



## **PUBLIC DISCLOSURE**

July 07, 2014

# **COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION**

First National Bank of America  
Charter Number 14740  
241 East Saginaw, Suite 101  
East Lansing, MI 48823

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Cleveland, OH 44114-2301

**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** with respect to the Lending, Investment, and Service Tests:

Performance Levels	First National Bank of America Performance Tests		
	Lending Test*	Investment Test	Service Test
Outstanding			
High Satisfactory			
Low Satisfactory	X	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:

- The distribution of loans among borrowers of different income levels and businesses of different sizes is adequate. Home mortgage performance and small loans to businesses performance were both adequate in the Lansing-East Lansing assessment area during the evaluation period.
- The geographic distribution of loans among geographies of different income levels is poor. Overall home mortgage performance was very poor, and small loans to businesses performance was adequate in the Lansing-East Lansing assessment area during the evaluation period.
- Community development (CD) lending activity is excellent, and has a positive impact on the Lending Test rating. The bank demonstrated excellent responsiveness to the affordable housing needs of the community through CD lending activities during the evaluation period.
- Qualified investment activity levels reflect adequate responsiveness to community needs.
- The accessibility of delivery systems to geographies and individuals of different income levels is reasonable.
- The provision of community development services reflected good responsiveness to community needs during the evaluation period.

## 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.

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 definition of community development.

Activities that revitalize or stabilize-

- (i) Low-or moderate-income geographies;
- (ii) Designated disaster areas; or
- (iii) 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, and 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 needs, including needs of low- and moderate-income individuals.

**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 householder' 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 (MSA):** 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 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 geography.

## Description of Institution

First National Bank of America (FNBA) is a full service intrastate bank headquartered in East Lansing, Michigan. As of December 31, 2013, FNBA had \$618 million in total assets. FNBA is a wholly-owned subsidiary of First National Bancshares (FNB), a \$692 million one-bank holding company also located in East Lansing. Other holding company subsidiaries have operations that manage acquired real estate and other receivables. None of these non-bank operations impact FNBA's capacity to address the credit needs of its community.

FNBA subsidiaries include a community development corporation as well as entities that perform loan servicing, conduct wholesale lending, administer foreclosure assets, perform payroll functions, and perform building management functions. At the request of bank management, we considered the activities of subsidiary First National Development Company (FNDC) in this evaluation. While FNDC increases FNBA's capacity to reinvest in the community through home rehabilitation activities, the bank's other subsidiaries do not materially impact its community reinvestment capacity.

FNBA has three banking offices located in East Lansing, Kentwood, and Traverse City, Michigan. The bank's primary assessment area (AA) is the three-county area comprising the Lansing-East Lansing MSA, and is served by the East Lansing office. Refer to the Market Profile section in Appendix B for additional details. The Grand Rapids-Wyoming MSA AA is comprised of Kent County and served by the Kentwood office. The Traverse City AA, which is not within an MSA, is comprised of Grand Traverse County and served by the Traverse City office. Each of the three AAs meets the requirements of the CRA regulation.

On April 1, 2011, FNBA acquired a portion of a commercial loan portfolio from First Financial Bank, National Association (FFB) based in Hamilton, Ohio. The loans served FFB's Michigan customers primarily located in the general areas surrounding East Lansing, Grand Rapids, Traverse City, and Kalamazoo. FNBA opened two leased offices in FFB's Grandville (Grand Rapids area) and Traverse City locations. As no deposits were acquired from FFB, these were considered branch openings for FNBA and resulted in the addition of the Grand Rapids-Wyoming MSA and Traverse City AAs. In October 2013, the Grandville and Traverse City branches were moved to bank-owned locations in Kentwood and Traverse City, respectively.

Offering a wide range of banking products and services, FNBA's primary business is providing conforming and non-conforming residential real estate loans to its customers. Non-conforming customers often have impaired credit or non-conforming collateral, including mobile homes. While FNBA offices are limited to Michigan, the bank operates across the country through a network of mortgage brokers. During the evaluation period, FNBA expanded business lending through its three branches. As of year-end 2013, the bank's loan portfolio totaled \$514 million, including \$498 million in real estate secured loans. Within the real estate segment, 75 percent was 1-4 family residential, 14 percent was non-farm / non-residential, 6 percent was construction and development, 4 percent was multifamily, and 1 percent was farmland related.

No financial or legal impediments hindered FNBA's ability to address community needs during the evaluation period. As of year-end 2013, Tier 1 Capital was \$72.6 million and brokered deposits represented 44 percent of total deposits. The last CRA evaluation was performed as of May 17, 2010, and resulted in a "Satisfactory" rating.

## Scope of the Evaluation

### Evaluation Period/Products Evaluated

The evaluation period is May 18, 2010, through July 7, 2014. The start of the evaluation period corresponds to end of the prior evaluation period. We analyzed Home Mortgage Disclosure Act (HMDA) and small loans to businesses and farms data for calendar years 2010 through 2013. The review period for Community Development (CD) loans, qualified investments, and CD services is May 18, 2010, through July 7, 2014.

As the bank entered the Grand Rapids and Traverse City markets by establishing offices in those communities on April 1, 2011, the start date of the evaluation period for the Grand Rapids MSA AA and the Traverse City AA is April 1, 2011.

Analyses of HMDA data for 2010 and 2011 are based on 2000 U.S. Census data. Analyses of 2012 and 2013 HMDA are based on 2010 U.S. Census data. This is consistent with how financial institutions were required to file loan data, and consistent with the manner in which aggregate peer data was generated. Accordingly, we analyzed 2010-2011 lending activity separately from 2012-2013 activity. Activity for each period is presented in separate tables within Appendix D.

### Data Integrity

We tested the accuracy of public information filed by the bank for home mortgage loans and small loans to businesses and farms. We also reviewed CD loans, qualified investments, and CD services to ensure that they meet the regulatory definition of CD. We identified some small business data errors that have since been corrected. This evaluation is based on corrected data.

### Selection of Areas for Full-Scope Review

We performed a full-scope review on the Lansing-East Lansing MSA AA, as this area represents a substantial majority of the bank's lending and deposit activity. Approximately 81 percent of reported loans and 86 percent of the bank's deposits stem from the Lansing-East Lansing MSA AA. The Grand Rapids-Wyoming MSA AA and the Traverse City AA were reviewed using limited-scope procedures. Refer to Appendix A for more information.

### Ratings

The bank's overall rating is based primarily on performance within the Lansing-East Lansing MSA AA.

When drawing conclusions for the Lending Test, loan products were weighted according to their relative volume. Home mortgage activity was weighted greater than small loans to businesses and farms. Among the home mortgage products, refinance activity received the most weight. Lending Test conclusions were also drawn by blending the bank's performance under the 2010-2011 and 2012-2013 time periods. Each time period was weighted equally when drawing conclusions for the full-scope area. As the limited-scope areas were not established until 2011, more weight was placed on the 2012-2013 period when drawing conclusions for those areas.

## **Other**

Bank management elected to have FNBA evaluated under Large Bank performance standards.

Our evaluation also took into consideration information derived from members of the local community. We contacted two community organizations in the Lansing-East Lansing MSA AA. Refer to the Market Profile section in Appendix B for additional detail.

## **Fair Lending or Other Illegal Credit Practices Review**

Pursuant to 12 C.F.R. 25.28(c), or 12 C.F.R. 195.28(c), in determining a national bank's (bank) or Federal savings association's (FSA) CRA rating, respectively, the OCC considers evidence of discriminatory or other illegal credit practices in any geography by the bank or FSA, or in any assessment area by an affiliate whose loans have been considered as part of the bank's or FSA's lending performance.

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 a full-scope review, the bank's lending performance in the Lansing-East Lansing MSA AA is adequate.

#### Lending Activity

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

The level of FNBA's lending activity during the evaluation period is low, but is considered adequate. The bank made a total of 376 reportable and non-reportable loans totaling \$112 million within the Lansing-East Lansing MSA AA. In drawing conclusions, consideration was given to the bank's limited physical presence, its business focus, and the large number of lenders operating in the area (as discussed under the Market Profile section in Appendix B).

FNBA's lending activity levels in the AA have been lower than its position in the local deposit market. The bank's lending market shares have been below one percent for each home mortgage loan and business loan type. According to June 30, 2014, FDIC deposit data, FNBA was ranked fifth in deposits among 22 insured depository institutions, with an 8.5 percent share of the market. However, when FNBA's brokered deposits (primarily non-local) are excluded, FNBA is ranked ninth with a 4.4 percent market share. Based on FNBA's business model of focusing a significant portion of its attention on addressing the needs of non-conforming borrowers throughout the country, the bank's activity in the local area is considered adequate.

