



LARGE BANK

Comptroller of the Currency
Administrator of National Banks

Washington, DC 20219

Public Disclosure

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Community Reinvestment Act Performance Evaluation

**First National Bank of America
Charter Number: 14740**

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Office of the Comptroller of the Currency

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NOTE: This document is an evaluation of this institution'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 institution. This evaluation is not, and should not be construed as, an assessment of the financial condition of this institution. The rating assigned to this institution does not represent an analysis, conclusion, or opinion of the federal financial supervisory agency concerning the safety and soundness of this financial institution.

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Overall CRA Rating

Institution’s CRA Rating: This institution is rated **Satisfactory**.

The following table indicates the performance level of First National Bank of America (FNBA) with respect to the Lending, Investment, and Service Tests:

The following table indicates the performance level of First National Bank of America (FNBA) with respect to the Lending, Investment, and Service Tests: Performance Levels	(Name of Depository Institution) Performance Tests		
	Lending Test*	Investment Test	Service Test
Outstanding			
High Satisfactory		X	
Low Satisfactory	X		X
Needs to Improve			
Substantial Noncompliance			

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

The major factors that support this rating include:

Lending Test

- FNBA’s lending activity reflects adequate responsiveness to meeting the assessment area (AA) credit needs. The volume of lending in the AA is adequate. However, a small percentage of FNBA’s total loans are made in the AA.
- FNBA’s lending activity represents a good dispersion among home mortgage borrowers of different income levels, particularly low- and moderate-income borrowers.
- The bank has an adequate geographic distribution of loans in the AA.

Investment Test

- FNBA has a good level of qualified community development (CD) investments particularly those that are not routinely provided by private investors. The bank exhibits good responsiveness to credit and community economic development needs.
- FNBA demonstrated significant use of innovative and/or complex investments to support CD initiatives with the creation of a Community Development Company (CDC) during the evaluation period. The CDC was formed to help revitalize the bank’s AA by rehabilitating single-family homes.

Service Test

- FNBA's delivery systems are reasonably accessible to essentially all portions of the bank's AA. The bank's branch network system is adequately servicing the AA.
- The bank's services do not vary in a way that inconvenience certain portions of the AA, particularly low- and moderate-income geographies and/or individuals.
- FNBA provides an adequate level of CD services.

Definitions and Common Abbreviations

The following terms and abbreviations are used throughout this performance evaluation, including the CRA tables. The definitions are intended to provide the reader with a general understanding of the terms, not a strict legal definition.

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.

Aggregate Lending: The number of loans originated and purchased by all reporting lenders in specified income categories as a percentage of the aggregate number of loans originated and purchased by all reporting lenders in the MA/assessment area.

Census Tract (CT): A small subdivision of metropolitan and other densely populated counties. Census tract boundaries do not cross county lines; however, they may cross the boundaries of metropolitan areas. Census tracts 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.

Community Development: Affordable housing (including multifamily rental housing) for low- or moderate-income individuals; community services targeted to low- or moderate-income individuals; 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, activities that revitalize or stabilize low- or moderate-income geographies.

Community Reinvestment Act (CRA): /the statute that requires the OCC to evaluate a bank's record of meeting the credit needs of its local community, consistent with the safe and sound operation of the bank, and to take this record into account when evaluating certain corporate applications filed by the bank.

Consumer Loan(s): 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: motor vehicle loans, credit card loans, home equity loans, other secured consumer loans, and other unsecured consumer loans.

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).

Full Review: Performance under the Lending, Investment, and Service Tests is analyzed considering performance context, quantitative factors (e.g., geographic distribution, borrower distribution, and total number and dollar amount of investments), and qualitative factors (e.g., innovativeness, complexity, and responsiveness).

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

Home Mortgage Disclosure Act (HMDA): The statute that requires certain mortgage lenders that do business or have banking offices in a metropolitan statistical area to file annual summary reports of their mortgage lending activity. The reports include such data as the race, gender, and the income of applications, the amount of loan requested, and the disposition of the application (e.g., approved, denied, and withdrawn). Beginning in 2004, the reports also include additional data on loan pricing, the lien status of the collateral, any requests for preapproval and loans for manufactured housing.

Home Mortgage Loans: Such loans include home purchase, home improvement and refinancings, as defined in the HMDA regulation. These include loans for multifamily (five or more families) dwellings, manufactured housing and one-to-four family dwellings other than manufactured housing.

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.

Limited Review: Performance under the Lending, Investment, and Service Tests is analyzed using only quantitative factors (e.g., geographic distribution, borrower distribution, total number and dollar amount of investments, and branch distribution).

Low-Income: 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 geography.

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 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 (MA): Any metropolitan statistical area or metropolitan division, as defined by the Office of Management and Budget and any other area designated as such by the appropriate federal financial supervisory agency.

Metropolitan Division: As defined by Office of Management and Budget, a county or group of counties within a Metropolitan Statistical Area that contains a population of at least 2.5 million. A Metropolitan Division consists of one or more counties that represent an

employment center or centers, plus adjacent counties associated with the main county or counties through commuting ties.

Metropolitan Statistical Area: An area, defined by the Office of Management and Budget, as having at least one urbanized area that has a population of at least 50,000. The Metropolitan Statistical Area comprises the central county or counties, plus adjacent outlying counties having a high degree of social and economic integration with the central county as measured through commuting.

Middle-Income: 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 geography

Moderate-Income: 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 geography.

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

Other Products: Includes any unreported optional category of loans for which the institution collects and maintains data for consideration during a CRA examination. Examples of such activity include consumer loans and other loan data an institution may provide concerning its lending performance.

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: A qualified investment is defined as any lawful investment, deposit, membership share, or grant that has as its primary purpose community development.

Rated Area: A rated area is a state or multi-state metropolitan area. For an institution with domestic branches in only one state, the institution's CRA rating would be the state rating. If an institution maintains domestic branches in more than one state, the institution will receive a rating for each state in which those branches are located. If an institution maintains domestic branches in two or more states within a multi-state metropolitan area, the institution will receive a rating for the multi-state metropolitan area.

Small Loan(s) to Business(es): A loan included in 'loans to small businesses' as defined in the Consolidated Report of Condition and Income (Call Report) and the Thrift Financial Reporting (TFR) instructions. These loans have original amounts of \$1 million or less and typically are either secured by nonfarm or nonresidential real estate or are classified as commercial and industrial loans.

Small Loan(s) to Farm(s): A loan included in 'loans to small farms' as defined in the instructions for preparation of the Consolidated Report of Condition and Income (Call Report). These loans have original amounts of \$500,000 or less and are either secured by farmland, or are classified as loans to finance agricultural production and other loans to farmers.

Tier One Capital: The total of common shareholders' equity, perpetual preferred shareholders' equity with non-cumulative dividends, retained earnings and minority interests in the equity accounts of consolidated subsidiaries.

Upper-Income: Individual income that is more than 120 percent of the area median income, or a median family income that is more than 120 percent, in the case of a geography.

Description of Institution

FNBA is a full-service intrastate bank headquartered in East Lansing, Michigan. As of June 30, 2006, the bank had assets totaling \$384 million, deposits totaling \$196 million, and tier one capital of \$58 million. FNBA operates exclusively out of its headquarter office in East Lansing, Michigan. FNBA has one AA, which consists of the Lansing-East Lansing MSA. The Lansing-East Lansing MSA is comprised of the entire counties of Clinton, Eaton, and Ingham. A description of the AA is provided in Appendix B.

FNBA is a wholly-owned subsidiary of First National Bancshares Inc., a one-bank holding company located in East Lansing with total assets of \$474 million. Non-bank affiliates include a wholesale lending unit that lends to land contract brokers, a company that buys property tax liens, and a real estate workout company. FNBA has eight operating subsidiaries which include a Community Development Corporation (CDC). This CDC, First National Community Development Company (FN CDC) was created in 2005 to provide renovation of houses in low- and moderate-income areas in the bank's AA. This subsidiary received positive consideration in this CRA evaluation. Activities of the other subsidiaries are more operational in nature and include: employee payroll, managing the bank's main office building, loan servicing, and advertising. Two subsidiaries are involved in buying land contracts. These subsidiaries do not materially impact the bank's capacity to address community credit needs.

