



**COMMUNITY REINVESTMENT ACT (CRA)
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CRA WRITTEN COMMENTS AND RESPONSES

Bank Michigan has received no written comments from the public that specifically relate to the institution's performance in helping to meet community credit needs in the years 2023, 2024 or during the 1st Quarter of 2025.

PUBLIC DISCLOSURE

April 5, 2021

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

Bank Michigan
RSSD #382742

417 South Main Street
Brooklyn, Michigan 49230

Federal Reserve Bank of Chicago

230 South LaSalle Street
Chicago, Illinois 60604-1413

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

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BANK'S CRA RATING

Bank Michigan is rated **Satisfactory**.

Bank Michigan (formerly OSB Community Bank) provides credit consistent with its size, location, and the economic conditions within the assessment area. Based on an analysis of lending activities, the bank effectively meets the credit needs of its community. The bank's average loan-to-deposit (LTD) ratio is reasonable given the bank's size, financial condition, performance context, and credit needs of its assessment area. A majority of loans were originated outside of the assessment area, primarily due to the bank's lending activity during exceptional economic circumstances. The lending performance demonstrates a reasonable distribution of loans to businesses of different sizes given the demographics of the assessment area, and a reasonable geographic distribution of loans given the assessment area. Neither the bank nor this Reserve Bank has received any Community Reinvestment Act (CRA)-related complaints since the previous evaluation.

SCOPE OF EXAMINATION

Bank Michigan's CRA performance was evaluated using the Federal Financial Institutions Examinations Council's (FFIEC) Interagency Small Institution Examination Procedures. The evaluation considered the bank's asset size, CRA performance context, business strategy, competition, assessment area demographics, economic characteristics, and credit needs. For this evaluation, the major product reviewed was small business lending. Bank Michigan delineates three assessment areas: Jackson, MI Metropolitan Statistical Area (MSA) #27100, Ann Arbor, MI MSA #11460, and Non MSA Michigan which is composed of the entirety of Lenawee County, MI. All three assessment areas received full-scope reviews due to the percentage of lending in each area and the length of time since their previous review.

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

- ***Loan-to-Deposit Ratio*** – A 20-quarter average loan-to-deposit ratio (March 31, 2016 to December 31, 2020) was calculated for the bank and compared to a sample of local competitors.
- ***Lending in the Assessment Area*** – The bank's small business loans originated from December 1, 2019 – November 30, 2020 were reviewed to determine the percentage of loans originated within the assessment area.
- ***Geographic Distribution of Lending in the Assessment Area*** – The bank's small business, loans originated within the assessment area, from December 1, 2019 – November 30, 2020,

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. There were no small business loans originated during the month of December, 2019.

- **Lending to Businesses of Different Sizes** – The bank’s small business loans originated within the assessment area, from December 1, 2019 – November 30, 2020, were reviewed to determine the distribution 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, three community representatives were contacted in connection with this examination to provide information regarding local economic and socioeconomic conditions in the assessment areas. The following type of organizations were contacted: economic development organizations.

DESCRIPTION OF INSTITUTION

Bank Michigan is a small community bank headquartered in Brooklyn, Michigan. The bank does not operate under a holding company and does not have any affiliates.

The institution operates within its three assessment areas. The Jackson, MI MSA #27100 assessment area includes the entirety of Jackson County, and contains the bank’s main office and two full-service automated teller machines (ATMs). The Ann Arbor MI MSA #11460 assessment area includes the entirety of Washtenaw County, contains one branch office and one full-service ATM. Finally, the Non-MSA Michigan assessment area includes the entirety of Lenawee County, in which the bank operates one branch office and one full-service ATM. There are currently no plans for merger or acquisition activity.

Bank Michigan Branch Listing			
Branch Name	Assessment Area	County	City & State
Brooklyn (Main Office)	Jackson MI MSA	Jackson	Brooklyn, Michigan
Ann Arbor	Ann Arbor MI MSA	Washtenaw	Ann Arbor, Michigan
Onsted	Non-MSA Michigan	Lenawee	Onsted, Michigan

The bank offers traditional, noncomplex products and services to customers. Loan products include agricultural loans, commercial loans, consumer closed-end loans, consumer-open end loans, and residential real estate loans. Deposit products include checking accounts, savings, and money market demand accounts (MMDAs), and certificates of deposit (CDs).

According to the Uniform Bank Performance Report (UBPR), bank assets totaled \$117.9 million as of December 31, 2020. The bank’s loan portfolio is composed primarily of commercial loans (82.6 percent) and residential real estate loans (17.2 percent). The table below provides a detailed

distribution of the bank's loan portfolio.

Composition of Loan Portfolio as of December 31, 2020		
Loan Type	Dollar Volume (\$ are in 000s)	% of Portfolio
Residential Real Estate	15,242	17.2
Commercial	73,242	82.6
Agricultural	70	0.08
Consumer	138	0.16
Other	2	0.00
Total Loans	88,694	100

Note: Percentages may not total 100.00 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 August 15, 2016.

DESCRIPTION OF ASSESSMENT AREA

Bank Michigan maintains three assessment areas. The Jackson, Michigan Metropolitan Statistical Area (MSA) - #27000 (Jackson MI MSA) includes the entirety of Jackson County, Michigan. The Non MSA Michigan assessment area includes the Lenawee County, Michigan in its entirety. Finally, the Ann Arbor, Michigan MSA - #11460 (Ann Arbor MI MSA) includes the entirety of Washtenaw County, Michigan. The Ann Arbor MI MSA was added since the previous exam due to the conversion of the bank's loan production office to a full-service branch in the area.

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA

Loan-to-Deposit Ratio

The bank's loan-to-deposit (LTD) ratio is reasonable given the bank's size, financial condition, and credit needs of its assessment area. The bank's 20-quarter average LTD ratio was 84.5 percent from March 31, 2016 to December 30, 2020. This represents an 8.5 percent increase in the bank's average LTD ratio since the previous examination.

The bank's LTD ratio is consistent with local competitors with similar business strategies, operating within the same market areas. The following table compares the bank's LTD ratio to its local competitors which range significantly in asset size.

Comparative Loan-to-Deposit Ratios	
Institution	Loan-to-Deposit Ratio (%)
	20-Quarter Average
Bank Michigan	84.5
Competitors	
Bank of Ann Arbor	91.4
Comerica Bank	82.8
County National Bank	95.6
Flagstar Bank	113.2
Huntington Bank	47.5
Level One Bank	96.0
Old National Bank	84.5

Assessment Area Concentration

During the evaluation period, the bank originated 100 small business loans, with 46.0 percent of loans by volume originating within the combined assessment area. Despite the majority of loans being made outside of the bank’s assessment area, Bank Michigan’s lending activity was responsive to community credit needs. The high proportion of loans originated outside the bank’s assessment area was attributed to loans originated through the Paycheck Protection Program (PPP). While many of these loans were originated to businesses outside of the assessment area, they were located in close proximity to the assessment area. PPP loans are considered especially responsive to community needs, due to the economic strain caused by the COVID-19 pandemic. Additionally, PPP loans made in areas outside of the assessment area may have a broader positive regional effect. Considering the economic environment created by these circumstances, Bank Michigan’s lending inside and outside of its assessment area is considered responsive to assessment area credit needs. The following table summarizes the bank’s small business lending inside and outside of its assessment area.

Lending Inside and Outside the Assessment Area

Loan Types	Inside				Outside			
	#	%	\$(000s)	%	#	%	\$(000s)	%
Small Business	46	46.0	\$2,856	34.5	54	54.0	\$5,412	65.5
Total Small Bus. related	46	46.0	\$2,856	34.5	54	54.0	\$5,412	65.5
TOTAL LOANS	46	46.0	\$2,856	34.5	54	54.0	\$5,412	65.5

Note: Affiliate loans not included

Geographic and Borrower Distribution

The bank’s geographic distribution of loans reflects reasonable dispersion throughout the assessment areas. Further, borrower distribution reflects reasonable penetration among businesses

of different sizes in each assessment area. The bank's lending in each assessment area and relevant demographics are discussed in individual sections for the Jackson, MI MSA - #27100, Non-MSA MI Lenawee County, and Ann Arbor, MI MSA - #11460 assessment areas. Please refer to the assessment area summaries for details.

Response to Complaints

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

FAIR LENDING OR OTHER ILLEGAL CREDIT PRACTICES REVIEW

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

JACKSON, MI MSA – FULL REVIEW

SCOPE OF EXAMINATION

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

DESCRIPTION OF INSTITUTION'S OPERATIONS IN JACKSON, MI MSA

Bank Michigan operates its main office in Jackson County and one full-service ATM, which are located in a middle-income census tract in Brooklyn, Michigan. The bank has an additional cash only ATM in an upper-income census tract in Clarklake, Michigan which it had converted from a full-service ATM upon closing its branch in 2017. The assessment area contains all 38 census tracts in Jackson County, with six low-, nine moderate-, fourteen middle-, eight upper-, and one unknown-income census tract(s).

According to the FDIC Deposit Market Share Report dated June 30, 2020, Bank Michigan ranks sixth of 12 institutions in the Jackson County market operating one branch with a 1.8 percent deposit market share. The market is led by competitors Flagstar Bank and Comerica Bank, with 46.6 and 16.6 percent deposit market shares, respectively.

