

# **PUBLIC DISCLOSURE**

July 7, 2025

## **COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION**

Grand River Bank  
RSSD# 3812147

4471 Wilson Avenue SW  
Grandville, Michigan 49418

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.

## TABLE OF CONTENTS

PERFORMANCE EVALUATION .....	2
SCOPE OF EXAMINATION .....	2
DESCRIPTION OF INSTITUTION.....	3
DESCRIPTION OF ASSESSMENT AREA.....	4
CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA .....	10
LENDING TEST .....	10
COMMUNITY DEVELOPMENT TEST.....	18
FAIR LENDING OR OTHER ILLEGAL CREDIT PRACTICES REVIEW .....	19
APPENDIX A – MAP OF ASSESSMENT AREAS .....	20
APPENDIX B – EXTRA DEMOGRAPHIC AND LENDING TABLES .....	21
APPENDIX C – SCOPE OF EXAMINATION .....	24
APPENDIX D – GLOSSARY .....	25

## INSTITUTION'S CRA RATING

**Grand River Bank is rated: Satisfactory**

**The Lending Test is rated: Satisfactory**

**The Community Development Test is rated: Satisfactory**

Grand River Bank is meeting the credit needs of its community based on an analysis of its lending and community development activities. The bank's loan-to-deposit (LTD) ratio is more than reasonable given the bank's size, financial condition, and assessment area credit needs. A majority of the bank's loans were originated in the assessment area. The geographic distribution of loans reflects reasonable dispersion of Home Mortgage Disclosure Act (HMDA)-reportable and small business loans throughout the assessment area. Lending performance demonstrates reasonable penetration among individuals of different income levels and businesses of different sizes.

The bank's community development performance demonstrates adequate responsiveness to community development needs through community development loans and contributions, considering the bank's capacity, and the need and availability of such opportunities in the bank's assessment area.

There were no Community Reinvestment Act (CRA)-related complaints received by the institution or this Reserve Bank since the previous evaluation.

## SCOPE OF EXAMINATION

Grand River Bank's CRA performance was evaluated using the Intermediate Small Institution Examination Procedures issued by the Federal Financial Institutions Examination Council (FFIEC). Performance was evaluated in the context of information about the institution and its assessment area including the bank's asset size, financial condition, competition, and economic and demographic characteristics.

A full-scope review was conducted on the bank's sole assessment area, which consists of a portion of the Grand Rapids-Wyoming-Kentwood, MI Metropolitan Statistical Area (MSA) 24340 that includes Kent and Ottawa counties in their entireties. The Lending Test evaluation includes HMDA-reportable loans originated from January 1, 2023, through December 31, 2024, and a sample of small business loans originated from January 1, 2024, through December 31, 2024. Additionally, examiners reviewed qualified community development loans and contributions from April 18, 2022, through July 7, 2025.

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

- ***Loan-to-Deposit Ratio*** – A 13-quarter average loan-to-deposit ratio ending March 31, 2025, was calculated for the bank and compared to a sample of local competitors.
- ***Lending in the Assessment Area*** – HMDA-reportable loans originated from January 1, 2023, through December 31, 2024, and small business loans originated from January 1, 2024, through December 31, 2024, were reviewed to determine the percentage of loans originated within the assessment area.
- ***Geographic Distribution of Lending in the Assessment Area*** – HMDA-reportable loans originated from January 1, 2023, through December 31, 2024, and small business loans originated from January 1, 2024, through December 31, 2024, were analyzed to determine the extent to which the bank is making loans in geographies of different income levels, particularly those designated as low- and moderate-income.
- ***Lending to Borrowers of Different Income and to Businesses of Different Sizes*** – HMDA-reportable loans originated in the assessment area from January 1, 2023, through December 31, 2024, and small business loans originated within the assessment area from January 1, 2024, through December 31, 2024, were reviewed to determine the distribution among borrowers of different income levels, particularly those considered low- or moderate-income, and to businesses with different revenue sizes.
- ***Response to Substantiated Complaints*** – Complaints were reviewed to determine if any were related to the bank's record of helping to meet community credit needs and its responses to any received were evaluated for appropriateness.
- ***Community Development Activities*** – The bank's responsiveness to community development needs through community development loans and contributions, from April 18, 2022, through July 7, 2025, were reviewed considering the capacity, need, and availability of such opportunities within the assessment area.

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: affordable housing and economic development.

## DESCRIPTION OF INSTITUTION

Grand River Bank (GRB), a subsidiary of Grand River Commerce Inc., is located in Grandville, Michigan. The bank maintains its main office and one additional branch, with no automated teller machines (ATMs), within Kent County. The bank has not opened, closed, or relocated any branches or ATMs since the previous evaluation. The main office is located in a middle-income

census tract, and the branch is located in an upper-income census tract.

According to the Uniform Bank Performance Report (UBPR), the bank reported total assets of \$516.2 million as of March 31, 2025. GRB is primarily a commercial lender with a heavy focus on building deposit relationships with commercial borrowers. As of March 31, 2025, the loan portfolio was comprised of 76.9 percent commercial, 19.7 percent residential real estate, 0.2 percent agricultural, 2.7 percent consumer, and 0.4 percent other loans. The bank offers standard loan products that include some complex features. Portfolio loan offerings include in-house fixed and variable-rate residential real estate loans, secondary market fixed rate residential real estate loans, temporary construction financing, home equity lines of credit, and limited complexity consumer installment loans. Details of the bank's loan portfolio are provided in the following table.

Composition of Loan Portfolio as of March 31, 2025 (000's)		
Type	\$	%
Residential Real Estate	91,904	19.7%
Commercial	358,545	76.9%
Agriculture	1,121	0.2%
Consumer	12,598	2.7%
Other	2,029	0.4%
Total	466,197	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.

The bank was rated **satisfactory** under the CRA at its previous evaluation conducted on April 18, 2022.

## DESCRIPTION OF ASSESSMENT AREA

Grand River Bank delineates a portion of the Grand Rapids-Wyoming-Kentwood, MI MSA #24340 that includes Kent and Ottawa counties in their entireties, and excludes Barry, Ionia, and Montcalm counties. In July 2023, following updates by the Office of Management and Budget (OMB), Barry County was added to the MSA, which was also formally renamed the Grand-Rapids-Wyoming-Kentwood, MI MSA #24340 as of that date. The bank's delineated assessment area has not changed since the previous evaluation and consists of 210 census tracts, including 10 low-, 36 moderate-, 105 middle-, 55 upper-income tracts. The assessment area also includes four census tracts of unknown income. Of which, two census tracts are located on the border of Lake Michigan in Ottawa County, and the remaining census tracts are located in Kent County. The two census tracts in Kent County were recently designated as unknown-income and current data is not available.

