.4	360	4.1	13.7	17.7
Middle	7	17.9	22.4	1,113	21.0	20.0	4	11.4	21.2	542	6.2	19.1	21.2
Upper	10	25.6	33.7	2,434	46.0	47.9	15	42.9	31.9	6,716	76.8	45.5	40.4
Unknown	15	38.5	16.4	1,216	23.0	16.5	11	31.4	17.5	1,031	11.8	17.7	0.0
Total	39	100.0	100.0	5,291	100.0	100.0	35	100.0	100.0	8,748	100.0	100.0	100.0
Refinance Loans													
Low	2	20.0	10.6	145	19.5	6.0	0	0.0	9.2	0	0.0	4.9	20.7
Moderate	1	10.0	25.3	93	12.5	19.6	1	20.0	18.6	157	25.2	13.0	17.7
Middle	1	10.0	24.6	55	7.4	22.0	0	0.0	22.7	0	0.0	19.6	21.2
Upper	4	40.0	29.5	341	46.0	38.4	1	20.0	29.8	298	47.8	36.6	40.4
Unknown	2	20.0	10.0	108	14.6	14.0	3	60.0	19.6	168	27.0	25.9	0.0
Total	10	100.0	100.0	742	100.0	100.0	5	100.0	100.0	623	100.0	100.0	100.0
Home Improvement Loans													
Low	0	0.0	7.1	0	0.0	3.6	0	0.0	11.3	0	0.0	6.3	20.7
Moderate	2	25.0	18.0	53	5.6	11.6	2	50.0	20.8	30	21.9	15.8	17.7
Middle	2	25.0	25.4	75	7.9	21.9	0	0.0	24.9	0	0.0	19.6	21.2
Upper	2	25.0	47.8	645	67.7	59.4	0	0.0	41.0	0	0.0	55.2	40.4
Unknown	2	25.0	1.7	180	18.9	3.5	2	50.0	2.0	107	78.1	3.1	0.0
Total	8	100.0	100.0	953	100.0	100.0	4	100.0	100.0	137	100.0	100.0	100.0
Total Home Mortgage Loans													
Low	2	3.5	7.8	145	2.1	3.7	2	4.5	9.3	99	1.0	4.4	20.7
Moderate	10	17.5	21.2	674	9.6	13.7	6	13.6	20.0	547	5.8	13.7	17.7
Middle	10	17.5	23.3	1,243	17.8	20.5	4	9.1	22.0	542	5.7	19.3	21.2
Upper	16	28.1	34.5	3,420	49.0	46.9	16	36.4	33.1	7,014	73.8	44.3	40.4
Unknown	19	33.3	13.3	1,504	21.5	15.3	16	36.4	15.5	1,306	13.7	18.2	0.0
Total	57	100.0	100.0	6,986	100.0	100.0	44	100.0	100.0	9,508	100.0	100.0	100.0

Source: *2024 FFIEC Census Data*
2016-2020 U.S. Census Bureau: American Community Survey
Note: *Percentages may not total 100.0 percent due to rounding.*
Multifamily loans are not included in the borrower distribution analysis.

CRA-Reportable Lending

Small Business Loans

The distribution of small business loans reflects adequate penetration among businesses of different revenue sizes. In 2024, the bank originated 41.0 percent of its small business loans to businesses with gross revenues of $1 million or less. This was below the aggregate at 50.7 percent and the percentage of total businesses with gross revenues of $1 million or less in the assessment area at 88.8 percent. However, of loans to businesses with revenues of $1 million or less, 59.4

percent were in amount of $100,000 or less. Loans in amounts of $100,000 or less are generally considered most beneficial for small businesses, demonstrating the bank's ability to meet the credit needs of small businesses.

The bank's 2023 lending performance exceeded 2024 lending performance.

The following table presents the borrower distribution of small business loans in 2023 and 2024.

Distribution of 2023 and 2024 Small Business Lending By Revenue Size of Businesses
Assessment Area: Saginaw, MI MSA 40980

	Bank And Aggregate Loans By Year												Total Businesses %
	2023						2024						
	Bank		Agg	Bank		Agg	Bank		Agg	Bank		Agg	
	#	#%	#%	$(000)	$%	$%	#	#%	#%	$(000)	$%	$%	
By Revenue													
$1 Million or Less	36	47.4	49.6	4,585	32.9	27.2	32	41.0	50.7	5,326	35.8	26.7	88.8
Over $1 Million	37	48.7		9,192	66.0		43	55.1		9,444	63.5		10.2
Revenue Unknown	3	3.9		150	1.1		3	3.8		97	0.7		1.0
Total	76	100.0		13,927	100.0		78	100.0		14,867	100.0		100.0
By Loan Size													
$100,000 or Less	44	57.9	89.6	2,462	17.7	29.3	38	48.7	91.2	1,999	13.4	32.5	
$100,001 - $250,000	15	19.7	6.0	2,614	18.8	21.8	21	26.9	4.9	3,775	25.4	20.0	
$250,001 - $1 Million	17	22.4	4.3	8,851	63.6	48.9	19	24.4	4.0	9,093	61.2	47.6	
Total	76	100.0	100.0	13,927	100.0	100.0	78	100.0	100.0	14,867	100.0	100.0	
By Loan Size and Revenues $1 Million or Less													
$100,000 or Less	26	72.2		1,249	27.2		19	59.4		886	16.6		
$100,001 - $250,000	6	16.7		971	21.2		7	21.9		1,208	22.7		
$250,001 - $1 Million	4	11.1		2,365	51.6		6	18.8		3,232	60.7		
Total	36	100.0		4,585	100.0		32	100.0		5,326	100.0		

Source: 2024 FFIEC Census Data
2024 Dun & Bradstreet Data
2016-2020 U.S. Census Bureau: American Community Survey
Note: Percentages may not total 100.0 percent due to rounding.

Small Farm Loans

The distribution of small farm loans reflects good penetration among farms of different revenue sizes. In 2024, Isabella Bank originated 66.7 percent of its small farm loans to farms with $1 million in revenue or less. This performance is above the aggregate of lenders at 43.8 percent, and below the percentage of total small farms in the assessment area, at 98.9 percent. Of loans to farms with revenues of $1 million or less, 50.0 percent were in amounts of $100,000 or less, which are generally considered the most beneficial for small farms, demonstrating the bank's ability to meet the credit needs of small farms.

The 2023 lending performance was generally consistent with 2024 lending performance.

The following table presents the bank's borrower distribution of CRA-reportable small farm loans in 2023 and 2024.

Distribution of 2023 and 2024 Small Farm Lending By Revenue Size of Farms Assessment Area: Saginaw, MI MSA 40980													
	Bank And Aggregate Loans By Year												Total Farms %
	2023						2024						
	Bank		Agg	Bank		Agg	Bank		Agg	Bank		Agg	
	#	#%	#%	$(000)	$%	$%	#	#%	#%	$(000)	$%	$%	
By Revenue													
$1 Million or Less	9	81.8	47.7	1,192	83.8	62.9	6	66.7	43.8	934	73.3	64.8	98.9
Over $1 Million	2	18.2		230	16.2		2	22.2		336	26.4		0.7
Revenue Unknown	0	0.0		0	0.0		1	11.1		5	0.4		0.4
Total	11	100.0		1,422	100.0		9	100.0		1,275	100.0		100.0
By Loan Size													
$100,000 or Less	5	45.5	87.7	200	14.1	36.9	4	44.4	87.6	205	16.1	32.2	
$100,001 - $250,000	6	54.5	12.3	1,222	85.9	63.1	3	33.3	7.9	529	41.5	33.5	
$250,001 - $500,000	0	0.0	0.0	0	0.0	0.0	2	22.2	4.5	541	42.4	34.3	
Total	11	100.0	100.0	1,422	100.0	100.0	9	100.0	100.0	1,275	100.0	100.0	
By Loan Size and Revenues $1 Million or Less													
$100,000 or Less	4	44.4		170	14.3		3	50.0		200	21.4		
$100,001 - $250,000	5	55.6		1,022	85.7		1	16.7		193	20.7		
$250,001 - $500,000	0	0.0		0	0.0		2	33.3		541	57.9		
Total	9	100.0		1,192	100.0		6	100.0		934	100.0		

Source: 2024 FFIEC Census Data
2024 Dun & Bradstreet Data
2016-2020 U.S. Census Bureau: American Community Survey
Note: Percentages may not total 100.0 percent due to rounding.

Community Development Lending

Isabella Bank makes few, if any community development loans. The bank did not originate any community development loans during the review period (which is a decrease in performance from the previous examination, whereas the bank originated four loans for $9.2 million.)

INVESTMENT TEST

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

During the evaluation period, the bank did not make any new community development investments, however they maintained three prior period community development investments totaling approximately 3.7 million. The qualified investments were made towards community services benefiting low- or moderate-income individuals, as well as local revitalization and stabilization efforts. During the previous evaluation, the bank made or maintained five community development investments totaling $4.3 million, however the focus of community services for low- or moderate-income individuals and local revitalization and stabilization efforts were consistent.

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

Qualified Investments November 14, 2023 –April 13, 2026 (Dollars in 000s)										
Assessment Area	Affordable Housing		Community Services		Economic Development		Revitalize/ Stabilize		Total	
	#	$ (000)	#	$ (000)	#	$ (000)	#	$ (000)	#	$ (000)
Saginaw, MI MSA	0	0	3	3,668	0	0			3	3,668

The bank made 29 donations totaling $44,312 to organizations within the assessment area during the evaluation period. Donations were made to a variety of organizations with the vast majority of donations going towards community service efforts targeting low- and moderate-income individuals and communities, as well as revitalization and stabilization efforts. During the previous evaluation, the bank made a total of $32,095 in qualified community development grants and donations.