#### Distribution of Loans by Income Level of the Geography

The geographic distribution of FNBA's loans in the Lansing-East Lansing MSA AA is poor. Overall home mortgage performance during the evaluation period was very poor, and performance related to small loans to businesses was adequate. Based on volume, home mortgage lending performance received the most weight when drawing conclusions. Refinance activity received the most weight among home mortgage products. The volume of small loans to farms was too small to perform meaningful analyses. Furthermore, the bank's market shares for all loan types were too small for meaningful analyses.

#### *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 home purchase loans is poor. The percentages of loans originated/purchased by FNBA in moderate-income neighborhoods during both the 2010-2011 and the

2012-2013 time periods were lower than the percentages of owner-occupied housing units located in those areas. The percentage of loans originated/purchased in low-income areas during 2010-2011 exceeded the percentage of owner-occupied housing units in low-income sections of the AA, but this represented only one loan. FNBA did not originate any loans in low-income areas during 2012-2013. Of the 55 home purchase loans originated/purchased by FNBA during the four years analyzed, one loan was located in a low-income neighborhood and four loans were in moderate-income neighborhoods.

The geographic distribution of home improvement loans is poor. FNBA did not originate or purchase any home improvement loans located in low-income portions of the AA during either the 2010-2011 or the 2012-2013 time periods. The percentage of loans originated/purchased in moderate-income neighborhoods during 2010-2011 was lower than the percentage of owner-occupied housing units located in moderate-income neighborhoods. The percentage of loans originated/purchased in moderate-income neighborhoods during 2012-2013 exceeded the percentage of owner-occupied housing units in moderate-income sections of the AA, but this represented only one loan. Of the 15 home improvement loans originated/purchased by FNBA during the four years analyzed, none were located in low-income neighborhoods and 1 loan was in a moderate-income neighborhood.

The geographic distribution of home refinance loans is very poor. FNBA did not originate/purchase any home refinance loans in low-income or moderate-income neighborhoods during the 2010-2011 time period. The percentages of loans originated/purchased in low-income and moderate-income neighborhoods during the 2012-2013 time period were significantly below the percentages of owner-occupied housing units located in those areas. Of the 114 home refinance loans originated/purchased by FNBA during the four years analyzed, one was located in a low-income neighborhood and four were located in moderate-income neighborhoods.

The geographic distribution of multifamily loans is poor. FNBA did not originate/purchase any multifamily loans in low-income neighborhoods during either the 2010-2011 or the 2012-2013 time periods. The percentage of loans in moderate-income areas exceeded the percentage of multifamily units located in moderate-income areas in 2010-2011, and was near the percentage of multifamily units located in those parts of the AA in 2012-2013. Of the 16 loans for multifamily properties originated/purchased by FNBA during the four years analyzed, none were located in low-income neighborhoods, and four were in moderate-income neighborhoods.

### ***Small Loans to Businesses***

Refer to Table 6 in Appendix C for the facts and data used to evaluate the geographic distribution of small loans to businesses originated/purchased by the bank.

The geographic distribution of small loans to businesses is adequate. The percentage of loans originated/purchased by FNBA in low-income areas during the 2010-2011 period was significantly lower than the percentage of AA businesses located in low-income areas. The percent of loans in moderate-income areas was near to the percentage of business located in those parts of the AA. During the 2012-2013 time period, no FNBA loans were in low-income areas, while the percentage of loans made in moderate-income areas within the AA exceeded the percentage of businesses located in the moderate-income areas of the AA. Of the 88 small loans to businesses originated/purchased by FNBA during the four years analyzed, one was located in a low-income area and 17 were in moderate-income areas.

### ***Other (non-reportable) Loans***

Refer to Table 1 - Other Products in Appendix C for the facts and data used to evaluate the geographic distribution of the bank's other loan information provided by the bank.

The bank originated/purchased loans and other financing vehicles that are were not reportable for HMDA and CRA purposes, including commercial loans, construction loans, loans secured by vacant land, and land contracts. These are reflected as loans on Table 1 - Other Products in Appendix C. Of the 40 loans originated/purchased during the 2010-2011 period, one loan (2.5 percent) was located in a low-income area and 14 loans (35.0 percent) were located in moderate-income areas. Of the 28 loans for the 2012-2013 period, three loans (10.7 percent) were located in low-income areas and seven loans (25.0 percent) were located in moderate-income areas. A comparison to demographic data cannot be easily performed, as the loans represent a mix of types that do not share common demographic characteristics. Non-reportable lending activity had a neutral impact on our conclusions.

### ***Lending Gap Analysis***

We analyzed FNBA's home mortgage and small loans to business lending activity during the evaluation period to identify any gaps in the geographic distribution of loans. We did not identify any unexplained conspicuous gaps.

### ***Inside/Outside Ratio***

A small percentage of FNBA's reportable loans are located within the AAs. Overall, 10.4 percent of the number of loans and 19.9 percent of the dollar amount of loans are in the AAs. The analysis was conducted at the bank level, using bank loans only. Percentages of lending within the bank's AAs by loan type are as follows: Home Purchase loans – 5.2 percent by loan number and 7.8 percent by loan dollars; Home Improvement loans – 4.6 percent by loan number and 5.8 percent by loan dollars; Home Refinance loans – 8.1 percent by loan number and 15.7 percent by loan dollars; Home purchase loans – 5.2 percent by loan number and 7.8 percent by loan dollars; Small Loans to Businesses – 63.1 percent by loan number and 61.4 percent by loan dollars; Small Loans to Farms – 18.2 percent by loan number and 27.1 percent by loan dollars; Community Development Loans – 56.3 percent by loan number and 57.6 percent by loan dollars.

This record is consistent with FNBA's national lending business strategy. Considering the bank's business model and strategic focus, its reliance on loan brokers from various parts of the country, and the fact that a large portion of the bank's deposits are not from the local area, the low percentage of lending in the AAs had a neutral impact on our geographic distribution performance conclusions.

### **Distribution of Loans by Income Level of the Borrower**

The distribution of FNBA's loans by borrower income level in the Lansing-East Lansing MSA AA is adequate. Overall home mortgage performance during the evaluation period was adequate, as was performance related to small loans to businesses. Based on volume, home mortgage lending performance received the most weight when drawing conclusions. While refinance activity received the most weight among home mortgage products, performance in the other mortgage and business product lines was considered enough to positively impact the overall conclusion. The volume of small loans to

farms was too small to perform meaningful analyses. Furthermore, the bank's market shares for all loan types were too small for meaningful analyses.

### ***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.

In evaluating the borrower distribution of home mortgage loans, we considered the number of households that live below the poverty level and the barriers that this may have on home ownership. It is especially difficult for the segment of the low-income population that lives below the poverty line to afford and maintain a home. This has an impact on the opportunity to lend to the low-income population of the community. Refer to the market profile in appendix C for demographic information, including the poverty rate.

The borrower distribution of home purchase loans is good. The percentages of loans originated/purchased to moderate-income borrowers during both the 2010-2011 and the 2012-2013 time periods exceeded the percentages of families in that income category within the AA reflecting excellent performance. While no home purchase loans were originated/purchased to low-income borrowers during 2010-2011, an adequate level of activity occurred during 2012-2013 considering the 15 percent poverty rate in the AA. Of the 55 home purchase loans originated/purchased by FNBA during the four years analyzed, 4 loans were to low-income borrowers and 15 loans were to moderate-income borrowers.

The borrower distribution of home improvement loans is adequate. While the percentages of loans originated/purchased to low-income and moderate-income borrowers during the 2010-2011 time period exceeded the percentages of families in each of those income categories within the AA, no home improvement loans were made to low-income or moderate-income borrowers during the 2012-2013 period. Of the 15 home improvement loans originated/purchased by FNBA during the four years analyzed, 5 loans were to low-income borrowers and 3 loans were to moderate-income borrowers.

The borrower distribution of home refinance loans is poor. The percentages of loans to moderate-income borrowers during both the 2010-2011 and the 2012-2013 time periods were lower than the percentages of moderate-income families in the AA. FNBA did not originate/purchase any home refinance loans to low-income borrowers during 2010-2011, and the percentage of loans to low-income borrowers during the 2012-2013 period was somewhat lower than the percentage of low-income families in the AA, even when considering the 15 percent poverty rate of the area. Of the 114 home refinance loans originated/purchased by FNBA during the four years analyzed, 4 loans were to low-income borrowers and 12 loans were to moderate-income borrowers.