FNBA's primary focus is providing residential real estate secured loan products to customers that have credit problems. FNBA also provides consumer, commercial, agricultural, as well as deposit products and services. The bank has an extensive loan broker network, which totals over 300 brokers throughout the United States. The bank buys land contracts and mortgage loans throughout the United States. FNBA originates residential loans in nine states and provides commercial lending in several states. During 2002 and 2003 the bank experienced a significant increase in loan volume as a result of a relationship with a non-affiliated mortgage company. This relationship ceased in early 2004, which resulted in a large decrease in loan volume.

The bank's loan portfolio totaled \$342 million at June 30, 2006. The loan portfolio is comprised of 68.7 percent residential loans (1-4 family), 14.7 percent commercial real estate, 11.8 percent construction and land development loans, 2.2 percent farmland, 1.5 percent multifamily residential real estate, and 1.1 percent in other loans.

There are no financial or legal impediments to the bank's ability to help meet the credit needs of its AA. However, we factored in our consideration the large portion of FNBA's deposits that are obtained through brokers and institutions located throughout the country. Bank management performed a deposit analysis which disclosed approximately 49 percent of the bank's deposits are from outside its AA.

FNBA was rated "satisfactory" under the large bank performance standards at its last CRA evaluation dated April 24, 2002. For this evaluation, management of the bank elected to be evaluated under the large bank performance standards.

Scope of the Evaluation

Evaluation Period/Products Evaluated

The evaluation period for the lending, investment, and service tests is from April 24, 2002 to July 24, 2006. The start of the evaluation period corresponds to the date that the prior evaluation was performed. We analyzed Home Mortgage Disclosure Act (HMDA) loans, small loans to businesses, and farm data for the years of 2002 through 2005. We also considered other non-reportable loans for this same time period at the request of bank management. The review period for CD loans, qualified investments, and CD services is April 24, 2002 through July 24, 2006.

Analyses of HMDA data for 2002 were performed based on 1990 U.S. Census data. Analyses of 2003 through 2005 HMDA data were performed based on 2000 U.S. Census data. This is consistent with the manner in which financial institutions were required to file data and consistent with the manner in which aggregate peer data was generated by the regulatory agencies. Accordingly, lending data for calendar year 2002 is presented separately from calendar years 2003 through 2005 in Appendix C. Geographic and borrower distribution conclusions under the lending test were drawn by blending the bank's record of lending under each of these time periods. Weightings were based on the relative number of loans under each time period for each product individually. Consequently, performance from years 2003-2005 received greater weight than year 2002. See Appendix B for demographic information on the AA of Lansing-East Lansing MSA.

Data Integrity

Prior to conducting this CRA evaluation, we tested the accuracy of the bank's data including data made available to the public in accordance with the HMDA and the CRA regulation. Public data includes home mortgage lending and small loans to businesses. We also reviewed the accuracy of other non-reportable loan data upon the bank's request to have this information included in the CRA evaluation. For this evaluation we reviewed the accuracy of non-public data for qualified investments, CD services, and CD loans. Our review disclosed compliance with reporting requirements. We excluded some CD loans reported by the bank due to a lack of documented support that multi-family dwellings are serving low- and moderate-income individuals. The public and non-public information used in this evaluation was deemed to be accurate.

Selection of Areas for Full-Scope Review

FNBA has only one AA – Lansing-East Lansing MSA. We performed a full-scope review of this area. Refer to Appendix B for more information.

Ratings

The bank's overall rating is based on our assessment of FNBA's performance in its AA.

In determining conclusions for the lending test, we weighted loan products to be reflective of FNBA's loan volume by product type during the evaluation period. Home mortgage loans

received greater weight than small loans to business and small loans to farms. Among the home mortgage products home refinance received the most weight followed by home purchase loans, and home improvement loans. Consideration was also given to the manner in which loan products addressed identified needs of the AA.

Other

Three community contacts were conducted in conjunction with this evaluation. We discussed the economic conditions, demographics, community development opportunities, level of local financial institution participation, and the banking and credit needs in the Lansing–East Lansing AA.

We contacted three affordable housing organizations. These organizations provide a variety of programs and funding needs that banks can participate in to meet the community needs. This includes but is not limited to: providing funding for these organizations, becoming a board or committee member, participating in homeownership type classes, and providing loan financing for a broad range of lending activity including rehabilitating homes, financing rental projects, construction projects, etc. These organizations disclosed the community needs in Lansing–East Lansing include but are not limited to: rehabilitating homes, providing homeownership classes, and rental housing. These organizations encourage banks to work with local organizations and provide favorable lending programs in meeting the community needs.

Fair Lending or Other Illegal Credit Practices Review

We found no evidence of discriminatory or other illegal credit practices inconsistent with helping to meet community credit needs.

Conclusions with Respect to Performance Tests

LENDING TEST

Conclusions for Areas Receiving Full-Scope Reviews

The bank's performance under the lending test is rated "Low Satisfactory." Based on this full-scope review, the bank's performance in the Lansing-East Lansing MSA is adequate.

Lending Activity

Refer to Appendix C, Tables 1 Lending Volume and 1 Other Products for the facts and data used to evaluate the bank's lending activity.

FNBA's lending activity in the AA is adequate. The bank's volume of home purchase, home refinance, and home improvement are the primary factors supporting this conclusion.

FNBA reported 1,296 loans totaling \$175.2 million within the AA during the evaluation period. Based on the number of loans, 97.5 percent are home mortgages, 1.8 percent are small loans to businesses, 0.5 percent are small loans to farms, and 0.2 percent CD loans. Home refinance loans represented the greatest percentage of home mortgage loans followed by home purchase, and home improvement. At the bank's request, we considered 27 non-reportable loans or \$1.2 million which was a mixture of various loan types.

We compared the bank's deposit market share with its home mortgage lending market share. There are 25 deposit-taking financial institutions with one or more banking offices in the bank's AA. Based on the FDIC deposit market share data as of June 30, 2006, FNBA ranked 12th among these financial institutions with a 3.5 percent market share. Lending market share information included lenders who did not have deposit-taking facilities in FNBA's AA, but reported one or more mortgage loans in the AA. There were over 300 lenders making loans in FNBA's AA. Due to the different populations of financial institutions included in the data, we did not expect FNBA's deposit market share and lending market share percentages to match in order for the performance to be considered adequate.

FNBA's home mortgage lending is good for calendar years 2002 and 2003. For 2002 the bank made 519 home mortgage loans or \$67.5 million and for 2003 the bank made 700 home mortgage loans or \$99.8 million. The bank's home mortgage market share for these periods were 1.2 percent and 1.3 percent, respectively. FNBA ranked 22 out of 301 home mortgage lenders in 2002 and ranked 18 out of 338 home mortgage lenders in 2003. These market share numbers and rankings reflect well when comparing it to the bank's deposit market share and ranking. During these two years FNBA had a relationship with a non-affiliated mortgage company, which contributed to higher loan volume. Home mortgage loan volume for 2004 and 2005 totaled only 45 loans or \$3.2 million, which represents a low loan volume. FNBA's home mortgage market share for 2004 was 0.08 percent and ranked 138 among 364 lenders that made loans in the AA for 2004. FNBA's relationship with a non-affiliated mortgage company ceased in early 2004, which resulted in a lower lending volume.

Analyses of multifamily, small loans to businesses, and small loans to farms disclosed minimal lending activity which did not receive as much weight as other loan products in the overall

lending conclusion. Over the evaluation period the bank made four multi-family loans, six small loans to farms, and 23 small loans to businesses.