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

Community Development Grants and Donations November 14, 2023 –April 13, 2026					
Assessment Area	Affordable Housing	Community Services	Economic Development	Revitalize/ Stabilize	Total
	$	$	$	$	$
Saginaw, MI MSA	0	37,112	0	7,200	44,312

SERVICE TEST

Isabella Bank's delivery systems are accessible to the bank's geographies and individuals of different income levels in its assessment area. 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 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 provides a relatively high level of community development services in the assessment area.

Retail Services

Isabella Bank's retail delivery services are accessible to geographies and individuals of different income levels in its assessment area. The bank operates five branch offices and five ATMs in the assessment area. Two branch offices and two ATMs are located within the moderate-income census tracts, whereas the remaining three branch offices and three ATMs are located in the upper-income census tracts. Alternative delivery systems include phone, internet banking, and mobile banking. To the extent changes have been made, its record of opening and closing branches has not adversely affected the accessibility of its delivery systems, particularly in low- or moderate-income geographies or to low- or moderate-income individuals. Since the previous evaluation, the bank has not opened or closed any branch locations.

Isabella Bank's services (including, where appropriate, business hours) do not vary in a way that inconveniences its assessment area, particularly low- or moderate-income geographies or low- or moderate-income individuals. Offices in the assessment area generally have standard hours of 9:00 a.m. to 4:00, Monday through Friday. Most of the locations include drive-up services with extended hours and services on Saturday. Additionally, applications for loan and deposit products are accepted at each location and online through the bank's website.

Community Development Services

Isabella Bank provides a relatively high level of community development services. During the review period, the bank provided 725 community development service hours. As illustrated in the following table, community development services were accomplished in partnership with a variety of organizations, with the majority of community development services having a focus of local economic development and affordable housing benefiting low- or moderate-income individuals. Community development services were responsive to community needs, specifically noted by the community representative. Overall, the bank's performance was consistent with the previous evaluation's community development service hours provided, which also totaled 725 hours.

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

Community Development Services November 14, 2023 – April 13, 2026					
Assessment Area	**Affordable Housing**	**Community Services**	**Economic Development**	**Revitalize/ Stabilize**	**Total Hours**
Saginaw, MI MSA	232	159	251	83	725

GRAND RAPIDS-WYOMING-KENTWOOD, MI MSA #24340 – Limited Review

SCOPE OF THE EXAMINATION

Limited-scope examination procedures were used to evaluate the bank's performance in the Grand Rapids-Wyoming-Kentwood, MI MSA assessment area. The review of this assessment area is consistent with the scope discussed in the "Scope of Examination" section presented in the overall section of the Performance Evaluation.

DESCRIPTION OF INSTITUTION'S OPERATIONS IN GRAND RAPIDS-WYOMING-KENTWOOD, MI MSA #24340[3]

Isabella Bank's delineation of its Grand Rapids-Wyoming-Kentwood, MI MSA #24340 assessment area remains unchanged since the previous evaluation and consists of Montcalm County in its entirety, which comprises a portion of the Grand Rapids-Wyoming-Kentwood, MI MSA. As a result of the July 2023 OMB revision, the MSA was expanded to include Barry County, resulting in the recalculation of the median family income for the MSA. Isabella Bank excludes Barry, Ionia, Kent, and Ottawa counties from its assessment area. The bank operates three branch offices, each with a full-service ATM in the assessment area. Two branch offices are located in moderate-income census tracts, with the remaining branch office located in a middle-income census tract. There have been no changes in the retail network since the previous evaluation.

In 2024, the assessment area was comprised of 14 census tracts, no low-, nine moderate-, five middle-, and no upper or unknown-income census tracts.

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	**2023 Designations (#)**	**2024 Designations (#)**	**Net Change (#)**
Low	0	0	0
Moderate	11	9	-2
Middle	3	5	+2
Upper	0	0	0
Unknown	0	0	0
Total	14	14	14
Source: U. S. Census Bureau: Decennial Census: American Community Survey Data: 2011-2015 *U.S. Census Bureau: Decennial Census: America Community Survey Data: 2016-2020*			

According to the June 30, 2024, FDIC Deposit Market Share Report, Isabella Bank ranks second among seven FDIC-insured financial institutions operating within the assessment area. The bank held $208.5 million in deposits, representing 23.2 percent of the total deposit market share. In comparison, the first ranked institution, The Huntington National Bank, held $221.0 million in deposits, representing 24.6 percent of the deposit market share. The third ranked institution, Sidney State Bank, held $115.8 million in deposits representing 12.9 percent of the deposit market share.

In 2024, Isabella Bank ranked eighth among 168 HMDA-reporters, originating 50 HMDA-reportable loans in the assessment area. By comparison, the first and second ranked institutions, The Huntington National Bank and Rocket Mortgage, LLC, originated or purchased 130 and 97 HMDA-reportable loans, respectively. Additionally, the bank ranked fourth among 45 CRA-reporters, originating 51 CRA-reportable loans in the assessment area. By comparison, the first and second ranked institutions, American Express NB and JPMorgan Chase Bank National Association, originated 121 and 113 CRA-reportable loans, respectively.

Additional assessment area demographic information is provided in the following table.

2024 Grand Rapids-Wyoming-Kentwood, MI MSA 24340 Demographics								
Income Categories	Tract Distribution		Families by Tract Income		Families < Poverty Level as % of Families by Tract		Families by Family Income	
	#	%	#	%	#	%	#	%
Low	0	0.0	0	0.0	0	0.0	4,278	26.1
Moderate	9	64.3	9,820	59.9	996	10.1	4,340	26.5
Middle	5	35.7	6,567	40.1	435	6.6	3,815	23.3
Upper	0	0.0	0	0.0	0	0.0	3,954	24.1
Unknown	0	0.0	0	0.0	0	0.0	0	0.0
Total AA	**14**	**100.0**	**16,387**	**100.0**	**1,431**	**8.7**	**16,387**	**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	17,422	11,297	58.7	64.8	3,502	20.1	2,623	15.1
Middle	11,253	7,951	41.3	70.7	1,393	12.4	1,909	17.0
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	**28,675**	**19,248**	**100.0**	**67.1**	**4,895**	**17.1**	**4,532**	**15.8**
	Total Businesses by Tract		Businesses by Tract & Revenue Size					
			Less Than or = $1 Million		Over $1 Million		Revenue Not Reported	
	#	%	#	%	#	%	#	%
Low	0	0.0	0	0.0	0	0.0	0	0.0
Moderate	1,239	68.8	1,109	68.0	106	80.3	24	63.2
Middle	562	31.2	522	32.0	26	19.7	14	36.8
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	**1,801**	**100.0**	**1,631**	**100.0**	**132**	**100.0**	**38**	**100.0**
Percentage of Total Businesses:				**90.6**		**7.3**		**2.1**
	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	95	57.9	93	58.9	2	33.3	0	0.0
Middle	69	42.1	65	41.1	4	66.7	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	**164**	**100.0**	**158**	**100.0**	**6**	**100.0**	**0**	**0.0**
Percentage of Total Farms:				**96.3**		**3.7**		**0.0**

Source: 2024 FFIEC Census Data
2016 - 2020 U.S. Census Bureau: American Community Survey
Note: Percentages may not total 100.0 percent due to rounding.

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS

Assessment Area	Lending Test	Investment Test	Service Test
Grand Rapids-Wyoming-Kentwood, MI MSA	Consistent	Consistent	Consistent

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

Distribution of 2024 Home Mortgage Lending By Income Level of Geography Assessment Area: Grand Rapids-Wyoming-Kentwood, MI MSA 24340							
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	11	78.6	59.7	2,060	88.9	59.0	58.7
Middle	3	21.4	40.3	258	11.1	41.0	41.3
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	14	100.0	100.0	2,318	100.0	100.0	100.0
Refinance Loans							
Low	0	0.0	0.0	0	0.0	0.0	0.0
Moderate	6	50.0	55.1	487	42.1	54.3	58.7
Middle	6	50.0	44.9	671	57.9	45.7	41.3
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	12	100.0	100.0	1,158	100.0	100.0	100.0
Home Improvement Loans							
Low	0	0.0	0.0	0	0.0	0.0	0.0
Moderate	9	64.3	63.6	502	53.9	59.1	58.7
Middle	5	35.7	36.4	430	46.1	40.9	41.3
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	14	100.0	100.0	932	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	85.7	0	0.0	89.4	89.0
Middle	0	0.0	14.3	0	0.0	10.6	11.0
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	26	65.0	59.9	3,049	69.2	59.1	58.7
Middle	14	35.0	40.1	1,359	30.8	40.9	41.3
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	40	100.0	100.0	4,408	100.0	100.0	100.0