### ***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 borrower distribution of small loans to businesses is adequate. During the 2010-2011 period, the percentage of FNBA loans to businesses with annual revenues of \$1 million or less was significantly lower than the percentage of area businesses that have annual revenues of \$1 million or less. During the

2012-2013 period, the percentage of loans to businesses with revenues of \$1 million or less exceeded the percentage of area businesses with annual revenues of \$1 million or less. Of the 88 small loans to businesses originated/purchased by FNBA during the four years analyzed, 26 were to businesses with annual revenues of \$1 million or less.

### ***Other (non-reportable) Loans***

Refer to Table 1 - Other Products in Appendix C for the facts and data used to evaluate the bank's distribution of consumer loan originations and purchases.

The bank originated/purchased loans and other financings that are were not reportable for HMDA and CRA purposes, including commercial loans, construction loans, loans secured by vacant land, and land contracts. These loans are reflected on Table 1 - Other Products in Appendix C. There was insufficient information to perform meaningful borrower distribution analyses on these loans. Non-reportable lending activity had a neutral impact on borrower distribution conclusions.

### **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 housing loans that also qualify as CD loans. In addition, Table 5 includes geographic lending data on all multifamily housing loans, including those that also qualify as CD loans. Table 5 does not separately list CD loans, however.

FNBA's CD lending performance is excellent, and has a positive impact on the bank's rating for the Lending Test. Community development loan activity during the evaluation period consisted of 18 loans totaling \$14.1 million originated/purchased within the AA, and 14 loans totaling \$10.4 million originated/purchased outside of the AA but within the broader state-wide and regional area. All CD loans were for affordable housing purposes, primarily in the form of loans for multifamily housing with rents targeted to or affordable by low- and moderate-income individuals. The bank's CD lending activity reflected excellent responsiveness to the affordable housing needs of the community. Some examples of community development lending that involve leadership or complexities are as follows:

- \$1.12 million in financing for the acquisition and rehabilitation of a 24-unit apartment project in Webberville, Michigan that provides affordable housing to low- and moderate-income families. The bank worked in partnership with the Great Lakes Capital Fund, which underwrote tax credits that will ultimately provide take-out financing. The rents per unit are below fair market rents and are affordable for low- and moderate-income individuals and families.
- A \$610,000 loan to renovate and provide end-financing for a 27-unit apartment building located in a low-income census tract of Lansing, Michigan. The property experienced a fire and was unoccupied at the time of financing. Renovation of this building helps to revitalize the neighborhood and provide affordable housing to low-income individuals.
- A revolving \$250,000 line of credit to a community development housing organization to facilitate the construction of seven new affordable homes in East Lansing, Michigan for low- and moderate-income individuals and families. The Michigan State Housing Development Authority provides qualified purchasers with down payment assistance.

## Product Innovation and Flexibility

FNBA offers flexible lending that can help address the credit needs of low- and moderate-income individuals and geographies in a safe and sound manner. FNBA provides flexible financing to customers with impaired credit, and to homeowners who are at risk of losing their home because of delinquency. The bank has also deferred loan payments for victims of national disasters, and entered into forbearance agreements with borrowers pending foreclosure. As further discussed under the Community Development Services section of the Service Test, FNBA also participates in Federal Home Loan Bank of Indianapolis programs that provide down payment assistance and home rehabilitation subsidies to low-income borrowers. The bank's programs are available to areas that include the bank's AA, but information regarding their impact on the low- and moderate-income segments of the community is limited. The impact of flexible lending to low- and moderate-income borrowers and geographies in the AA has a neutral effect on Lending Test conclusions.

## Conclusions for Areas Receiving Limited-Scope Reviews

Based on limited-scope reviews, the bank's performance under the Lending Test in the Grand Rapids-Wyoming MSA AA and the Traverse City non-MSA AA was weaker than the bank's overall Low Satisfactory rating for the Lending Test. The weaker performance was due to the lack of any Community Development loans in those AAs. Due to their relative size and activity levels, performance in the limited-scope areas did not materially impact the bank's overall Lending Test rating. Refer to Tables 1 through 13 in Appendix C for the facts and data that support these conclusions.

## INVESTMENT TEST

### Conclusions for Areas Receiving Full-Scope Reviews

The bank's performance under the investment test is rated Low Satisfactory. Based on a full-scope review, the bank's performance in the Lansing-East Lansing MSA AA is adequate. Refer to Table 14 in Appendix C for the facts and data used to evaluate the bank's level of qualified investments.

FNBA demonstrated adequate responsiveness to the CD needs of the AA. Current and prior period qualified investments totaling \$771,000 are comprised of the following:

- An investment in FNDC, the bank's community development company, of approximately \$68,000 remains on the bank's books. This is reflected as a current period investment, as funds were used during the evaluation period. The primary activity of the CDC has been to acquire, rehabilitate, and sell homes within the bank's AA. The majority of homes are located in low-income or moderate-income neighborhoods, and all homes have been affordable for purchase by low- and moderate-income individuals. This activity has been directly responsive to the neighborhood revitalization and affordable housing needs of the community, and reflects innovativeness and complexity compared to many typical investments.
- The bank's investment in an affordable housing mortgage-backed security fund increased by \$400,000 during the evaluation period. The underlying loans are secured by single-family homes for low- and moderate-income individuals within the bank's AAs. The investment in the fund helps to address the affordable housing needs of the community. Based on the location and

size of the underlying loans, the portion of the current period investment allocated to this AA is approximately \$103,000. Prior period investments in the fund total \$575,000, and are all associated with this AA.

- The bank provided financial grants and in-kind donations totaling approximately \$26,000 to nine local community organizations for CD initiatives for affordable housing, social services for low- and moderate-income individuals, neighborhood revitalization, and small business financing related programs.

## **Conclusions for Area Receiving Limited-Scope Reviews**

Based on limited-scope reviews, the bank's performance under the Investment Test in the Traverse City non-MSA AA was not inconsistent with the bank's overall Low Satisfactory rating for the Investment Test. Performance was stronger in the Grand Rapids-Wyoming MSA AA. The stronger performance was due to higher relative levels of qualified investment activity in the area. Due to the relative size of the AA, the stronger performance area did not materially impact the bank's overall Investment Test rating. Refer to Table 14 in Appendix C for the facts and data that support these conclusions.

## **SERVICE TEST**

### **Conclusions for Areas Receiving Full-Scope Reviews**

The bank's performance under the Service Test is rated Low Satisfactory. Based on a full-scope review, the bank's performance in the Lansing-East Lansing MSA AA 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 geographies and individuals of different income levels throughout the Lansing-East Lansing MSA AA. FNBA operates one branch located in an upper-income geography in the AA, and no offices were opened or closed in this AA during the evaluation period. Office hours and services are available in a manner that does not inconvenience any portions of the AA, including low- and moderate-income areas and individuals, with some extended hours throughout the week.

Access to products and services are also available through some alternative delivery systems, including banking by mail, telephone, and the Internet, and mobile banking. A full-service ATM is also located at the local branch. FNBA also offers free access to a national network of ATMs, including some in low- and moderate-income neighborhoods. As specific information is not available regarding the degree to which low- and moderate-income individuals and geographies are impacted by these services, significant weight cannot be placed on these alternative delivery systems when drawing conclusions for performance.

## **Community Development Services**

Community development service activity is good. Through its employees, FNBA has demonstrated good responsiveness to community needs by providing a variety of CD services. Bank personnel provide financial and technical expertise to organizations involved in affordable housing, small business development, credit repair, educational, and social services, including those in low- and moderate-income geographies. Some examples are:

- Bank employees are active members of committees and organizations that provide CD programs for the local community. Bank records reflect that over 1,230 hours of employee time was afforded to CD programs during the evaluation period. Employees have participated in various bank-sponsored and community-sponsored financial literacy programs for children, adults, and seniors. A bank employee served as an officer of an organization with a focus on affordable housing with initiatives that included housing rehabilitation, low-interest mortgages, and homeownership counseling for low- and moderate-income individuals. Another employee is a member of a county housing board that addresses housing issues of low- and moderate income, elderly, and disabled residents.
- The bank has provided office space free of charge for use by community organizations for community development initiatives.
- FNBA has participated in housing programs offered through the Federal Home Loan Bank of Indianapolis (FHLBI). During the three year period of 2011 through 2013, five low- and moderate-income FNBA borrowers from the AA received FHLBI Neighborhood Impact Program grants totaling more than \$39,000 for home rehabilitation purposes. Through the Home Ownership Opportunities Program, one first-time homebuyer customer in the AA received down payment and closing cost assistance grant.

## **Conclusions for Areas Receiving Limited-Scope Reviews**

Based on limited-scope reviews, the bank's performance under the Service Test in the Grand Rapids-Wyoming MSA AA and the Traverse City non-MSA AA was not inconsistent with the bank's overall Low Satisfactory rating for the Service Test.

