



PUBLIC DISCLOSURE

October 16, 2017

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

Flagstar Bank F.S.B.

Charter Number 708412

5151 Corporate Drive
Troy, MI 48098-2639

Office of the Comptroller of the Currency

Midsized Bank Supervision
1 South Wacker Drive, Suite 2000
Chicago, IL 60606

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 Flagstar Bank, F.S.B. with respect to the Lending, Investment, and Service Tests:

Performance Levels	(Flagstar Bank, F.S.B.) 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:

- Lending levels reflect good responsiveness to assessment area (AA) credit needs;
- The geographic distribution of loans reflects adequate penetration throughout the bank’s AAs as evidenced by poor home mortgage performance and good small business performance;
- The borrower distribution of lending reflects adequate penetration among customers of different income levels as evidenced by adequate home mortgage performance and poor small business performance;
- Community Development (CD) lending has an overall neutral impact on the Lending Test in the State of Michigan;

- The level of qualified investment activity and responsiveness to AA needs is adequate;
- Bank offices are reasonably accessible to essentially all portions of the bank's AAs and individuals of different income levels; and,
- A good level of community development services.

Definitions and Common Abbreviations

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

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

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

Census Tract (CT): Small, relatively permanent statistical subdivisions of a county delineated by local participants as part of the U.S. Census Bureau's Participant Statistical Areas Program. The primary purpose of CTs is to provide a stable set of geographic units for the presentation of decennial census data. CTs generally have between 1,500 and 8,000 people, with an optimum size of 4,000 people.

Community Development (CD): 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 Small Business Administration Development Company or Small Business Investment Company programs size eligibility standards or have gross annual revenues of \$1 million or less; activities that revitalize or stabilize low- or moderate-income geographies, distressed or underserved nonmetropolitan middle-income geographies, or designated disaster areas; or loans, investments, and services that support, enable or facilitate projects or activities under HUD Neighborhood Stabilization Program criteria that benefit low-, moderate-, and middle-income individuals and geographies in the bank's assessment area(s) or outside the assessment area(s) provided the bank has adequately addressed the community development needs of its assessment area(s).

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 conduct 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 applicants, the amount of loan requested, the disposition of the application (e.g., approved, denied, and withdrawn, 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 refinancing(s), 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 derived from the United States Census Bureau's American Community Survey data every 5 years and used to determine the income level category of geographies. Also, it is the median income determined by the Federal Financial Institutions Examination Council (FFIEC) annually that is used to determine the income level of individuals within a geography. For any given geography, 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 (MD): 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 multistate 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 multistate metropolitan area, the institution will receive a rating for the multistate 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

Flagstar Bank, F.S.B. (Flagstar or bank) is an intrastate federally chartered savings bank headquartered in Troy, Michigan with assets of \$16.8 billion as of September 30, 2017. Flagstar is the second-largest banking institution headquartered in the state, with 99 branches and 99 deposit-taking ATMs serving portions of southern and central Michigan. The bank provides home loans in all 50 states. While Flagstar is primarily a home mortgage lender, the bank also offers a wide range of retail banking products and services to individuals and businesses through its branch network. Consumer loans, credit cards, business loans, cash management, and merchant services are offered.

Flagstar is a subsidiary of Flagstar Bancorp, Inc., a \$16.8 billion one-bank holding company also headquartered in Troy, Michigan. Other holding company subsidiaries include two insurance agencies and trust preferred financing entities. A bank subsidiary facilitates asset backed securitization activities. None of the holding company or bank subsidiaries have activities that materially impact Flagstar's capacity for community investment.

As of June 30, 2016, Flagstar had total assets of \$13.7 billion, total loans of \$9.3 billion, and Tier One capital of \$1.6 billion. Approximately 75.80 percent of the bank's loan portfolio was comprised of real estate loans, of which the predominant portion or 86.89 percent was secured by one-to-four family residential real estate. According to June 30, 2016 FDIC deposit information, Flagstar ranked seventh of 136 institutions in total statewide deposits with a 4.38 percent share of the insured deposit market.

Flagstar operated under regulatory enforcement actions during the evaluation period that limited the bank's ability to offer new products and services without regulatory approval. The bank's financial condition throughout the evaluation period impacted the bank's capacity for community investment, including involvement in tax-credit related initiatives. The bank received a Satisfactory rating in its previous CRA examination dated October 20, 2014.

Scope of the Evaluation

Evaluation Period/Products Evaluated

We reviewed home purchase, home improvement, home refinance, and multifamily mortgage loans made by the bank and reported under the Home Mortgage Disclosure Act (HMDA). We also reviewed small loans made to businesses and reported under the Community Reinvestment Act (CRA). We evaluated the bank's HMDA, and small business lending performance between January 1, 2014 and December 31, 2016.

Flagstar did not originate small loans to farms and has limited home improvement, multifamily, and small business loans. We determined that 20 loans made within an AA was sufficient for analysis purposes. Due to the limited volume, home improvement, multifamily, and small business lending performance had no material impact on the bank's overall lending test conclusion.

For lending performance, more emphasis was placed on borrower and geographic distributions than on the aggregate performance. Borrower and geographic analysis cover all three years of the evaluation period where aggregate comparators include only data from 2015.

One significant factor used to help identify specific loan products that should carry more weight in the performance evaluation is the number of the different loans products originated and purchased in the AA. Another factor is community credit needs. Weighting by number of loans gives consideration for each lending decision regardless of the dollar amount. In addition, when there were performance differences between low- and moderate-income geographies we placed more emphasis on the geography category with more lending opportunity (e.g. higher number of owner-occupied housing units).

Flagstar uses innovative and flexible lending programs to help address AA credit needs. Affordable housing for low- and moderate-income borrowers is an identified credit need throughout the bank's designated AAs, as is home mortgage lending in low- and moderate-income geographies. Affordable housing and home ownership is a challenge for individuals and families in the bank's primary AA (Detroit-Warren-Dearborn, MI MSA) due to high levels of vacant homes or homes in need of repair to be habitable, especially in the City of Detroit. There are other well noted lending challenges in the Detroit-Warren-Dearborn, MI MSA, and especially in the City of Detroit, that include high poverty rates; poor housing stock; significant infrastructure problems; lack of job opportunities; and shifting to a more diverse economic base; as well as a great need for general financial education. During the evaluation period, in 2015, Flagstar initiated its Detroit Land Bank mortgage product to help remove some of the barriers to homeownership. The product is structured so an appraisal gap can be mitigated and costs for rehabilitation of the home can be included in the financing. The bank has since rolled this product out to all Flagstar AAs. Flagstar also participates in the Detroit Home Mortgage collaboration. These

special loan programs and the vast array of traditional mortgage loan products provide avenues to combat the affordable housing and home ownership challenges faced in the bank's AAs.

Selection of Areas for Full-Scope Review

Flagstar has delineated 12 AAs in the state of Michigan during the evaluation period. The AAs selected for full-scope reviews are the Detroit-Warren-Dearborn, MI MSA, consisting of Livingston, Macomb, Oakland, and Wayne Counties; the Grand Rapids-Wyoming, MI MSA consisting of Kent and Ottawa Counties; and the Jackson, MI MSA consisting of Jackson County. The Detroit and Grand Rapids MSAs contained the bank's largest percentage of loans, deposits, and branches. The Jackson MSA had the third largest amount of deposits and branches and was the largest bank by deposits in the MSA. The Detroit-Livonia-Dearborn MD and Warren-Troy-Farmington Hills MD make up the Detroit-Warren-Dearborn, MI MSA AA and were evaluated separately and are commented on under the Detroit-Warren-Dearborn, MI MSA. Economic, housing, and demographic circumstances are significantly different between the MDs and the community credit needs are also significantly different. Analysis at the MD level, provides a more accurate analysis of the bank's response to different needs in the MDs.

The AAs subject to limited-scope reviews are the Ann Arbor, MI MSA, consisting of Washtenaw County; the Battle Creek, MI MSA, consisting of Calhoun County; the Flint, MI MSA, consisting of Genesee County; the Kalamazoo-Portage, MI MSA, consisting of Kalamazoo and Van Buren Counties; the Lansing-East Lansing, MI MSA, consisting of Eaton and Ingham Counties; the MI Non-MSA, consisting of four counties outside MSAs: Allegan (2014-2015), Branch, Hillsdale, and St Joseph Counties, respectively; the Monroe, MI MSA consists of Monroe County; and the Niles-Benton Harbor, MI MSA consisting of Berrien County. The bank's only branches in Allegan County and Saginaw County were sold in May 2015 and August 2016, respectively.

Ratings

The bank's overall rating is based primarily on those areas that received full-scope reviews. The lending test is weighted more heavily than the investment and service tests.

We placed greater emphasis on home mortgage lending than small business activity due to the bank's strategic focus on home mortgage lending. Demographic data provided context to assess the adequacy of the bank's lending performance. The individual home mortgage loan types were analyzed separately, with weighting based on loan volume. The greatest emphasis was placed on home purchase and home refinance loans. Home improvement loans and multifamily lending received considerably less weight due to minimal lending volume. The bank had a small volume of loans to small businesses. Flagstar did not originate or purchase any loans to small farm borrowers during the evaluation period.

Inside/Outside Ratio

We performed this analysis at the bank level and it does not include any affiliate lending activity. Flagstar did not originate and purchase a majority of its home mortgage loans within the bank's designated AAs during the evaluation period. In fact, a majority or 93.89 percent of the bank's home mortgage loans are originated outside of the bank's AAs. The percentages in numbers of loans made outside the AAs by loan type for the combined three-year period are as follows: home improvement loans (94.09 percent); home refinance loans (94.14 percent); home purchase loans (93.67 percent); and small loans to businesses (3.15 percent). However, this performance factor is considered adequate based on the business strategy of the institution. A substantial majority of the bank's home mortgage loans are made primarily through a series of out-of-state lending centers and through networks of brokers and correspondents across the country. The bank's only direct retail presence is in southeastern Michigan. Flagstar did originate and purchase a substantial majority of its small business loans within the combined AAs during the evaluation period.

Discriminatory or Other Illegal Credit Practices Review

Pursuant to 12 C.F.R. §25.28(c) or §195.28(c), respectively, in determining a national bank's or federal savings association's (collectively, bank) CRA rating, the OCC considers evidence of discriminatory or other illegal credit practices in any geography by the bank, or in any assessment area by an affiliate whose loans have been considered as part of the bank's lending performance. As part of this evaluation process, the OCC consults with other federal agencies with responsibility for compliance with the relevant laws and regulations, including the U.S. Department of Justice, the U.S. Department of Housing and Urban Development, and the Consumer Financial Protection Bureau, as applicable.

The OCC has not identified that this institution, or any affiliate whose loans have been considered as part of the institution's lending performance, has engaged in discriminatory or other illegal credit practices that require consideration in this evaluation.

The OCC will consider any information that this institution engaged in discriminatory or other illegal credit practices, identified by or provided to the OCC before the end of the institution's next performance evaluation in that subsequent evaluation, even if the information concerns activities that occurred during the evaluation period addressed in this performance evaluation.

Conclusions with Respect to Performance Tests

LENDING TEST

Conclusions for Areas Receiving Full-Scope Reviews

The bank's performance under the lending test in Michigan is rated Low Satisfactory.

