

# **PUBLIC DISCLOSURE**

October 6, 2025

## **COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION**

Huron Community Bank  
RSSD# 475345

301 Newman Street  
East Tawas, Michigan 48730

Federal Reserve Bank of Chicago

230 South LaSalle Street  
Chicago, Illinois 60604-1413

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

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## BANK'S CRA RATING

Huron Community Bank is rated **Satisfactory**.

Huron Community Bank is meeting the credit needs of its assessment area based on an analysis of the bank's lending activities. The loan-to-deposit ratio is 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 throughout the assessment area, and lending activity reflects reasonable penetration among individuals of different income levels, including low- and moderate-income (LMI) individuals, and businesses of different sizes. There were no Community Reinvestment Act (CRA) related complaints received by the institution or by this Reserve Bank since the previous evaluation.

## SCOPE OF EXAMINATION

Huron Community Bank's CRA performance was evaluated using the Small Institution CRA Examination Procedures issued by the Federal Financial Institutions Examinations Council (FFIEC). The evaluation considered the bank's asset size, financial condition, CRA performance context, business strategy, competition, assessment area demographics, economic characteristics, and credit needs. The evaluation included a full-scope review of the bank's sole assessment area, located in the nonmetropolitan statistical area of Michigan (Non-MSA Michigan). Huron Community Bank delineates Alcona, Arenac, Iosco, and Ogemaw counties in their entireties. The level of performance within the assessment area was assessed based on a sample of residential real estate and small business loans originated from January 1, 2024, through December 31, 2024.

Performance in the assessment area was evaluated using streamlined assessment methods for small banks based on the following performance criteria:

- ***Loan-to-Deposit Ratio*** – A 24-quarter average loan-to-deposit ratio, from September 30, 2019, through June 30, 2025, was calculated for the bank and compared to a sample of local competitors.
- ***Lending in the Assessment Area*** – A sample of the bank's residential real estate and small business loans, originated from January 1, 2024, through December 31, 2024, were reviewed to determine the percentage of loans originated in the assessment area.
- ***Geographic Distribution of Lending in the Assessment Area*** – A sample of the bank's residential real estate and small business loans originated within the assessment area, 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*** – A sample of the bank's residential real estate 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.

In addition, one community representative, representing an economic development organization, was contacted in connection with this examination to provide information regarding local economic and socio-economic conditions in the assessment area.

## DESCRIPTION OF INSTITUTION

Huron Community Bank is an intrastate, small community bank headquartered in East Tawas, Michigan. The bank is a wholly owned subsidiary of Huron Community Financial Services, Inc., a one-bank holding company.

The bank operates its main office, seven branches, and nine automated teller machines (ATMs) (eight full-service and one cash-only) within the assessment area. The main office, three branches, and five ATMs (four full-service and one cash-only) are located within moderate-income census tracts. The remaining four branches and four full-service ATMs are located within middle-income census tracts. Since the previous evaluation, the bank opened a branch location with a full-service ATM in Rose City, Michigan and a cash-only ATM in East Tawas, Michigan.

According to the Uniform Bank Performance Report (UBPR), the bank reported total assets of \$324.7 million as of June 30, 2025. Huron Community Bank is primarily a commercial lender, representing 58.5 percent of the loan portfolio. The bank also offers traditional loan and deposit products and services including but not limited to Small Business Administration (SBA) loans, and Farm Service Agency (FSA) loans. Huron Community Bank maintains a website ([www.bankhcb.com](http://www.bankhcb.com)) that provides information on loan and deposit products, as well as access to basic, online banking capabilities.

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

Composition of Loan Portfolio as of June 30, 2025 (000's)		
Loan Type	\$	%
Agriculture	27,447	15.2
Commercial	105,834	58.5
Residential Real Estate	34,223	18.9
Consumer	13,274	7.3
Other	22	0.0
<b>Total</b>	<b>180,800</b>	<b>100.0</b>

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

According to the June 30, 2024, Federal Deposit Insurance Corporation (FDIC) Market Share Report, Huron Community Bank ranked second out of six financial institutions operating within the assessment area. The bank held \$273.7 million in total deposits, representing a market share of 24.6 percent. The financial institutions holding the first and third highest deposit market share are The Huntington National Bank and Mercantile Bank, at 28.8 percent and 19.5 percent, respectively.