## 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 nonmetropolitan 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”).

<b>Time Periods Reviewed</b>	Lending Test (excludes CD Loans): January 1, 2010 to December 31, 2011 January 1, 2012 to December 31, 2013 Investment and Service Tests, and CD Loans: May 18, 2010 to July 7, 2014	
<b>Financial Institution</b>	<b>Products Reviewed</b>	
First National Bank of America (FNBA) East Lansing, Michigan	Home mortgage loans, small loans to businesses and farms, community development loans, qualified investments, community development services, and other non-reportable loan data provided by the bank.	
<b>Affiliate(s)</b>	<b>Affiliate Relationship</b>	<b>Products Reviewed</b>
First National Development Company (FNDC)	Subsidiary	Community development activities
<b>List of Assessment Areas and Type of Examination</b>		
<b>Assessment Area</b>	<b>Type of Exam</b>	<b>Other Information</b>
Lansing-East Lansing, MI MSA (29620)	Full-Scope	Full MSA: Clinton, Eaton, and Ingham Counties
Grand Rapids – Wyoming, MI MSA (24340)	Limited-Scope	Partial MSA: Kent County The evaluation period for this AA is April 1, 2011 to July 7, 2014. The start date corresponds to when the bank established its branch in this AA.
Traverse City (non-MSA)	Limited-Scope	Non-MSA: Grand Traverse County The evaluation period for this AA is April 1, 2011 to July 7, 2014. The start date corresponds to when the bank established its branch in this AA.

## Appendix B: Market Profiles for Full-Scope Areas

### Lansing-East Lansing Metropolitan Area

Demographic Information for Full-Scope Area: Lansing-East Lansing, MI Metropolitan Statistical Area (29620)							
Demographic Characteristics	Census Year	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts/BNAs)	2000	117	7.69	21.37	49.57	19.66	1.71
	2010	131	6.11	21.37	43.51	21.37	7.63
Population by Geography	2000	447,728	5.69	16.98	55.47	21.05	0.80
	2010	464,036	5.23	19.33	47.52	24.26	3.67
Owner-Occupied Housing by Geography	2000	115,901	1.72	13.87	61.20	23.22	0.00
	2010	123,057	3.56	15.04	52.88	28.49	0.03
Businesses by Geography	2013**	34,379	3.91	22.56	43.86	27.69	1.98
Farms by Geography	2013**	1,874	1.71	6.08	67.40	24.55	0.27
Family Distribution by Income Level	2000	110,774	18.99	18.70	23.64	38.67	0.00
	2010	112,894	20.56	17.77	21.91	39.77	0.00
Distribution of Low- and Moderate-Income Families throughout AA Geographies	2000	41,750	6.58	24.60	56.54	12.27	0.00
	2010	43,267	9.79	25.10	49.11	15.99	0.00
Median Family Income 2000 Census	= \$55,552		Median Housing Value		= \$147,218		
Median Family Income 2010 Census	= \$64,523		Unemployment Rate		= 7.4%		
FFIEC Adjusted Median Family Income for 2013	= \$66,000		(2013 annual unadjusted)				
Households Below the Poverty Level	= 15%						

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

(\*\*) Business and Farm demographic data is based on 2013 Peer Small Business Data – U.S. and PR

Sources: 2000 U.S. Census, 2010 U.S. Census, 2013 FFIEC updated MFI, 2013 Peer Small Business Data, U.S. Bureau of Labor Statistics

The Lansing-East Lansing MSA AA consists of the entire Lansing-East Lansing, Michigan MSA (29620). The MSA 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 points. Lansing is Michigan's capitol, and Michigan State University is based in East Lansing. Michigan Economic Development Corporation data from 2013 reflected that top industries for jobs in the area are government, healthcare and social assistance, retail trade, and manufacturing. According to the Lansing Economic Area Partnership, the area's largest employers are the State of Michigan, Michigan State University, Sparrow Health System, and General Motors Corporation.

The AA's profile changed with regard to census tract configurations and income category designations between the 2000 and 2010 census periods. While the three-county area remained the same, the number of census tracts within the area increased from 117 to 131, owner-occupied housing units located in low- and moderate-income neighborhoods increased from 15.6 percent to 18.6 percent, and the percentage of area families designated as low- or moderate-income increased from 31.2 percent to 34.9 percent. The table above reflects demographic information from each of the census periods.

Competition is strong within the banking and lending markets. Aggregate HMDA data reflects that 298 lenders originated home mortgage loans in the AA during 2013. According to June 30, 2014 FDIC

deposit data, there were 22 insured depository institutions operating 123 offices in the Lansing-East Lansing MSA. FNBA ranked fifth in deposits with an 8.5 percent share of the market. However, FNBA has a significant level of brokered deposits that are not considered local deposits. When FNBA's brokered deposits are excluded, FNBA ranked ninth in deposits with a market share of 4.4 percent. The largest deposit competitors are Fifth Third Bank; PNC Bank, National Association; and Comerica Bank, each with deposit shares exceeding 10 percent. Other large financial institutions that have a deposit and lending presence in the market are FirstMerit Bank, National Association; J.P. Morgan Chase Bank, National Association; and Bank of America, National Association.

The Michigan and local economies improved during the evaluation period after the economic recession, with declining unemployment rates reflected across the region. However, Michigan continues to have one of the highest unemployment rates in the country. According to the U.S. Department of Labor's Bureau of Labor Statistics database, the unadjusted average annual unemployment rate for the Lansing-East Lansing MSA declined from 10.0 percent in 2010 to 7.4 percent in 2013. The state-wide unemployment rate also declined from 12.7 percent in 2010 to 8.8 percent in 2013. The local housing market improved, and lending activity increased. Approximately 15 percent of the AA households are below the poverty level. It is especially difficult for this segment of the population to afford and maintain a home.

#### Assessment Area Opportunities and Needs

There have been opportunities to originate/purchase CD loans, make qualified investments, and provide CD services within the area. The competition for involvement in larger projects is high, as a large number of financial institutions operate in the AA. Community resources and opportunities exist where banks can participate in partnerships to address the credit and community development needs. There are various community development organizations, as well as government organizations, that have the capacity to help address community needs. Our evaluation took into consideration information derived from the bank and members of the community. We contacted two community development organizations, including one with a focus on affordable housing and neighborhood revitalization initiatives, and one that focuses on economic development efforts.

Credit and community development needs identified in the AA include affordable single-family and multifamily housing units, rehabilitation of existing homes, and neighborhood revitalization. Mortgage products with flexible underwriting and down-payment assistance features are needed, as well as small business financing and micro-loan programs. There are also needs for additional homebuyer support and assistance programs such as homebuyer and home ownership counseling, foreclosure prevention, credit repair, financial literacy, employment training, and small business ownership support and training. Local community organizations need additional funding and support. Supportive housing for the elderly and disabled, emergency shelters, and transitional housing, child care, and programs and shelters for the homeless are also needed. Furthermore, additional financial institution branches in low- and moderate-income neighborhoods are needed to improve the accessibility of financial services to residents in those areas, including seniors who do not have easy access to transportation.

## Appendix C: Tables of Performance Data

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### 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. See Interagency Q&As \_\_.12 (i) - 5 and - 6 for guidance on when a bank may receive positive CRA consideration for such loans. Refer to the CRA section of the Compliance Policy intranet page for guidance on table placement.
- 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. Refer to the CRA section of the Compliance Policy intranet page for guidance on table placement.

**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 (2010-2011)**

LENDING VOLUME		Geography: MICHIGAN				Evaluation Period: <b>JANUARY 1, 2010 TO DECEMBER 31, 2011</b>						
MA/Assessment Area:	% of Rated Area Loans (#) in MA/AA*	Home Mortgage		Small Loans to Businesses		Small Loans to Farms		Community Development Loans**		Total Reported Loans		% of Rated Area Deposits in MA/AA***
		#	\$ (000's)	#	\$ (000's)	#	\$ (000's)	#	\$ (000's)	#	\$(000's)	
<b>Full Review:</b>												
Lansing-East Lansing	80.63	76	20,614	66	11,089	1	20	11	10,151	154	41,874	86.37
<b>Limited Review:</b>												
Grand Rapids-Wyoming	9.95	13	909	6	1,791	0	0	0	0	19	2,700	7.33
Traverse City	9.42	2	32	15	1,607	1	180	0	0	18	1,819	6.30
<b>Other CD Loans:</b>												
Broader Regional Area	0.00	0	0	0	0	0	0	9	1,879	9	1,879	0.00

\* Loan Data from January 1, 2010 to December 31, 2011. Rated area refers to either the state or multi-state MA rating area.