Source: 2024 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 2024 Home Mortgage Lending By Borrower Income Level Assessment Area: Grand Rapids-Wyoming-Kentwood, MI MSA 24340							
Borrower Income Level	Bank And Aggregate Loans						Families by Family Income %
	Bank		Agg	Bank		Agg	
	#	#%	#%	$(000)	$%	$%	
Home Purchase Loans							
Low	2	14.3	13.2	207	8.9	7.9	26.1
Moderate	1	7.1	30.2	206	8.9	25.7	26.5
Middle	5	35.7	20.1	1,023	44.1	23.1	23.3
Upper	3	21.4	16.7	478	20.6	23.1	24.1
Unknown	3	21.4	19.9	404	17.4	20.2	0.0
Total	14	100.0	100.0	2,318	100.0	100.0	100.0
Refinance Loans							
Low	2	16.7	19.8	103	8.9	12.1	26.1
Moderate	2	16.7	28.0	60	5.2	23.8	26.5
Middle	2	16.7	17.3	190	16.4	18.1	23.3
Upper	5	41.7	16.6	788	68.0	19.2	24.1
Unknown	1	8.3	18.2	17	1.5	26.9	0.0
Total	12	100.0	100.0	1,158	100.0	100.0	100.0
Home Improvement Loans							
Low	1	7.1	20.3	60	6.4	14.8	26.1
Moderate	3	21.4	34.2	145	15.6	26.6	26.5
Middle	4	28.6	21.4	219	23.5	26.3	23.3
Upper	5	35.7	23.0	408	43.8	31.2	24.1
Unknown	1	7.1	1.1	100	10.7	1.2	0.0
Total	14	100.0	100.0	932	100.0	100.0	100.0
Total Home Mortgage Loans							
Low	5	12.5	16.5	370	8.4	9.6	26.1
Moderate	6	15.0	30.0	411	9.3	25.3	26.5
Middle	11	27.5	19.9	1,432	32.5	22.1	23.3
Upper	13	32.5	17.5	1,674	38.0	22.8	24.1
Unknown	5	12.5	16.1	521	11.8	20.2	0.0
Total	40	100.0	100.0	4,408	100.0	100.0	100.0

Source: *2024 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 2024 Small Business Lending By Income Level of Geography Assessment Area: Grand Rapids-Wyoming-Kentwood, MI MSA 24340							
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	30	68.2	62.0	5,054	66.2	69.5	68.8
Middle	14	31.8	37.7	2,582	33.8	30.5	31.2
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	0.3	0	0.0	0.1	
Total	44	100.0	100.0	7,636	100.0	100.0	100.0

Source: 2024 FFIEC Census Data
2024 Dun & Bradstreet Data
2016-2020 U.S. Census Bureau: American Community Survey
Note: Percentages may not total 100.0 percent due to rounding.

Distribution of 2024 Small Farm Lending By Income Level of Geography Assessment Area: Grand Rapids-Wyoming-Kentwood, MI MSA 24340							
Geographic Income Level	Bank And Aggregate Loans						Total Farms %
	Bank		Agg	Bank		Agg	
	#	#%	#%	$(000)	$%	$%	
Low	0	0.0	0.0	0	0.0	0.0	0.0
Moderate	5	71.4	65.4	254	71.1	88.5	57.9
Middle	2	28.6	34.6	103	28.9	11.5	42.1
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	7	100.0	100.0	357	100.0	100.0	100.0

Source: 2024 FFIEC Census Data
2024 Dun & Bradstreet Data
2016-2020 U.S. Census Bureau: American Community Survey
Note: Percentages may not total 100.0 percent due to rounding.

Distribution of 2024 Small Business Lending By Revenue Size of Businesses Assessment Area: Grand Rapids-Wyoming-Kentwood, MI MSA 24340							
	Bank And Aggregate Loans						Total Businesses
	Bank		Agg	Bank		Agg	
	#	#%	#%	$(000)	$%	$%	%
By Revenue							
$1 Million or Less	16	36.4	48.2	1,429	18.7	20.5	90.6
Over $1 Million	25	56.8		6,062	79.4		7.3
Revenue Unknown	3	6.8		145	1.9		2.1
Total	44	100.0		7,636	100.0		100.0
By Loan Size							
$100,000 or Less	24	54.5	92.5	1,037	13.6	33.6	
$100,001 - $250,000	10	22.7	4.2	1,749	22.9	18.7	
$250,001 - $1 Million	10	22.7	3.4	4,850	63.5	47.8	
Total	44	100.0	100.0	7,636	100.0	100.0	
By Loan Size and Revenues $1 Million or Less							
$100,000 or Less	12	75.0		434	30.4		
$100,001 - $250,000	3	18.8		495	34.6		
$250,001 - $1 Million	1	6.3		500	35.0		
Total	16	100.0		1,429	100.0		

Source: *2024 FFIEC Census Data*
2024 Dun & Bradstreet Data
2016-2020 U.S. Census Bureau: American Community Survey
Note: *Percentages may not total 100.0 percent due to rounding.*

Distribution of 2024 Small Farm Lending By Revenue Size of Farms Assessment Area: Grand Rapids-Wyoming-Kentwood, MI MSA 24340							
	Bank And Aggregate Loans						Total Farms %
	Bank		Agg	Bank		Agg	
	#	#%	#%	$(000)	$%	$%	
By Revenue							
$1 Million or Less	6	85.7	28.8	324	90.8	12.8	96.3
Over $1 Million	1	14.3		33	9.2		3.7
Revenue Unknown	0	0.0		0	0.0		0.0
Total	7	100.0		357	100.0		100.0
By Loan Size							
$100,000 or Less	7	100.0	86.5	357	100.0	37.9	
$100,001 - $250,000	0	0.0	1.9	0	0.0	3.7	
$250,001 - $500,000	0	0.0	11.5	0	0.0	58.4	
Total	7	100.0	100.0	357	100.0	100.0	
By Loan Size and Revenues $1 Million or Less							
$100,000 or Less	6	100.0		324	100.0		
$100,001 - $250,000	0	0.0		0	0.0		
$250,001 - $500,000	0	0.0		0	0.0		
Total	6	100.0		324	100.0		

Source: 2024 FFIEC Census Data
2024 Dun & Bradstreet Data
2016-2020 U.S. Census Bureau: American Community Survey
Note: Percentages may not total 100.0 percent due to rounding.

Community Development Activities November 14, 2023 - April 13, 2026										
Grand Rapids-Wyoming-Kentwood, MI MSA Assessment Area	**Affordable Housing**		**Community Services**		**Economic Development**		**Revitalize/ Stabilize**		**Total**	
	#	**$(000s)**	#	**$(000s)**	#	**$(000s)**	#	**$(000s)**	#	**$(000s)**
Loans	0	0	2	175	0	0	0	0	2	175
Investments	0	0	3	14,100	0	0	5	13,646	8	27,746
Donations	1	1	22	32	0	0	2	6	25	39

	Affordable Housing	Community Services	Economic Development	Revitalize/ Stabilize	Total Hours
	Hours	Hours	Hours	Hours	
Services	73	186	134	61	454

MIDLAND, MI MSA #33220 – Limited Review

SCOPE OF THE EXAMINATION

Limited-scope examination procedures were used to evaluate the bank's performance in the Midland, MI MSA assessment area. The review of this assessment area is consistent with the scope discussed in the "Scope of Examination" section of the Performance Evaluation.

DESCRIPTION OF INSTITUTION'S OPERATIONS IN MIDLAND, MI MSA #33220[4]

Isabella Bank's Midland, MI MSA assessment area consists of Midland County in its entirety. There have been no changes to the assessment area delineation since the previous examination. The bank operates two branch offices in the assessment area, each with a full-service ATM. One branch is located within a moderate-income census tract, and the other branch is located in an upper-income census tract. There have been no changes in the retail network since the previous evaluation.

In 2024, the assessment area was comprised of 21 total census tracts, one low-income, four moderate-income, 12 middle-income, and four upper-income census tracts. There are no unknown-income census tracts in the assessment area.

According to the June 30, 2024, FDIC Deposit Market Share Report, Isabella Bank ranks third among eight FDIC-insured financial institutions operating within the assessment area. The bank held $120.0 million in deposits, representing 10.5 percent of the total deposit market share. In comparison, the first ranked institution, The Huntington National Bank, held $548.0 million in deposits, representing 48.0 percent of the deposit market share. The second ranked institution, Horizons Bank, held $216.6 million in deposits, representing 19.0 percent of the deposit market share.

In 2024, Isabella Bank ranked fifth among 166 HMDA-reporters, originating 81 HMDA-reportable loans in the assessment area. By comparison, the first and second ranked institutions, DOW Credit Union and Rocket Mortgage, LLC, originated 191 and 129 HMDA-reportable loans, respectively. Additionally, the bank was ranked sixth among 49 CRA-reporters, originating 64 CRA-reportable loans. By comparison, the first and second ranked institutions, American Express NB and JPMorgan Chase Bank, NA, originated 273 and 261 CRA-reportable loans, respectively.

Additional demographic information about the assessment area is provided in the following table.