Assessment Area: 2020 Jackson, MI MSA 27100								
Income Categories	Tract Distribution		Families by Tract Income		Families < Poverty Level as % of Families by Tract		Families by Family Income	
	#	%	#	%	#	%	#	%
Low-income	6	15.8	3,504	8.8	1,654	47.2	8,910	22.3
Moderate-income	9	23.7	7,028	17.6	1,361	19.4	6,996	17.5
Middle-income	14	36.8	20,124	50.4	1,772	8.8	8,057	20.2
Upper-income	8	21.1	9,274	23.2	371	4.0	15,967	40.0
Unknown-income	1	2.6	0	0.0	0	0.0	0	0.0
Total Assessment Area	38	100.0	39,930	100.0	5,158	12.9	39,930	100.0
	Housing Units by Tract	Housing Types by Tract						
		Owner-Occupied		Rental		Vacant		
		#	%	%	#	%	#	%
Low-income	6,780	2,485	5.7	36.7	3,214	47.4	1,081	15.9
Moderate-income	14,319	6,790	15.6	47.4	5,487	38.3	2,042	14.3
Middle-income	32,454	23,375	53.7	72.0	5,948	18.3	3,131	9.6
Upper-income	15,568	10,905	25.0	70.0	2,387	15.3	2,276	14.6
Unknown-income	0	0	0.0	0.0	0	0.0	0	0.0
Total Assessment Area	69,121	43,555	100.0	63.0	17,036	24.6	8,530	12.3
	Total Businesses by Tract	Businesses by Tract & Revenue Size						
		Less Than or = \$1 Million		Over \$1 Million		Revenue Not Reported		
		#	%	#	%	#	%	
Low-income	548	9.9	442	8.9	102	18.6	4	7.5
Moderate-income	1,561	28.2	1,339	27.1	213	38.9	9	17.0
Middle-income	2,270	41.0	2,083	42.1	158	28.9	29	54.7
Upper-income	1,160	20.9	1,075	21.7	74	13.5	11	20.8
Unknown-income	4	0.1	4	0.1	0	0.0	0	0.0
Total Assessment Area	5,543	100.0	4,943	100.0	547	100.0	53	100.0
	Percentage of Total Businesses:			89.2		9.9		1.0
	Total Farms by Tract	Farms by Tract & Revenue Size						
		Less Than or = \$1 Million		Over \$1 Million		Revenue Not Reported		
		#	%	#	%	#	%	
Low-income	2	1.0	2	1.0	0	0.0	0	0.0
Moderate-income	7	3.4	7	3.4	0	0.0	0	0.0
Middle-income	143	68.8	140	68.6	3	75.0	0	0.0
Upper-income	56	26.9	55	27.0	1	25.0	0	0.0
Unknown-income	0	0.0	0	0.0	0	0.0	0	0.0
Total Assessment Area	208	100.0	204	100.0	4	100.0	0	0.0
	Percentage of Total Farms:			98.1		1.9		0.0

2020 FFIEC Census Data & 2020 Dun & Bradstreet information according to 2015 ACS

Note: Percentages may not add to 100.0 percent due to rounding

Population Characteristics

The table below presents population trends for Jackson County and the state of Michigan from 2010 to 2015. The entirety of Jackson County comprises the bank’s assessment area. Based on 2015 U.S. Census Bureau data, the population within Jackson County was 159,759, representing a relatively stable population since the 2010 census. During the same time period, the population for the state of Michigan remained relatively stable. According to a community representative, college students often choose not to reside in the area after graduation, which has had a negative impact on population. The representative stated that job opportunities are sparse for college graduates, making it difficult for the county to compete with the larger metropolitan areas such as Chicago and Detroit. However, some revitalization efforts are being made in the downtown area to attract the younger adult population.

Population Change 2010 and 2015			
Area	2010 Population	2011-2015 Population	Percentage Change
Jackson County	160,248	159,759	-0.3
State of Michigan	9,883,640	9,900,571	0.2

*Source: 2010—U.S. Census Bureau: Decennial Census
 2011-2015—U.S. Census Bureau: Annual Population Estimates OR 2010—U.S. Census Bureau: Decennial Census*

Income Characteristics

The following table presents the median family income (MFI) for families living in Jackson County and the state of Michigan. According to 2015 U.S. Census Bureau data, the MFI in Jackson County was \$58,432. This represents a slight increase from the 2010 census, however the MFI for the county remains slightly lower than the MFI for the state of Michigan, at \$62,247. Regarding families by family income in the assessment area, 22.3 percent are low-income, 17.5 percent are moderate-income, and 12.9 percent are designated as living below the poverty line, according to the 2015 American Community Survey Census Bureau.

A community representative noted that most workers in the community are concentrated in manual or industrial labor. Further, local businesses have made efforts to increase minimum wages in the area, however these jobs are not industrial labor specific. Overall, minimum wage increase efforts have had a positive effect on job opportunities in the area.

Median Family Income Change 2010 and 2015			
Area	2006-2010 Median Family Income	2011-2015 Median Family Income	Percentage Change
Jackson County	56,314	58,432	3.8
State of Michigan	60,341	62,247	3.2
<i>Source: 2010—U.S. Census Bureau: Decennial Census 2011-2015—U.S. Census Bureau: American Community Survey</i>			

Housing Characteristics

The following table presents the housing cost trends in Jackson County and the state of Michigan. Based on American Community Survey Data, there are 69,121 housing units in Jackson County. Of those housing units, 63.0 percent are owner-occupied, 24.7 percent are rental units, and 12.3 percent are vacant units. Median gross rent from 2010 to 2015 for Jackson County has experienced similar growth to the state, at 7.4 percent for the county and 8.3 percent for the state, respectively. However, rent in dollar amount remains below the state of Michigan across the same period. Median housing values from 2010 to 2015 for Jackson County experienced a similar decrease to the state, at 14.2 percent and 15.1 percent, respectively. Further, housing costs remains below the state of Michigan across the same period.

A community representative stated that there are many barriers to affordable housing, and that the city of Jackson is struggling to provide fair housing. The demolition of old buildings, previously used as rental units, has exacerbated the lack of affordable housing and increased rates of homelessness. Additionally, housing inventory in the area is low and the cost of construction is rising, which has made it even more difficult for residents to find homes in an increasingly competitive market.

A common method of comparing relative affordability of housing across geographic areas is the affordability ratio, which is defined in Appendix C. A higher ratio represents more affordable housing opportunities. Based on 2011-2015 American Community Survey data, the affordability ratio for the county is 0.42, comparable to the state of Michigan ratio of 0.41. Overall, housing affordability within the county does not differ significantly when compared to the state of Michigan.

Trends in Housing Costs 2010 and 2015				
Area	2006-2010 Median Housing Value	2011-2015 Median Housing Value	2006-2010 Median Gross Rent	2011-2015 Median Gross Rent
Jackson County	130,000	111,500	678	728
State of Michigan	144,200	122,400	723	783

*Source: 2010—U.S. Census Bureau: Decennial Census
2011-2015—U.S. Census Bureau: American Community Survey*

Employment Conditions

The following table presents the unemployment rates in the assessment area and the state of Michigan. Based on the Bureau of Labor Statistics’ Local Area Unemployment Statistics, unemployment in Jackson County has decreased steadily, from 4.7 percent in 2016 to 3.8 percent in 2019. Similarly, unemployment rates declined from 4.9 percent to 4.1 percent in the state of Michigan over the same time period. A community representative noted that prior to the COVID-19 pandemic, small business activity and housing development was increasing. In terms of job opportunities, the representative stated that the pre-COVID unemployment rate was generally low, and there was actually a shortage of labor in Jackson County. There is a noticeable disconnect between the workforce talent and the higher skilled employment opportunities available.

Unemployment Rates				
Area	2016	2017	2018	2019
Jackson County	4.7	4.6	3.9	3.8
State of Michigan	4.9	4.6	4.1	4.1

Source: Bureau of Labor Statistics: Local Area Unemployment Statistics

Industry Conditions

The following table presents the largest employers operating in the assessment area. According to data from the U.S. Department of Labor, the majority of employers in the assessment area are in hospitals, energy providers, and automobile parts manufacturing. Two location closings at Alorica, a call center-service, occurred in 2019 and affected approximately 197 workers, likely contributing to a labor force whose qualifications may not necessarily meet requirements for open positions in the area. The community representative specifically mentioned Henry Ford Allegiance Health as a major employer whose relatively higher minimum wage has influenced wage trends in the area. As mentioned previously, the representative stated that the COVID-19 pandemic has had noticeable negative economic effects that have reversed prior housing and business development progress.

Largest Employers in the Assessment Area		
Company	Number of Employees	Industry
Henry Ford Allegiance Health	3348	Hospitals
Consumers Energy Co	3000	Electric Companies
CMS Energy Corp	1500	Electric Companies
Great Lakes Hospice Foundation	1200	Home Health Service
Melling Tool Co	700	Automobile Parts & Supplies-Mfrs
Michigan Automotive Compressor	628	Automobile Parts & Supplies-Mfrs
Walmart Supercenter	500	Department Stores
Spring Arbor University	500	Schools-Universities & Colleges Academic
G Robert Cotton Correctional	480	Government Offices-State
<i>Source: Business information provided by Infogroup®, Omaha, NE</i>		

Community Representative

One community representative with knowledge of economic development within Jackson County was contacted during this evaluation to gain a greater understanding of credit needs within the assessment area. The representative indicated that economic conditions in the county have been challenging for businesses, especially as a result of the COVID-19 pandemic. Progress made prior to the pandemic, in terms of housing and small business development, has essentially been reversed. The representative noted a lack of affordable housing in the area, as older rental units have been demolished and the housing market becomes more competitive and expensive due to rising construction costs. Overall, the representative believed local financial institutions could take more risk to help borrowers who cannot afford higher interest rates, even if that means originating a small percentage of riskier loans. The representative also believed that more education pertaining to lending would be beneficial for the community. While some local institutions provided Paycheck Protection Program loans, not all institutions provided such relief.

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS IN JACKSON, MI MSA #27100

LENDING TEST

Geographic Distribution of Loans

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

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

although volume is low, the bank is lending in the census tracts within its assessment area

Small Business

The following table summarizes the bank’s small business lending by the income level designation of the geography from January 1, 2020 to November 30, 2020. Lending performance demonstrates a reasonable geographic distribution of loans given the bank’s assessment area. Of the total 12 small business loans originated in 2020, 8.3 percent of small business loans were in low-income tracts, which is comparable to the 9.9 percent of total businesses in low-income tracts. However, only 16.7 percent of small business loans were made in moderate-income tracts, which underperforms the 28.2 percent of total businesses in moderate-income tracts. Considering the low volume of loans, economic circumstance, and strong competition, this performance is reasonable.

Geographic Distribution of Small Business Loans						
Assessment Area: 2020 Jackson, MI MSA 27100						
	Tract Income Levels	Bank & Demographic Comparison				
				2020		Total Businesses
		Count Bank		Dollar Bank		
		#	%	\$ 000s	\$ %	%
Small Business	Low	1	8.3	161	22.1	9.9
	Moderate	2	16.7	89	12.2	28.2
	Middle	8	66.7	445	61.0	41.0
	Upper	1	8.3	36	4.9	20.9
	Unknown	0	0.0	0	0.0	0.1
	Total	12	100.0	730	100.0	100.0

2020 FFIEC Census Data & 2020 Dun & Bradstreet information according to 2015 ACS
Note: Percentages may not add to 100.0 percent due to rounding

Lending to Businesses of Different Sizes

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

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

Small Business Loans

The borrower distribution of small business loans among businesses of different revenue sizes is reasonable. The bank originated 12 small business loans, with 8.3 percent of those loans going to businesses with gross revenue of \$1 million or less and 91.7 percent going to businesses with unknown revenue. The bank originated a substantial amount of PPP loans that did not require revenue to be reported, and thus are reflected as “Unknown.” Of those 12 loans, 75.0 percent were in amounts of \$100,000 or less, which are most beneficial to small businesses. This exceeds performance observed at the previous examination. The following table provides detailed information on the bank’s distribution of small business loans by revenue and loan size from January 1, 2020 to November 30, 2020.