Distribution of Loans by Income Level of the Geography

The geographic distribution of FNBA's loans is adequate. This is based on home mortgage loans reflecting adequate penetration throughout the AA. The geographic distribution of small loans to businesses in the AA appears strong, but loan volume is too low to perform meaningful analyses. We identified no conspicuous gaps in the geographic distribution of loans. Although FNBA originated a low percentage of its reportable loans within its AA, it had a neutral impact on the overall conclusion for the geographic distribution of lending. In arriving at this conclusion we considered the bank's business strategy and the amount of deposits obtained from outside the AA.

Home Mortgage Loans

Refer to Tables 2, 3, 4 and 5 in Appendix C for the facts and data used to evaluate the geographic distribution of the bank's home mortgage loan originations and purchases.

The geographic distribution of FNBA's home mortgage loans by income level is adequate. This includes the geographic distribution of home purchase and home refinance loans which are adequate and home improvement loans which is good.

Home Purchase Loans

The bank's geographic distribution of home purchase loans is adequate. The percentage of loans in low-income geographies is significantly below the percentage of owner-occupied housing units that are within those geographies. However, the differences in percentages are represented by few loans. Likewise, FNBA's 2002 market share of home purchase loans in low-income geographies was significantly below its overall home purchase market share, with the differences in percentages represented by few loans.

The percentage of loans in moderate-income geographies is near the percentage of owner-occupied housing units located in moderate-income areas. The bank's market share in moderate-income geographies compared to FNBA's overall market share in 2002 reflected an adequate performance. The bank's market share for calendar years 2003 through 2005 was below one percent which is too small to provide a meaningful analysis.

Home Refinance Loans

The bank's geographic distribution of home refinance loans in low- and moderate-income geographies is adequate.

The percentage of 2002 loans in low-income geographies was significantly below the percentage of owner-occupied housing units located within those geographies. However, the differences in percentages represent few loans. The percentage of loans in low-income geographies for 2003 through 2005 was somewhat below the percentage of owner-occupied housing units. Over the combined time period, FNBA's lending record in low-income areas is considered adequate. The loan distribution for moderate-income geographies for both periods

reflect low lending percentages compared to the percentages of owner occupied housing units. However, the differences in percentages do not represent many loans. Therefore, performance in the moderate-income areas is considered adequate.

FNBA's market share for home refinance loans in low-income geographies compared poorly to the bank's overall market share for home refinance loans in calendar year 2002. The bank's market share in moderate-income geographies compared more favorably to FNBA's overall market share in 2002 and represented a good performance. No meaningful market share analysis could be performed for calendar years 2003 through 2005 since the bank's market share for refinance loans was below one percent.

Home Improvement Loans

The bank's geographic distribution of home improvement loans is good.

While the bank made no home improvement loans in low-income geographies in 2002, lending in low-income areas during the 2003-2005 resulted in an overall record that is proportional to the percentage of owner-occupied housing units located in low-income areas. The percentage of home improvement loans in moderate-income geographies in 2002 was below the percentage of owner-occupied housing units that are within those geographies. But, loans made during the 2003 through 2005 period were proportionally higher than the percentages of owner-occupied housing units located there.

FNBA's market shares for low- and moderate-income geographies for 2002 compares unfavorably to the bank's overall market share. However, this difference does not represent a large number of loans. No meaningful market share analysis could be performed for calendar year 2003 through 2005, because the bank's market share for home improvement loans was below one percent which is considered low.

Multifamily Loans

The geographical analysis of multifamily loans is not meaningful since the bank made a minimal number of multifamily loans during the evaluation period.

Small Loans to Businesses

Refer to Table 6 in Appendix C for the facts and data used to evaluate the geographic distribution of the bank's origination/purchase of small loans to businesses.

The volume of small loans to businesses was too low to perform a meaningful analysis. Regardless, we did observe that the geographic distribution of FNBA's small loans to businesses by income level for calendar years 2003 through 2005 appears strong based on percentages of loans made in low- and moderate-income areas.

Small Loans to Farms

Refer to Table 7 in Appendix C for the facts and data used to evaluate the geographic distribution of the bank's origination/purchase of small loans to farms.

No meaningful analysis could be performed given the limited activity over the evaluation period.

Other Optional (Non-Reported) Loans

Of the 27 loans, none of the loans are in low-income geographies and two loans are in moderate-income geographies. A comparison to demographics cannot be readily performed as the loans represent a mix of types that do not share common demographic characteristics.

Lending Gap Analysis

We reviewed information provided by management regarding the bank's performance of lending in its AA to identify gaps in the geographic distribution of loans. We did not identify any unexplained conspicuous gaps in lending.

Inside/Outside Ratio

A small percentage of FNBA's reportable loans are located within the AA. The analysis of FNBA's record of originating loans within its AA was conducted at the bank level for years 2002 through 2005. The analysis included all reportable originated and purchased loans. The aggregate number of home purchase, home refinance, and home improvement loans made within the bank's AA is 29.9 percent or 44.5 percent of the dollar amount. The aggregate number of small loans to farms and small businesses loans made by FNBA within its AA is 7.3 percent or 9.6 percent of the dollar amount. Overall, 27.3 percent of the total reportable loans by FNBA are located in the AA which is low. However, in arriving at our conclusions we gave consideration to the bank's narrow business focus, the fact that the majority of bank loans are obtained through brokers that do not operate locally, and the fact that a relatively high percentage of deposits are not from the local area. Given these factors, the inside/outside ratio had a neutral impact on our conclusions regarding the bank's geographic distribution of lending.

Distribution of Loans by Income Level of the Borrower

The bank's distribution of home mortgage loans by borrower income level is good. The distribution of loans to businesses of different sizes appears strong, but the loan volume is low. No meaningful analysis for small loans to farms could be done due to the low volume.

Home Mortgage Loans

Refer to Tables 8, 9, and 10 in Appendix C for the facts and data used to evaluate the borrower distribution of the bank's home mortgage loan originations and purchases.

FNBA's distribution of home mortgage loans to borrowers of different income levels is good. In drawing conclusions, consideration was given to the fact that 11 percent of the population has income below the poverty rate, as this impacts the ability for home ownership of this segment of the low-income population.

Home Purchase Loans

The bank's distribution of home purchase loans among borrowers of different income levels is good.

The percentage of FNBA's home purchase loans to low-income borrowers is below the percentage of low-income families living throughout the AA. However, considering the difficulty households with incomes below the poverty level have affording home ownership, we concluded the bank's lending levels to low-income borrowers is good. The percentage of the bank's home purchase loans to moderate-income borrowers is significantly above the percentage of moderate-income families living throughout the AA, which represents an excellent performance.

FNBA's home purchase market share for 2002 was 1.6 percent. FNBA's market shares for lending to low-and moderate-income borrowers were near its overall market share for home purchase loans and reflected a good performance. No meaningful market share analysis could be performed for calendar year 2003 through 2005, because the bank's 2004 market share for home purchase loans was too low.

Home Refinance Loans

The bank's distribution of home refinance loans among borrowers of different income levels is good. In drawing this conclusion, consideration was given to the fact that 11 percent of the population has income below the poverty rate, as this impacts the ability for home ownership of this segment of the low-income population.

The percentage of FNBA's home refinance loans to low-income borrowers is significantly below the percentage of low-income families living throughout the AA. However, giving consideration to the difficulty that households with incomes below the poverty level have in affording home ownership, we concluded the bank's lending levels to low-income borrowers is adequate. The percentage of the bank's home refinance loans to moderate-income borrowers is above the percentage of moderate-income families living throughout the AA, which represents an excellent performance.

FNBA's market share to low-income borrowers compared poorly to the bank's overall market share for home refinance loans in calendar year 2002. FNBA's market share to moderate-income borrowers was above the bank's overall market share in 2002 which represents an excellent performance. No meaningful market share analysis could be performed for calendar years 2003 through 2005 since the bank's market share for refinance loans was below one percent.