\*\* Community Development Loans from May 1, 2010 to December 31, 2011.

\*\*\* Deposit Data as of June 30, 2014. Rated Area refers to either the state, multi-state MA, or institution, as appropriate.

**Table 1. Lending Volume (2012-2013)**

LENDING VOLUME		Geography: MICHIGAN				Evaluation Period: <b>JANUARY 1, 2012 TO DECEMBER 31, 2013</b>						
MA/Assessment Area:	% of Rated Area Loans (#) in MA/AA*	Home Mortgage		Small Loans to Businesses		Small Loans to Farms		Community Development Loans**		Total Reported Loans		% of Rated Area Deposits in MA/AA***
		#	\$ (000's)	#	\$ (000's)	#	\$ (000's)	#	\$ (000's)	#	\$(000's)	
<b>Full Review:</b>												
Lansing-East Lansing	77.78	125	23,099	22	5,568	0	0	7	3,992	154	32,659	86.37
<b>Limited Review:</b>												
Grand Rapids-Wyoming	10.61	9	1,144	12	3,581	0	0	0	0	21	4,725	7.33
Traverse City	11.61	7	1,634	16	1,818	0	0	0	0	23	3,452	6.30
<b>Other CD Loans:</b>												
Broader Regional Area	0.00	0	0	0	0	0	0	5	8,540	5	8,540	0.00

\* Loan Data from January 1, 2012 to December 31, 2013. Rated area refers to either the state or multi-state MA rating area.

\*\* Community Development Loans from January 1, 2012 to July 7, 2014.

\*\*\* Deposit Data as of June 30, 2014. Rated Area refers to either the state, multi-state MA, or institution, as appropriate.

**Table 1. Other Products (2010-2011)**

LENDING VOLUME		Geography: MICHIGAN		Evaluation Period: <b>JANUARY 1, 2010 TO DECEMBER 31, 2011</b>	
MA/Assessment Area:	Other Unsecured Consumer Loans*		Other Optional Loans*		
	#	\$ (000's)	#	\$ (000's)	
<b>Full Review:</b>					
Lansing-East Lansing	0	0	40		26,536
<b>Limited Review:</b>					
Grand Rapids-Wyoming	0	0	10		470
Traverse City	0	0	6		3,306

\* Optional Product Line(s) data is from May 18, 2010 to December 31, 2011.

**Table 1. Other Products (2012-2013)**

LENDING VOLUME		Geography: MICHIGAN		Evaluation Period: <b>JANUARY 1, 2012 TO DECEMBER 31, 2013</b>	
MA/Assessment Area:	Other Unsecured Consumer Loans*		Other Optional Loans*		
	#	\$ (000's)	#	\$ (000's)	
<b>Full Review:</b>					
Lansing-East Lansing	0	0	28		10,901
<b>Limited Review:</b>					
Grand Rapids-Wyoming	0	0	12		5,513
Traverse City	0	0	3		4,644

\* Optional Product Line(s) data is from January 1, 2012 to July 7, 2014

**Table 2. Geographic Distribution of Home Purchase Loans (2010-2011)**

Geographic Distribution: HOME PURCHASE		Geography: MICHIGAN					Evaluation Period: JANUARY 1, 2010 TO DECEMBER 31, 2011					Market Share (%) by Geography*				
MA/Assessment Area:	Total Home Purchase Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Over-all	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*** *						
<b>Full Review:</b>																
Lansing-East Lansing	13	68.42	1.72	7.69	13.87	7.69	61.20	23.08	23.22	61.54	0.14	0.00	0.19	0.00	0.46	
<b>Limited Review:</b>																
Grand Rapids-Wyoming	6	31.58	1.21	0.00	13.74	0.00	54.48	33.33	30.58	66.67	0.07	0.00	0.00	0.05	0.12	
Traverse City	0	0.00	0.00	0.00	0.00	0.00	48.82	0.00	51.18	0.00	0.00	0.00	0.00	0.00	0.00	

\* Based on 2011 Peer Mortgage Data: (US and PR)

\*\* Home purchase loans originated and purchased in the MA/AA 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 housing units in a particular geography divided by the number of owner occupied housing units in the area based on 2000 Census information.

\*\*\*\* Data shown includes only One to Four-family and manufactured housing. (Property type of 1 or 2)

**Table 2. Geographic Distribution of Home Purchase Loans (2012-2013)**

Geographic Distribution: HOME PURCHASE		Geography: MICHIGAN					Evaluation Period: JANUARY 1, 2012 TO DECEMBER 31, 2013					Market Share (%) by Geography*				
MA/Assessment Area:	Total Home Purchase Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Over-all	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						
<b>Full Review:</b>																
Lansing-East Lansing	42	89.36	3.56	0.00	15.04	7.14	52.89	40.48	28.50	52.38	0.46	0.00	0.13	0.32	0.85	
<b>Limited Review:</b>																
Grand Rapids-Wyoming	4	8.51	3.12	0.00	16.44	0.00	44.03	75.00	36.40	25.00	0.02	0.00	0.00	0.02	0.02	
Traverse City	1	2.13	0.00	0.00	6.02	0.00	39.88	0.00	54.10	100.00	0.09	0.00	0.00	0.00	0.16	

\* Based on 2013 Peer Mortgage Data: (US and PR).

\*\* Home purchase loans originated and purchased in the MA/AA 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 housing units in a particular geography divided by the number of owner occupied housing units in the area based on 2010 Census information.

\*\*\*\* Data shown includes only One to Four-family and manufactured housing. (Property type of 1 or 2)

**Table 3. Geographic Distribution of Home Improvement Loans (2010-2011)**

Geographic Distribution: HOME IMPROVEMENT												Geography: MICHIGAN		Evaluation Period: <b>JANUARY 1, 2010 TO DECEMBER 31, 2011</b>				
MA/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****	Over-all	Low	Mod	Mid	Upp			
<b>Full Review:</b>																		
Lansing-East Lansing	11	84.62	1.72	0.00	13.87	9.09	61.20	90.91	23.22	0.00	0.53	0.00	0.00	0.78	0.00			
<b>Limited Review:</b>																		
Grand Rapids-Wyoming	1	7.69	1.21	0.00	13.74	100.00	54.48	0.00	30.58	0.00	0.19	0.00	2.13	0.00	0.00			
Traverse City	1	7.69	0.00	0.00	0.00	0.00	48.82	0.00	51.18	100.00	5.26	0.00	0.00	0.00	9.09			

\* Based on 2011 Peer Mortgage Data: (USPR).

\*\* Home improvement loans originated and purchased in the MA/AA 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 housing units in a particular geography divided by number of owner occupied housing units in the area based on 2000 Census information.

\*\*\*\* Data shown includes only One to Four-family and manufactured housing. (Property type of 1 or 2)

**Table 3. Geographic Distribution of Home Improvement Loans (2012-2013)**

Geographic Distribution: HOME IMPROVEMENT												Geography: MICHIGAN		Evaluation Period: <b>JANUARY 1, 2012 TO DECEMBER 31, 2013</b>				
MA/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****	Over-all	Low	Mod	Mid	Upp			
<b>Full Review:</b>																		
Lansing-East Lansing	4	100.00	3.56	0.00	15.04	25.00	52.89	75.00	28.50	0.00	0.07	0.00	0.51	0.00	0.00			
<b>Limited Review:</b>																		
Grand Rapids-Wyoming	0	0.00	3.12	0.00	16.44	0.00	44.03	0.00	36.40	0.00	0.00	0.00	0.00	0.00	0.00			
Traverse City	0	0.00	0.00	0.00	6.02	0.00	39.88	0.00	54.10	0.00	0.00	0.00	0.00	0.00	0.00			

\* Based on 2013 Peer Mortgage Data: (US and PR).

\*\* Home improvement loans originated and purchased in the MA/AA 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 housing units in a particular geography divided by number of owner occupied housing units in the area based on 2010 Census information.

\*\*\*\* Data shown includes only One to Four-family and manufactured housing. (Property type of 1 or 2)

**Table 4. Geographic Distribution of Home Mortgage Refinance Loans (2010-2011)**

Geographic Distribution: HOME MORTGAGE REFINANCE											Geography: MICHIGAN					Evaluation Period: JANUARY 1, 2010 TO DECEMBER 31, 2011				
MA/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****	Over-all	Low	Mod	Mid	Upp					
<b>Full Review:</b>																				
Lansing-East Lansing	39	84.78	1.72	0.00	13.87	0.00	61.20	53.85	23.22	46.15	0.43	0.00	0.00	0.39	0.58					
<b>Limited Review:</b>																				
Grand Rapids-Wyoming	6	13.04	1.21	0.00	13.74	66.67	54.48	33.33	30.58	0.00	0.04	0.00	0.49	0.03	0.00					
Traverse City	1	2.18	0.00	0.00	0.00	0.00	48.82	0.00	51.18	100.00	0.06	0.00	0.00	0.00	0.11					

\* Based on 2011 Peer Mortgage Data: (USPR).