According to the June 30, 2024, Federal Deposit Insurance Corporation (FDIC) Deposit Market Share Report, GRB ranked 13 of 25 FDIC-insured depository institutions operating in the assessment area. During this time, the bank held approximately \$462.1 million in deposits, representing 1.6 percent of the total deposit market share in the assessment area. The top five institutions in the assessment area collectively hold 68.7 percent of the market share for deposits. Fifth Third Bank ranked first with total deposits of approximately \$5.6 billion at 19.8 percent of the market share, followed by The Huntington National Bank with \$5.4 billion at 19.1 percent. The 25 FDIC-insured financial institutions operating in the assessment area maintained a total of 214 branch offices, two of which belong to GRB. This shows that the bank's assessment area has an abundance of banks for customers to choose from and, with a limited retail network itself, GRB has a high level of competition in bringing in both loans and deposits.

As a result of the 2020 Decennial Census and the American Community Survey for the period of 2016-2020 the bank's assessment area changed from 182 census tracts to 210 census tracts. As shown in the following table, the net result of these changes was an increase in the number of moderate-, middle-, upper-, and unknown-income census tracts, and a decrease of low-income census tracts.

Census Tract Designation Changes American Community Survey Data (ACS)			
Tract Income Designation	2021 Designations (#)	2024 Designations (#)	Net Change (#)
Low	12	10	2
Moderate	33	36	3
Middle	90	105	15
Upper	46	55	9
Unknown	1	4	3
<b>Total</b>	<b>182</b>	<b>210</b>	<b>30</b>

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

The following table displays information about the assessment area by tract income categories, including details on total families, housing units, businesses, and farms for the year 2024. Data for 2023 is substantially similar to 2024. The demographics table for 2023 can be found in Appendix B.

2024 Grand Rapids-Wyoming-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	10	4.8	6,629	2.8	1,707	25.8	41,824	17.6
Moderate	36	17.1	33,392	14.0	4,832	14.5	41,906	17.6
Middle	105	50.0	116,083	48.8	6,474	5.6	54,795	23.0
Upper	55	26.2	78,704	33.1	1,472	1.9	99,440	41.8
Unknown	4	1.9	3,157	1.3	320	10.1	0	0.0
Total AA	210	100.0	237,965	100.0	14,805	6.2	237,965	100.0
Housing Units by Tract	Housing Type by Tract							
	Owner-occupied			Rental		Vacant		
Low	12,580	3,809	1.5	30.3	7,823	62.2	948	7.5
Moderate	60,144	30,770	12.1	51.2	25,171	41.9	4,203	7.0
Middle	184,447	127,042	50.0	68.9	48,916	26.5	8,489	4.6
Upper	105,724	89,651	35.3	84.8	11,824	11.2	4,249	4.0
Unknown	4,768	2,919	1.1	61.2	1,456	30.5	393	8.2
Total AA	367,663	254,191	100.0	69.1	95,190	25.9	18,282	5.0
Total Businesses by Tract	Businesses by Tract & Revenue Size							
	Less Than or = \$1 Million		Over \$1 Million		Revenue Not Reported			
Low	705	2.0	629	2.1	74	2.1	2	0.7
Moderate	6,022	17.5	5,101	16.7	884	25.0	37	13.1
Middle	15,537	45.1	13,909	45.5	1,504	42.5	124	44.0
Upper	11,890	34.5	10,722	35.0	1,052	29.8	116	41.1
Unknown	263	0.8	238	0.8	22	0.6	3	1.1
Total AA	34,417	100.0	30,599	100.0	3,536	100.0	282	100.0
Percentage of Total Businesses:			88.9		10.3			0.8
Total Farms by Tract	Farms by Tract & Revenue Size							
	Less Than or = \$1 Million		Over \$1 Million		Revenue Not Reported			
Low	5	0.7	5	0.8	0	0.0	0	0.0
Moderate	30	4.5	24	3.8	6	13.3	0	0.0
Middle	390	57.9	366	58.3	24	53.3	0	0.0
Upper	245	36.4	230	36.6	15	33.3	0	0.0
Unknown	3	0.4	3	0.5	0	0.0	0	0.0
Total AA	673	100.0	628	100.0	45	100.0	0	0.0
Percentage of Total Farms:			93.3		6.7			0.0

Source: 2024 FFIEC Census Data

2024 D&B & Bradstreet Data

2016-2020 U.S. Census Bureau: American Community Survey

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

## Population Change

The following table shows the population trends for the counties comprising the assessment area (i.e., Kent and Ottawa counties), the Grand Rapids-Wyoming-Kentwood, MI MSA, and the state of Michigan. The populations in the counties comprising the assessment area increased and far outpaced that of the state of Michigan, as Kent and Ottawa counties experienced increases of 5.7 percent and 8.4 percent, respectively, since the 2020 U.S. Census. Ottawa County's increase was also greater than that of the Grand Rapids-Wyoming-Kentwood, MI MSA.

Community representatives noted that the assessment area's population is trending younger due to a high university presence, newly built amenities that enhance the quality of life, and compared to the state of Michigan, more affordable neighborhoods. The Grand Rapids area has seen significant internal migration from other parts of the state of Michigan and beyond.