Small Business Lending By Revenue & Loan Size							
Assessment Area: 2020 Jackson, MI MSA 27100							
Product Type		Bank & Demographic Comparison					
		2020		2020		Total Businesses %	
Revenue	Loan Size	Count Bank		Dollar Bank			%
		#	%	\$ 000s	\$ %		
Small Business	Revenue	\$1 Million or Less	1	8.3	215	29.5	89.2
		Over \$1 Million	0	0.0	0	0.0	9.9
		Unknown	11	91.7	515	70.5	1.0
		Total	12	100.0	730	100.0	100.0
	Loan Size	\$100,000 or Less	9	75.0	246	33.7	
		\$100,001 - \$250,000	3	25.0	484	66.3	
		\$250,001 - \$1 Million	0	0.0	0	0.0	
		Total	12	100.0	730	100.0	
	Loan Size & Rev \$1 Mill or Less	\$100,000 or Less	0	0.0	0	0.0	
		\$100,001 - \$250,000	1	100.0	215	100.0	
		\$250,001 - \$1 Million	0	0.0	0	0.0	
		Total	1	100.0	215	100.0	
Originations & Purchases							
2020 FFIEC Census Data & 2020 Dun & Bradstreet information according to 2015 ACS							
<i>Note: Percentages may not add to 100.0 percent due to rounding</i>							

NON MSA MICHIGAN – FULL REVIEW

SCOPE OF EXAMINATION

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

DESCRIPTION OF INSTITUTION'S OPERATIONS IN NON-METROPOLITAN MICHIGAN – LENAWEE COUNTY

Bank Michigan operates one branch in Lenawee County and one full-service ATM, which are located in a middle-income census tract in the assessment area. The bank's assessment area includes all 23 census tracts in Lenawee County, with no low-, four moderate-, thirteen middle-, and six upper-income census tracts. There have not been any changes to this assessment area since the bank's previous examination.

According to the FDIC Deposit Market Share Report dated June 30, 2020, Bank Michigan ranks seventh of nine institutions in the Lenawee County market and has a 3.5 percent market share. That market is controlled by competitors Premier Bank and Old National Bank with 29.6 and 27.1 percent deposit market shares, respectively.

Assessment Area: 2020 MI Non MSA								
Income Categories	Tract Distribution		Families by Tract Income		Families < Poverty Level as % of Families by Tract		Families by Family Income	
	#	%	#	%	#	%	#	%
Low-income	0	0.0	0	0.0	0	0.0	4,132	16.4
Moderate-income	4	17.4	3,035	12.1	793	26.1	4,368	17.4
Middle-income	13	56.5	13,842	55.1	1,186	8.6	5,202	20.7
Upper-income	6	26.1	8,257	32.9	438	5.3	11,432	45.5
Unknown-income	0	0.0	0	0.0	0	0.0	0	0.0
Total Assessment Area	23	100.0	25,134	100.0	2,417	9.6	25,134	100.0
	Housing Units by Tract	Housing Types by Tract						
		Owner-Occupied			Rental		Vacant	
		#	%	%	#	%	#	%
Low-income	0	0	0.0	0.0	0	0.0	0	0.0
Moderate-income	6,694	2,963	10.2	44.3	2,935	43.8	796	11.9
Middle-income	24,176	16,447	56.4	68.0	4,005	16.6	3,724	15.4
Upper-income	12,542	9,770	33.5	77.9	1,844	14.7	928	7.4
Unknown-income	0	0	0.0	0.0	0	0.0	0	0.0
Total Assessment Area	43,412	29,180	100.0	67.2	8,784	20.2	5,448	12.5
	Total Businesses by Tract	Businesses by Tract & Revenue Size						
		Less Than or = \$1 Million		Over \$1 Million		Revenue Not Reported		
		#	%	#	%	#	%	%
Low-income	0	0	0.0	0	0.0	0	0.0	0
Moderate-income	653	591	17.3	60	23.6	2	4.1	
Middle-income	1,999	1,842	54.0	132	52.0	25	51.0	
Upper-income	1,059	975	28.6	62	24.4	22	44.9	
Unknown-income	0	0	0.0	0	0.0	0	0.0	
Total Assessment Area	3,711	3,408	100.0	254	100.0	49	100.0	1.3
	Percentage of Total Businesses:			91.8		6.8		1.3
	Total Farms by Tract	Farms by Tract & Revenue Size						
		Less Than or = \$1 Million		Over \$1 Million		Revenue Not Reported		
		#	%	#	%	#	%	%
Low-income	0	0	0.0	0	0.0	0	0.0	0
Moderate-income	2	2	0.6	0	0.0	0	0.0	
Middle-income	204	200	62.7	3	42.9	1	50.0	
Upper-income	122	117	36.7	4	57.1	1	50.0	
Unknown-income	0	0	0.0	0	0.0	0	0.0	
Total Assessment Area	328	319	100.0	7	100.0	2	100.0	0.6
	Percentage of Total Farms:			97.3		2.1		0.6

2020 FFIEC Census Data & 2020 Dun & Bradstreet information according to 2015 ACS

Note: Percentages may not add to 100.0 percent due to rounding

Population Characteristics

The table below presents population trends for Lenawee County and the state of Michigan from 2010 to 2015. The entirety of Lenawee County comprises the bank’s assessment area. Based on 2015 U.S. Census Bureau data, the population within Lenawee County was 98,902, experiencing a slight decline since the 2010 census of one percent. Conversely, during the same time period the state of Michigan remained relatively stable. According to a community representative, population has been relatively stagnant, mirroring census data. Representatives noted that current projections remain stable and similar to recent years, but they are hoping that number will increase, especially as workers are attracted to the area.

Population Change 2010 and 2015			
Area	2010 Population	2011-2015 Population	Percentage Change
Lenawee County	99,892	98,902	-1.0
State of Michigan	9,883,640	9,900,571	0.2

*Source: 2010—U.S. Census Bureau: Decennial Census
2011-2015—U.S. Census Bureau: Annual Population Estimates OR 2010—U.S. Census Bureau: Decennial Census*

Median Family Income

The following table presents the median family income (MFI) for families living in Lenawee County and the state of Michigan. According to 2015 U.S. Census Bureau data, the MFI in Lenawee County was \$59,511. This represents a slight decrease from the 2010 census, however the MFI for the county remains slightly lower than the MFI for the state of Michigan, at \$62,247. Regarding families by family income in the assessment area, 16.4 percent are low-income, 17.4 percent are moderate-income, and 9.6 percent are designated as living below the poverty line according to the 2015 American Community Survey Census Bureau.

A community representative noted that MFI in the assessment area, and specifically automobile part manufacturers, are seeing some pressure to increase wages. However, they also noted that a vast majority of the area is agricultural, which does not see such pressure.

Median Family Income Change 2010 and 2015			
Area	2006-2010 Median Family Income	2011-2015 Median Family Income	Percentage Change
Lenawee County	60,028	59,511	-0.9
State of Michigan	60,341	62,247	3.2

*Source: 2010—U.S. Census Bureau: Decennial Census
2011-2015—U.S. Census Bureau: American Community Survey*

Housing Characteristics

The following table presents the housing cost trends in Lenawee County and the state of Michigan. Based on American Community Survey Data, there are 43,412 housing units in Lenawee County. Of those housing units, 67.2 percent are owner-occupied, 20.2 percent are rental units, and 12.5 percent are vacant units. In terms of housing costs, median housing values from 2010 to 2015 for Lenawee County experienced similar decline to the state of Michigan at -18.2 and -15.1 percent, respectively. Further, housing costs within the county remain below the state of Michigan. Median gross rent in the county (13.2 percent) experienced slightly more growth than the state (8.3 percent) during the same time frame. However, median gross rent within the county remains below the state of Michigan by dollar amount.

A community representative stated that there is a noticeable shortage of housing, specifically mid-size, middle-market type housing in the area. Although census data shows housing values as falling, the representatives noted that in recent years, houses have sold quickly and often over asking price. Rental prices have also grown steadily. Representatives believe this is due to a general lack of supply.

A common method of comparing relative affordability of housing across geographic areas is the affordability ratio, which is defined in Appendix C. A higher ratio represents more affordable housing opportunities. Based on 2011-2015 American Community Survey data, the affordability ratio for the assessment area is 0.42, compared to the state of Michigan ratio of 0.41. Overall, housing affordability within the assessment area is comparable to the state of Michigan.

Trends in Housing Costs 2010 and 2015				
Area	2006-2010 Median Housing Value	2011-2015 Median Housing Value	2006-2010 Median Gross Rent	2011-2015 Median Gross Rent
Lenawee County	140,400	114,900	646	731
State of Michigan	144,200	122,400	723	783
<i>Source: 2010—U.S. Census Bureau: Decennial Census 2011-2015—U.S. Census Bureau: American Community Survey</i>				

Employment Conditions

The following table presents the unemployment rates in Lenawee County and the state of Michigan. Based on the Bureau of Labor Statistics' Local Area Unemployment Statistics, unemployment in Lenawee County has decreased steadily, from 4.5 percent in 2016 to 3.9 percent in 2019. Similarly, unemployment rates declined from 4.9 percent to 4.1 percent in the state of Michigan over the same time period. The community representative noted that overall, small businesses are growing and thriving, even during the COVID-19 pandemic. Businesses such as restaurants have also been able to thrive and adapt. There has also been a rise in entrepreneurial activity as individuals have sought to start their own small businesses. The contact stated that business activity in the area has shifted from attempting to attract large companies to Lenawee County to attracting more skilled labor. They believe this will become more feasible as remote work allows workers in high-skill industries to reside in more rural locations.

Unemployment Rates (%)				
Area	2016	2017	2018	2019
State of Michigan	4.9	4.6	4.1	4.1
Lenawee County	4.5	4.7	4.1	3.9

Source: Bureau of Labor Statistics: Local Area Unemployment Statistics

Industry Characteristics

The following table presents the largest employers operating in the assessment area. According to data from the U.S. Department of Labor, the majority of employers in the assessment area are in manufacturing, healthcare, and retail. The community representative mentioned that economic conditions have been generally favorable employers in the assessment area, and that there has been a shortage of labor among manufacturers. Economic development agencies have shifted their focus to attracting skilled labor to the area, and cannabis-related businesses have also provided employment opportunities and large windfalls of tax revenue for the area.