Home Improvement Loans

The bank's distribution of home improvement loans among borrowers of different income levels is excellent.

The percentage of FNBA's home improvement loans to low- and moderate-income borrowers reflects an excellent performance when comparing to the percentage of low-income families living throughout the AA. The percentage of the bank's home improvement loans to low- and

moderate-income borrowers was above the percentage of low- and moderate-income families living throughout the AA, with the exception of lending to low-income borrowers for calendar year 2002.

FNBA's home improvement market share for 2002 was 4.9 percent. FNBA's market share for lending to low- and moderate-income borrowers for home improvement was 5.9 percent and 4.1 percent, which reflects an excellent and good performance, respectively. No meaningful market share analysis could be performed for calendar year 2003 through 2005, because the bank's market share for home improvement loans was below one percent which is considered low.

Small Loans to Businesses

Refer to Table 11 in Appendix C for the facts and data used to evaluate the borrower distribution of the bank's origination/purchase of small loans to businesses.

The volume of small loans to businesses was too low to lend itself to a meaningful analysis. Regardless, we observed that the distribution of FNBA's small loans to businesses of different sizes appears strong based on the percentage of loans to businesses with revenues of \$1 million or less.

Small Loans to Farms

Refer to Table 12 in the Appendix C for the facts and data used to evaluate the borrower distribution of the bank's origination/purchase of small loans to businesses.

No meaningful analysis could be performed given the limited activity over the review period.

Other Optional (Non-Reported) Loans

Of the 27 loans reflected on Table 1 Other Products in Appendix C, 7.4 percent are low-income borrowers and 18.5 percent are moderate-income borrowers. While this reflects additional FNBA lending to low- and moderate-income borrowers, a meaningful borrower distribution analysis cannot be performed since the loans are a mix of types that do not share common demographic characteristics.

Community Development Lending

Refer to Table 1 Lending Volume in Appendix C for the facts and data used to evaluate the bank's level of community development lending. This table includes all CD loans, including multifamily loans that also qualify as CD loans. In addition, Table 5 includes geographic lending data on all multi-family loans, including those that also qualify as CD loans. Table 5 does not separately list CD loans, however.

The bank's CD lending activity over the evaluation period is adequate. This activity has a neutral impact on the Lending Test rating.

FNBA originated three CD loans for \$518,000 within the AA. These loans are all for multifamily housing purposes. None of these loans are innovative or complex in nature. The

bank adequately addressed the CD needs of its AA through CD loans and qualified investments. Consideration was also given to CD loans that FNBA extended outside its AA. FNBA originated 10 CD loans totaling \$1.1 million.

Product Innovation and Flexibility

FNBA's record of offering innovative and flexible loan products had a positive impact on the lending test conclusions.

FNBA offers a flexible residential loan program designed to assist homeowners who are at risk of losing their home because of delinquent property taxes. The program is flexible because it has a small dollar minimum and allows loan proceeds to be used to pay delinquent property taxes. This program helps to serve low- and moderate-income borrowers. These customers often have limited financing options based solely on the fact that they have a delinquent tax bill. The bank has made 1,115 of these loans, 25 of which were in the bank's AA since year 2003.

FNBA provided payment relief to victims of Hurricanes Rita and Katrina by deferring loan payments up to three payments. FNBA granted payment deferment to 72 customers or \$1.7 million.

The bank introduced a "Rate Reduction Program" in November 2005. This program is designed to help customers with poor credit to obtain flexible financing by providing scheduled reduction in their loan interest rate based on timely loan payments. This also assists customers by providing lower loan payments as a result of a reduction in their interest rate. Customers have the opportunity to reduce the interest rate on their loan by a quarter of a percent for making timely payments over 12 consecutive months.

INVESTMENT TEST

Conclusions for Areas Receiving Full-Scope Reviews

The bank's performance under the investment test is rated "High Satisfactory." Based on the full-scope review, FNBA provided a good level of qualified investments particularly those that are not routinely provided by private investors in the Lansing-East Lansing MSA. The formation of a CDC during the evaluation period to help revitalize the bank's AA by rehabilitating single-family homes was given particular positive consideration in our investment test conclusion.

Refer to Table 14 in Appendix C for the facts and data used to evaluate the bank's level of qualified investments.

During the evaluation period, FNBA made qualified investments totaling \$817,267 and demonstrated a good level of responsiveness in addressing the credit and community development needs of the AA. All these investments were made to help provide affordable housing or to assist low- and moderate-income people. The bank showed significant use of innovative and/or complex investment to support CD initiatives through the investment in a CDC during the evaluation period.

FNBA received regulatory approval in October 2005 to operate a CDC, FNCDC, a subsidiary of FNBA. FNCDC was created to help revitalize the bank's AA by rehabilitating single-family homes and contributing to the supply of affordable owner-occupied housing. FNBA has invested \$189,468 into FNCDC to help fund operations. This investment along with bank personnel participation in the formation and operations of this CDC demonstrate a strong commitment in helping to meet a primary need of the community. FNCDC was found to be active in the rehabilitation of homes since its formation. FNCDC has acquired and rehabilitated five homes in low - and moderate-income areas within the bank's AA. The total cost to rehabilitate these homes was approximately \$175,000.

The bank made a \$500,000 investment in a low- and moderate-income mortgage-backed security fund during the evaluation period. All of the loans (a total of seven loans) within the pool are to low- and moderate-income borrowers within the bank's AA and help to meet affordable housing. This represents a good investment that directly benefits the bank's AA in helping to finance homes for low- and moderate-income people.

The bank invested \$97,981 in a municipal bond, which helped to upgrade a water treatment plant serving all of the residents and businesses in a moderate-income census tract. FNBA also donated money and other non-money donations such as computers and supplies for financial literacy classes. Over the evaluation period FNBA donated approximately \$30,000 to 18 organizations that provide affordable housing and/or help to serve low- and moderate-income individuals. In addition, the bank had a prior period investment in a mortgage-backed security (MBS) with a current balance of \$64,443. This MBS is comprised of loans to low- and moderate-income borrowers located within the bank's AA.

SERVICE TEST

Conclusion for Areas Receiving Full-Scope Reviews

The bank's performance under the Service Test is rated "Low Satisfactory." Based on a full-scope review, FNBA performance in the Lansing-East Lansing MSA is adequate.

Retail Banking Services

Refer to Table 15 in Appendix C for the facts and data used to evaluate the distribution of the bank's branch delivery system and branch openings and closings.

FNBA's delivery systems are reasonably accessible to essentially all portions of the institution's AA. The bank did not open or close any branch offices during the evaluation period. FNBA operates exclusively out of its main office located in an upper-income section of East Lansing. While FNBA does not have a physical presence in the low- and moderate-income sections of the AA, the bank's lending activity reflects that these areas are being served by the bank. FNBA loan broker network includes approximately 46 brokers that operate in the local area. In addition, the bank provides loan and deposit advertising to essentially all parts of its AA. Office hours and services do not vary in a way that inconveniences certain portions of the AA, particularly low- and moderate-income geographies and individuals. Regular lobby hours are 9:30am to 4:30 pm Monday through Friday with hours extended to 6:00pm on Thursday. Customers can also call in for loan services from 7:30am to 6:00pm Monday through Thursday and Friday from 7:30am to 5:00pm.

As an alternative delivery system, FNBA offers access to products and services through banking by mail, banking by telephone services, and internet banking products including bill pay. In addition, the bank operates one full-service ATM at its main office.

Community Development Service

FNBA provides an adequate level of CD services to the AA. The bank's primary CD services include providing financial and technical expertise to organizations involved in affordable housing, social services to low- and moderate-income individuals, and small business financing. Primary examples of FNBA's activities are described below.