[4] *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.*

2024 Midland, MI MSA 33220 AA Demographics

Income Categories	Tract Distribution		Families by Tract Income		Families < Poverty Level as % of Families by Tract		Families by Family Income	
	#	%	#	%	#	%	#	%
Low	1	4.8	491	2.1	101	20.6	4,561	19.8
Moderate	4	19.0	3,812	16.5	568	14.9	4,183	18.1
Middle	12	57.1	12,940	56.1	730	5.6	5,081	22.0
Upper	4	19.0	5,814	25.2	267	4.6	9,232	40.0
Unknown	0	0.0	0	0.0	0	0.0	0	0.0
Total AA	**21**	**100.0**	**23,057**	**100.0**	**1,666**	**7.2**	**23,057**	**100.0**

	Housing Units by Tract	Housing Type by Tract						
		Owner-occupied			Rental		Vacant	
		#	% by tract	% by unit	#	% by unit	#	% by unit
Low	1,029	573	2.2	55.7	346	33.6	110	10.7
Moderate	7,637	4,362	16.5	57.1	2,403	31.5	872	11.4
Middle	19,870	15,590	58.9	78.5	2,829	14.2	1,451	7.3
Upper	8,529	5,941	22.4	69.7	2,209	25.9	379	4.4
Unknown	0	0	0.0	0.0	0	0.0	0	0.0
Total AA	**37,065**	**26,466**	**100.0**	**71.4**	**7,787**	**21.0**	**2,812**	**7.6**

	Total Businesses by Tract		Businesses by Tract & Revenue Size					
			Less Than or = $1 Million		Over $1 Million		Revenue Not Reported	
	#	%	#	%	#	%	#	%
Low	169	5.8	117	4.4	51	19.9	1	2.9
Moderate	630	21.5	574	21.8	47	18.4	9	26.5
Middle	1,353	46.3	1,233	46.8	100	39.1	20	58.8
Upper	772	26.4	710	27.0	58	22.7	4	11.8
Unknown	0	0.0	0	0.0	0	0.0	0	0.0
Total AA	**2,924**	**100.0**	**2,634**	**100.0**	**256**	**100.0**	**34**	**100.0**
Percentage of Total Businesses:				**90.1**		**8.8**		**1.2**

	Total Farms by Tract		Farms by Tract & Revenue Size					
			Less Than or = $1 Million		Over $1 Million		Revenue Not Reported	
	#	%	#	%	#	%	#	%
Low	1	1.2	1	1.2	0	0.0	0	0.0
Moderate	15	17.6	15	18.5	0	0.0	0	0.0
Middle	58	68.2	54	66.7	4	100.0	0	0.0
Upper	11	12.9	11	13.6	0	0.0	0	0.0
Unknown	0	0.0	0	0.0	0	0.0	0	0.0
Total AA	**85**	**100.0**	**81**	**100.0**	**4**	**100.0**	**0**	**0.0**
Percentage of Total Farms:				**95.3**		**4.7**		**0.0**

Source: *2024 FFIEC Census Data*
2024 Dun & Bradstreet Data
2016-2020 U.S. Census Bureau: American Community Survey
Note: *Percentages may not total 100.0 percent due to rounding.*

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS

Assessment Area	Lending Test	Investment Test	Service Test
Midland, MI MSA	Consistent	Consistent	Consistent

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

Distribution of 2023 and 2024 Home Mortgage Lending By Income Level of Geography Assessment Area: Midland, MI MSA 33220													
Geographic Income Level	Bank And Aggregate Loans By Year												Owner Occupied Units %
	2023						2024						
	Bank		Agg	Bank		Agg	Bank		Agg	Bank		Agg	
	#	#%	#%	$(000)	$%	$%	#	#%	#%	$(000)	$%	$%	
Home Purchase Loans													
Low	0	0.0	1.2	0	0.0	0.7	1	2.5	2.7	142	1.0	1.4	2.2
Moderate	8	21.1	18.8	1,142	13.7	12.9	6	15.0	16.7	1,457	10.5	11.9	16.5
Middle	17	44.7	57.3	4,159	49.9	56.2	21	52.5	57.2	7,293	52.4	56.7	58.9
Upper	13	34.2	22.8	3,039	36.4	30.3	12	30.0	23.4	5,034	36.1	30.0	22.4
Unknown	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0.0
Tract-Unk	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	
Total	38	100.0	100.0	8,340	100.0	100.0	40	100.0	100.0	13,926	100.0	100.0	100.0
Refinance Loans													
Low	1	7.7	4.2	251	13.0	3.6	2	14.3	1.8	102	8.7	1.0	2.2
Moderate	1	7.7	19.0	32	1.7	15.2	1	7.1	15.4	58	5.0	11.6	16.5
Middle	9	69.2	61.6	1,027	53.2	61.1	8	57.1	66.8	686	58.8	64.2	58.9
Upper	2	15.4	15.2	619	32.1	20.1	3	21.4	16.0	321	27.5	23.2	22.4
Unknown	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0.0
Tract-Unk	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	
Total	13	100.0	100.0	1,929	100.0	100.0	14	100.0	100.0	1,167	100.0	100.0	100.0
Home Improvement Loans													
Low	1	8.3	2.0	15	1.8	0.8	0	0.0	1.2	0	0.0	1.0	2.2
Moderate	2	16.7	12.5	153	18.4	8.3	2	14.3	12.6	200	15.5	12.4	16.5
Middle	6	50.0	57.9	465	55.8	60.7	11	78.6	65.9	1,051	81.4	63.9	58.9
Upper	3	25.0	27.6	200	24.0	30.3	1	7.1	20.4	40	3.1	22.8	22.4
Unknown	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0.0
Tract-Unk	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	
Total	12	100.0	100.0	833	100.0	100.0	14	100.0	100.0	1,291	100.0	100.0	100.0
Multifamily Loans													Multi-family Units %
Low	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	3.5
Moderate	0	0.0	37.5	0	0.0	52.7	2	40.0	44.4	328	10.8	16.2	29.3
Middle	1	50.0	37.5	1,705	91.6	32.2	3	60.0	55.6	2,700	89.2	83.8	27.5
Upper	1	50.0	25.0	157	8.4	15.1	0	0.0	0.0	0	0.0	0.0	39.6
Unknown	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0.0
Tract-Unk	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	
Total	2	100.0	100.0	1,862	100.0	100.0	5	100.0	100.0	3,028	100.0	100.0	100.0
Total Home Mortgage Loans													Owner Occupied Units %
Low	2	3.1	1.7	266	2.1	1.0	3	4.1	2.1	244	1.3	1.3	2.2
Moderate	11	16.9	18.1	1,327	10.2	14.1	11	15.1	16.0	2,043	10.5	12.0	16.5
Middle	33	50.8	58.5	7,356	56.7	56.3	43	58.9	60.9	11,730	60.4	59.3	58.9
Upper	19	29.2	21.7	4,015	31.0	28.5	16	21.9	21.0	5,395	27.8	27.5	22.4
Unknown	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0.0
Tract-Unk	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	
Total	65	100.0	100.0	12,964	100.0	100.0	73	100.0	100.0	19,412	100.0	100.0	100.0

Source: 2024 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 2023 and 2024 Small Business Lending By Income Level of Geography Assessment Area: Midland, MI MSA 33220													
Geographic Income Level	Bank And Aggregate Loans By Year												Total Businesses %
	2023						2024						
	Bank		Agg	Bank		Agg	Bank		Agg	Bank		Agg	
	#	#%	#%	$(000)	$%	$%	#	#%	#%	$(000)	$%	$%	
Low	8	14.0	3.8	2,156	25.1	11.8	3	5.8	4.9	240	2.8	12.2	5.8
Moderate	21	36.8	17.4	2,103	24.5	14.6	13	25.0	16.7	997	11.8	17.7	21.5
Middle	14	24.6	53.1	2,032	23.7	48.2	21	40.4	48.4	4,231	50.2	43.5	46.3
Upper	14	24.6	25.3	2,283	26.6	25.3	15	28.8	29.4	2,955	35.1	26.5	26.4
Unknown	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0.0
Tract-Unk	0	0.0	0.4	0	0.0	0.1	0	0.0	0.6	0	0.0	0.1	
Total	57	100.0	100.0	8,574	100.0	100.0	52	100.0	100.0	8,423	100.0	100.0	100.0

Source: 2024 FFIEC Census Data
2024 Dun & Bradstreet Data
2016-2020 U.S. Census Bureau: American Community Survey
Note: Percentages may not total 100.0 percent due to rounding.

Distribution of 2023 and 2024 Small Farm Lending By Income Level of Geography Assessment Area: Midland, MI MSA 33220													
Geographic Income Level	Bank And Aggregate Loans By Year												Total Farms %
	2023						2024						
	Bank		Agg	Bank		Agg	Bank		Agg	Bank		Agg	
	#	#%	#%	$(000)	$%	$%	#	#%	#%	$(000)	$%	$%	
Low	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	1.2
Moderate	1	14.3	20.0	250	29.4	24.9	0	0.0	9.4	0	0.0	2.9	17.6
Middle	6	85.7	80.0	600	70.6	75.1	12	100.0	81.3	1,456	100.0	94.1	68.2
Upper	0	0.0	0.0	0	0.0	0.0	0	0.0	9.4	0	0.0	3.0	12.9
Unknown	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0.0
Tract-Unk	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	
Total	7	100.0	100.0	850	100.0	100.0	12	100.0	100.0	1,456	100.0	100.0	100.0

Source: 2024 FFIEC Census Data
2024 Dun & Bradstreet Data
2016-2020 U.S. Census Bureau: American Community Survey
Note: Percentages may not total 100.0 percent due to rounding.