Population Change			
Area	2015 Population	2020 Population	Percent Change (%)
Assessment Area	895,726	954,174	6.5
Kent County, MI	622,590	657,974	5.7
Ottawa County, MI	273,136	296,200	8.4
Grand Rapids-Wyoming-Kentwood, MI MSA	1,081,941	1,150,015	6.3
Michigan	9,900,571	10,077,331	1.8

*Source: 2011-2015 U.S. Census Bureau American Community Survey and 2020 U.S. Census Bureau Decennial Census*

## Income Characteristics

The following table presents the median family income (MFI) for families living in the assessment area, the Grand Rapids-Wyoming-Kentwood, MI MSA, and the state of Michigan. For context, the assessment area is comprised of 237,965 families, of which 17.6 percent are low-income, 17.6 percent are moderate-income, 23.0 percent are middle-income, and 41.8 percent are upper-income based on 2016-2020 U.S. Census Bureau American Community Survey (ACS) estimates. In addition, 6.2 percent of families in the assessment area are below the poverty level. All areas experienced an inflation-adjusted increase in MFIs between time periods, with the individual counties comprising the assessment area experiencing a greater increase than the Grand Rapids-Wyoming-Kentwood, MI MSA and the state of Michigan, which increased by 13.0 percent and 11.0 percent, respectively. Kent County experienced the greatest increase in MFI at 13.6 percent, while Ottawa County continued to maintain the highest MFI compared to all other areas, at \$86,866. A community representative attributed some of the growth in MFIs across counties to the shift in demand for higher paying, year-round jobs rather than seasonal, temporary service jobs. Another community representative noted a growing post-pandemic trend of multi-generational living, which allows for more income streams per household.

Median Family Income Change			
Area	2015 Median Family Income (\$)	2020 Median Family Income (\$)	Percent Change (%)
Assessment Area	72,527	81,815	12.8
Kent County, MI	71,334	81,007	13.6
Ottawa County, MI	76,893	86,866	13.0
Grand Rapids-Wyoming-Kentwood, MI MSA	70,461	79,594	13.0
Michigan	68,010	75,470	11.0

*Source: 2011 - 2015 and 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 367,663 total housing units, 69.1 percent of which are owner-occupied, 25.9 percent are rental, and 5.0 percent are vacant. The following table presents the recent housing cost burden within the counties that comprise the assessment area, the Grand Rapids-Wyoming-Kentwood, MI MSA, 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. Renters across all income levels in Kent and Ottawa counties experience this burden at 43.6 percent and 42.2 percent, respectively, which reflects higher rates than the housing cost burden among homeowners in those counties at 14.8 percent and 14.0 percent, respectively. The Grand Rapids-Wyoming-Kentwood, MI MSA and the state of Michigan's rates for renters are comparable to the assessment area at 42.5 percent and 42.9 percent, respectively.

Housing cost burden rates among homeowners present similar comparative trends to those of renters, with individuals in lower income levels experiencing higher cost burdens than the average homeowner. According to FFIEC HMDA loan and application records, home mortgage trends reflect sharp decreases in home mortgage activity in recent years across the assessment area counties and the broader region. Fewer home loan applications signal a slowdown in the housing market and reflect a growing affordability crisis.

Community representatives emphasized the growing need for affordable housing, especially as population numbers continue to outpace the rest of the state. Alongside this growth is increased pressure to raise housing values and rents, which makes housing less accessible for low- and moderate-income residents. One representative acknowledged the strength of recent government efforts to bolster the housing supply: building residential units above commercial spaces and partnering with private companies and nonprofits alike to create subsidized or mixed housing. Another representative agreed but noted a lack of Section 8 housing, temporary housing, and transitional housing in the assessment area.

Area	Housing Cost Burden					
	Cost Burden – Renters (%)			Cost Burden – Owners (%)		
	Low Income	Moderate Income	All Renters	Low Income	Moderate Income	All Owners
Assessment Area	78.2	36.7	43.4	59.0	24.8	14.5
Kent County, MI	78.8	37.6	43.6	58.5	25.6	14.8
Ottawa County, MI	76.3	33.5	42.4	60.1	23.2	14.0
Grand Rapids-Wyoming-Kentwood, MI MSA	77.3	36.1	42.5	59.0	25.5	14.9
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), 2016-2020 Comprehensive Housing Affordability Strategy*

## Employment Characteristics

The following table presents the unemployment rates in the counties comprising the assessment area, the Grand Rapids-Wyoming-Kentwood, MI MSA, and the state of Michigan. The unemployment rates in 2023 have decreased and stabilized to near pre-pandemic levels. From 2019 to 2023, the state of Michigan's unemployment rate remained the highest; comparatively, Ottawa County maintained the lowest unemployment rate over the years reviewed and was closely aligned with rates in Kent County and the Grand Rapids-Wyoming-Kentwood, MI MSA.

Community representatives have noticed the local economy diversifying in recent years. The Grand Rapids-Wyoming-Kentwood, MI MSA has historically depended on its manufacturing and automotive sectors, which hire and fire workers seasonally. Since the pandemic, the local workforce has moved away from temporary help services and towards industries that offer higher wages and stable employment. In the last few years alone, manufacturing companies have closed or decreased their footprint in the assessment area and large insurance and healthcare companies have moved in. One representative noticed a recent spike in entrepreneurship and self-employment in the West Michigan area.

Unemployment Rates (%)						
Area	2019	2020	2021	2022	2023	
Assessment Area	2.9	7.7	4.4	3.3	3.1	
Kent County, MI	2.9	7.9	4.6	3.4	3.2	
Ottawa County, MI	2.8	7.1	4.0	3.2	3.0	
Grand Rapids-Wyoming-Kentwood, MI MSA	3.0	7.8	4.5	3.4	3.2	
Michigan	4.1	10.0	5.7	4.1	3.9	

*Source: Bureau of Labor Statistics (BLS), Local Area Unemployment Statistics*

## Community Representatives

Two community representatives were contacted to provide context regarding the local economic and housing conditions within the assessment area. They indicated that, relative to the rest of the state, Kent and Ottawa counties are experiencing notable population growth and industry expansion. With younger workers and new businesses moving in, the demand for higher wages and affordable housing has significantly increased. Residents and businesses alike face economic uncertainty given rising costs and new tariffs. The representatives state that this uncertainty has contributed to the decreased presence of the manufacturing sector, which has historically upheld the West Michigan economy. In its place are new technology, insurance, and healthcare companies.

Both representatives acknowledged the highly competitive market for financial institutions, especially given new entrants to the area since the end of the pandemic. One representative noted that many of these banks are active in their local communities. Financial education seminars and local housing commissions see high lender participation, and banks are developing their own solutions for the affordable housing shortage in the assessment area. The biggest areas for opportunity are in downpayment assistance programs, gap financing, and financial education outreach programs.

## CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA

### LENDING TEST

Grand River Bank's performance relative to the lending test is **Satisfactory**. The LTD ratio is more than reasonable given the bank's size, financial condition, and assessment area credit needs. Additionally, a majority of loans were originated in the assessment area. Lending performance demonstrates reasonable penetration among individuals of different income levels and businesses of different sizes. Lastly, the geographic distribution of loans reflects reasonable dispersion throughout the assessment area.