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 October 21, 2019.

## DESCRIPTION OF ASSESSMENT AREA<sup>1</sup>

Huron Community Bank is an intrastate bank operating in one nonmetropolitan (Non-MSA) assessment area located in northeastern Michigan. The delineation of the Non-MSA Michigan assessment area remains unchanged since the previous evaluation and consists of Alcona, Arenac, Iosco, and Ogemaw counties in their entireties. The assessment area is comprised of 33 census tracts, consisting of 11 moderate-income, 18 middle-income, and four unknown-income census tracts. The unknown-income census tracts consist of large portions of Lake Huron. The assessment area does not include any low-income census tracts. All 18 middle-income census tracts are designated as underserved as a result of their remote rural geographies and as distressed due to unemployment. Additionally, four of the 18 middle-income census tracts in Arenac County are also designated as distressed due to population loss.

<sup>1</sup> 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.

Due to updates from the 2020 Decennial Census and the 2016-2020 American Community Survey (ACS), the income designation of some of the census tracts comprising the assessment area changed. In particular, moderate-income census tracts increased from five to eleven and middle-income census tracts decreased from 21 to 18 with total census tracts increasing from 30 to 33. The following table compares the changes between 2021 and 2022 within the assessment area.

#### *Tract Designation Change Data*

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

*The income data used to calculate geographic income designations changed between 2021 and 2022.*

*Accordingly, lending activity that took place in calendar years up to and including 2021 are evaluated based on ACS income level definitions from the five-year survey data set 2011-2015. Lending activity performed in 2022 and beyond are evaluated based on ACS income level definitions from the five-year survey data set 2016-2020.*

Census Tract Designation Changes American Community Survey Data (ACS)			
Tract Income Designation	2021 Designations (#)	2022 Designations (#)	Net Change (#)
Low	0	0	0
Moderate	5	11	+6
Middle	21	18	-3
Upper	0	0	0
Unknown	4	4	0
<b>Total</b>	<b>30</b>	<b>33</b>	<b>+3</b>

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

Additional 2024 assessment area demographic information 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	0	0.0	0	0.0	0	0.0	4,608	22.9
Moderate	11	33.3	6,860	34.2	949	13.8	4,661	23.2
Middle	18	54.5	13,224	65.8	1,254	9.5	4,832	24.1
Upper	0	0.0	0	0.0	0	0.0	5,983	29.8
Unknown	4	12.1	0	0.0	0	0.0	0	0.0
<b>Total AA</b>	<b>33</b>	<b>100.0</b>	<b>20,084</b>	<b>100.0</b>	<b>2,203</b>	<b>11.0</b>	<b>20,084</b>	<b>100.0</b>
Housing Units by Tract	Housing Type by Tract							
	Owner-occupied			Rental		Vacant		
	#	% by tract	% by unit	#	% by unit	#	% by unit	
Low	0	0	0.0	0	0.0	0	0.0	
Moderate	22,151	9,320	34.3	42.1	2,507	11.3	10,324	46.6
Middle	35,730	17,881	65.7	50.0	3,078	8.6	14,771	41.3
Upper	0	0	0.0	0	0	0.0	0	0.0
Unknown	0	0	0.0	0	0	0.0	0	0.0
<b>Total AA</b>	<b>57,881</b>	<b>27,201</b>	<b>100.0</b>	<b>47.0</b>	<b>5,585</b>	<b>9.6</b>	<b>25,095</b>	<b>43.4</b>
Total Businesses by Tract	Businesses by Tract & Revenue Size							
	Less Than or = \$1 Million		Over \$1 Million		Revenue Not Reported			
	#	%	#	%	#	%	#	%
Low	0	0.0	0	0.0	0	0.0	0	0.0
Moderate	928	33.3	834	33.4	65	30.7	29	37.7
Middle	1,861	66.7	1,666	66.6	147	69.3	48	62.3
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
<b>Total AA</b>	<b>2,789</b>	<b>100.0</b>	<b>2,500</b>	<b>100.0</b>	<b>212</b>	<b>100.0</b>	<b>77</b>	<b>100.0</b>
Percentage of Total Businesses:			89.6		7.6		2.8	
Total Farms by Tract	Farms by Tract & Revenue Size							
	Less Than or = \$1 Million		Over \$1 Million		Revenue Not Reported			
	#	%	#	%	#	%	#	%
Low	0	0.0	0	0.0	0	0.0	0	0.0
Moderate	35	17.7	35	18.3	0	0.0	0	0.0
Middle	163	82.3	156	81.7	6	100.0	1	100.0
Upper	0	0.0	0	0.0	0	0.0	0	0.0
Unknown	0	0.0	0	0.0	0	0.0	0	0.0
<b>Total AA</b>	<b>198</b>	<b>100.0</b>	<b>191</b>	<b>100.0</b>	<b>6</b>	<b>100.0</b>	<b>1</b>	<b>100.0</b>
Percentage of Total Farms:			96.5		3.0		0.5	
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