Distribution of 2023 and 2024 Home Mortgage Lending By Borrower Income Level
Assessment Area: Midland, MI MSA 33220

Borrower Income Level	Bank And Aggregate Loans By Year												Families by Family Income %
	2023						2024						
	Bank		Agg	Bank		Agg	Bank		Agg	Bank		Agg	
	#	#%	#%	$(000)	$%	$%	#	#%	#%	$(000)	$%	$%	
Home Purchase Loans													
Low	2	5.3	10.9	237	2.8	5.6	2	5.0	12.3	245	1.8	6.7	19.8
Moderate	6	15.8	24.8	911	10.9	18.1	4	10.0	26.2	725	5.2	19.2	18.1
Middle	4	10.5	19.5	844	10.1	18.0	10	25.0	23.0	2,369	17.0	23.4	22.0
Upper	14	36.8	28.0	4,419	53.0	42.5	15	37.5	22.6	7,881	56.6	35.4	40.0
Unknown	12	31.6	16.7	1,929	23.1	15.8	9	22.5	15.9	2,706	19.4	15.3	0.0
Total	38	100.0	100.0	8,340	100.0	100.0	40	100.0	100.0	13,926	100.0	100.0	100.0
Refinance Loans													
Low	2	15.4	17.7	75	3.9	9.7	2	14.3	18.6	102	8.7	11.4	19.8
Moderate	0	0.0	26.5	0	0.0	23.3	5	35.7	24.3	651	55.8	19.3	18.1
Middle	2	15.4	21.6	200	10.4	22.8	1	7.1	16.2	58	5.0	15.9	22.0
Upper	3	23.1	23.5	380	19.7	31.0	2	14.3	19.9	181	15.5	25.9	40.0
Unknown	6	46.2	10.6	1,274	66.0	13.1	4	28.6	20.9	175	15.0	27.5	0.0
Total	13	100.0	100.0	1,929	100.0	100.0	14	100.0	100.0	1,167	100.0	100.0	100.0
Home Improvement Loans													
Low	1	8.3	14.5	10	1.2	9.2	3	21.4	15.6	315	24.4	11.9	19.8
Moderate	4	33.3	23.7	258	31.0	14.1	1	7.1	24.6	50	3.9	21.3	18.1
Middle	1	8.3	25.0	90	10.8	24.8	3	21.4	25.7	370	28.7	26.0	22.0
Upper	5	41.7	36.2	460	55.2	51.7	5	35.7	29.3	446	34.5	35.1	40.0
Unknown	1	8.3	0.7	15	1.8	0.1	2	14.3	4.8	110	8.5	5.7	0.0
Total	12	100.0	100.0	833	100.0	100.0	14	100.0	100.0	1,291	100.0	100.0	100.0
Total Home Mortgage Loans													
Low	5	7.9	12.5	322	2.9	6.4	7	10.3	14.2	662	4.0	7.8	19.8
Moderate	10	15.9	24.9	1,169	10.5	18.6	10	14.7	25.8	1,426	8.7	19.6	18.1
Middle	7	11.1	20.9	1,134	10.2	19.2	14	20.6	22.2	2,797	17.1	22.0	22.0
Upper	22	34.9	28.5	5,259	47.4	41.5	22	32.4	23.2	8,508	51.9	33.9	40.0
Unknown	19	30.2	13.2	3,218	29.0	14.3	15	22.1	14.5	2,991	18.3	16.6	0.0
Total	63	100.0	100.0	11,102	100.0	100.0	68	100.0	100.0	16,384	100.0	100.0	100.0

Source: *2024 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 2023 and 2024 Small Business Lending By Revenue Size of Businesses Assessment Area: Midland, MI MSA 33220													
	Bank And Aggregate Loans By Year												Total Businesses %
	2023						2024						
	Bank		Agg	Bank		Agg	Bank		Agg	Bank		Agg	
	#	#%	#%	$(000)	$%	$%	#	#%	#%	$(000)	$%	$%	
By Revenue													
$1 Million or Less	42	73.7	62.1	4,991	58.2	48.2	36	69.2	56.3	3,710	44.0	35.4	90.1
Over $1 Million	13	22.8		3,478	40.6		11	21.2		4,547	54.0		8.8
Revenue Unknown	2	3.5		105	1.2		5	9.6		166	2.0		1.2
Total	57	100.0		8,574	100.0		52	100.0		8,423	100.0		100.0
By Loan Size													
$100,000 or Less	36	63.2	94.1	1,801	21.0	42.0	31	59.6	94.7	1,513	18.0	43.8	
$100,001 - $250,000	11	19.3	2.9	1,682	19.6	14.4	15	28.8	3.1	3,028	35.9	18.2	
$250,001 - $1 Million	10	17.5	2.9	5,091	59.4	43.6	6	11.5	2.2	3,882	46.1	38.0	
Total	57	100.0	100.0	8,574	100.0	100.0	52	100.0	100.0	8,423	100.0	100.0	
By Loan Size and Revenues $1 Million or Less													
$100,000 or Less	28	66.7		1,395	28.0		25	69.4		1,302	35.1		
$100,001 - $250,000	8	19.0		1,280	25.6		8	22.2		1,446	39.0		
$250,001 - $1 Million	6	14.3		2,316	46.4		3	8.3		962	25.9		
Total	42	100.0		4,991	100.0		36	100.0		3,710	100.0		

Source: 2024 FFIEC Census Data
2024 Dun & Bradstreet Data
2016-2020 U.S. Census Bureau: American Community Survey
Note: Percentages may not total 100.0 percent due to rounding.

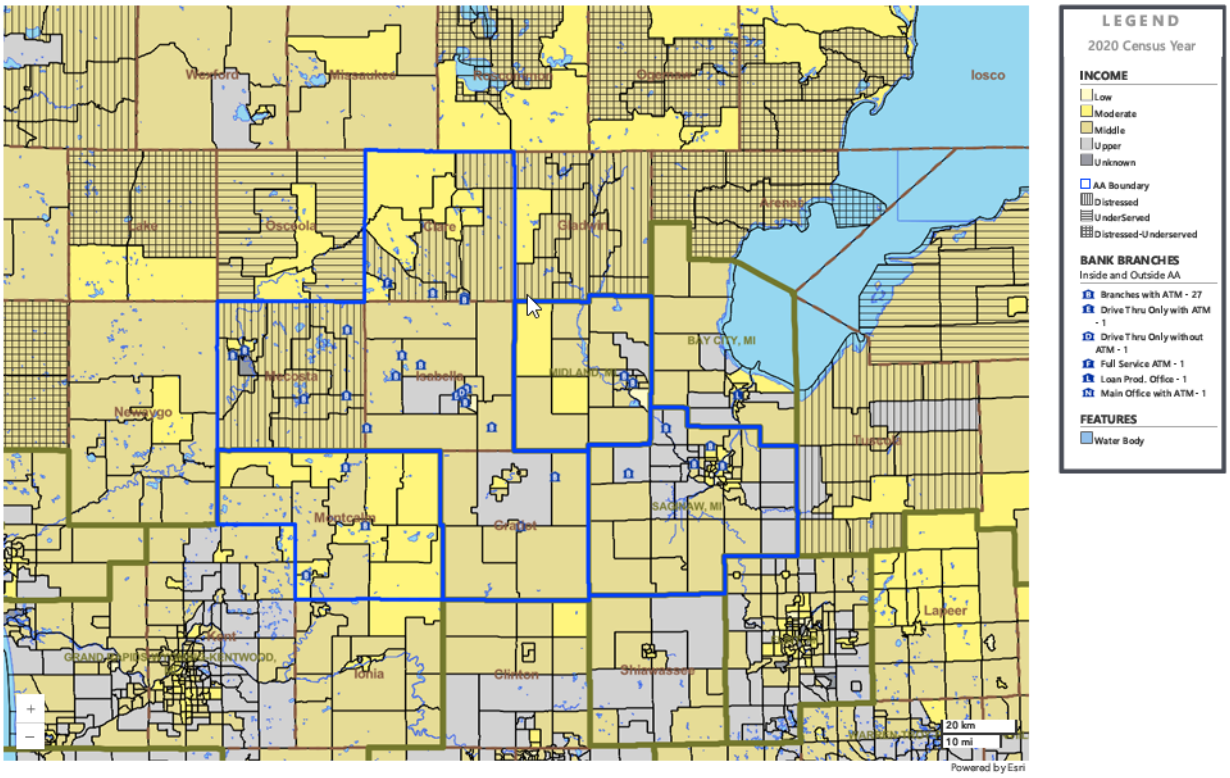
Distribution of 2023 and 2024 Small Farm Lending By Revenue Size of Farms Assessment Area: Midland, MI MSA 33220													
	Bank And Aggregate Loans By Year												Total Farms %
	2023						2024						
	Bank		Agg	Bank		Agg	Bank		Agg	Bank		Agg	
	#	#%	#%	$(000)	$%	$%	#	#%	#%	$(000)	$%	$%	
By Revenue													
$1 Million or Less	5	71.4	44.0	795	93.5	77.5	6	50.0	37.5	672	46.2	40.6	95.3
Over $1 Million	0	0.0		0	0.0		3	25.0		710	48.8		4.7
Revenue Unknown	2	28.6		55	6.5		3	25.0		74	5.1		0.0
Total	7	100.0		850	100.0		12	100.0		1,456	100.0		100.0
By Loan Size													
$100,000 or Less	4	57.1	88.0	153	18.0	39.5	7	58.3	84.4	298	20.5	35.3	
$100,001 - $250,000	3	42.9	12.0	697	82.0	60.5	4	33.3	12.5	658	45.2	36.8	
$250,001 - $500,000	0	0.0	0.0	0	0.0	0.0	1	8.3	3.1	500	34.3	27.9	
Total	7	100.0	100.0	850	100.0	100.0	12	100.0	100.0	1,456	100.0	100.0	
By Loan Size and Revenues $1 Million or Less													
$100,000 or Less	2	40.0		98	12.3		3	50.0		127	18.9		
$100,001 - $250,000	3	60.0		697	87.7		3	50.0		545	81.1		
$250,001 - $500,000	0	0.0		0	0.0		0	0.0		0	0.0		
Total	5	100.0		795	100.0		6	100.0		672	100.0		

Source: *2024 FFIEC Census Data*
2024 Dun & Bradstreet Data
2016-2020 U.S. Census Bureau: American Community Survey
Note: *Percentages may not total 100.0 percent due to rounding.*

Community Development Activities November 14, 2023 - April 13, 2026										
Midland, MI MSA Assessment Area	**Affordable Housing**		**Community Services**		**Economic Development**		**Revitalize/ Stabilize**		**Total**	
	#	**$(000s)**	**#**	**$(000s)**	**#**	**$(000s)**	**#**	**$(000s)**	**#**	**$(000s)**
Loans	1	605	1	200	0	0	3	3,200	5	4,005
Investments	1	4,984	0	0	0	0	0	0	1	4,984
Donations	2	1	8	3	0	0	2	9	12	14
	Affordable Housing		**Community Services**		**Economic Development**		**Revitalize/ Stabilize**		**Total Hours**	
	Hours		**Hours**		**Hours**		**Hours**			
Services	231		46		20		0		297	