#### Loan-to-Deposit Ratio

Grand River Bank had a more than reasonable loan-to-deposit ratio (considering seasonal variations) given the bank's size, financial condition, the credit needs of its assessment area, and taking into account, as appropriate, other lending-related activities such as loan originations for sale to the secondary markets and community development loans.

As of March 31, 2025, the bank's LTD ratio averaged 101.7 percent over a 13-quarter period, representing a slight increase from the previous evaluation where the 18-quarter LTD ratio averaged 98.9 percent. The bank's LTD ratio exceeded all of its local competitors operating within the bank's assessment area. The following table compares the bank's LTD ratio to a sample of local

peer competitors and the peer average.

Comparative Loan-to-Deposit Ratios as of March 31, 2025	
Comparative Data	13 Quarter Average (%)
Grand River Bank	101.7
Peer Avg – Local	86.9
Competitors	
United Bank Michigan	95.3
Union Bank	92.0
Commercial Bank	78.4
West Michigan Community Bank	98.4
Highpoint Community Bank	57.8
First Community Bank	91.3
First National Bank Michigan	95.1

### Assessment Area Concentration

Grand River Bank made a majority of its loans, and as appropriate, other lending-related activities that are in the bank's assessment area. During the review period, the bank originated 75.5 percent by number and 74.4 percent by dollar volume of total loans within the assessment area. Specific to small business lending, the percentage of lending within the assessment area decreased since the previous evaluation, when 89.5 percent by number and 88.4 percent by dollar volume of total loans were originated in the assessment area. As it relates to HMDA-reportable lending, the bank was, similarly, slightly below the performance from the previous evaluation by number, when 83.8 percent of these loans were made in the assessment area, and by dollar volume, when 81.9 percent of total loans were originated in the assessment area. The concentration of lending within the assessment area indicates the bank is still actively serving its local community. The following table summarizes the bank's lending inside and outside of its assessment area for HMDA-reportable loans originated from January 1, 2023, to December 31, 2024, and a sample of small business loans originated from January 1, 2024, to December 31, 2024.

Loan Types	Inside				Outside			
	#	%	\$(000s)	%	#	%	\$(000s)	%
Home Improvement	6	75.0	311	63.3	2	25.0	180	36.7
Home Purchase - Conventional	145	74.4	51,020	71.9	50	25.6	19,968	28.1
Multi-Family Housing	5	100.0	4,514	100.0	0	0.0	0	0.0
Refinancing	11	78.6	3,150	77.0	3	21.4	942	23.0
<b>Total HMDA Related</b>	<b>167</b>	<b>75.2</b>	<b>58,995</b>	<b>73.7</b>	<b>55</b>	<b>24.8</b>	<b>21,090</b>	<b>26.3</b>
<b>Total Small Business Related</b>	<b>40</b>	<b>76.9</b>	<b>7,799</b>	<b>80.7</b>	<b>12</b>	<b>23.1</b>	<b>1,863</b>	<b>19.3</b>
<b>TOTAL LOANS</b>	<b>207</b>	<b>75.5</b>	<b>66,794</b>	<b>74.4</b>	<b>67</b>	<b>24.5</b>	<b>22,953</b>	<b>25.6</b>

## Geographic Distribution

Grand River Bank demonstrated a reasonable geographic distribution of loans given the bank's assessment area.

An analysis of the geographic distribution of loans was conducted to determine the dispersion of loans among the census tracts within the assessment area. Specific to HMDA-reportable lending, GRB originated loans in 24.3 percent of the 210 census tracts in the assessment area in 2024. This included penetrating zero of the 10 low-income census tracts, six of the 36 moderate-income census tracts, 24 of the 105 middle-income census tracts, and 21 of the 55 upper-income census tracts. Distribution has declined since 2020 which saw an overall penetration rate of 72 percent for all tracts. Analysis of the sample of small business loans shows originations in 12.9 percent of the 210 census tracts in the assessment area in 2024. This included penetrating zero of the 10 low-income census tracts, six of the 36 moderate-income census tracts, 14 of the 105 middle-income census tracts, and seven of the 55 upper-income census tracts. Given GRB's overall size and market presence, the bank's overall decrease in lending across all income levels, and the large number of census tracts included in the assessment area relative to number of physical bank locations, examiners determined that there were no conspicuous, unexplained lending gaps in contiguous census tracts. A breakdown of the bank's HMDA-reportable and small business lending is discussed in more detail below.

### HMDA-Reportable Lending

Geographic distribution of 2023 HMDA-reportable loans is reasonable throughout the assessment area. Given the lower prevalence of low- and moderate-income owner-occupied housing in the assessment area and heavy competition from other institutions, the lending opportunities are highly sought-after and scarce. GRB ranks 40th out of 402 HMDA-reporters within the assessment area, originating a total of 109 loans in 2023. The top three HMDA-reporters are Lake Michigan Credit Union, originating or purchasing 4,960 loans, The Huntington National Bank originating or purchasing 1,492 loans, and Fifth Third Bank originating or purchasing 1,190 loans. Larger, more complex institutions within the assessment area can traditionally dedicate substantial resources and programs to help reach low- and moderate-income geographies.

In 2023, GRB originated 1.9 percent of total home mortgage loans in low-income census tracts, which is below the aggregate lending at 2.7 percent but comparable to the percentage of owner-occupied units at 1.8 percent. The bank originated 11.7 percent of total home mortgage loans in moderate-income census tracts, which falls below aggregate lending at 14.9 percent comparable to owner-occupied units at 13.1 percent. The bank's performance in 2024 was comparable to its performance in 2023. The following table presents the geographic distribution of HMDA-reportable loans for 2023 within the assessment area. The table for geographic distribution of HMDA-reportable loans for 2024 can be found in Appendix B.