Largest Employers in the Assessment Area		
Company	Number of Employees	Industry
Inteva Products LLC	1250	Plastics & Plastic Products (Mfrs)
Lenawee Health Alliance Phys	700	Physical Therapists
Walmart Supercenter	450	Department Stores
Promedica Bixby Hospital	445	Hospitals
Wacker Chemical Corp	400	Adhesives & Sealants (Mfrs)
L & W Engineering Plant 4	400	Engineers
Hi-Lex Controls	400	Electro Mechanical Systems (Mfrs)
Pro Medica Herrick Manor	350	Residential Care Homes
Gus Harrison Correctional	345	Government Offices-State

Source: Business information provided by Infogroup®, Omaha, NE

Community Representative

One community representative with knowledge of economic development within Lenawee County was contacted during this evaluation to gain a greater understanding of credit needs within the assessment area. The representative indicated that economic conditions in the county, despite the COVID-19 pandemic, were actually favorable for businesses. Even industries that would be expected to decline, such as food service and restaurants, have adapted and grown. However, the representative noted a lack of mid-size housing in the area, which is a concern as demand grows due to an increase in remote working conditions. Overall, the representative believed local financial institutions to be responsive to community credit needs for businesses, especially regarding Paycheck Protection Program lending.

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS IN NON-METROPOLITAN MICHIGAN – LENAWEЕ COUNTY

LENDING TEST

Geographic Distribution of Loans

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

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

Small Business

The following table summarizes the bank's small business lending by the income level designation of the geography from January 1, 2020 to November 30, 2020. Lending performance demonstrates a reasonable geographic distribution of loans given the bank's assessment area. Although there are no businesses located in low-income tracts, the bank originated 13.3 percent of small business loans in moderate-income tracts, which is lower than the 17.6 percent of businesses in moderate-income tracts. Considering the low volume of loans and local competition, this performance is reasonable.

Geographic Distribution of Small Business Loans						
Assessment Area: 2020 MI Non MSA						
	Tract Income Levels	Bank & Demographic Comparison				
				2020		Total Businesses
		Count Bank		Dollar Bank		
		#	%	\$ 000s	\$ %	%
Small Business	Low	0	0.0	0	0.0	0.0
	Moderate	2	13.3	48	11.3	17.6
	Middle	10	66.7	288	67.9	53.9
	Upper	3	20.0	88	20.8	28.5
	Unknown	0	0.0	0	0.0	0.0
	Total		15	100.0	424	100.0

2020 FFIEC Census Data & 2020 Dun & Bradstreet information according to 2015 ACS
Note: Percentages may not add to 100.0 percent due to rounding

Lending to Businesses of Different Sizes

This performance criterion evaluates the bank’s lending to businesses of different revenue sizes. Small business lending was the focus of this review as it is the primary business line of the bank. Overall, the bank’s borrower distribution reflects reasonable penetration among businesses of different revenue sizes.

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

Small Business

The borrower distribution of small business loans among businesses of different revenue sizes is reasonable. The bank originated 15 small business loans, with 100 percent of those loans going to businesses with unknown revenue. The bank originated a substantial amount of Paycheck Protection Program commercial loans that did not require revenue to be reported and thus are reflected as “unknown” in the analysis. Of those 15 loans, 100 percent were in amounts of \$100,000 or less, which are most beneficial to small businesses. Community representatives indicated that there is a need for smaller dollar amount commercial loans due to an increasing number of small businesses being created in the assessment area. The bank’s focus on generating small dollar business loans is particularly responsive to the specific needs of local small businesses. This exceeds performance observed at the previous examination. The following table provides detailed information on the bank’s distribution of small business loans by revenue and loan size from January 1, 2020 to November 30, 2020.

Small Business Lending By Revenue & Loan Size							
Assessment Area: 2020 MI Non MSA							
Product Type		Bank & Demographic Comparison					
		Count Bank		2020 Dollar Bank		Total Businesses	
		#	%	\$ 000s	%	%	
Small Business	Revenue	\$1 Million or Less	0	0.0	0	0.0	91.8
		Over \$1 Million	0	0.0	0	0.0	6.8
		Unknown	15	100.0	424	100.0	1.3
		Total	15	100.0	424	100.0	100.0
	Loan Size	\$100,000 or Less	15	100.0	424	100.0	
		\$100,001 - \$250,000	0	0.0	0	0.0	
		\$250,001 - \$1 Million	0	0.0	0	0.0	
		Total	15	100.0	424	100.0	
	Loan Size & Rev \$1 Mill or Less	\$100,000 or Less	0	0.0	0	0.0	
		\$100,001 - \$250,000	0	0.0	0	0.0	
		\$250,001 - \$1 Million	0	0.0	0	0.0	
		Total	0	0.0	0	0.0	

Originations & Purchases
2020 FFIEC Census Data & 2020 Dun & Bradstreet information according to 2015 ACS
Note: Percentages may not add to 100.0 percent due to rounding

ANN ARBOR, MI MSA – FULL REVIEW

SCOPE OF EXAMINATION

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

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

Bank Michigan operates one branch in Washtenaw County and one full-service ATM, which are located in a middle-income census tract in Ann Arbor, Michigan. The assessment area includes all 100 census tracts in Washtenaw County which comprises the entire MSA. Of the 100 census tracts, 16 are low-, 16 are moderate -, 37 are middle-, 25 are upper-, and 6 are unknown-income census tracts. The bank added this assessment area since the previous evaluation, due to its conversion of a loan production office (LPO) to a full-service branch in 2020.

According to the FDIC Deposit Market Share Report dated June 30, 2020, Bank Michigan ranks 18th of 19 institutions in the Ann Arbor, MI MSA. The prominent market leaders are Chase Bank and KeyBank, N.A. with 18.4 percent and 13.5 percent of the deposit share, respectively.

Assessment Area: 2020 Ann Arbor, MI MSA 11460								
Income Categories	Tract Distribution		Families by Tract Income		Families < Poverty Level as % of Families by Tract		Families by Family Income	
	#	%	#	%	#	%	#	%
Low-income	16	16.0	8,921	11.2	2,461	27.6	18,032	22.7
Moderate-income	16	16.0	10,689	13.5	1,261	11.8	13,501	17.0
Middle-income	37	37.0	33,861	42.7	2,054	6.1	15,572	19.6
Upper-income	25	25.0	25,698	32.4	484	1.9	32,268	40.7
Unknown-income	6	6.0	204	0.3	67	32.8	0	0.0
Total Assessment Area	100	100.0	79,373	100.0	6,327	8.0	79,373	100.0
	Housing Units by Tract	Housing Types by Tract						
		Owner-Occupied			Rental		Vacant	
		#	%	%	#	%	#	%
Low-income	23,605	5,440	6.6	23.0	15,959	67.6	2,206	9.3
Moderate-income	21,049	9,873	12.0	46.9	9,787	46.5	1,389	6.6
Middle-income	60,457	36,901	44.7	61.0	19,025	31.5	4,531	7.5
Upper-income	40,983	30,117	36.5	73.5	8,317	20.3	2,549	6.2
Unknown-income	3,004	194	0.2	6.5	2,454	81.7	356	11.9
Total Assessment Area	149,098	82,525	100.0	55.3	55,542	37.3	11,031	7.4
	Total Businesses by Tract	Businesses by Tract & Revenue Size						
		Less Than or = \$1 Million		Over \$1 Million		Revenue Not Reported		
		#	%	#	%	#	%	#
Low-income	1,525	8.7	1,381	8.6	139	9.7	5	4.5
Moderate-income	1,621	9.2	1,520	9.5	94	6.6	7	6.3
Middle-income	7,712	43.8	7,006	43.7	652	45.7	54	48.6
Upper-income	5,652	32.1	5,204	32.4	409	28.6	39	35.1
Unknown-income	1,078	6.1	938	5.8	134	9.4	6	5.4
Total Assessment Area	17,588	100.0	16,049	100.0	1,428	100.0	111	100.0
		Percentage of Total Businesses:		91.2		8.1		0.6
	Total Farms by Tract	Farms by Tract & Revenue Size						
		Less Than or = \$1 Million		Over \$1 Million		Revenue Not Reported		
		#	%	#	%	#	%	#
Low-income	1	0.3	1	0.3	0	0.0	0	0.0
Moderate-income	17	4.7	16	4.5	1	33.3	0	0.0
Middle-income	232	64.8	230	65.0	2	66.7	0	0.0
Upper-income	108	30.2	107	30.2	0	0.0	1	100.0
Unknown-income	0	0.0	0	0.0	0	0.0	0	0.0
Total Assessment Area	358	100.0	354	100.0	3	100.0	1	100.0
		Percentage of Total Farms:		98.9		0.8		0.3
2020 FFIEC Census Data & 2020 Dun & Bradstreet information according to 2015 ACS								
<i>Note: Percentages may not add to 100.0 percent due to rounding</i>								

Population Characteristics

The table below presents the population trends for Washtenaw county and the state of Michigan from 2010 to 2015. The entirety of Washtenaw County comprises the bank’s Ann Arbor, MI MSA assessment area. Based on 2015 U.S. Census Bureau data, the population within Washtenaw County was 354,092, representing a slight 2.7 percent increase in population since the 2010 census. During the same time period, the state of Michigan remained relatively stable. According to a community representative, there has been a shift of attitude towards living in the area. Specifically, University of Michigan students have become more aware of professional opportunities in the area, instead of seeking them in larger metropolitan areas. Washtenaw County, the representative noted, is finally gaining slightly more population than it is losing. The representative also stated that workers moving within Michigan are more likely to move to Ann Arbor, while those moving out of Washtenaw County are more likely to move out of state. Technology companies have also succeeded in attracting talent, as quality of life and expenses are far less compared to larger cities with technology hubs.

Population Change 2010 and 2015			
Area	2010 Population	2011-2015 Population	Percentage Change
Washtenaw County	344,791	354,092	2.7
State of Michigan	9,883,640	9,900,571	0.2
<i>Source: 2010—U.S. Census Bureau: Decennial Census 2011 - 2015—U.S. Census Bureau: Annual Population Estimates OR 2010—U.S. Census Bureau: Decennial Census</i>			

Income Characteristics

The following table presents the median family income (MFI) for families living in Washtenaw County and the state of Michigan. According to 2015 U.S. Census Bureau data, the MFI in Washtenaw County was \$87,331. This represents a notable increase from the 2010 census, and MFI for the county remains well above MFI for the state of Michigan, at \$62,247. Regarding families by family income in the assessment area, 22.7 percent are low-income, 17.0 percent are moderate-income, and 8.0 percent were designated as living below the poverty line according to the 2015 American Community Survey Census Bureau.