APPENDIX A – Maps of Assessment Areas

Isabella Bank 74140
Combined Assessment Area



APPENDIX B – 2023 Demographic and Lending Data

2023 MI Non MSA AA Demographics								
Income Categories	Tract Distribution		Families by Tract Income		Families < Poverty Level as % of Families by Tract		Families by Family Income	
	#	%	#	%	#	%	#	%
Low	1	1.9	361	0.9	108	29.9	9,778	23.4
Moderate	13	24.5	9,709	23.2	1,624	16.7	8,113	19.4
Middle	29	54.7	27,417	65.5	3,092	11.3	9,231	22.1
Upper	5	9.4	3,747	9.0	220	5.9	14,724	35.2
Unknown	5	9.4	612	1.5	268	43.8	0	0.0
Total AA	**53**	**100.0**	**41,846**	**100.0**	**5,312**	**12.7**	**41,846**	**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	24,714	11,407	23.1	46.2	5,113	20.7	8,194	33.2
Middle	54,733	33,176	67.0	60.6	9,358	17.1	12,199	22.3
Upper	7,246	4,404	8.9	60.8	1,976	27.3	866	12.0
Unknown	2,710	406	0.8	15.0	1,586	58.5	718	26.5
Total AA	**90,716**	**49,482**	**100.0**	**54.5**	**19,106**	**21.1**	**22,128**	**24.4**
	Total Businesses by Tract		Businesses by Tract & Revenue Size					
			Less Than or = $1 Million		Over $1 Million		Revenue Not Reported	
	#	%	#	%	#	%	#	%
Low	40	0.7	33	0.6	7	1.5	0	0.0
Moderate	1,251	21.0	1,127	21.0	104	22.2	20	19.4
Middle	3,909	65.8	3,530	65.7	307	65.5	72	69.9
Upper	535	9.0	490	9.1	36	7.7	9	8.7
Unknown	209	3.5	192	3.6	15	3.2	2	1.9
Total AA	**5,944**	**100.0**	**5,372**	**100.0**	**469**	**100.0**	**103**	**100.0**
Percentage of Total Businesses:				**90.4**		**7.9**		**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	34	7.0	34	7.2	0	0.0	0	0.0
Middle	389	79.9	381	80.2	8	66.7	0	0.0
Upper	63	12.9	59	12.4	4	33.3	0	0.0
Unknown	1	0.2	1	0.2	0	0.0	0	0.0
Total AA	**487**	**100.0**	**475**	**100.0**	**12**	**100.0**	**0**	**0.0**
Percentage of Total Farms:				**97.5**		**2.5**		**0.0**

Source: 2023 FFIEC Census Data
2023 Dun & Bradstreet Data
2016-2020 U.S. Census Bureau: American Community Survey
Note: Percentages may not total 100.0 percent due to rounding.

Distribution of 2023 Home Mortgage Lending By Income Level of Geography Assessment Area: 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	0.3	0	0.0	0.4	0.2
Moderate	17	10.1	29.0	1,983	6.4	23.6	23.1
Middle	122	72.2	61.4	23,127	74.3	64.0	67.0
Upper	26	15.4	7.9	5,000	16.1	9.7	8.9
Unknown	4	2.4	1.5	996	3.2	2.2	0.8
Tract-Unk	0	0.0	0.0	0	0.0	0.0	
Total	169	100.0	100.0	31,106	100.0	100.0	100.0
Refinance Loans							
Low	1	0.8	0.2	92	0.7	0.1	0.2
Moderate	13	10.7	19.9	932	7.5	15.2	23.1
Middle	93	76.9	71.1	9,646	77.4	73.9	67.0
Upper	13	10.7	7.6	1,698	13.6	9.2	8.9
Unknown	1	0.8	1.2	100	0.8	1.6	0.8
Tract-Unk	0	0.0	0.0	0	0.0	0.0	
Total	121	100.0	100.0	12,468	100.0	100.0	100.0
Home Improvement Loans							
Low	0	0.0	0.3	0	0.0	0.1	0.2
Moderate	10	11.0	21.3	874	13.9	21.5	23.1
Middle	67	73.6	68.7	4,749	75.3	70.1	67.0
Upper	14	15.4	9.5	680	10.8	8.3	8.9
Unknown	0	0.0	0.3	0	0.0	0.1	0.8
Tract-Unk	0	0.0	0.0	0	0.0	0.0	
Total	91	100.0	100.0	6,303	100.0	100.0	100.0
Multifamily Loans							**Multi-family Units %**
Low	0	0.0	0.0	0	0.0	0.0	10.4
Moderate	3	33.3	23.5	216	12.3	5.9	26.3
Middle	6	66.7	70.6	1,547	87.7	88.6	30.7
Upper	0	0.0	0.0	0	0.0	0.0	14.4
Unknown	0	0.0	5.9	0	0.0	5.4	18.3
Tract-Unk	0	0.0	0.0	0	0.0	0.0	
Total	9	100.0	100.0	1,763	100.0	100.0	100.0
Total Home Mortgage Loans							**Owner Occupied Units %**
Low	1	0.3	0.2	92	0.2	0.3	0.2
Moderate	43	11.0	25.7	4,005	7.8	21.3	23.1
Middle	288	73.8	64.6	39,069	75.7	66.9	67.0
Upper	53	13.6	8.1	7,378	14.3	9.3	8.9
Unknown	5	1.3	1.4	1,096	2.1	2.1	0.8
Tract-Unk	0	0.0	0.0	0	0.0	0.0	
Total	390	100.0	100.0	51,640	100.0	100.0	100.0

Source: *2023 FFIEC Census Data*
2016-2020 U.S. Census Bureau: American Community Survey
Note: *Percentages may not total 100.0 percent due to rounding.*

Distribution of 2023 Home Mortgage Lending By Borrower Income Level Assessment Area: MI Non MSA							
Borrower Income Level	Bank And Aggregate Loans						Families by Family Income %
	Bank		Agg	Bank		Agg	
	#	#%	#%	$(000)	$%	$%	
Home Purchase Loans							
Low	17	10.1	10.0	1,307	4.2	5.1	23.4
Moderate	23	13.6	23.3	2,916	9.4	17.8	19.4
Middle	31	18.3	21.6	5,274	17.0	22.3	22.1
Upper	76	45.0	27.4	18,119	58.2	37.2	35.2
Unknown	22	13.0	17.7	3,490	11.2	17.5	0.0
Total	169	100.0	100.0	31,106	100.0	100.0	100.0
Refinance Loans							
Low	16	13.2	15.0	890	7.1	9.4	23.4
Moderate	12	9.9	25.2	876	7.0	21.3	19.4
Middle	10	8.3	22.0	1,054	8.5	24.3	22.1
Upper	34	28.1	23.8	4,434	35.6	30.0	35.2
Unknown	49	40.5	14.0	5,214	41.8	15.0	0.0
Total	121	100.0	100.0	12,468	100.0	100.0	100.0
Home Improvement Loans							
Low	1	1.1	6.0	20	0.3	2.7	23.4
Moderate	25	27.5	25.9	1,074	17.0	19.0	19.4
Middle	28	30.8	26.4	1,994	31.6	25.5	22.1
Upper	33	36.3	39.5	3,034	48.1	51.2	35.2
Unknown	4	4.4	2.2	181	2.9	1.7	0.0
Total	91	100.0	100.0	6,303	100.0	100.0	100.0
Total Home Mortgage Loans							
Low	34	8.9	10.5	2,217	4.4	5.7	23.4
Moderate	60	15.7	23.4	4,866	9.8	18.3	19.4
Middle	69	18.1	22.8	8,322	16.7	23.1	22.1
Upper	143	37.5	28.9	25,587	51.3	37.3	35.2
Unknown	75	19.7	14.4	8,885	17.8	15.7	0.0
Total	381	100.0	100.0	49,877	100.0	100.0	100.0

Source: 2023 FFIEC Census Data
2016-2020 U.S. Census Bureau: American Community Survey
Note: Percentages may not total 100.0 percent due to rounding.
Multifamily loans are not included in the borrower distribution analysis.

Distribution of 2023 Small Business Lending By Income Level of Geography Assessment Area: MI Non MSA							
Geographic Income Level	Bank And Aggregate Loans						Total Businesses %
	Bank		Agg	Bank		Agg	
	#	#%	#%	$(000)	$%	$%	
Low	3	1.0	0.5	1,540	3.6	2.2	0.7
Moderate	30	9.9	17.7	3,723	8.6	13.6	21.0
Middle	232	76.3	69.6	29,304	68.1	68.6	65.8
Upper	36	11.8	8.9	7,680	17.8	12.8	9.0
Unknown	3	1.0	2.6	800	1.9	2.7	3.5
Tract-Unk	0	0.0	0.7	0	0.0	0.1	
Total	304	100.0	100.0	43,047	100.0	100.0	100.0

Source: 2023 FFIEC Census Data
2023 Dun & Bradstreet Data
2016-2020 U.S. Census Bureau: American Community Survey
Note: Percentages may not total 100.0 percent due to rounding.

Distribution of 2023 Small Farm Lending By Income Level of Geography Assessment Area: MI Non MSA							
Geographic Income Level	Bank And Aggregate Loans						Total Farms %
	Bank		Agg	Bank		Agg	
	#	#%	#%	$(000)	$%	$%	
Low	2	2.0	0.9	250	2.1	1.5	0.0
Moderate	5	5.0	7.2	785	6.6	7.7	7.0
Middle	82	82.0	75.7	9,295	77.6	72.8	79.9
Upper	11	11.0	16.2	1,649	13.8	18.1	12.9
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	100	100.0	100.0	11,979	100.0	100.0	100.0

Source: 2023 FFIEC Census Data
2023 Dun & Bradstreet Data
2016-2020 U.S. Census Bureau: American Community Survey
Note: Percentages may not total 100.0 percent due to rounding.