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	Bank	
#	# %	# %	\$ (000)	\$ %	\$ %	
Home Purchase Loans						
Low	2	2.2	3.4	269	0.8	1.9
Moderate	11	12.2	16.5	2,957	9.0	12.1
Middle	33	36.7	48.1	9,981	30.5	45.2
Upper	44	48.9	31.1	19,492	59.6	39.8
Unknown	0	0.0	0.9	0	0.0	1.1
Tract-Unk	0	0.0	0.0	0	0.0	0.0
Total	90	100.0	100.0	32,699	100.0	100.0
Refinance Loans						
Low	0	0.0	2.0	0	0.0	1.3
Moderate	0	0.0	14.2	0	0.0	11.4
Middle	3	60.0	50.0	281	32.1	47.0
Upper	2	40.0	33.1	595	67.9	39.7
Unknown	0	0.0	0.7	0	0.0	0.6
Tract-Unk	0	0.0	0.0	0	0.0	0.0
Total	5	100.0	100.0	876	100.0	100.0
Home Improvement Loans						
Low	0	0.0	1.5	0	0.0	1.1
Moderate	0	0.0	11.4	0	0.0	8.8
Middle	2	50.0	48.7	70	60.3	45.0
Upper	2	50.0	37.6	46	39.7	44.4
Unknown	0	0.0	0.8	0	0.0	0.7
Tract-Unk	0	0.0	0.0	0	0.0	0.0
Total	4	100.0	100.0	116	100.0	100.0
Multifamily Loans						
Low	0	0.0	9.7	0	0.0	9.6
Moderate	1	25.0	16.7	1,125	26.5	10.1
Middle	3	75.0	59.7	3,114	73.5	59.9
Upper	0	0.0	12.5	0	0.0	19.9
Unknown	0	0.0	1.4	0	0.0	0.5
Tract-Unk	0	0.0	0.0	0	0.0	0.0
Total	4	100.0	100.0	4,239	100.0	100.0
Total Home Mortgage Loans						
Low	2	1.9	2.7	269	0.7	2.4
Moderate	12	11.7	14.9	4,082	10.8	11.4
Middle	41	39.8	48.6	13,446	35.4	46.5
Upper	48	46.6	33.0	20,133	53.1	38.7
Unknown	0	0.0	0.9	0	0.0	1.1
Tract-Unk	0	0.0	0.0	0	0.0	0.0
Total	103	100.0	100.0	37,930	100.0	100.0
Source: 2023 FFIEC Census Data 2016-2020 U.S. Census Bureau: American Community Survey Note: Percentages may not total 100.0 percent due to rounding.						

### Small Business Lending

Geographic distribution of small business loans reflects reasonable dispersion throughout the assessment area. The bank originated 0.0 percent of small business loans within the sample in low-income census tracts, which is below the 2.0 percent of businesses located in low-income census tracts. Conversely, the bank originated 30.0 percent of its small business loans in moderate-income census tracts, which significantly exceeds the percentage of businesses located in moderate-income census tracts at 17.5 percent. The following table presents the geographic distribution of a sample of small business loans in the assessment area from January 1, 2024, to December 31, 2024.

Distribution of 2024 Small Business Lending By Income Level of Geography					
Assessment Area: Grand Rapids-Wyoming-Kentwood, MI MSA 24340					
Geographic Income Level	Bank Loans				Total Businesses %
	#	#%	\$ (000)	\$%	
Low	0	0.0	0	0.0	2.0
Moderate	12	30.0	1,662	21.3	17.5
Middle	16	40.0	3,711	47.6	45.1
Upper	12	30.0	2,425	31.1	34.5
Unknown	0	0.0	0	0.0	0.8
Tract-Unc	0	0.0	0	0.0	
<b>Total</b>	<b>40</b>	<b>100.0</b>	<b>7,799</b>	<b>100.0</b>	<b>100.0</b>

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 to Businesses of Different Sizes**

Grand River Bank's distribution of loans to and, as appropriate, other lending-related activities for individuals of different income levels (including low- and moderate-income individuals) and businesses of different sizes is reasonable given the demographics of the bank's assessment area. The analysis includes both HMDA-reportable and small business loans and takes into consideration the demographics and economic conditions of the assessment area and the size and complexity of the bank. A breakdown of the bank's HMDA-reportable and small business lending is discussed in more detail below.

### HMDA-Reportable Lending

Borrower distribution of 2023 HMDA-reportable home purchase and refinance loans demonstrates a reasonable dispersion of loans amongst borrowers of different income levels. The bank's branch in the city of Grand Rapids, which opened on January 29, 2021, has helped GRB lend to a higher concentration of low- and moderate- income borrowers than in previous evaluations. Nonetheless, heavy competition exists within the assessment area and larger peer institutions are able to

dedicate significant resources to reaching low-and moderate-income borrowers.

In 2023, GRB originated 7.1 percent of total home mortgage loans to low-income borrowers, which is comparable to aggregate lending at 8.7 percent, but significantly below the percentage of low-income families at 18.0 percent. Conversely, the bank originated 15.2 percent of total home mortgage loans to moderate-income borrowers, which is below aggregate lending at 22.7 percent but comparable to the percentage of moderate-income families at 17.9 percent. The bank's lending performance in 2024 is comparative to the performance in 2023. The following table presents the borrower distribution of HMDA-reportable loans for 2023 within the assessment area. The table for borrower distribution of HMDA-reportable loans in 2024 can be found in Appendix B.

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	4	4.4	6.7	615	1.9	3.2	18.0
Moderate	14	15.6	22.2	3,306	10.1	15.7	17.9
Middle	19	21.1	23.2	5,204	15.9	21.3	23.2
Upper	42	46.7	32.3	19,827	60.6	45.8	40.9
Unknown	11	12.2	15.5	3,747	11.5	14.0	0.0
Total	90	100.0	100.0	32,699	100.0	100.0	100.0
Refinance Loans							
Low	2	40.0	12.7	121	13.8	7.5	18.0
Moderate	1	20.0	24.8	160	18.3	20.4	17.9
Middle	1	20.0	24.4	252	28.8	22.1	23.2
Upper	1	20.0	30.9	343	39.2	41.3	40.9
Unknown	0	0.0	7.1	0	0.0	8.7	0.0
Total	5	100.0	100.0	876	100.0	100.0	100.0
Home Improvement Loans							
Low	1	25.0	9.2	21	18.1	5.7	18.0
Moderate	0	0.0	22.3	0	0.0	15.7	17.9
Middle	1	25.0	27.5	35	30.2	24.7	23.2
Upper	2	50.0	38.6	60	51.7	50.9	40.9
Unknown	0	0.0	2.4	0	0.0	3.0	0.0
Total	4	100.0	100.0	116	100.0	100.0	100.0
Total Home Mortgage Loans							
Low	7	7.1	8.7	757	2.2	4.2	18.0
Moderate	15	15.2	22.7	3,466	10.3	16.4	17.9
Middle	21	21.2	24.4	5,491	16.3	21.5	23.2
Upper	45	45.5	33.2	20,230	60.0	45.6	40.9
Unknown	11	11.1	11.0	3,747	11.1	12.3	0.0
Total	99	100.0	100.0	33,691	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.							