The community representative noted that MFI in the assessment area is heavily influenced by the University of Michigan, which has a significant resources and budget for conducting research. Additionally, there are a lot of advanced technology companies in sectors such as life science and cyber-security whose employees’ salaries push wages higher in aggregate. In contrast, the Ypsilanti area is more concentrated in manufacturing, and has not fully recovered from the great recession. Higher-income individuals and families moving into the area has also caused tension among long-time residents. While MFI may appear higher overall, representatives reiterated that it is important to realize that wealth gains are not equally

distributed across the county. Gains were made in 2019 but were lost during the onset of the COVID-19 pandemic.

Median Family Income Change 2010 and 2015			
Area	2006-2010 Median Family Income	2011-2015 Median Family Income	Percentage Change
Washtenaw County	82,184	87,331	6.3
State of Michigan	60,341	62,247	3.2
<i>Source: 2006-2010—U.S. Census Bureau: Decennial Census 2011-2015—U.S. Census Bureau: American Community Survey</i>			

Housing Characteristics

The following table presents the housing cost trends in the assessment area and the state of Michigan. Based on American Community Survey Data, there are 149,098 housing units in Washtenaw County. Of those housing units, 55.3 percent are owner-occupied, 37.3 percent are rental units, and 7.4 percent are vacant units. According to community representatives, relative to the state of Michigan and the Midwest, it is very expensive to live in Ann Arbor. Referring to the data in the table below, median housing values in Washtenaw County from 2010 to 2015 have experience a decrease of 3.7 percent. A representative stated that Ann Arbor has a unique housing market as most homes are higher priced and there is a lack of supply. The majority of new housing development is luxury housing, or multi-family units. Median gross rent also remained relatively stable and below the state of Michigan.

A common method of comparing relative affordability of housing across geographic areas is the affordability ratio, which is defined in Appendix C. A higher ratio represents more affordable housing opportunities. Based on 2011-2015 American Community Survey data, the affordability ratio for the assessment area is 0.29 compared to the state of Michigan ratio of 0.41. As stated previously, the community representative stated that there is a shortage of affordable housing in Washtenaw County, and most new housing construction is geared towards luxury and high-end homes. Overall, housing is less affordable within the assessment area when compared to the state of Michigan.

Trends in Housing Costs 2010 and 2015				
Location	2006-2010 Median Housing Value	2011-2015 Median Housing Value	2006-2010 Median Gross Rent	2011-2015 Median Gross Rent
Washtenaw County	216,200	208,200	866	953
State of Michigan	144,200	122,400	723	783

*Source: 2010—U.S. Census Bureau: Decennial Census
2011-2015—U.S. Census Bureau: American Community Survey*

Employment Conditions

The following table presents the unemployment rates in the assessment area and the state of Michigan. Based on the Bureau of Labor Statistics’ Local Area Unemployment Statistics, unemployment in Washtenaw County has decreased steadily, from 3.4 percent in 2016 to 2.9 percent in 2019. Similarly, unemployment rates declined from 4.9 percent to 4.1 percent in the state of Michigan over the same time period. Community representatives noted that the Ann Arbor MSA has historically had a stable labor market, but that the economic disparity between the Ann Arbor University area and Ypsilanti is apparent. The representative also noted that although the university presence has historically shielded the county from more severe effects of economic recession, the COVID-19 impact was unique in that it had an adverse effect on the university and its affiliates.

Unemployment Rates				
Region	2016	2017	2018	2019
Washtenaw County	3.4	3.5	3.0	2.9
State of Michigan	4.9	4.6	4.1	4.1

Source: Bureau of Labor Statistics: Local Area Unemployment Statistics

Industry Conditions

The following table presents the largest employers operating in the assessment area. According to data from the U.S. Department of Labor, the majority of employers in the assessment area are in higher education, healthcare/hospitals, and other education-related industries. Community representatives specifically mentioned the University of Michigan as having a strong influence on employment trends and wages in the area, as there is a local emphasis on higher skill and research-based work. Representatives stated that although the COVID-19 pandemic in 2020 has had negative economic effects on manufacturing, technology and other skilled labor industries have been able to withstand the most severe economic impact.

Largest Employers in the Assessment Area		
Company	Number of Employees	Industry
University of Michigan	23316	Schools-Universities & Colleges Academic
Child & Adolescent Psychiatry	23000	Physicians & Surgeons
University of MI Health System	14933	Hospitals
St Joseph Mercy Ann Arbor	5427	Hospitals
Ann Arbor VA Hospital Med Ctr	3086	Government-Specialty Hosp Ex Psychiatric
Emu Business & Finance-Cfo	2000	University-College Dept/Facility/Office
Chrysler Group Chelsea Proving	1999	Automobile Emission Testing
Washtenaw Community College	1283	Junior-Community College-Tech Institutes
Homefront Hugs USA Inc	1001	Organizations
<i>Source: Business information provided by Infogroup®, Omaha, NE</i>		

Community Representative

One community representative with knowledge of economic development conditions within Washtenaw County was contacted during this evaluation to gain a greater understanding of credit needs within the assessment area. The representative indicated that economic conditions in Washtenaw County, though negatively impacted by the COVID-19 pandemic in 2020, were strong in some sectors and weaker in others. Industries such as research, education, and technology are growing, while industries such as manufacturing are declining. Overall, the representative noted that local financial institutions did provide some PPP funding, but such funding was not equitably distributed across the assessment area. The representative stated a need for more creative loan products that could help address credit needs in underserved or economically distressed areas.

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

LENDING TEST

Geographic Distribution of Loans

The bank's geographic distribution of small business loans reflects reasonable dispersion throughout the bank's assessment area. Small business lending was the focus of this evaluation as commercial lending is the primary focus of the bank.

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

Small Business

The following table summarizes the bank’s small business lending by the income level designation of the geography from January 1, 2020 to November 30, 2020. Lending performance demonstrates an outstanding geographic distribution of loans given the bank’s assessment area. The bank originated 26.3 percent of small business loans in low-income tracts, which represent 8.7 percent of businesses in the assessment area. The bank originated 5.3 percent of small business loans in moderate-income tracts, which comprise 9.2 percent of businesses in the assessment area. Although the total loan volume during the evaluation period is relatively low, the bank’s lending exceeds the percentage of businesses in low-income tracts and the majority of the bank’s loans, by dollar volume, were made to small businesses within low-income tracts.

Geographic Distribution of Small Business Loans						
Assessment Area: 2020 Ann Arbor, MI MSA 11460						
	Tract Income Levels	Bank & Demographic Comparison				Total Businesses %
		Count Bank		2020 Dollar Bank		
		#	%	\$ 000s	\$ %	
Small Business	Low	5	26.3	986	57.9	8.7
	Moderate	1	5.3	58	3.4	9.2
	Middle	5	26.3	222	13.0	43.8
	Upper	7	36.8	407	23.9	32.1
	Unknown	1	5.3	30	1.8	6.1
	Total	19	100.0	1,702	100.0	100.0

2020 FFIEC Census Data & 2020 Dun & Bradstreet information according to 2015 ACS
Note: Percentages may not add to 100.0 percent due to rounding

Lending to Businesses of Different Sizes

The bank’s lending to businesses of different revenue sizes reflects reasonable penetration. Small business lending was the focus of this evaluation as they are the primary business line of the bank.

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

Small Business

The borrower distribution of small business loans among businesses of different revenue sizes is reasonable. The bank originated 19 small business loans, with 17 of those loans going to

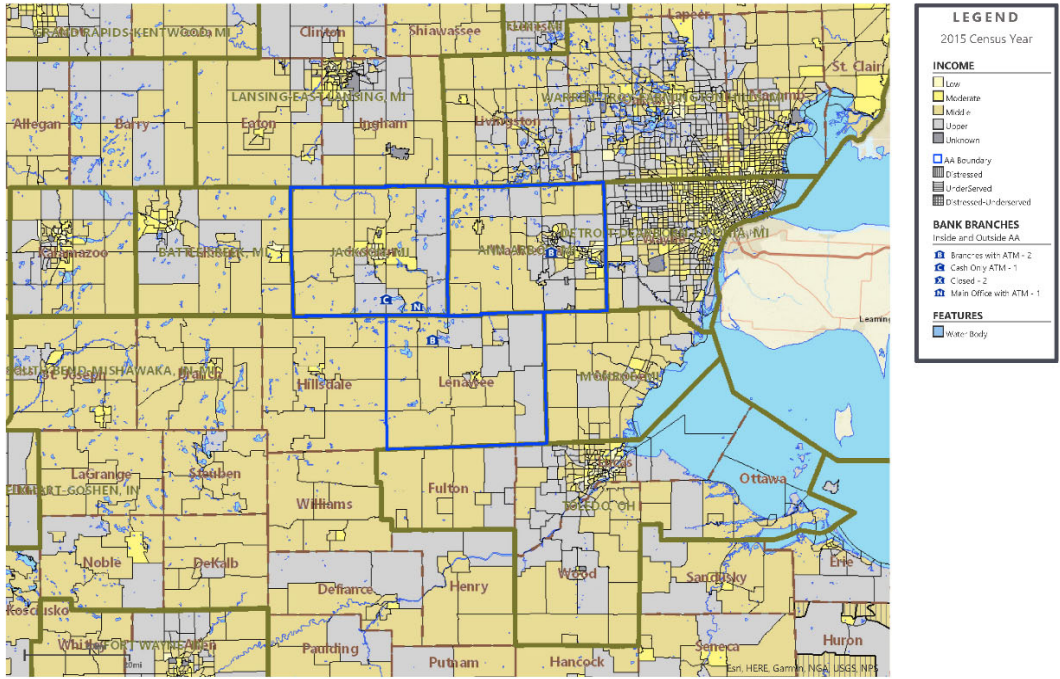
businesses with unknown revenue. It is important to note that the bank originated a substantial amount of Paycheck Protection Program commercial loans that did not require revenue to be reported, and thus are reflected as “unknown” in the analysis. Of those 19 loans, 68.4 percent were in amounts of \$100,000 or less, which are most beneficial to small businesses. Although percentages are put in context by the overall lower lending volume, performance remains reasonable. The following table provides detailed information on the bank’s distribution of small business loans by revenue and loan size from January 1, 2020 to November 30, 2020.