Based on full-scope reviews, the bank's performance in the Detroit-Warren-Dearborn, MI MSA; Grand Rapids-Wyoming MI, MSA; and Jackson MI, MSA is adequate. We placed most emphasis on the bank's home mortgage lending. We placed slightly more weight on home purchase loans in the Detroit-Warren-Dearborn, MI MSA as the bank originated more home purchase loans than home refinance loans and vastly more than home improvement loans. For both Grand Rapids-Wyoming MI, MSA and the Jackson MI, MSA we placed equal emphasis on home purchase and home refinance loans as originations and purchases were close to equal in volume in each of those AAs.

Lending Activity

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

Detroit-Warren-Dearborn, MI MSA

Flagstar's lending activity reflects an overall good responsiveness to area credit needs in the Detroit-Warren-Dearborn, MI MSA. Flagstar's deposit market share for the Detroit-Warren-Dearborn, MI MSA is 5.78 percent and the bank is ranked fifth out of 46 depository institutions placing the bank in the top 10.78 percent. For home purchase loans, Flagstar's market share is 3.99 percent and the bank ranks sixth out of 426 lenders placing the bank in the top 1.41 percent. For home improvement loans, Flagstar's market share is 1.84 percent and the bank ranks 14th out of 206 lenders placing the bank in the top 6.80 percent. For multifamily loans, Flagstar's market share is 1.08 percent and the bank ranks 27th out of 60 lenders placing the bank in the top 45.00 percent. For home refinance loans, Flagstar's market share is 3.99 percent and the bank ranks fifth out of 446 lenders placing the bank in the top 1.12 percent

Grand Rapids-Wyoming, MI MSA

Flagstar's lending activity reflects an overall good responsiveness to area credit needs in the Grand Rapids-Wyoming, MI MSA. Flagstar's deposit market share for the Grand Rapids-Wyoming, MI MSA is 1.86 percent and the bank is ranked 13th out of 26 depository institutions placing the bank in the top 50.00 percent. For home purchase loans, Flagstar's market share is 1.52 percent and the bank ranks fifteenth out of 285 lenders placing the bank in the top 5.26 percent. For home improvement loans, Flagstar's market share is 0.41 percent and the bank ranks 26th out of 103 lenders placing the bank in

the top 25.24 percent. For home refinance loans, Flagstar's market share is 2.20 percent and the bank ranks ninth out of 278 lenders placing the bank in the top 3.24 percent.

Jackson, MI MSA

Flagstar's lending activity reflects an overall good responsiveness to area credit needs in the Jackson, MI MSA. Flagstar's deposit market share for the Jackson, MI MSA is 28.44 percent and the bank is first out of 13 depository institutions. For home purchase loans, Flagstar's market share is 4.73 percent and the bank ranks fifth out of 156 lenders placing the bank in the top 3.21 percent. For home improvement loans, Flagstar's market share is 1.90 percent and the bank ranks ninth out of 54 lenders placing the bank in the top 16.67 percent. For home refinance loans, Flagstar's market share is 8.41 percent and the bank ranks second out of 151 lenders placing the bank in the top 1.32 percent.

Distribution of Loans by Income Level of the Geography

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.

Flagstar's overall distribution of loans by income level of geography in Michigan is adequate. The overall distribution of home mortgage loans is poor and small business loans is good. The geographical distribution of home mortgage loans in the Detroit-Warren-Dearborn, MI MSA is very poor. The overall geographical distribution of home mortgage loans in the Grand Rapids-Wyoming, MI MSA is good and for the Jackson, MI MSA is adequate. The geographical distribution of small loans to businesses in the Detroit-Warren-Dearborn, MI MSA is excellent. The geographical distribution of small loans to businesses in the Jackson, MI MSA is good. The bank did not originate or purchase a sufficient volume of small business loans to analyze in the Grand Rapids-Wyoming, MI MSA. The bank's lack of small business lending in the Grand Rapids-Wyoming, MI MSA had a neutral impact on the overall rating due to the bank's strategic focus.

Home Mortgage Loans

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

Flagstar's geographical distribution of home purchase loans in the Detroit-Warren-Dearborn, MI MSA is poor, in the Grand Rapids-Wyoming, MI MSA is good, and in the Jackson, MI MSA is adequate. The geographical distribution of home improvement loans in the Detroit-Warren-Dearborn, MI MSA is very poor, in the Grand Rapids-Wyoming, MI MSA is adequate, and in the Jackson, MI MSA is adequate. The geographical distribution of home refinance loans in the Detroit-Warren-Dearborn, MI MSA is very poor, and in the Grand Rapids-Wyoming, MI MSA and Jackson, MI MSA is good. We placed more emphasis on the bank's performance in moderate-income geographies as these areas have a

significantly higher percentage of owner-occupied units. We placed slightly more weight on home purchase loans in the Detroit-Warren-Dearborn, MI MSA as the bank originated more home purchase loans than the other product types. The lack of home improvement lending in the Detroit MSA was considered in the evaluation of the bank's lending test performance.

Detroit-Warren-Dearborn, MI MSA

Home Purchase

Flagstar's overall geographic distribution of home purchase loans is poor. The percentage of home purchase loans originated or purchased in low-income geographies is significantly below and in moderate-income geographies is well below the percentage of owner-occupied housing units in those geographies. Flagstar's percentage of home purchase loans originated or purchased in low-income geographies is below the aggregate percentage of all reporting lenders. Flagstar's percentage of home purchase loans originated or purchased in moderate-income geographies is near to the aggregate percentage of all reporting lenders.

Home Improvement

Flagstar's geographic distribution of home improvement loans is very poor. The percentages of home improvement loans originated or purchased in low- and moderate-income geographies are significantly below the percentages of owner-occupied housing units located in those geographies. The bank's percentage of home improvement loans originated or purchased in low-income geographies is significantly below the aggregate percentage of all reporting lenders. Flagstar's percentage of home improvement loans originated or purchased in moderate-income geographies is below the aggregate percentage of all reporting lenders.

Home Refinance

The bank's geographic distribution of home refinance loans is very poor. The percentages of home refinance loans originated or purchased in low- and moderate-income geographies are significantly below the percentages of owner-occupied housing units in those geographies. Flagstar's percentage of home refinance loans originated or purchased in low- and moderate-income geographies is well below the aggregate percentage of all reporting lenders.

Multifamily

The bank's geographic distribution of multifamily loans is excellent. The percentages of multifamily loans originated or purchased in low- and moderate-income geographies exceeds the percentages of multifamily units in those geographies. Flagstar's percentage of multifamily loans originated or purchased in low- and moderate-income geographies exceeds the aggregate percentage of all reporting lenders.

Grand Rapids-Wyoming, MI MSA**Home Purchase**

Flagstar's geographic distribution of home purchase loans is good. The percentage of home purchase loans originated or purchased in low-income geographies is below the percentage of owner-occupied housing units in those geographies. The bank's percentage of home purchase loans originated or purchased in moderate-income geographies exceeds the percentage of owner-occupied housing units in moderate-income geographies. Flagstar's percentage of home purchase loans originated or purchased in low-income geographies exceeds and in moderate-income geographies is near to the aggregate percentage of all reporting lenders.

Home Improvement

The bank's geographic distribution of home improvement loans is adequate. The percentage of home improvement loans originated or purchased in low-income geographies is significantly below the percentage of owner-occupied housing units in those geographies. The percentage of home improvement loans originated or purchased in moderate-income geographies is near to the percentage of owner-occupied housing units in those geographies. Flagstar's percentage of home improvement loans originated or purchased in low-income geographies is significantly below and in moderate-income geographies is near to the aggregate percentage of all reporting lenders.

Home Refinance

Flagstar's geographic distribution of home refinance loans is good. The percentages of home refinance loans originated or purchased in low- and moderate-income geographies are below the percentages of owner-occupied housing units located in those geographies. The bank's percentage of home refinance loans originated or purchased in both low- and moderate-income geographies exceeds the aggregate percentage of all reporting lenders.

Jackson, MI MSA**Home Purchase**

The bank's geographic distribution of home purchase loans is adequate. The percentage of home purchase loans originated or purchased in low-income geographies is significantly below the percentage of owner-occupied housing units in those geographies. Flagstar's percentage of home purchase loans originated or purchased in moderate-income geographies is below the percentage of owner-occupied housing units in those geographies. The bank's percentage of home purchase loans in both low- and moderate-income geographies exceeds the aggregate percentage of all reporting lenders.

Home Improvement

Flagstar's geographic distribution of home improvement loans is adequate. The percentage of home improvement loans originated or purchased in low-income geographies is significantly below the percentage of owner-occupied housing units in those geographies. The bank's percentage of home improvement loans originated or purchased in moderate-income geographies is near to the percentage of owner-occupied housing units in those geographies. The bank's percentage of home improvement loans in low-income geographies is significantly below the aggregate percentage of all reporting lenders in low-income geographies. The bank's percentage of home improvement loans in moderate-income geographies exceeds the aggregate percentage of all reporting lenders in moderate-income geographies.

Home Refinance

Flagstar's geographic distribution of home refinance loans is good. The percentage of home refinance loans originated or purchased in low-income geographies exceeds the percentage of owner-occupied housing units in those geographies. The bank's percentage of home refinance loans originated or purchased in moderate-income geographies is well below the percentage of owner-occupied housing units. The bank's percentage of home refinance loans in both low- and moderate-income geographies exceeds the aggregate percentage of all reporting lenders in those geographies.

Small Loans to Businesses

Refer to Table 6 in appendix C for the facts and data used to evaluate the geographic distribution of the bank's originations and purchases of small loans to businesses.

Flagstar's geographical distribution of small loans to businesses in the Detroit-Warren-Dearborn, MI MSA is excellent. The bank's geographical distribution of small loans to businesses in the Jackson, MI MSA is good. The bank did not originate or purchase a sufficient volume of small loans to businesses to analyze in the Grand Rapids-Wyoming, MI MSA.

Detroit-Warren-Dearborn, MI MSA

Flagstar's geographic distribution of small loans to businesses is excellent. The percentages of small loans to businesses originated or purchased in low- and moderate-income geographies exceed the percentages of businesses located in those geographies and exceeds the aggregate percentage of all reporting lenders.

Jackson, MI MSA

Flagstar's geographic distribution of small loans to businesses is good. The percentage of small loans to businesses originated or purchased in low-income geographies is significantly below and in moderate-income geographies exceeds the percentage of businesses located in those geographies.

The bank's percentage of small loans to businesses in low-income geographies is significantly below and in moderate-income geographies exceeds the aggregate percentage of all reporting lenders.

Lending Gap Analysis

We analyzed Flagstar's geographic lending patterns throughout the AAs and did not identify any unexplained conspicuous lending gaps. The bank was able to provide a sufficient explanation surrounding the poor lending patterns in the City of Detroit and surrounding geographies. These areas have well documented lending challenges with root causes including vast social and regional economic conditions, as well as vacant and deteriorated housing stock and financial literacy factors. These conditions have combined in these locations and make home ownership a difficult scenario for success for mortgage lenders.

Distribution of Loans by Income Level of the Borrower

Flagstar's overall distribution of loans to borrowers of different income levels in Michigan is adequate. The overall distribution of loans to borrowers of different income levels in home mortgage loans is adequate and loans to small businesses is poor. The borrower distribution of home mortgage loans is adequate in the Detroit-Warren-Dearborn, MI MSA and good in the Grand Rapids-Wyoming, MI and Jackson, MI MSAs. The borrower distribution of small loans to businesses in the Detroit-Warren-Dearborn, MI MSA and Jackson, MI MSA is poor. The bank did not originate or purchase a sufficient volume of small business loans to analyze in the Grand Rapids-Wyoming, MI MSA. The lack of small business lending had a neutral impact.