### Small Business Lending

The distribution of small business loans reflects reasonable penetration among businesses of different sizes. Within the sample, the bank originated 32.5 percent, by number, of small business loans to businesses with gross annual revenue of \$1.0 million or less. While this percentage is significantly below the percentage of total businesses in the assessment area that reported gross annual revenues of \$1.0 million or less (88.9 percent), performance is considered

reasonable given the bank's size, complexity, and market presence; especially as 53.8 percent of loans were in amounts of \$100,000 or less and made to businesses with gross revenues of \$1.0 million or less. During the 2022 evaluation, GRB originated 15.1 percent of small business loans to businesses with gross annual revenue of \$1.0 million or less. The doubled percentage demonstrates the bank's willingness to meet the credit needs of its local businesses. The following table presents the borrower distribution of small business loans in the assessment area from January 1, 2024, to December 31, 2024.

Distribution of 2024 Small Business Lending By Revenue Size of Businesses					
Assessment Area: Grand Rapids-Wyoming-Kentwood, MI MSA 24340					
	Bank Loans				Total Businesses %
	#	#%	\$ (000)	\$%	
<b>By Revenue</b>					
<b>\$1 Million or Less</b>	<b>13</b>	<b>32.5</b>	<b>2,475</b>	<b>31.7</b>	<b>88.9</b>
<b>Over \$1 Million</b>	<b>19</b>	<b>47.5</b>	<b>2,428</b>	<b>31.1</b>	<b>10.3</b>
<b>Revenue Unknown</b>	<b>8</b>	<b>20.0</b>	<b>2,896</b>	<b>37.1</b>	<b>0.8</b>
<b>Total</b>	<b>40</b>	<b>100.0</b>	<b>7,799</b>	<b>100.0</b>	<b>100.0</b>
<b>By Loan Size</b>					
<b>\$100,000 or Less</b>	<b>21</b>	<b>52.5</b>	<b>1,067</b>	<b>13.7</b>	
<b>\$100,001 - \$250,000</b>	<b>8</b>	<b>20.0</b>	<b>1,476</b>	<b>18.9</b>	
<b>\$250,001 - \$1 Million</b>	<b>11</b>	<b>27.5</b>	<b>5,256</b>	<b>67.4</b>	
<b>Total</b>	<b>40</b>	<b>100.0</b>	<b>7,799</b>	<b>100.0</b>	
<b>By Loan Size and Revenues \$1 Million or Less</b>					
<b>\$100,000 or Less</b>	<b>7</b>	<b>53.8</b>	<b>378</b>	<b>15.3</b>	
<b>\$100,001 - \$250,000</b>	<b>3</b>	<b>23.1</b>	<b>525</b>	<b>21.2</b>	
<b>\$250,001 - \$1 Million</b>	<b>3</b>	<b>23.1</b>	<b>1,572</b>	<b>63.5</b>	
<b>Total</b>	<b>13</b>	<b>100.0</b>	<b>2,475</b>	<b>100.0</b>	
<p>Source: 2024 FFIEC Census Data 2024 Dun &amp; Bradstreet Data 2016-2020 U.S. Census Bureau: American Community Survey</p> <p>Note: Percentages may not total 100.0 percent due to rounding.</p>					

## Response to Complaints

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

## COMMUNITY DEVELOPMENT TEST

The bank's performance relative to the community development test is Satisfactory.

### **Lending, Investment, and Services Activities**

Grand River Bank demonstrates adequate responsiveness to the community development needs of its assessment area through community development loans and qualified donations. This performance is appropriate considering the capacity, need, and availability of such opportunities within the assessment area during the evaluation period from April 18, 2022, to July 7, 2025. The bank made a relatively even allocation of its loans between the primary purposes of affordable housing and community services. Additionally, the bank made a majority of its donations, by dollar amount, to community services benefiting low- and moderate-income individuals and families.

#### **Lending**

The bank originated 19 qualified loans totaling \$7.9 million within the assessment area. Three of the 19 loans totaling \$4.0 million dollars went to a series of mobile home parks and related temporary housing solutions for low- and moderate- income residents. These loans are particularly responsive to the needs of the community as identified by two community representatives, providing housing to those most vulnerable. Other loans were also responsive to community needs, providing affordable housing or capital for community service organizations focused on low- and moderate-income families and individuals.

#### **Investments**

The bank's community development investments are comprised solely of 44 contributions totaling \$72,010 to community organizations within the assessment area. This is a significant increase in volume from the previous evaluation, where the bank provided six contributions worth \$7,605. The majority of dollars went to organizations with a focus on community services that benefit low- and moderate-income individuals and families. Most of the remaining donations, totaling \$31,139, went to community organizations with a focus on affordable housing, again showing the bank focusing its efforts on community needs as noted by the community representatives. The largest contribution was a series of six donations to an organization that provides shelter to families experiencing homelessness. Aside from these donations, the bank did not originate or disburse any community development investments.

## Services

During the evaluation period, the bank did not conduct any community development services, though its loan and donation activities were sufficient considering the bank's current capacity and limited market presence. As community representatives noted, peer institutions in the assessment area are active and physically present in their local communities, and both Kent and Ottawa counties are in need of financial education resources. As the bank continues to grow, opportunities to participate in local programs and partner with nonprofit organizations will become more feasible and increasingly relevant. The following table presents GRB's community development activities during the evaluation period.