Small Business Lending By Revenue & Loan Size							
Assessment Area: 2020 Ann Arbor, MI MSA 11460							
Product Type		Bank & Demographic Comparison					
		2020					
		Count Bank		Dollar Bank		Total Businesses	
		#	%	\$ 000s	\$ %	%	
Small Business	Revenue	\$1 Million or Less	0	0.0	0	0.0	91.2
		Over \$1 Million	2	10.5	300	17.6	8.1
		Unknown	17	89.5	1,402	82.4	0.6
		Total	19	100.0	1,702	100.0	100.0
	Loan Size	\$100,000 or Less	13	68.4	326	19.1	
		\$100,001 - \$250,000	5	26.3	790	46.4	
		\$250,001 - \$1 Million	1	5.3	587	34.5	
		Total	19	100.0	1,703	100.0	
	Loan Size & Rev \$1 Mill or Less	\$100,000 or Less	0	0.0	0	0.0	
		\$100,001 - \$250,000	0	0.0	0	0.0	
\$250,001 - \$1 Million		0	0.0	0	0.0		
Total		0	0.0	0	0.0		

Originations & Purchases
2020 FFIEC Census Data & 2020 Dun & Bradstreet information according to 2015 ACS
Note: Percentages may not add to 100.0 percent due to rounding

APPENDIX A – Maps of Assessment Area

Bank Michigan 382742
Combined Assessment Area



APPENDIX B – Scope of Examination

SCOPE OF EXAMINATION			
TIME PERIOD REVIEWED		December 1, 2019 – November 30, 2020	
FINANCIAL INSTITUTION			PRODUCTS REVIEWED
Bank Michigan			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
JACKSON, MI MSA #27100	Full Review	None	N/A
NON MSA MI – LENAWEЕ COUNTY	Full Review	None	N/A
ANN ARBOR, MI MSA #11460	Full Review	None	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.¹

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 uninsured state branch (other than a limited branch) of a foreign bank described in section

¹ Source: FFIEC press release dated October 19, 2011.

228.11(c)(2).

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

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

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

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

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

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

- 1) Low- or moderate-income geographies;
- 2) Designated disaster areas; or
- 3) Distressed or underserved nonmetropolitan middle-income geographies designated by the Board, Federal Deposit Insurance Corporation and Office of the Comptroller of the Currency based on:

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

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

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

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

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

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

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

Fair market rent: Fair market rents (FMRs) are gross rent estimates. They include the shelter rent plus the cost of all tenant-paid utilities, except telephones, cable or satellite television service, and internet service. HUD sets FMRs to assure that a sufficient supply of rental housing is available to their program participants. To accomplish this objective, FMRs must be both high enough to permit a selection of units and neighborhoods and low enough to serve as many low-income families as possible. The level at which FMRs are set is expressed as a percentile point within the rent distribution of standard-quality rental housing units. The current definition used is the 40th

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

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

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

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

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

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

Income Level: Income level means:

- 1) Low-income – an individual income that is less than 50 percent of the area median income, or a median family income that is less than 50 percent in the case of a census tract;
- 2) Moderate-income – an individual income that is at least 50 percent and less than 80 percent of the area median income, or a median family income that is at least 50 percent and less than 80 percent in the case of a census tract;
- 3) Middle-income – an individual income that is at least 80 percent and less than 120 percent of the area median income, or a median family income that is at least 80 percent and less than 120 percent in the case of a census tract; and
- 4) Upper-income – an individual income that is at least 120 percent of the area median

income, or a median family income that is at least 120 percent in the case of a census tract.

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

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

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

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

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

Loan production office: This term refers to a staffed facility, other than a branch, that is open to the public and that provides lending-related services, such as loan information and applications.

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

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

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

more bordering states is called a multistate metropolitan statistical area.

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

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

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

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

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

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

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

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

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

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

APPENDIX D – Assessment Area Overview

Assessment Area: 2019 Jackson, MI MSA 27100									
Income Categories	Tract Distribution		Families by Tract Income		Families < Poverty Level as % of Families by Tract		Families by Family Income		
	#	%	#	%	#	%	#	%	
Low-income	6	15.8	3,504	8.8	1,654	47.2	8,910	22.3	
Moderate-income	9	23.7	7,028	17.6	1,361	19.4	6,996	17.5	
Middle-income	14	36.8	20,124	50.4	1,772	8.8	8,057	20.2	
Upper-income	8	21.1	9,274	23.2	371	4.0	15,967	40.0	
Unknown-income	1	2.6	0	0.0	0	0.0	0	0.0	
Total Assessment Area	38	100.0	39,930	100.0	5,158	12.9	39,930	100.0	
	Housing Units by Tract	Housing Types by Tract							
		Owner-Occupied				Rental		Vacant	
		#	%	%	#	%	#	%	
Low-income	6,780	2,485	5.7	36.7	3,214	47.4	1,081	15.9	
Moderate-income	14,319	6,790	15.6	47.4	5,487	38.3	2,042	14.3	
Middle-income	32,454	23,375	53.7	72.0	5,948	18.3	3,131	9.6	
Upper-income	15,568	10,905	25.0	70.0	2,387	15.3	2,276	14.6	
Unknown-income	0	0	0.0	0.0	0	0.0	0	0.0	
Total Assessment Area	69,121	43,555	100.0	63.0	17,036	24.6	8,530	12.3	
	Total Businesses by Tract	Businesses by Tract & Revenue Size							
		Less Than or = \$1 Million				Over \$1 Million		Revenue Not Reported	
		#	%	#	%	#	%	#	%
Low-income	568	10.2	464	9.3	101	18.1	3	5.8	
Moderate-income	1,574	28.2	1,344	27.0	221	39.6	9	17.3	
Middle-income	2,273	40.7	2,086	41.9	157	28.1	30	57.7	
Upper-income	1,168	20.9	1,079	21.7	79	14.2	10	19.2	
Unknown-income	5	0.1	5	0.1	0	0.0	0	0.0	
Total Assessment Area	5,588	100.0	4,978	100.0	558	100.0	52	100.0	
	Percentage of Total Businesses:			89.1		10.0		0.9	
	Total Farms by Tract	Farms by Tract & Revenue Size							
		Less Than or = \$1 Million				Over \$1 Million		Revenue Not Reported	
		#	%	#	%	#	%	#	%
Low-income	1	0.5	1	0.5	0	0.0	0	0.0	
Moderate-income	5	2.4	5	2.5	0	0.0	0	0.0	
Middle-income	146	70.5	143	70.4	3	75.0	0	0.0	
Upper-income	55	26.6	54	26.6	1	25.0	0	0.0	
Unknown-income	0	0.0	0	0.0	0	0.0	0	0.0	
Total Assessment Area	207	100.0	203	100.0	4	100.0	0	0.0	
	Percentage of Total Farms:			98.1		1.9		0.0	
2019 FFIEC Census Data & 2019 Dun & Bradstreet information according to 2015 ACS									
Note: Percentages may not add to 100.0 percent due to rounding									

Assessment Area: 2019 MI Non MSA								
Income Categories	Tract Distribution		Families by Tract Income		Families < Poverty Level as % of Families by Tract		Families by Family Income	
	#	%	#	%	#	%	#	%
Low-income	0	0.0	0	0.0	0	0.0	4,132	16.4
Moderate-income	4	17.4	3,035	12.1	793	26.1	4,368	17.4
Middle-income	13	56.5	13,842	55.1	1,186	8.6	5,202	20.7
Upper-income	6	26.1	8,257	32.9	438	5.3	11,432	45.5
Unknown-income	0	0.0	0	0.0	0	0.0	0	0.0
Total Assessment Area	23	100.0	25,134	100.0	2,417	9.6	25,134	100.0
	Housing Units by Tract	Housing Types by Tract						
		Owner-Occupied		Rental		Vacant		
		#	%	#	%	#	%	
Low-income	0	0	0.0	0.0	0	0.0	0	0.0
Moderate-income	6,694	2,963	10.2	44.3	2,935	43.8	796	11.9
Middle-income	24,176	16,447	56.4	68.0	4,005	16.6	3,724	15.4
Upper-income	12,542	9,770	33.5	77.9	1,844	14.7	928	7.4
Unknown-income	0	0	0.0	0.0	0	0.0	0	0.0
Total Assessment Area	43,412	29,180	100.0	67.2	8,784	20.2	5,448	12.5
	Total Businesses by Tract	Businesses by Tract & Revenue Size						
		Less Than or = \$1 Million		Over \$1 Million		Revenue Not Reported		
		#	%	#	%	#	%	
Low-income	0	0.0	0	0.0	0	0.0	0	0.0
Moderate-income	625	17.1	561	16.8	61	22.8	3	6.1
Middle-income	2,005	54.8	1,839	55.0	140	52.4	26	53.1
Upper-income	1,032	28.2	946	28.3	66	24.7	20	40.8
Unknown-income	0	0.0	0	0.0	0	0.0	0	0.0
Total Assessment Area	3,662	100.0	3,346	100.0	267	100.0	49	100.0
	Percentage of Total Businesses:			91.4		7.3		1.3
	Total Farms by Tract	Farms by Tract & Revenue Size						
		Less Than or = \$1 Million		Over \$1 Million		Revenue Not Reported		
		#	%	#	%	#	%	
Low-income	0	0.0	0	0.0	0	0.0	0	0.0
Moderate-income	3	0.9	3	0.9	0	0.0	0	0.0
Middle-income	208	62.5	205	63.1	3	42.9	0	0.0
Upper-income	122	36.6	117	36.0	4	57.1	1	100.0
Unknown-income	0	0.0	0	0.0	0	0.0	0	0.0
Total Assessment Area	333	100.0	325	100.0	7	100.0	1	100.0
	Percentage of Total Farms:			97.6		2.1		0.3
2019 FFIEC Census Data & 2019 Dun & Bradstreet information according to 2015 ACS								
Note: Percentages may not add to 100.0 percent due to rounding								