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. Flagstar's borrower distribution of home purchase loans in the Detroit-Warren-Dearborn, MI MSA, Grand Rapids-Wyoming, MI MSA, and Jackson, MI MSA is good. The borrower distribution of home improvement loans in Detroit-Warren-Dearborn, MI MSA and Grand Rapids-Wyoming, MI MSA is adequate, while borrower distribution of home improvement loans in the Jackson, MI MSA is good. The borrower distribution of home refinance loans in the Detroit-Warren-Dearborn, MI MSA is adequate. The borrower distribution of home refinance loans in the Grand Rapids-Wyoming, MI MSA and the Jackson, MI MSA is good. We did not place more emphasis on low-income families even though there are higher levels of low-income families than moderate-income families as there would be a similar adjustment on borrowing limitations concerning housing costs and affordability impacting more low-income borrowers than moderate-income borrowers.

Detroit-Warren-Dearborn, MI MSA

Home Purchase

Flagstar's borrower distribution of home purchase loans is good. The percentage of home purchase loans originated or purchased to low-income borrowers is below and to moderate-income borrowers exceeds the percentage of those families located in the AA. The bank's percentages of home purchase loans originated or purchased to low- and moderate-income borrowers are near to the aggregate percentages of all reporting lenders.

Home Improvement

The bank's borrower distribution of home improvement loans is adequate. The percentage of home improvement loans originated or purchased to low-income borrowers is well below and to moderate-income borrowers exceeds the percentage of those families located in the AA. Flagstar's percentage of home improvement loans originated or purchased to low-income borrowers is well below and to moderate-income borrowers is below the aggregate percentage of all reporting lenders.

Home Refinance

Flagstar's borrower distribution of home refinance loans is adequate. The percentage of home refinance loans originated or purchased to low-income borrowers is well below and moderate-income borrowers is near to the percentage of those families located in the AA. Flagstar's percentage of home refinance loans originated or purchased by low- income borrowers is below the aggregate percentage of all reporting lenders and for moderate-income borrowers is near to the aggregate percentage of all reporting lenders.

Grand Rapids-Wyoming, MI MSA

Home Purchase

The bank's borrower distribution of home purchase loans is good. The percentage of home purchased loans originated or purchased to low-income borrowers is near to and moderate-income borrowers exceeds the percentage of those families located in the AA. Flagstar's percentage of home purchased loans originated or purchased to low-income borrowers is near to and moderate-income borrowers exceeds the aggregate percentage of all reporting lenders.

Home Improvement

Flagstar's borrower distribution for home improvement loans is adequate. The percentage of home improvement loans originated or purchased to low-income borrowers is well below and moderate-income borrowers exceeds the percentage of those families in the AA. Flagstar's percentage of home

improvement loans originated or purchased to low-income borrowers is well below and moderate-income borrowers is near to the aggregate percentage of all reporting lenders.

Home Refinance

Flagstar's borrower distribution for home refinance loans is good. The percentage of home refinance loans originated or purchased to low-income borrowers is below and moderate-income borrowers exceeds the percentage of low- and moderate-income families located in the AA, respectively. The bank's percentage of home refinance loans originated or purchased to low-income borrowers is below and moderate-income borrowers exceeds the aggregate percentage of all reporting lenders.

Jackson, MI MSA

Home Purchase

Flagstar's borrower distribution for home purchase loans is good. The percentage of home purchase loans originated or purchased to low-income borrowers is below and moderate-income borrowers exceeds the percentage of those families located in the AA. The bank's percentage of home purchase loans originated or purchased to low-income borrowers exceeds and moderate-income borrowers is near to the aggregate percentage of all reporting lenders.

Home Improvement

The bank's borrower distribution of home improvement loans is good. The percentages of home improvement loans originated or purchased to low- and moderate-income borrowers are near to the percentages of those families located in the AA. Flagstar's percentages of home improvement loans originated or purchased to low- and moderate-income borrowers exceed the aggregate percentages of all reporting lenders.

Home Refinance

The bank's borrower distribution of home refinance loans is good. The percentage of home refinance loans originated or purchased to low-income borrowers is below and to moderate-income borrowers exceeds the percentage of those families in the AA. Flagstar's percentages of home refinance loans originated or purchased to low- and moderate-income borrowers exceed the aggregate percentages of all reporting lenders.

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 originations and purchases of small loans to businesses.

The borrower distribution of small loans to businesses in the Detroit-Warren-Dearborn, MI MSA and in the Jackson, MI MSA is poor. The bank did not originate or purchase a sufficient volume of small loans to businesses to analyze in the Grand Rapids-Wyoming, MI MSA; the lack of small business lending had a neutral impact on lending.

Detroit-Warren-Dearborn, MI MSA

The borrower distribution of small loans to businesses is poor. Flagstar's borrower distribution of small loans to businesses originated or purchased is well below the percentage of small businesses in the AA. The bank's borrower distribution of small loans to businesses is significantly below the aggregate percentage of all reporting lenders.

Jackson, MI MSA

The borrower distribution of small loans to businesses is poor. Flagstar's borrower distribution of small loans to businesses originated or purchased is well below the percentage of small businesses in the AA. The bank's borrower distribution of small loans to businesses is below the aggregate percentage of all reporting lenders.

Community Development Lending

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

Overall Flagstar's CD lending in the full-scope AAs has a neutral impact on the bank's overall lending test performance. The bank's has a relatively high level of CD lending in the Detroit-Warren-Dearborn, MI MSA. The level of CD lending in the Grand Rapids-Wyoming, MI MSA and in the Jackson, MI MSA is low, taking into consideration competition and available CD opportunities. CD lending had a neutral impact on the lending test conclusion in the state of Michigan.

Product Innovation and Flexibility

Flagstar uses innovative and flexible lending programs in order to help meet AA credit needs. The bank offers a full array of mortgage products through their extensive mortgage operation, including Federal Housing Administration (FHA) and Veteran Affairs (VA) loans. In addition, the bank developed a special loan program for their AAs to help combat the unique homeownership challenges the AAs face. Flagstar also joined a consortium of institutions that offer another special home mortgage product allowing the bank to successfully lend to more AA borrowers.

Conclusions for Areas Receiving Limited-Scope Reviews

Based on limited-scope reviews, the bank's performance under the lending test in the Ann Arbor, MI MSA, Battle Creek, MI MSA, Flint, MI MSA, Lansing-East Lansing, MI MSA, Monroe, MI MSA, Saginaw, MI MSA, and the Michigan non-MSA is consistent with the bank's overall low satisfactory performance under the lending test in Michigan. In the Kalamazoo-Portage, MI MSA and the Niles-Benton Harbor, MI MSA the bank's performance is weaker than the bank's overall performance due to weaker geographic and borrower distribution of home mortgage lending. The bank's performance in these limited-scope areas did not have a significant impact on the bank's overall lending test performance rating for the state of Michigan. 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, when considering performance in all AAs along with statewide investments. The performance in limited-scope areas had a negative impact on the rating, while the investments in the Michigan statewide area with Purpose/Mandate/Function (P/M/F) had a positive impact on the rating.

Based on full-scope reviews, the bank's performance in the Detroit-Warren-Dearborn MSA and Grand Rapids-Wyoming MSA is good, and performance in the Jackson MSA is very poor.

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

Detroit-Warren-Dearborn MSA

The bank's performance under the investment test is adequate for the Detroit-Warren-Dearborn MSA. Flagstar made 315 investments, grants, and donations totaling \$38.7 million, during the evaluation period. The bank made \$9.9 million of investments supporting affordable housing, \$15.7 million of investments supporting providers of community services, \$303 thousand of investments supporting economic development, and \$12.8 million supporting revitalization and stabilization of the communities within the AA. In addition, the bank contributed \$6 thousand in in-kind donations. This level of CD investments is adequate, when considering the bank's financial condition during the evaluation period. The three-year evaluation period is also a short timeframe for assessing the bank's investment performance since some investments require considerable time to come to fruition. In coming to a conclusion for the Detroit-Warren-Dearborn MSA, we considered the investment performance at the MD level in the Detroit-Warren-Dearborn MSA. Excellent performance in the Detroit-Livonia-Dearborn MD was negatively impacted by very poor performance in the Warren-Troy-Farmington Hills MD, which further supports the overall adequate performance for the Detroit-Warren-Dearborn MSA. The investments in the Detroit-Warren-Dearborn MSA were allocated to the Detroit-Livonia-Dearborn MD and Warren-Troy-Farmington Hills MD, 92.58 percent and 7.42 respectively. The responsiveness to CD needs in the AA is adequate. In coming to a conclusion for the responsiveness for the Detroit-Warren-Dearborn MSA, we considered the responsiveness at the MD level. Good responsiveness in the Detroit-Livonia-Dearborn MD was negatively impacted by the very poor responsiveness in the Warren-Troy-Farmington Hills MD, which further supports the adequate responsiveness in the Detroit-Warren-Dearborn MSA.

Grand Rapids-Wyoming MSA

The bank's investment test performance is adequate. Flagstar made 42 investments, grants, and donations totaling \$2.7 million, during the evaluation period. The bank's investments consist of \$2.6 million supporting affordable housing, \$61 thousand supporting providers of community service, \$20 thousand supporting economic development. This level is adequate, when considering the short three-

year evaluation period. The evaluation period is considered short because the nature of some investments requires a significant amount of time for the investment to come to fruition. Additionally, the bank's financial condition limited its ability to make investments. The responsiveness to CD needs in the AA is adequate.

Jackson MSA

The bank's performance under the investment test is very poor. Flagstar made 20 investments, grants, and donations totaling \$98 thousand, during the evaluation period. The investments consist of \$63 thousand supporting affordable housing, \$23 thousand supporting providers of community service, and \$13 thousand supporting economic development. The responsiveness to CD needs in the AA is poor.

Michigan Statewide with P/M/F

When considering the investments made in the broader Michigan statewide area, the performance had a positive impact on the overall investment test rating in the state. During the evaluation period, Flagstar made qualifying investments totaling \$13.9 million that had a P/M/F to serve one or more of the AAs in the state of Michigan. The remaining balance of statewide investments with a P/M/F to serve one or more of the AAs in the state of Michigan totaled \$2.9 million.

Conclusions for Area Receiving Limited-Scope Reviews

Based on limited-scope reviews, performance in Ann Arbor MSA is stronger than the overall bank's performance and represents good performance due to the higher levels of investments. The performance in Lansing-East Lansing MSA, MI Non-MSA, Flint MSA, Kalamazoo-Portage MSA, Battle Creek MSA, Monroe MSA, Niles-Benton Harbor MSA, and Saginaw MSA is weaker than the bank's overall performance and represents very poor due to the significantly lower levels of investments. The combined performance in the limited-scope areas had a negative impact on the overall Investment Test rating in the state of Michigan. 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 full-scope reviews, the bank's performance in the Detroit-Warren-Dearborn MSA is good, Grand Rapids-Wyoming MSA is poor, and Jackson MSA is adequate.

Retail Banking Services

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

Detroit-Warren-Dearborn MSA

Flagstar's branch distribution in the AA is adequate. Flagstar has 60 branches in the AA with four branches in low-income CTs and eight branches in moderate-income CTs. The percentages of branches in low- and moderate-income CTs are below the level of population in the low- and moderate-income areas. The bank maintains 53 full-service (accepting cash and deposits) ATMs within the AA.