Overall, the assessment area, the counties comprising the assessment area, and the area that comprises all areas of Michigan not part of an MSA (shown in table as Non-MSA Michigan) experienced a decline in population in contrast to the growth in population experienced by the state of Michigan (1.8 percent). According to U.S. Census Bureau demographic data, the population in the assessment area experienced a slight decrease of 2.0 percent from 2015 to 2020. Consistent with the assessment area, Arenac and Ogemaw counties experienced a population decline of 2.7 percent and 2.1 percent respectively, while Alcona County experienced the greatest decline at 3.6 percent. Similarly, both Iosco County and the Non-MSA Michigan areas experienced a decline in population at 0.6 percent. A community representative indicated that the decline in population can be attributed to an aging population, noting that Alcona County has one of the oldest populations in the country. Additionally, the representative stated younger residents have left the area in search of higher education or employment opportunities. The table below presents population changes in the assessment area, counties comprising the assessment area, the area that comprises all areas of Michigan not part of an MSA, and the state of Michigan from 2015 to 2020.

Population Change			
Area	2015 Population	2020 Population	Percentage Change (%)
Assessment Area	72,597	71,176	-2.0
Alcona County, MI	10,550	10,167	-3.6
Arenac County, MI	15,424	15,002	-2.7
Iosco County, MI	25,401	25,237	-0.6
Ogemaw County, MI	21,222	20,770	-2.1
Non-MSA Michigan	1,669,627	1,659,797	-0.6
Michigan	9,900,571	10,077,331	1.8

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

## Income Characteristics

According to the U.S. Census Bureau, the assessment area is comprised of 20,084 families, of which 22.9 percent are low-income, 23.2 percent are moderate-income, 24.1 percent are middle-income, and 29.8 percent are upper-income. The percentage of families living below the poverty level within the assessment area (11.0 percent) is just above the state of Michigan's poverty rate (9.2 percent). The median family income (MFI) in the state of Michigan (\$75,470) significantly exceeds the MFI of the assessment area (\$53,466) and the counties that make up the assessment area. Alcona County experienced the greatest increase (15.0 percent) in MFI from 2015 to 2020 with the assessment area (6.6 percent), Alcona County (6.2 percent), and Ogemaw County (7.6 percent) experiencing comparable increases over the same period. The remainder of Non-MSA Michigan's increase (9.6 percent) in MFI trended closer to the state of Michigan's increase (11.0 percent). Despite the increase in MFI for the assessment area, and its comprised counties, a community representative expressed that the area's MFI is unable to keep up with the current high cost of

living. The representative indicated that the increase in MFI can be attributed to individuals with a college degree working in a hybrid environment; however, job opportunities in the area for low- and moderate-income individuals without a college degree do not pay a sufficient living wage, often forcing these individuals to work multiple jobs. This impacts residents' ability to afford housing or withstand household economic emergencies.

The table below displays the MFI in the assessment area, counties comprising the assessment area, the area that comprises all areas of Michigan not part of an MSA (shown in table as Non-MSA Michigan), and the state of Michigan from 2015 to 2020.