\*\* Home mortgage refinance loans originated and purchased in the MA/AA as a percentage of all home mortgage refinance loans originated and purchased in the rated area.

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

\*\*\*\* Data shown includes only One to Four-family and manufactured housing. (Property type of 1 or 2)

**Table 4. Geographic Distribution of Home Mortgage Refinance Loans (2012-2013)**

Geographic Distribution: HOME MORTGAGE REFINANCE											Geography: MICHIGAN					Evaluation Period: JANUARY 1, 2012 TO DECEMBER 31, 2013				
MA/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****	Over-all	Low	Mod	Mid	Upp					
<b>Full Review:</b>																				
Lansing-East Lansing	75	87.21	3.56	1.33	15.04	5.33	52.89	44.00	28.50	49.33	0.24	0.43	0.16	0.17	0.37					
<b>Limited Review:</b>																				
Grand Rapids-Wyoming	5	5.81	3.12	0.00	16.44	0.00	44.03	40.00	36.40	60.00	0.03	0.00	0.00	0.03	0.03					
Traverse City	6	6.98	0.00	0.00	6.02	0.00	39.88	33.33	54.10	66.67	0.18	0.00	0.00	0.16	0.20					

\* Based on 2013 Peer Mortgage Data: (US and PR).

\*\* Home mortgage refinance loans originated and purchased in the MA/AA as a percentage of all home mortgage refinance loans originated and purchased in the rated area.

\*\*\* Percentage of Owner Occupied Units is the number of owner occupied housing units in a particular geography divided by number of owner occupied housing units in the area based on 2010 Census information.

\*\*\*\* Data shown includes only One to Four-family and manufactured housing. (Property type of 1 or 2)

**Table 5. Geographic Distribution of Multifamily Loans (2010-2011)**

Geographic Distribution: MULTIFAMILY			Geography: MICHIGAN				Evaluation Period: <b>JANUARY 1, 2010 TO DECEMBER 31, 2011</b>					Market Share (%) by Geography*				
MA/Assessment Area:	Total Multifamily Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Over-all	Low	Mod	Mid	Upp	
	#	% of Total**	% of MF Units***	% BANK Loans****	% MF Units***	% BANK Loans****	% MF Units***	% BANK Loans****	% MF Units***	% BANK Loans****						
<b>Full Review:</b>																
Lansing-East Lansing	12	100.00	14.64	0.00	19.48	25.00	46.19	75.00	19.69	0.00	18.52	0.00	27.27	20.59	0.00	
<b>Limited Review:</b>																
Grand Rapids-Wyoming	0	0.00	0.84	0.00	19.49	0.00	67.89	0.00	11.78	0.00	0.00	0.00	0.00	0.00	0.00	
Traverse City	0	0.00	0.00	0.00	0.00	0.00	62.34	0.00	37.66	0.00	0.00	0.00	0.00	0.00	0.00	

\* Based on 2011 Peer Mortgage Data: (USPR).

\*\* Multifamily loans originated and purchased in the MA/AA as a percentage of all multifamily loans originated and purchased in the rated area.

\*\*\* Percentage of multifamily units is the number of multifamily housing units in a particular geography divided by number of multifamily housing units in the area based on 2000 Census information.

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

**Table 5. Geographic Distribution of Multifamily Loans**

Geographic Distribution: MULTIFAMILY			Geography: MICHIGAN				Evaluation Period: <b>JANUARY 1, 2012 TO DECEMBER 31, 2013</b>					Market Share (%) by Geography*				
MA/Assessment Area:	Total Multifamily Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Over-all	Low	Mod	Mid	Upp	
	#	% of Total**	% of MF Units***	% BANK Loans****	% MF Units***	% BANK Loans****	% MF Units***	% BANK Loans****	% MF Units***	% BANK Loans****						
<b>Full Review:</b>																
Lansing-East Lansing	4	100.00	7.92	0.00	29.73	25.00	42.79	75.00	19.56	0.00	5.56	0.00	0.00	10.53	0.00	
<b>Limited Review:</b>																
Grand Rapids-Wyoming	0	0.00	7.00	0.00	29.42	0.00	51.85	0.00	11.73	0.00	0.00	0.00	0.00	0.00	0.00	
Traverse City	0	0.00	0.00	0.00	34.18	0.00	28.52	0.00	37.30	0.00	0.00	0.00	0.00	0.00	0.00	

\* Based on 2013 Peer Mortgage Data: (US and PR).

\*\* Multifamily loans originated and purchased in the MA/AA as a percentage of all multifamily loans originated and purchased in the rated area.

\*\*\* Percentage of multifamily units is the number of multifamily housing units in a particular geography divided by number of multifamily housing units in the area based on 2010 Census information.

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

**Table 6. Geographic Distribution of Small Loans to Businesses (2010-2011)**

Geographic Distribution: SMALL LOANS TO BUSINESSES												Geography: MICHIGAN		Evaluation Period: JANUARY 1, 2010 TO DECEMBER 31, 2011				
MA/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 Businesses***	% BANK Loans	% of Businesses*	% BANK Loans	% of Businesses*	% BANK Loans	% of Businesses**	% BANK Loans	% of Businesses*	% BANK Loans	Overall	Low	Mod	Mid	Upp	
<b>Full Review:</b>																		
Lansing-East Lansing	66	75.86	3.77	1.52	15.95	15.15	54.16	25.76	23.93	57.58	1.38	0.55	1.32	0.72	2.80			
<b>Limited Review:</b>																		
Grand Rapids-Wyoming	6	6.90	2.21	0.00	15.47	16.67	47.96	16.67	34.37	66.67	0.06	0.00	0.07	0.02	0.11			
Traverse City	15	17.24	0.00	0.00	0.00	0.00	58.43	60.00	41.57	40.00	0.79	0.00	0.00	0.82	0.81			

\* Based on 2011 Peer Small Business Data: US and PR

\*\* Small loans to businesses originated and purchased in the MA/AA as a percentage of all small loans to businesses originated and purchased in the rated area.

\*\*\* Source Data - Dun and Bradstreet (2011).

**Table 6. Geographic Distribution of Small Loans to Businesses (2012-2013)**

Geographic Distribution: SMALL LOANS TO BUSINESSES												Geography: MICHIGAN		Evaluation Period: JANUARY 1, 2012 TO DECEMBER 31, 2013				
MA/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 Businesses***	% BANK Loans	% of Businesses*	% BANK Loans	% of Businesses*	% BANK Loans	% of Businesses**	% BANK Loans	% of Businesses*	% BANK Loans	Overall	Low	Mod	Mid	Upp	
<b>Full Review:</b>																		
Lansing-East Lansing	22	44.00	3.91	0.00	22.56	31.82	43.86	45.45	27.69	22.73	0.31	0.00	0.48	0.42	0.13			
<b>Limited Review:</b>																		
Grand Rapids-Wyoming	12	24.00	5.70	0.00	17.63	0.00	39.31	58.33	37.36	41.67	0.06	0.00	0.00	0.06	0.10			
Traverse City	16	32.00	0.00	0.00	10.61	12.50	42.65	56.25	46.75	31.25	0.62	0.00	0.45	1.09	0.26			

\* Based on 2013 Peer Small Business Data: US.

\*\* Small loans to businesses originated and purchased in the MA/AA as a percentage of all small loans to businesses originated and purchased in the rated area.

\*\*\* Source Data - Dun and Bradstreet (2013).

**Table 7. Geographic Distribution of Small Loans to Farms (2010-2011)**

Geographic Distribution: SMALL LOANS TO FARMS												Geography: MICHIGAN		Evaluation Period: <b>JANUARY 1, 2010 TO DECEMBER 31, 2011</b>				
MA/Assessment Area:	Total Small Farm Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Market Share (%) by Geography*							
	#	% of Total**	% of Farms***	% BANK Loans	% of Farms***	% BANK Loans	% of Farms***	% BANK Loans	% of Farms***	% BANK Loans	Overall	Low	Mod	Mid	Upp			
<b>Full Review:</b>																		
Lansing-East Lansing	1	50.00	0.94	0.00	5.67	0.00	77.28	0.00	16.00	100.00	0.00	0.00	0.00	0.00	0.00			
<b>Limited Review:</b>																		
Grand Rapids-Wyoming	0	0.00	0.45	0.00	5.45	0.00	55.56	0.00	38.53	0.00	0.00	0.00	0.00	0.00	0.00			
Traverse City	1	50.00	0.00	0.00	0.00	0.00	51.22	0.00	48.78	100.00	11.11	0.00	0.00	0.00	20.00			

\* Based on 2011 Peer Small Business Data: US and PR.