Summary of Community Development Activities April 18, 2022 – July 7, 2025										
Type of Activity	Affordable Housing		Economic Development		Revitalize and Stabilize		Community Service		Totals	
	#	\$/Hours	#	\$/Hours	#	\$/Hours	#	\$/Hours	#	\$/Hours
Lending	10	5,783,972.33	0	0	0	0	9	2,121,342.47	19	7,905,314.80
Investments	0	0	0	0	0	0	0	0	0	0
Donations	11	31,139.00	2	3,000	0	0	31	37,871.00	44	72,010.00
Services	0	0	0	0	0	0	0	0	0	0

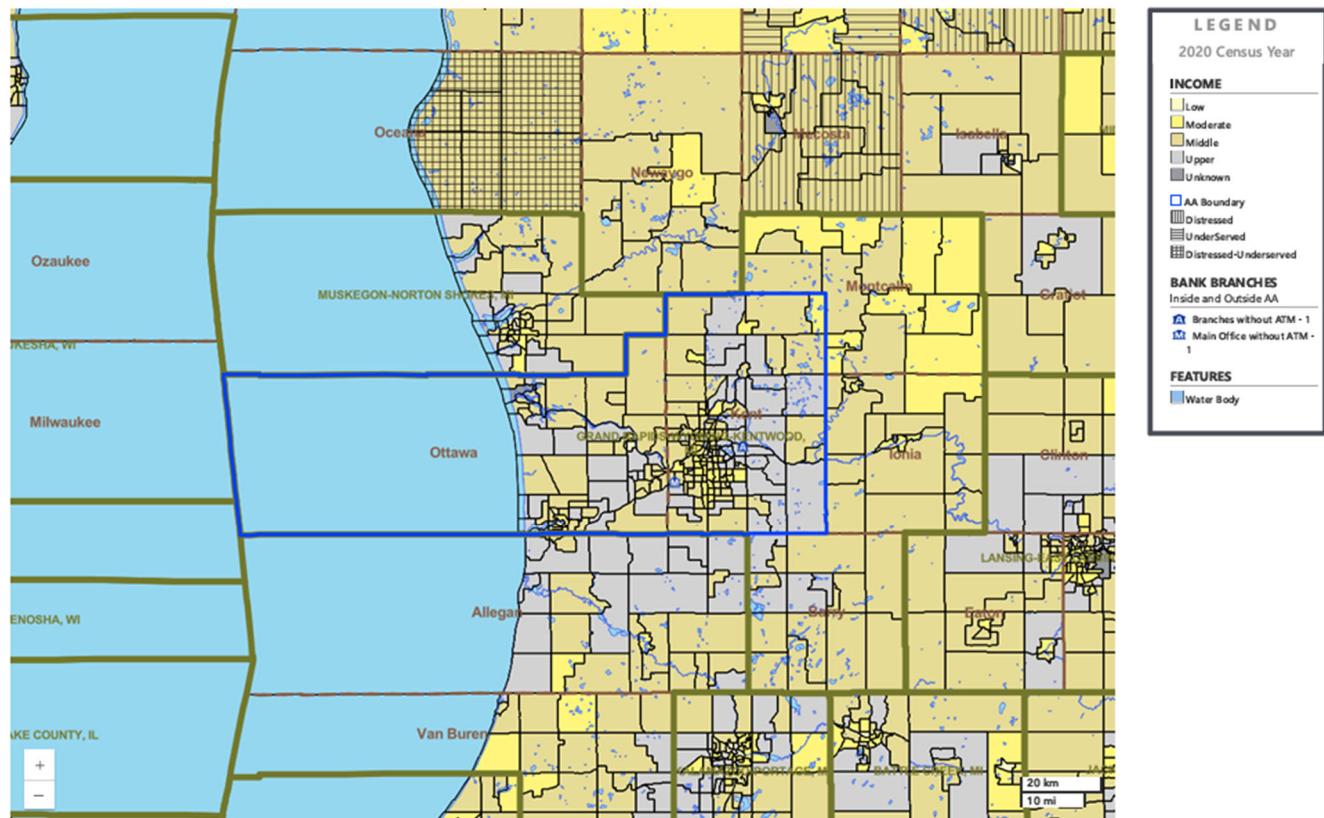
## FAIR LENDING OR OTHER ILLEGAL CREDIT PRACTICES REVIEW

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

## APPENDIX A – Map of Assessment Areas

### Grand River Bank 3812147

Grand Rapids-Wyoming-Kentwood, MI MSA 24340



## APPENDIX B – Extra Demographic and Lending Tables

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	11	5.2	7,745	3.3	1,899	24.5	42,756	18.0		
Moderate	38	18.1	35,778	15.0	4,831	13.5	42,648	17.9		
Middle	104	49.5	114,401	48.1	6,320	5.5	55,302	23.2		
Upper	53	25.2	76,884	32.3	1,435	1.9	97,259	40.9		
Unknown	4	1.9	3,157	1.3	320	10.1	0	0.0		
Total AA	210	100.0	237,965	100.0	14,805	6.2	237,965	100.0		
Housing Units by Tract	Housing Type by Tract									
	Owner-occupied			Rental		Vacant				
	#	% by tract	% by unit	#	% by unit	#	% by unit			
Low	14,123	4,702	1.8	33.3	8,410	59.5	1,011	7.2		
Moderate	63,324	33,249	13.1	52.5	25,855	40.8	4,220	6.7		
Middle	182,519	125,886	49.5	69.0	48,033	26.3	8,600	4.7		
Upper	102,929	87,436	34.4	84.9	11,436	11.1	4,058	3.9		
Unknown	4,768	2,919	1.1	61.2	1,456	30.5	393	8.2		
Total AA	367,663	254,191	100.0	69.1	95,190	25.9	18,282	5.0		
Total Businesses by Tract	Businesses by Tract & Revenue Size									
	Less Than or = \$1 Million			Over \$1 Million		Revenue Not Reported				
	#	%	#	%	#	%	#	%		
Low	955	2.4	855	2.4	98	2.5	2	0.6		
Moderate	6,870	17.5	5,860	16.8	967	24.2	43	13.9		
Middle	18,219	46.4	16,278	46.5	1,799	45.1	142	45.8		
Upper	12,916	32.9	11,692	33.4	1,105	27.7	119	38.4		
Unknown	320	0.8	293	0.8	23	0.6	4	1.3		
Total AA	39,280	100.0	34,978	100.0	3,992	100.0	310	100.0		
Percentage of Total Businesses:			89.0		10.2		0.8			
Total Farms by Tract	Farms by Tract & Revenue Size									
	Less Than or = \$1 Million			Over \$1 Million		Revenue Not Reported				
	#	%	#	%	#	%	#	%		
Low	7	0.9	7	1.0	0	0.0	0	0.0		
Moderate	55	7.0	48	6.6	7	12.7	0	0.0		
Middle	427	54.5	396	54.4	31	56.4	0	0.0		
Upper	289	36.9	272	37.4	17	30.9	0	0.0		
Unknown	5	0.6	5	0.7	0	0.0	0	0.0		
Total AA	783	100.0	728	100.0	55	100.0	0	0.0		
Percentage of Total Farms:			93.0		7.0		0.0			
Source: 2023 FFIEC Census Data 2023 Dun & Bradstreet Data 2016-2020 U.S. Census Bureau: American Community Survey Note: Percentages may not total 100.0 percent due to rounding.										