Median Family Income Change			
Area	2015 Median Family Income (\$)	2020 Median Family Income (\$)	Percentage Change (%)
<b>Assessment Area</b>	50,142	53,466	6.6
<b>Alcona County, MI</b>	51,913	55,121	6.2
<b>Arenac County, MI</b>	50,735	58,320	15.0
<b>Iosco County, MI</b>	50,304	52,200	3.8
<b>Ogemaw County, MI</b>	48,621	52,294	7.6
<b>Non-MSA Michigan</b>	57,546	63,042	9.6
<b>Michigan</b>	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 the 2020 U.S. Census Bureau, there are 57,881 housing units within the assessment area. The largest portion of housing units are owner-occupied at 47.0 percent while 9.6 percent are rental units. The percentage of vacant units throughout the assessment area at 43.4 percent, significantly exceeds the percentage of vacant units throughout the state of Michigan at 13.7 percent. A community representative noted that most homes within the area are utilized as secondary residences, such as vacation homes, by residents outside the area. These properties are considered seasonal and thus are considered vacant units included in the figure above.

The table below presents housing cost burden data within the assessment area, counties comprising the assessment area, the area that comprises all areas of Michigan not part of an MSA (shown in table as Non-MSA Michigan), and the state of Michigan. A resident is considered housing cost burdened when they spend 30.0 percent or more of their income on housing costs. When a resident is experiencing housing cost burden, it may limit their ability to spend their remaining income on other essential needs such as transportation, food, health care, and childcare, or risk increasing debt. As evidenced in the table, low-income individuals are impacted at a higher rate than moderate-income individuals as both renters and owners. The percentage of low- (63.6 percent) and moderate-income (22.4 percent) cost burdened renters in the assessment area is more favorable than the percentage of low- and moderate-income cost burdened renters in the rest of

Non-MSA Michigan and the state of Michigan. The rate of all owners in the assessment area that are cost burdened is consistent with both the rate of cost burdened owners in the rest of Non-MSA Michigan and the state of Michigan.

The community representative stated that affordable housing is a primary need in the assessment area. As mentioned, the representative expressed that most homes in the area are primarily utilized as secondary residences or mostly unoccupied by non-local residents, which makes it hard for local residents to purchase a home within the area. Shortages in construction workers and worker housing or shelter for transient or traveling workers have further impacted housing supply. In addition to these factors, the representative indicated that the area is prone to high property values due to its proximity to Lake Huron, further dissuading local residents from purchasing homes in the 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	63.6	22.4	39.1	52.0	20.2	17.8
Alcona County, MI	63.6	29.6	42.1	52.6	20.1	17.7
Arenac County, MI	56.5	24.1	37.2	54.1	18.9	15.4
Iosco County, MI	55.7	25.0	33.5	50.2	19.8	18.3
Ogemaw County, MI	75.7	15.9	46.0	53.0	21.7	19.1
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

After a notable increase in 2020 due to the widespread economic downturn caused by the COVID-19 pandemic, unemployment for all geographies, except for Alcona County, continued to trend downward from 2021 to 2023. Additional statistical data, supplied from the U.S. Bureau of Labor Statistics, indicated that unemployment rates in all geographies experienced an increase in 2024. Furthermore, all middle-income census tracts located in the counties comprising the assessment area are considered distressed due to unemployment. The community representative indicated that employment opportunities in the area usually do not offer sufficient livable wages, thus failing to attract potential workers. Coupled with an aging workforce and the lack of amenities, the representative further expressed that residents, usually young workers, are forced to look elsewhere for better employment opportunities.

The table below presents unemployment trends in the assessment area, counties comprising the assessment area, the area that comprises all areas of Michigan not part of an MSA (shown in table

as Non-MSA Michigan), and the state of Michigan from 2020 to 2024.