Branch openings and closings have generally not adversely affected the accessibility of the bank's delivery systems in the AA. The bank opened one moderate-income branch and closed two moderate-income, two middle-income, and two upper-income branches during the evaluation period. Five of the branch closures were due to underperforming branches located in a national retailer that were less than six miles from another Flagstar branch. One branch was a low performing branch located within five miles of another Flagstar branch. Branch hours and services do not vary in a way that would inconvenience portions of the AA, particularly LMI individuals. Services offered and banking hours are comparable among locations regardless of the income level of the CT.

Management complements its traditional service delivery methods with certain alternative retail delivery systems, such as deposit taking ATMs, direct deposit, telephone banking, mobile banking, personal accounts, and online banking, throughout the bank's AAs. No significant weight was placed on these services, as no data was available to determine their impact on LMI individuals

Grand Rapids-Wyoming MSA

Flagstar's branch distribution in the AA is adequate. Flagstar has ten branches in the AA with no branches in low-income CTs and one branch in moderate-income CTs. The percentage of branches in moderate-income CTs is below the level of population in the moderate-income areas. The bank maintains ten full service ATMs within the AA.

Branch openings and closings have generally not adversely affected the accessibility of the bank's delivery systems in the AA. The bank opened two branches in middle-income CTs and closed two branches in upper-income CTs during the evaluation period. One branch was a temporary branch that was moved out of a national retailer and a suitable location was not found. The temporary branch was underperforming and was within six miles of another Flagstar branch. The other branch was closed due to low performance and was within six miles of another Flagstar branch. Branch hours and services do not vary in a way that would inconvenience portions of the AA, particularly LMI individuals. Services offered and banking hours are comparable among locations regardless of the income level of the CT.

Management complements its traditional service delivery methods with certain alternative retail delivery systems, such as deposit taking ATMs, direct deposit, telephone banking, mobile banking, personal accounts, and online banking, throughout the bank's AAs. No significant weight was placed on these services, as no data was available to determine their impact on LMI individuals.

Jackson MSA

Flagstar's branch distribution in the AA is good. Flagstar has eight branches in the AA with no branches in low-income CT and four branches in moderate-income CTs. In the prior CRA assessment, the bank had three branches in low-income census tracts, one branch in a moderate-income tract, three branches in middle-income tracts, and one branch in an upper-income census tract. In the 2017 evaluation, the bank did not have any branches in low-income census tracts (net decrease of three branches), but had four branches in moderate-income tracts (net increase of three branches), two branches in middle-income tracts (net decrease of one branch), and two branches in upper-income census tracts (net increase of one branch). The income designation changes occurred because of events outside of the bank's control which impacted the number of branches in low-income census tracts. The percentage of branches in moderate-income CTs is well above the level of population in moderate-income areas. The bank maintains eight full-service ATMs within the AA.

Branch openings and closings have generally not adversely affected the accessibility of the bank's delivery systems in the AA. The bank opened one branch in a middle-income CT during the evaluation period. Branch hours and services do not vary in a way that would inconvenience portions of the AA, particularly LMI individuals. Services offered and banking hours are comparable among locations regardless of the income level of the CT.

Management complements its traditional service delivery methods with certain alternative retail delivery systems, such as deposit taking ATMs, direct deposit, telephone banking, mobile banking, personal accounts, and online banking, throughout the bank's AAs. No significant weight was placed on these services, as no data was available to determine their impact on LMI individuals.

Community Development Services

Flagstar's performance in providing community development services is good.

Detroit-Warren-Dearborn MSA

Flagstar's performance in providing community development services in the Detroit-Warren-Dearborn MSA is excellent. During the evaluation period, 337 employees provided their expertise to 113 organizations for a total of over 3,900 hours within the AA. Flagstar's employees served many nonprofit organizations in a leadership capacity, either as a board member or committee member. Employees served in leadership roles for 88 organizations for a total of 510 service hours using their financial expertise to provide technical assistance. The employees are involved with organizations working to create affordable housing, provide healthcare to low- and moderate-income families, provide education to children of low- and moderate-income parents, create and expand small businesses, and provide economic development support to the local community.

The following are some examples of CD services provided by employees:

- Various bank representatives served over 270 hours in volunteering with a nonprofit organization providing assistance with income taxes for low- and moderate-income individuals and families. The organization, through their Volunteer Tax Assistance Collaborative program, assists in the preparation of tax returns for low- to moderate-income individuals and families. Bank employees counsel local families on how to file their taxes and claim their refunds.
- Several bank employees participated in over 450 hours in the Detroit City Camp program, which ran during two consecutive years within the evaluation period. Volunteers taught youth, ranging from kindergarten to high school, about various financial concepts.
- Flagstar volunteers provided over 1,130 hours in partnership with a Junior Achievement utilizing their programs. The programs addresses basic banking functions, budgeting skills, and improving credit scores. Several bank employees volunteered at several schools within the AA to teach financial literacy. The schools are all located in low- or moderate-income CTs and a majority of the students receive free or reduced lunch.
- A bank representative provided 420 hours of technical assistance on financial matters to community development organizations, which applied for loans under the Federal Home Loan Bank's Affordable Housing Program.
- Numerous bank representatives volunteered over 153 hours over several years with a nonprofit whose mission is to empower residents to impact the future of Detroit's eastside communities. Through programming which promotes economic growth and neighborhood improvement, low- and moderate-income residents learn how they may qualify for home improvement grants using the several assistance programs.

- Several bank employees conducted homebuyer education workshops with various organization within the AA, which support affordable housing for low- and moderate-income individuals and families. The programs provide resources, knowledge, foreclosure prevention, and financial assistance to become home owners.

Grand Rapids-Wyoming MSA

Flagstar's performance in providing community development services in the Grand Rapids-Wyoming MSA is poor. During the evaluation period, seven employees provided their expertise to six organizations for a total of 94 hours within the AA. Flagstar's employees served in leadership roles for three nonprofit organizations, either as a board member or committee member. The employees provided a total of 73 service hours using their financial expertise to provide technical assistance. These organizations work to provide healthcare to low- and moderate-income families, provide education to children of low- and moderate-income parents, create and expand small businesses, and provide economic development support to the local community.

The following are some examples of CD services provided by employees:

- A bank representative served on the board of an organization, which has a primary goal to help homeless individuals and families. The representative assisted with corporate governance, and serving on the finance, investment, and development committees over the entire evaluation period.
- A bank representative conducted homebuyer workshops for low- and moderate-income individuals in partnership with a nonprofit. The organization helps employees keep their jobs, receive training to enhance their employment, and help employees move into better positions within or across companies.

Jackson MSA

Flagstar's performance in providing community development services in the Jackson MSA is good.

During the evaluation period, 14 employees provided their expertise to 16 organizations for a total of 421 hours within the AA. Flagstar's employees participated in many activities serving in a leadership capacity, either as a board member or committee member. The employees worked with eight organizations for a total of 179 service hours using their financial expertise to provide technical assistance. These organizations work to provide services to low- and moderate-income families, create affordable housing opportunities, build and expand small businesses, and provide economic development support to the local community.

The following are some examples of CD services provided by employees:

- A bank employee served as a board member for an organization that addresses a revitalization initiative within the AA. The initiative is focused on transforming the downtown area to create a more vibrant and valued place to live, learn, and work.
- An employee served over 67 hours as a board member for a nonprofit which serves Jackson and the surrounding areas. The organization works with families to break the cycle of poverty. Programs provide emotional, mental, physical, and financial support that allows individuals and families to become self-sustainable.
- An employee served over 30 hours as a board member for a nonprofit housing organization, which provides financial and counseling assistance to low- and moderate-income individuals and families in order to help them purchase a home. The organization also purchases and rehabilitates existing homes, and has built new housing, in order to provide housing opportunities for qualified county residents.

Conclusions for Areas Receiving Limited-Scope Reviews

Based on limited-scope reviews, the bank's performance under the service test in the Ann Arbor MSA and MI Non-MSA is stronger than the bank's overall performance under the Service Test and is good, due to excellent branch distribution in both AAs. The bank's performance in the Battle Creek MSA, Flint MSA, Kalamazoo-Portage MSA, Lansing-East Lansing MSA, Monroe MSA, Niles-Benton Harbor MSA, and Saginaw MSA is weaker than the bank's overall performance under the Service Test and is very poor. The weaker performance is due to very poor branch distribution and service activities in the AA. Refer to Table 15 in appendix C for the facts and data that support these conclusions

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”).

Time Period Reviewed	Lending Test (excludes CD Loans): 01/01/2014 to 12/31/16 Investment and Service Tests and CD Loans: 10/20/14 to 10/16/17	
Financial Institution		Products Reviewed
Flagstar Bank, F.S.B. Troy, Michigan		Home Purchase, Home Improvement, Home Refinance, Small Business loans, Community Development loans, Investments, and Services
Affiliate(s)	Affiliate Relationship	Products Reviewed
List of Assessment Areas and Type of Examination		
Assessment Area	Type of Exam	Other Information (counties)

Detroit-Warren-Dearborn, MI MSA (19820)	Full-Scope	Livingston, Macomb, Oakland, Wayne
Grand Rapids-Wyoming, MI MSA (24340)	Full-Scope	Kent, Ottawa
Jackson, MI MSA (27100)	Full- Scope	Jackson (all counties)
Ann Arbor, MI MSA (11460)	Limited-Scope	Washtenaw (all counties)
Battle Creek, MI MSA (12980)	Limited-Scope	Calhoun (all counties)
Flint, MI MSA (22420)	Limited-Scope	Genesee (all counties)
Kalamazoo-Portage, MI MSA (28020)	Limited-Scope	Kalamazoo, Van Buren (all counties)
Lansing-East Lansing, MI MSA (29620)	Limited-Scope	Eaton, Ingham
Michigan Non-MSA (99999)	Limited-Scope	Allegan^, Branch, Hillsdale, St. Joseph
Monroe, MI MSA (33780)	Limited-Scope	Monroe (all counties)
Niles-Benton Harbor, MI MSA (35660)	Limited-Scope	Berrien (all counties)
Saginaw, MI MSA (40980)^	Limited-Scope	Saginaw^ (all counties)

Appendix B: Community Profiles for Full-Scope Areas

Detroit-Warren-Dearborn MSA

Demographic Information for Full Scope Area: Detroit-Warren-Dearborn MSA						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts/BNAs)	1,227	11.33	23.96	33.82	29.58	1.30
Population by Geography	4,044,891	7.93	22.51	36.28	33.27	0.01
Owner-Occupied Housing by Geography	1,143,154	4.50	19.13	39.10	37.28	0.00
Business by Geography	230,008	6.49	18.37	35.53	39.07	0.54
Farms by Geography	5,260	3.76	15.51	43.17	37.28	0.27
Family Distribution by Income Level	1,032,339	21.73	16.89	19.70	41.68	0.00
Distribution of Low and Moderate Income Families throughout AA Geographies	398,660	13.53	32.96	35.98	17.53	0.00
Median Family Income		64,801	Median Housing Value	161,519		
FFIEC Adjusted Median Family Income for 2016		65,955	Unemployment Rate (2010 US Census)	6.39%		
Households Below Poverty Level		13%				

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

Source: 2010 US Census and 2016 FFIEC updated MFI

Demographic Information

The Detroit-Warren-Dearborn MSA consists of Livingston, Macomb, Oakland, and Wayne Counties in the state of Michigan. The AA meets the requirements of the CRA regulation and does not arbitrarily exclude low- or moderate-income geographies.