Distribution of 2023 Small Business Lending By Revenue Size of Businesses Assessment Area: MI Non MSA							
	Bank And Aggregate Loans						Total Businesses
	Bank		Agg	Bank		Agg	
	#	#%	#%	$(000)	$%	$%	%
By Revenue							
$1 Million or Less	148	48.7	55.0	14,584	33.9	34.2	90.4
Over $1 Million	112	36.8		27,030	62.8		7.9
Revenue Unknown	44	14.5		1,433	3.3		1.7
Total	304	100.0		43,047	100.0		100.0
By Loan Size							
$100,000 or Less	200	65.8	88.6	8,900	20.7	30.4	
$100,001 - $250,000	55	18.1	5.9	9,131	21.2	18.3	
$250,001 - $1 Million	49	16.1	5.5	25,016	58.1	51.3	
Total	304	100.0	100.0	43,047	100.0	100.0	
By Loan Size and Revenues $1 Million or Less							
$100,000 or Less	112	75.7		4,984	34.2		
$100,001 - $250,000	23	15.5		3,760	25.8		
$250,001 - $1 Million	13	8.8		5,840	40.0		
Total	148	100.0		14,584	100.0		

Source: 2023 FFIEC Census Data
2023 Dun & Bradstreet Data
2016-2020 U.S. Census Bureau: American Community Survey
Note: Percentages may not total 100.0 percent due to rounding.

Distribution of 2023 Small Farm Lending By Revenue Size of Farms Assessment Area: MI Non MSA							
	Bank And Aggregate Loans						Total Farms %
	Bank		Agg	Bank		Agg	
	#	#%	#%	$(000)	$%	$%	
By Revenue							
$1 Million or Less	61	61.0	46.0	6,987	58.3	54.5	97.5
Over $1 Million	23	23.0		4,438	37.0		2.5
Revenue Unknown	16	16.0		554	4.6		0.0
Total	100	100.0		11,979	100.0		100.0
By Loan Size							
$100,000 or Less	63	63.0	79.6	2,977	24.9	30.4	
$100,001 - $250,000	23	23.0	12.3	3,755	31.3	28.3	
$250,001 - $500,000	14	14.0	8.1	5,247	43.8	41.4	
Total	100	100.0	100.0	11,979	100.0	100.0	
By Loan Size and Revenues $1 Million or Less							
$100,000 or Less	39	63.9		1,924	27.5		
$100,001 - $250,000	14	23.0		2,179	31.2		
$250,001 - $500,000	8	13.1		2,884	41.3		
Total	61	100.0		6,987	100.0		

Source: 2023 FFIEC Census Data
2023 Dun & Bradstreet Data
2016-2020 U.S. Census Bureau: American Community Survey
Note: Percentages may not total 100.0 percent due to rounding.

2023 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	40.4
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	267	4.1	238	4.1	28	4.3	1	1.5
Moderate	1,843	28.0	1,620	27.6	213	32.6	10	14.9
Middle	1,999	30.4	1,750	29.9	217	33.2	32	47.8
Upper	2,473	37.6	2,254	38.5	195	29.9	24	35.8
Unknown	0	0.0	0	0.0	0	0.0	0	0.0
Total AA	**6,582**	**100.0**	**5,862**	**100.0**	**653**	**100.0**	**67**	**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	0	0.0	0	0.0	0	0.0	0	0.0
Moderate	4	1.4	4	1.4	0	0.0	0	0.0
Middle	155	53.6	154	53.8	0	0.0	1	100.0
Upper	130	45.0	128	44.8	2	100.0	0	0.0
Unknown	0	0.0	0	0.0	0	0.0	0	0.0
Total AA	**289**	**100.0**	**286**	**100.0**	**2**	**100.0**	**1**	**100.0**
Percentage of Total Farms:				**99.0**		**0.7**		**0.3**

Source: 2023 FFIEC Census Data
2023 Dun & Bradstreet Data
2016-2020 U.S. Census Bureau: American Community Survey
Note: Percentages may not total 100.0 percent due to rounding.

2023 Grand Rapids-Kentwood, MI MSA 24340 AA Demographics								
Income Categories	Tract Distribution		Families by Tract Income		Families < Poverty Level as % of Families by Tract		Families by Family Income	
	#	%	#	%	#	%	#	%
Low	0	0.0	0	0.0	0	0.0	4,370	26.7
Moderate	11	78.6	12,245	74.7	1,143	9.3	4,374	26.7
Middle	3	21.4	4,142	25.3	288	7.0	3,833	23.4
Upper	0	0.0	0	0.0	0	0.0	3,810	23.3
Unknown	0	0.0	0	0.0	0	0.0	0	0.0
Total AA	**14**	**100.0**	**16,387**	**100.0**	**1,431**	**8.7**	**16,387**	**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	21,723	14,291	74.2	65.8	3,971	18.3	3,461	15.9
Middle	6,952	4,957	25.8	71.3	924	13.3	1,071	15.4
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
Total AA	**28,675**	**19,248**	**100.0**	**67.1**	**4,895**	**17.1**	**4,532**	**15.8**
	Total Businesses by Tract		Businesses by Tract & Revenue Size					
			Less Than or = $1 Million		Over $1 Million		Revenue Not Reported	
	#	%	#	%	#	%	#	%
Low	0	0.0	0	0.0	0	0.0	0	0.0
Moderate	1,556	79.7	1,412	79.6	114	84.4	30	68.2
Middle	397	20.3	362	20.4	21	15.6	14	31.8
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	**1,953**	**100.0**	**1,774**	**100.0**	**135**	**100.0**	**44**	**100.0**
Percentage of Total Businesses:				**90.8**		**6.9**		**2.3**
	Total Farms by Tract		Farms by Tract & Revenue Size					
			Less Than or = $1 Million		Over $1 Million		Revenue Not Reported	
	#	%	#	%	#	%	#	%
Low	0	0.0	0	0.0	0	0.0	0	0.0
Moderate	133	78.2	128	79.0	5	62.5	0	0.0
Middle	37	21.8	34	21.0	3	37.5	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	**170**	**100.0**	**162**	**100.0**	**8**	**100.0**	**0**	**0.0**
Percentage of Total Farms:				**95.3**		**4.7**		**0.0**

Source: 2023 FFIEC Census Data
2023 Dun & Bradstreet Data
2016-2020 U.S. Census Bureau: American Community Survey
Note: Percentages may not total 100.0 percent due to rounding.

Distribution of 2023 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	0	0.0	0.0	0	0.0	0.0	0.0
Moderate	15	93.8	75.5	2,963	95.5	73.6	74.2
Middle	1	6.3	24.5	140	4.5	26.4	25.8
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
Tract-Unk	0	0.0	0.0	0	0.0	0.0	
Total	16	100.0	100.0	3,103	100.0	100.0	100.0
Refinance Loans							
Low	0	0.0	0.0	0	0.0	0.0	0.0
Moderate	11	78.6	74.4	886	82.9	71.8	74.2
Middle	3	21.4	25.6	183	17.1	28.2	25.8
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
Tract-Unk	0	0.0	0.0	0	0.0	0.0	
Total	14	100.0	100.0	1,069	100.0	100.0	100.0
Home Improvement Loans							
Low	0	0.0	0.0	0	0.0	0.0	0.0
Moderate	17	77.3	76.1	904	72.4	71.7	74.2
Middle	5	22.7	23.9	345	27.6	28.3	25.8
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
Tract-Unk	0	0.0	0.0	0	0.0	0.0	
Total	22	100.0	100.0	1,249	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	100.0	0	0.0	100.0	90.7
Middle	0	0.0	0.0	0	0.0	0.0	9.3
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	43	82.7	74.4	4,753	87.7	74.0	74.2
Middle	9	17.3	25.6	668	12.3	26.0	25.8
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
Tract-Unk	0	0.0	0.0	0	0.0	0.0	
Total	52	100.0	100.0	5,421	100.0	100.0	100.0

Source: 2023 FFIEC Census Data
2016-2020 U.S. Census Bureau: American Community Survey
Note: Percentages may not total 100.0 percent due to rounding.

Distribution of 2023 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	0	0.0	0.0	0	0.0	0.0	0.0
Moderate	56	93.3	75.8	9,297	88.4	78.8	79.7
Middle	4	6.7	23.9	1,215	11.6	21.1	20.3
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	0.3	0	0.0	0.0	
Total	60	100.0	100.0	10,512	100.0	100.0	100.0

Source: 2023 FFIEC Census Data
2023 Dun & Bradstreet Data
2016-2020 U.S. Census Bureau: American Community Survey
Note: Percentages may not total 100.0 percent due to rounding.

Distribution of 2023 Small Farm Lending By Income Level of Geography Assessment Area: Grand Rapids-Kentwood, MI MSA 24340							
Geographic Income Level	Bank And Aggregate Loans						Total Farms %
	Bank		Agg	Bank		Agg	
	#	#%	#%	$(000)	$%	$%	
Low	0	0.0	0.0	0	0.0	0.0	0.0
Moderate	13	100.0	94.0	1,730	100.0	98.9	78.2
Middle	0	0.0	6.0	0	0.0	1.1	21.8
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
Tract-Unk	0	0.0	0.0	0	0.0	0.0	
Total	13	100.0	100.0	1,730	100.0	100.0	100.0

Source: 2023 FFIEC Census Data
2023 Dun & Bradstreet Data
2016-2020 U.S. Census Bureau: American Community Survey
Note: Percentages may not total 100.0 percent due to rounding.