Unemployment Rates (%)					
Area	2020	2021	2022	2023	2024
<b>Assessment Area</b>	11.3	7.5	6.9	6.7	7.6
<b>Alcona County, MI</b>	11.1	7.5	7.6	7.8	8.8
<b>Arenac County, MI</b>	10.6	7.4	6.7	6.2	6.9
<b>Iosco County, MI</b>	11.5	7.5	6.8	6.5	7.5
<b>Ogemaw County, MI</b>	11.9	7.8	7.1	7.0	7.9
<b>Non-MSA Michigan</b>	9.5	5.8	5.1	5.0	5.6
<b>Michigan</b>	10.0	5.7	4.2	3.9	4.7

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

## Industry Characteristics

According to the Quarterly Census of Employment and Wages conducted by the U.S. Bureau of Labor Statistics (BLS), the assessment area contains an employment base that is most heavily impacted by the industries of retail trade, construction, accommodation and food services, and health care, which contain the largest number of establishments in the assessment area. A community representative stated that there were no industries of note expanding or entering the area. Most small businesses within the area cater to tourists who visit the area due to its proximity to Lake Huron by selling local products or merchandise. The representative noted that the area is in dire need of other types of businesses as residents are required to drive long distances for necessities or other amenities.

## Community Representative

One community representative was contacted to provide information regarding local economic and demographic conditions. In addition to the perspectives provided in the preceding discussion, the representative noted that the construction of new and affordable homes is a significant need within the assessment area. Additionally, the representative noted that the assessment area could benefit from additional economic growth and employment opportunities from other types of industries. Overall, the representative believes that financial institutions within the area are generally meeting the credit needs of the area by partnering with community development organizations that offer assistance for small businesses and individuals who seek to start their own business.

## CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA

*Performance standards for small banks consist of the following, as applicable: the bank's loan-to-deposit (LTD) ratio, the percentage of loans and other lending-related activities located in the bank's assessment area, the record of lending to borrowers of different income levels and businesses of different sizes, the*

*geographic distribution of loans, and the record of taking action in response to written complaints. To determine CRA performance, the preceding standards are analyzed and evaluated within the assessment area context, which includes, but is not limited to, comparative analyses of the assessment area and the state and the non-metropolitan portions of the state demographic data on median income, nature of housing stock, housing costs, and other relevant data pertaining to the bank's assessment area.*

## LENDING TEST

Huron Community Bank's performance relative to the lending test is rated Satisfactory. The loan-to-deposit (LTD) ratio is reasonable given the bank's size, financial condition, and assessment area credit needs. A majority of residential real estate and small business loans were originated in the assessment area. Furthermore, the geographic distribution of loans reflects reasonable dispersion throughout the assessment area, and loan distribution of borrowers reflects reasonable penetration among individuals of different income levels, including low- and moderate-income, and businesses of different revenue sizes.

### Loan-to-Deposit Ratio

Huron Community Bank's LTD ratio is reasonable given the bank's size, financial condition, and assessment area credit needs. Huron Community Bank's 24-quarter average LTD ratio is 58.7 percent, which is a notable decrease from the previous evaluation's average of 81.5 percent. The bank is located in a predominantly rural area in proximity to nearby Lake Huron and national parks and forests, which limits lending opportunities for the bank. The bank also noted that the area is home to a nearby retirement community, further limiting loan demand. While the bank's LTD ratio is considerably lower than most of its local competitors, the bank's lending levels are adequate given the bank's capacity and market and environmental factors, as well as the competitive nature of the assessment area. A community representative noted that the area has small and large financial institutions, increasing competition for the bank and limiting the availability of lending opportunities. In addition to these factors, the large influx of deposits during the COVID-19 pandemic has put downward pressure on the bank's LTD ratio.

The following table compares the bank's LTD ratio to its local competitors. Similarly situated competitors were selected based on their asset size, branching locations, and market share within the bank's assessment area.

Comparative Loan-to-Deposit Ratios	
Institution	Loan-to-Deposit Ratio (%)
	24 – Quarter Average
Huron Community Bank	58.4
Local Peer Average	84.8
Competitors	
Horizon Bank	76.0
Independent Bank	79.2
Mercantile Bank	99.2

## Assessment Area Concentration

A majority of loans were originated inside the assessment area. During the evaluation, Huron Community Bank originated 79.8 percent of loans by number and 68.3 percent of loans by dollar inside the assessment area. Residential real estate lending had a higher concentration of originations inside the assessment area at 88.5 percent by number, compared to 71.4 percent (by number) of small business loans originated inside the assessment area.