As of June 30, 2016, Flagstar had \$6.9 billion in deposits in this AA, representing 5.78 percent of the market share. Flagstar operates 61 branches in the AA. As of June 30, 2016, there were 46 FDIC insured financial institutions located in the AA. Flagstar's main competitors include JP Morgan Chase Bank, Comerica Bank, Bank of America, PNC Bank, and Huntington National Bank. JP Morgan Chase Bank, and Comerica Bank had the largest deposit market share with 28.77 percent and 19.98 percent respectively.

The AA is comprised of urban and metropolitan areas, and includes the City of Detroit. Detroit is the largest city in the state, while Wayne County is the most populous in the state. Detroit's population base declined from 713,777 in 2010 to 672,795 in 2016, a 5.80 percent decrease. During the evaluation period, Detroit's adjusted median family income levels increased from \$51,000 in 2014 to \$56,142 in 2016, and 14.90 percent of people live in poverty.

Employment and Economic Factors

According to Moody's analytics, the top employers in the AA are Ford Motor Company, and General Motors Corporation. Detroit has been impacted by economic and leadership problems. The city's previous mayor was convicted of racketeering and other charges in 2013. The City of Detroit filed for Chapter 9 bankruptcy in July 2013, becoming the largest municipal bankruptcy case in U.S. history. Detroit was declared bankrupt in December 2013, and eventually emerged from bankruptcy in December 2014. In 2014 the Detroit Future City (DFC) Implementation Office opened to implement a Strategic Framework that was created after a long planning process, with resident and institutional stakeholders' input. DFC attracted support from the White House, Kresge Foundation, and the Knight Foundation, among others. In 2014 JPMorgan Chase committed to a \$100 million, five-year investment in the City of Detroit, with plans to expand the investment to \$150 million by 2019.

According to the Bureau of Labor Statistics, the unemployment rate in the AA decreased. As of December 2016, the unemployment rate in the AA was 4.60 percent, reflecting a decrease from the 6.39 percent unemployment rate in the 2010 Census. The state of Michigan unemployment rate is slightly higher than the AA, at 5.1 percent.

Housing

The City of Detroit Housing and Revitalization Department prepared an Inclusionary Housing Plan and Market Study in 2016 to address the overall population decline. Detroit remains a predominately single-family home market in terms of overall stock with multifamily housing stock concentrated in the greater downtown.

The multifamily market is evolving, growing and is reflecting reduced vacancy. From 2005-2015, the vacancy rate dropped to 4.00 percent. Since 2009, Greater Downtown rents have increased 30.00 percent, while rents in the rest of the AA have only increased 19.00 percent. Citywide average rents remain affordable for households making just above 60.00 percent of AMI, but less than one fourth of units are affordable to extremely low income households. The gap between need versus availability of affordable housing is concentrated at the lowest income bracket.

Owner-occupied housing units reflect a majority portion of housing units in the community, reflecting the potential for home mortgage lending. A sizeable portion of the housing stock is vacant or the housing value is very low, especially within the City of Detroit.

Based on 2010 census data, there are one million owner-occupied housing units in the AA. The median value of housing was \$161,519 in 2016.

In conjunction with this evaluation, we contacted several community organizations that are working towards revitalizing and stabilizing Detroit and its residents. Contacts included a group meeting with a cross-section of economic development, housing and social service community organizations.

Community Contacts

According to the contacts, community needs stem from the need for quality employment. Residents are unemployed, or underemployed in low wage jobs. There is an impression that the school district is not producing an educated populace, which limits employment opportunities. Other challenges include limited reliable public transportation, more, and younger, individuals receiving Supplemental Social Security and increased substance abuse.

Many clients are under-banked or unbanked, as there are few bank branches in their neighborhoods. Instead, local residents utilize payday lenders and other predatory-type non-financial institutions. There is a need for home repair loans, but homes are so undervalued that bank loans are very difficult to obtain. There is a clear need for healthy homes and rehabilitation of existing homes and buildings. Less than 1.00 percent are being rehabbed annually. There is a need to scale up efforts to reduce housing hazards and increase the production of new, affordable healthy housing.

Contacts emphasized that while homes may be considered “affordable” given the low value of properties, the City of Detroit continues to depopulate, which leaves a small tax base to fund city services. There are opportunities for creative financing to address specific lending needs in home repair, home equity, and mortgage lending in general. There are also opportunities to invest in community groups to further their missions and projects.

Contacts suggested a need for financial education for small business owners and access to small business capital under \$50,000. Opportunities include investing in Community Development Financial Institutions (CDFIs) for intermediary lending and technical assistance.

Grand Rapids-Wyoming MSA

Demographic Information for Full Scope Area: Grand Rapids-Wyoming MSA						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts/BNAs)	181	6.63	19.34	49.72	24.31	0.00
Population by Geography	866,423	4.73	17.69	50.13	27.45	0.00
Owner-Occupied Housing by Geography	236,665	2.36	13.21	53.74	30.69	0.00
Business by Geography	46,957	4.64	16.64	48.51	30.21	0.00
Farms by Geography	1,722	0.75	5.17	59.35	34.73	0.00
Family Distribution by Income Level	220,755	19.12	17.87	22.29	40.72	0.00
Distribution of Low and Moderate Income Families throughout AA Geographies	81,653	8.17	24.93	51.10	15.79	0.00
Median Family Income		61,182	Median Housing Value		155,749	
FFIEC Adjusted Median Family Income for 2016		65,800	Unemployment Rate (2010 US Census)		4.61%	
Households Below Poverty Level		12%				

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

Source: 2010 US Census and 2016 FFIEC updated MFI

Demographic Information

The AA consists of Kent and Ottawa Counties in the state of Michigan. The AA meets the requirements of the CRA regulation and does not arbitrarily exclude low- or moderate-income geographies.

As of June 30, 2016, the bank had \$362.1 million in deposits in the AA, representing 1.86 percent of the market share. During the evaluation period, 7.94 percent of the bank's reported loans were originated in the AA. Flagstar operates 11 branches in this AA and 11 ATMs. There were 26 insured financial institutions in the AA according to the June 30, 2016 FDIC Summary of Deposits. Flagstar's main competitors include Fifth Third Bank, Huntington National Bank, JPMorgan Chase, and Wells Fargo, and Chemical Bank. Fifth Third Bank had 21.79 percent market share, while Huntington had a 12.38 percent market share.

Grand Rapids is the largest city in the county and serves as the county seat. Based on 2010 census data, the AA's population was 866,423.

Employment and Economic Factors

The economy is expanding in the AA, with income, industrial production, and housing prices on an upward trajectory. Manufacturing is strengthening, although smaller job gains are anticipated in 2018. Healthcare and biotechnology are also strong. According to Moody's

Analytics, the top employers in the AA include Spectrum Health, Meijer Inc., Mercy Health, Axios Inc., Amway Corp, and Johnson Controls Inc. The City of Grand Rapids alone has a large number of furniture manufacturers and a burgeoning craft brew industry.

According to the Bureau of Labor Statistics, the unemployment rate in the AA decreased. As of December 2016, the unemployment rate in the AA was 3.00 percent, reflecting a decrease from the 4.61 percent unemployment rate from the 2010 Census. The state of Michigan unemployment rate is slightly higher than the AA, at 5.1 percent.

Housing

Owner-occupied housing units represent a large portion of all segments of the community, reflecting the potential for home mortgage lending. Based on 2010 census data, 68.00 percent are owner-occupied homes, 24.00 percent are rental units, and 8.00 percent vacant units. The median housing value is \$155,749.

Approximately 2.36 percent of owner-occupied housing units are located in low-income portions of the AA and 13.21 percent are in moderate-income areas. Owner-occupied housing is dominant in the middle- and upper-income areas.

Due to the economic expansion in the MSA, housing prices are rising, rental units are scarce, and rents are rising.

Based on 2010 census data, there are 237 thousand owner-occupied housing units in the AA. The median value of housing was \$155,749 in 2016.

Community Contacts

In conjunction with this evaluation, we contacted local community organizations working to provide affordable housing for the area. One of the contacts highlighted the lack of affordable housing, demonstrated by a long waitlist for all of their 171 properties. The contact mentioned the escalating prices of properties, and increasing rents for apartments and single-family homes. There is also a need to rehab multifamily properties, and many of the more “affordable” units are substandard.

Another contact suggested opportunities for below-market construction and permanent financing for nonprofit housing developers, as well as general operating support to help organizations reach the needs of the community they serve.

Jackson MSA

Demographic Information for Full Scope Area: Jackson MSA						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts/BNAs)	38	18.42	13.16	42.11	23.68	2.63
Population by Geography	160,248	9.91	11.04	50.42	24.40	4.23
Owner-Occupied Housing by Geography	46,049	6.37	10.04	54.72	28.87	0.00
Business by Geography	7,389	15.66	15.54	44.80	23.87	0.14
Farms by Geography	412	1.94	4.37	60.44	33.25	0.00
Family Distribution by Income Level	41,508	20.69	18.28	21.31	39.72	0.00
Distribution of Low and Moderate Income Families throughout AA Geographies	16,176	16.75	16.09	51.07	16.09	0.00
Median Family Income		56,314	Median Housing Value		130,873	
FFIEC Adjusted Median Family Income for 2016		58,900	Unemployment Rate (2010 US Census)		5.05%	
Households Below Poverty Level		14%				

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

Source: 2010 US Census and 2016 FFIEC updated MFI

Demographic Information

The AA consists of Jackson County in the state of Michigan. The AA meets the requirements of the CRA regulation and does not arbitrarily exclude low- or moderate-income geographies.

As of June 30, 2016 the bank had \$475.9 million in deposits in the AA, representing 28.44 percent of the market share. During the evaluation period 3.59 percent of the bank's reported loans were originated in the AA. Flagstar operates eight branches and eight full service ATMs in this AA. There were 13 insured financial institutions in the AA according to June 30, 2016 FDIC Summary of Deposits. Flagstar's main competitors include Comerica Bank, Firstmerit Bank, Hillsdale County National Bank, Fifth Third Bank, and Old National Bank. Comerica had the second largest market share with 24.78 percent while Firstmerit Bank had 14.26 percent.

The AA is a combination of urban and rural areas, with the City of Jackson the main focal point. Jackson is the largest city in the county and serves as the county seat. Based on the estimated US census in 2016 the AA's population was 158,460, a slight decrease from the AA's population of 160,248 in 2010. Population has been declining, from a peak in 2006. The number of housing starts has fallen since a peak in 2002, but is stable.

Income levels increased between the census periods, as median family income increased from \$56,314 in 2010 to \$58,900 in 2016. The household poverty rate was 14.00 percent in 2016.

Approximately 20.69 percent of families were low-income in 2010 compared to 17.84 percent in 2000. During that same period, the percentage of families who were moderate-income decreased slightly from 19.18 percent to 18.28 percent.

Employment and Economic Factors

Major industries in this AA are healthcare, energy, and corrections. According to Moody's Analytics, the top employers in the AA are Allegiance Health, Consumer Energy Co., Michigan Department of Corrections, Great Lakes Home Health and Hospice, and Michigan Automotive Compressor. The City of Jackson alone has a large number of corrections-related jobs as the several corrections facilities are located in the city. Manufacturing is expected to be stable through the end of the decade, due to several years of strong vehicle sales, but Jackson's manufacturing is too reliant on the automotive industry. Healthcare is projected to be the main source of new jobs in the coming years.