Assessment Area: 2019 Ann Arbor, MI MSA 11460								
Income Categories	Tract Distribution		Families by Tract Income		Families < Poverty Level as % of Families by Tract		Families by Family Income	
	#	%	#	%	#	%	#	%
Low-income	16	16.0	8,921	11.2	2,461	27.6	18,032	22.7
Moderate-income	16	16.0	10,689	13.5	1,261	11.8	13,501	17.0
Middle-income	37	37.0	33,861	42.7	2,054	6.1	15,572	19.6
Upper-income	25	25.0	25,698	32.4	484	1.9	32,268	40.7
Unknown-income	6	6.0	204	0.3	67	32.8	0	0.0
Total Assessment Area	100	100.0	79,373	100.0	6,327	8.0	79,373	100.0
	Housing Units by Tract	Housing Types by Tract						
		Owner-Occupied		Rental		Vacant		
		#	%	%	#	%	#	%
Low-income	23,605	5,440	6.6	23.0	15,959	67.6	2,206	9.3
Moderate-income	21,049	9,873	12.0	46.9	9,787	46.5	1,389	6.6
Middle-income	60,457	36,901	44.7	61.0	19,025	31.5	4,531	7.5
Upper-income	40,983	30,117	36.5	73.5	8,317	20.3	2,549	6.2
Unknown-income	3,004	194	0.2	6.5	2,454	81.7	356	11.9
Total Assessment Area	149,098	82,525	100.0	55.3	55,542	37.3	11,031	7.4
	Total Businesses by Tract	Businesses by Tract & Revenue Size						
		Less Than or = \$1 Million		Over \$1 Million		Revenue Not Reported		
		#	%	#	%	#	%	#
Low-income	1,466	8.6	1,321	8.5	140	9.6	5	4.8
Moderate-income	1,592	9.3	1,484	9.6	101	6.9	7	6.7
Middle-income	7,384	43.2	6,674	43.0	662	45.5	48	46.2
Upper-income	5,548	32.5	5,096	32.8	415	28.5	37	35.6
Unknown-income	1,104	6.5	960	6.2	137	9.4	7	6.7
Total Assessment Area	17,094	100.0	15,535	100.0	1,455	100.0	104	100.0
		Percentage of Total Businesses:		90.9		8.5		0.6
	Total Farms by Tract	Farms by Tract & Revenue Size						
		Less Than or = \$1 Million		Over \$1 Million		Revenue Not Reported		
		#	%	#	%	#	%	#
Low-income	1	0.3	1	0.3	0	0.0	0	0.0
Moderate-income	15	4.1	14	3.9	1	33.3	0	0.0
Middle-income	233	64.4	231	64.5	2	66.7	0	0.0
Upper-income	113	31.2	112	31.3	0	0.0	1	100.0
Unknown-income	0	0.0	0	0.0	0	0.0	0	0.0
Total Assessment Area	362	100.0	358	100.0	3	100.0	1	100.0
		Percentage of Total Farms:		98.9		0.8		0.3
2019 FFIEC Census Data & 2019 Dun & Bradstreet information according to 2015 ACS								
Note: Percentages may not add to 100.0 percent due to rounding								

BANK OFFICE LOCATIONS & HOURS

BRANCH LOCATIONS

CENSUS TRACT

Lenawee County – Cambridge Township

Onsted Office

112 S Main St

0603.02

Onsted MI 49265

Hours: Monday – Friday - 9:00 AM – 5:00 PM

Saturday – 9:00 AM – 12:00 PM (Drive-Thru Only)

ATM: Drive-thru 24 Hours – Full Service

Jackson County – Columbia Township

Main Office

417 S Main St

0063.03

Brooklyn MI 49230

Hours: Monday – Friday - 9:00 AM – 5:00 PM

Saturday – 9:00 AM – 12:00 PM (Drive-Thru Only)

ATM: Drive-thru 24 Hours – Full Service

Washtenaw County – City of Ann Arbor

Ann Arbor Office

305 E Eisenhower

Ann Arbor MI 48104

Hours: Monday – Friday – 9:00 AM – 5:00 PM (Drive-Thru Only)

4045.00

ATM: Drive-thru 24 Hours – Full Service

BRANCH OPENINGS AND CLOSINGS

Branch Openings

Bank Michigan had no branch openings during the years of 2023, 2024 or during the 1st Quarter of 2025.

Branch Closings

Bank Michigan had no branch closures during the years of 2023, 2024 or during the 1st Quarter of 2025.

SERVICES OFFERED

Bank Michigan offers a complete array of banking services:

DEPOSIT PRODUCTS

Checking Accounts:

Clearly Free Checking
Advantage
50 or Better
Money Market Investment
High Interest Platinum
Next Gen
Health Savings Account
Business

Savings Accounts:

Premier Savings
Statement Savings
Statement Savings Youth
Business

Time Deposits:

CD's
IRA's

Miscellaneous:

Safe Deposit Boxes

LOAN PRODUCTS

Consumer Loans:

Secured & Unsecured

Home Equity Programs:

Home Equity Term Loans
Home Equity Line of Credit

Real Estate Mortgages:

In House Mortgage
Brokered Mortgage

Commercial:

Commercial/AG Monthly
Commercial/AG Single Pay
Commercial/AG Lines of Credit

Mortgage Refinance - In House

Application Fee	\$375
Credit Report	\$16 single/ \$32 joint
Flood	\$10
Lenders Title Policy	Based on loan amount
Title Closing Fee	\$175-\$300
Recording Fee	\$44
Prepaid Interest	Varies
Escrows	If applicable

Mortgage Purchase - In House

Application Fee	\$375
Credit Report	\$16 single/ \$32 joint
Flood	\$10
Lenders Title Policy	Based on loan amount
Owners Title Policy	Based on sales price
Title Closing Fee	\$400 - \$500
Recording Fee	\$44
Prepaid Interest	Varies
Escrows	If applicable
1 Year Homeowner's Insurance	If applicable

Consumer Loans

Origination Fee	1 % of loan amount or \$150 minimum
Secretary of State	\$15 if applicable
UCC Filing Fee	\$15 if applicable

Commercial Loans

Loan Fee - new loan	.75% of loan amount or \$300 minimum-varies based on loan
Loan Fee - renewal	\$300 non-real estate/ \$500 real estate
Letter of Credit Fee	1% of loan amount or \$300 minimum
Floor Plan Check	Varies
Flood Certification Fee	\$9.00
Credit Report	\$16 per applicant
EDR Environmental Screen	\$100
Environmental Phase I or II	Phase I est. cost \$1100
UCC Filing Fee	\$15
UCC Search Fee	\$8 minimum or actual cost
Appraisal Fee	\$1200 - \$2500 est.
Title Insurance	Based on loan amount
Title Search	\$100 minimum or actual cost
Recording Fees	\$14 first page, \$3 each additional page
Mortgage Discharge Recording Fee	\$14

SCHEDULE OF FEES



BANK MICHIGAN
417 S MAIN PO BOX 738, BROOKLYN, MI 49230

BANK CHECKS

Personal Money Orders - \$500 Maximum	\$3.00 each
Cashier's Check - Minimum \$500	\$6.00 each
Counter Checks (first 5 complimentary)	\$1.00 each

ALL ACCOUNTS

Closed within 90 days of opening (except HSA Accounts)	\$50.00
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CHECKING

Use of Bounce Protection	\$32.00
Use of Automatic Overdraft Transfer	\$7.00 per transfer
NSF check charge per item	\$32.00
Stop Payment per item	\$32.00
Check Images - Copies of (front and back)	\$ 1.00 Per Copy
Check Images - Copies of (front & back)	NC Required for legal issue
Return of International Check	\$41.00
Dormant Account	\$2.00 per month
Business Returned Check Images	\$25.00
High Interest Platinum	\$6.00 Monthly Maint - Min. Daily Bal \$1500 > to avoid fee

BUSINESS CHECKING

Clearly Free Business Checking	\$0.15 per credit/debit item after the first 1000 within statement cycle
Business Checking	\$0.30 per debit item if below \$1000 Average Monthly Balance \$10.00 Monthly Maintenance Fee
Premier Business Checking	\$0.30 per debit item if below \$1000 Minimum Balance \$50.00 Monthly Maint – Min. Balance \$500,000 > to avoid fee
Business Interest Checking	\$0.15 per credit/debit item after the first 1000 within statement cycle \$6.00 Monthly Maint - Min. Daily Bal \$1500 > to avoid fee
Commercial Checking	\$0.15 per credit/debit item \$15.00 Monthly Maintenance Fee

PAPER STATEMENTS

All Consumer checking account types	\$3.00
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HSA

HSA Accounts closed within 365 days of opening	\$100.00
HSA Annual Fee (March)	\$15.00

RESEARCH AND RECONCILIATION

Research Request (written request signed by customer or their representative)	\$50.00 hourly (Min \$50 C.O.D.)
Reconciliation	\$50.00 hourly (Min \$50 C.O.D.)
Bank Error	NC

Safe Deposit Boxes

Small (3x5)	\$40.00 per year
Medium (3x10)	\$55.00 per year
Large (5x10)	\$85.00 per year
Extra Large (10x10)	\$135.00 per year
Safe Deposit Late Fee	20% of box rent
Drill out locks	\$255.00
Key Replacement	\$100.00

SAVINGS

Overdraft Charge	\$32.00
IRA Annual Fee	\$5.00

IRA Transfer (outgoing) fee	\$50.00
Dormant Account	\$6.00 per quarter
WIRE TRANSFERS	
Incoming Domestic or Foreign	\$17.00
Outgoing Domestic	\$35.00
Outgoing Foreign	\$55.00
ATM & DEBIT CARDS	
Lost Card Fee	\$5.00
New Pin Number	\$5.00
Foreign ATM transactions	\$3.00 per transaction
OTHER FEES	
Garnishment, Tax Levy, Injunctions, etc	\$90.00
Special Current Statement Request w/ Imaged Checks	\$50.00
In Office Statement Printouts	\$5.00
Medallion Signature Guarantee - Customer	NC
Notary Fees - Customer	NC
Notary Fees - Non-Customer	\$5.00 per document
Foreign Checks - Per Item	\$5.00
Incoming Faxes	\$1.00 per page
Outgoing Faxes	\$1.00 per page
Telephone Transfers	\$5.00