Loan Types	Inside				Outside			
	#	%	\$(000s)	%	#	%	\$(000s)	%
Residential Loans	54	88.5	6,497	81.3	7	11.5	1,496	18.7
Small Business	45	71.4	4,784	56.0	18	28.6	3,751	44.0
<b>TOTAL LOANS</b>	<b>99</b>	<b>79.8</b>	<b>11,281</b>	<b>68.3</b>	<b>25</b>	<b>20.0</b>	<b>5,247</b>	<b>31.7</b>

## Geographic Distribution of Loans

Huron Community Bank's geographic distribution of loans reflects reasonable dispersion throughout the assessment area. An analysis of the geographic distribution of residential real estate and small business loans was conducted to determine the dispersion of loans among the census tract designations within the assessment area, particularly within its moderate-income census tracts, given the bank's assessment area does not include low-income census tracts. A review of the bank's lending patterns found that the bank originated loans in seven of the eleven moderate-income census tracts. As such, there were no conspicuous or unexplained gaps identified.

The analysis was driven by the bank's performance in 2024. A detailed discussion of residential real estate and small business lending in relation to census demographics is provided below.

### Residential Real Estate Loans

Residential real estate lending reflects reasonable dispersion throughout the assessment area. The bank originated 31.5 percent of residential real estate loans in moderate-income census tracts, which is slightly below the percentage of owner-occupied units within moderate-income census

tracts at 34.3 percent. The bank originated a majority of its residential real estate loans in middle-income census tracts (68.5 percent), which is slightly above the percentage of owner-occupied units located in middle-income census tracts (65.7 percent).

The following table presents the bank's geographic distribution of residential real estate loans in 2024.

Distribution of 2024 Residential Lending By Income Level of Geography					
Assessment Area: MI Non MSA					
Geographic Income Level	Bank Loans				Owner Occupied Units %
	#	#%	\$ (000)	\$%	
<b>Low</b>	0	0.0	0	0.0	0.0
<b>Moderate</b>	17	31.5	1,671	25.7	34.3
<b>Middle</b>	37	68.5	4,826	74.3	65.7
<b>Upper</b>	0	0.0	0	0.0	0.0
<b>Unknown</b>	0	0.0	0	0.0	0.0
<b>Tract-Unk</b>	0	0.0	0	0.0	
<b>Total</b>	54	100.0	6,497	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.

### Small Business Loans

Small business lending reflects a reasonable dispersion throughout the assessment area. In 2024, the bank originated 24.4 percent of its small business loans in moderate-income census tracts. This performance is below the percentage of total businesses located in moderate-income census tracts at 33.3 percent. While the bank's lending efforts in moderate-income census tracts were below the assessment area demographics, the bank's performance does not reflect an unwillingness to lend in this geography. A community representative indicated that the assessment area is home to small and large financial institutions, as well as local credit unions. Coupled with the fact that most of the assessment area is occupied by Lake Huron and national parks and forests, it is difficult for the bank to remain competitive as a commercial lender. The following table presents the bank's geographic distribution of small business loans in 2024.

Distribution of 2024 Small Business Lending By Income Level of Geography					
Assessment Area: MI Non MSA					
Geographic Income Level	Bank Loans				Total Businesses %
	#	#%	\$(000)	\$%	
Low	0	0.0	0	0.0	0.0
Moderate	11	24.4	937	19.6	33.3
Middle	34	75.6	3,847	80.4	66.7
Upper	0	0.0	0	0.0	0.0
Unknown	0	0.0	0	0.0	0.0
Tract-Unk	0	0.0	0	0.0	
<b>Total</b>	<b>45</b>	<b>100.0</b>	<b>4,784</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 Farms of Different Sizes

Huron Community Bank's loan distribution reflects reasonable penetration of lending to individuals of different income levels (including low- and moderate-income individuals) and businesses of different sizes. The analysis was driven by the bank's performance in 2024. A detailed analysis of residential real estate and small business lending in relation to census demographics is provided below.