U.S. Bureau of Labor Statistics data reflected the September 2014 unemployment level was 6.20 percent and decreased to 4.90 percent in August 2017. The statewide seasonally adjusted unemployment rate for Michigan was 6.70 percent in September 2014 to 4.30 percent in September 2017.

According to the Bureau of Labor Statistics, the unemployment rate in the AA decreased. As of December 2016, the unemployment rate in the AA was 4.20 percent, reflecting a decrease from the 5.05 percent unemployment rate from the 2010 Census. The state of Michigan unemployment rate is slightly higher than the AA, at 5.1 percent.

Housing

Owner-occupied housing units represent a large portion of all segments of the community, reflecting the potential for home mortgage lending. Based on 2010 census data, there are 46 thousand owner-occupied housing units in the AA. The median value of housing was \$130,873 in 2016.

Approximately 6.37 percent of owner-occupied housing units are located in low-income portions of the AA and 10.04 percent are in moderate-income areas. Owner-occupied housing is dominant in the middle- and upper-income areas.

Community Contact

In conjunction with this evaluation, we contacted a local community organization working to provide affordable housing and economic development for the area. The contact reported there are opportunities to provide service opportunities through board of directors and advocacy through engaged bank leadership. There is a need for affordable housing, in the City of Jackson, as the median family income is lower than in the MSA, and 57.00 percent of renters are overburdened, according to HUD.

Appendix C: Tables of Performance Data

Content of Standardized Tables

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

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

- Table 1. Lending Volume** - Presents the number and dollar amount of reportable loans originated and purchased by the bank over the evaluation period by MA/assessment area. Community development loans to statewide or regional entities or made outside the bank’s assessment area may receive positive CRA consideration. 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

LENDING VOLUME		Geography: STATE OF MICHIGAN				Evaluation Period: JANUARY 1, 2014 TO DECEMBER 31, 2016						
Assessment Area (2016):	% 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)	
Full Review:												
Detroit-Warren-Dearborn MSA	72.79	13,759	2,623,333	214	72,759	0	0	14	73,954	13,973	2,696,092	78.31
Grand Rapids-Wyoming MSA	6.79	1,650	249,872	10	1,474	0	0	1	375	1,660	251,346	4.13
Jackson MSA	2.18	726	77,763	24	3,045	0	0	0	0	750	80,808	5.43
Limited Review:												

^{*} Loan Data as of December 31, 2016. Rated area refers to either state or multistate MA rating area.

^{**} The evaluation period for Community Development Loans is from October 20, 2014 to October 16, 2017.

^{***} Deposit Data as of June 30, 2016. Rated Area refers to either the state, multistate MA, or institution, as appropriate.

[^] The evaluation period displayed for this assessment area is January 1, 2016 to December 31, 2016

^{^^} The evaluation period for this assessment area is January 1, 2014 to August 31, 2015

LENDING VOLUME	Geography: STATE OF MICHIGAN						Evaluation Period: JANUARY 1, 2014 TO DECEMBER 31, 2016					
Ann Arbor MSA	6.61	1,177	244,864	1	96	0	0	1	8,300	1,178	244,960	3.38
Battle Creek MSA	0.54	150	18,458	2	1,679	0	0	0	0	152	20,137	0.42
Flint MSA	3.18	863	117,526	3	429	0	0	2	3,300	866	117,955	1.43
Kalamazoo-Portage MSA	0.89	212	31,909	2	1,000	0	0	0	0	214	32,909	1.11
Lansing-East Lansing MSA	4.65	1,213	167,365	20	4,740	0	0	0	0	1,233	172,105	2.79
MI Non-MSA^	0.21	66	7,726	1	35	0	0	0	0	67	7,761	2.12
Monroe MSA	0.83	218	30,879	0	0	0	0	0	0	218	30,879	0.43
Niles-Benton Harbor MSA	0.43	103	15,947	0	0	0	0	0	0	103	15,947	0.45
Saginaw MSA^^	0.89	308	32,822	0	0	0	0	0	0	308	32,822	0.00

Table 2. Geographic Distribution of Home Purchase Loans

Geographic Distribution: HOME PURCHASE														Geography: STATE OF MICHIGAN				Evaluation Period: JANUARY 1, 2014 TO DECEMBER 31, 2016			
Assessment Area:	Total Home Purchase Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Aggregate HMDA Lending (%) by Tract Income [*]										
	#	% of Total ^{**}	% Owner Occ Units ^{***}	% BANK Loans ^{****}	% Owner Occ Units ^{***}	% BANK Loans	% Owner Occ Units ^{***}	% BANK Loans	% Owner Occ Units ^{***}	% BANK Loans	Low	Mod	Mid	Upp							
Full Review:																					
Detroit-Warren-Dearborn MSA	7,203	64.95	4.50	0.97	19.13	10.11	39.10	39.59	37.28	49.33	1.19	11.88	41.59	45.34							
Grand Rapids-Wyoming MSA	857	7.73	2.36	1.52	13.21	13.42	53.74	52.98	30.69	32.09	1.87	13.49	52.80	31.84							
Jackson MSA	333	3.00	6.37	2.70	10.04	8.11	54.72	56.16	28.87	33.03	2.58	7.00	55.62	34.79							
Limited Review:																					
Ann Arbor MSA	669	6.03	3.99	2.09	14.89	11.81	51.87	53.96	29.26	32.14	2.02	12.96	55.43	29.60							
Battle Creek MSA	96	0.87	4.91	1.04	22.42	28.13	38.92	26.04	33.75	44.79	1.43	17.57	33.83	47.17							
Flint MSA	555	5.00	6.65	0.00	19.66	4.86	39.72	37.48	33.97	57.66	0.63	7.93	43.26	48.18							
Kalamazoo-Portage MSA	80	0.72	3.62	0.00	13.53	7.50	56.20	50.00	26.66	42.50	1.64	11.03	53.71	33.62							
Lansing-East Lansing MSA	851	7.67	4.40	2.47	18.11	16.69	51.56	52.88	25.94	27.97	1.88	15.34	52.69	30.10							

^{*} Based on 2015 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 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)

[^] The evaluation period displayed for this assessment area is January 1, 2016 to December 31, 2016

^{^^} The evaluation period for this assessment area is January 1, 2014 to December 31, 2015

MI Non-MSA^	28	0.25	0.00	0.00	6.11	3.57	77.14	64.29	16.75	32.14	0.00	4.81	72.10	23.10
Monroe MSA	132	1.19	0.62	0.00	8.57	3.03	73.90	73.48	16.91	23.48	0.26	8.29	72.65	18.80
Niles-Benton Harbor MSA	38	0.34	4.11	0.00	11.74	0.00	47.96	39.47	36.19	60.53	1.15	10.00	45.33	43.51
Saginaw MSA^^	248	2.24	5.59	0.40	15.55	6.05	43.70	43.15	35.16	50.40	0.62	6.91	44.20	48.27

Table 3. Geographic Distribution of Home Improvement Loans

Geographic Distribution: HOME IMPROVEMENT														Geography: STATE OF MICHIGAN Evaluation Period: JANUARY 1, 2014 TO DECEMBER 31, 2016													
Assessment Area:	Total Home Improvement Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Aggregate HMDA Lending (%) by Tract Income [*]																
	#	% of Total ^{**}	% Owner Occ Units ^{***}	% BANK Loans ^{****}	% Owner Occ Units ^{***}	% BANK Loans	% Owner Occ Units ^{***}	% BANK Loans	% Owner Occ Units ^{***}	% BANK Loans	Low	Mod	Mid	Upp													
Full Review:																											
Detroit-Warren-Dearborn MSA	395	73.01	4.50	0.25	19.13	7.59	39.10	33.42	37.28	58.73	2.42	12.59	39.07	45.92													
Grand Rapids-Wyoming MSA	34	6.28	2.36	0.00	13.21	11.76	53.74	61.76	30.69	26.47	1.12	12.17	51.15	35.57													
Jackson MSA	32	5.91	6.37	0.00	10.04	9.38	54.72	71.88	28.87	18.75	4.76	6.67	53.57	35.00													
Limited Review:																											
Ann Arbor MSA	33	6.10	3.99	12.12	14.89	12.12	51.87	60.61	29.26	15.15	2.05	9.70	51.87	36.38													
Battle Creek MSA	3	0.55	4.91	0.00	22.42	0.00	38.92	66.67	33.75	33.33	1.70	20.75	36.39	41.16													
Flint MSA	13	2.40	6.65	0.00	19.66	0.00	39.72	53.85	33.97	46.15	3.71	12.31	39.63	44.35													
Kalamazoo-Portage MSA	4	0.74	3.62	0.00	13.53	25.00	56.20	75.00	26.66	0.00	1.96	11.07	54.29	32.68													

^{*} Based on 2015 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 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)

[^] The evaluation period displayed for this assessment area is January 1, 2016 to December 31, 2016

^{^^} The evaluation period for this assessment area is January 1, 2014 to December 31, 2015

Lansing-East Lansing MSA	16	2.96	4.40	0.00	18.11	6.25	51.56	68.75	25.94	25.00	2.47	18.08	50.21	29.25
MI Non-MSA^	2	0.37	0.00	0.00	6.11	0.00	77.14	50.00	16.75	50.00	0.00	3.97	77.38	18.65
Monroe MSA	6	1.11	0.62	0.00	8.57	0.00	73.90	66.67	16.91	33.33	0.99	10.34	76.85	11.82
Niles-Benton Harbor MSA	2	0.37	4.11	0.00	11.74	0.00	47.96	0.00	36.19	100.00	2.45	15.10	49.39	33.06
Saginaw MSA^^	1	0.18	5.59	0.00	15.55	100.00	43.70	0.00	35.16	0.00	5.24	15.95	46.43	32.38

Table 4. Geographic Distribution of Home Mortgage Refinance Loans

Geographic Distribution: HOME MORTGAGE REFINANCE														Geography: STATE OF MICHIGAN Evaluation Period: JANUARY 1, 2014 TO DECEMBER 31, 2016													
Assessment Area:	Total Home Mortgage Refinance Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Aggregate HMDA Lending (%) by Tract Income [*]																
	#	% of Total ^{**}	% Owner Occ Units ^{***}	% BANK Loans ^{****}	% Owner Occ Units ^{***}	% BANK Loans	% Owner Occ Units ^{***}	% BANK Loans	% Owner Occ Units ^{***}	% BANK Loans	Low	Mod	Mid	Upp													
Full Review:																											
Detroit-Warren-Dearborn MSA	6,141	69.86	4.50	0.47	19.13	6.25	39.10	35.73	37.28	57.55	0.86	8.08	38.73	52.34													
Grand Rapids-Wyoming MSA	759	8.63	2.36	1.84	13.21	10.28	53.74	48.62	30.69	39.26	1.23	9.71	49.72	39.34													
Jackson MSA	361	4.11	6.37	7.76	10.04	6.37	54.72	60.94	28.87	24.93	2.32	5.61	56.16	35.91													
Limited Review:																											
Ann Arbor MSA	474	5.39	3.99	2.32	14.89	12.87	51.87	52.11	29.26	32.70	1.62	10.17	52.53	35.68													
Battle Creek MSA	51	0.58	4.91	5.88	22.42	3.92	38.92	47.06	33.75	43.14	1.37	14.63	41.69	42.30													
Flint MSA	294	3.34	6.65	0.00	19.66	5.44	39.72	31.29	33.97	63.27	0.46	7.17	40.97	51.39													