ASSESSMENT AREA

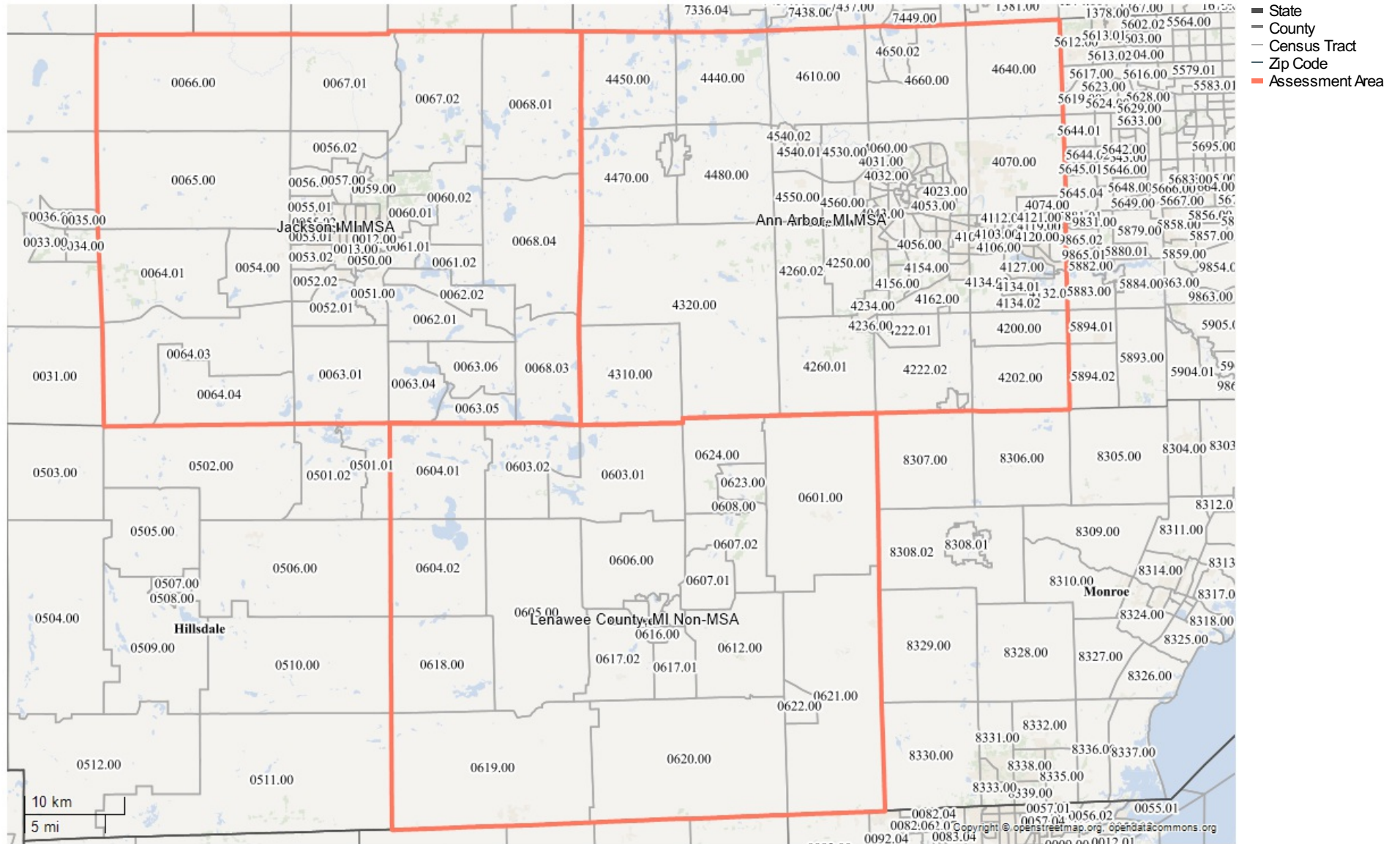
Bank Michigan's assessment area is to include all townships located in Jackson, Lenawee and Washtenaw County Michigan, located in South Central Michigan. Bank Michigan has elected to use counties as the basis for Bank Michigan's assessment area since 2016.

The Assessment Area is reaffirmed by Bank Michigan's Board of Directors periodically.

All Townships in Jackson County, Michigan

All Townships in Lenawee County, Michigan

All Townships in Washtenaw County, Michigan



Applied Filters

- Facility Status: (Open)
- CRA Loans: Loan File
- Real Estate Loans Action Taken Date: (7/28/1993 - 4/7/2023) and empty values
- Real Estate Loans: Loan File
- You are included in the HMDA benchmark.
- Area: (Ann Arbor, MI MSA, Jackson, MI MSA, Lenawee County, MI Non-MSA)

CRA Assessment Area Census Tracts by County

County	Census Tract	County	Census Tract	County	Census Tract
Washtenaw MI	4001.00	Jackson MI	0001.00	Lenawee MI	0601.00
Washtenaw MI	4003.00	Jackson MI	0002.00	Lenawee MI	0603.01
Washtenaw MI	4004.00	Jackson MI	0004.00	Lenawee MI	0603.02
Washtenaw MI	4005.00	Jackson MI	0005.00	Lenawee MI	0604.01
Washtenaw MI	4006.00	Jackson MI	0006.00	Lenawee MI	0604.02
Washtenaw MI	4007.00	Jackson MI	0008.00	Lenawee MI	0605.00
Washtenaw MI	4008.00	Jackson MI	0009.00	Lenawee MI	0606.00
Washtenaw MI	4021.00	Jackson MI	0010.00	Lenawee MI	0607.01
Washtenaw MI	4022.01	Jackson MI	0011.00	Lenawee MI	0607.02
Washtenaw MI	4023.00	Jackson MI	0012.00	Lenawee MI	0608.00
Washtenaw MI	4025.00	Jackson MI	0013.00	Lenawee MI	0612.00
Washtenaw MI	4026.01	Jackson MI	0050.00	Lenawee MI	0613.01
Washtenaw MI	4027.00	Jackson MI	0051.00	Lenawee MI	0613.02
Washtenaw MI	4031.00	Jackson MI	0052.01	Lenawee MI	0614.00
Washtenaw MI	4032.00	Jackson MI	0052.02	Lenawee MI	0615.00
Washtenaw MI	4033.00	Jackson MI	0053.01	Lenawee MI	0616.00
Washtenaw MI	4034.00	Jackson MI	0053.02	Lenawee MI	0617.01
Washtenaw MI	4035.00	Jackson MI	0054.00	Lenawee MI	0617.02
Washtenaw MI	4036.00	Jackson MI	0055.01	Lenawee MI	0618.00
Washtenaw MI	4038.00	Jackson MI	0055.02	Lenawee MI	0619.00
Washtenaw MI	4041.00	Jackson MI	0056.01	Lenawee MI	0620.00
Washtenaw MI	4042.00	Jackson MI	0056.02	Lenawee MI	0621.00
Washtenaw MI	4043.00	Jackson MI	0057.00	Lenawee MI	0622.00
Washtenaw MI	4044.00	Jackson MI	0058.00	Lenawee MI	0623.00
Washtenaw MI	4045.00	Jackson MI	0059.00	Lenawee MI	0624.00
Washtenaw MI	4046.00	Jackson MI	0060.01		
Washtenaw MI	4051.00	Jackson MI	0060.02		
Washtenaw MI	4052.00	Jackson MI	0061.01		
Washtenaw MI	4053.00	Jackson MI	0061.02		
Washtenaw MI	4054.00	Jackson MI	0062.01		
Washtenaw MI	4055.00	Jackson MI	0062.02		
Washtenaw MI	4056.00	Jackson MI	0063.01		
Washtenaw MI	4060.00	Jackson MI	0063.04		
Washtenaw MI	4070.00	Jackson MI	0063.05		
Washtenaw MI	4074.00	Jackson MI	0063.06		
Washtenaw MI	4076.00	Jackson MI	0064.01		
Washtenaw MI	4101.00	Jackson MI	0064.03		
Washtenaw MI	4102.00	Jackson MI	0064.04		
Washtenaw MI	4103.00	Jackson MI	0065.00		
Washtenaw MI	4104.00	Jackson MI	0066.00		
Washtenaw MI	4105.00	Jackson MI	0067.01		
Washtenaw MI	4106.00	Jackson MI	0067.02		
Washtenaw MI	4107.00	Jackson MI	0068.01		
Washtenaw MI	4108.00	Jackson MI	0068.03		
Washtenaw MI	4109.00	Jackson MI	0068.04		
Washtenaw MI	4110.00	Jackson MI	0069.00		
Washtenaw MI	4112.00				
Washtenaw MI	4117.00				
Washtenaw MI	4119.00				
Washtenaw MI	4120.00				
Washtenaw MI	4121.00				
Washtenaw MI	4123.00				
Washtenaw MI	4126.00				
Washtenaw MI	4127.00				

Washtenaw MI	4130.00
Washtenaw MI	4132.00
Washtenaw MI	4134.01
Washtenaw MI	4134.02
Washtenaw MI	4134.03
Washtenaw MI	4140.00
Washtenaw MI	4142.00
Washtenaw MI	4143.00
Washtenaw MI	4145.00
Washtenaw MI	4147.00
Washtenaw MI	4149.00
Washtenaw MI	4152.00
Washtenaw MI	4154.00
Washtenaw MI	4156.00
Washtenaw MI	4158.00
Washtenaw MI	4160.00
Washtenaw MI	4162.00
Washtenaw MI	4200.00
Washtenaw MI	4202.00
Washtenaw MI	4211.00
Washtenaw MI	4222.01
Washtenaw MI	4222.02
Washtenaw MI	4234.00
Washtenaw MI	4236.00
Washtenaw MI	4250.00
Washtenaw MI	4260.01
Washtenaw MI	4260.02
Washtenaw MI	4310.00
Washtenaw MI	4320.00
Washtenaw MI	4440.00
Washtenaw MI	4450.00
Washtenaw MI	4462.00
Washtenaw MI	4464.00
Washtenaw MI	4470.00
Washtenaw MI	4480.00
Washtenaw MI	4530.00
Washtenaw MI	4540.01
Washtenaw MI	4540.02
Washtenaw MI	4550.00
Washtenaw MI	4560.00
Washtenaw MI	4610.00
Washtenaw MI	4640.00
Washtenaw MI	4650.01
Washtenaw MI	4650.02
Washtenaw MI	4660.00
Washtenaw MI	9801.01
Washtenaw MI	9801.02
Washtenaw MI	9802.00
Washtenaw MI	9803.00
Washtenaw MI	9804.00
Washtenaw MI	9805.00
Washtenaw MI	9806.00
Washtenaw MI	9840.00

LOAN TO DEPOSIT RATIO

Bank Michigan had a Loan to Deposit ratio for each Quarter of **2022** Calendar year as follows:

1st Quarter – 93%

2nd Quarter – 90%

3rd Quarter – 90%

4th Quarter – 91%

Bank Michigan had a Loan to Deposit ratio for each Quarter of **2023** Calendar year as follows:

1st Quarter – 93%

2nd Quarter – 93%

3rd Quarter – 86%

4th Quarter – 90%

Bank Michigan had a Loan to Deposit ratio for each Quarter of **2024** Calendar year as follows:

1st Quarter – 92%

2nd Quarter – 88%

3rd Quarter – 88%

4th Quarter – 92%