### Residential Real Estate Loans

The distribution of residential real estate loans reflects reasonable penetration among individuals of different income levels, including low- and moderate-income borrowers. In 2024, Huron Community Bank originated 22.2 percent of its residential real estate loans to low-income borrowers, which is comparable to the percentage of low-income families in the assessment area at 22.9 percent. The bank originated 25.9 percent of its residential real estate loans to moderate-income borrowers. This performance is slightly above the percentage of moderate-income families within the assessment area at 23.2 percent. The bank originated 24.1 percent of its residential real estate loans to middle-income borrowers, which is comparable to the proportion of middle-income families within the assessment area at 24.1 percent. Additionally, the bank originated 27.8 percent of its residential real estate loans to upper-income borrowers, which is comparable to the percentage of upper-income families in the assessment area at 29.8 percent. The following table presents the borrower distribution of residential real estate loans in 2024.

Distribution of 2024 Residential Lending By Borrower Income Level Assessment Area: MI Non MSA					
Borrower Income Level	Bank Loans				Families by Family Income %
	#	#%	\$ (000)	\$%	
<b>Low</b>	12	22.2	728	11.2	22.9
<b>Moderate</b>	14	25.9	1,047	16.1	23.2
<b>Middle</b>	13	24.1	1,261	19.4	24.1
<b>Upper</b>	15	27.8	3,460	53.3	29.8
<b>Unknown</b>	0	0.0	0	0.0	0.0
<b>Total</b>	54	100.0	6,497	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.

### Small Business Loans

The distribution of small business lending reflects reasonable penetration among businesses of different revenue sizes. In 2024, the bank originated 60.0 percent of small business loans by number and 61.7 percent by dollar to businesses with annual revenues of \$1 million or less. The bank's performance is below the percentage of total small businesses operating in the assessment area at 89.6 percent. However, of the loans originated to small businesses with revenues of \$1 million or less, 63.0 percent were in amounts of \$100,000 or less, which are considered most beneficial to small businesses. This demonstrates the bank's ability to meet the credit needs of small businesses in the assessment area. The following table presents the bank's borrower distribution of small business loans in 2024.

Distribution of 2024 Small Business Lending By Revenue Size of Businesses Assessment Area: MI Non MSA					
	Bank Loans				Total Businesses %
	#	#%	\$(000)	\$%	
<b>By Revenue</b>					
<b>\$1 Million or Less</b>	27	60.0	2,950	61.7	89.6
<b>Over \$1 Million</b>	18	40.0	1,834	38.3	7.6
<b>Revenue Unknown</b>	0	0.0	0	0.0	2.8
<b>Total</b>	45	100.0	4,784	100.0	100.0
<b>By Loan Size</b>					
<b>\$100,000 or Less</b>	27	60.0	1,425	29.8	
<b>\$100,001 - \$250,000</b>	14	31.1	2,239	46.8	
<b>\$250,001 - \$1 Million</b>	4	8.9	1,120	23.4	
<b>Total</b>	45	100.0	4,784	100.0	
<b>By Loan Size and Revenues \$1 Million or Less</b>					
<b>\$100,000 or Less</b>	17	63.0	848	28.7	
<b>\$100,001 - \$250,000</b>	7	25.9	1,252	42.4	
<b>\$250,001 - \$1 Million</b>	3	11.1	850	28.8	
<b>Total</b>	27	100.0	2,950	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.