Bank personnel are active in a local organization that provides a variety of services for low- and moderate-income individuals which includes: emergency shelter, day center services, daily meals, a veteran's transitional housing program, and affordable housing. One employee serves on the Board of Directors of this non-profit organization both at the local and Michigan level. This employee also serves as co-chair for their Strategic Planning Committee. FNBA took a significant role in developing financial literacy information and classes for this organization. The bank is also working with this organization to establish a payee system for low- and moderate-income veterans.

Bank personnel have provided extensive technical assistance toward the development and operation of FNDCD. Management estimated bank employees contributed over 1,000 hours in FNDCD approval process and technical assistance with site reviews, rehabilitation

consultation, financial statistic compilations, and efforts to market and sell the completed properties.

Executive officers at FNBA offer bi-weekly lunch discussions to small business owners in the local area. Various topics are discussed to better help small business owners to manage their business. This also gives small businesses the opportunity to discuss topics regarding the financing of their business. FNBA also provides credit reports free of charge for students of a local micro-business organization. Ninety-nine credit reports have been provided since 2002. This organization helps to train and counsel low- and moderate-income individuals who are interested in starting their own micro-business in the Lansing area.

Appendix A: Scope of Examination

The following table identifies the time period covered in this evaluation, affiliate activities that were reviewed, and loan products considered. The table also reflects the metropolitan and non-metropolitan areas that received comprehensive examination review (designated by the term “full-scope”) and those that received a less comprehensive review (designated by the term “limited-scope”).

Time Period Reviewed	Lending Test (excludes CD Loans): (January 1, 2002 to December 31, 2005) Investment and Service Tests and CD Loans: (April 24, 2002 to July 24, 2006)	
Financial Institution First National Bank of America (FNBA) East Lansing, Michigan	Products Reviewed Home mortgage loans, small loans to businesses and farms, CD loans. In addition, at the request of management we considered miscellaneous other non-reportable loans originated by FNBA within the AA.	
Affiliate(s)	Affiliate Relationship	Products Reviewed
First National Community Development Company (FNCDC)	Wholly-owned operating subsidiary	Renovation of single-family homes by FNCDC. Qualified investments and CD services made by FNBA to create and operate this company was also considered.
List of Assessment Areas and Type of Examination		
Assessment Area	Type of Exam	Other Information
Lansing-East Lansing MA#29620	Full Scope	N/A

Appendix B: Market Profiles for Full-Scope Areas

(Lansing-East Lansing MSA #4040 – 1990 U.S. Census)

Demographic Information for Full-Scope Area: Lansing – East Lansing MSA #4040						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts/BNAs)	116	8.62	15.52	53.45	22.41	0.00
Population by Geography	432,674	5.40	13.55	55.60	25.45	0.00
Owner-Occupied Housing by Geography	101,535	2.70	8.82	64.16	24.32	0.00
Businesses by Geography	18,649	7.85	12.06	51.54	28.55	0.00
Farms by Geography	1,405	0.78	2.28	83.35	13.59	0.00
Family Distribution by Income Level	106,447	19.31	17.82	24.67	38.20	0.00
Distribution of Low- and Moderate-Income Families throughout AA Geographies	39,520	9.92	18.42	59.69	11.97	0.00
Median Family Income HUD Adjusted Median Family Income for 2002 Households Below the Poverty Level	= \$38,660 = \$60,100 = 13%					Median Housing Value Unemployment Rate (1990 US Census) = \$66,821 = 3.30%

(*) The NA category consists of geographies that have not been assigned an income classification.

Source: 1990 U.S. Census, and 2002 HUD updated MFI.

(Lansing-East Lansing MSA #29620 – 2000 U.S. Census)

Demographic Information for Full-Scope Area: Lansing/East Lansing MSA #29620						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts/BNAs)	117	7.69	21.37	49.57	19.66	1.71
Population by Geography	447,728	5.69	16.98	55.47	21.05	0.80
Owner-Occupied Housing by Geography	115,901	1.72	13.87	61.20	23.22	0.00
Businesses by Geography	27,731	4.75	18.22	50.79	23.78	2.46
Farms by Geography	1,576	0.51	5.14	80.01	14.28	0.06
Family Distribution by Income Level	110,774	18.99	18.70	23.64	38.67	0.00
Distribution of Low- and Moderate-Income Families throughout AA Geographies	41,750	6.58	24.60	56.54	12.27	0.00
Median Family Income HUD Adjusted Median Family Income for 2005 Households Below the Poverty Level	= \$55,552 = \$64,200 = 11%					Median Housing Value Unemployment Rate (2000 US Census) = \$107,179 = %2.67%

(*) The NA category consists of geographies that have not been assigned an income classification.

Source: 2000 U.S. Census, and 2005 HUD updated MFI.

FNBA’s AA consists of the entire Lansing-East Lansing MSA. The area is comprised of Clinton, Eaton, and Ingham Counties in the central part of Michigan’s Lower Peninsula. The area is a mix of urban, suburban, and rural neighborhoods, with the cities of Lansing and East Lansing being the focal point. Lansing is Michigan’s capitol, and Michigan State University is based in East Lansing.

The Lansing-East Lansing MSA was modified to some degree based on the 2000 U.S. Census. We used 1990 Census information to provide demographic comparison for lending activity in calendar year 2002. The 2000 U.S. Census data was incorporated into the demographic data for analysis use beginning in 2003. Therefore, we used demographic information based on 2000 U.S. Census information for lending activity in 2003 through 2005. The total number of census tracts in the Lansing-East Lansing MSA changed from 116 to 117. The breakdown of census tracts based on each income category for each of the census periods is reflected below:

<u>Tract Categories</u>	<u>1990 Census</u>	<u>2000 Census</u>
Low Income	10	9
Moderate Income	18	25
Middle Income	62	58
Upper Income	26	23
Not Applicable (NA)	0	2
Total Tracts	116	117

The June 30, 2006 FDIC Deposit Market Share Report ranked FNBA 12 among 25 financial institutions in the Lansing-East Lansing MSA with a 3.5 percent deposit market share. The institutions with the largest deposit share include: Fifth Third Bank (15.7 percent), Republic Bank (14.9 percent), National City Bank of the Midwest (10.1 percent), and LaSalle Bank Midwest (9.8 percent). There are 9 regional banks, one regional savings and loan, 13 community banks, and two savings and loan. In addition, there are a number of credit unions which operate in this MSA.

The economy in the Lansing-East Lansing MSA has been impacted by the downturn in the U.S. automotive industry, which has impacted this area along with the State of Michigan. Although General Motors has built a new plant in the AA, two other local GM plants have recently closed. Major employers in the Lansing-East Lansing MSA includes: State of Michigan, Michigan State University, General Motors Corp., and Sparrow Health Systems. Local unemployment levels have been above the national average, but below the statewide unemployment rate. According to the State of Michigan’s local area unemployment statistics information, the unemployment rate for the County of Eaton was 4.9 percent for August 2006, 5.0 percent for Clinton County, and 6.4 percent for Ingham County. The unemployment rate for Michigan for this same time period was 7.1 percent and 4.7 percent for the United States.

There are opportunities for financial institutions to make CD loans, qualified investments, provide CD services, and other CRA related activities. Community resources and opportunities exist where banks can participate to address local credit and CD needs. There are various organizations in the local area that are active in helping to address the housing and

economic development needs of the community. As noted in this Performance Evaluation we contacted three affordable housing organizations. These organizations disclosed various programs and funding needs that banks can participate in to meet the community needs. These organizations disclosed the community needs in Lansing–East Lansing include but not limited to: rehabilitating homes, providing homeownership classes, and rental housing.