Distribution of 2024 Home Mortgage Lending By Income Level of Geography					
Assessment Area: Grand Rapids-Wyoming-Kentwood, MI MSA 24340					
Geographic Income Level	Bank Loans*				Owner Occupied Units %
	#	#%	\$ (000)	\$%	
Home Purchase Loans					
Low	0	0.0	0	0.0	1.5
Moderate	7	12.7	1,442	7.9	12.1
Middle	27	49.1	7,501	40.9	50.0
Upper	21	38.2	9,378	51.2	35.3
Unknown	0	0.0	0	0.0	1.1
Tract-Unk	0	0.0	0	0.0	
Total	55	100.0	18,321	100.0	100.0
Refinance Loans					
Low	0	0.0	0	0.0	1.5
Moderate	1	16.7	148	6.5	12.1
Middle	1	16.7	127	5.6	50.0
Upper	4	66.7	1,999	87.9	35.3
Unknown	0	0.0	0	0.0	1.1
Tract-Unk	0	0.0	0	0.0	
Total	6	100.0	2,274	100.0	100.0
Home Improvement Loans					
Low	0	0.0	0	0.0	1.5
Moderate	0	0.0	0	0.0	12.1
Middle	1	50.0	175	89.7	50.0
Upper	1	50.0	20	10.3	35.3
Unknown	0	0.0	0	0.0	1.1
Tract-Unk	0	0.0	0	0.0	
Total	2	100.0	195	100.0	100.0
Multifamily Loans					Multi-family Units %
Low	0	0.0	0	0.0	5.5
Moderate	0	0.0	0	0.0	23.7
Middle	1	100.0	275	100.0	53.9
Upper	0	0.0	0	0.0	14.6
Unknown	0	0.0	0	0.0	2.3
Tract-Unk	0	0.0	0	0.0	
Total	1	100.0	275	100.0	100.0
Total Home Mortgage Loans					Owner Occupied Units %
Low	0	0.0	0	0.0	1.5
Moderate	8	12.5	1,590	7.5	12.1
Middle	30	46.9	8,078	38.3	50.0
Upper	26	40.6	11,397	54.1	35.3
Unknown	0	0.0	0	0.0	1.1
Tract-Unk	0	0.0	0	0.0	
Total	64	100.0	21,065	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. *Aggregate data is not currently available.					

Distribution of 2024 Home Mortgage Lending By Borrower Income Level					
Assessment Area: Grand Rapids-Wyoming-Kentwood, MI MSA 24340					
Borrower Income Level	Bank Loans*				Families by Family Income %
	#	#%	\$ (000)	\$%	
<b>Home Purchase Loans</b>					
Low	6	10.9	989	5.4	17.6
Moderate	7	12.7	1,625	8.9	17.6
Middle	11	20.0	3,458	18.9	23.0
Upper	28	50.9	11,142	60.8	41.8
Unknown	3	5.5	1,107	6.0	0.0
<b>Total</b>	<b>55</b>	<b>100.0</b>	<b>18,321</b>	<b>100.0</b>	<b>100.0</b>
<b>Refinance Loans</b>					
Low	0	0.0	0	0.0	17.6
Moderate	0	0.0	0	0.0	17.6
Middle	1	16.7	332	14.6	23.0
Upper	4	66.7	1,794	78.9	41.8
Unknown	1	16.7	148	6.5	0.0
<b>Total</b>	<b>6</b>	<b>100.0</b>	<b>2,274</b>	<b>100.0</b>	<b>100.0</b>
<b>Home Improvement Loans</b>					
Low	0	0.0	0	0.0	17.6
Moderate	2	100.0	195	100.0	17.6
Middle	0	0.0	0	0.0	23.0
Upper	0	0.0	0	0.0	41.8
Unknown	0	0.0	0	0.0	0.0
<b>Total</b>	<b>2</b>	<b>100.0</b>	<b>195</b>	<b>100.0</b>	<b>100.0</b>
<b>Total Home Mortgage Loans</b>					
Low	6	9.5	989	4.8	17.6
Moderate	9	14.3	1,820	8.8	17.6
Middle	12	19.0	3,790	18.2	23.0
Upper	32	50.8	12,936	62.2	41.8
Unknown	4	6.3	1,255	6.0	0.0
<b>Total</b>	<b>63</b>	<b>100.0</b>	<b>20,790</b>	<b>100.0</b>	<b>100.0</b>
<p><i>Source: 2024 FFIEC Census Data 2016-2020 U.S. Census Bureau: American Community Survey</i></p> <p><i>Note: Percentages may not total 100.0 percent due to rounding. *Aggregate data is not currently available. Multifamily loans are not included in the borrower distribution analysis.</i></p>					

## APPENDIX C – Scope of Examination

SCOPE OF EXAMINATION			
TIME PERIOD REVIEWED	HMDA-Reportable Lending: January 1, 2023 – December 31, 2024 Small Business Lending: January 1, 2024 – December 31, 2024 Community Development Activities: April 18, 2022 – July 7, 2025		
FINANCIAL INSTITUTION			PRODUCTS REVIEWED
Grand River Bank			HMDA-Reportable Loans Small Business Loans
AFFILIATE(S)	AFFILIATE RELATIONSHIP		PRODUCTS REVIEWED
None	Not Applicable		Not Applicable
LIST OF ASSESSMENT AREAS AND TYPE OF EXAMINATION			
ASSESSMENT AREA	TYPE OF EXAMINATION	BRANCHES VISITED	OTHER INFORMATION
Michigan Grand Rapids-Wyoming- Kentwood, MI MSA #24340 (Kent and Ottawa counties)	Full scope review	None	Not Applicable

## 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.<sup>1</sup>

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

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

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

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

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

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

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

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

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

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