## Response to Complaints

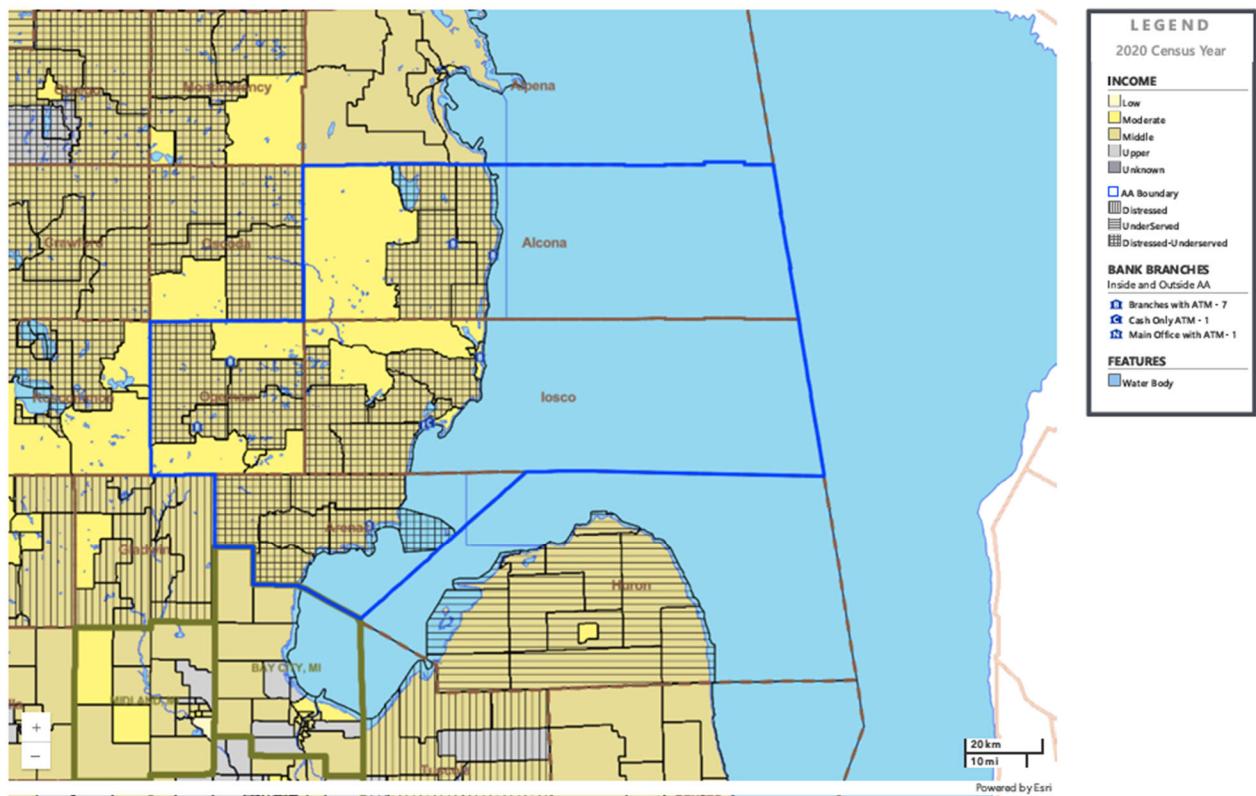
Huron Community Bank or this Reserve Bank has not received any CRA-related complaints since the previous examination.

## FAIR LENDING OR OTHER ILLEGAL CREDIT PRACTICES REVIEW

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

## APPENDIX A – Map of Assessment Area

### Huron Community Bank 475345 MI Non MSA



## APPENDIX B – Scope of Examination

SCOPE OF EXAMINATION			
TIME PERIOD REVIEWED	<ul style="list-style-type: none"><li>Residential Real Estate and Small Business Loans – January 1, 2024 – December 31, 2024</li><li>Loan-to-Deposit Ratio – September 30, 2019 – March 31, 2025</li></ul>		
FINANCIAL INSTITUTION			PRODUCTS REVIEWED
Huron Community Bank			<ul style="list-style-type: none"><li>Residential Real Estate</li><li>Small Business Loans</li></ul>
AFFILIATE(S)	AFFILIATE RELATIONSHIP		PRODUCTS REVIEWED
None	N/A		N/A
LIST OF ASSESSMENT AREAS AND TYPE OF EXAMINATION			
ASSESSMENT AREA	TYPE OF EXAMINATION	BRANCHES VISITED	OTHER INFORMATION
Non-MSA Michigan	Full Scope Review	N/A	N/A

## APPENDIX C – Glossary

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

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

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

**American Community Survey Data (ACS):** The American Community Survey (ACS) data is based on a nationwide survey designed to provide local communities with reliable and timely demographic, social, economic, and housing data each year. The Census Bureau first released data for geographies of all sizes in 2010. This data is known as the “five-year estimate data.” The five-year estimate data is used by the FFIEC as the base file for data used in conjunction with consumer compliance and CRA examinations.<sup>2</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>2</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:** 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).