Appendix C: Tables of Performance Data

Content of Standardized Tables

References to the “bank” include activities of any affiliates that the bank provided for consideration (refer to Appendix A: Scope of the Examination). For purposes of reviewing the lending test tables, the following are applicable: (1) purchased loans are treated as originations/purchases and market share is the number of loans originated and purchased by the bank as a percentage of the aggregate number of reportable loans originated and purchased by all lenders in the MA/assessment area; (2) Partially geocoded loans (loans where no census tract is provided) cannot be broken down by income geographies and, therefore, are only reflected in the Total Loans in Core Tables 2 through 7 and part of Table 13; and (3) Partially geocoded loans are included in the Total Loans and % Bank Loans Column in Core Tables 8 through 12 and part of Table 13. Tables without data are not included in this PE. [Note: Do not renumber the tables.]

The following is a listing and brief description of the tables:

- Table 1. Lending Volume** - Presents the number and dollar amount of reportable loans originated and purchased by the bank over the evaluation period by MA/assessment area. Community development loans to statewide or regional entities or made outside the bank’s assessment area may receive positive CRA consideration. Refer to Interagency Q&As __.12(i) - 5 and - 6 for guidance on when a bank may receive positive CRA consideration for such loans. When such loans exist, insert a line item with the appropriate caption in the MA/Assessment Area column and record the corresponding numbers and amounts in the “Community Development Loans” column with the appropriate caption, such as: “Statewide/Regional,” “Statewide/Regional with potential benefit to one or more AAs” or “Out of Assessment Area.” “Out of Assessment Area” is used ONLY if the bank has otherwise adequately met the CD lending needs of its assessment area.
- Table 1. Other Products** - Presents the number and dollar amount of any unreported category of loans originated and purchased by the bank over the evaluation period by MA/assessment area. Examples include consumer loans or other data that a bank may provide, at its option, concerning its lending performance. This is a two-page table that lists specific categories.
- Table 2. Geographic Distribution of Home Purchase Loans** - Compares the percentage distribution of the number of loans originated and purchased by the bank in low-, moderate-, middle-, and upper-income geographies to the percentage distribution of owner-occupied housing units throughout those geographies. The table also presents market share information based on the most recent aggregate market data available.
- Table 3. Geographic Distribution of Home Improvement Loans** - See Table 2.
- Table 4. Geographic Distribution of Home Mortgage Refinance Loans** - See Table 2.

- Table 5. Geographic Distribution of Multifamily Loans** - Compares the percentage distribution of the number of multifamily loans originated and purchased by the bank in low-, moderate-, middle-, and upper-income geographies to the percentage distribution of multifamily housing units throughout those geographies. The table also presents market share information based on the most recent aggregate market data available.
- Table 6. Geographic Distribution of Small Loans to Businesses** - The percentage distribution of the number of small loans (less than or equal to \$1 million) to businesses originated and purchased by the bank in low-, moderate-, middle-, and upper-income geographies compared to the percentage distribution of businesses (regardless of revenue size) throughout those geographies. The table also presents market share information based on the most recent aggregate market data available. Because small business data are not available for geographic areas smaller than counties, it may be necessary to use geographic areas larger than the bank's assessment area.
- Table 7. Geographic Distribution of Small Loans to Farms** - The percentage distribution of the number of small loans (less than or equal to \$500,000) to farms originated and purchased by the bank in low-, moderate-, middle-, and upper-income geographies compared to the percentage distribution of farms (regardless of revenue size) throughout those geographies. The table also presents market share information based on the most recent aggregate market data available. Because small farm data are not available for geographic areas smaller than counties, it may be necessary to use geographic areas larger than the bank's assessment area.
- Table 8. Borrower Distribution of Home Purchase Loans** - Compares the percentage distribution of the number of loans originated and purchased by the bank to low-, moderate-, middle-, and upper-income borrowers to the percentage distribution of families by income level in each MA/assessment area. The table also presents market share information based on the most recent aggregate market data available.
- Table 9. Borrower Distribution of Home Improvement Loans** - See Table 8.
- Table 10. Borrower Distribution of Refinance Loans** - See Table 8.
- Table 11. Borrower Distribution of Small Loans to Businesses** - Compares the percentage distribution of the number of small loans (less than or equal to \$1 million) originated and purchased by the bank to businesses with revenues of \$1 million or less to the percentage distribution of businesses with revenues of \$1 million or less. In addition, the table presents the percentage distribution of the number of loans originated and purchased by the bank by loan size, regardless of the revenue size of the business. Market share information is presented based on the most recent aggregate market data available.

Table 12. Borrower Distribution of Small Loans to Farms - Compares the percentage distribution of the number of small loans (less than or equal to \$500,000) originated and purchased by the bank to farms with revenues of \$1 million or less to the percentage distribution of farms with revenues of \$1 million or less. In addition, the table presents the percentage distribution of the number of loans originated and purchased by the bank by loan size, regardless of the revenue size of the farm. Market share information is presented based on the most recent aggregate market data available.

Table 13. Geographic and Borrower Distribution of Consumer Loans (OPTIONAL) - For geographic distribution, the table compares the percentage distribution of the number of loans originated and purchased by the bank in low-, moderate-, middle-, and upper-income geographies to the percentage distribution of households within each geography. For borrower distribution, the table compares the percentage distribution of the number of loans originated and purchased by the bank to low-, moderate-, middle-, and upper-income borrowers to the percentage of households by income level in each MA/assessment area.

Table 14. Qualified Investments - Presents the number and dollar amount of qualified investments made by the bank in each MA/AA. The table separately presents investments made during prior evaluation periods that are still outstanding and investments made during the current evaluation period. Prior-period investments are reflected at their book value as of the end of the evaluation period. Current period investments are reflected at their original investment amount even if that amount is greater than the current book value of the investment. The table also presents the number and dollar amount of unfunded qualified investment commitments. In order to be included, an unfunded commitment must be legally binding and tracked and recorded by the bank's financial reporting system.

A bank may receive positive consideration for qualified investments in statewide/regional entities or made outside of the bank's assessment area. See Interagency Q&As __.12(i) - 5 and - 6 for guidance on when a bank may receive positive CRA consideration for such investments. When such investments exist, insert a line item in the MA/Assessment Area column and record the corresponding numbers and amounts in the "Qualified Investments" column with the appropriate caption, such as: "Statewide/Regional," "Statewide/Regional with potential benefit to one or more AAs" or "Out of Assessment Area." "Out of the Assessment Area" is used ONLY if the bank has otherwise adequately met the qualified investment needs of its assessment area.

Table 15. Distribution of Branch Delivery System and Branch Openings/Closings - Compares the percentage distribution of the number of the bank's branches in low-, moderate-, middle-, and upper-income geographies to the percentage of the population within each geography in each MA/AA. The table also presents data on branch openings and closings in each MA/AA.

Table 1. Lending Volume

LENDING VOLUME		Geography: MICHIGAN						Evaluation Period: JANUARY 1, 2002 TO DECEMBER 31, 2005				
Assessment Area:	% of Rated Area Loans (#) in MSA	Home Mortgage		Small Loans to Businesses		Small Loans to Farms		Community Development Loans**		Total Reported Loans		% of Rated Area Deposits in MSA***
		#	\$ (000's)	#	\$ (000's)	#	\$ (000's)	#	\$ (000's)	#	\$(000's)	
Full Review:												
MSA #4040 (2002)	100.00	519	67,453	4	860	3	496	1	173	527	68,982	
MSA #29620 (2003-2005)	100.00	745	102,951	19	2,678	3	197	2	345	769	106,171	100.00
CD loans Out of Assessment Area								10	1,099	10	1,099	

Loan Data as of December 31, 2005. Rated area refers to the multi-state MSA rating area.
 ** The evaluation period for Community Development Loans is from April 24, 2002 to July 24, 2006.
 *** Deposit Data as of June 30, 2006.