^{*} Based on 2015 Peer Mortgage Data -- US and PR

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

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

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

[^] The evaluation period displayed for this assessment area is January 1, 2016 to December 31, 2016

^{^^} The evaluation period for this assessment area is January 1, 2014 to December 31, 2015

Kalamazoo-Portage MSA	128	1.46	3.62	1.56	13.53	8.59	56.20	60.16	26.66	29.69	1.25	9.67	52.38	36.70
Lansing-East Lansing MSA	344	3.91	4.40	2.33	18.11	9.30	51.56	56.10	25.94	32.27	2.49	12.09	52.08	33.33
MI Non-MSA^	36	0.41	0.00	0.00	6.11	8.33	77.14	66.67	16.75	25.00	0.00	5.52	71.54	22.94
Monroe MSA	80	0.91	0.62	0.00	8.57	5.00	73.90	72.50	16.91	22.50	0.05	7.15	74.15	18.65
Niles-Benton Harbor MSA	63	0.72	4.11	0.00	11.74	4.76	47.96	50.79	36.19	44.44	0.69	7.65	49.51	42.15
Saginaw MSA^^	59	0.67	5.59	0.00	15.55	5.08	43.70	62.71	35.16	32.20	0.67	6.07	47.39	45.86

Table 5. Geographic Distribution of Multifamily Loans

Geographic Distribution: MULTIFAMILY		Geography: STATE OF MICHIGAN					Evaluation Period: JANUARY 1, 2014 TO DECEMBER 31, 2016				Aggregate HMDA Lending (%) by Tract Income [*]			
Assessment Area:	Total Multifamily Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Low	Mod	Mid	Upp
	#	% of Total ^{**}	% of MF Units ^{***}	% BANK Loans ^{****}	% MF Units ^{***}	% BANK Loans	% MF Units ^{***}	% BANK Loans	% MF Units ^{***}	% BANK Loans				
Full Review:														
Detroit-Warren-Dearborn MSA	20	83.33	17.17	35.00	27.26	35.00	36.96	30.00	18.62	0.00	15.14	17.84	38.92	28.11
Grand Rapids-Wyoming MSA	0	0.00	5.47	0.00	30.64	0.00	53.95	0.00	9.94	0.00	9.38	43.75	35.94	10.94
Jackson MSA	0	0.00	25.53	0.00	27.06	0.00	37.37	0.00	10.03	0.00	20.00	20.00	40.00	20.00
Limited Review:														
Ann Arbor MSA	1	4.17	20.11	0.00	30.30	100.00	36.45	0.00	13.14	0.00	6.06	0.00	72.73	21.21
Battle Creek MSA	0	0.00	9.69	0.00	30.47	0.00	42.94	0.00	16.90	0.00	0.00	20.00	60.00	20.00
Flint MSA	1	4.17	9.26	100.00	26.90	0.00	41.72	0.00	22.12	0.00	3.13	31.25	59.38	6.25

^{*} Based on 2015 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 units in a particular geography divided by the number of multifamily housing units in the area based on 2010 Census information.

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

[^] The evaluation period displayed for this assessment area is January 1, 2016 to December 31, 2016

^{^^} The evaluation period for this assessment area is January 1, 2014 to December 31, 2015

Kalamazoo-Portage MSA	0	0.00	8.93	0.00	25.81	0.00	51.98	0.00	13.28	0.00	5.26	34.21	44.74	15.79
Lansing-East Lansing MSA	2	8.33	8.53	0.00	30.62	50.00	40.86	0.00	19.99	50.00	7.32	51.22	31.71	9.76
MI Non-MSA^	0	0.00	0.00	0.00	11.82	0.00	82.21	0.00	5.97	0.00	0.00	0.00	100.00	0.00
Monroe MSA	0	0.00	0.56	0.00	32.49	0.00	59.42	0.00	7.53	0.00	0.00	14.29	71.43	14.29
Niles-Benton Harbor MSA	0	0.00	18.72	0.00	22.27	0.00	29.41	0.00	29.60	0.00	0.00	16.67	16.67	66.67
Saginaw MSA^^	0	0.00	12.58	0.00	22.19	0.00	24.87	0.00	40.36	0.00	0.00	20.00	10.00	70.00

Table 6. Geographic Distribution of Small Loans to Businesses

Geographic Distribution: SMALL LOANS TO BUSINESSES														Geography: STATE OF MICHIGAN		Evaluation Period: JANUARY 1, 2014 TO DECEMBER 31, 2016	
Assessment Area:	Total Small Business Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Aggregate Lending (%) by Tract Income [*]						
	#	% of Total ^{**}	% of Businesses ^{***}	% BANK Loans	% of Businesses ^{***}	% BANK Loans	% of Businesses ^{***}	% BANK Loans	% of Businesses ^{**}	% BANK Loans	Low	Mod	Mid	Upp			
Full Review:																	
Detroit-Warren-Dearborn MSA	212	77.09	6.49	8.96	18.37	28.77	35.53	33.49	39.07	28.77	5.32	17.75	34.42	42.51			
Grand Rapids-Wyoming MSA	10	3.64	4.64	0.00	16.64	0.00	48.51	90.00	30.21	10.00	4.60	14.47	46.55	34.38			
Jackson MSA	24	8.73	15.66	4.17	15.54	25.00	44.80	50.00	23.87	20.83	18.18	15.52	41.49	24.81			
Limited Review:																	
Ann Arbor MSA	1	0.36	4.93	0.00	12.18	0.00	49.82	100.00	31.14	0.00	3.33	11.34	50.89	34.43			
Battle Creek MSA	2	0.73	8.83	50.00	23.41	0.00	37.87	0.00	29.89	50.00	9.76	27.23	34.19	28.82			
Flint MSA	3	1.09	8.98	0.00	16.22	0.00	44.11	66.67	30.34	33.33	7.29	13.03	43.62	36.06			
Kalamazoo-Portage MSA	2	0.73	5.77	0.00	18.31	0.00	53.75	50.00	22.17	50.00	4.75	17.83	51.34	26.08			

^{*} Based on 2015 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 (2016).

[^] The evaluation period displayed for this assessment area is January 1, 2016 to December 31, 2016

^{^^} The evaluation period for this assessment area is January 1, 2014 to December 31, 2015

Lansing-East Lansing MSA	20	7.27	4.45	0.00	27.65	40.00	39.49	15.00	25.79	45.00	5.35	25.55	39.80	29.31
MI Non-MSA^	1	0.36	0.00	0.00	9.73	0.00	74.48	0.00	15.79	100.00	0.00	9.18	72.30	18.52
Monroe MSA	0	0.00	0.86	0.00	12.10	0.00	70.74	0.00	16.31	0.00	0.49	7.99	74.31	17.21
Niles-Benton Harbor MSA	0	0.00	10.10	0.00	11.05	0.00	41.56	0.00	37.28	0.00	9.72	8.43	39.32	42.53
Saginaw MSA^^	0	0.00	5.91	0.00	14.91	0.00	42.41	0.00	36.78	0.00	4.77	12.30	39.93	43.00

Table 8. Borrower Distribution of Home Purchase Loans

Borrower Distribution: HOME PURCHASE		Geography: STATE OF MICHIGAN					Evaluation Period: JANUARY 1, 2014 TO DECEMBER 31, 2016							
Assessment Area:	Total Home Purchase Loans		Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers		Aggregate Lending Data ¹			
	#	% of Total ²	% Families ³	% BANK Loans ⁴	% Families ³	% BANK Loans ⁴	% Families ³	% BANK Loans ⁴	% Families ³	% BANK Loans ⁴	Low	Mod	Mid	Upp
Full Review:														
Detroit-Warren-Dearborn MSA	7,203	64.95	21.73	11.04	16.89	22.60	19.70	26.51	41.68	39.85	11.36	23.91	25.95	38.77
Grand Rapids-Wyoming MSA	857	7.73	19.12	11.73	17.87	28.68	22.29	27.38	40.72	32.20	11.92	28.01	24.93	35.14
Jackson MSA	333	3.00	20.69	8.25	18.28	23.43	21.31	27.72	39.72	40.59	6.59	26.66	28.03	38.72
Limited Review:														
Ann Arbor MSA	669	6.03	21.69	10.91	16.89	26.06	21.43	27.27	39.99	35.76	10.49	22.90	26.12	40.50
Battle Creek MSA	96	0.87	20.99	9.47	18.07	30.53	20.52	34.74	40.42	25.26	8.24	25.31	28.42	38.03
Flint MSA	555	5.00	22.11	6.18	17.17	22.10	19.80	33.33	40.92	38.39	7.22	25.52	28.42	38.83

¹ Based on 2015 Peer Mortgage Data -- US and PR

² 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.

³ Percentage of Families is based on the 2010 Census information.

⁴ As a percentage of loans with borrower income information available. No information was available for 9.3% of loans originated and purchased by BANK.

[^] The evaluation period displayed for this assessment area is January 1, 2016 to December 31, 2016

^{^^} The evaluation period for this assessment area is January 1, 2014 to December 31, 2015

Kalamazoo-Portage MSA	80	0.72	22.68	10.53	16.42	17.11	20.50	36.84	40.40	35.53	9.56	21.44	25.84	43.16
Lansing-East Lansing MSA	851	7.67	21.68	11.36	17.98	30.96	21.37	28.34	38.97	29.34	12.18	28.88	25.99	32.95
MI Non-MSA^	28	0.25	18.46	0.00	18.70	33.33	24.10	33.33	38.73	33.33	9.20	27.97	26.38	36.45
Monroe MSA	132	1.19	18.60	13.71	19.27	27.42	22.93	33.06	39.20	25.81	9.12	26.97	31.74	32.18
Niles-Benton Harbor MSA	38	0.34	21.66	4.35	18.24	21.74	19.92	21.74	40.18	52.17	7.07	20.01	21.09	51.83
Saginaw MSA^^	248	2.24	21.86	11.84	16.90	31.84	20.65	30.61	40.60	25.71	10.16	25.00	27.37	37.47

Table 9. Borrower Distribution of Home Improvement Loans

Borrower Distribution: HOME IMPROVEMENT														Geography: STATE OF MICHIGAN				Evaluation Period: JANUARY 1, 2014 TO DECEMBER 31, 2016			
Assessment Area:	Total Home Improvement Loans		Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers		Aggregate Lending Data [†]										
	#	% of Total ^{**}	% Families ^{***}	% BANK Loans ^{****}	% Families ^{***}	% BANK Loans ^{****}	% Families ^{***}	% BANK Loans ^{****}	% Families ^{***}	% BANK Loans ^{****}	Low	Mod	Mid	Upp							
Full Review:																					
Detroit-Warren-Dearborn MSA	395	73.01	21.73	7.27	16.89	16.88	19.70	23.90	41.68	51.95	11.17	20.32	25.21	43.31							
Grand Rapids-Wyoming MSA	34	6.28	19.12	6.06	17.87	18.18	22.29	33.33	40.72	42.42	9.58	21.22	25.47	43.72							
Jackson MSA	32	5.91	20.69	13.33	18.28	16.67	21.31	13.33	39.72	56.67	13.18	15.42	25.12	46.27							
Limited Review:																					
Ann Arbor MSA	33	6.10	21.69	14.29	16.89	35.71	21.43	10.71	39.99	39.29	8.56	18.87	31.71	40.86							
Battle Creek MSA	3	0.55	20.99	0.00	18.07	0.00	20.52	33.33	40.42	66.67	9.12	18.25	24.56	48.07							
Flint MSA	13	2.40	22.11	30.77	17.17	0.00	19.80	15.38	40.92	53.85	8.54	20.38	25.78	45.30							

[†] Based on 2015 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 3.3% of loans originated and purchased by BANK.