\*\* Small loans to farms originated and purchased in the MA/AA as a percentage of all small loans to farms originated and purchased in the rated area.

\*\*\* Source Data - Dun and Bradstreet (2011).

**Table 7. Geographic Distribution of Small Loans to Farms (2012-2013)**

Geographic Distribution: SMALL LOANS TO FARMS												Geography: MICHIGAN		Evaluation Period: <b>JANUARY 1, 2012 TO DECEMBER 31, 2013</b>				
MA/Assessment Area:	Total Small Farm Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Market Share (%) by Geography*							
	#	% of Total**	% of Farms***	% BANK Loans	% of Farms***	% BANK Loans	% of Farms***	% BANK Loans	% of Farms***	% BANK Loans	Overall	Low	Mod	Mid	Upp			
<b>Full Review:</b>																		
Lansing-East Lansing	0	0.00	1.71	0.00	6.08	0.00	67.40	0.00	24.55	0.00	0.00	0.00	0.00	0.00	0.00			
<b>Limited Review:</b>																		
Grand Rapids-Wyoming	0	0.00	1.32	0.00	8.21	0.00	40.36	0.00	50.12	0.00	0.00	0.00	0.00	0.00	0.00			
Traverse City	0	0.00	0.00	0.00	4.25	0.00	45.28	0.00	50.47	0.00	0.00	0.00	0.00	0.00	0.00			

\* Based on 2013 Peer Small Business Data: US.

\*\* Small loans to farms originated and purchased in the MA/AA as a percentage of all small loans to farms originated and purchased in the rated area.

\*\*\* Source Data - Dun and Bradstreet (2013).

**Table 8. Borrower Distribution of Home Purchase Loans (2010-2011)**

Borrower Distribution: HOME PURCHASE			Geography: MICHIGAN				Evaluation Period: JANUARY 1, 2010 TO DECEMBER 31, 2011					Market Share*				
MA/Assessment Area:	Total Home Purchase Loans		Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers		Over-all	Low	Mod	Mid	Upp	
	#	% of Total*	% Families*	% BANK Loans***	% Families***	% BANK Loans****	% Families***	% BANK Loans****	% Families***	% BANK Loans****						
<b>Full Review:</b>																
Lansing-East Lansing	13	68.42	18.99	0.00	18.70	38.46	23.64	7.69	38.67	53.85	0.16	0.00	0.00	0.10	0.56	
<b>Limited Review:</b>																
Grand Rapids-Wyoming	6	31.58	17.35	16.67	18.20	16.67	24.08	33.33	40.37	33.33	0.08	0.08	0.05	0.11	0.08	
Traverse City	0	0.00	11.90	0.00	15.89	0.00	24.14	0.00	48.06	0.00	0.00	0.00	0.00	0.00	0.00	

\* Based on 2011 Peer Mortgage Data: (USPR).

\*\* Home purchase loans originated and purchased in the MA/AA as a percentage of all home purchase loans originated and purchased in the rated area.

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

\*\*\*\* As a percentage of loans with borrower income information available. No information was available for 0.0% of loans originated and purchased by Bank. Data includes only One to Four-family and manufactured housing (Property type of 1 or 2)

**Table 8. Borrower Distribution of Home Purchase Loans (2012-2013)**

Borrower Distribution: HOME PURCHASE			Geography: MICHIGAN				Evaluation Period: JANUARY 1, 2012 TO DECEMBER 31, 2013					Market Share*				
MA/Assessment Area:	Total Home Purchase Loans		Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers		Over-all	Low	Mod	Mid	Upp	
	#	% of Total*	% Families*	% BANK Loans***	% Families***	% BANK Loans****	% Families***	% BANK Loans****	% Families***	% BANK Loans****						
<b>Full Review:</b>																
Lansing-East Lansing	42	89.36	20.56	9.52	17.77	23.81	21.91	11.90	39.77	54.76	0.53	0.39	0.45	0.20	0.98	
<b>Limited Review:</b>																
Grand Rapids-Wyoming	4	8.51	20.44	0.00	17.22	25.00	20.92	50.00	41.42	25.00	0.02	0.00	0.00	0.04	0.03	
Traverse City	1	2.13	11.95	0.00	17.44	0.00	21.07	0.00	49.55	100.00	0.10	0.00	0.00	0.00	0.18	

\* Based on 2013 Peer Mortgage Data: (US and PR).

\*\* Home purchase loans originated and purchased in the MA/AA as a percentage of all home purchase loans originated and purchased in the rated area.

\*\*\* Percentage of Families is based on the 2010 Census information.

\*\*\*\* As a percentage of loans with borrower income information available. No information was available for 0.0% of loans originated and purchased by Bank. Data includes only One to Four-family and manufactured housing (Property type of 1 or 2)

**Table 9. Borrower Distribution of Home Improvement Loans (2010-2011)**

Borrower Distribution: HOME IMPROVEMENT			Geography MICHIGAN				Evaluation Period: JANUARY 1, 2010 TO DECEMBER 31, 2011					Market Share*				
MA/Assessment Area:	Total Home Improvement Loans		Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers		Market Share*					
	#	% of Total**	% Families* **	% BANK Loans*** *	% Families ***	% BANK Loans ****	% Families ***	% BANK Loans ****	% Families ***	% BANK Loans ****	Over-all	Low	Mod	Mid	Upp	
<b>Full Review:</b>																
Lansing-East Lansing	11	84.62	18.99	50.00	18.70	30.00	23.64	0.00	38.67	20.00	0.41	0.00	0.50	0.00	0.93	
<b>Limited Review:</b>																
Grand Rapids-Wyoming	1	7.69	17.35	100.00	18.20	0.00	24.08	0.00	40.37	0.00	0.19	1.20	0.00	0.00	0.00	
Traverse City	1	7.69	11.90	0.00	15.89	100.00	24.14	0.00	48.06	0.00	5.56	0.00	25.00	0.00	0.00	

\* Based on 2011 Peer Mortgage Data: (USPR).

\*\* Home improvement loans originated and purchased in the MA/AA as a percentage of all home improvement loans originated and purchased in the rated area.

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

\*\*\*\* As a percentage of loans with borrower income information available. No information was available for 6.3% of loans originated and purchased by Bank. Data includes only One to Four-family and manufactured housing (Property type of 1 or 2)

**Table 9. Borrower Distribution of Home Improvement Loans (2012-2013)**

Borrower Distribution: HOME IMPROVEMENT			Geography: MICHIGAN				Evaluation Period: JANUARY 1, 2012 TO DECEMBER 31, 2013					Market Share*				
MA/Assessment Area:	Total Home Improvement Loans		Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers		Market Share*					
	#	% of Total**	% Families* **	% BANK Loans*** *	% Families ***	% BANK Loans ****	% Families ***	% BANK Loans ****	% Families ***	% BANK Loans ****	Over-all	Low	Mod	Mid	Upp	
<b>Full Review:</b>																
Lansing-East Lansing	4	100.00	20.56	0.00	17.77	0.00	21.91	100.00	39.77	0.00	0.08	0.00	0.00	0.00	0.24	
<b>Limited Review:</b>																
Grand Rapids-Wyoming	0	0.00	20.44	0.00	17.22	0.00	20.92	0.00	41.42	0.00	0.00	0.00	0.00	0.00	0.00	
Traverse City	0	0.00	11.95	0.00	17.44	0.00	21.07	0.00	49.55	0.00	0.00	0.00	0.00	0.00	0.00	

\* Based on 2013 Peer Mortgage Data: (US and PR).

\*\* Home improvement loans originated and purchased in the MA/AA as a percentage of all home improvement loans originated and purchased in the rated area.

\*\*\* Percentage of Families is based on the 2010 Census information.

\*\*\*\* As a percentage of loans with borrower income information available. No information was available for 0.0% of loans originated and purchased by Bank. Data includes only One to Four-family and manufactured housing (Property type of 1 or 2)

**Table 10. Borrower Distribution of Home Mortgage Refinance Loans (2010-2011)**

Borrower Distribution: HOME MORTGAGE REFINANCE												Geography: MICHIGAN		Evaluation Period: JANUARY 1, 2010 TO DECEMBER 31, 2011				
MA/Assessment Area:	Total Home Mortgage Refinance Loans		Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers		Market Share*							
	#	% of Total**	% Families* **	% BANK Loans*** *	% Families ***	% BANK Loans ****	% Families ***	% BANK Loans ****	% Families ***	% BANK Loans ****	Over-all	Low	Mod	Mid	Upp			
<b>Full Review:</b>																		
Lansing-East Lansing	39	84.78	18.99	0.00	18.70	10.71	23.64	21.43	38.67	67.86	0.34	0.00	0.17	0.30	0.49			
<b>Limited Review:</b>																		
Grand Rapids-Wyoming	6	13.04	17.35	33.33	18.20	0.00	24.08	33.33	40.37	33.33	0.03	0.13	0.00	0.04	0.02			
Traverse City	1	2.18	11.90	0.00	15.89	0.00	24.14	0.00	48.06	0.00	0.00	0.00	0.00	0.00	0.00			

\* Based on 2011 Peer Mortgage Data: (USPR).