Table 1. Other Products

LENDING VOLUME		Geography: MICHIGAN		Evaluation Period: January 1, 2002 to December 31, 2005	
MA/Assessment Area:	Other Unsecured Consumer Loans		Other Optional Loans*		
	#	\$ (000's)	#	\$ (000's)	
Full Review:					
Lansing-E Lansing MA	0	0	27		1,220

The evaluation period for optional loans is from January 1, 2002 to December 31, 2005.

Table2. Geographic Distribution of Home Purchase Loans

Geographic Distribution: HOME PURCHASE		Geography: MICHIGAN				Evaluation Period: JANUARY 1, 2002 TO DECEMBER 31, 2005					Market Share (%) by Geography*				
Assessment Area:	Total Home Purchase Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Overall	Low	Mod	Mid	Upp
	#	% of Total**	% Owner Occ Units***	% BANK Loans****	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans					
Full Review:															
MSA #4040 (2002)	135	100.00	2.70	0.74	8.82	6.67	64.16	59.26	24.32	33.33	1.30	0.25	0.90	1.25	1.73
MSA #29620 (2003-2005)	137	100.00	1.72	0.73	13.87	11.68	61.20	52.55	23.22	35.04	0.02	0.00	0.00	0.03	0.00

* Based on 2002 and 2004 Peer Mortgage Data

** Home purchase loans originated and purchased in the MSA as a percentage of all home purchase loans originated and purchased in the rated area.

*** Percentage of Owner Occupied Units is the number of owner occupied units in a particular geography divided by the number of owner occupied housing units in the area based on 1990 and 2000 Census information.

**** Data shown includes only One to Four-family and manufactured housing.

Table 3. Geographic Distribution of Home Improvement Loans

Geographic Distribution: HOME IMPROVEMENT			Geography: MICHIGAN				Evaluation Period: JANUARY 1, 2002 TO DECEMBER 31, 2005									
Assessment Area:	Total Home Improvement Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Market Share (%) by Geography*					
	#	% of Total**	% Owner Occ Units***	% BANK Loans****	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	Overall	Low	Mod	Mid	Upp	
Full Review:																
MSA #4040 (2002)	64	100.00	2.70	0.00	8.82	6.25	64.16	60.94	24.32	32.81	4.67	0.00	1.53	4.76	8.33	
MSA #29620 (2003-2005)	90	100.00	1.72	2.22	13.87	21.11	61.20	56.67	23.22	20.00	0.72	0.00	0.61	0.92	0.24	

* Based on 2002 and 2004 Peer Mortgage Data.

** Home improvement loans originated and purchased in the MSA as a percentage of all home improvement loans originated and purchased in the rated area.

*** Percentage of Owner Occupied Units is the number of owner occupied units in a particular geography divided by the number of owner occupied housing units in the area based on 1990 and 2000 Census information.

**** Data shown includes only One to Four-family and manufactured housing.

Table 4. Geographic Distribution of Home Mortgage Refinance Loans

Geographic Distribution: HOME MORTGAGE REFINANCE			Geography: MICHIGAN				Evaluation Period: JANUARY 1, 2002 TO DECEMBER 31, 2005									
Assessment Area:	Total Home Mortgage Refinance Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Market Share (%) by Geography*					
	#	% of Total**	% Owner Occ Units***	% BANK Loans****	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	Overall	Low	Mod	Mid	Upp	
Full Review:																
MSA #4040 (2002)	319	100.00	2.70	0.94	8.82	4.70	64.16	49.84	24.32	44.51	1.05	0.54	0.88	0.87	1.43	
MSA #29620 (2003 – 2005)	515	100.00	1.72	1.36	13.87	7.57	61.20	53.98	23.22	37.09	0.05	0.00	0.16	0.04	0.00	

* Based on 2002 and 2004 Peer Mortgage Data.

** Home refinance loans originated and purchased in the MSA as a percentage of all home refinance loans originated and purchased in the rated area.

*** Percentage of Owner Occupied Units is the number of owner occupied units in a particular geography divided by the number of owner occupied housing units in the area based on 1990 and 2000 Census information.

**** Data shown includes only One to Four-family and manufactured housing.

Table 5. Geographic Distribution of Multifamily Loans

Geographic Distribution: MULTIFAMILY			Geography: MICHIGAN				Evaluation Period: JANUARY 1, 2002 TO DECEMBER 31, 2005					Market Share (%) by Geography*				
Assessment Area:	Total Multifamily Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Overall	Low	Mod	Mid	Upp	
	#	% of Total**	% of MF Units***	% BANK Loans****	% MF Units***	% BANK Loans	% MF Units***	% BANK Loans	% MF Units***	% BANK Loans						
Full Review:																
MSA #4040 (2002)	1	100.00	11.60	0.00	22.99	0.00	36.65	100.00	28.77	0.00	1.52	0.00	0.00	5.56	0.00	
MSA # 29620 (2003 – 2005)	3	100.00	14.64	0.00	19.48	100.00	46.19	0.00	19.69	0.00	0.00	0.00	0.00	0.00	0.00	

* Based on 2002 and 2004 Peer Mortgage Data

** Multi-family loans originated and purchased in the MSA as a percentage of all multi-family loans originated and purchased in the rated area.

*** Percentage of Multi Family Units is the number of multi family units in a particular geography divided by the number of multifamily housing units in the area based on 1990 and 2000 Census information.

**** Multifamily loan distribution includes Home Purchases, Home Improvement and Refinances.

Table 6. Geographic Distribution of Small Loans to Businesses

Geographic Distribution: SMALL LOANS TO BUSINESSES				Geography: MICHIGAN				Evaluation Period: JANUARY 1, 2002 TO DECEMBER 31, 2005							
Assessment Area:	Total Small Business Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Market Share (%) by Geography*				
	#	% of Total**	% of Biz***	% BANK Loans	% of Biz	% BANK Loans	% of Biz***	% BANK Loans	% of Biz***	% BANK Loans	Overall	Low	Mod	Mid	Upp
Full Review:															
MSA #4040 (2002)	4	100.00		25.00		25.00		50.00		0.00					
MSA #29620 (2003-2005)	19	100.00	4.75	21.05	18.78	31.58	50.23	26.84	23.78	10.53	0.07	0.41	0.11	0.04	0.07

* Based on 2005 Peer Small Business Data; 2002 Peer Small Business Data is not available

** Small loans to businesses originated and purchased in the MSA as a percentage of all small loans to businesses originated and purchased in the rated area.

*** Source Data - Dun and Bradstreet (2005).

Table 7. Geographic Distribution of Small Loans to Farms

Geographic Distribution: SMALL LOANS TO FARMS			Geography: MICHIGAN				Evaluation Period: JANUARY 1, 2002 TO DECEMBER 31, 2005					Market Share (%) by Geography*				
Assessment Area:	Total Small Farm Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Overall	Low	Mod	Mid	Upp	
	#	% of Total**	% of Farms**	% BANK Loans	% of Farms*	% BANK Loans	% of Farms*	% BANK Loans	% of Farms**	% BANK Loans						
Full Review:																
MSA #4040 (2002)	3	100.00		0.00		0.00		100.00		0.00						
MSA #29620 (2003-2005)	3	100.00	0.51	0.00	6.15	0.00	79.00	100.00	14.28	0.00	0.00	0.00	0.00	0.00	0.00	

* Based on 2005 Peer Small Business Data; 2002 Peer Small Business Data is not available.

** Small loans to farms originated and purchased in the MSA

*** Source Data - Dun and Bradstreet (2005).

Table 8. Borrower Distribution of Home Purchase Loans

Borrower Distribution: HOME PURCHASE			Geography: MICHIGAN								Evaluation Period: JANUARY 1, 2002 TO DECEMBER 31, 2005				
Assessment Area:	Total Home Purchase Loans		Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers		Market Share *				
	#	% of Total **	% Families ***	% BANK Loans ****	% Families ¹	% BANK Loans	% Families	% BANK Loans	% Families	% BANK Loans	Overall	Low	Mod	Mid	Upp
Full Review:															
MSA #4040 (2002)	135	100.00	19.31	11.85	17.82	27.41	24.67	28.89	38.20	31.85	1.57	1.38	1.50	1.57	1.73
MSA #29620 (2003-2005)	137	100.00	18.99	10.22	18.70	33.58	23.64	25.55	38.67	30.66	0.02	0.08	0.03	0.00	0.00

* Based on 2002 and 2004 Peer Mortgage Data.