Distribution of 2023 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	2	12.5	15.2	210	6.8	8.8	26.7
Moderate	7	43.8	26.7	1,116	36.0	23.6	26.7
Middle	0	0.0	23.2	0	0.0	25.0	23.4
Upper	7	43.8	16.0	1,777	57.3	22.9	23.3
Unknown	0	0.0	18.9	0	0.0	19.8	0.0
Total	16	100.0	100.0	3,103	100.0	100.0	100.0
Refinance Loans							
Low	2	14.3	28.7	73	6.8	20.5	26.7
Moderate	3	21.4	29.7	251	23.5	29.2	26.7
Middle	4	28.6	19.2	348	32.6	19.0	23.4
Upper	3	21.4	15.1	296	27.7	22.3	23.3
Unknown	2	14.3	7.3	101	9.4	8.9	0.0
Total	14	100.0	100.0	1,069	100.0	100.0	100.0
Home Improvement Loans							
Low	5	22.7	22.2	213	17.1	15.9	26.7
Moderate	5	22.7	29.0	262	21.0	28.9	26.7
Middle	8	36.4	28.4	439	35.1	30.7	23.4
Upper	4	18.2	19.3	335	26.8	23.7	23.3
Unknown	0	0.0	1.1	0	0.0	0.9	0.0
Total	22	100.0	100.0	1,249	100.0	100.0	100.0
Total Home Mortgage Loans							
Low	9	17.3	19.1	496	9.1	11.2	26.7
Moderate	15	28.8	27.2	1,629	30.0	24.5	26.7
Middle	12	23.1	23.3	787	14.5	24.3	23.4
Upper	14	26.9	16.7	2,408	44.4	23.0	23.3
Unknown	2	3.8	13.7	101	1.9	17.0	0.0
Total	52	100.0	100.0	5,421	100.0	100.0	100.0

Source: 2023 FFIEC Census Data
2016-2020 U.S. Census Bureau: American Community Survey
Note: Percentages may not total 100.0 percent due to rounding.
Multifamily loans are not included in the borrower distribution analysis.

Distribution of 2023 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	17	28.3	51.5	1,574	15.0	34.6	90.8
Over $1 Million	37	61.7		8,790	83.6		6.9
Revenue Unknown	6	10.0		148	1.4		2.3
Total	60	100.0		10,512	100.0		100.0
By Loan Size							
$100,000 or Less	33	55.0	89.5	1,591	15.1	25.6	
$100,001 - $250,000	16	26.7	5.5	2,813	26.8	17.7	
$250,001 - $1 Million	11	18.3	5.0	6,108	58.1	56.7	
Total	60	100.0	100.0	10,512	100.0	100.0	
By Loan Size and Revenues $1 Million or Less							
$100,000 or Less	13	76.5		566	36.0		
$100,001 - $250,000	3	17.6		508	32.3		
$250,001 - $1 Million	1	5.9		500	31.8		
Total	17	100.0		1,574	100.0		

Source: 2023 FFIEC Census Data
2023 Dun & Bradstreet Data
2016-2020 U.S. Census Bureau: American Community Survey
Note: Percentages may not total 100.0 percent due to rounding.

Distribution of 2023 Small Farm Lending By Revenue Size of Farms Assessment Area: Grand Rapids-Kentwood, MI MSA 24340							
	Bank And Aggregate Loans						Total Farms %
	Bank		Agg	Bank		Agg	
	#	#%	#%	$(000)	$%	$%	
By Revenue							
$1 Million or Less	8	61.5	36.0	481	27.8	21.5	95.3
Over $1 Million	4	30.8		1,243	71.8		4.7
Revenue Unknown	1	7.7		6	0.3		0.0
Total	13	100.0		1,730	100.0		100.0
By Loan Size							
$100,000 or Less	8	61.5	86.0	192	11.1	20.8	
$100,001 - $250,000	2	15.4	4.0	345	19.9	11.8	
$250,001 - $500,000	3	23.1	10.0	1,193	69.0	67.4	
Total	13	100.0	100.0	1,730	100.0	100.0	
By Loan Size and Revenues $1 Million or Less							
$100,000 or Less	6	75.0		136	28.3		
$100,001 - $250,000	2	25.0		345	71.7		
$250,001 - $500,000	0	0.0		0	0.0		
Total	8	100.0		481	100.0		

Source: 2023 FFIEC Census Data
2023 Dun & Bradstreet Data
2016-2020 U.S. Census Bureau: American Community Survey
Note: Percentages may not total 100.0 percent due to rounding.

2023 Midland, MI MSA 33220 AA Demographics								
Income Categories	Tract Distribution		Families by Tract Income		Families < Poverty Level as % of Families by Tract		Families by Family Income	
	#	%	#	%	#	%	#	%
Low	1	4.8	491	2.1	101	20.6	4,561	19.8
Moderate	4	19.0	3,812	16.5	568	14.9	4,183	18.1
Middle	12	57.1	12,940	56.1	730	5.6	5,081	22.0
Upper	4	19.0	5,814	25.2	267	4.6	9,232	40.0
Unknown	0	0.0	0	0.0	0	0.0	0	0.0
Total AA	**21**	**100.0**	**23,057**	**100.0**	**1,666**	**7.2**	**23,057**	**100.0**
	Housing Units by Tract	Housing Type by Tract						
		Owner-occupied			Rental		Vacant	
		#	% by tract	% by unit	#	% by unit	#	% by unit
Low	1,029	573	2.2	55.7	346	33.6	110	10.7
Moderate	7,637	4,362	16.5	57.1	2,403	31.5	872	11.4
Middle	19,870	15,590	58.9	78.5	2,829	14.2	1,451	7.3
Upper	8,529	5,941	22.4	69.7	2,209	25.9	379	4.4
Unknown	0	0	0.0	0.0	0	0.0	0	0.0
Total AA	**37,065**	**26,466**	**100.0**	**71.4**	**7,787**	**21.0**	**2,812**	**7.6**
	Total Businesses by Tract		Businesses by Tract & Revenue Size					
			Less Than or = $1 Million		Over $1 Million		Revenue Not Reported	
	#	%	#	%	#	%	#	%
Low	177	5.6	125	4.3	51	19.8	1	2.9
Moderate	664	20.9	605	21.0	50	19.4	9	26.5
Middle	1,432	45.1	1,313	45.6	100	38.8	19	55.9
Upper	900	28.4	838	29.1	57	22.1	5	14.7
Unknown	0	0.0	0	0.0	0	0.0	0	0.0
Total AA	**3,173**	**100.0**	**2,881**	**100.0**	**258**	**100.0**	**34**	**100.0**
Percentage of Total Businesses:				**90.8**		**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	1	1.1	1	1.1	0	0.0	0	0.0
Moderate	17	18.7	17	19.1	0	0.0	0	0.0
Middle	59	64.8	57	64.0	2	100.0	0	0.0
Upper	14	15.4	14	15.7	0	0.0	0	0.0
Unknown	0	0.0	0	0.0	0	0.0	0	0.0
Total AA	**91**	**100.0**	**89**	**100.0**	**2**	**100.0**	**0**	**0.0**
Percentage of Total Farms:				**97.8**		**2.2**		**0.0**

Source: 2023 FFIEC Census Data
2023 Dun & Bradstreet Data
2016-2020 U.S. Census Bureau: American Community Survey
Note: Percentages may not total 100.0 percent due to rounding.

APPENDIX C – Scope of Examination

<table>
<tr><td colspan="4">SCOPE OF EXAMINATION</td></tr>
<tr><td colspan="4"></td></tr>
<tr><td>TIME PERIOD REVIEWED</td><td colspan="3">Lending Test:
• Residential Real Estate loans: January 1, 2023, to December 31, 2024
• Small Business loans: January 1, 2023, to December 31, 2024
• Small Farm loans: January 1, 2023, to December 31, 2024
Community Development Test:
• Qualified Loans, Investments, and Services from November 13, 2023, through April 13, 2026</td></tr>
<tr><td colspan="4"></td></tr>
<tr><td>FINANCIAL INSTITUTION
Isabella Bank</td><td></td><td colspan="2">PRODUCTS REVIEWED
• HMDA-reportable loans
• CRA-reportable small business loans
• CRA-reportable small farm loans</td></tr>
<tr><td colspan="4"></td></tr>
<tr><td>AFFILIATE(S)</td><td>AFFILIATE RELATIONSHIP</td><td></td><td>PRODUCTS REVIEWED</td></tr>
<tr><td>None</td><td>None</td><td></td><td>None</td></tr>
<tr><td colspan="4"></td></tr>
<tr><td colspan="4">LIST OF ASSESSMENT AREAS AND TYPE OF EXAMINATION</td></tr>
<tr><td>ASSESSMENT AREA</td><td>TYPE OF EXAMINATION</td><td>BRANCHES VISITED</td><td>OTHER INFORMATION</td></tr>
<tr><td>Non- MSA Michigan</td><td>Full Scope Review</td><td>NA</td><td>NA</td></tr>
</table>

Saginaw, MI MSA #40980	Full Scope Review	NA	NA
Grand Rapids-Wyoming-Kentwood, MI MSA #24340	Limited Scope Review	NA	NA
Midland, MI MSA #33220	Limited Scope Review	NA	NA

APPENDIX D – Glossary

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

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

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

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

Area Median Income (AMI): AMI means –

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

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

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

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

[5] *Source: FFIEC press release dated October 19, 2011.*

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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