\*\* Home mortgage refinance loans originated and purchased in the MA/AA as a percentage of all home mortgage refinance loans originated and purchased in the rated area.

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

\*\*\*\* As a percentage of loans with borrower income information available. No information was available for 30.6% of loans originated and purchased by Bank. Data includes only One to Four-family and manufactured housing (Property type 1 or 2)

**Table 10. Borrower Distribution of Home Mortgage Refinance Loans (2012-2013)**

Borrower Distribution: HOME MORTGAGE REFINANCE												Geography: MICHIGAN		Evaluation Period: JANUARY 1, 2012 TO DECEMBER 31, 2013				
MA/Assessment Area:	Total Home Mortgage Refinance Loans		Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers		Market Share*							
	#	% of Total**	% Families* **	% BANK Loans*** *	% Families ***	% BANK Loans ****	% Families ***	% BANK Loans ****	% Families ***	% BANK Loans ****	Over-all	Low	Mod	Mid	Upp			
<b>Full Review:</b>																		
Lansing-East Lansing	75	87.21	20.56	5.41	17.77	10.81	21.91	17.57	39.77	66.22	0.29	0.13	0.23	0.25	0.37			
<b>Limited Review:</b>																		
Grand Rapids-Wyoming	5	5.81	20.44	25.00	17.22	25.00	20.92	0.00	41.42	50.00	0.03	0.11	0.04	0.00	0.02			
Traverse City	6	6.98	11.95	0.00	17.44	0.00	21.07	40.00	49.55	60.00	0.21	0.00	0.00	0.33	0.24			

\* Based on 2013 Peer Mortgage Data: (US and PR).

\*\* Home mortgage refinance loans originated and purchased in the MA/AA as a percentage of all home mortgage refinance loans originated and purchased in the rated area.

\*\*\* Percentage of Families is based on the 2010 Census information.

\*\*\*\* As a percentage of loans with borrower income information available. No information was available for 3.5% of loans originated and purchased by Bank. Data includes only One to Four-family and manufactured housing (Property type of 1 or 2)

**Table 11. Borrower Distribution of Small Loans to Businesses (2010-2011)**

Borrower Distribution: SMALL LOANS TO BUSINESSES					Geography: MICHIGAN		Evaluation Period: JANUARY 1, 2010 TO DECEMBER 31, 2011		
MA/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 Loans****	\$100,000 or less	>\$100,000 to \$250,000	>\$250,000 to \$1,000,000	All	Rev \$1 Million or Less
<b>Full Review:</b>									
Lansing-East Lansing	66	75.86	68.04	12.12	53.03	25.76	21.21	1.38	0.34
<b>Limited Review:</b>									
Grand Rapids-Wyoming	6	6.90	66.85	0.00	16.67	33.33	50.00	0.06	0.00
Traverse City	15	17.24	70.80	6.67	66.67	26.67	6.67	0.79	0.13

\* Based on 2011 Peer Small Business Data: US and PR.

\*\* Small loans to businesses originated and purchased in the MA/AA 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 - 2011).

\*\*\*\* Small loans to businesses with revenues of \$1 million or less as a percentage of all loans reported as small loans to businesses. No information was available for 84.44% of small loans to businesses originated and purchased by the Bank.

**Table 11. Borrower Distribution of Small Loans to Businesses (2012-2013)**

Borrower Distribution: SMALL LOANS TO BUSINESSES					Geography: MICHIGAN		Evaluation Period: JANUARY 1, 2012 TO DECEMBER 31, 2013		
MA/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 Loans****	\$100,000 or less	>\$100,000 to \$250,000	>\$250,000 to \$1,000,000	All	Rev \$1 Million or Less
<b>Full Review:</b>									
Lansing-East Lansing	22	44.00	73.23	81.82	27.27	36.36	36.36	0.31	0.48
<b>Limited Review:</b>									
Grand Rapids-Wyoming	12	24.00	72.54	75.00	50.00	8.33	41.67	0.06	0.15
Traverse City	16	32.00	75.90	43.75	68.75	25.00	6.25	0.62	1.12

\* Based on 2013 Peer Small Business Data: US and PR.

\*\* Small loans to businesses originated and purchased in the MA/AA 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 - 2013).

\*\*\*\* Small loans to businesses with revenues of \$1 million or less as a percentage of all loans reported as small loans to businesses. No information was available for 16.00% of small loans to businesses originated and purchased by the Bank.

**Table 12. Borrower Distribution of Small Loans to Farms (2010-2011)**

Borrower Distribution: SMALL LOANS TO FARMS					Geography: MICHIGAN		Evaluation Period: <b>JANUARY 1, 2010 TO DECEMBER 31, 2011</b>		
MA/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 \$500,000	All	Rev \$1 Million or Less
<b>Full Review:</b>									
Lansing-East Lansing	1	50.00	97.90	0.00	100.00	0.00	0.00	0.00	0.00
<b>Limited Review:</b>									
Grand Rapids-Wyoming	0	0.00	95.91	0.00	0.00	0.00	0.00	0.00	0.00
Traverse City	1	50.00	97.56	0.00	0.00	100.00	0.00	11.11	25.00

\* Based on 2011 Peer Small Business Data: US and PR.

\*\* Small loans to farms originated and purchased in the MA/AA 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 - 2011).

\*\*\*\* 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 100.0% of small loans to farms originated and purchased by Bank.

**Table 12. Borrower Distribution of Small Loans to Farms (2012-2013)**

Borrower Distribution: SMALL LOANS TO FARMS					Geography: MICHIGAN		Evaluation Period: <b>JANUARY 1, 2012 TO DECEMBER 31, 2013</b>		
MA/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 \$500,000	All	Rev \$1 Million or Less
<b>Full Review:</b>									
Lansing-East Lansing	0	0.00	98.19	0.00	0.00	0.00	0.00	0.00	0.00
<b>Limited Review:</b>									
Grand Rapids-Wyoming	0	0.00	95.97	0.00	0.00	0.00	0.00	0.00	0.00
Traverse City	0	0.00	97.88	0.00	0.00	0.00	0.00	0.00	0.00

\* Based on 2013 Peer Small Business Data: US and PR.

\*\* Small loans to farms originated and purchased in the MA/AA 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 - 2013).

\*\*\*\* 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 0.00% of small loans to farms originated and purchased by Bank.

**Table 14. Qualified Investments**

QUALIFIED INVESTMENTS		Geography: MICHIGAN				Evaluation Period: <b>MAY 18, 2010 TO JULY 7, 2014</b>			
MA/Assessment Area:	Prior Period Investments *		Current Period Investments		Total Investments			Unfunded Commitments **	
	#	\$(000's)	#	\$(000's)	#	\$(000's)	% of Total	#	\$(000's)
<b>Full Review:</b>									
Lansing-East Lansing	1	575	11	196	12	771	71.65	0	0
<b>Limited Review:</b>									
Grand Rapids-Wyoming	0	0	6	224	6	224	20.82	0	0
Traverse City	0	0	8	81	8	81	7.53	0	0

\* 'Prior Period Investments' means investments made in a previous evaluation 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: <b>MAY 18, 2010 TO JULY 7, 2014</b>			
MA/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							
<b>Full Review:</b>																								
Lansing-East Lansing	86.37	1	33.33	0.00	0.00	0.00	100.00	0	0	0	0	0	0	5.23	19.33	47.52	24.26							
<b>Limited Review:</b>																								
Grand Rapids-Wyoming	7.33	1	33.33	0.00	0.00	100.00	0.00	2	1	0	0	+1	0	6.28	20.07	41.57	32.08							
Traverse City	6.30	1	33.33	0.00	0.00	0.00	100.00	1	0	0	0	0	+1	0.00	6.25	37.50	56.25							

\* Based on 2010 U.S. Census. Population data for NA geographies (geographies that have not been assigned an income calculation) are not reflected.

\*\* Deposit Data as of June 30, 2014. Rated Area refers to either the state, multi-state MA, or institution, as appropriate.