** As a percentage of loans with borrower income information available. Income information was available for 100.0% of loans originated and purchased by bank.

*** Percentage of Families is based on the 1990 and 2000 Census information.

**** Home purchase loans originated and purchased in the MSA as a percentage of all home purchase loans originated and purchased in the rated area.

¹ Data shown includes only One to Four-family and manufactured housing.

Table 9. Borrower Distribution of Home Improvement Loans

Borrower Distribution: HOME IMPROVEMENT		Geography: Michigan				Evaluation Period: JANUARY 1, 2002 TO DECEMBER 31, 2005					Market Share *				
Assessment Area:	Total Home Improvement Loans		Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers		Overall	Low	Mod	Mid	Upp
	#	% of Total**	% Families***	% BANK Loans****	% Families ²	% BANK Loans****	% Families***	% BANK Loans****	% Families***	% BANK Loans****					
Full Review:															
MSA #4040 (2002)	64	100.00	19.31	17.19	17.82	21.88	24.67	25.00	38.20	35.94	4.86	5.88	4.11	3.81	6.22
MSA # 29620 (2003-2005)	90	100.00	18.99	24.44	18.70	22.22	23.64	37.78	38.67	15.56	0.75	0.78	1.06	0.86	0.33

* Based on 2002 and 2004 Peer Mortgage Data.

** As a percentage of loans with borrower income information available. Income information was available for 100.0% of loans originated and purchased by bank.

*** Percentage of Families is based on the 1990 and 2000 Census information.

**** Home improvement loans originated and purchased in the MSA as a percentage of all home improvement loans originated and purchased in the rated area.

² Data shown includes only One to Four-family and manufactured housing.

Table 10. Borrower Distribution of Home Mortgage Refinance Loans

Borrower Distribution: HOME MORTGAGE REFINANCE		Geography: Michigan					Evaluation Period: JANUARY 1, 2002 TO DECEMBER 31, 2005					Market Share [*]				
Assessment Area:	Total Home Mortgage Refinance Loans		Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers		Overall	Low	Mod	Mid	Upp	
	#	% of Total ^{**}	% Families ^{***}	% BANK Loans ^{****}	% Families ³	% BANK Loans ^{****}	% Families ^{***}	% BANK Loans ^{****}	% Families ^{***}	% BANK Loans ^{****}						
Full Review:																
MSA #4040 (2002)	319	100.00	19.31	5.64	17.82	22.26	24.67	28.21	38.20	43.89	1.36	0.89	1.41	1.26	1.50	
MSA # 29620 (2003-2005)	515	100.00	18.99	6.99	18.70	20.58	23.64	31.07	38.67	41.36	0.06	0.15	0.07	0.02	0.06	

^{*} Based on 2002 and 2004 Peer Mortgage Data.

^{**} As a percentage of loans with borrower income information available. Income information was available for 100.0% of loans originated and purchased by bank.

^{***} Percentage of Families is based on the 1990 and 2000 Census information.

^{****} Home refinance loans originated and purchased in the MSA as a percentage of all home refinance loans originated and purchased in the rated area.

³ Data shown includes only One to Four-family and manufactured housing.

Table11. Borrower Distribution of Small Loans to Businesses

Borrower Distribution: SMALL LOANS TO BUSINESSES		Geography: Michigan			Evaluation Period: JANUARY 1, 2002 TO DECEMBER 31, 2005				
Assessment Area:	Total Small Loans to Businesses		Businesses With Revenues of \$1 million or less		Loans by Original Amount Regardless of Business Size			Market Share*	
	#	% of Total**	% of Businesses***	% BANK****	\$100,000 or less	>\$100,000 to \$250,000	>\$250,000 to \$1,000,000	All	Rev\$ 1 Million or Less
Full Review:									
MSA #4040 (2002)	4	100.00		75.00	25.00	25.00	50.00		
MSA # 29620 (2003-2005)	19	100.00	64.87	84.21	42.11	52.63	5.26	0.07	0.14

* Based on 2005 Peer Small Business Data; 2002 Peer Small Business Data is not available.

** Small loans to businesses originated and purchased in the MSA as a percentage of all small loans to businesses originated and purchased in the rated area.

*** Businesses with revenues of \$1 million or less as a percentage of all businesses (Source D&B - 2005).

**** Small loans to businesses with revenues of \$1 million or less as a percentage of all loans reported as small loans to businesses. Income information was available for 100.00% of small loans to businesses originated and purchased by the bank.

Table12. Borrower Distribution of Small Loans to Farms

Borrower Distribution: SMALL LOANS TO FARMS		Geography: Michigan			Evaluation Period: JANUARY 1, 2002 TO DECEMBER 31, 2005				
Assessment Area:	Total Small Loans to Farms		Farms With Revenues of \$1 million or less		Loans by Original Amount Regardless of Farm Size			Market Share [*]	
	#	% of Total ^{**}	% of Farms ^{***}	% BANK Loans ^{****}	\$100,000 or less	>\$100,000 to \$250,000	>\$250,000 to \$1,000,000	All	Rev\$ 1 Million or Less
Full Review:									
MSA #4040 (2002)	3	100.00		33.33	0.00	100.00	0.00		
MSA #29620 (2003-2005)	3	100.00	92.32	33.33	66.67	33.33	0.00	0.00	0.00

^{*} Based on 2005 Peer Small Business Data; 2002 Peer Small Business Data is not available.

^{**} Small loans to farms originated and purchased in the MSA as a percentage of all small loans to farms originated and purchased in the rated area.

^{***} Farms with revenues of \$1 million or less as a percentage of all farms (Source D&B - 2005).

^{****} Small loans to farms with revenues of \$1 million or less as a percentage of all loans reported as small loans to farms. No information was available for 67% of the small loans to farms originated or purchased by the bank in 2002 and 33.0% of small loans to farms originated and purchased by the bank for the years 2003 – 2005.

Table 14. Qualified Investments

QUALIFIED INVESTMENTS		Geography: MICHIGAN				Evaluation Period: April 24, 2002 to July 24, 2006			
Assessment Area:	Prior Period Investments *		Current Period Investments		Total Investments			Unfunded Commitments **	
	#	\$(000's)	#	\$(000's)	#	\$(000's)	% of Total	#	\$(000's)
Full Review:									
MSA # 29620	1	\$65	21	817	22	\$882	100.0%	0	0

* 'Prior Period Investments' means investments made in a previous period that are outstanding as of the examination date.

** 'Unfunded Commitments' means legally binding investment commitments that are tracked and recorded by the institution's financial reporting system.

Table 15. Distribution of Branch Delivery System and Branch Openings/Closings

DISTRIBUTION OF BRANCH DELIVERY SYSTEM AND BRANCH OPENINGS/CLOSINGS				Geography: MICHIGAN				Evaluation Period: April 24, 2002 to July 24, 2006									
Assessment Area:	Deposits	Branches						Branch Openings/Closings				Population					
	% of Rated Area Deposits in AA	# of BANK Branches	% of Rated Area Branches in AA	Location of Branches by Income of Geographies (%)				# of Branch Openings	# of Branch Closings	Net change in Location of Branches (+ or -)				% of Population within Each Geography			
				Low	Mod	Mid	Upp			Low	Mod	Mid	Upp	Low	Mod	Mid	Upp
Full Review:																	
MSA # 29620	100.00	1	100.00	0.00	0.00	0.00	100.00	0	0	0	0	0	0	5.69	16.98	55.47	21.05