[^] The evaluation period displayed for this assessment area is January 1, 2016 to December 31, 2016

^{^^} The evaluation period for this assessment area is January 1, 2014 to December 31, 2015

Kalamazoo-Portage MSA	4	0.74	22.68	0.00	16.42	50.00	20.50	25.00	40.40	25.00	8.53	21.15	25.79	44.53
Lansing-East Lansing MSA	16	2.96	21.68	6.25	17.98	43.75	21.37	18.75	38.97	31.25	9.51	23.87	27.45	39.17
MI Non-MSA^	2	0.37	18.46	0.00	18.70	0.00	24.10	0.00	38.73	100.00	9.35	20.33	25.20	45.12
Monroe MSA	6	1.11	18.60	0.00	19.27	16.67	22.93	66.67	39.20	16.67	19.49	20.26	31.79	28.46
Niles-Benton Harbor MSA	2	0.37	21.66	0.00	18.24	0.00	19.92	50.00	40.18	50.00	12.71	22.03	23.31	41.95
Saginaw MSA^^	1	0.18	21.86	0.00	16.90	0.00	20.65	0.00	40.60	100.00	20.53	22.95	22.22	34.30

Table 10. Borrower Distribution of Home Mortgage Refinance Loans

Borrower Distribution: HOME MORTGAGE REFINANCE														Geography: STATE OF MICHIGAN		Evaluation Period: JANUARY 1, 2014 TO DECEMBER 31, 2016	
Assessment Area:	Total Home Mortgage Refinance Loans		Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers		Aggregate Lending Data [†]						
	#	% of Total ^{**}	% Families ^{***}	% BANK Loans ^{****}	% Families ^{***}	% BANK Loans ^{****}	% Families ^{***}	% BANK Loans ^{****}	% Families ^{***}	% BANK Loans ^{****}	Low	Mod	Mid	Upp			
Full Review:																	
Detroit-Warren-Dearborn MSA	6,141	69.86	21.73	5.48	16.89	14.62	19.70	23.96	41.68	55.93	7.47	16.90	24.75	50.87			
Grand Rapids-Wyoming MSA	759	8.63	19.12	6.60	17.87	22.74	22.29	29.51	40.72	41.15	7.97	21.96	26.21	43.86			
Jackson MSA	361	4.11	20.69	9.36	18.28	20.97	21.31	25.47	39.72	44.19	6.44	17.53	25.37	50.66			
Limited Review:																	
Ann Arbor MSA	474	5.39	21.69	9.04	16.89	20.34	21.43	25.14	39.99	45.48	7.06	17.81	25.76	49.37			
Battle Creek MSA	51	0.58	20.99	5.13	18.07	15.38	20.52	25.64	40.42	53.85	7.93	17.62	25.18	49.26			
Flint MSA	294	3.34	22.11	5.80	17.17	14.73	19.80	20.98	40.92	58.48	5.12	16.25	25.19	53.44			

[†] Based on 2015 Peer Mortgage Data -- US and PR

^{**} Home refinance loans originated and purchased in the MA/AA as a percentage of all home 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 20.1% of loans originated and purchased by BANK.

[^] The evaluation period displayed for this assessment area is January 1, 2016 to December 31, 2016

^{^^} The evaluation period for this assessment area is January 1, 2014 to December 31, 2015

Kalamazoo-Portage MSA	128	1.46	22.68	3.23	16.42	9.68	20.50	38.71	40.40	48.39	7.08	16.78	24.17	51.97
Lansing-East Lansing MSA	344	3.91	21.68	7.31	17.98	18.46	21.37	32.31	38.97	41.92	7.70	20.11	26.98	45.21
MI Non-MSA^	36	0.41	18.46	2.94	18.70	20.59	24.10	35.29	38.73	41.18	8.35	20.97	25.05	45.63
Monroe MSA	80	0.91	18.60	15.00	19.27	15.00	22.93	40.00	39.20	30.00	8.67	18.94	28.89	43.49
Niles-Benton Harbor MSA	63	0.72	21.66	5.00	18.24	15.00	19.92	15.00	40.18	65.00	6.50	15.24	20.56	57.69
Saginaw MSA^^	59	0.67	21.86	0.00	16.90	17.65	20.65	38.24	40.60	44.12	8.82	16.58	27.58	47.02

Table 11. Borrower Distribution of Small Loans to Businesses

Borrower Distribution: SMALL LOANS TO BUSINESSES		Geography: STATE OF MICHIGAN			Evaluation Period: JANUARY 1, 2014 TO DECEMBER 31, 2016				
Assessment Area:	Total Small Loans to Businesses		Businesses With Revenues of \$1 million or less		Loans by Original Amount Regardless of Business Size			Aggregate Lending Data*	
	#	% 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
Full Review:									
Detroit-Warren-Dearborn MSA	214	77.26	82.57	21.96	17.76	35.05	47.20	75,536	35,262
Grand Rapids-Wyoming MSA	10	3.61	78.61	80.00	50.00	30.00	20.00	16,271	6,725
Jackson MSA	24	8.66	78.97	33.33	66.67	20.83	12.50	1,760	702
Limited Review:									
Ann Arbor MSA	1	0.36	81.90	100.00	100.00	0.00	0.00	7,038	3,253
Battle Creek MSA	2	0.72	77.82	50.00	0.00	0.00	100.00	1,340	509
Flint MSA	3	1.08	82.10	33.33	66.67	33.33	0.00	4,185	1,573
Kalamazoo-Portage MSA	2	0.72	79.69	50.00	0.00	0.00	100.00	4,806	2,348

* Based on 2015 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 - 2016).

**** 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 0.00% of small loans to businesses originated and purchased by the bank.

^ The evaluation period displayed for this assessment area is January 1, 2016 to December 31, 2016

^^ The evaluation period for this assessment area is January 1, 2014 to December 31, 2015

Lansing-East Lansing MSA	20	7.22	78.01	40.00	45.00	35.00	20.00	4,600	2,115
MI Non-MSA^	1	0.36	80.49	100.00	100.00	0.00	0.00	1,256	585
Monroe MSA	0	0.00	82.21	0.00	0.00	0.00	0.00	1,657	880
Niles-Benton Harbor MSA	0	0.00	82.03	0.00	0.00	0.00	0.00	2,225	1,041
Saginaw MSA^^	0	0.00	75.30	0.00	0.00	0.00	0.00	1,981	828

Table 14. Qualified Investments

QUALIFIED INVESTMENTS									
Geography: STATE OF MICHIGAN									
Evaluation Period: OCTOBER 20, 2014 TO OCTOBER 16, 2017									
Assessment Area:	Prior Period Investments [*]		Current Period Investments		Total Investments			Unfunded Commitments ^{**}	
	#	\$(000's)	#	\$(000's)	#	\$(000's)	% of Total	#	\$(000's)
Full Review:									
Detroit-Warren-Dearborn MSA	0	0	315	38,747	315	38,747	55.41	0	0
Grand Rapids-Wyoming MSA	0	0	42	2,661	42	2,661	3.81	0	0
Jackson MSA	0	0	20	98	20	98	0.14	0	0
Limited Review:									
Ann Arbor MSA	0	0	20	11,313	20	11,313	16.18	0	0
Battle Creek MSA	0	0	8	24	8	24	0.03	0	0
Flint MSA	0	0	19	69	19	69	0.10	0	0
Kalamazoo-Portage MSA	0	0	5	23	5	23	0.03	0	0
Lansing-East Lansing MSA	0	0	34	154	34	154	0.22	0	0
MI Non-MSA*	0	0	1	2	1	2	0.00	0	0

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

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

* Includes Allegan County in AA for 2014-2015 only.

** Included as an AA for 2014-2015 only.

Monroe MSA	0	0	12	31	12	31	0.04	0	0
Niles-Benton Harbor MSA	0	0	6	10	6	10	0.01	0	0
Saginaw MSA**	0	0	3	4	3	4	0.0	0	0
MI Statewide with PMF	3	2,869	1	13,923	4	16,792	24.01	4	21,204

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

DISTRIBUTION OF BRANCH DELIVERY SYSTEM AND BRANCH OPENINGS/CLOSINGS																	
Geography: STATE OF MICHIGAN																	
Evaluation Period: OCTOBER 20, 2014 TO OCTOBER 16, 2017																	
Assessment Area:	Deposits	Branches						Branch Openings/Closings						Population			
	% of Rated Area Deposits in AA	# of BANK Branches	% of Rated Area Branches in AA	Location of Branches by Income of Geographies (%)				# of Branch Openings	# of Branch Closings	Net change in Location of Branches (+ or -)				% of Population within Each Geography			
				Low	Mod	Mid	Upp			Low	Mod	Mid	Upp	Low	Mod	Mid	Upp
Full Review:																	
Detroit-Warren-Dearborn MSA^	78.31	60	60.61	6.66	13.33	26.66	51.66	1	6	0	-1	-2	-2	7.93	22.51	36.28	33.27
Grand Rapids-Wyoming MSA	4.13	10	10.10	0.00	10.00	70.00	20.00	2	2	0	0	2	-2	4.73	17.69	50.13	27.45
Jackson MSA	5.43	8	8.08	0.00	50.00	25.00	25.00	1	0	0	0	1	0	9.91	11.04	50.42	24.40
Limited Review:																	
Ann Arbor MSA	3.38	5	5.05	20.00	20.00	40.00	0.00	0	0	0	0	0	0	8.05	17.84	46.48	24.26
Battle Creek MSA	0.42	1	1.01	0.00	0.00	0.00	100.00	0	0	0	0	0	0	6.37	25.80	39.54	28.29
Flint MSA	1.43	2	2.02	0.00	0.00	50.00	50.00	0	0	0	0	0	0	10.04	22.45	36.99	30.50
Kalamazoo-Portage MSA	1.11	2	2.02	0.00	0.00	50.00	50.00	0	3	0	-2	-1	0	8.13	16.94	51.82	23.11
Lansing-East Lansing MSA	2.79	5	5.05	0.00	0.00	40.00	60.00	0	0	0	0	0	0	6.25	21.80	45.77	21.80
MI Non-MSA	2.12	4	4.04	0.00	25.00	75.00	0.00	0	2	0	-1	-1	0	0.00	7.75	76.45	15.79
Monroe MSA	0.43	1	1.01	0.00	0.00	100.00	0.00	0	0	0	0	0	0	0.96	10.81	72.72	15.51
Niles-Benton Harbor MSA	0.45	1	1.01	0.00	0.00	0.00	100.00	0	0	0	0	0	0	8.58	13.81	45.16	32.45

Saginaw MSA^^	0.00	0	0.00	0.00	0.00	0.00	0.00	0	1	0	0	-1	0	8.35	19.21	39.45	32.99
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^ One branch is in a CT with unknown income levels.

^^ The Saginaw branch was closed in August of 2015.